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The great GBS pivot: From process excellence to digital value at scale

The future of global business services is
data-driven

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The Situation: The old model of global business services (GBS) organizations focusing on process excellence and transactional efficiency is giving way to an exclusive focus on providing value-added services with data access and analysis at its core. The change is accelerating as more and more companies look to GBS to support efforts to provide decision-making and reinforce linkages between different parts of the business.

This shift is leading to a future where its functions aren't limited to being a support center for shared services and go-between for technical partners and the business needs. Rather, as businesses seek more value from their data assets to drive crucial experiences (see Exhibit 1) for customers, suppliers, and employees, the modern GBS will need to become an uber COE to drive data driven insights and decision making, guiding effective allocation and deployment of people, process, and technology. Each of the objectives below are supported and promoted by data, with process and technology underpinning support. This COE model will be critical to delivering the end-to-end experience sought to drive top-line revenues. To make this happen, executives must frame the desired state and require active engagement from CISO, Compliance leader, and CIO to create a new manifesto for their GBS operations.

In discussions with GBS leaders, we have uncovered numerous opportunities for them to

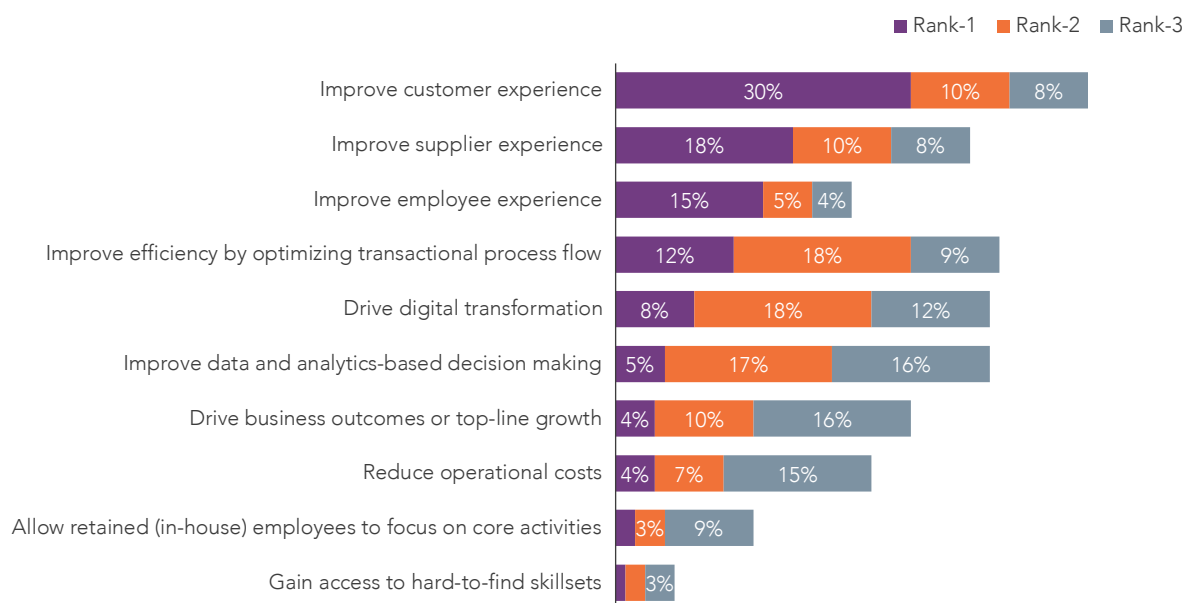
drive demand planning and better product and service distribution. Through mining data they can plan an active part in channel optimization, transfer pricing, and promotions. The GBS access to data as a quality, security, and policy orchestrator can have significant benefits industries such as media and publishing, where content optimization is core to the business—driving more value from a fixed set of assets.

Service delivery models are evolving

Despite the vision and aspiration, this all-value-added services model is not happening overnight. For most companies, especially in the mid-market, transactional core services operations delivery through legacy GBS models are evolving gradually from a labor to a technology play. This interplay between value-added and core operations must move in lockstep through the maturity curve to successfully evolve to a technology enabled model.

Exhibit 1: Improving experiences is the driver of services adoption

What is the most important driver for deployment of third-party services?



Note: Less than 3% is not depicted in the chart

Sample: 800 Global 2000 Enterprises

Source: HFS OneOffice Pulse Study, H2, 2021

Once the right data governance is in place, automation will be the foundation for delivering transactional services on a cloud platform. These two elements—cloud and automation—ensure digital readiness for the future. The future-ready GBS organization will ultimately drive transformative cost reduction and scale delivered through technology, encompassing four stack components:

- Service layer
- Process layer enabled through automation and data fluidity
- Application layer with a focus on middle and industry-specific solutions
- Cloud infrastructure

This technology-focused approach also infers a much greater alignment between business functions and IT, and ultimately across all members of a company’s ecosystem.

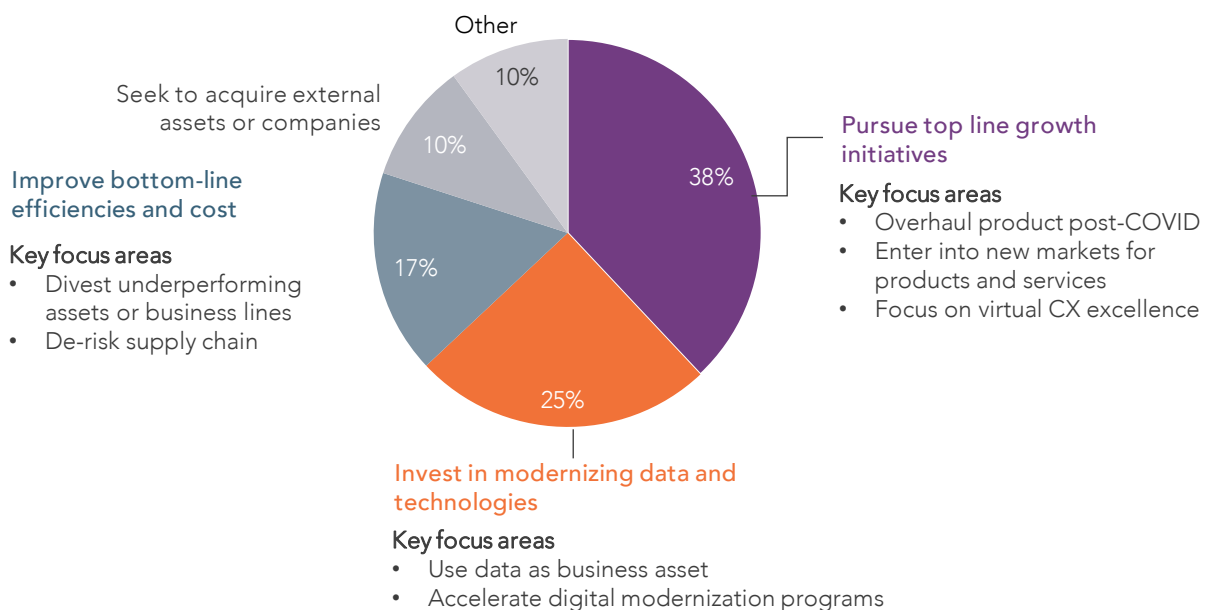
Exhibit 2 underscores the importance of technology to the Global 2000 when we asked them to name their top business strategies; investing in technology was right behind focusing on top-line growth.

A new operating model drives a frictionless experience

The importance of traditional GBS deployment models (process and multifunctional delivery focused) will decline from 40% to 25% among Global 2000 companies over the next two years. We expect companies using both captive and outsourced delivery models to transition toward digitally enabled, frictionless experiences and away from process-centric models. Again, the ongoing trend is the disruption of traditional GBS using technology as the primary element to get to frictionless finance and selling, general, and administrative (SG&A) services.

Exhibit 2: Digital and data are among the top business strategies for companies over the next 12-18 months

What are the major business strategies that your organization is pursuing to meet your organizational goal for the next 12-18 months?
Percentage of respondents



Sample: 800 Global 2000 Enterprises
Source: HFS OneOffice Pulse Study, H2, 2021

Technology choice will vary when you transition from transactional-driven to value-driven outcomes. For example, the metaverse technology stack, where the combinatorial power of existing enabler technologies like cloud, internet of things (IoT), artificial intelligence (AI), blockchain ledger, and digital twins is commonplace, will increase in usage. With these technologies, GBS becomes the focal point for de-risking operations and driving digital deployment across the enterprise at scale. A significant component is these activities will drive efficiencies and standards linked to sustainability, requiring fewer resources and less energy and contributing to another vector for reducing friction overall in the enterprise.

What are the steps to an effective GBS in the digital age?

The ultimate questions are, "How do we drive GBS to become a 'utility,'? Where can you plug GBS services for routine transactions and outcomes while driving value-added outcome-based models?" The first thing to remember in this new work environment is that captives can't survive with small transaction value if new operating models depend on deploying

technology at scale. Enterprises will need a hybrid service delivery model approach. With that in mind, here are the key action steps:

- Employ a highly skilled workforce capable of working seamlessly with data and advanced tools.
- Deploy a high degree of automation combined with the application of process acumen, enabled by data.
- Bring BPO, ITO, and managed services together to drive a balanced and effective service delivery model.
- De-risk all aspects of operations delivery and take advantage of digital at scale.
- Incorporate concepts of the [HFS OneOffice and Data Lifecycle](#).
- Create an ecosystem of excellence with technology partners, suppliers, and vendors, incorporating a seamless flow of data across the ecosystem.
- Build a metaverse-aware technology stack as the infrastructure foundation for all service delivery.

The Bottom Line: Data-focused approaches to GBS will be the key to getting digital value at scale

From a third-party services partnership standpoint, the value is in the data. The more the client lets the provider in, the more effective the relationship becomes. The data strategy for enterprises must be internal, with partners, right up and down the supply chain and into their ecosystems. The fundamental nature of GBS is evolving, with technology as the catalyst to frictionless processes at scale, but data strategy is critical to its success.

HFS Research authors



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Executive Research Leader

Melissa O'Brien is Research Leader and Head of Research Operations at HFS Research. Melissa leads HFS' research initiatives for all things customer experience, including contact center, digital marketing and sales, CX design and conversational AI. Her industry research focuses on key services dynamics within retail, CPG, travel and hospitality firms. Melissa also looks after operations across all research coverage areas, helping HFS realize our own version of OneOffice.

Melissa brings both hands-on industry and analyst experience to her role at HFS.



Don Ryan

Chief Strategy Officer

Don Ryan is Chief Strategy Officer at HFS Research. He joined the firm in August 2020 as Senior Vice President of Research and Consulting. Before HFS, Don was as Director for global research and thought leadership for business and outsourcing services, digital technology, and AI deployment at KPMG LLC. Recently, Don collaborated with HFS on the highly publicized white paper, "Enterprise Reboot: Scaling digital technologies in the new reality", a major study to delineate the impact of COVID-19 on technology implementation.

Don brings a broad background in forecasting technology trends, quantifying the market impact of brand experience/customer loyalty and analyzing the changing nature of business operating models. Don's insights gained through research and analytical roles at TNS, META Group, Current Analysis and FEDEX along with his education at the Wharton School will help HFS clients identify new directions and opportunities.



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HFS Research introduced the world to terms such as "RPA" (Robotic Process Automation) in 2012 and more recently, the HFS OneOffice™. The HFS mission is to provide visionary insight into the major innovations impacting business operations such as Automation, Artificial Intelligence, Blockchain, Internet of Things, Digital Business Models and Smart Analytics.

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