

# PRICING INDEX™ H1 2023

## Trends in pricing of outsourcing services (H1 2022 to H1 2023)

### About the Pricing Index™

Everest Group Pricing Index™ for H1 2023 represents the ratio of the average price in H1 2023 compared to the average price in H1 2022, where the latter is indexed to 100.

Everest Group Pricing Index™ reports historical price variations and future pricing outlook across the following key outsourcing service categories:

#### IT – standard services

Traditional IT applications and infrastructure services such as development and maintenance on standard technologies (Java, C++, .NET, etc.), traditional compute, and storage

#### IT – advanced services

Higher skill IT applications and infrastructure services such as development and maintenance on premium technologies (data science, full-stack, etc.), cyber security, and cloud services

#### BPO services

Common voice and back-office business process services such as accounts payable, accounts receivable, purchasing, employee administration, tier-1 customer service, and claims processing

The report includes historical price variations and future pricing outlook for India, Mexico, the Philippines, Poland, the UK, and the US.

### Key Pricing Trend Observations

#### IT – standard services

- Pricing for IT – standard services **increased across locations** in the previous 12-month period, even for skills for which pricing had been stagnant in the past few years
- The **pace of change decreased** over the past two quarters due to economic uncertainty and relative easing of talent availability
- However, we anticipate rising price pressure due to market uncertainty and negative market sentiment, which could drive price decreases across a few locations in the next 12-month period

#### IT – advanced services

- Pricing for IT – advanced services **increased at a higher rate than IT – standard services** in the previous 12-month period, primarily due to the shortage of these skills
- The price increase was **higher in onshore delivery locations** such as the US and the UK given high inflation in these markets
- We anticipate relatively **lower price increases in the next 12-month period** due to adverse economic conditions and scrutiny on technology spend

#### BPO services

- Similar to IT services, pricing for BPO services in the previous 12-months period **has risen across locations** due largely to higher enterprise demand, talent shortages, and inflationary market situations
- We expect this **trend to reverse across a few delivery locations** in the next 12-month period due to recessionary pressures, easing wage inflation, and an increase in supplier consolidation mandates

## Pricing Index™ Benchmarks

Average price in H1 2022 indexed to 100

● Increase by > 1%

● Change of -1 to +1 % change

● Decrease by > 1%

### IT – standard services

Delivery location	HISTORICAL TREND			FUTURE TREND	
	Pricing index for H1 2023	Historical price change (12 months)		Projected pricing index for H1 2024	Projected price change (12 months)
US	102.6	2.6%	●	103.1	0.5% ●
UK	104.1	4.1%	●	105.2	1.1% ●
Poland	102.7	2.7%	●	103.1	0.4% ●
India	103.1	3.1%	●	102.9	-0.2% ●
Philippines	101.9	1.9%	●	101.6	-0.3% ●
Mexico	105.1	5.1%	●	106.3	1.1% ●

### IT – advanced services

Delivery location	HISTORICAL TREND			FUTURE TREND	
	Pricing index for H1 2023	Historical price change (12 months)		Projected pricing index for H1 2024	Projected price change (12 months)
US	105.2	5.2%	●	107	1.7% ●
UK	105.2	5.2%	●	107.4	2.1% ●
Poland	104.3	4.3%	●	106.5	2.1% ●
India	104.7	4.7%	●	106.6	1.8% ●
Philippines	103.5	3.5%	●	104.9	1.4% ●
Mexico	107.4	7.4%	●	110.4	2.8% ●

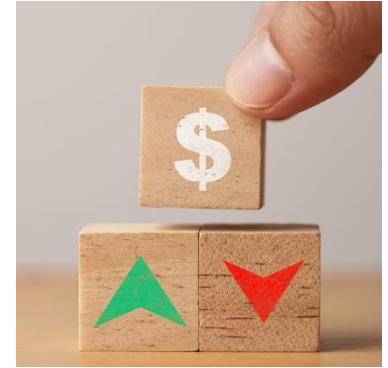
### BPO services

Delivery location	HISTORICAL TREND			FUTURE TREND	
	Pricing index for H1 2023	Historical price change (12 months)		Projected pricing index for H1 2024	Projected price change (12 months)
US	103.1	3.1%	●	103	-0.1% ●
UK	103.9	3.9%	●	104.5	0.5% ●
Poland	103.8	3.8%	●	104.6	0.8% ●
India	102.9	2.9%	●	102.5	-0.4% ●
Philippines	102.6	2.6%	●	102.4	-0.2% ●
Mexico	104.9	4.9%	●	105	0.1% ●

## Key pricing themes and opportunities to look for

### Are we near the pricing peak?

- Price increases have stabilized in the last 6 months due to the economic uncertainty and easing talent situation
- We expect this trend to continue, with pricing declining in the near future for commoditized skills in some locations. Key triggers for this potential decline are mandates for procurement to reduce spend and providers' intent to retain clients
- We recommend enterprises add or invoke benchmarking clauses in contracts to ensure that they do not overpay in such an environment

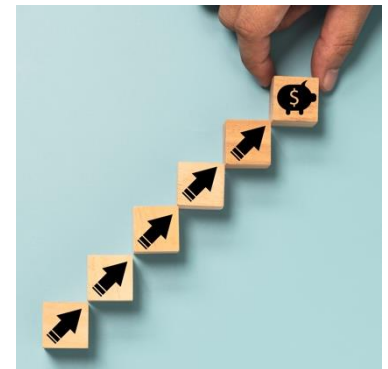


### Service portfolio consolidation and optimization

- In line with mandates to reduce spend, enterprises are looking to consolidate their vendor portfolios and use this increased size to drive lower pricing
- We are also seeing outsourcing portfolio expansion to drive higher savings across current service providers
- We expect this trend to continue as enterprises prepare themselves for recession

### Higher enterprise focus on outcomes delivered

- Enterprises are sharpening their focus on cost savings and exploring various levers such as productivity improvements, delivery team optimization, and unit pricing optimization
- Conversations around outcome-based or gainsharing mechanisms to drive business outcomes are on the rise
- Enterprises are demanding accountability for their transformation investments and expect higher fees at risk from their service providers for non-performance



### Key methodology points

- The Pricing Index™ shows variations in FTE-based pricing across the IT – standard, IT – advanced and BPO service categories, as defined [here](#).
- The Pricing Index™ is based on analysis of final-bid (best and final offer) pricing from our live deals database for major service providers such as Accenture, Capgemini, Cognizant, Conduent, DXC, EXL, Genpact, HCL, IBM, Infosys, TCS, Wipro, WNS
- The analysis considered year-1 deal pricing without COLA or ForEx adjustments
- The following cities are included in the analysis
  - US: Tier-2 cities such as Dallas, Houston
  - UK: Tier-2 cities such as Chester, Warwick, Newcastle, and Manchester
  - Poland: Warsaw, Krakow
  - India: Tier-1 cities such as Mumbai and Delhi NCR
  - Philippines: Manila
  - Mexico: Guadalajara and Queretaro

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## Optimize Costs

Access pricing experts, assets, and ongoing engagement so you can make data-backed decisions with hands-on expertise



Stay ahead by benchmarking your price and performance  
Point solutions to lock in best-in-class price and performance tenets



## Get competitive pricing and terms and conditions

A comprehensive review of commercial terms which impact total cost of ownership and service quality



## Validate the appropriate licensing model

Assess and optimize your SaaS and cloud contracts





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