

STAMFORD, Conn., Oct. 10, 2013 /PRNewswire/ -- Information Services Group (ISG) (NASDAQ: [III](#)), a leading technology insights, market intelligence and advisory services company, today released data showing the global outsourcing market grew significantly in the third quarter of 2013.

The 3Q13 Global ISG Outsourcing Index, which measures commercial outsourcing contracts with an annual contract value (ACV) of \$5 million or more, totaled \$5.8 billion, an increase of 66 percent over the second quarter of 2013. The third quarter results compensated for a weak first half and boosted year-over-year performance to register growth of 1 percent.

The results reflected particularly strong activity in restructurings and ITO contracts, as well as in the EMEA market sector.

"The third quarter numbers show the rebound we've been expecting across contract types, regions and industries," said John Keppel, President of ISG. "We witnessed record-breaking activity in many categories and observed a number of positive trends that suggest continued strength."

Now in its 44th consecutive quarter, the ISG Outsourcing Index (formerly the TPI Index) provides a quarterly review of the latest sourcing industry data and trends for clients, service providers, analysts and the media. For more than a decade, it has been the authoritative source for marketplace intelligence related to outsourcing transaction structures and terms, industry adoption, geographic prevalence and service provider performance.

The 3Q13 Global ISG Outsourcing Index tallied 353 contracts awarded in the third quarter, the second-most ever for a single quarter. Just over \$14 billion was awarded in ACV. While year-to-date totals were down some 20 percent compared to 2012, restructuring ACV, especially in ITO, was up, based on much higher contracting activity.

Ten mega-relationship contracts (with ACV greater than \$100 million) were awarded, an increase of 100 percent from 2Q13. These ten mega-deal contracts had a combined total of over \$1.4 billion. Smaller deals showed significant strength – 323 deals with ACV of less than \$40 million were recorded, for a total of \$3.3 billion. In the prior quarter, by contrast, only 187 smaller awards were registered.

New scope awards totaled \$3.15 billion in 3Q13. The number of awards, at 238, was the third largest for any quarter ever. Restructuring ACV and the number of restructuring awards – \$2.6 billion and 115, respectively – were both the highest ever for a single quarter.

ITO ACV of \$4.4 billion in 3Q13 was the best third quarter ever, up more than 100 percent sequentially, while the 247 contracts awarded were the highest of any quarter historically. From an industry perspective, Financial Services registered \$1.4 billion in ITO ACV awarded; Telecom and Business Services also showed strength, while ITO mega-deal relationships boosted performance in Transportation.

The BPO segment tallied nearly \$1.35 billion in 3Q13, up slightly from the previous, marking the second straight quarter of muted performance. While the \$4.4 billion awarded year-to-date is down nearly a third from last year, the quarterly deal count of 106 is the second-highest third quarter ever and suggests a resumption of increased BPO activity.

EMEA recorded its best third quarter ever, at \$3.5 billion in ACV, up 89 percent from the previous quarter and 16 percent year-over-year. The numbers were boosted by nine mega-relationship deals, eight of which were contract restructurings. The 176 contracts awarded in 3Q13 were also the highest ever for the region, and amounted to a 60 percent increase sequentially, and 59 percent year-over-year. New scope ACV was \$1.85 billion, driven primarily by smaller awards. At \$1.7 billion, restructuring ACV tripled compared to the prior quarter, with 121 awards registered.

Within the region, DACH posted the highest growth rate, while the Nordics posted a strong 17 percent growth year-to-date.

In the Americas, 3Q13 activity stood at \$1.8 billion, an increase of 65 percent from the prior quarter, although still down 7 percent year-over-year. The absence of mega-relationship deals in the region was offset by volume – the 139 deals signed during the quarter represented a 107 percent increase from the last quarter. Year-to-date ACV of \$4.9 billion was down by 26 percent compared to last year, with both new scope and restructuring contributing to the decline.

Industry performance in the Americas improved sequentially but generally declined year-over-year. The Healthcare & Pharma sectors were an exception, where impending structural change in the healthcare system, as well as transformation, mergers and divestures will likely fuel continued activity.

Asia Pacific's ACV of \$0.45 billion in ACV was its lowest quarterly total since 2Q11, and represented a slight decline sequentially and a moderate decline year-over-year. Contributing to the quarter's weakness was a dearth of deals above \$40 million

. For the year, the region has registered only four such deals; the fewest since 2000. In contrast to global trends,

Asia

/Pac did not show a significant increase in contracting activity.

"Looking ahead, we anticipate that robust activity will continue through the fourth quarter of 2013," Keppel said. "While we expect the next quarter's performance will surpass 2012 levels, the protracted weakness of the first half of 2013 will likely bring yearly ACV totals down relative to last year's exceptionally strong numbers."

The 3Q13 Global ISG Outsourcing Index was presented during a conference call and webcast for media and analysts today. To listen to an audio replay of the call and view presentation slides, please visit <http://www.isg-one.com/web/research-insights/isg-outsourcing-index/>.

About Information Services Group Information Services Group (ISG) (NASDAQ: [III](#)) is a leading technology insights, market intelligence and advisory services company, serving more than 500 clients around the world to help them achieve operational excellence. ISG supports private and public sector organizations to transform and optimize their operational environments through research, benchmarking, consulting and managed services, with a focus on information technology, business process transformation, program management services and enterprise resource planning. Clients look to ISG for unique insights and innovative solutions for leveraging technology, the deepest data source in the industry, and more than five decades of experience of global leadership in information and advisory services. Based in Stamford, Conn. , the company has more than 800 employees and operates in 21 countries.

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