

PRICING INDEX™ H1 2024

Trends in Outsourcing Services Pricing (H1 2023 to H1 2024)

About the Pricing Index™

The Everest Group Pricing Index™ for H1 2024 represents the average price ratio in H1 2024 compared to the average price in H1 2023, where the latter is indexed to 100.

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

ITO – standard services

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

ITO – advanced services

Higher skill IT applications and infrastructure services, such as development and maintenance of premium technologies (data science, full-stack, etc.), cybersecurity, 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

ITO – standard services

- Pricing for ITO – standard services pricing remained muted across locations in the past 12 months due to tepid discretionary spending and buyers' focus on cost-efficiency
- In many deals, buyers are expecting a reduction in rate cards for IT standard services as they look to fund transformative initiatives from savings realized in run services
- Price pressures due to market uncertainty and negative market sentiment could become stronger, driving **price decreases across most locations** in the next 12 months

ITO – advanced services

- Pricing for ITO – advanced services pricing **increased at a higher rate than IT standard services** in the past 12 months, primarily due to a shortage of skills
- The price increase is more significant for Mexico compared to the US and India due to higher demand for nearshore delivery
- We expect **lower price increases in the next 12 months** due to heightened recessionary fears and complex geopolitical situations worldwide

BPO services

- Pricing for BPO services remained muted in the past 12 months, largely due to recessionary pressures, easing wage inflation and slowing demand
- The flattish trend was most noticeable in major offshore and onshore locations, except for the UK. In contrast, pricing increased in nearshore locations over the 12-month period
- As with IT standard services, we **expect BPO pricing to decrease** across the US, India, and the Philippines over the next 12 months. However, we expect pricing to marginally increase in Poland and the UK because of minimum wage hikes

Pricing Index™ benchmarks

Average price in H1 2023 indexed to 100

● Increase by > 1%

● Change of -1 to +1 % change

● Decrease by > 1%

ITO – standard services

Delivery location	HISTORICAL TREND			FUTURE TREND	
	Pricing index for H1 2024	Historical price change (12 months)		Projected pricing index for H1 2025	Projected price change (12 months)
US	99.8	-0.2%	●	99.2	-0.6% ●
UK	99.8	-0.2%	●	99.4	-0.4% ●
Poland	100.0	0.0%	●	99.9	-0.1% ●
India	99.6	-0.4%	●	98.9	-0.7% ●
Philippines	99.5	-0.5%	●	98.9	-0.6% ●
Mexico	100.7	0.7%	●	101.0	0.3% ●

ITO – advanced services

Delivery location	HISTORICAL TREND			FUTURE TREND	
	Pricing index for H1 2024	Historical price change (12 months)		Projected pricing index for H1 2025	Projected price change (12 months)
US	101.6	1.6%	●	102.8	1.2% ●
UK	101.0	1.0%	●	101.8	0.8% ●
Poland	101.4	1.4%	●	102.5	1.1% ●
India	101.4	1.4%	●	102.3	0.9% ●
Philippines	101.0	1%	●	101.8	0.8% ●
Mexico	102.1	2.1%	●	103.5	1.4% ●

BPO services

Delivery location	HISTORICAL TREND			FUTURE TREND	
	Pricing index for H1 2024	Historical price change (12 months)		Projected pricing index for H1 2025	Projected price change (12 months)
US	99.2	-0.8%	●	98.5	-0.7% ●
UK	101.9	1.9%	●	102.4	0.5% ●
Poland	101.8	1.8%	●	102.0	0.2% ●
India	99.7	-0.4%	●	99.2	-0.5% ●
Philippines	99.5	-0.5%	●	98.8	-0.7% ●
Mexico	101.1	1.1%	●	101.5	0.4% ●

Key pricing themes and opportunities

Significant uptick in assisted captive activity for Global Capability Center(GCC) setups

- Mid-sized and large buyers are increasingly exploring the Build Operate Transfer (BOT) or assisted captive route to set up captive centers in offshore or nearshore locations. This route offers better setup/delivery risk management and access to a range of SMEs that can help set up the center for success
- Buyers are expecting creative commercial and exit options instead of the standard outsourcing model when evaluating assisted GCC setups



Gen AI inclusion in deals

- Buyers are turning impatient with gen AI, as more than 85% of Proof of Concepts (PoCs) have failed to move to production
- Clients require help from providers to identify, pilot, and move use cases across business functions to production
- Specific to managed IT or BPO services, executives want providers to clearly articulate their proposed outcomes and share details of how they will achieve them as well as the associated costs



Macroeconomic and geopolitical fluctuations

- Weak employment and manufacturing data from the US has led to renewed fears of a recession, which can lead to more spend cuts from enterprises
- As ongoing conflicts in the Middle East and Russia/Ukraine show no signs of easing, the global economy may be further impacted and result in an uncertain economic climate
- With buyers looking to cut costs on IT and BPO services, we expect the pressure on providers to reduce pricing to increase



Key methodology points

- The Pricing Index™ shows variations in FTE-based pricing across the ITO – standard, ITO – advanced, and BPO service categories, as defined [here](#)
- The Pricing Index™ is based on an 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, and 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

Everest Group helps companies maximize savings in several ways.

Our teams have the tools you need to make confident decisions.



Optimize costs

Access pricing experts, assets, and ongoing engagements 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 that impact the total cost of ownership and service quality



Validate the appropriate licensing model

Assess and optimize your SaaS and cloud contracts



Everest Group is a leading research firm helping business leaders make confident decisions. We guide clients through today's market challenges and strengthen their strategies by applying contextualized problem-solving to their unique situations. This drives maximized operational and financial performance and transformative experiences. Our deep expertise and tenacious research focused on technology, business processes, and engineering through the lenses of talent, sustainability, and sourcing delivers precise and action-oriented guidance. Find further details and in-depth content at www.everestgrp.com.

For more information about Price Index, please contact: benchmarking@everestgrp.com

NOTICE AND DISCLAIMERS

IMPORTANT INFORMATION. PLEASE REVIEW THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. THROUGH YOUR ACCESS, YOU AGREE TO EVEREST GROUP'S TERMS OF USE.

Everest Group's Terms of Use, available at www.everestgrp.com/terms-of-use/, is hereby incorporated by reference as if fully reproduced herein. Parts of these terms are pasted below for convenience; please refer to the link above for the full version of the Terms of Use.

Everest Group is not registered as an investment adviser or research analyst with the U.S. Securities and Exchange Commission, the Financial Industry Regulatory Authority (FINRA), or any state or foreign securities regulatory authority. For the avoidance of doubt, Everest Group is not providing any advice concerning securities as defined by the law or any regulatory entity or an analysis of equity securities as defined by the law or any regulatory entity.

All Everest Group Products and/or Services are for informational purposes only and are provided "as is" without any warranty of any kind. You understand and expressly agree that you assume the entire risk as to your use and any reliance upon any Product or Service. Everest Group is not a legal, tax, financial, or investment advisor, and nothing provided by Everest Group is legal, tax, financial, or investment advice. Nothing Everest Group provides is an offer to sell or a solicitation of an offer to purchase any securities or instruments from any entity. Nothing from Everest Group may be used or relied upon in evaluating the merits of any investment.

Do not base any investment decisions, in whole or part, on anything provided by Everest Group.

Products and/or Services represent research opinions or viewpoints, not representations or statements of fact. Accessing, using, or receiving a grant of access to an Everest Group Product and/or Service does not constitute any recommendation by Everest Group that recipient (1) take any action or refrain from taking any action or (2) enter into a particular transaction. Nothing from Everest Group will be relied upon or interpreted as a promise or representation as to past, present, or future performance of a business or a market.

The information contained in any Everest Group Product and/or Service is as of the date prepared, and Everest Group has no duty or obligation to update or revise the information or documentation. Everest Group may have obtained information that appears in its Products and/or Services from the parties mentioned therein, public sources, or third-party sources, including information related to financials, estimates, and/or forecasts. Everest Group has not audited such information and assumes no responsibility for independently verifying such information as Everest Group has relied on such information being complete and accurate in all respects. Note, companies mentioned in Products and/or Services may be customers of Everest Group or have interacted with Everest Group in some other way, including, without limitation, participating in Everest Group research activities.