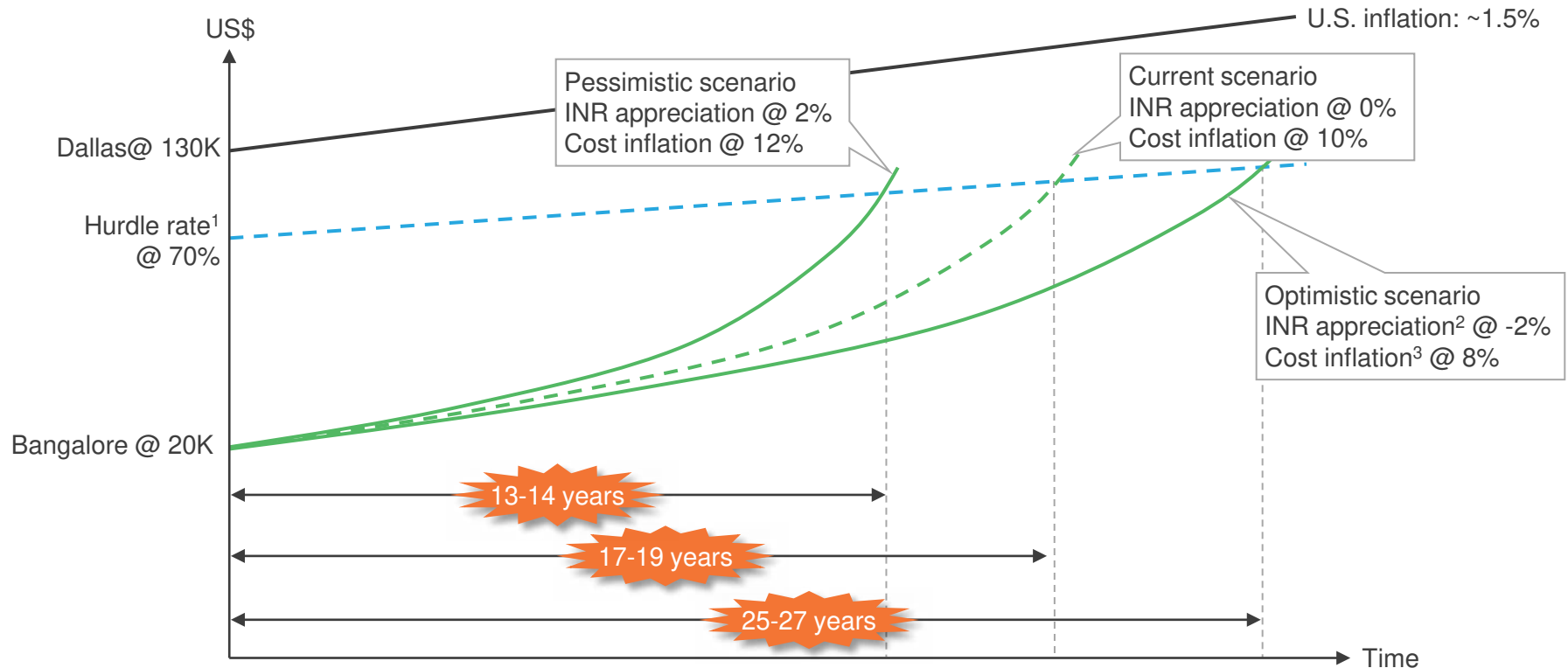


Arbitrage sustainability

EXAMPLE: U.S. – INDIA (ITO SERVICES)



1 Hurdle rate refers to the maximum wage ratio of the destination/source country, which still allows for meaningful offshoring. Hurdle rate is estimated as approximately 70%

2 Currency appreciation is considered as a cumulative annual growth rate based on historical data and forecasts

3 Cost inflation includes multiple factors such as wage inflation, inflation in facilities and real estate costs, and miscellaneous costs, including equipment, telecom, and attrition

Source: Everest Group (2013)