



# Engineering Services Global In-house Centers (GICs) In India: Focusing on Innovation to Drive Growth and Attain Global Leadership

Catalyst™, Engineering Services

Market Report – October 2018: Complimentary Abstract / Table of Contents

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- Locations | Cost, skills, sustainability, portfolio – plus a tracking tool
- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies, contract assessment

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# Background and scope of the research

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## Background of the research

- The Engineering Services (ES) industry covers all activities that are involved in the creation of new products (hardware or software) across the entire product lifecycle processes (product conceptualization, design, development, testing, manufacturing, and maintenance)
- Currently the global engineering services market stands at US\$720-750 billion. While the global ES sourcing market remains relatively untapped, it continues to evolve and grow rapidly in 2018 and currently stands at US\$78-83 billion; it is expected to grow at a CAGR of 10-12%. While buyers leverage different sourcing models to suit their objectives and requirements, the GIC model continues to be an integral component of this evolution
- India is one of the leading locations for delivering engineering services, both in terms of workforce and the number of GIC setups. As GICs continue to expand the scale and scope of services being delivered from India, it is important to understand how GICs will drive strategic initiatives for enterprises

## The scope and methodology of this report

- This report focuses on the global delivery of engineering services across various industry segments from GICs in India. The report provides detailed assessment of various engineering services segments, availability of relevant talent pool, and the best practices followed by India GICs to drive more engineering services activities
- The report is divided into four sections:
  - Engineering services global sourcing market landscape: This section covers overall GIC landscape in terms of growth, scale, functions supported, and key delivery locations
  - Evolution of the engineering services GICs in India: This section describes various initiatives GICs in India have taken to help establish **India as a location of choice for delivering ES**
  - Assessment of the engineering services segments among India GICs: This section is a deep dive and provides insights on service delivery maturity of various ES segments
  - Future outlook and implications for engineering services GICs in India: This section covers trends shaping the future of ES industry and the **roles GICs need to take up in driving innovation for their parent enterprises**
- The report is based on Everest Group's proprietary GIC database that is updated quarterly with new setup activity, expansion/contraction of existing GICs, divestitures, capability additions, as well as ongoing interactions with GIC and parent stakeholders

# The following taxonomy is used to define the industry clusters and segments referred to in this research report

Cluster	Segment	Definition
 <b>Software</b>	Software products 	Development, testing, and maintenance of software products
 <b>Mechanical</b>	Automotive 	Design, manufacturing support, and operations support for automobiles, motorcycles, trucks / heavy engines, and their engineering systems
	Aerospace and defense (A&D) 	Design, manufacturing support, and operations support for aircraft, space craft, and their engineering systems
	Marine 	Design, manufacturing support, and operations support for boats, ships, other marine vessels / vehicles, and their engineering systems
 <b>Hi-tech</b>	Semiconductors 	Design, development support, and engineering services for embedded systems and semiconductor devices
	Telecom 	Design, manufacturing support, and operations support services for telecom and networking equipment (routers, switches, modems, etc.)
	Consumer electronics 	Design, manufacturing support, and post-production support for direct-consumer equipment and appliances
	Medical devices 	Design, manufacturing support, and post-production support for medical devices
	Computing systems 	Design, manufacturing support, and support services for computer hardware and accessories (Bluetooth peripherals, chipsets, etc.)
 <b>Industrial &amp; energy</b>	Industrial, energy, chemicals, and natural resources 	Design, development support, and operations support for industrial, energy, chemical production, and natural resources sectors

# Overview and abbreviated summary of key messages

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This report focuses on the global delivery of engineering services across various industry segments by GICs in India. The report covers market landscape of ES global sourcing with a focus on the way new age technologies are transforming delivery of engineering services. It also provides detailed assessment of the various engineering services segments being delivered from India – delivery maturity, key growth drivers, and market trends in each segment.

## **Some of the findings in this report, among others, are:**

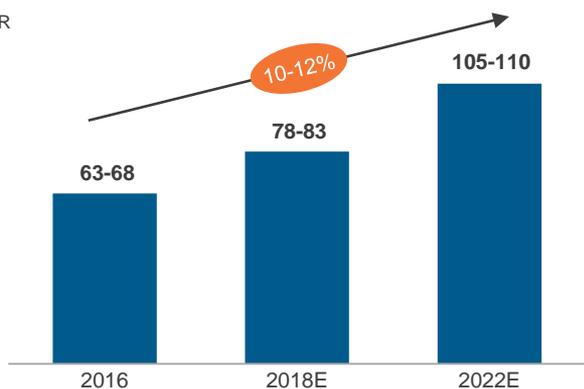
- India is one of the leading locations for delivering engineering services, both in terms of workforce and the number of GIC setups
- GICs are constantly building broader capabilities in regards to engineering services, focusing on delivering value beyond arbitrage, and driving the innovation agenda for enterprises. They are
  - Taking up the agenda of product localization for the enterprise
  - Pushing for higher innovation mandate, product ownership, and end-to-end visibility
  - Investing in building new capabilities to draw more sourcing work
  - Acquiring and upskilling/reskilling talent pool to take up more complex work
- GICs are supporting a wide breadth of service delivery across all the ES segments.
  - Software continues to be the largest segment while automotive is the fastest growing segment
- GICs are focusing on the way new age technologies (e.g., machine learning, artificial intelligence, etc.) are transforming delivery of engineering services
- GICs are likely to embrace new business and operating models (e.g., asset sharing)
- GICs are likely to increase adoption of open innovation by setting up accelerator/incubator programs

# This study offers a deep dive into key aspects of engineering services global sourcing market in context of India; below are four charts to illustrate the depth of the report

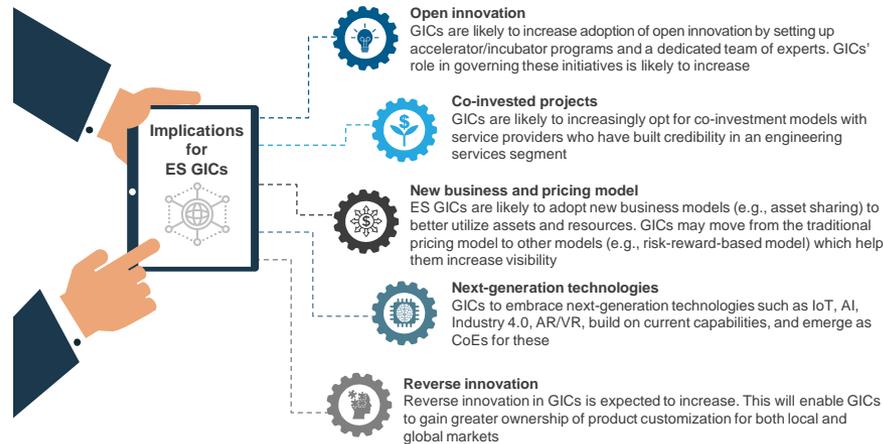
## Engineering services global sourcing market

**Growth of the engineering services global sourcing market**  
2016-2020E; US\$ billion

X% CAGR



## Implications for Engineering services GICs



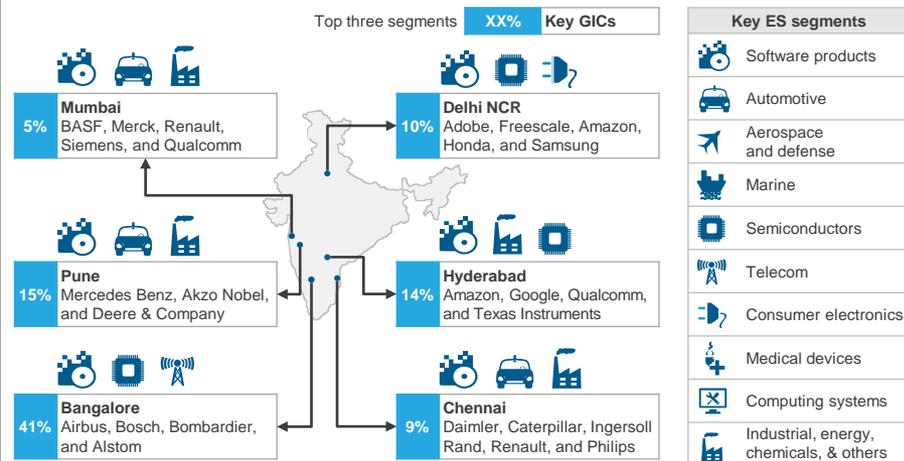
## Engineering services GIC market in India

**Number of leading GICs for ES in India**  
2015-2018; Number of GICs

X% CAGR



## Key locations for engineering services delivery in India



# Research calendar – Catalyst™

Published
  Planned
  Current release

Flagship Catalyst reports	Release date
GIC Landscape Report: Delivery Landscape for Retail and Commercial Banking in GICs .....	June 2016
Global In-house Center (GIC) Landscape Report: The Philippines .....	December 2016
Global In-house Center (GIC) Landscape Annual Report 2017 .....	March 2017
Global In-house Center (GIC) Landscape Annual Report 2018 – GICs Emerging as Innovation COEs for Global Enterprises .....	May 2018
Thematic Catalyst reports	
Business Case for Robotic Process Automation (RPA) in Global In-house Centers .....	September 2016
Procurement Services Delivery from GICs: Gearing up for a Broader Mandate .....	September 2016
Future Readiness of GIC Talent Models .....	October 2016
Exploring GICs in the Life Sciences Industry .....	February 2017
Small But Mighty: Corporate Functions Delivery from GICs .....	April 2017
United States Shared Services Landscape – Facing Digital Winds-of-Change in a Tight Labor Market .....	September 2017
Building a Workforce of the Future – Upskilling/Reskilling in Global In-house Centers .....	December 2017
Best Practices for RPA Implementation in GICs .....	December 2017
BFSI GICs: Orchestrating Their Way to Digital Growth .....	December 2017
Closing the Gap - The Future of IT Skills in the United States .....	April 2018
<b>Engineering Services Global In-house Centers (GICs) In India: Focusing on Innovation to Drive Growth and Attain Global Leadership .....</b>	<b>October 2018</b>
Global In-house Center (GIC) Landscape in BFSI Sector .....	Q3 2018

Note: For a list of all Catalyst reports published by us, please refer to our [website page](#)

# Research calendar – Engineering Services

■ Published   ■ Planned   □ Current release

## Flagship Engineering services reports

Release date

Leading the Pack: Trends for the Top 200 Engineering Research & Development (ER&D) Enterprises.....	May 2018
Embedded System Engineering Services – Service Provider Landscape with PEAK Matrix™ Assessment 2018 .....	August 2018
Verification and Validation (VaV) Services – Service Provider Landscape with PEAK Matrix™ Assessment 2018 .....	August 2018
Engineering Services for Medical Devices – Service Provider Landscape with PEAK Matrix™ Assessment 2018.....	Q4 2018
Manufacturing Engineering Services – Service Provider Landscape with PEAK Matrix™ Assessment 2018.....	Q4 2018

## Thematic Engineering services reports

Top 20 Software Engineering Trailblazers – The DevOps Enablers .....	January 2018
Additive Manufacturing – Defining New Frontiers in Digital Manufacturing .....	March 2018
Supply Chain Excellence – Demystifying the Digitalization Journey.....	April 2018
<b>Engineering Services Global In-house Centers (GICs) In India: Focusing on Innovation to Drive Growth and Attain Global Leadership.....</b>	<b>October 2018</b>
A Guide to Industry 4.0 – Industrial Revolution and the Making of Smart Solutions.....	Q3 2018
Software-Defined “Suite of Things” – Blurring the Boundaries of the Technology Ecosystem.....	Q3 2018
How to Build a Superior Engineering Services Sourcing Model.....	Q3 2018
Global Engineering Services Talent Overview.....	Q3 2018

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# Additional Catalyst™ and Engineering Services research references

The following documents are recommended for additional insight on the topic covered in this report. The recommended documents either provide additional details or complementary content that may be of interest

- 1. Global In-house Center (GIC) Landscape Annual Report 2018 – GICs Emerging as Innovation CoEs for Global Enterprises** ([EGR-2018-34-R-2616](#)); 2018: This Everest Group report provides a deep dive into the GIC landscape, year-on-year analysis, and the GIC trends in 2017, comparing them with trends in the last two years. The research also brings out key insights related to the GIC market across locations, verticals, and functions; and concludes with an assessment of the role played by GICs to drive innovation for enterprises (including enabling factors and case examples)
- 2. Leading the Pack: Trends for the Top 200 Engineering Research & Development (ER&D) Enterprises** ([EGR-2018-40-R-2637](#)); 2018: In today's world of continuously evolving technology landscape and intensifying competition, Research and Development (R&D) activities are playing an increasingly significant role than ever before for businesses to stay innovative, sustainable, and ready for the challenges of future. In this research, Everest Group assesses the R&D expenditure across key industries in terms of growth trends and key technology themes driving enterprise spend. It also provides enterprise-level insights for leading R&D spenders in terms of their R&D spend growth, R&D intensity (R&D spend as a percentage of revenue), and key focus areas and investments
- 3. GICs Leading the Way for Digital Transformation of the Enterprise** ([EGR-2016-2-R-1682](#)); 2016: This Everest Group report analyzes the overall landscape and current state of digital adoption in GICs. It also provides insights into market size, key trends, and major challenges impacting digital adoption in GICs. The research establishes a framework for assessing digital maturity of GICs across five key dimensions. It also identifies the top three industry verticals with the highest digital adoption and evaluates their functional maturity. Further, the report highlights best practices, key implications, and call-to-action for GICs with regards to adoption of digital services

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