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Accelerating transformation, sustaining efficiency

GBS Study 2025

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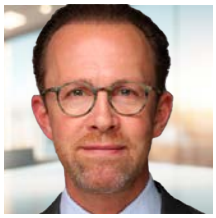

Christian Hiecke-Richter
Director, PwC Germany

Dear business leaders,

It is with great enthusiasm that we introduce our latest study on the evolving landscape of global business services (GBS). As we navigate a world marked by rapid technological advancement, shifting talent dynamics, and economic uncertainty, GBS organisations have shown they're not just a cost-efficiency lever but a strategic enabler of enterprise transformation.

This report captures the pulse of GBS in 2025, a model that has matured from its back-office origins into a dynamic, value-generating engine. Today's leading GBS organisations do not only optimise operations but also drive innovation, enhance customer experience, and deliver insights that shape business strategy.

Several key themes define this transformation:

- **From cost centre to capability centre:** GBS is now expected to deliver outcomes beyond savings. As they progress along their maturity journey, GBS organisations are expected to reinvent themselves again, this time as global capability centres (GCCs). They can lower costs for incremental revenue, manage risks efficiently, and enable greater productivity of frontline teams through process and technology. Additionally, they can incubate new capability developments and ultimately shorten time to market, enhancing competitive advantage.
- **Digital acceleration:** Automation, advanced analytics, and AI have reshaped how GBS operates, thereby enabling faster, smarter, and more scalable service delivery. GBS is now applying the same technologies and methodologies to its wider enterprises and transforming them with advanced digital and AI services.
- **Global footprint and talent strategy:** Organisations are adopting multi-hub models to balance cost, talent, and resilience against the backdrop of today's geopolitical challenges. The need for digital skills is reshaping how GBS attracts, retains, and develops its workforce.
- **Integrated into core:** GBS is breaking silos and has evolved from transactional processing centres managing minor tasks to owning end-to-end processes. This enables it to become integral to the business and focus on internal and external stakeholder satisfaction as a core measure of success.

This study brings together insights from a questionnaire completed by hundreds of GBS centres, insights from PwC senior experts and members of the network, and real-world best practices to provide a comprehensive view of where GBS stands today and where it is headed. Whether you are a GBS leader, a transformation executive, or a business stakeholder, we hope this report serves as a valuable guide in shaping your strategy.

Warm regards,

A letter from our global GBS leader

William Gilet

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In conversations around GBS, changing circumstances give way to various questions. How is GBS evolving today? Do we need hubs in new locations, different talents, or a captive-outsource hybrid model? Can we expand our scope to achieve end-to-end processes? Do we automate or transform the process before moving? And the biggest question of all: with geopolitical and economic uncertainty and (agentic) AI disruption, we've never been in a more dynamic environment, so isn't this the ideal opportunity for GBS to prove its value?

Our 2025 GBS study suggests that, indeed, GBS has a real opportunity to shape the future operating model for organisations to remain sustainable. It holds the organisation's largest data pool, making its digital and analytical capabilities essential in delivering productivity and cost savings. GBS' primary objectives lean towards cost, quality, and capacity: perform work at a lower cost and a better level of quality and service, while the business focuses on growth. While the GBS model is slightly different in every organisation, we see that top-performing organisations all have some form of service delivery that includes these. But they are now leveraging a fourth dimension: capability.

With GBS being integral to the organisation, we are seeing a continued expansion to new locations around the globe. However, while some executives recognise its value, many still have sensitivities towards going offshore, which is why we observe a rise in popularity of nearshore locations that cover time zone-critical or higher value-adding work with direct customer contact. For example, Latin American locations (such as Colombia) are increasingly more popular for US-headquartered companies.

Using the framework of 'as global as possible, as local as necessary', India will continue to be the leading location for GBS for both corporate GCCs and outsourced hubs. Talent has expanded into tier 2 and 3 cities as well (e.g. Jaipur, Indore, Ahmedabad, Coimbatore), making it easier for organisations to attract skilled employees and capitalise on new tax incentives. The support from these locations, wherein this is the main industry, secures the availability of current and future talent especially for roles in the back-office.

With the location and size of future hubs in mind, how do we expect AI and GenAI to play a role in GBS? It's already established that AI and GenAI are revolutionising the way organisations address transactional activities. For more common GBS locations with larger talent pools (e.g. Costa Rica, Poland, India), digital skills are table stakes to support quality and capability value drivers. But with its lower need for technical

abilities, automation is now levelling the playing field in places where smaller talent pools often exist. We then expect a pool of new places with an educated workforce (e.g. Colombia, Portugal, the Philippines) to emerge.

While some locations may have more costly compensation, the ability to apply digital features and technology in new ways of working can offset that, but that is if they transform processes and support systems. As more traditional processes in GBS' scope completely change, future hubs might become smaller in size; however, a flux of new functions will neutralise this trend, resulting in a size that is likely to be consistent in the near term. Overall, the current AI-powered disruption, coupled with scope expansion, means that it's time to revisit typical business cases built on a one-to-one labour arbitrage.

While there are still many questions in the macro environment, what is certain is that GBS is now an integral part of top-performing organisations. Across the globe is a range of qualified talent in diverse, cost-effective locations ready to bring transformative skill sets—the undeniable key enabler in scaling and sustaining successful operations. We at PwC believe in the value of GBS; and even as we perform GBS strategy through execution for our clients, we also leverage the same model for our own firm, experiencing its merits firsthand.

Best regards,
William Gilet

Expert article

Innovate and adapt to succeed in a BANI world

GBS organisations are navigating an increasingly complex and volatile environment. While the VUCA (Volatile, Uncertain, Complex, Ambiguous) framework has long guided leaders through uncertainty, today's reality requires a more nuanced understanding.

A different model captures the heightened fragility, anxiety, unpredictability, and complexity businesses face: BANI (Brittle, Anxious, Nonlinear, and Incomprehensible). The shift towards BANI demands GBS leaders to recalibrate their strategies, capabilities, and operating models to foster resilience, agility, and sustainable growth in a world where traditional assumptions no longer hold.

To thrive, GBS organisations must embrace three pillars:

1. Flexible networks: virtual and multi-location ready
2. Driving impact as capability builders
3. Digital-first mindset leading AI transformation

Digital-first mindset leading AI transformation

At the core of GBS' transformation is the need to adopt a **digital-first mindset** where AI and emerging technologies are central to how they operate, not afterthoughts.

Effectively leading AI transformation requires integrating digital capabilities at every level:

- Establish **cross-functional leadership teams** that bridge business, IT, and data expertise, aligning strategy with execution and fostering a unified vision.
- Implement a **centralised digital governance framework** to maintain standards, optimise data management, and guide technology investments, while empowering local teams to innovate within defined guardrails.
- Provide GBS centres with **dedicated budgets and resources** to quickly launch pilots, test emerging technologies, and scale successful solutions without being hampered by legacy approval processes or bottlenecks at headquarters.

This autonomy accelerates innovation and mitigates the risk of stalling. It also enables rapid adaptation to shifting priorities or external changes, a critical advantage in a nonlinear, anxious world.

Beyond structures and funding, driving AI transformation demands concrete initiatives that embed new mindsets and skills:

- Launch **innovation labs or AI sandboxes** where teams can safely experiment with ideas and technologies, learning through hands-on application without fear of failure.
- Develop **digital ambassador networks** that disseminate best practices, create peer support channels, and reinforce digital fluency across business units.
- Use **gamification** (including leaderboards, innovation challenges, and skill badges) to encourage participation, reward progress, and sustain engagement throughout the transformation journey.
- Offer **AI upskilling programmes** tailored to different roles, ensuring broad capability development and reducing resistance to adoption.

This combination of strategic structure and cultural initiatives turns GBS into a **digital innovation engine**, delivering scalable AI solutions that drive operational excellence and unlock business opportunities.

Flexible networks: virtual and multi-location ready

The fragility and uncertainty inherent in the BANI world manifest sharply in geopolitical tensions, climate-related disruptions, and shifting regulatory landscapes. For less mature shared service organisations, relying on single-site operations or even traditional multi-location hubs is no longer sufficient to mitigate risk or sustain uninterrupted service delivery.

Global networks that combine physical centres with virtual outposts have become imperative for flexibility, risk management, and business continuity. This hybrid approach allows GBS to balance stability with adaptability:

- **Physical locations** continue to serve as operational anchors, providing infrastructure, regulatory compliance, and on-site expertise.
- **Virtual outposts** create flexible nodes of collaboration, tapping into global talent pools and enabling remote work and knowledge sharing beyond geographic boundaries.

This model enhances resilience by reducing dependence on any one location, which is critical when local disruptions (from new market developments to political unrest) can abruptly impact operations. It can also fuel innovation and faster problem-solving by broadening access to diverse skill sets and specialist expertise that might not be available locally.

To be robust, the steering model must define accountability structures, standardised processes, and performance metrics that go beyond individual sites and virtual outposts. Clear role definitions and cross-location coordination mechanisms, including knowledge sharing, help prevent duplication of efforts and ensure consistency in service delivery. Technology plays a critical role here—enabling real-time visibility, data-driven decision-making, and integrated communication across the network.

With a well-defined steering model, GBS can coordinate efforts seamlessly, seize opportunities for growth, and address challenges quickly, enhancing agility and responsiveness while avoiding rivalry across locations. By embedding this flexible yet unified approach, GBS organisations can transform into a globally adaptive network capable of responding swiftly to disruptions, scaling resources dynamically, and delivering consistent value regardless of external shocks.

Driving impact as capability builders

While in the past, GBS organisations simply acted as traditional back-office operators, today they can enable transformation and build capabilities for their enterprise. By evolving towards becoming GCCs, they're in a unique position to act as a capability driver, not only delivering operational efficiency but also equipping the wider organisation with the tools, talent, and frameworks to succeed in a digital-first world.

Being a capability driver doesn't just mean executing processes, it also involves:

- Developing and embedding expertise in areas such as AI, automation, data analytics and process excellence
- Creating scalable frameworks and tools that other departments can reuse to ensure consistency and speed
- Driving adoption of new technologies and ways of working, such as agile methods and digital platforms
- Accelerating transformation by reducing duplication, enabling faster execution and lowering implementation risk

When positioned properly, they become a strategic enabler of transformation, delivering capabilities that drive agility, scalability, and long-term value creation.

At the heart of this shift is GBS organisations' ability to standardise, scale, and keep improving functions like finance, HR, procurement, and IT. By embedding capabilities centrally, they roll out changes faster, strengthen governance, and drive broader adoption across their enterprise. When positioned properly, they become a strategic enabler of transformation, delivering capabilities that drive agility, scalability, and long-term value creation.

To achieve this, GBS organisations must embrace continuous learning and development, empowering their people with the necessary skills. Investing in talent programmes that focus on digitalisation, adaptability, critical thinking, and emotional intelligence is essential to prepare the workforce for future challenges.

They must also nurture innovation at every level. Encouraging teams to experiment with new ideas and solutions can drive sustainable growth. By creating an environment where experimentation is valued and failure is treated as a learning opportunity, GBS can unlock creative potential and inspire fresh approaches to complex problems.

Conclusion

The BANI world requires GBS leaders to rethink old models and embrace complexity with agility and foresight. Success hinges on the ability to build flexible, globally integrated networks; to act decisively as capability builders embedding digital and AI expertise; and to cultivate a digital-first mindset that enables rapid innovation.

By acting on these imperatives, GBS organisations move beyond operational support to become strategic partners driving enterprise-wide transformation. This positions them to not only survive today's disruptions but also thrive—creating lasting value and securing their role as key enablers of the future-ready business.

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Processual scope

The scope of global business services (GBS) is changing: more traditional back-office functions such as accounting, IT, and procurement are centralised, but strategic and highly specialised roles remain in core business units. Outsourcing is common for transactional tasks, whereas complex, innovation-driven functions stay in-house. Recent trends indicate a shift towards insourcing, leveraging new technologies for greater efficiency and control. This chapter examines these dynamics and their implications for organisational structures.

Percentage of total company-wide functional headcount located in GBS

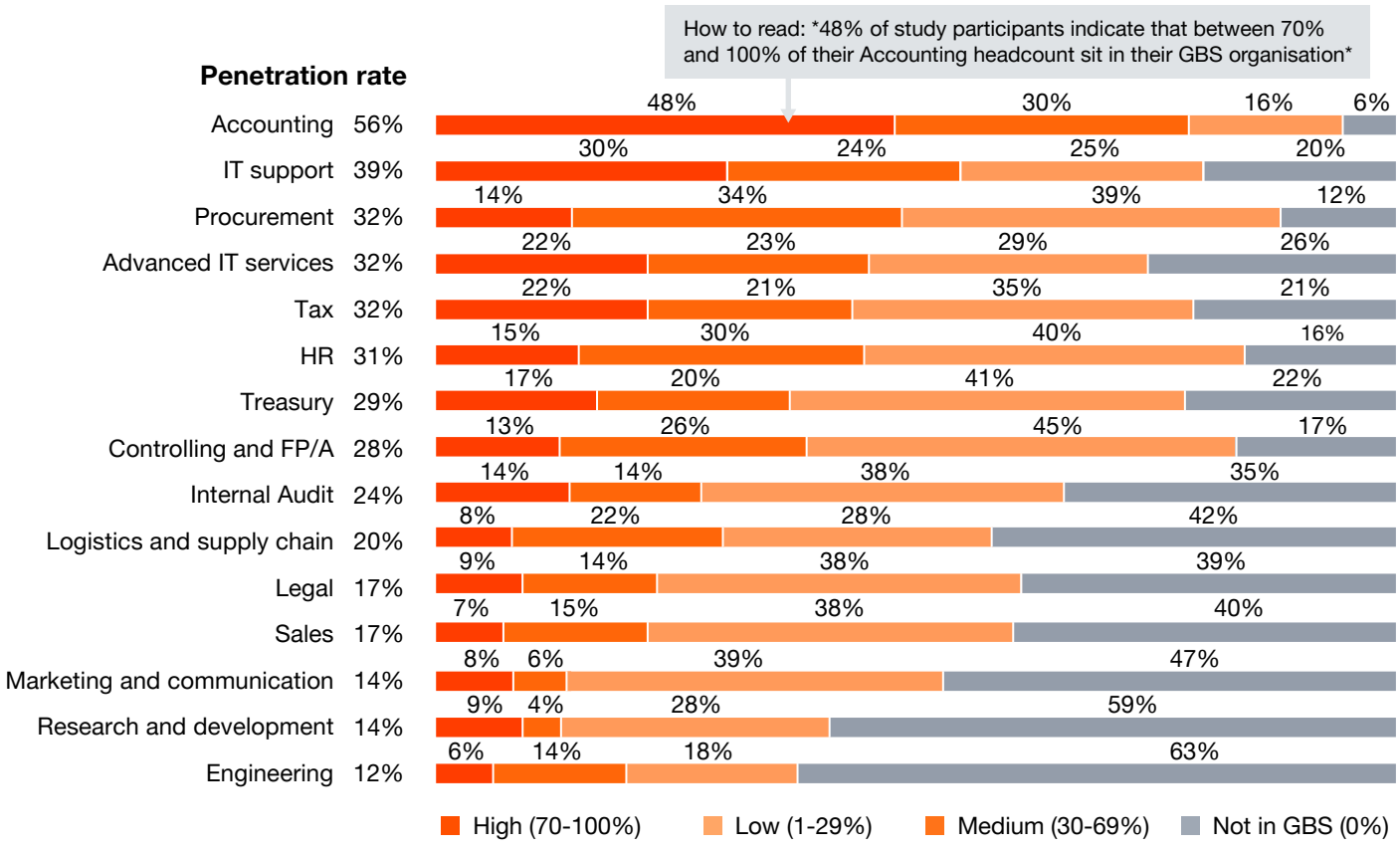

Figure 1

Back-office functions tend to have the highest representation within GBS. Our study confirms this: accounting, for instance, shows an average penetration rate of 56%, with almost half of respondents placing between 70% and 100% of their accounting staff in GBS. IT support follows with a 39% penetration rate, while procurement shows 32%. Advanced IT services and tax also each register at 32%, further illustrating how technical and financial operations are typically centralised in GBS structures to drive efficiency and cost-effectiveness.

By contrast, functions closely tied to strategic success, including engineering and research and development (R&D), show lower penetration. Engineering, at just 12%, has the lowest level of GBS integration, reflecting its essential role in innovation and product development that generally requires proximity to core operations. R&D follows at 14%, again underlining the importance of close alignment with strategic units to foster creativity and maintain competitive advantage. Beyond back-office functions, areas such as marketing and communication (14%) and sales (17%) also demonstrate relatively low penetration, given their central role in customer engagement and revenue generation.

However, we observe that the market has a growing appetite to move work to GBS—both for the strategic functions mentioned above and for enabling functions. We expect a rise in the penetration rate for those as GBS evolves beyond sales, general, and administrative (SG&A) functions and towards becoming global capability centres (GCCs).

Percentage of total services performed by a third party/outsourcing partner

How to read: “52% of study participants indicate that some portion of their IT support is performed by a third party, with 9% indicating that they outsource more than half of the work.”

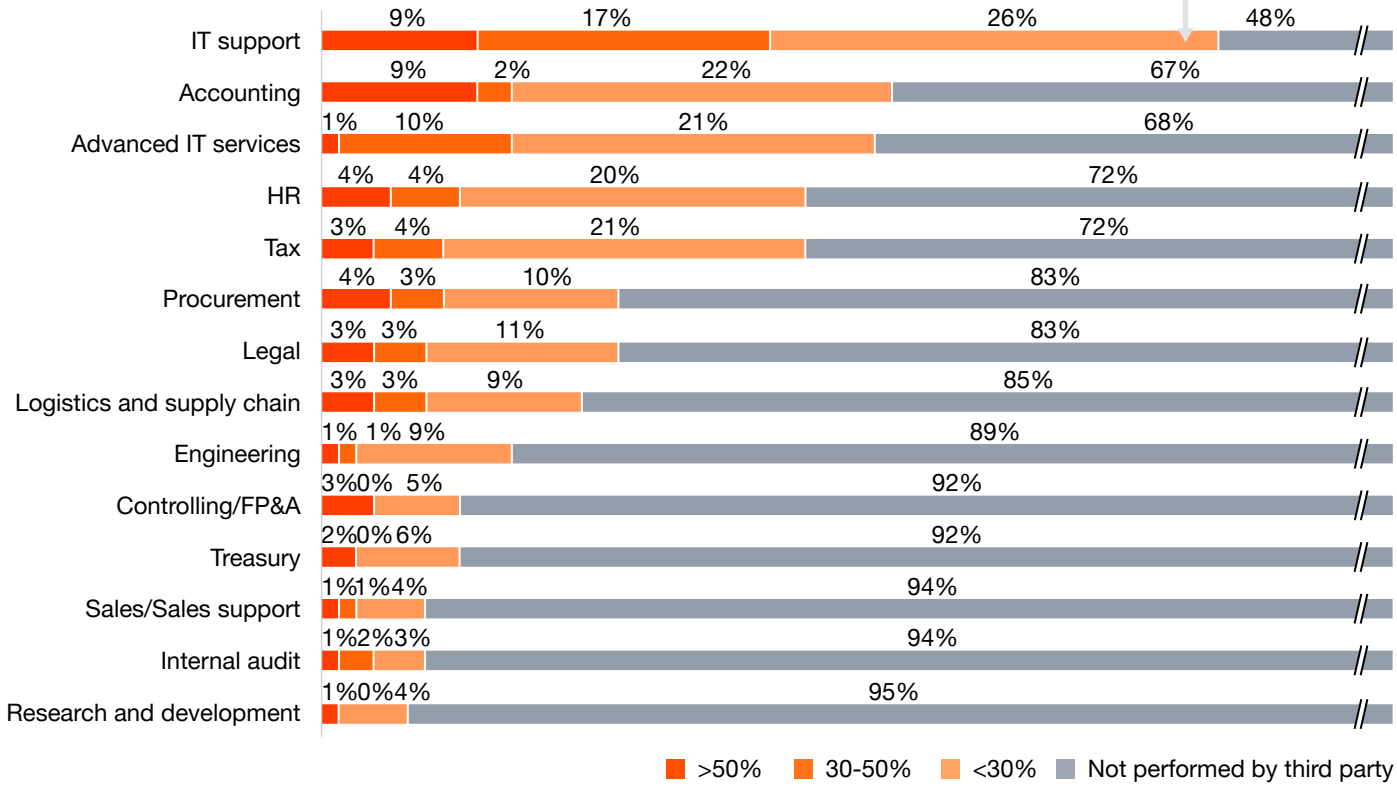

Figure 2

Functions traditionally seen as back-office operations exhibit varying levels of outsourcing, with IT support, accounting, advanced IT services, HR, and procurement leading the pack. This reflects a wider drive for efficiency and cost management that goes beyond moving work into GBS organisations. In mature organisations, we typically observe that expertise-heavy and strategic aspects of a function are retained in-house, specialised tasks are performed in captive GBS organisations, often in centres of excellence, and transactional activities are outsourced to specialised partners.

Outsourcing functions like accounting also provide flexibility in human resource management. By covering seasonal fluctuations and handling the needs of international subsidiaries, companies reduce fixed annual costs while ensuring expert support during peak periods.

Functions with low scale but high legal requirements (tax, HR/payroll) are prime candidates for ‘fractional outsourcing’: the retained organisation sets the strategy, GBS coordinates processes globally, and local third parties ensure compliance with local law.

Outsourcing rates are low for controlling/FP&A, logistics and supply chain, and R&D, showing that companies keep strategic competencies in-house. These functions are closely tied to corporate strategy and internal control, making them essential for sustaining competitive advantage and driving innovation. Engineering and R&D in particular remain rarely outsourced, reflecting their reliance on complex, innovation-driven knowledge that is difficult to replicate externally.

Overall, the results are consistent with the previous findings: functions most embedded in GBS are also the most likely to be outsourced. Yet we expect these numbers to shift. We see a trend towards insourcing, as clients move away from BPO-driven efficiency gains towards implementing their own processes and technologies, fuelled by the democratisation of advanced technologies such as AI and rising costs of external providers.

Expert article

Expanding service scope beyond SG&A for greater value

GBS has focused on streamlining and optimising SG&A functions, where it has proven it can implement good governance in process harmonisation, simplification, and quality. But GBS also has a high potential in maximising AI-based automation, thanks to its deep insight into process improvement and technology application. By using AI-driven analytics to identify inefficiencies and optimise processes in real time, it provides a dynamic approach to continuous improvement.

With this, companies can unlock opportunities and improve the quality and perception of GBS organisations. In recent years, many have been extending their scope into more strategic and value-adding areas. Some are integrating GBS into their digital transformation strategies, using it to drive innovation in all functions and customer experience, data analytics, ESG reporting, and cybersecurity.

Examples of GBS' scope expansion in various industries include:

1

Supply chain services: GBS supports supply chain operations by managing demand and supply planning, operating transport control towers, and overseeing quality management processes. These lead to measurable efficiency gains, cost reductions beyond labour arbitrage, and improved service levels across the value chain.

2

Commercial services: By supporting sales operations, managing order intake, and delivering marketing and digital services, GBS can help optimise cost-to-serve models, especially for long-tail customer segments. Through advanced analytics and automation, GBS enables personalised and efficient customer interactions, ensures consistency in brand messaging, and makes marketing campaigns more effective. Moreover, it plays a pivotal role in digital marketing by leveraging data-driven insights to improve campaign performance and maximise return on investment.

3

Research and development services: Supporting R&D teams with project coordination, data analysis, and compliance management, GBS helps accelerate innovation cycles and shorten time-to-market for new products—freeing up core R&D resources for strategic innovation.

4

Analytics and business intelligence: With capabilities in predictive analytics, data visualisation, and performance reporting, GBS empowers business leaders to make informed, data-driven decisions. Its real-time analytics capabilities also help organisations to respond quickly to shifting market conditions.

5

ESG reporting: As explored in another article, GBS can streamline ESG reporting by standardising data collection and automating reporting processes. This ensures regulatory compliance, improves transparency, and supports the company's broader sustainability agenda.

6

Global strategic centres of excellence (COE) for specific IT capabilities: By establishing COEs for platforms such as Salesforce, SAP, and Guidewire—as well as for emerging technologies like AI and cybersecurity—GBS centralises expertise; fosters innovation; and ensures scalable, secure, and consistent technology deployment across the enterprise.

This scope expansion can be driven twofold: traditionally, we notice companies with mature GBS organisations pushing for additional scope within existing functions suitable for GBS-enabled ways of working. They lift and shift more of the existing work from the retained company to the GBS organisation, enhancing where possible by professionalising services and improving processes; it can then be operationalised either as part of regular GBS operations or within COEs.

Clients are increasingly looking into establishing GCCs which have the mandate to provide new capabilities that don't exist anywhere else in the company.

Meanwhile, we also observe that clients are increasingly looking into establishing GCCs so called Global Capability Centres, which have the mandate to provide new capabilities that don't exist anywhere else in the company—be it due to new technology or constraints on resources and talent availability in retained markets. Unlike traditional earlier-stage GBS organisations, GCCs aim for value creation through access to global talent and innovation ecosystems, especially in locations like India where talent is available at scale. Services offered by GCCs typically include a mix of traditional and digital scope, focused mostly on IT (analytics, advanced automation, cloud, IoT, and cybersecurity), innovation management, and new product development, ER&D (engineering, research and development).

The 'frontier capabilities' brought by GCCs are, by nature, deeply interwoven with the retained organisation, breaking the 'us vs. them' mindset that can exist in GBS organisations. GCCs thus enable an even stronger focus on end-customer experience and borderless operating models (with talent sourced wherever it's available and integrated into crucial processes), driving transformations that create competitive advantages and revenue growth.

As exemplified below, we see large corporates, such as automotive original equipment manufacturers (OEM), enhancing the scope of their GBS organisations to go beyond traditional enabling functions and committing to building critical skills to become a GCC. Here, the scope of work for supply chain in GBS was extended to include the collection of order data from sales, inventory planning and reporting, logistics order handling for the global production network, inbound transportation control and reporting, and booking and reporting of triangle sourcing processes.

Penetration rate of GBS model at client

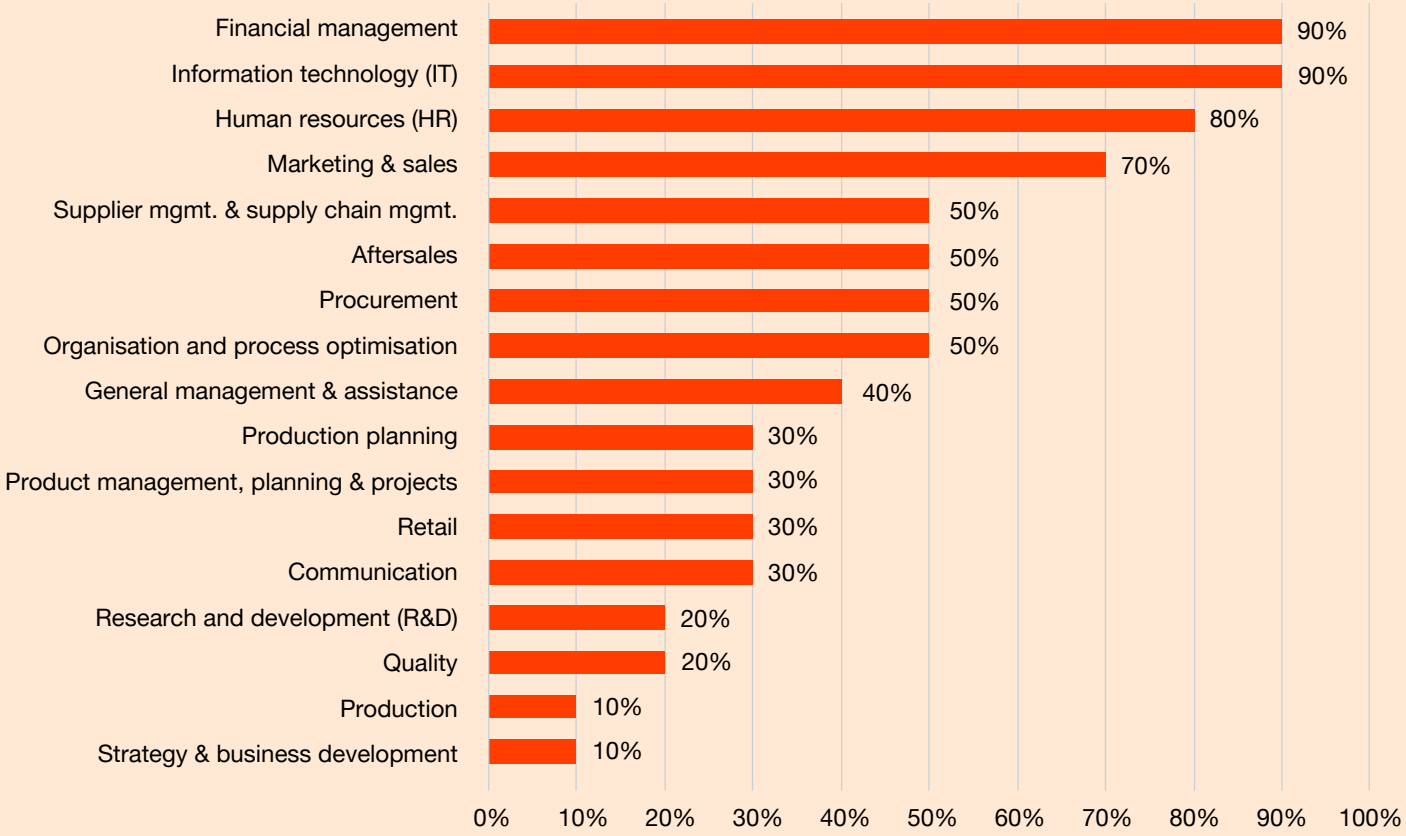

Figure 3

Operating model implications and how to work with the business

Expanding the scope of GBS beyond SG&A requires a rethinking of the operating model. Key considerations include:

1. **Integrated service delivery:** The expanded GBS model should integrate service delivery across multiple functions, ensuring seamless end-to-end processes and single-point-of-delivery contacts for customers.
2. **Centres of excellence:** Establishing COEs for specialised functions such as supply chain management, customer service, and analytics can drive expertise and innovation. COEs can provide high-value services and act as incubators for new capabilities by expanding from operational into tactical and strategic elements. COEs can also foster collaboration and knowledge sharing across the organisation, driving innovation and continuous improvement.
3. **Digital transformation:** Leveraging digital technologies such as robotic process automation (RPA), artificial intelligence (AI), Agentic AI, and cloud computing is essential for the expanded GBS model. These technologies can drive efficiencies, enhance service delivery, and enable data-driven decision-making. However, they require the right people with an automation mindset and a shift away from repetitive desktop-procedure thinking to data analytics-based prompt design.
4. **Agile and flexible structures:** The expanded GBS model should be dynamic and flexible to adapt to changing business needs. This includes adopting agile methodologies and creating cross-functional teams that can quickly respond to new opportunities and challenges. Agile methodologies can also enhance collaboration between GBS and business units, fostering a culture of innovation and rapid problem-solving.

5. **Compliance:** GBS can use AI-based technology to improve compliance and process quality while measuring with process analytics (e.g. Signavio). We have seen a number of fiscal authorities raising VAT concerns and asking for proof that VAT has been recorded correctly. In large-scale transactions, the right AI tax prompting can significantly help ensure and improve compliance. Additionally, AI-driven compliance tools can help GBS proactively identify and mitigate risks, ensuring adherence to regulatory requirements.
6. **Considerations on a 24/7 company set-up:** An integrated and agile GBS delivery model enables organisations to scale seamlessly across diverse markets, rapidly adopt emerging technologies, integrate efficiently with third-party providers, and significantly accelerate the time it takes to bring products to market. By leveraging a globally distributed, asynchronous workforce, companies have the unique opportunity to operate continuously, creating a truly global organisation where 'the sun never sets'. However, achieving this vision requires a well-thought-out, strategic approach to the design and implementation of GBS and COEs and a clear evolution roadmap towards the GCC aspiration, ensuring they are aligned with the company's broader goals for innovation, scalability, and market responsiveness.

What GBS needs to move forward

Rethink the GBS value proposition:	Labour arbitrage and process efficiency are not sufficient. GBS has to take an output-, quality-, and compliance-driven approach and complement it with business outcome/value metrics. Additionally, it should focus on delivering measurable business outcomes, such as increased revenue, improved customer satisfaction, and enhanced operational efficiency.
New role of the GBS lead:	GBS leads need to further focus on quality and compliance while managing cost improvements. This can be done by rigorously introducing technology through the right people and mindsets and making sure charging models (volume-based, results-oriented – less FTE/cost focus) bring the right incentives.
Drive mindset change:	Over decades, GBS talent has been trained to drive standardisation and execute in line with SOPs. Evolving on the value curve requires a much more output-driven, judgement-based mindset, which is not easy to change overnight. It requires consultant-like mindsets that repeatedly challenge the status quo and replace manual work with the right AI prompts from mass data analytics. GBS leaders have to effectively manage this change, ensuring a smooth transition to a next-gen GBS model. This includes engaging stakeholders, addressing resistance, and providing the necessary support and resources for successful implementation.
Strategic leadership:	GBS management must provide strategic leadership, driving the vision and direction for the expanded model. This includes identifying new opportunities, setting strategic priorities, and aligning GBS initiatives with business objectives. Strategic leadership also involves fostering a culture of innovation, encouraging GBS teams to explore new ideas and approaches to drive business value.
Innovation and digital transformation:	GBS leaders must drive innovation and digital transformation. This includes staying abreast of emerging trends and technologies and fostering a culture of innovation. Innovation within GBS can lead to the development of new capabilities, such as advanced data analytics, AI-driven automation, and digital customer engagement platforms.

Conclusion

Expanding the scope of GBS beyond SG&A presents significant opportunities for driving efficiency, enhancing service delivery, and supporting the broader business model. By leveraging advanced technologies, establishing centres of excellence, and implementing robust governance and performance management structures, GBS can become a strategic enabler of business success.

Meanwhile, the evolving role of the GBS lead is critical in driving this transformation, providing strategic leadership, managing change, and fostering a culture of innovation. As businesses continue to transform, the expanded GBS model will play an increasingly important role in driving value and achieving strategic objectives.

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Expert article

The strategic bridge to sustainability

Sustainability can involve developing new products and practices alongside accurate reporting, and GBS excels at both. By bridging strategy and effective implementation through data management, process optimisation, and cross-functional coordination, GBS organisations facilitate not only precise reporting but also the actions needed to achieve sustainability goals. This makes GBS uniquely positioned to support organisations in successfully navigating the sustainability landscape and achieving their ambitious targets.

Why GBS is well suited to drive the sustainability reporting agenda

- Access to and custodian of operational and financial data highly relevant for sustainability reporting
- Analytics and reporting skills necessary for sustainability reporting execution
- Global coverage across multiple business units, legal entities and regions enabling consolidation for sustainability reporting
- Ability to scale up resources quickly owing to presence in locations with larger talent pools to manage compliance timelines
- Cost-efficient delivery resulting from labour arbitrage, standardisation and consolidation enabling the business to focus on broader sustainability topics

GBS' role in sustainability strategy and implementation

GBS can act as a crucial interface in integrating sustainability into business operations. By centralising and standardising data collection, GBS enhances transparency and supports strategic decision-making. This approach not only addresses immediate business needs but also lays the groundwork for long-term sustainability goals, such as reducing emissions by 55% by 2030 and achieving net zero by 2050.

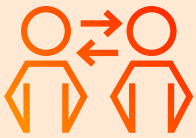
Sustainability initiatives typically involve numerous departments across a business, leading to a fragmented internal landscape of stakeholders. GBS serves as a natural aggregation point, effectively coordinating diverse efforts and ensuring cohesive action. Its ability to act as a data broker is vital for ensuring compliance with regulatory requirements, making it key to achieving sustainability objectives.

Getting started on immediate business needs

The maturity level of sustainability practices in an organisation greatly influences its ability to operationalise the approach in a GBS environment. Initially, the focus should be on getting the basics right in terms of data, processes, and technology. This includes validating the accuracy and completeness of sustainability information, reconciling accounts, and documenting related transactions.

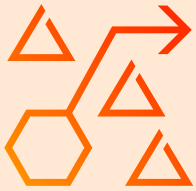
To ensure compliance with regulatory requirements and standards, it's essential to establish comprehensive policies and procedures that govern sustainability processes. Then, GBS can address immediate business needs by driving the end-to-end sustainability reporting processes. For this, GBS must prioritise data validation to maintain accuracy and consistency, as well as assist in the preparation, presentation, and formatting of internal reports. The preparation of these reports, along with the creation of visualisations and dashboards, is a critical component of the overall sustainability framework.

To ensure the most efficient and seamless transfer of responsibilities, there are multiple options for a transition and prioritisation approach in moving or establishing the sustainability reporting processes in GBS.



Scope prioritisation options

By activity	By topic	By BU/region
Prioritising transactional activities such as data collection and data aggregation and then gradually adding more complex/value-add activities in GBS' scope	Prioritising ESG aspects that organisations have been reporting and have strong process and data maturity to become a good candidate for the initial GBS scope (e.g. workforce-related metrics)	Prioritising specific BUs/legal entities/regions with more maturity in terms of data and processes as a pilot wave and leveraging the results to add more BUs/regions in the GBS scope gradually



Transition approach options for a new reporting scope

Direct implementation with GBS	Implement and then lift & shift
Involve GBS resources in the sustainability reporting implementation project from the onset for them to take over the activities immediately after go-live	Implement sustainability reporting processes in Corporate/BUs and, after stabilising them, lift and shift to the GBS organisation
Suitability: Matured GBS organisation, strong data quality and standardised processes	**Suitability:** New GBS set-up, poor data quality, non-standardised processes
Pros: Faster resource scalability, efficient since it avoids additional knowledge transfer and dual runs	**Pros:** Low-risk approach, less resistance from the business
Cons: Organisational resistance, high-risk approach	**Cons:** Inefficient due to additional knowledge transfer and dual runs

Figure 4

As the GBS organisation matures, it can expand its role to support sustainability transformation projects. This includes setting up a robust data management system, integrating sustainability into existing IT projects, and developing new processes which ensure compliance with reporting regulations and automate reporting processes. GBS organisations also typically focus on defining sustainability process models, designing activity splits, and establishing quality assurance for these processes, making the newly established system future-proof and ready to be leveraged for innovation and prepared for regulatory changes.

Transfer of sustainability processes to GBS – exemplary activity split

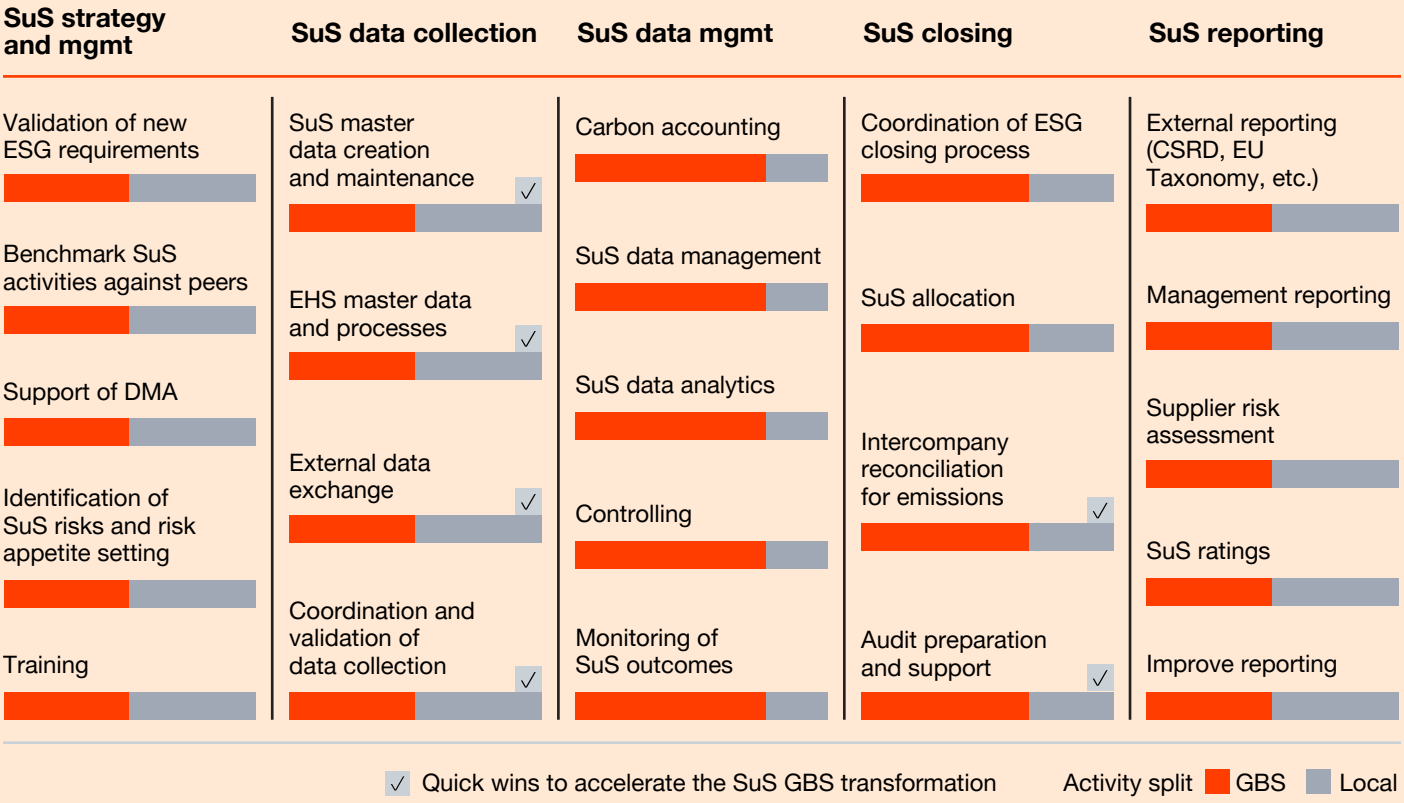


Figure 5

In the sustainability end-to-end process, various activities can be efficiently transferred to GBS, as it can enable organisations to adeptly navigate the reporting landscape. The accompanying graphic illustrates an exemplary activity split between GBS and the retained organisation and is based on design principles typically applied to finance. It initially focuses on centralising data collection and management activities in GBS to improve data accuracy and supporting the sustainability closing and reporting process, for example by preparing annual audits and management reporting.

Embedding sustainability into the GBS organisation

To integrate sustainability into GBS operations, the operating model has to be aligned with other functions, most importantly finance. This ensures processes around sustainability metrics are in sync with financial metrics, supporting a cohesive approach to sustainability and financial performance. Clear roles within the GBS process enhance accountability and the execution of sustainability activities. The sourcing model should reflect organisational maturity and focus on sustainability skills. Developing green skills within GBS teams is crucial for reporting efficiency, in addition to using technology that supports sustainability reporting.

A typical client journey

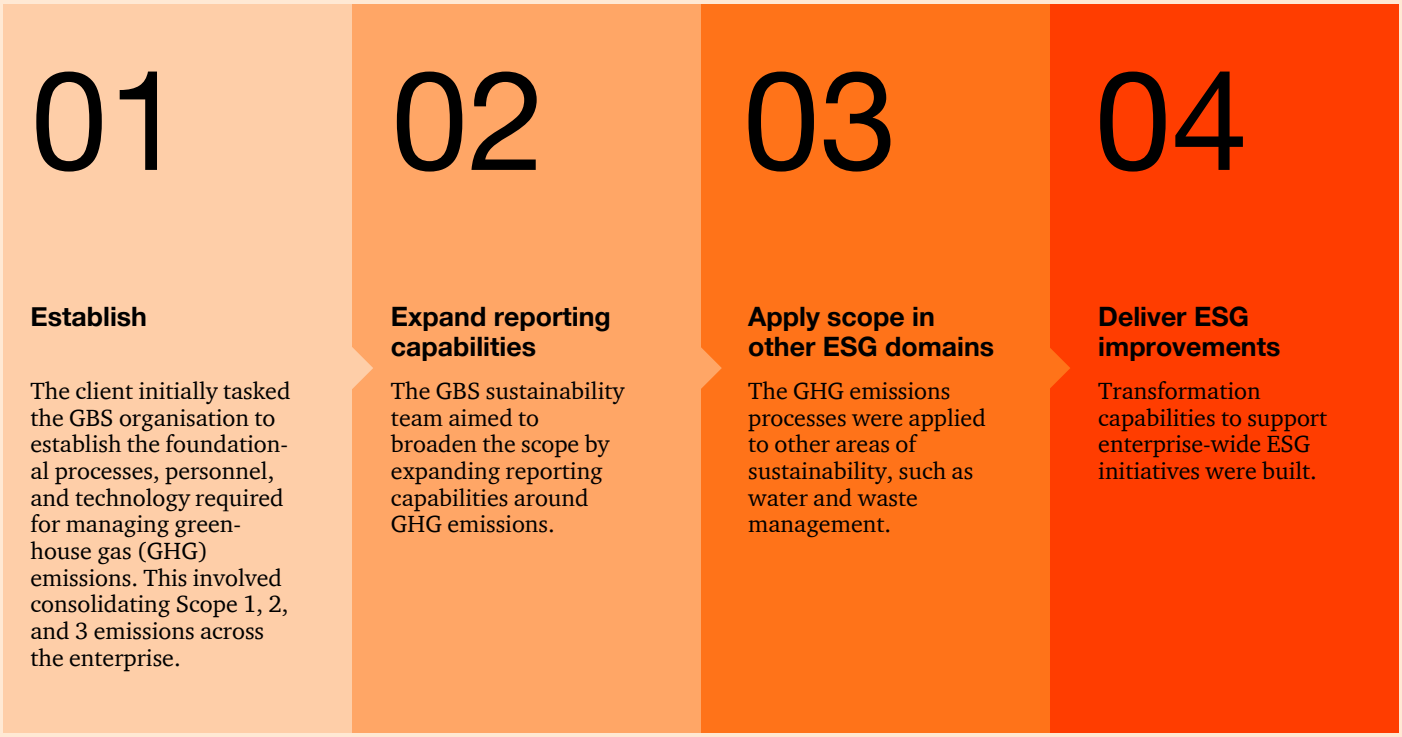


Figure 6

Establishing environmental, social, and governance (ESG) capabilities in GBS demonstrates the complexities of the ESG end-to-end (E2E) process, which involves various teams and mostly requires step-by-step changes, starting with one area and then expanding. Multiple teams are involved in ESG-related activities, which can lead to coordination and efficiency challenges. In response, clients typically engage targeted teams and are advised to provide cross-functional project support to facilitate collaboration and streamline processes. We usually identify significant dependencies within the ESG E2E process and emphasise the importance of effective communication and strategic management to ensure alignment and progress towards sustainability objectives.

End-state vision for GBS in sustainability

By adopting a holistic approach, GBS can evolve into a strategic partner for enterprise-wide sustainability initiatives. This can be achieved by committing to continuous improvement, utilising technology to streamline processes, and fostering a culture that meets growing societal expectations and regulatory demands, ensuring the organisation is prepared for future sustainability challenges. By bridging strategy and implementation, GBS is well-equipped to navigate the sustainability reporting landscape and drive impactful transformation.

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02

Strategic shifts and repositioning

This chapter explores the evolving landscape of global business services (GBS), examining how organisational models, reporting lines, operating strategies, and integration with broader company objectives are shaping the future. We will delve into the strategic initiatives driving transformation; assess stakeholder satisfaction; and highlight the growing role of technology, data, and innovation in enhancing GBS' value. By capturing these key themes, we can have a thorough view of the dynamic shifts and opportunities within GBS organisations today.

Expert article

From vision to reality – revisiting our 2020 predictions

In an article written in 2020, we envisioned a bold future for GBS. GBS organisations, centralised units handling a company's support functions, were expected to become strategic powerhouses: leveraging technology and global talent to drive value far beyond cost savings.

Five years on, we have a clear view of which predictions came true, which fell short, and what developments emerged along the way. In this article, we review the key 2020 predictions for GBS and compare them with today's reality, drawing on industry surveys and best practices worldwide. We explore global trends in GBS operating models, service scope, technology adoption, workforce strategies, and performance management. We also highlight how unforeseen factors (from a global pandemic to rapid advances in AI) influenced organisations' evolution and what they can learn as they chart the next phase of GBS.

GBS operating models – from single centres to global networks

We predicted that GBS would evolve from single-site shared service centres (SSCs) to truly global organisations. Back then, many companies still ran centralised SSCs, often in one country or region. The vision for 2025 was a more distributed model, a 'global' business services in the true sense, with multiple centres across regions under one governance.

GBS units were expected to integrate worldwide functions into a global network and break down silos. These ranged from the full integration of non-core business activities under a unified GBS umbrella and direct reporting lines to corporate leadership for strategic alignment. In short, GBS was forecast to become a strategic partner to the business and not just a back-office solution.

The current reality validates our 2020 prediction: single-function centres are largely a thing of the past, and enterprises now operate multifunction GBS organisations in multiple locations worldwide. According to our study, only 13% of companies now operate single-function, single-location SSCs, a sharp decline from 21% in 2021. Majority have embraced broader models. About 43% run multifunction shared services, and a growing share of 39% (up from 20% in 2023) has GBS with multiple global operational locations.

Key benefit is agility: by distributing GBS operations globally, companies tap into talent pools across regions and can provide 24/7 support and scalability.

GBS is more often seen as an enterprise-wide capability with its own governance, rather than just an arm of finance or IT. The key benefit is agility: by distributing GBS operations globally, companies tap into talent pools across regions and can provide 24/7 support and scalability. This aligns with the forecast that GBS would become a truly global network delivering integrated services.

When it comes to their desired future state, leading companies continually refine their target operating model (TOM) for GBS. Those who are most successful maintain a strategic roadmap for their operating model and treat it as a living framework. They balance efficiency with proximity, for example by consolidating transactional processes in low-cost hubs while distributing centres of excellence (COE) or customer-centric teams for better alignment.

This gives us insight into the next step in GBS organisations' maturity journey: by evolving into global capability centres (GCCs), GBS can provide new capabilities that don't exist anywhere else in the company (and not just transfer work). This provides greater transformational support through expert teams and, with global integration, breaks up walls between business units or functions and GBS organisations. GBS is thus positioned to deepen its value creation and not only improve efficiency and cost control but also drive the company's top line, supporting new product development, engineering, R&D, and customer experience. For more details, please refer to our detailed article on GCC.

A key takeaway has been to think value, not just cost savings, when designing the GBS model: decisions on where and how to deliver services should consider advantages such as speed, quality, and insight, in addition to cost. This mindset, which we recommended in 2020, remains crucial to take GBS from good to great. The trend is likely to continue towards globally integrated, hub-and-spoke GBS models. Companies that have not yet diversified their geographic footprint for GBS are actively exploring such.

In our 2025 study, 45% of organisations said hybrid location models, which combine onshore, nearshore, and offshore outsourcing, are important to their strategy as they seek to balance cost, talent availability, risk diversification, and proximity to company headquarters. Additionally, political and economic stability has emerged as a bigger key factor in location strategy, as companies have learned that stable environments can be just as critical as cost in ensuring uninterrupted operations.

Expanding the scope – from transactional support to strategic value

One of the most striking shifts in the GBS narrative from 2020 to 2025 is the broadening scope and mandate of GBS organisations. We anticipated GBS to move up the value chain and expand beyond traditional back-office processes into more front-office and value-adding services.

In 2020, over 95% of GBS leaders believed the trend would shift from transactional tasks to knowledge-intensive, value-added services, focusing on delivering insight and innovation rather than routine administrative work. Functions such as finance and accounting were largely already in shared services, but more complex ones, such

as analytics, R&D, and customer-facing support, were predicted to migrate to GBS organisations. Digitalisation and remote work technologies were forecast to allow even more complex or front-office activities that don't require physical proximity.

Additionally, we floated the concept of end-to-end process ownership: GBS could evolve from function-based silos to process-based organisations (e.g. source-to-pay end to end rather than just pieces of it), providing more integrated value to the business. In practice, many GBS organisations are still maturing towards true end-to-end ownership in 2025. Process standardisation remains important, but companies are now looking beyond that, using technology and analytics to integrate processes and unlock new value (e.g. by applying generative AI or process mining).

In practice, many GBS organisations are still maturing towards true end-to-end ownership in 2025.

Nowadays, GBS typically span multiple functions and increasingly complex services, such as:

Analytics and data management: Around 43% of GBS organisations have incorporated data or business analytics services, and about 50% now handle master data management. These functions were not part of SSCs half a decade ago but now reflect GBS' role in managing data and providing insights.

Centres of excellence (COEs): A major push has been the establishment of COEs within or alongside GBS, which focus on specialised tasks, such as advanced analytics, automation, cybersecurity, or industry-specific processes. In fact, 77% of organisations have invested in or plan to invest in COEs, up from 46% in 2023. As predicted, cost isn't just the reason; it's also about capability building, tapping into larger talent pools worldwide and creating centres of expertise.

The reality in 2025 confirms that GBS' scope has broadened significantly, fulfilling the prediction of moving beyond the back office. Shared services now commonly include analytics, digital technology support, and other higher-value processes. While not all companies have moved customer-facing or R&D work into GBS, the momentum is undeniable. Over three-quarters of GBS organisations are actively integrating more complex services to become true business partners. The inclusion of value and business support in over half of GBS' strategic objectives shows that leaders are focusing their scope decisions on areas where they can demonstrably improve business metrics. This outcome-driven mindset, encouraged in earlier predictions, is guiding GBS scope management in 2025.

Technology and automation – digital transformation in practice

Technology was arguably the **centrepiece of 2020 predictions** for GBS—and for good reason, as digital transformation is a defining force in the industry. So, how far have we come in terms of automation, AI, and other emerging tech within GBS?

Automation has been delivered, but with caveats. Process automation, including RPA, workflow tools, and AI, remains the top digital priority in GBS today, confirming our expectations. In 2025, 72% of organisations report they are actively implementing automation solutions in their GBS operations, up from 35% in 2020. This is a 16% increase over the original forecast rate, highlighting the sector's accelerated adoption of intelligent process automation.

In 2025, 72% of organisations report they are actively implementing automation solutions in their GBS operations, up from 35% in 2020.

Generative AI (GenAI) deserves a special mention. In 2020, it wasn't on the radar for most GBS leaders, but five years later, it's now the biggest trend, marked as the top new investment priority in some industry reports. However, its practical adoption in GBS is limited. Survey data reveals only 14% have any widespread GenAI use in production, and nearly half (45%) have either not considered using it yet or are just in ideation. In GBS, common early use cases of this technology include relatively tactical tasks, confirming the observation that current use cases are narrow and focused on routine content creation or review rather than transformative strategic roles.

In a nutshell, the digital transformation we predicted in 2020 is happening, though some elements are taking longer. GBS organisations in 2025 are heavily leveraging RPA, analytics, and cloud solutions; they are beginning to harness generative AI; and they run on modern digital platforms. GBS is now notably seen as a key driver of digital initiatives for the enterprise.

From a best practice standpoint, the companies reaping the most from technology have a few things in common: they adopt a portfolio approach to automation and AI, combining RPA, BPM/workflow, analytics, and GenAI rather than betting on a single tool; they invest in data infrastructure and quality, learning from the lesson that advanced analytics or AI are only as useful as the available data; they focus on upskilling their workforce in digital skills; and, finally, they manage expectations and scale gradually.

Data and analytics – the digital backbone of GBS

Data and analytics merit their own discussion because they tie together scope, technology and value. The 2020 vision positioned data analytics as the backbone of GBS digitalisation, and its current state reflects significant progress in this area. Importantly, the integration of analytics into everyday work has grown. Many GBS staff are now tasked not only to perform a process but also to analyse data from that process, marking a mindset shift from simply accomplishing transactions to owning the data and improving the outcome. This was exactly the vision for GBS: to be a data and insight generator for the company.

This significant shift is evident in the global data hubs created by some companies within GBS. It results in centralisation that can drive consistency and scale, but it requires high collaboration with IT and business units. All in all, emerging best practices for GBS analytics include investing in visualisation and storytelling, developing talent, ensuring data governance, leveraging quick wins with predictive analytics, and generating business value from insights.

Many GBS staff are now tasked not only to perform a process but also to analyse data from that process.

In conclusion, the strategic importance of data has grown from 2020 to 2025. Data availability and data analytics are the backbone of digitalisation and will be for the next few years to come, enabling the shift from an efficiency provider to a business advisor. The next steps will likely involve GBS playing a larger role in enterprise data strategy, possibly even owning master data management and data governance for organisations. By doing so, GBS cements its position as an analytics hub in the company.

Talent and workforce – skills, culture, and work models

People remain at the heart of GBS success, even in an age of automation. The 2020 predictions around talent and workforce included a stronger emphasis on soft skills, changes in work location models, and new motivational drivers. In 2025, we see those predictions manifesting, with some twists.

Skill profiles have shifted towards more advanced competencies.

When it comes to capabilities, skill profiles have shifted towards more advanced competencies. The top skills prioritised by GBS organisations today mirror our predictions: problem-solving, digital, and analytical capabilities, process optimisation expertise, adaptability, and communication skills.

This confirms that GBS organisations are investing in building a multi-skilled workforce, with many implementing training programmes in areas like analytics, RPA development, and agile project management to cultivate capabilities internally. There is also a huge trend towards hiring for attitude and then training for skills. Companies often hire talent with strong learning agility and teamwork, then provide specialised training in GBS tools and processes.

Change prevails not only in hiring but also in hybrid work and location flexibility; possibly the biggest real-world test on work models since 2020 has been the pandemic and its aftermath. Prior to 2020, GBS centres were largely office-based with some flexibility. When COVID-19 hit, GBS pivoted to remote work almost overnight. Many thought that by 2025, remote or virtual work would become the norm; over 70% of respondents in 2020 even said 'virtual business services' would become a standard model. The reality in 2025 is different: a fully hybrid model, a mix of office and remote, has become dominant, while pure remote work has decreased compared to the peak pandemic period.

This confirms that hybrid work is the new standard for GBS, balancing flexibility with in-person collaboration. What's interesting is how 2023 expectations underestimated how quickly the hybrid model would take over.

52%

adoption rate of hybrid models in 2025

Actual adoption by 2025, which stands at 52%, far exceeded what companies expected in 2023. And the decline of fully remote set-ups is sharper than expected, from around 16% predicted for 2024 down to 5% actual in 2025. After experimenting, most organisations found that a mix of both works best: employees enjoy flexibility, but periodic office presence helps teamwork, culture, and performance.

The GBS workforce of 2025 is more skilled, more flexible, and more demanding than in 2020. They fulfil the vision of being tech-savvy problem-solvers working in hybrid teams. But companies must continue to adapt their talent strategies and ensure the right upskilling of the workforce by offering continuous learning and clear career paths and maintaining an engaging culture. Those that get this right are enjoying lower attrition and higher performance, while those that don't may struggle to retain the very talent needed to drive the next wave of automation and value creation.

Conclusion – an ongoing journey

Reflecting on our predictions from five years ago, it's clear the GBS landscape has evolved dramatically, embracing technological innovation, workforce agility, and expanded strategic roles. However, the journey is far from over. To fully realise GBS' potential, companies must keep refining integration strategies, harnessing advanced analytics, and pushing technological innovation—all are critical to keep evolving and shaping the future of global operations.

Looking ahead to 2030, GBS is poised to be more digitally driven and globally integrated, serving as an innovation hub that leverages AI and data to drive unprecedented value. If current trends hold, by 2030 GBS organisations could be core strategic partners deeply embedded in enterprise strategy, significantly aided by their evolution into GCCs.

Prediction in 2020	Outcome by 2025
GBS will run as a (multi-site) global network rather than single centres.	**Correct:** GBS units are now enterprise-wide networks under unified governance, fulfilling the vision of breaking down regional silos.
GBS will expand beyond transactional tasks into higher-value services.	**Correct:** Many GBS organisations now include **analytics and data management** and have established **COEs** for specialised skills.
Automation and digital tech will be heavily adopted in GBS.	**Correct: Automation in GBS surged** faster than expected and exceeded original forecasts, reflecting an accelerated digital transformation.
GBS will become a data and analytics hub for the enterprise.	**Correct:** Many GBS teams now not only process transactions but also analyse process data to drive improvements.
Virtual/Remote work will be the standard GBS work model by 2025.	**Incorrect (partially):** The expectation of **fully virtual GBS** did not materialise. Instead, a **hybrid work model** became dominant.

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Types of GBS organisational models

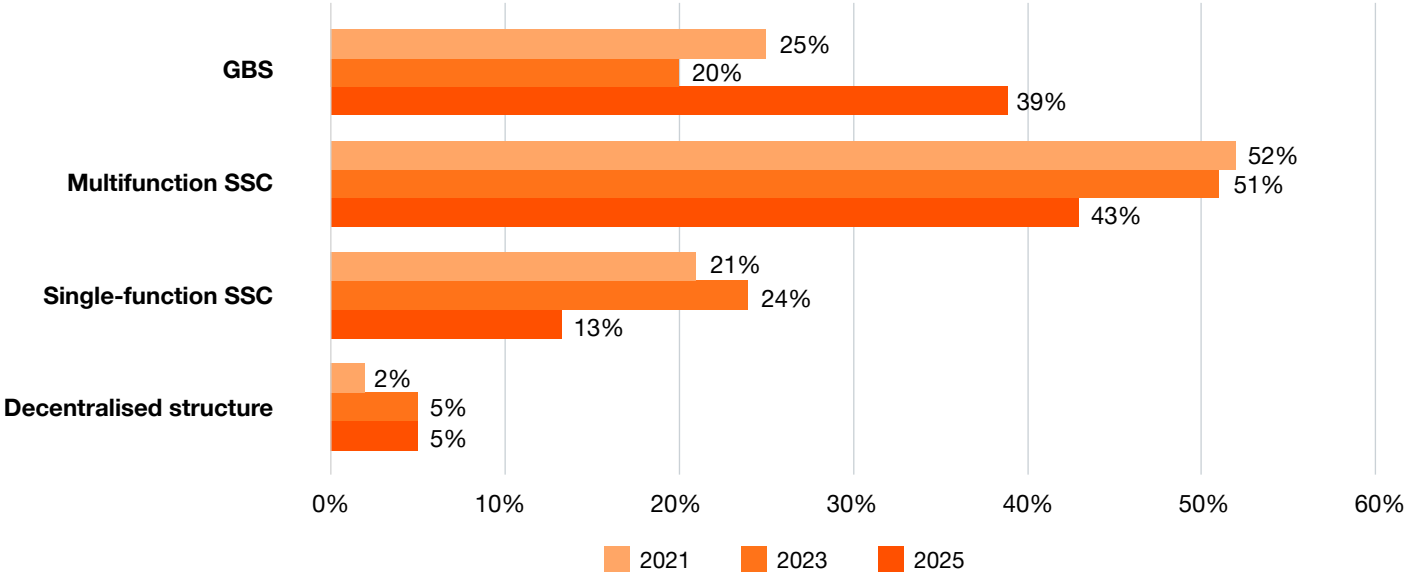


Figure 7

GBS organisations are progressing along the maturity curve. While there remains a few SSC precursors or 'transactional only' single-function centres, their proportion is steadily declining. Over the past four years, there has been a significant reduction (around 50%) in single-function SSCs (from 21% to 13%), reflecting a general increase in the maturity of service organisations. This trend indicates that more business functions are seeing the value GBS brings and are willing to entrust their growth to it after foundational elements have been established.

An increasing number of organisations are transitioning towards multifunctional transactional centres or the most mature model: GBS with a global footprint, offering truly end-to-end processes and expert functions. North American companies are leading this progression, with half now operating in an end-to-end capacity, which aligns with their early adoption of SSC models.

In contrast, companies headquartered in Asia largely remain focused on single-function centres. Company size is also a strong predictor of GBS maturity; larger companies tend to have more advanced structures, while smaller organisations frequently maintain either transactional multifunction or single-function centres.

This goes to show that GBS organisations are expanding in scope, evolving from single to multifunctional entities or comprehensive GBS models, thereby enabling faster labour arbitrage and a broader range of services.

GBS reporting line

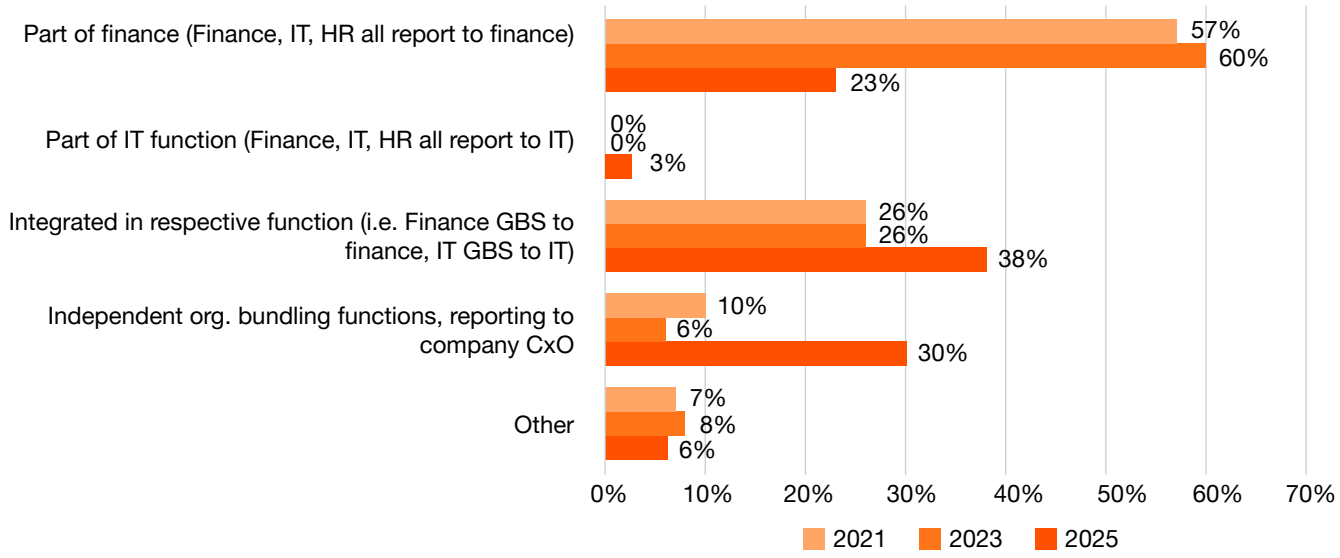


Figure 8

The developing maturity of GBS organisations is reflected in their reporting structures. In the initial stages, GBS often focuses on transactional finance activities; therefore, reporting lines to the CFO are common. As additional functions are integrated into GBS, it becomes necessary to manage it as an independent business rather than simply as an extension of the finance function.

Two models are emerging concurrently: independent GBS organisations with direct board reporting and those reporting within respective functional areas. Our observations indicate that SSC precursors and single-function SSC organisations predominantly report to finance, which aligns with the trend of beginning transformations with transactional accounting processes.

Multifunctional SSC organisations may continue to report to finance during early stages, but as they transition to comprehensive end-to-end GBS models, there is a notable trend towards establishing independent GBS organisations with board-level reporting. The exact reporting structure is, in a way, a matter of organisational strategy. While the CFO is historically the ‘natural’ owner due to finance’s pioneering role in shared services, there is no fixed rule about the arrangement, as long as there is one clear board-level owner for GBS who’s accountable for its success.

Current and future operating model strategic initiatives

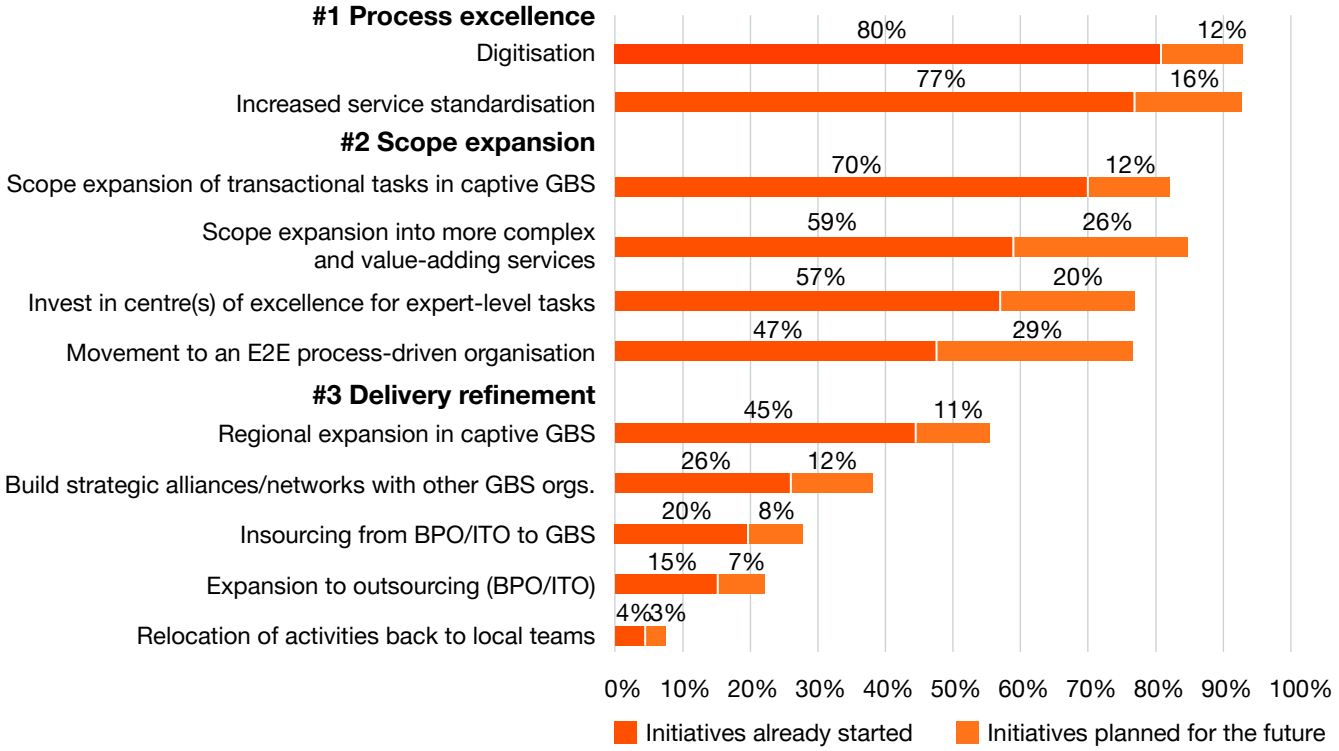
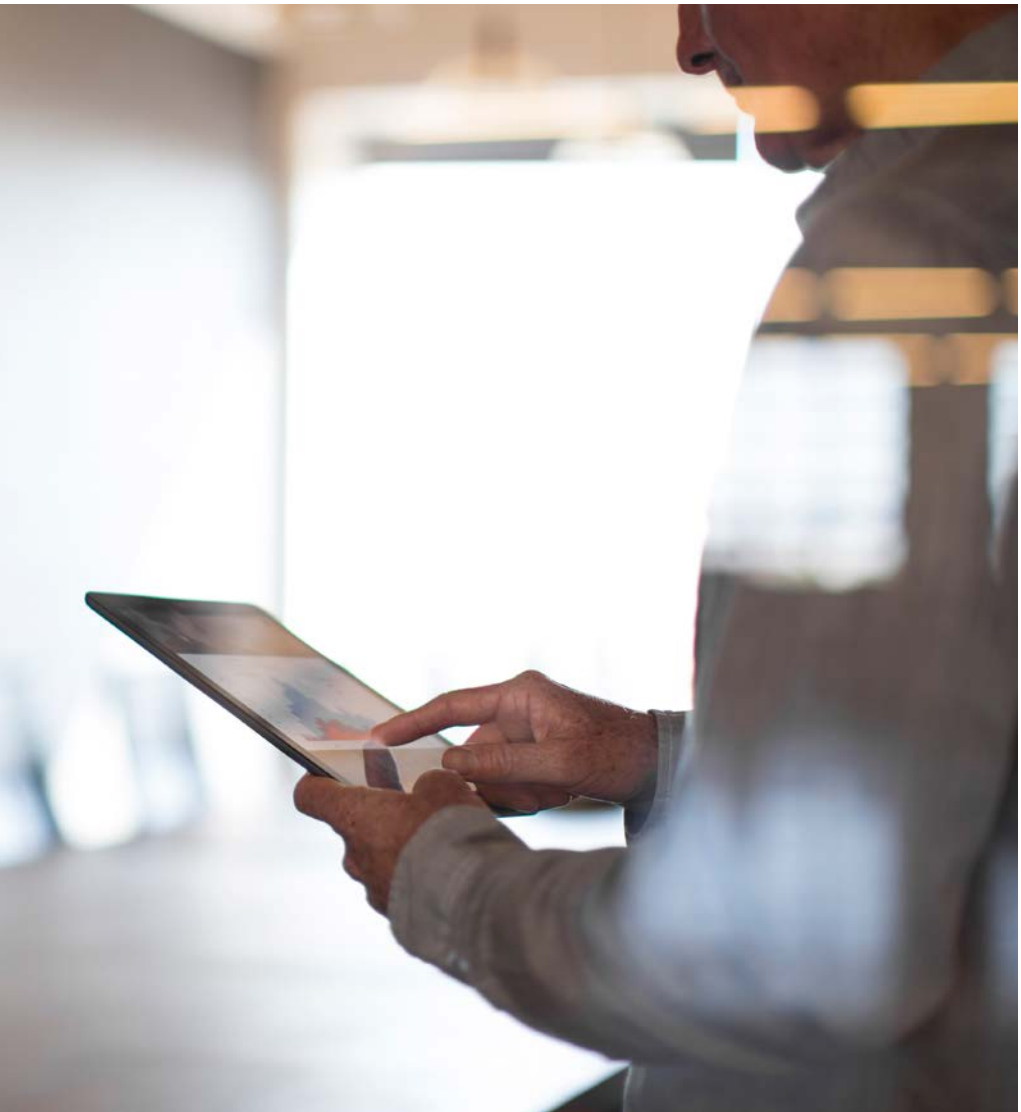


Figure 9

GBS organisations are currently professionalising their service offerings through process excellence to drive greater efficiency and consistency, leveraging both standardisation and digitisation. There is also an ongoing emphasis on expanding the scope of activities horizontally and vertically, ranging from transactional tasks to more complex, value-added services. End-to-end process offerings remain a prominent focus, too, with many GBS entities planning to implement such models due to the introduction of more complex services to close gaps. This evolution is supported by the broader adoption of COEs, which is either already underway or planned by around 75% of survey respondents.

Additionally, GBS organisations are constantly refining their delivery models. For example, we see a growing number insourcing previously outsourced functions, reflecting a previous finding that a high proportion of full-time equivalents (FTEs) remain captive rather than outsourced. As anticipated, mature GBS organisations demonstrate less interest in continued regional expansion; but surprisingly, there is limited enthusiasm for forming partnerships with other GBS organisations. Very few GBS organisations intend to return work to local entities, signalling overall satisfaction with current operations.

The small group considering or undertaking such relocations typically comprises highly mature organisations with global centres, the most mature GBS set-up, or on the other end of the scale, smaller-scale enterprises. Our assumption—to be validated in a subsequent study—is that they have either centralised too many activities and now aim for 'best person for the job' models or that digitisation has taken over workload-intensive activities, eliminating the need for large-scale outsourcing, especially as tasks often outsourced are mostly transactional in nature and thus easier to automate.



Expert article

Transformed operating models in the age of AI and enhanced capabilities

GBS organisations stand at a pivotal crossroads. They're not simply engines of efficiency or execution support anymore; GBS is set to redefine its purpose and become a strategic 'enterprise transformation engine'. This transformation is driven by three big shifts in the business landscape: the pervasive expectations of an AI-native enterprise, intensified budget pressure on top of scrutiny on business value, and lower barriers between functional skills and talent and capability gaps.

For decades, GBS organisations have focused on centralising and standardising transactional processes to drive cost savings. To move forward, they must holistically re-evaluate their operating models to create a true end-to-end view of the organisation, a deep integration of AI, and a shift in how outsourcing relationships are structured and governed.

Part 1

Evolving GBS operating models – beyond the traditional spectrum

Historically, GBS models have ranged from insourced 'captive' or SSCs to business process outsourcing (BPO) arrangements. Over time, hybrid models have emerged, blending internal capabilities with external provider services to leverage cost arbitrage and specialised expertise. However, these constructs must be re-evaluated amid evolving market dynamics and technological advancements. Many GBS organisations have recently slowed down their transformation efforts, relying on BPO productivity commitments rather than driving GBS transformation and new value.

In an outsourced environment, a common pitfall is the rigid focus on renegotiating vendor contracts, leading to a 'provider-first' view of transformation that overlooks the internal GBS. Similarly, for a captive or a hybrid environment, the focus on managing the service delivery level criteria and ensuring user satisfaction is limited to a narrow view. While these approaches track partner service-level agreements (SLAs) and focus on third-party efficiency, they rarely apply the same level of scrutiny or strategic intent to GBS teams.

Such teams, which may have expanded organically through migrations, carve-outs, or legacy realignments, frequently operate without undergoing a redesign or unification, thus failing to address end-to-end business outcomes and resulting in disjointed AI implementations. The real opportunity for sustained value and competitive advantage is not with external vendors but within the structure, scope, and mindset of the internal GBS itself.

Structurally, GBS set-up models can range from a do-it-yourself approach, wherein the company establishes and manages the centre independently, to an assisted system, where third-party experts help in the initial establishment. Other options include 'joint venture' models, which foster shared ownership and risk, and build-operate-transfer (BOT) approaches, which offer a phased transition of ownership and operational control. This spectrum of options allows for tailoring based on risk appetite, capital availability, and desired level of control and integration.

The rise and growth of global capability centres (GCCs)

Operating models have significantly matured with the rise of GCCs. Increasingly recognised as an integral 'third leg' of a company's operating model, they have evolved into platforms for driving service transformation and innovation.

Unlike traditional outsourcing or captive GBS models, which are focused more on transactional excellence and expertise in adjunct areas, GCCs are distinct as offshore and non-outsourced captive subsidiaries focused on engineering, research and development (ER&D), new product development (NPD), and sophisticated process optimisation. This model offers a higher degree of control, deeper integration, and direct cultural alignment compared to BPOs while still effectively leveraging global talent pools.

This is a move away from purely outsourced thinking towards 'orchestrated intelligence', where internal teams, provider capabilities, and advanced AI technologies are integrated into a unified ecosystem. GBS organisations are presenting themselves not only as mere execution engines but as innovation leaders, increasingly embracing multifunctional capabilities and a 'talent and value arbitrage' approach rather than being solely driven by cost.

For more details, please refer to our article on the rise of GCCs.

Part 2

The transformative impact of AI on GBS – ushering in the agentic enterprise

The advent of AI, particularly generative AI (GenAI) and its evolution into agentic AI, is covered in another article of this study. In our context, we notice its profound impact on BPO partnerships: while much attention has focused on front-office AI applications, the most significant ROI is often found in back-office functions like operations and finance, which could be some of the first responsibilities to be outsourced. Organisations are realising substantial cost savings—around $2-10m annually in customer service and document processing—by replacing external BPO services and reducing spend with AI-powered internal capabilities.

This shift concentrates the workforce impact on previously outsourced and non-core business activities, leading to selective displacement in these areas rather than broad internal layoffs. Overall, the trend indicates that AI is driving a move towards replacing external services with more efficient, deeply integrated internal AI solutions.

Part 3

The next frontier of outsourcing – leading with outcomes, not just efforts

The strategic framework for outsourcing has irrevocably shifted. While pre-pandemic trends hinted at a move away from traditional labour arbitrage models, with many organisations exploring internal automation for cost efficiencies, COVID-19 fundamentally redefined the standards of value. The crisis underscored the need for resilience, flexibility, and diversified service delivery networks, repositioning shared services and outsourcing from being mere cost centres to enablers of business continuity. Physical location has become less important and has thus accelerated the adoption of virtual delivery models.

As predicted in our previous edition of this report, we experience changes in the BPO contracts and consequently, strategic partnerships will come into review. With continuous market pressures and new pricing solutions, there is a push for contract changes and consolidation of contracts and providers. For organisations to unlock value from their external ecosystems, a robust operating model is required, guided by the following considerations:

Establish a dedicated cross-functional 'value office' to quantify baseline performance, rigorously track and validate realised benefits against predefined targets, and manage value realisation.

1. **New VMO—not vendor but value office:** Establish a dedicated cross-functional 'value office' to quantify baseline performance, rigorously track and validate realised benefits against predefined targets, and manage value realisation. This office acts as the strategic core for balancing immediate operational efficiency with longer-term transformational initiatives. By employing a portfolio approach and creating consolidated roadmaps, it objectively measures progress, drives continuous optimisation, and communicates the true economic impact of the partnership.
2. **Governance:** Reinvent governance, shifting from a focus on SLA adherence to a truly collaborative framework. This includes joint Executive Steering Committees for strategic oversight, transformation councils for initiative alignment and innovation hubs for co-creation.
3. **Commercials and pricing models:** Design structures that align provider payment with client outcomes. This involves a balance of base fees, performance-linked variables tied to achievement, and various pricing incentives. To sustain long-term value, incorporate reinvestment provisions, channelling a portion of realised benefits back to continuous innovation. Mitigate provider risk by establishing detailed outcome metrics, documenting client dependencies, and formalising joint review processes to ensure a balanced approach to rewards and penalties.
4. **New age contracts:** Move beyond mere SLAs to define explicit, measurable business outcomes. Contracts should stipulate tangible results rather than process transactions. They must also outline client dependencies to foster shared accountability. True transformation requires active client engagement, so it's vital to establish mutual responsibilities.

GBS leaders must now evaluate their current operations, test new contracts, create dedicated functions to track success, and train their teams for a 'results first' mindset. This strategic reimagining—shifting focus from activity to clear, shared business success—is vital for the future of service delivery.

Conclusion – GBS as the enterprise transformation engine

The GBS of the future transcends traditional operational boundaries: it embodies organisational intelligence. It is the enterprise transformation engine, where data converges, insights emerge, and decisions accelerate across the entire organisation. This vision represents a shift from GBS being a mere recipient of work to an orchestrator of enterprise-wide impact.

GBS can become the organisation's strategic brain, as long as it transforms its operating models to embrace GCC and sophisticated hybrid approaches, embeds AI and fosters agentic intelligence, redefines its capabilities and values around concrete outcomes, and addresses human challenges in its layers of management. It will not only drive efficiency and cost optimisation but also serve as the innovation centre in an increasingly complex business landscape. With this reimagined operating model, GBS is poised to lead the enterprise into its AI-native future.

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Integration of GBS into the strategic planning process

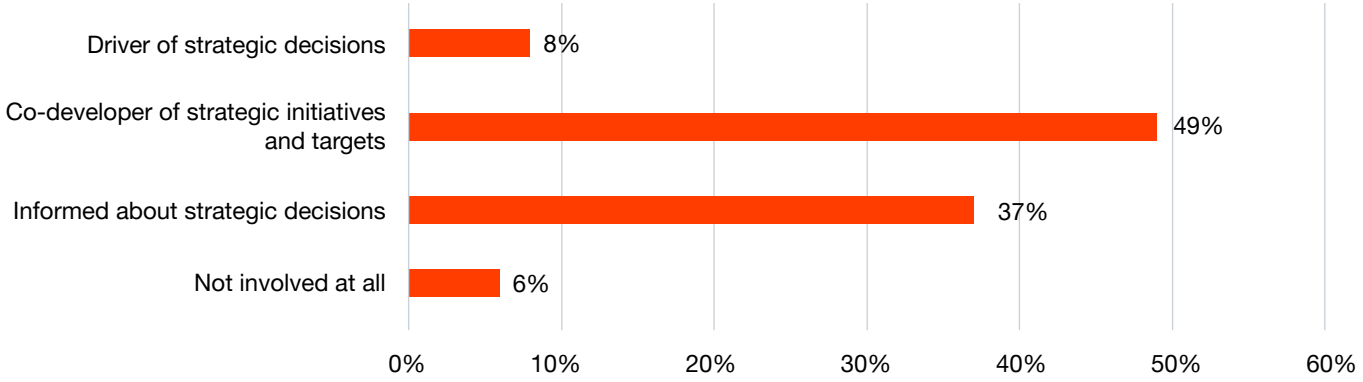

Figure 10

57%

of GBS organisations are either involved in or driving the development of strategic initiatives and targets.

More than half of participating organisations report their GBS as either closely involved in or driving the development of strategic initiatives and targets, a sign that the overall GBS model is maturing well and its value is being recognised. These organisations typically evolved from GBS models that integrate multiple functions and maintain reporting lines to each retained function or operate as end-to-end centres, often with direct reporting to the board. This underscores GBS' significant role in strategic development, even though it's not necessarily involved in the final decision-making.

As organisational maturity decreases—moving from end-to-end GBS models to multifunctional SSCs, then to single-function, transactional SSCs—the likelihood increases that GBS units are either merely informed of decisions or not involved at all. In fact, 29% of global GBS organisations fall into this category, while multifunctional SSCs are at 44% and single-function transactional centres stand at 80%.

The reporting structure of GBS organisations, whether as independent entities under the board or integrated within specific functions, doesn't appear to notably influence strategic impact, with involvement rates close to the average. However, GBS organisations reporting to finance exhibit a slightly higher rate of engagement in developing strategic initiatives (58%), compared to those operating independently (41%) or integrated into other functions (44%). This is likely attributable to the influential role finance and CFOs play in shaping the company strategy.

Aspirational positioning of GBS

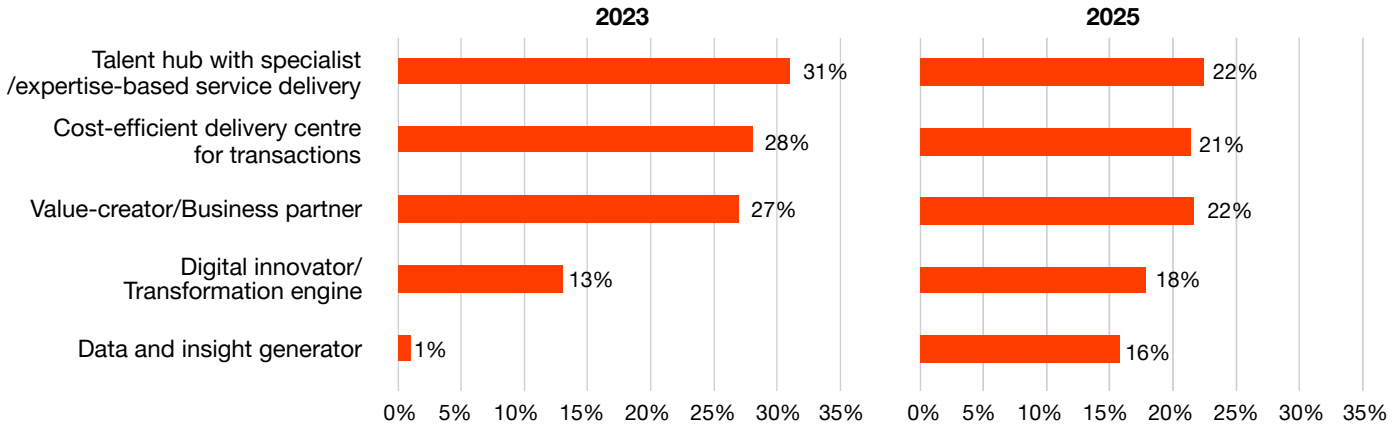

Figure 11

It's become more common for data-driven and digital roles to bolster a GBS's value proposition, while the importance of traditional roles, such as cost efficiency, talent pool management, and value partnership, have declined. The desire to be seen as a data and insight generator increased from 1% in 2023 to 16% in 2025, although it's not clear if companies are fully prepared to implement this shift. The proportion of GBS organisations aiming to be recognised as digital innovators has risen from 13% in 2023 to 18% in 2025, corresponding with broader trends in digital transformation across industries.

In the same way, GBS organisations are transitioning from traditional functions centred on cost efficiency and specialised expertise to roles that emphasise value creation, data-driven decision-making, and digital innovation. This change highlights the expanding role of GBS units in supporting overall business objectives and facilitating transformation efforts within companies.

As they mature, GBS leaders will need to ask themselves: How can I measure the value I add outside of cost savings? How can I generate value from the data I process and own through my role as the company's 'backbone'?

Progress towards achieving above positioning

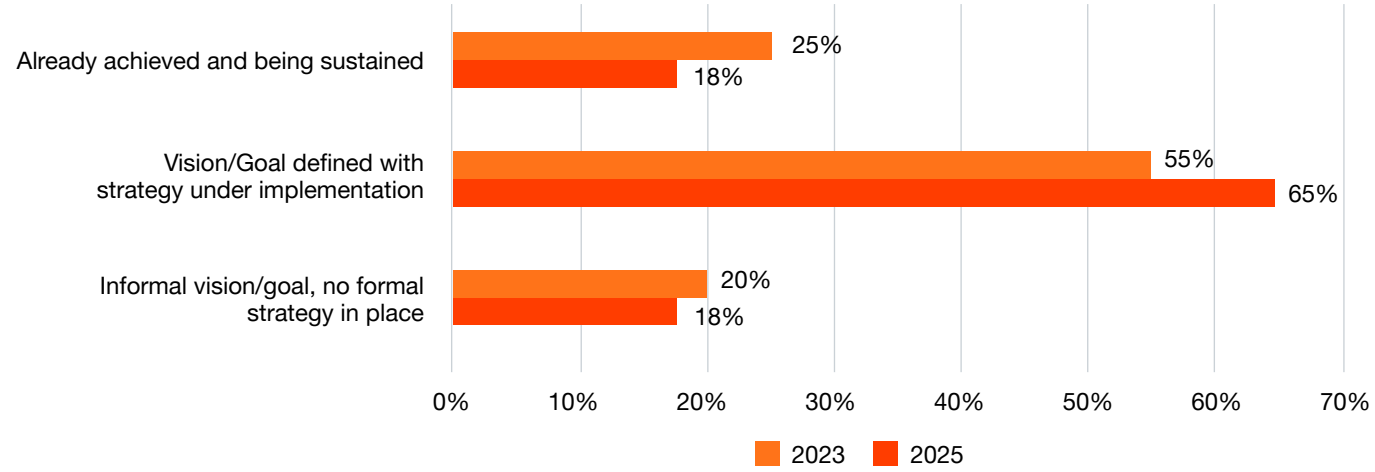

Figure 12

GBS organisations have more ambitious goals for 2025 compared to previous studies, setting their sights on being data insight generators and transformation leaders. In that context, it's unsurprising that a lower percentage of respondents report that their goals have been achieved, decreasing from 25% to 18%. GBS organisations remain aware of the progress needed and, having set themselves clearly defined targets, a higher proportion of respondents are now implementing measures to achieve them, increasing from 55% two years ago to 65%.

GBS stakeholder satisfaction

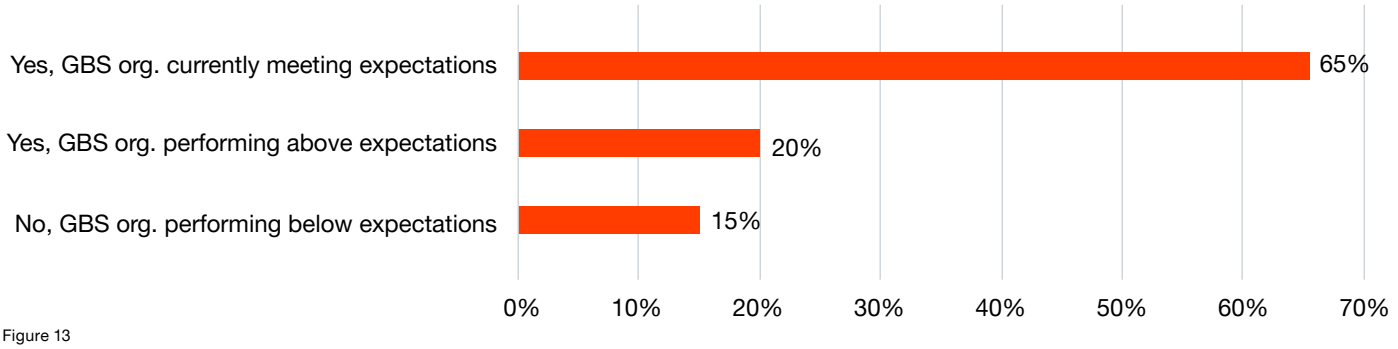

Figure 13

Satisfaction levels paint a multifaceted picture of GBS organisations. Overall, 85% of respondents state that GBS is meeting or exceeding their expectations. This is similar for those with multi- and single-function SSCs, with around 60–65% indicating 'at expectation' and 17–20% reporting 'above expectation'. For global E2E-driven organisations—the most mature GBS organisation type—23%

report that GBS is performing above expectations, and 73% indicate it meets expectations. In comparison, 50% of decentralised SSC precursors state that GBS is underperforming. This suggests that empowering a GBS organisation with a comprehensive mandate supports its delivery of value and satisfaction.

Satisfaction appears to correlate with organisational size, as larger companies are more likely to say that their GBS exceeds expectations compared to smaller ones. This may be associated with the greater capacity of larger companies to empower their GBS organisations.

Regional differences are also at play. Groups in Asia predominantly report stakeholder satisfaction with their GBS on average, those in Europe and North America align with the overall average, and those in the Middle East report lower satisfaction.

Reasons for perceived GBS underperformance, as reported by a small part of respondents, can be grouped around two main topics:

- A lack of 'GBS basics' and perceived GBS ownership, such as lacklustre operational efficiency (71%), missing drive for constant improvement (65%), and quality deficits in work delivered (65%), are noted as the main factors.
- Problems in ways of working, strategic alignment of the GBS with the wider organisation and data savviness of the GBS and its staff are slightly less frequent (around 50%), but still feature prominently.

Key drivers of GBS value creation

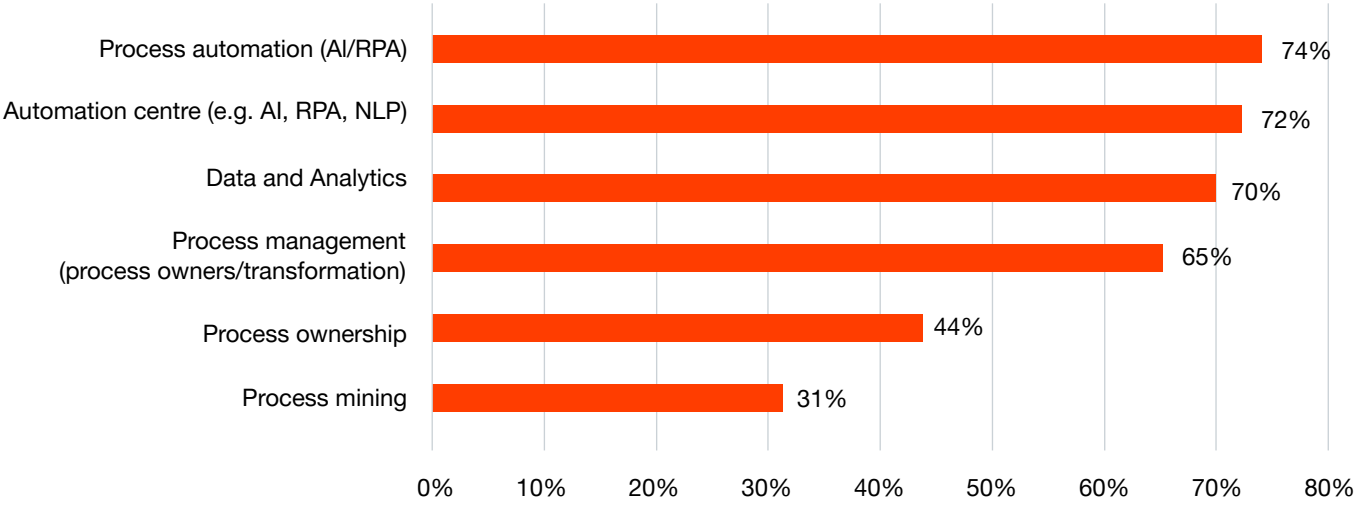

Figure 14

74%

of GBS organisations drive value creation through process automation, while

72%

use automation centres

GBS seems to primarily focus on transactional efficiencies, as shown by high-ranking drivers such as process automation (74%) and automation centres (72%). These emphasise technological integration through AI, RPA, and NLP to enhance operational efficiency and scalability, which align with GBS' role as an execution partner. Moreover, data and analytics also plays a crucial role at 70%, underscoring its importance in decision-making and improving customer experiences. This suggests a strong emphasis on leveraging data for performance improvements but without necessarily owning or challenging the processes they optimise— indicating a potential gap in deeper process ownership.

To that point, we see that process ownership (44%) and process mining (31%) are viewed less as drivers of GBS value, reflecting that GBS may not fully embrace the role of owning or critically analysing processes. Instead, GBS currently appears to focus more on efficient execution and technological advancements rather than understanding and transforming processes from within. This suggests GBS may still see itself as an execution partner, focusing on transactional aspects rather than owning or innovating processes, highlighting a potential for future transformation.

Focus areas to promote the perception of GBS as an innovation driver

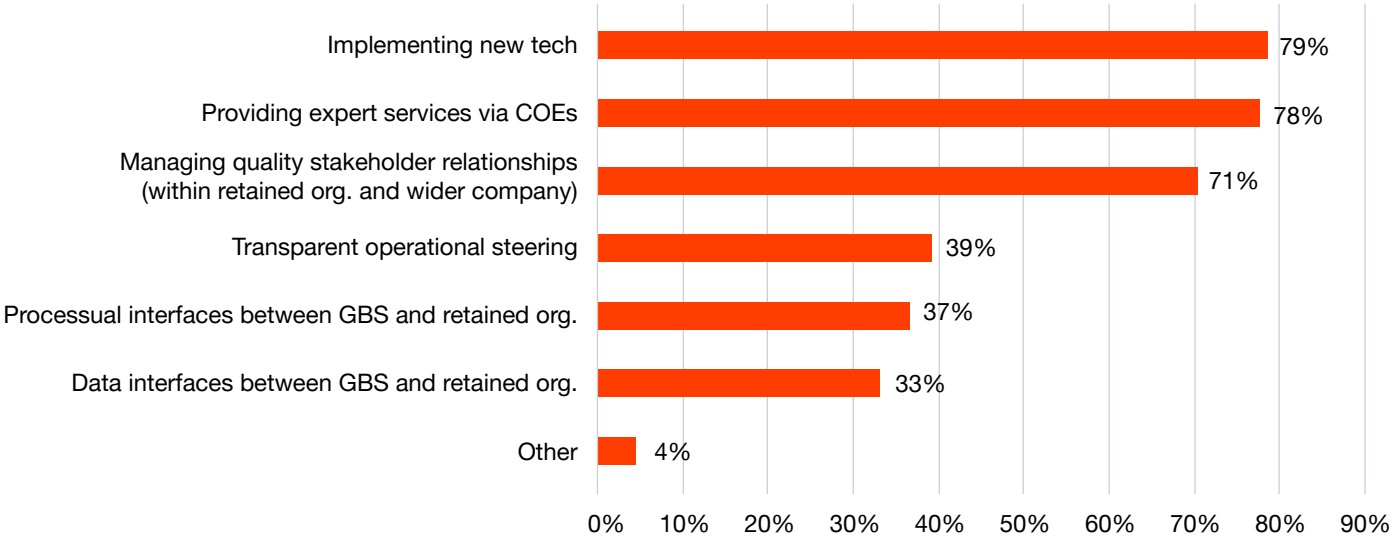

Figure 15

To be perceived as a true driver of innovation, GBS has a clear mandate: increase its focus on implementing new technologies, which they are uniquely positioned to do, and increase the expertise level of services they provide through CoEs. Survey respondents noted that GBS organisations should also prioritise stakeholder management to improve the interactions between retained and GBS functions.

There is an expectation for GBS to facilitate digital transformation by adopting new technologies, as indicated by 79% of respondents. However, data interfaces between GBS and retained organisations are given considerably less attention, with only 33% prioritising this aspect. Similarly, while significant focus is placed on expert services via CoEs (78%), process interfaces are less prioritised at just 37%.

The effective delivery of expert services and GBS' digital transformation nonetheless require integration with the retained organisation. These findings suggest possible fragmentation or isolated responsibilities between GBS and retained organisations, along with limited end-to-end ownership.

Expert article

Global capability centres as the next frontier

Over the past two decades, GBS has been synonymous with operational efficiency, cost savings, and process standardisation. Born out of the need to centralise and optimise back-office functions, GBS models have delivered significant value to global enterprises. However, the business environment is changing unprecedentedly. Digital transformation, the rise of AI, and the demand for agility and innovation are challenging the traditional boundaries of GBS.

Today, enterprises expect more than transactional support, seeking partners who can co-create value, drive transformation, and enable growth. As a result, GBS organisations are evolving beyond their original mandate, expanding their scope to judgement-based activities, innovation, and customer orientation. This has given rise to GCCs, which go beyond cost arbitrage to deliver strategic value and are now at the forefront of enterprise transformation, serving as hubs for talent, technology, and innovation and driving success.

What are GCCs?

GCCs (Global capability centres) are specialised entities within multinational enterprises, typically located offshore or nearshore, that deliver a wide range of business and technology services. Unlike historical SSCs or BPO models, GCCs are designed to combine traditional GBS scope, COEs within established GBS functions, and new activities not previously transferred to GBS, driving business capability development, innovation, and transformation.

Key characteristics of GCCs are:

Strategic focus:	aligned with enterprise strategy, focusing on capability development rather than just capacity.
Integration:	act as the ‘third leg’ of the operating model, complementing corporate centres and business units and covering more scope than less mature GBS organisations. They are often supported by ecosystem partners such as start-ups, academia, and third-party service providers.

Scope:

deliver services across multiple functions: traditional GBS functions, (finance, HR, IT, procurement, etc.) and more advanced ones (R&D, innovation, engineering, etc.). They are increasingly responsible for complex, judgement-based activities, and end-to-end ownership of processes, and are not only expected to keep costs down but to actively contribute to enterprise success and profitability by increasing revenue growth.

To distinguish between the different elements of a successful GCC organisation, we propose this exemplary model:

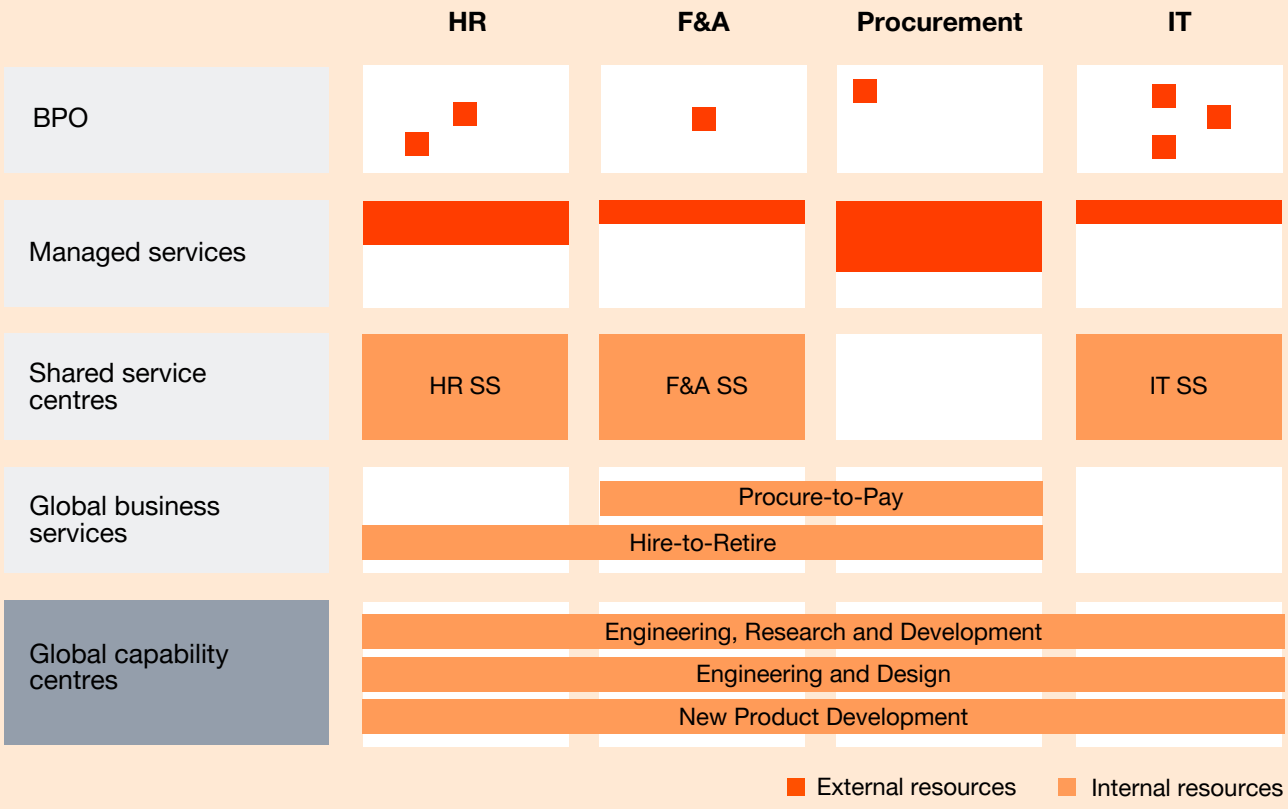

Figure 16

From cost arbitrage to strategic value creation

The journey from traditional GBS to GCCs reflects a profound shift in enterprise expectations and operating philosophy. Historically, less mature SSCs and some GBS organisations were established to centralise transactional functions, achieve cost savings and ensure process excellence, focusing on capacity, SLAs, and operational efficiency. GCCs emphasise business capability, innovation, and value creation and are not just internal service providers; they are value-first, outcomes-centric entities with a seat at the strategic table, driving enterprise transformation.

Changing expectations:

1. **From capacity to capability:** Enterprises now expect GCCs to deliver capabilities that drive business outcomes.
2. **From cost to value:** The value proposition has shifted from cost savings to talent and value arbitrage.

3. **From SLAs to business impact:** Performance is measured not just by operational metrics but by business impact, improved end-to-end customer experience and innovation.

Key advantages of GCCs:

- **Business capability development:** GCCs build deep process, domain and technology expertise, enabling enterprises to innovate and differentiate.
- **Innovation and transformation:** GCCs drive new product development, digital transformation, and customer experience enhancement.
- **Talent and value arbitrage:** GCCs leverage global talent pools, upskill employees, and foster diversity and inclusion.
- **Cost and value:** While cost savings remain important, GCCs deliver additional value through improved business outcomes, agility, and strategic alignment.

	Past: **Shared service centres**	**Present:** **Global business services**	**Future:** **Global capability centres**
Aspirational positioning	Operational excellence	Tech-enabled execution engines	Multifunctional innovation leaders
Rise of hybrid models	In-house or third parties	In-house, complemented by third parties	In-house and third parties
Evolution of value proposition	Labour arbitrage	Process redesign and labour arbitrage	Talent and value arbitrage
Talent models	Leveraging low-cost talent	Leveraging experienced process talent	Equipping workforce with future-ready skills
Interaction model with wider org.	Transactionally driven with retrospective top-down KPIs	Adding outcome-focused expertise and shared goals	Capabilities owned and driven by GCC
Upgraded delivery models	Not applicable	Siloed product development	Ownership of design to delivery
Operations	Rigid management	Long planning cycles	Agile-led implementation

Figure 17

GCCs as partners in growth and innovation

The most mature GCCs have evolved into true partners in enterprise growth and innovation. They are not only executing business processes but also co-creating new products, driving digital transformation, and enhancing customer experience.

Case studies and examples:

1. **Innovation labs:** GCCs are establishing innovation labs and COEs to drive strategic engagement and develop customer-focused products and services.
2. **Collaboration ecosystem:** GCCs collaborate with start-ups, academia, and service providers to accelerate innovation and access niche skills.

3. **Global leadership roles:** GCCs are increasingly housing global leadership roles, influencing product development, customer success, and strategic decision-making.
4. **Technology enablement:** GCCs are at the forefront of adopting technologies such as generative AI, automation, analytics, cloud, and cybersecurity. They are piloting and deploying use cases across IT, HR, supply chain, finance, and customer service.

Process evolution example

As illustrated, next-generation GCCs are now delivering complex judgement- and decision-based activities while centralising and automating more transactional work. GCCs thus represent the next logical step in the continuum along the typical evolution journey, from single-function SSCs to GBS:

Engineering					Execution of test plans and defect tracking	Maintenance of engineering documentation and technical standards	Design-to-cost and redesign-to-cost analysis for cost optimisation	Systems architecture and requirement definition
Marketing				Campaign scheduling and coordination across channels	ROI tracking for marketing opportunities and pipeline contribution	Thought leadership content creation and amplification	AI-driven customer segmentation and personalisation	Strategic partnership evaluation and sponsorship alignment
Project management				Determine programmes and projects	Project requirements feasibility analysis	Develop detailed project plan	Track and execute projects	Manage project budget and funding
Digital and AI			Basic RPA deployment for repetitive tasks	BI and analytics enablement across functions	Process mining	AI-powered decision copilots and agentic workflows	AI governance and steering model implementation	Continuous AI use case scaling
Insights	Data consolidation and dashboard maintenance	Monthly reporting and initial variance commentary	Basic forecasting and budgeting support	Business intelligence enablement and KPI harmonisation	Financial modelling and scenario planning	AI-powered revenue leakage detection and predictive analytics	Cross-functional insight hubs for transformation metrics	Enterprise architecture for insights platforms
Tax	Direct and indirect tax filings	Country-by-country reporting (CBCR)	Tax provisioning	Intercompany agreements	Audit defence	ERP integration	Tax data analytics	Pillar Two and BEPS 2.0 readiness
Sales and service	Lead generation and qualification	Billing operations	Sales analytics	AI-based fraud detection	Customer journey optimisation	Churn prediction models	AI-based revenue leakage prevention	Automated commission management
Procurement	PO creation and reconciliation	Approval processing	Contract management	Supplier management	Spend analysis and benchmarking	Third-party management	Strategic sourcing	Supply demand planning
IT	App maintenance	Data management	IT helpdesk	Regulatory mapping and internal control testing	IT architecture and system design	Cybersecurity architecture and threat modelling	AI-powered risk policy agents for real-time guidance	Demand management

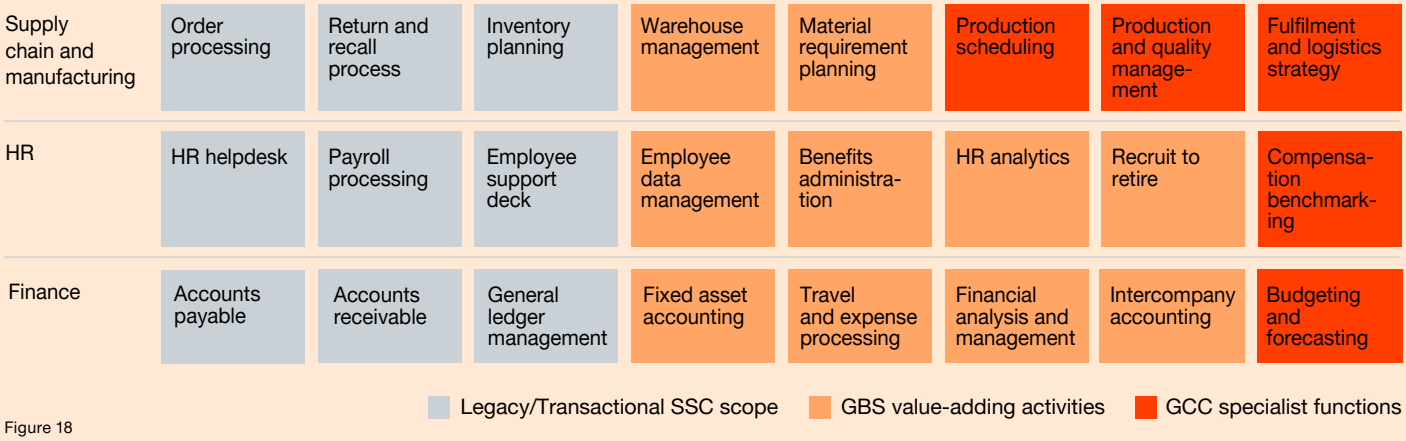

Figure 18

Impact on enterprise outcomes:

- **Growth:** GCCs contribute to revenue growth through innovation, new product development, and market expansion.
- **Customer experience:** By owning end-to-end processes and leveraging technology, GCCs enhance customer journeys and satisfaction.
- **Competitive differentiation:** GCCs enable enterprises to differentiate through agility, innovation, and strategic capabilities.

GCCs are no longer just helpers; they are now shapers and leaders in the enterprise value chain.

Conclusion

The rise of GCCs marks a new chapter in the evolution of GBS. GCCs are redefining the role of shared services, moving beyond cost efficiency to become strategic partners in growth, innovation, and competitive differentiation.

As enterprises navigate the complexities of digital transformation, talent management, and customer centricity, GCCs offer a proven model for delivering value at scale. They are hubs for talent, technology, and innovation, capable of driving enterprise-wide transformation and enabling sustained growth.

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03

Location strategies

In an era of rapid global change and digital advancement, location strategy has become a cornerstone of the evolution of global business services (GBS). This chapter explores how organisations reimagine their geographical footprint by balancing cost, talent, technology, and resilience in an increasingly complex and dynamic environment. We examine the emerging trends, considerations, and models redefining where and how GBS operates worldwide, and look closely at the location requirements of GBS.

Expert article:

Navigating disruption by redefining location strategies

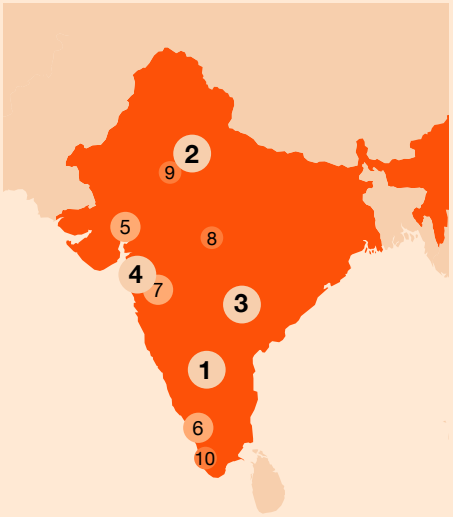
Forces reshaping the global GBS footprint in a new reality

Rising wages, intensifying competition for talent and rapid technological disruption are challenging traditional location models and pushing organisations to rethink their global footprints. At the same time, geopolitical volatility and macroeconomic uncertainty are complicating location decisions, making risk diversification and resilience critical priorities. As GBS' role evolves from cost-saving mechanism into strategic enabler of enterprise transformation, footprint optimisation now needs a more nuanced, data-driven approach, requiring organisations to rethink traditional location models and embrace greater flexibility.

Narrowing cost arbitrage:	Traditional labour cost advantages are being eroded as wage disparities diminish and competition for skilled talent intensifies globally. Also, technology-driven efficiencies are reducing the reliance on low-cost labour. For GBS strategies aimed at optimising cost, achieving substantial savings now requires bolder solutions.
Evolving talent requirements:	Rapid advancements in automation, AI, and digital technologies are shifting GBS needs beyond transactional services towards value-adding capabilities such as analytics, digital transformation, and customer experience. These capabilities are becoming increasingly available worldwide as traditional hubs adapt to meet changing needs, while new specialised talent locations emerge.
Technology-enabled delivery models:	Digital collaboration tools and cloud-based platforms are enabling seamless orchestration of work across geographies. This is driving new GBS delivery models such as hybrid, virtual, and digital-first set-ups, and allowing organisations to tap into talent pools regardless of physical location, expanding access to wider talent pools and specialised skills and driving greater flexibility in workforce strategies.
Geopolitical and economic volatility:	Global instability, including trade tensions, regulatory changes, and economic fluctuations, is reshaping the attractiveness of certain locations. GBS leaders are increasingly prioritising risk diversification, resilience, and business continuity in their location strategies. This dynamic environment is prompting a rebalancing of global footprints, with some regions losing competitiveness while others gain prominence as safer or more cost-effective alternatives.

Mapping the global talent landscape: established hubs and emerging hotspots

Traditional powerhouses—India, Poland, Mexico, and the Philippines—continue to dominate by scale, maturity and breadth of capability. Yet the market is fragmenting as more cities and secondary hubs gain traction. GBS leaders are increasingly tasked with comparing value propositions across multiple locations and designing talent strategies that align with evolving enterprise needs, resulting in a richer global map, with established hubs complemented by up-and-coming cities that can relieve saturation, enhance resilience and open access to specialised skills.



India: cornerstone of global delivery

Asia remains the engine of global delivery, and **India** continues to serve as the cornerstone of most GBS location strategies. The country offers unmatched talent scale across traditional and emerging GBS roles. Yet the country's talent map is shifting as tier 1 metros like **Bangalore(1)**, **Hyderabad(3)**, **Mumbai(4),** and **Delhi(2)** face rising wage pressure and intense competition, fuelled by an accelerated shift in talent profiles towards high-end capabilities to serve growing demand from global capability centres (GCCs).

As a result, alternative locations are emerging across tier 2 and 3 cities to ease saturation and manage costs. **Pune(7)**, for instance, has leveraged its strong industrial base and large pool of skilled professionals to attract GBS activity from players that seek relief from Mumbai's congested and costly talent environment.

Similarly, **Jaipur(9)**, **Ahmedabad(5)**, **Kochi(10)**, **Indore(8),** and **Coimbatore(6)** are gaining traction as satellite locations that support traditional GBS roles at more favourable conditions. While high-skilled talent remains consolidated in the largest hubs, a multi-tier city approach is helping firms diversify and scale more sustainably.

Southeast Asia: accelerating global delivery through scale and cost

Beyond India, **Southeast Asia** continues to strengthen its position as a global GBS hotspot.

The **Philippines**, popular for its proficient English-speaking talent and close cultural alignment with the US, remains a centre of voice and transactional service delivery. Growing demand and urban pressure in **Manila(1)** have accelerated growth of alternative markets like **Cebu(2)**, which offers a cost-effective alternative for IT functions. Other urban centres like **Davao City(3)**, **Clark(4)**, **Bacolod(5),** and **Iloilo(6)** are also gaining momentum, boosted by government initiatives aimed at promoting promising locations to extend the country's delivery capacity.

Malaysia's stable political and macroeconomic conditions, robust infrastructure, and multilingual, digitally savvy workforce remain key pull factors for organisations setting up GBS operations in the country.

The **Greater Kuala Lumpur(1)** metropolitan area, made up of the city of Kuala Lumpur and surrounding hubs such as Cyberjaya, Putrajaya and parts of Selangor within the Klang Valley, continues to be the primary hub for GBS activity, serving as a central node for multinational corporations (MNCs) in the region. Like India's tier 1 hubs, talent is gradually shifting beyond transactional services to deliver higher-value capabilities, leading to rising costs and talent shortages. Consequently, GBS activity is expanding into regions such as **Penang(2),** notable for manufacturing-related functions, while the government plans to develop concentric GBS hubs nationwide, like the Tun Razak Exchange (TRX) hub for finance-related services.

Vietnam and **Indonesia** are increasingly emerging on the radar of GBS organisations as alternative destinations in Southeast Asia, offering cost advantages and growing technology ecosystems. **Vietnam (**Ho Chi Mihn(3), Hanoi(4)**)** has built momentum in digital services, benefitting from government incentives and proximity to major Asian markets like Singapore and Japan. Indonesia, meanwhile, is gaining relevance through **Jakarta's(5)** expanding tech and start-up scene. Despite bureaucratic hurdles, corruption risk, and language and cultural barriers, these markets pose real opportunities for GBS growth in the near future.

Latin America: powering resilient GBS through nearshore diversification

Geopolitical tensions and the push for supply chain and delivery resilience have accelerated nearshoring of GBS operations to Latin America. US firms in particular are adopting hybrid delivery models that combine established hubs such as Mexico and Brazil with emerging locations such as Colombia and Chile to balance risk, time zone alignment, and cost.

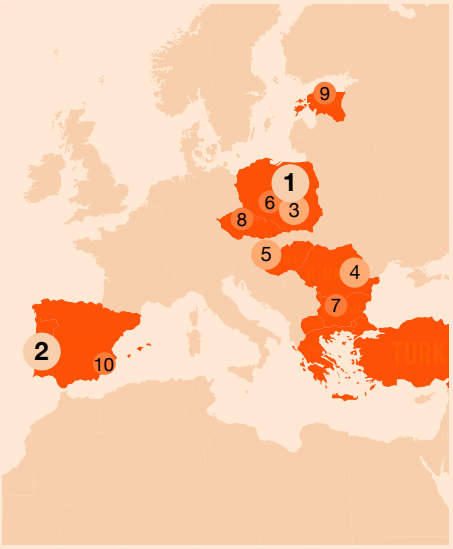
Mexico is consolidating its role as a regional powerhouse across finance, HR, and IT, underpinned by proximity and cultural affinity with the US. **Mexico City(1)** offers the largest and most diverse talent pool, but cost inflation and competition are redirecting demand to **Monterrey(2)** and **Guadalajara(3)**, which boast substantial pools of skilled talent. (San Luis Potosi(4))

Across **South America**, the GBS landscape is maturing in distinct but interconnected ways. **São Paulo(1)** sits among the continent's largest but also most expensive talent hubs, giving rise to secondary locations such as **Rio de Janeiro(2)** and **Florianópolis(5)**, adding depth to Brazil's digital talent prowess.

Colombia, in contrast, has long been recognised as a low-cost location for traditional functions, but has gradually matured into a competitive GBS destination, with **Bogotá(3)** and **Medellín(6)** supplying a steady pipeline of young professionals.

Further south, Argentina's capital, Buenos Aires, boasts a significant pool of technology talent and notable cost advantages. However, persistent economic volatility is fostering a thriving freelance culture, intensifying competition and creating challenges for long-term planning while increasing overall risk. Meanwhile,

Uruguay and **Chile** are emerging as specialised hubs where, despite smaller talent pools and higher salary levels, organisations can benefit from access to highly skilled professionals and advanced technical capabilities.



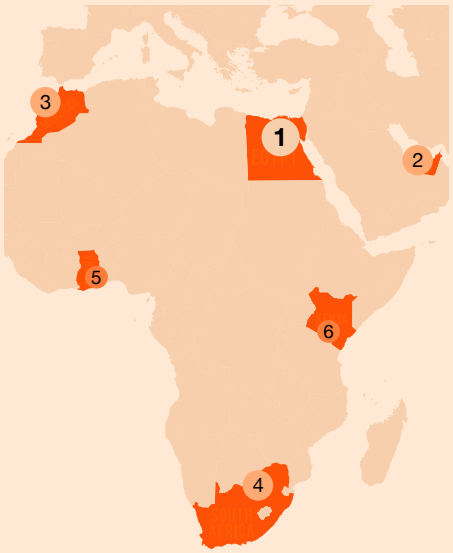
Europe: recalibrating GBS dynamics through capability depth and cost balance

Central and Eastern Europe (CEE) has long been a cornerstone of GBS, offering multilingual talent, proximity to Western European headquarters, and historically attractive cost structures. However, saturation in major hubs, rising wages, and geopolitical uncertainty—exacerbated by Russia's war in Ukraine—have reshaped the overall risk profile. In response, GBS leaders are recalibrating their strategies by retaining critical capability centres in established markets while channelling incremental growth to less saturated locations.

This shift is most evident in **Poland**, where **Warsaw(1)** remains Europe's largest GBS hub but faces wage inflation and talent upskilling that have pushed salaries close to Western European levels. Consequently, demand is shifting to cities like **Kraków(3)** and **Wrocław(6)**, which offer talent pools across traditional GBS functions at more competitive rates.

Bucharest(4) and **Budapest(5)** continue to provide cost-effective talent at scale, spanning traditional roles and select advanced capabilities. Smaller European markets are following suit, differentiating through cost advantages like Sofia in Bulgaria, or through specialised talent like Prague(8) in the Czech Republic and Tallinn(9) in Estonia, thus appealing to organisations seeking European language skills and time zone alignment.

In Southern Europe, **Portugal's (**especially Lisbon(2)**)** traditional outsourcing role is evolving as demand shifts towards high-value digital and tech services, while **Spain** (Valencia(10)) is positioning itself as a major hub for corporate services, R&D, and legal support. Both markets benefit from EU labour mobility, enabling pan-European delivery models that draw talent seamlessly across borders.



Middle East and Africa: unlocking new frontiers for future GBS growth

In the Middle East, **Istanbul** stands out as a mature, multifunctional hub, while **Dubai(2)** is consolidating its position as a regional magnet for experienced professionals in specialised domains.

Africa is slowly shifting from future promise to selective reality. **Cairo(1)**, **Egypt** provides cost effective talent across a range of traditional functions and is a popular destination for GBS operations despite potential exposure to macroeconomic vulnerabilities. In contrast, **Morocco (**Casablanca(3)**)** offers a relatively stable operating environment with a mix of traditional GBS talent and specialised tech capabilities.

Further south, **Ghana** is leveraging a versatile, English proficient workforce to attract MNCs' operations, with some major global firms already setting up GCCs in **Accra(5)**. In **Kenya**, **Nairobi's(6)** vibrant start-up ecosystem and digitally savvy talent base are also drawing investments from global firms. **South Africa**, meanwhile, is developing a strong base of skilled professionals in both traditional GBS functions and advanced technologies, with talent mainly concentrating in **Johannesburg(4)**. Together, these regional hubs and emerging locations are signalling the rise of a tangible GBS network across Africa and the Middle East.

Beyond site selection: orchestrating a future-ready location portfolio

An evolving and increasingly fragmented global delivery environment indicates that single locations are no longer suited to meet the complexity and resilience demands of modern GBS organisations. Locations are likely to encounter limitations to deliver value across every key dimension: cost, capability, stability, and scalability. Trade-offs are inevitable, and organisations are now compelled to weigh choices against their risk appetite, strategic priorities, and growth ambitions.

The most successful GBS strategies are now adopting a location portfolio approach, blending mature hubs with emerging spokes. While locations in India, Poland, Mexico, and the Philippines will continue to shoulder the bulk of global delivery by offering robust infrastructure, deep talent pools, and operational stability, the smartest strategies now weave in secondary and frontier cities to capture cost advantages, derisk operations and tap into specialised skills. In this model, each location plays a defined role, be it to deliver scale, access specialised expertise, meet time zone requirements, or optimise cost for lower-value activities.

Portfolio models can help GBS organisations achieve strategic goals while bolstering resilience. For example, a GBS set-up consisting of a strong cost-driven operational base in an established hub for functional processes, while leveraging small teams and skills from specialised emerging hubs as an innovation driver, can provide a robust operational backbone with targeted capabilities for future growth.

In a portfolio approach, success depends on an integrated operating model that ensures alignment across geographies, seamless communication and consistent service delivery.

Key enablers include:

- **Strategic alignment and governance:** Define clear roles for each location within the portfolio and establish strong governance frameworks to ensure consistency, accountability, and alignment with enterprise objectives. This includes standardised processes, performance metrics, and decision-making protocols to maintain coherence across the network.
- **Robust talent strategy:** Adopt a proactive approach to workforce planning, supported by robust recruitment pipelines and localised employee value propositions. Invest in talent development and retention programmes that address both global standards and local expectations, ensuring a sustainable supply of skilled professionals.

- **Technology and digital infrastructure:** Leverage automation, advanced analytics, and AI to enhance operational efficiency and enable seamless, real-time collaboration across sites. Establish a resilient digital backbone to ensure business continuity, scalability and integration of emerging technologies into core processes.
- **Collaboration and connectivity:** Invest in collaboration tools, cultural awareness programmes, and engagement practices that bridge cultural and geographic divides, fostering human connection and creating a unified organisational culture despite distributed operations.

Selecting the right GBS location is no longer a one-off decision but an ongoing exercise in portfolio optimisation. The winners will be those organisations that treat location strategy not as a cost play but as a strategic lever for resilience, innovation and sustained business impact.

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Location analysis

Geographical distribution of GBS FTEs

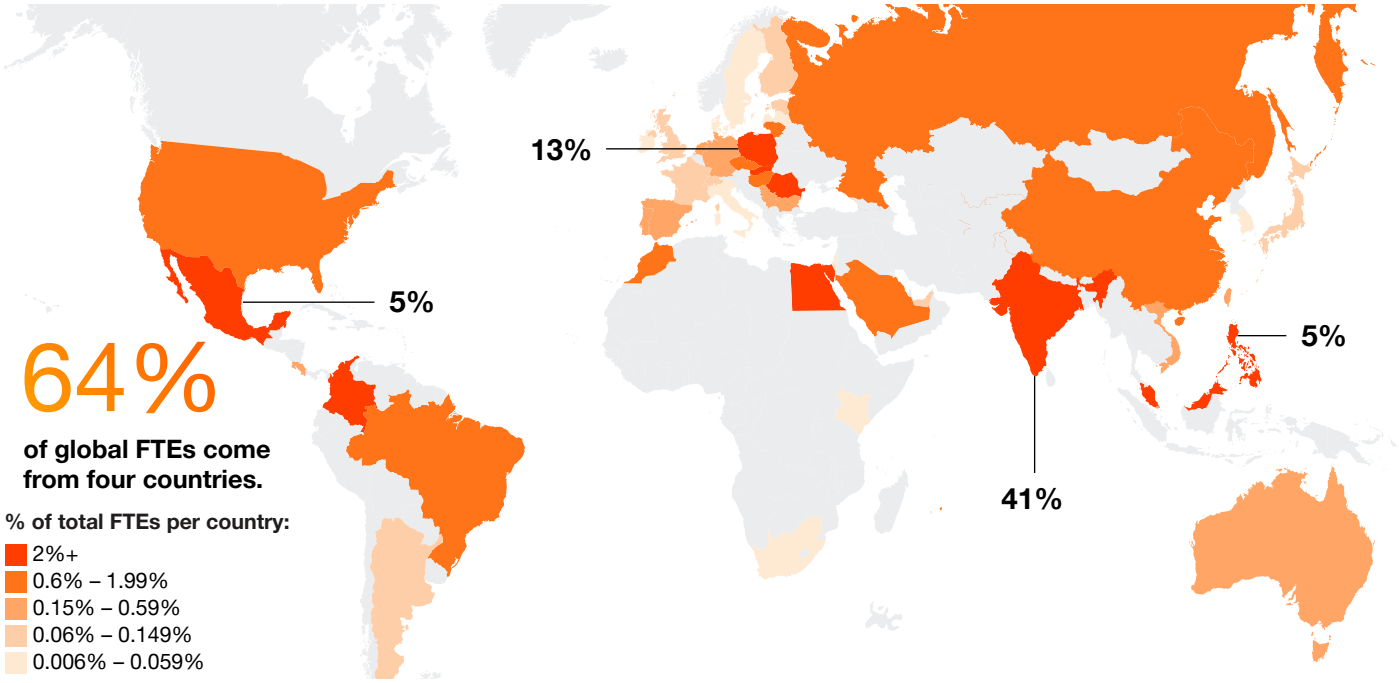

Figure 19

Most of the total GBS FTEs reported by our survey's respondents are located in captive centres. Over half are located in Asia (of which most are in India, with strong representation of the Philippines and Malaysia); roughly a third across 23 European countries (of which half are located in Poland, with the remainder in Romania, Slovakia, Czechia, Hungary, and Lithuania, while other European countries tend to host only smaller nearshore or onshore centres); and around 5% each in the Middle East (mainly Egypt, Saudi Arabia, and Morocco), North America (almost all in Mexico), and South America (Colombia, Brazil, Costa Rica).

Of the outsourced FTEs that are part of wider GBS organisations, almost all are in India, pointing to the dominance of BPO there and supporting our hypothesis that BPO can unlock the greatest level of savings in mature GBS organisations and locations. Some virtual centres have been reported but only in very small numbers, and while they are often discussed, very few organisations seem to find them practical or bring them into operation. As with the development of shared service centres (SSCs) in the early '90s, the few organisations reporting the use of virtual centres are based in North America. We'll watch this space in the coming years.

Of the countries typically thought of as GBS 'sender' countries due to high labour costs, we notice that some have GBS FTEs located within them, notably Saudi Arabia, the US, and most European countries. This could be due to one of four

causes: the possibility of internal labour arbitrage, e.g. the fully loaded costs of staff in tier 1 markets and less tapped labour markets being different; the need for strong language capabilities with local dialects, especially for critical revenue-related functions such as sales or customer service; legal requirements to submit paperwork or interact with authorities in-country; or the use of COE locations for specialised global services. Other causes are country-specific, such as Saudi Arabia's Saudisation programme encouraging firms to employ people locally to support skill development or China's regulatory environment paired with data security considerations.

Shoring preferences per HQ region

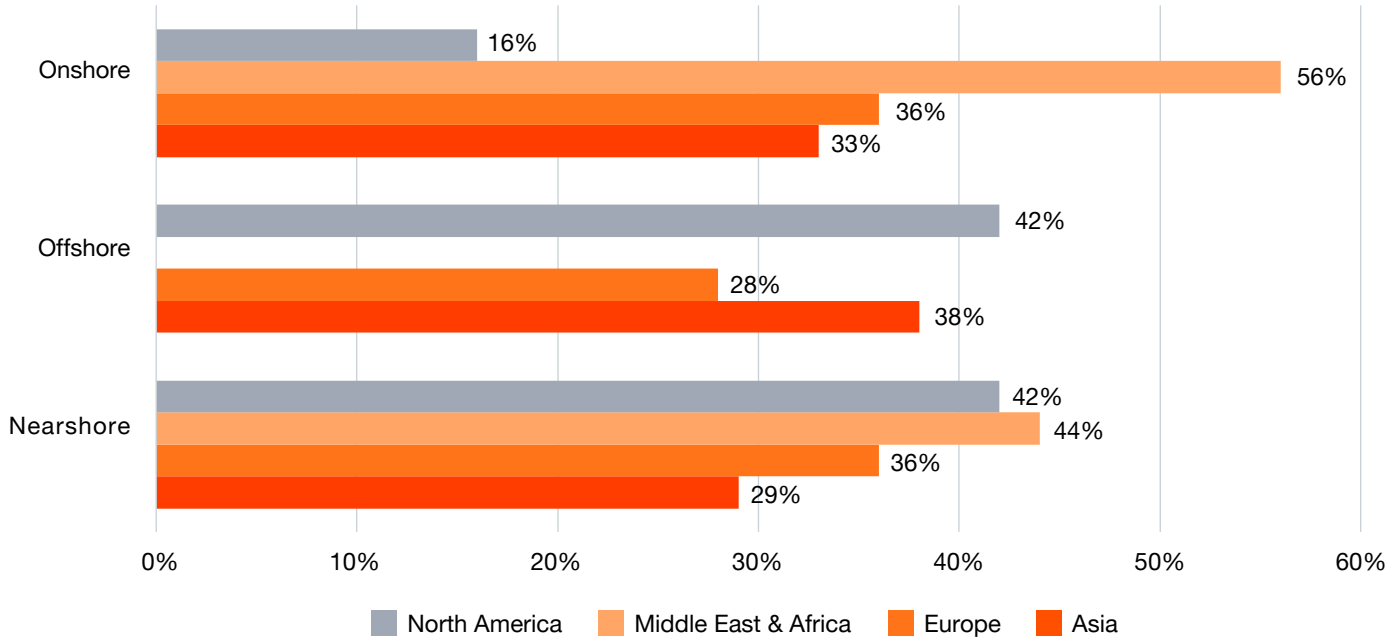

Figure 20

Regionally, the differences in shoring preferences aren't pronounced. Asia shows a balanced mix across offshore, onshore, and nearshore, with no strong dominance of one model, though its role as an established offshoring hub may explain why offshore remains relevant. Europe also appears balanced, with a slight tendency towards nearshore and onshore, while offshore is used somewhat less prominent than in other regions. Companies in North America differ from this pattern, applying nearshore and offshore to a similar extent but relying little on onshore. For the Middle East and Africa, the number of responses is too low for robust conclusions, though the data points slightly towards nearshore. Our survey confirms that the use of offshore and nearshore models increases with company size, revenue, and GBS maturity, while onshore models are more common in smaller, less centralised or less globally scaled organisations.

Location choice criteria

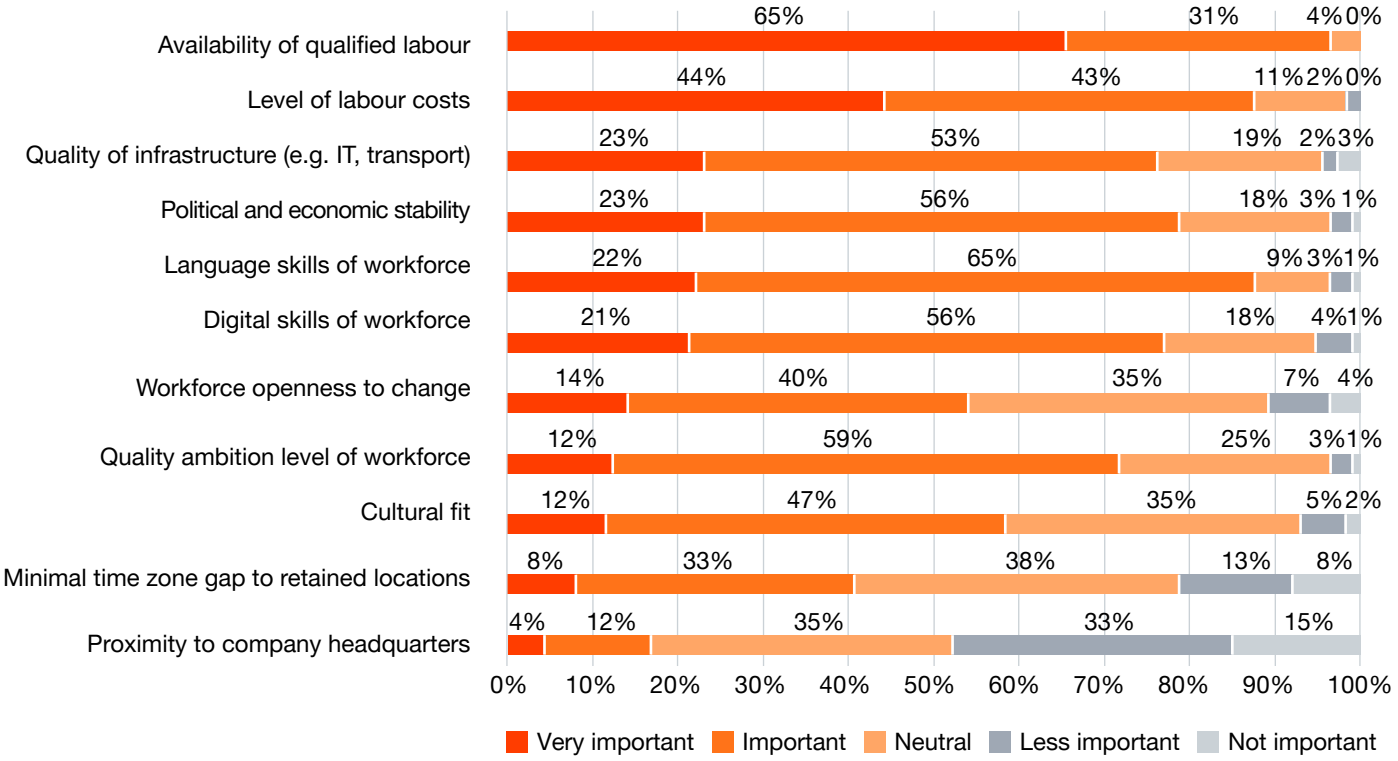

Figure 21

When selecting locations for GBS, the primary factors continue to be qualified labour and labour cost, with 96% and 88% respectively, indicating that these are important or very important considerations, followed by language skills at 88%. Secondary criteria include political and economic stability, practical infrastructure, digital skills, and the workforce's level of ambition for quality, all of which received similarly high ratings. The first group of criteria supports the business case for GBS, while the second underpins operational effectiveness.

Cultural fit and openness are rated lower, suggesting that while alignment between GBS and retained organisations is beneficial, it's not essential for process execution. Time zone and geographical proximity are also considered less critical, indicating that effective GBS organisations and well-defined interaction models don't require physical closeness to deliver value.

Attractiveness of location models

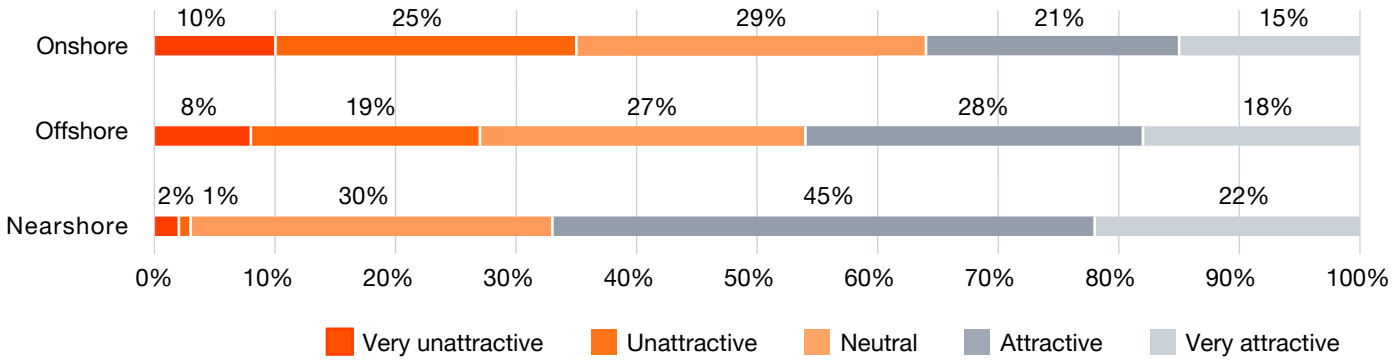

Figure 22

Although previous responses indicate proximity factors, such as geography, timing, and culture, have relatively low importance, clients tend to prefer nearshore models. This has contributed to the rise of multi-centre global set-ups, where three centres provide nearshore support for their respective regions.

About 70% of respondents from single-function or multifunctional SSCs consider offshore locations neutral or unattractive, whereas 70% of respondents from GBS organisations find them attractive. In the Middle East, there is a marked preference for onshore or nearshore centres, likely due to language and cultural considerations. North American groups, known for adopting the GBS model early on, rate offshore centres as highly attractive, though they also maintain a strong preference for nearshore options.

Focus areas for future location strategy

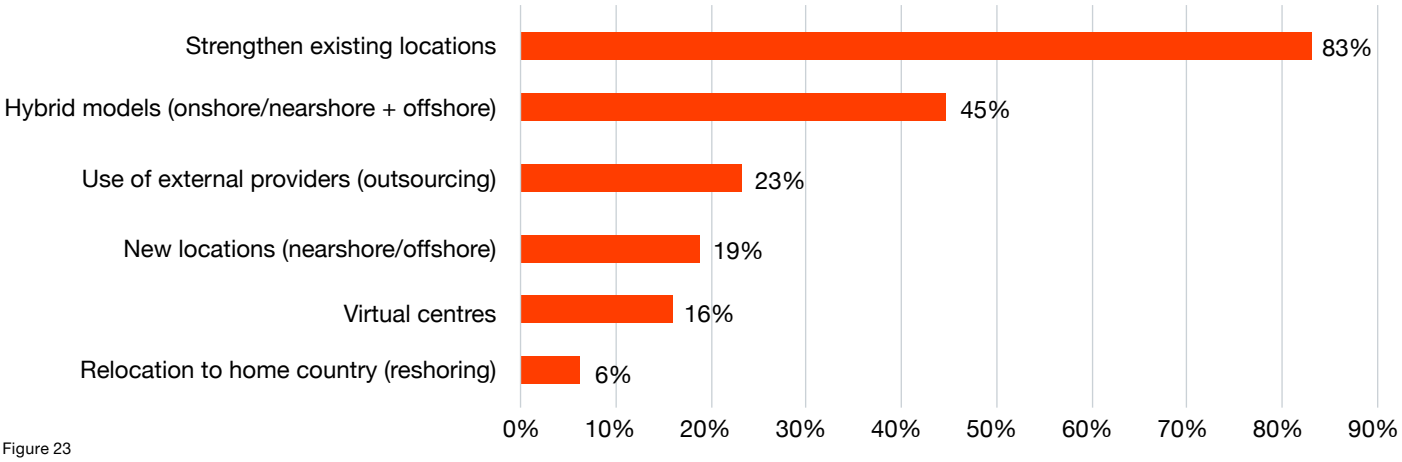

Figure 23

Rather than expanding aggressively, organisations are focusing on optimising and scaling current hubs.

Most companies seek to strengthen their existing GBS locations, with 83% making this a key part of their future strategy. Rather than expanding aggressively, organisations are focusing on optimising and scaling current hubs, as only a few companies plan to outsource to external providers (23%) or open new nearshore/offshore locations (19%).

Nearly half of respondents (45%) intend to adopt hybrid delivery models, combining onshore, nearshore, and offshore elements to increase flexibility and efficiency. More innovative or disruptive models, such as virtual centres (16%), are being considered by only a small portion of companies and remain as niche strategies for now.

In summary, most organisations are prioritising consolidation and hybridisation, with only limited moves towards outsourcing, new locations, or structural reinvention.

24/7 service requirements

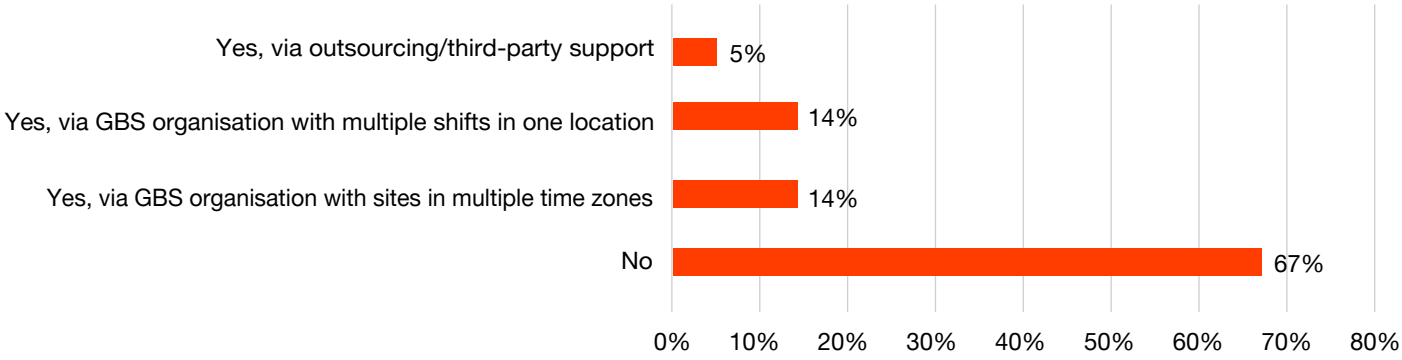

Figure 24

Majority of companies currently don't require 24/7 GBS support, but the need increases with company size and global operations. Very small- to medium-sized companies rarely need it and typically handle it through local shift coverage where required. Among large, very large, and ultra-large organisations, the share of companies requiring 24/7 service rises notably. For example, 33% of large and ultra-large firms rely on globally distributed delivery models to provide round-the-clock coverage.

Where 24/7 support is required, companies clearly prefer internal enablement via time zone coverage or shift models, with outsourcing playing only a marginal role. Sector-specific demands shape the picture: industries with continuous global operations are more likely to need and implement 24/7 GBS support, while others maintain standard working hours without critical disruption.

Across industries and organisational models, the most required 24/7 service is IT support. This includes core infrastructure, server and network support, system uptime, and connectivity, all of which are critical enablers of digital operations. Particularly in technology-driven sectors, GBS functions are expected to provide uninterrupted access to internal platforms and customer-facing systems.

Beyond IT, several companies cite customer-related services such as customer support, technical assistance, and client care as areas requiring 24/7 availability. These expectations are often tied to global customer footprints, service-level agreements, and the growing importance of seamless user experiences across time zones. There are also mentions of finance and operations processes, including accounting, invoicing and bank operations, where transactional timeliness and regulatory obligations make continuous support necessary. A few respondents need monitoring, security, and device-related services, further reinforcing the shift towards real-time service models.

In some cases, companies emphasise a need for comprehensive 24/7 coverage across most or all services, indicating end-to-end global delivery expectations embedded in the GBS design. In short, GBS organisations are increasingly expected to support IT infrastructure, customer interaction, and key operational processes continuously. The shift reflects a broader evolution of GBS from a transactional backbone to a function critical for both resilience and experience at the core of enterprise operations.

Operational management of GBS locations

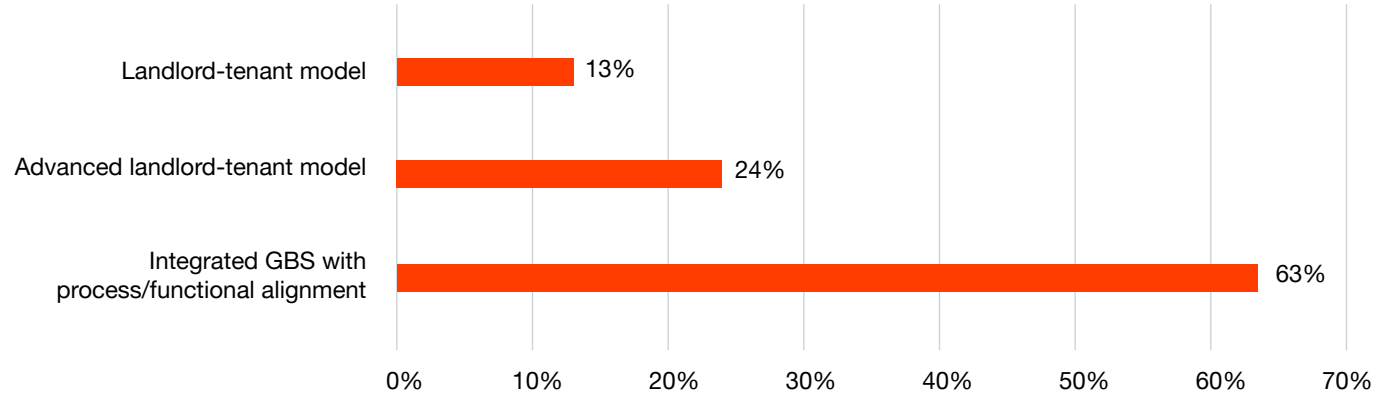

Figure 25

There is a strong push towards organisational integration and strategic alignment.

A significant 63% of organisations are expected to operate under an integrated GBS model, wherein services are aligned functionally or by end-to-end processes. This indicates there is a strong push towards organisational integration and strategic alignment. This is in line with the increasing maturity of GBS organisations, which is driving cross-functional integration. A further 24% of GBS organisations have adopted an advanced landlord-tenant model, offering infrastructure and value-added services such as tech enablement, process optimisation or partial service management, reflecting a more mature, service-oriented set-up.

Only 13% continue to use the basic landlord-tenant model, where the GBS organisation provides facilities and support but the business retains control over staffing and operations, suggesting this set-up is becoming outdated or less preferred.

Expert article:

India's evolving policy framework for continuing GCC growth

GCCs in India made significant progress in their roles as cost-effective innovators and multifunctional excellence hubs and are now gradually evolving as drivers of front-end value for their HQs.

India continues to be the destination of choice for setting up GBS organisations and boasts of having its highest concentration in the world. Known for its STEM talent, the country has 3,000+ centres serving 1,750 organisations, supported by skilled workforce of around 2 million in this sector contributing 1.6% of the country's GDP. While it took nearly three decades to reach 1,300–1,400 centres, the last 300+ centres have been established in just the past 3–4 years. A recent PwC India research report titled 'Catalysing value creation in Indian global capability centres' reveals a strong endorsement of the strategic value created by GBS organisations (with GCCs as the latest evolution) for their HQs. During FY20–24, the GCCs surveyed generated value at a weighted average compounded annual growth rate (CAGR) of 10–11% for their HQs. During FY25–29, these GCCs are expected to grow value at a weighted CAGR of 11–12%. The research further found that between FY20–24, GCCs in India made significant progress in their roles as cost-effective innovators and multifunctional excellence hubs and are now gradually evolving as drivers of front-end value for their HQs. GCCs continue to take on more complex work (illustrative examples below) across industry sectors and have become hubs for incubating talent, driving innovation and anchoring many global roles now based in India.

Illustrative examples of value generated by GCCs:

1

AI example:

A British multinational retailer's Bengaluru centre drives global innovation by using AI to optimise retail offerings and open new revenue channels through enhanced product delivery and customer-centric features such as predictive reordering and IoT-powered insights.

2

Pharma example:

An American multinational pharmaceutical company in Hyderabad supports global molecule development by using AI-driven analytics to accelerate drug discovery and clinical trial efficiency.

The Government of India has positioned global capability centres as a strategic national priority, with the Union Budget 2025 introducing India's first-ever National Framework for Global Capability Centres, formally recognising GCCs as a key economic driver and establishing centralised guidance to help states promote GCC growth. The availability of **emerging technology talent in areas such as AI, data**

analytics, cloud, cybersecurity, and ERP at scale continues to be a compelling proposition for any organisation considering an expansion of its global delivery models. With around 5 million graduates—many with STEM backgrounds and industry-relevant certifications—entering the workforce every year, the country's technical depth and readiness to support complex global enterprise functions is further enhanced. Recognising the broad impact of this sector in job creation, training and upskilling, boosting high-value service exports, enabling greater regional economic diversification, and strengthening India's position as a global hub for advanced business services, many state governments have taken a proactive approach to attract investments from organisations looking to set up GCCs.

Overall policy framework and government initiatives

Many state governments are offering tailored and stand-alone incentives to boost GCC growth through a combination of tax relief, CAPEX- and OPEX-related incentives (including those linked to employment), subsidies on infrastructure investment, and R&D support. These incentives typically cover the following areas:

Tax incentives and corporate benefits:

While the income tax benefits in SEZs (special economic zones) are no longer available, organisations setting up GCCs in SEZs can still benefit from **zero customs duty on imports** for authorised operations and **GST zero-rating** on domestic supplies, improving cash flow and lowering operating costs. In addition, in some parts of the country, financial services GCCs in International Financial Services Centres (IFSCs) enjoy a **100% tax exemption** on business income for ten consecutive years, available until 2030.

Easing compliance requirements and infrastructure initiatives:

The Government of India has introduced **block transfer pricing assessments in its 2025 Union Budget**, shifting from annual reviews to **three-year blocks**, which will significantly reduce compliance and litigation risk for GCCs. Safe harbour rules have also been extended to cover AI and emerging tech services, allowing for pricing certainty. States continue to invest in AI centres, skills training, and new tech courses, strengthening India's talent and infrastructure backbone for GCC operations.

R&D and growth support:

Firms now receive enhanced tax deductions for in-house and outsourced R&D, with claims of up to **200%** for approved in-house R&D and **125%** for outsourced R&D, along with patent rebates and state innovation grants.

Performance-linked incentives (PLI):

Manufacturers in eligible sectors such as electronics, pharma, advanced chemistry cell, technical textile, food processing, and automotive can receive 4–6% incentives on incremental sales under the production-linked incentive scheme. While GCCs are not direct beneficiaries, R&D and design centres in these sectors may benefit indirectly through their parent company's PLI eligibility.

Snapshot of incentives offered by various states

State governments continue to play a major role in driving the GCC growth agenda by introducing multiple incentive packages and dedicated infrastructure initiatives focused on lowering the effective cost of operations for GCCs. Majority of these investments are being undertaken in the key states of Karnataka, Uttar Pradesh, Gujarat, Telangana, Maharashtra, and Tamil Nadu. These states not only house India's major metro cities and a large pool of skilled workers, but they are also introducing policies tailored for GCCs.

A key trend is the push from these state governments to create a hub-and-spoke model by promoting multiple tier-2 cities alongside one or two key cities within the state to house future GCC investments. The states are also pushing for infrastructure development in the form of centres of excellence or innovation hubs which can leverage partnerships with key academic institutions.

Illustrative examples of policy interventions/incentives offered include:

- The Global Capability Centre Policy of one state offers a comprehensive set of incentives for companies looking to set up a GCC. This includes a percentage of rent reimbursement for eligible centres, electricity duty exemptions, and patent fee waivers. The state is also developing innovation labs and centres of excellence linked to local academic institutions.
- Another state is actively promoting the establishment of GCCs by introducing a dedicated policy. The policy provides subsidies for CAPEX and OPEX, including lease, power, cloud services, and recruitment, along with payroll support for both local and non-local hires. The incentives offered have led to some key cities within the state becoming sought-after destinations for GCCs.
- The policy of another state aims to position the state as a high-value GCC destination by offering industry-academia partnerships, promoting R&D, and creating high-skill employment. It supports infrastructure readiness and offers fiscal incentives to attract GCC investments. The tax benefits offered in certain cities have attracted several organisations to set up GCCs.

Some states have taken a different approach by offering a customised package with a robust suite of incentives designed to attract new GCCs. Incentives include an approval system that significantly expedites the process for new GCCs, categorical expense reimbursements, or a tiered payroll subsidy for eligible roles with monthly salaries above a threshold level, where the government offers a subsidy covering a percentage of payroll costs for a few years. States developing specific policies for GCCs continue to focus on leveraging existing SEZs and tech parks to attract investment in the main cities.

Regulatory reforms have simplified the GCC set-up process with streamlined procedures for obtaining licences and approvals. The Digital India initiative has digitised statutory filings, and India offers a relatively smooth patent application process. Dedicated single-window clearances, export incentives, and innovation-friendly intellectual property norms make India an attractive hub for setting up GCCs. Sustaining this momentum will require ongoing regulatory reforms, such as expanded safe harbour rules, streamlined transfer pricing and greater ease of doing business. Along with this, focused investments in talent upskilling, leadership

development, and technology adoption will be critical. While tier-2 cities look promising, there must be a continuous focus on improvements in infrastructure, connectivity, healthcare, and plug-and-play workspaces. All these, along with ongoing policy interventions from the government, will be key factors in building momentum and accelerating the journey to becoming a global powerhouse for innovation and transformation through the GCC ecosystem.

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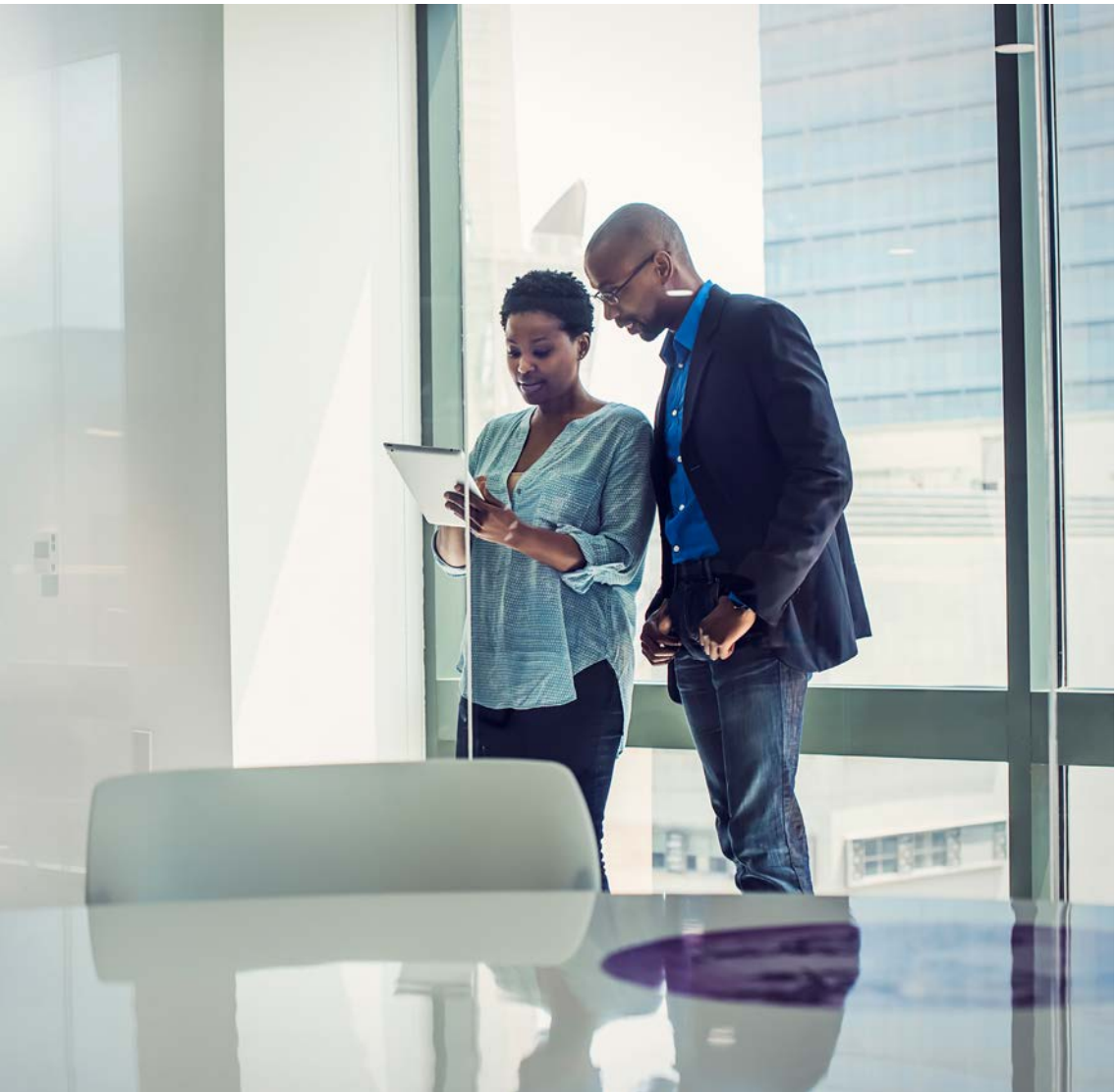
04

Performance measurement

To drive business transformation and strategic impact, leading global business services (GBS) organisations are redefining performance measurement. With inputs from GBS organisations, this chapter explores the latest reporting methods, shifting priorities in KPI satisfaction, and the most pressing challenges in quantifying value. In addition, we present our insights into aligning results with business goals and the future of value measurement.



Methods for reporting GBS organisations' performance

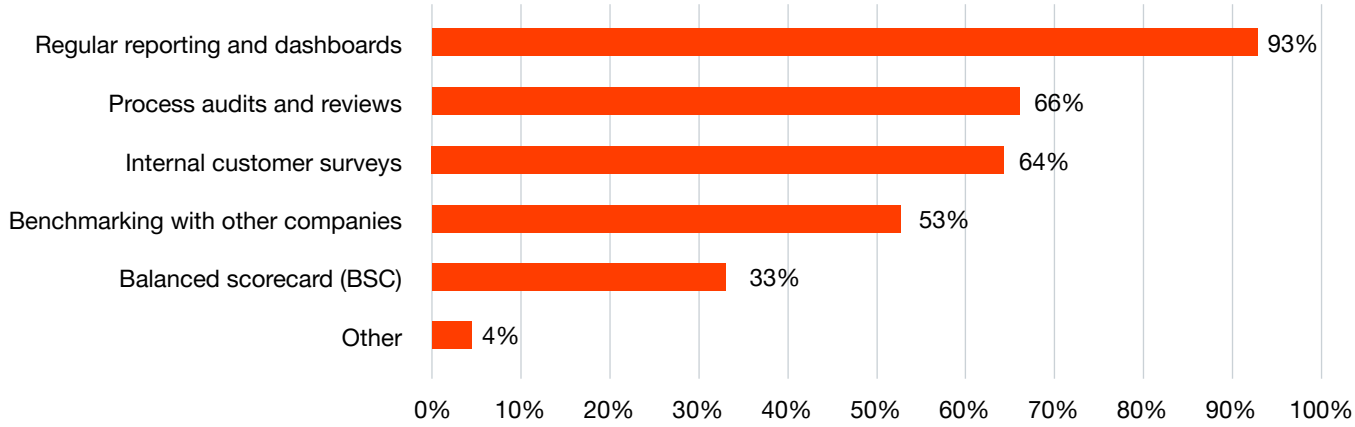


Figure 26

Dashboards are the top reporting tool of choice for most GBS organisations that expect their methods to be simple and fast. However, we notice a growing reliance on customer feedback and external benchmarking to measure performance and validate added value.

GBS organisations will be expected to articulate their strategic contribution to their organisations' business outcomes.

As the expectations towards them grow, we foresee the need for GBS organisations to start measuring—and communicating—the value they generate in different ways. They will need to go beyond simple savings numbers, processual adherence, or benchmark numbers, as those elements are now considered a given. Instead, they will be expected to articulate their strategic contribution to their organisations' business outcomes, such as net revenue uplift through better pipeline management, deeper insights into customer behaviours, advanced pricing analytics, or their ability to lower cost-to-serve for long-tail customers. With GBS as a data steward, which allows for more accurate data-driven decisions and a higher forecast accuracy, enterprises can use their resources more efficiently, enabling GBS to contribute to their success.

Satisfaction with current performance measurement KPIs

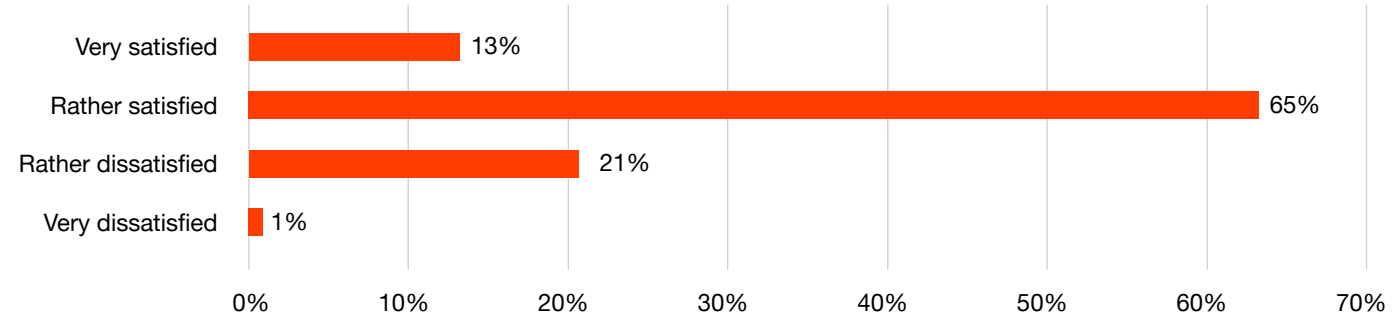


Figure 27

An overwhelming majority of companies are at least partially satisfied with their KPIs, suggesting that they are successfully mapping the key value creation aspects in their GBS operations. This satisfaction may be particularly attributable to the KPIs managed by finance departments, which tend to track value creation metrics more closely and thus provide more accurate insights into strategic performance. Using modern technologies and management methods appears to lead to more robust and effective KPI systems that provide a detailed understanding of operational processes and strategic performance.

However, 21% of companies are somewhat dissatisfied and 1% are very dissatisfied, suggesting possible weaknesses in the existing KPI structure. These could result from the insufficient adaptation of KPIs to dynamic market conditions and changing business processes. Another factor could be the influence of regional differences, with centres in regions with advanced analytics infrastructures (such as Asia) reporting better KPI structures and higher satisfaction levels than regions where analytics maturity is still developing, such as MEA.

Challenges in GBS value measurement

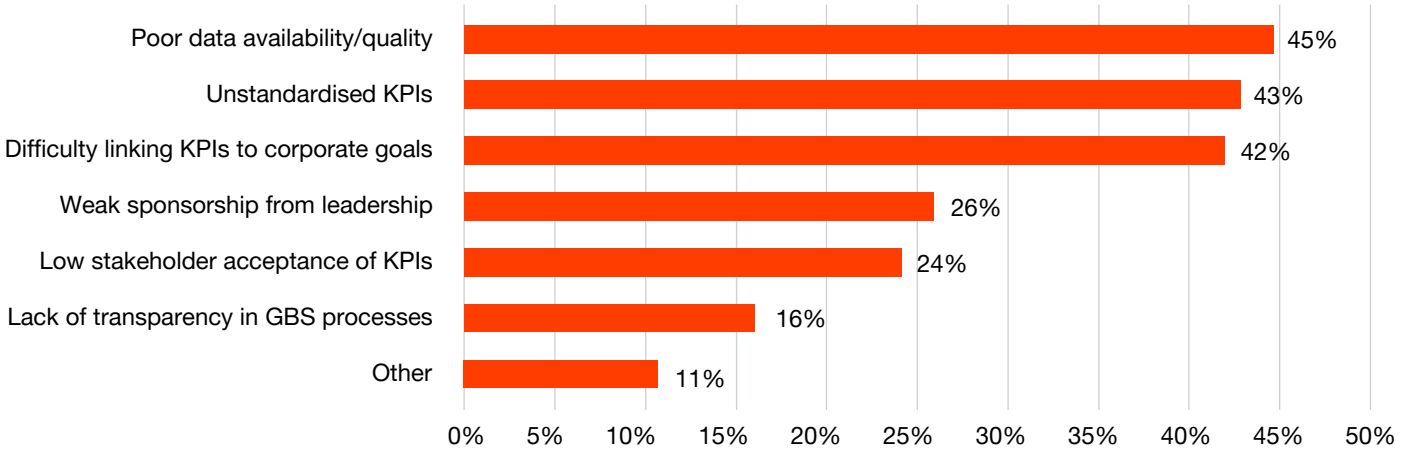


Figure 28

The lack of data availability and quality (45%) and standardisation of KPIs (43%) are the most frequently reported obstacles to accurately measuring GBS' value.

The lack of data availability and quality (45%) and standardisation of KPIs (43%) are the most frequently reported obstacles to accurately measuring GBS' value. However, companies with clearly defined data governance frameworks report fewer problems in these areas, highlighting the importance of structured data management systems.

Difficulties in linking GBS KPIs to overall corporate goals (42%) can make it challenging to integrate GBS into the company's overall strategic framework. However, GBS organisations that link their KPIs to corporate goals feel more confident about demonstrating their value contribution. This finding is consistent with the challenges around efficiently communicating GBS' value while requirements for GBS organisations evolve.

In addition, stakeholder acceptance (24%) remains a challenge, as does a lack of support from senior management (26%). To increase transparency around quality and performance, improve stakeholder acceptance, and strengthen senior management support, standardising KPIs and aligning them with overall corporate goals are necessary.

Reporting frequency

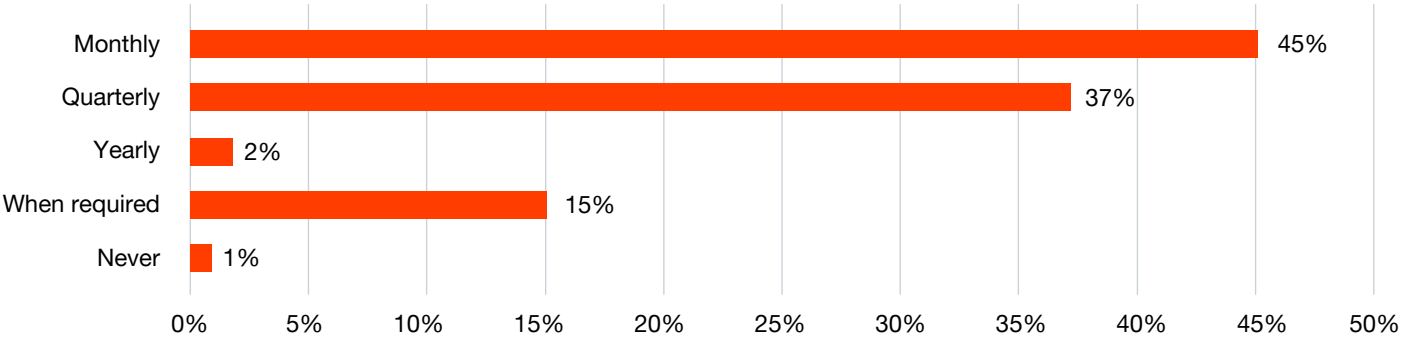


Figure 29

Most organisations are committed to regular reporting (either monthly or quarterly), promoting transparency and facilitating rapid decision-making. Decentralised SSC-like structures tend to report quarterly, while multifunctional GBS models in end-to-end environments submit monthly reports. Irregular reporting, which takes place as needed (15%), is often reported by companies with less structured requirements and unclear KPIs. Modern IT infrastructures and strategic goals at the management level contribute to the efficiency and frequency of reporting. In addition, smaller and medium-sized GBS centres tend to report monthly for constant monitoring and adjustment due to their proximity to operational processes.

Importance of different strategic value contribution measures

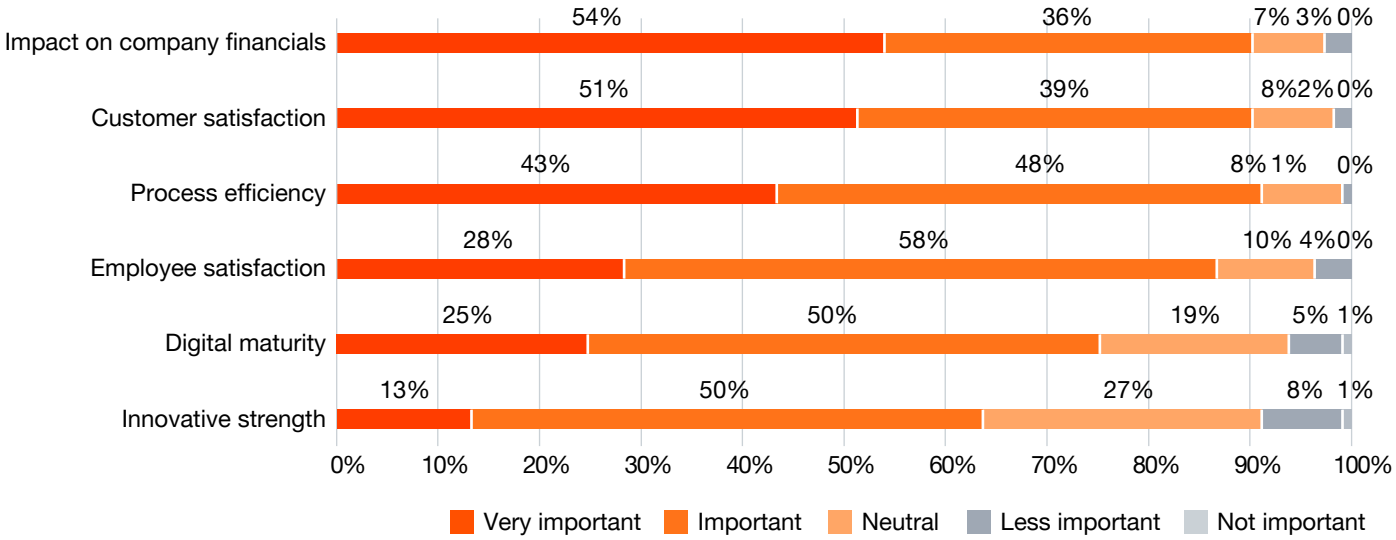


Figure 30

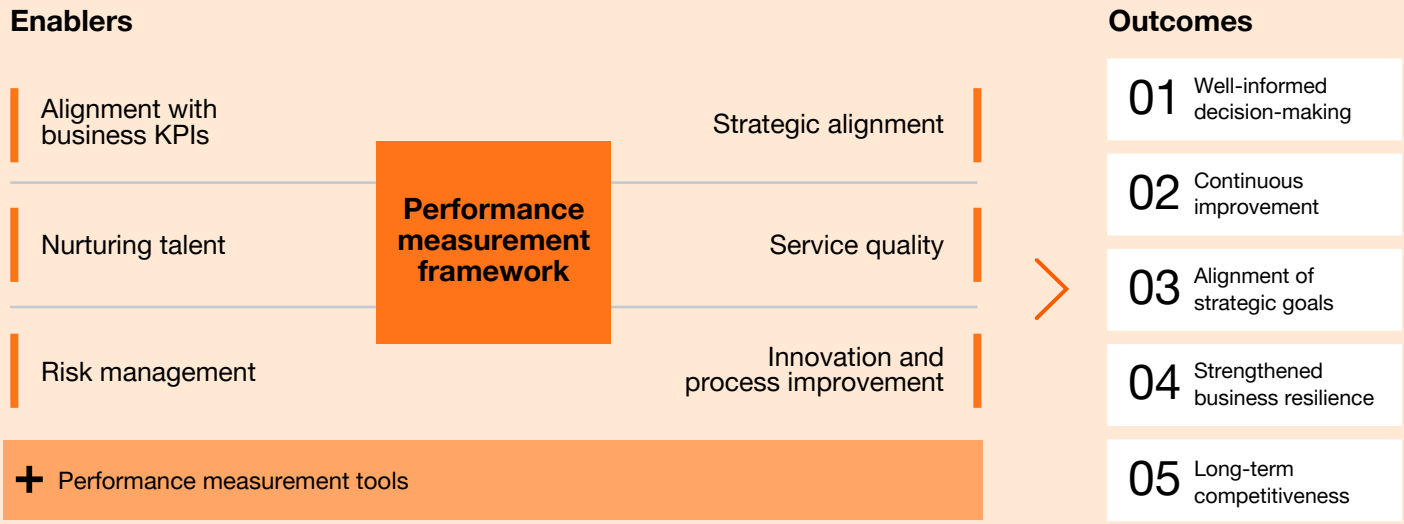
Cost efficiency, and thus contribution to the organisation's bottom line, is important to 90% of respondents. In fact, this is the top priority for all Asia- and North America-based companies. This underscores GBS' critical role in driving cost efficiencies and profitability, reinforcing its alignment with core business objectives. Customer satisfaction is equally crucial, with this being the highest priority for EU-based companies. Employee satisfaction is also recognised as a strategic enabler, essential for driving service quality, innovation adoption, and talent retention.

Digital maturity and innovation capabilities are acknowledged as crucial but remain secondary to traditional efficiency and financial KPIs. While GBS seems focused on operational efficiency and traditional financial metrics, these findings suggest a potential gap in emphasising transformation capabilities and digital innovation, which could be crucial in future-proofing operations and driving long-term strategic growth. A stronger focus here could empower GBS to transition into more strategic roles and further contribute to evolving business landscapes.

Expert article:

Performance measurement as the key to business evolution

Performance measurement strategic impact



Challenges

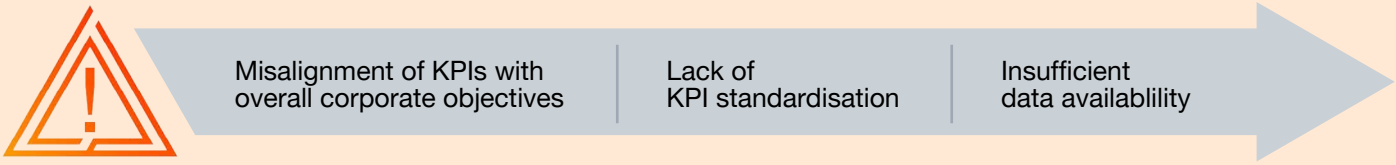


Figure 31

Embedding evolution: integrating emerging trends into performance measurement

In order to evolve, organisations need to establish benchmarks and see how they stack up against them. Performance measurement plays a pivotal role in this area, as it provides valuable insights for achieving strategic goals and driving continuous improvement. But for it to be effective, it has to go beyond simple checklists: to unlock potential for growth, businesses must enhance their strategies with data analysis and AI, enabling automated data processing, predictive analysis, and prescriptive insights that can guide them towards optimal actions.

In a GBS model, centralised services maximise efficiency and support growth, but there's untapped potential in integrating this into performance measurement. GBS can act as a hub to track and benchmark key performance indicators (KPIs) across the business, establish teams that can analyse these insights, and drive continuous improvement or provide inputs to facilitate decisions. It adds further value by integrating sustainability into performance measurement—which in turn enhances brand reputation, customer loyalty, and trust by demonstrating commitment to environmental responsibility. As such, innovative performance measurement practices are essential for aligning GBS with corporate objectives and creating positive contributions towards ethical and environmental goals.

Challenges in implementing effective performance measurement

Poor implementation of performance measurement can lead to flawed decision-making, misaligned goals, and diminished employee engagement. In a GBS context, the complexity is heightened by the need to manage processes across multiple regions, maintain a consistent quality data inputs, address cross-functional interdependencies, and consistently meet internal customer expectations. For instance, our 2025 study reveals that 21% of respondents have difficulties in aligning GBS KPIs with overall corporate objectives. This can cause employees to focus excessively on siloed KPIs rather than collaborate towards those integrated with the business goals. This creates risks of being disconnected from the business as there is no end-to-end view and potential reduced motivation due to lack of visibility on how their work contributes to business growth.

Additionally, 21% of respondents report insufficient data availability and quality, while 20% highlight a lack of KPI standardisation.

21%

of respondents report insufficient data availability and quality, while

20%

highlight a lack of KPI standardisation.

These challenges lead to a risk of:

- Inaccurate perception of the business' current situation, potentially resulting in poorly informed decisions
- Failure to reflect the true value of a GBS model, or even
- Unreasonable KPIs brought about by the lack of consistency and quality of the inputs

Addressing these is crucial to contributing to strategic goals while fostering collaboration. Organisations should enhance data quality through formalised data entry requirements; use advanced analytics, such as machine learning, to boost accuracy; and align metrics with broader corporate priorities. This changes performance measurement from a hurdle to a catalyst for innovation, efficiency and engagement.

Key focus areas for the new age

As GBS focuses heavily on processes and customer service, it metrics must assess both the **timeliness** and **quality** of work. And because it has some independence, performance measurement must bridge preserving that **autonomy** and **driving**

managerial actions based on quality insights. Considering these factors, there's a clear industry shift towards the following areas, which serve as a framework for effective performance measurement:

1

Aligning with business KPIs. The roadmap to relevance

About 37% of businesses dissatisfied with their KPIs cited **difficulties in aligning these metrics with corporate objectives and a lack of support from senior leadership**. This misalignment often results in metrics that:

- Fail to maximise GBS' value
- Don't leverage GBS in achieving corporate goals
- Hinder recognition from top leadership

By redesigning KPIs and obtaining buy-ins from critical stakeholders, GBS organisations can **enhance their strategic role and clearly demonstrate their contribution to corporate objectives**. For example, in financial planning and analysis (FP&A), integrating both GBS and group finance data into sustainability metrics such as '% of total spend with suppliers that meet environmental standards' highlights GBS' role in advancing the company's sustainability strategy. This then showcases GBS' integral part in driving both financial performance and sustainable practices and reinforces its contribution to long-term corporate goals. As a result, when top leadership sees the tangible value and strategic impact of GBS, their support is more likely secured.

2

Strategic alignment. Bridging vision and execution

In the previous section, we highlighted the importance of integrating metrics into the broader organisation's measures to understand how GBS operations support the overall business performance. However, it's equally vital for these metrics to reflect corporate strategy to allow for visibility on end-to-end process performance. This enables it to drive transformation, leading to improved collaboration.

For example, a company may prioritise building flexible supply chains to reflect changes in the business environment. With a clear strategy, KPIs can then be tailored to these scenarios and informed by GBS' unique position as the owner of an organisation's data pools.

3

Service quality. The heartbeat of customer satisfaction

Our survey reveals that 90% of businesses consider customer satisfaction as a crucial KPI.

Our survey reveals that 90% of businesses consider customer satisfaction as a crucial KPI. Practices like service-level agreements (SLAs) set clear expectations and standards, while dedicated teams focusing on tracking and increasing satisfaction levels ensure that it remains a priority. Additionally, benchmarking satisfaction against competitors provides valuable insights into areas for improvement. For instance, tools like the net promoter score (NPS) are employed to gauge customer loyalty, assisting GBS organisations in aligning their services with customer expectations. Additionally, to evaluate this aspect, frameworks such as SERVQUAL can be utilised to assess the quality of customer satisfaction, focusing on:

- Perceived reliability
- Responsiveness
- Assurance
- Empathy
- Tangibles

4

Innovation and process improvement. Fuelling growth

89%

of businesses acknowledge the importance of measuring process efficiency in assessing the strategic value of a GBS organisation, only 64% of businesses acknowledge the importance of measuring innovation.

Our survey indicates that while 89% of businesses acknowledge the importance of measuring process efficiency in assessing the strategic value of a GBS organisation, only 64% of businesses acknowledge the importance of measuring innovation. This reveals a **significant opportunity for growth** and **highlights the untapped potential in emphasising innovation** to enhance the strategic impact of GBS operations, especially given the upcoming evolution of most mature GBS organisations towards global capability centres. To ensure investments reliably drive business success while prioritising innovation, organisations are encouraged to:

- Establish a framework for value creation through innovation
- Develop a culture of innovation by embarking on various engagement sessions
- Set up a reward system that recognises innovation-based initiatives

Effective practices in measuring innovation include assessing future needs, defining clear innovation goals and aligning innovation efforts with long-term strategic objectives to create innovation KPIs, such as ‘adoption rate of AI-driven tools within a workforce’.

5

Nurturing talent. Performance metrics for retention and development

Our survey reveals that 86% of businesses consider employee satisfaction and turnover as crucial metrics within GBS. In the current competitive environment, focusing on talent development and retention is vital for effective performance measurement. High turnover rates, particularly among the younger generation, challenge organisations with skill shortages and fierce competition for top talent. Additionally, increasing emphasis on employee well-being, diversity and hybrid work models complicate retention strategies.

To tackle these challenges, organisations can adopt several best practices. Leveraging digital technologies like human resource management systems (HRMS) can help analyse data, such as performance metrics, absenteeism and training participation, to flag potential engagement issues and early turnover warning signs. Furthermore, companies should conduct employee engagement surveys to assess sentiment on:

- Job satisfaction
- Work environment
- Rewards
- Company culture
- Work-life balance

This data can be used to create KPIs that contribute to talent management strategies and enable an approach to employee development and retention. Additionally, organisations can deploy targeted tools and frameworks to support and measure talent development initiatives, such as **pulse survey platforms** for quick, regular feedback to learn about employee sentiments and people analytics.

When implementing measurement strategies, the metrics must be targeted and specific to ensure effectiveness. For instance, one valuable metric is the voluntary turnover rate; because it measures the percentage of employees who leave on their own accord, it helps identify issues related to workplace culture, leadership, and job satisfaction. Conversely, a metric like overall headcount stability is less useful as it merely reflects the total number of employees in a company without distinguishing between factors such as voluntary and involuntary turnover or internal transfers.

6 Risk management. Protecting businesses through integrated risk measurement

According to a 2024 study by the Institute of Risk Management (IRM), 36% of organisations cite 'integrating risk management across departments/functions' as their biggest challenge in effectively managing risks. This is amplified in a GBS context, as the centralisation of functions increases complexity and interdependencies and adds a layer of risks to be managed. Operating across multiple jurisdictions also entails compliance with diverse regulatory requirements, further complicating risk management.

Effective performance measurement that evaluates both its quantitative and qualitative aspects should be considered. This might involve focusing on metrics that capture risk identification, such as the number of systemic risks identified, and assessing the effectiveness of risk mitigation efforts, such as:

- Percentage of key risks identified and mitigated
- Average time to discover issues
- Compliance cost per issue

Key risk indicators (KRIs): Metrics that measure and predict early risk exposure in real time (e.g. policy violations or control failures)

When implementing risk measurement, organisations should assess the direct performance of risk management using metrics like the control effectiveness score. This evaluates the performance of internal controls across shared services by analysing audit outcomes, incident reports, and compliance checks. On the other hand, metrics such as the compliance training completion rate are less reliable, as they may indicate awareness but not necessarily reflect actual risk mitigation or behaviour changes.

Technology in action: Bridging performance measurement gaps

In previous sections, we examined performance measurement challenges in a GBS setting and outlined a framework for key areas of focus. However, to effectively

implement this, suitable process mining and optimisation tools are necessary. These tools, such as Celonis and Signavio, optimise processes through capabilities, such as:

- KPI dashboards based on real-time data
- Workflow automation
- Automatic task assignment
- System integration
- Task mining

By utilising real-time event and activity data, these tools allow businesses to automate and streamline operations, supporting the achievement of KPI targets.

Tools can help GBS align their KPIs with corporate objectives by mapping and analysing processes.

For instance, in the insurance claims sector, a corporate objective could be to enhance customer satisfaction by reducing claims processing time. Achieving this would often involve coordinating multiple GBS teams, such as the legal team for compliance and the finance team for payments. The tools can help GBS align their KPIs with corporate objectives by mapping and analysing processes to show how each function contributes to the goal. They can also address the challenges of KPI standardisation, data availability, and quality, for example by delivering insights into bottlenecks within the claim process and average processing times and providing real-time analytics. Additionally, these tools can identify 'process violations' and use benchmarking to eliminate unnecessary steps, thereby streamlining operations and speeding up claims processing.

Conclusion

By incorporating these emerging insights, GBS can support organisations in measuring performance successfully, thereby facilitating strategic decision-making and enhancing the understanding of each business unit's contribution to overall sustainability goals. Meanwhile, businesses can fully leverage GBS' potential by addressing implementation challenges; aligning with strategic objectives; and adapting to industry shifts in customer satisfaction, innovation, talent development, and risk management—all while using the right analytical tools. Together, these elements foster an environment that can enable businesses to adapt to shifting trends.

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05

Digital enablement

This chapter explores the latest trends in automation, AI, and digital process excellence, revealing how leading organisations are redefining their operating models for a new age. To uncover insights into enterprise innovation, we discuss the strategies, challenges, and future possibilities that are propelling GBS to the forefront of transformation.

GBS as a driver of digital transformation

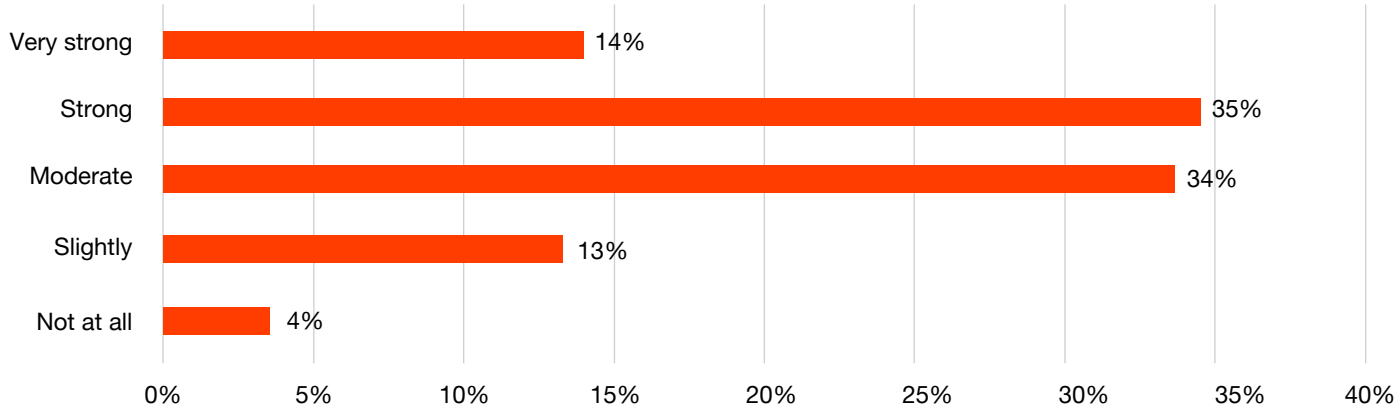

Figure 32

GBS is growing to become more mature and effective as a driver of digital transformation. Their organisations are increasingly recognising this, with 50% of respondents rating their influence as 'strong' or 'very strong'.

Mature GBS models exhibit increased transformational capacity compared to single-function set-ups.

Particularly, GBS entities executing end-to-end processes and expert functions, given their comprehensive capabilities, tend to identify more robustly as leaders. This aligns with the broader observation that mature GBS models, which are often integrated into strategic reporting lines, exhibit increased transformational capacity compared to single-function set-ups. Companies where GBS reports directly to CxOs or integrates within finance functions often view GBS as powerful digital hubs, likely due to strategic alignment and executive-level sponsorship.

Measures to drive digital transformation

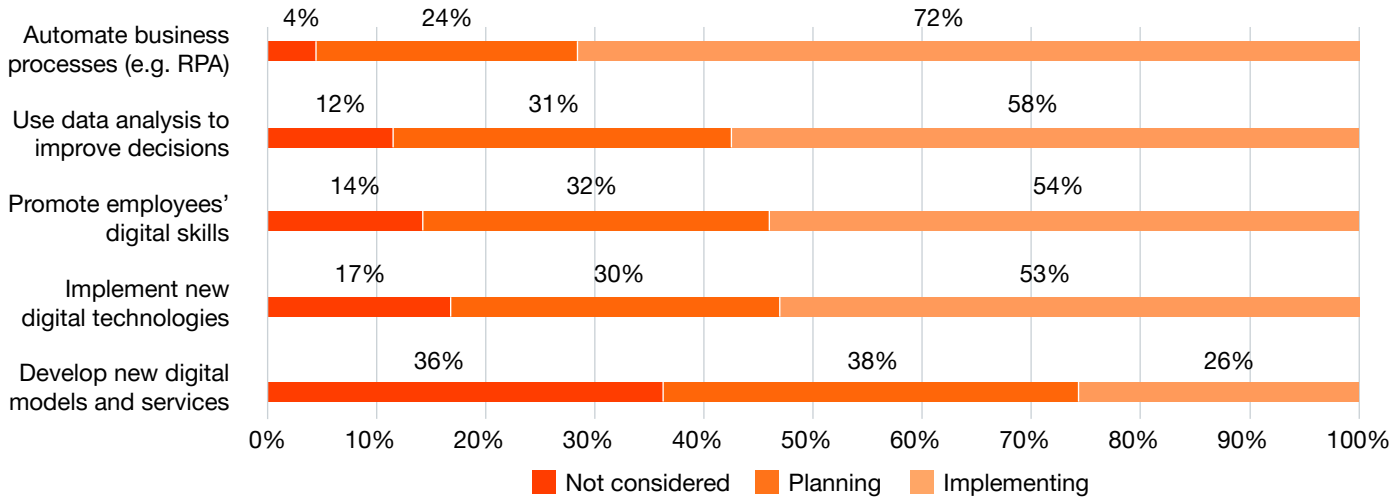

Figure 33

50%

are actively implementing new technologies signalling a broad commitment to digitisation.

There is a pronounced emphasis on automation within GBS, with 72% already integrating and 24% planning to adopt such measures in line with efficiency-led strategies. Over 50% are actively implementing new technologies, utilising data analysis for decisions, and advancing digital skills, signalling a broad commitment to digitisation.

Those with established GBS set-ups, along with multifunction SSCs, lead these technological efforts, highlighting the role their extensive operational scope plays in a major transformation. Multifunction SSCs also plan extensively across all major transformation areas, possibly to match mature GBS capabilities. In contrast, decentralised systems show limited engagement with digital strategies, likely due to resource or strategic limitations. Single-function SSCs focus on automation and digital technologies, albeit on a smaller scale, usually targeting specific transformation goals.

Expert article:

Reimagining services with digital process excellence

Process excellence as a holistic lens

To continuously improve efficiency, quality, and process performance, GBS and retained organisations can apply the approach of process excellence systemically. It has a few characteristics; for one, its foundation is an overarching purpose and mission, coupled with a managerial mandate for transformational change. It must also have a suitable governance framework to ensure transparency, accountability, and organisational alignment and to allocate roles and responsibilities clearly.

Process excellence is a powerful approach to bring about change, but it must be holistic, driven by a clear mission and governance, and firmly embedded within the organisation. With these dimensions, it can help create a competitive advantage through the combination of methodical expertise, continuous improvement, leadership skills, and a culture of transformation. And since GBS focuses on efficient service delivery, GBS organisations are naturally suitable for this approach.

Figure 34

The democratisation of AI – impact on process excellence

AI is on the rise, but how will it redefine process excellence?

Now that GBS is evolving towards AI-powered global capability centres (GCC), cost management and 'simple' transactional efficiency have become basic requirements. GCCs are expected to orchestrate digital, data, and domain expertise to scale

enterprise capabilities and expand value contribution. As explained in our GCC deep dive, they build on long-standing levers such as standardisation, shared platforms, and selective labour arbitrage. They promise not just incremental process gains but a reimagination of how work is designed and delivered, unlocking value beyond current capabilities.

While the current enthusiasm for AI echoes past technology hype cycles like the dot-com boom or the rise of cryptocurrency, there's a difference: AI's tangible impact and measurable outcomes can be observed, especially in solutions delivered through automation, advanced analytics, collaborative platforms, and digital ecosystems. However, the true challenge is not in just proving value but in scaling solutions and methods—moving beyond isolated proofs of concept (POCs) to enterprise wide adoption will test organisational readiness and agility to keep up with the pace of AI developments.

AI technologies are also reshaping IT, shifting from monolithic systems to distributed, connected landscapes while lowering skill requirements through technology democratisation, for example via low-code/no-code configuration and customisation. The impact on process excellence is significant: rapid advances and the democratisation of AI use are redefining the approach into digital process excellence, opening significant opportunities for improvements across end-to-end process chains.

We see the impact of AI technologies on process excellence in five key areas:

The way we adopt technology:	Process excellence is shifting from proofs of concept to scaled, AI-powered transformations. The next frontier, agentic mesh, will shift the focus from linear task automation to service reimagination that relies on multiple agents and a (partially) agentic workforce. As technologies evolve rapidly, digital process excellence must be enabled to exploit state-of-the-art capabilities.
The way we ideate or entirely reimagine the status quo:	New technologies enable us to think beyond current constraints and redesign services based on desired outcomes which can then transform entire value streams. Openness to change, radical reimagination, and cross-functional co-creation are needed for surfacing nonlinear services.
The way we develop our skill sets and capabilities:	In order to master technological transformation, AI leaders should encourage reimagination, establish a strategy focused on outcomes, expand beyond proofs of value, and eliminate barriers to cross-functional collaboration. Applying technology or designing solutions now requires blending domain expertise, AI literacy, data fluency, and service design capabilities. Digital process excellence requires ongoing enablement of the workforce to build confidence, deliver consistent results, and ensure integrated, experience-led services.
The way we govern and ensure quality and compliance:	With digital process excellence, governance shifts from periodic, checklist-based compliance to continuous, embedded assurance. Accountabilities must be clarified across processes, data, technology and partners, and AI-powered services must be managed with auditability and human oversight. The quality assurance system and internal control system (ICS) will evolve to embed controls into everyday workflows,

strengthen evidence and tighten change management, enabling compliant, scalable transformation.

The way we get the basics right:

Process standardisation, data harmonisation, and system consolidation remain the foundation for successful digital processes. GBS organisations truly shine in this aspect as owners and orchestrators of a company's data. Moving from process excellence to digital process excellence will require applying the principles that turned GBS organisations into drivers of efficiency in an AI-powered world.

AI technology adoption – agentic mesh as the next frontier

How far are peer GBS organisations in adopting technology, and what could be the next disruptive evolution of the AI journey?

Looking ahead, we see the next frontier of AI technology that will significantly influence GBS and digital process excellence: the agentic mesh, which refers to a system of interconnected, specialised, and orchestrated AI agents that collaborate autonomously across processes and functions. Unlike point solutions or isolated bots, the agentic mesh represents a network of AI capabilities working in union, dynamically adapting to context, learning from outcomes, and orchestrating workflows across silos.

Once agentic AI has been fully adopted by the GBS organisation, creating an agentic mesh will fundamentally transform how the organisation operates. It signals a paradigm shift in process excellence: moving away from a linear and transactional automation of discrete tasks comes with a shift towards the possibility of fully fledged service transformations.

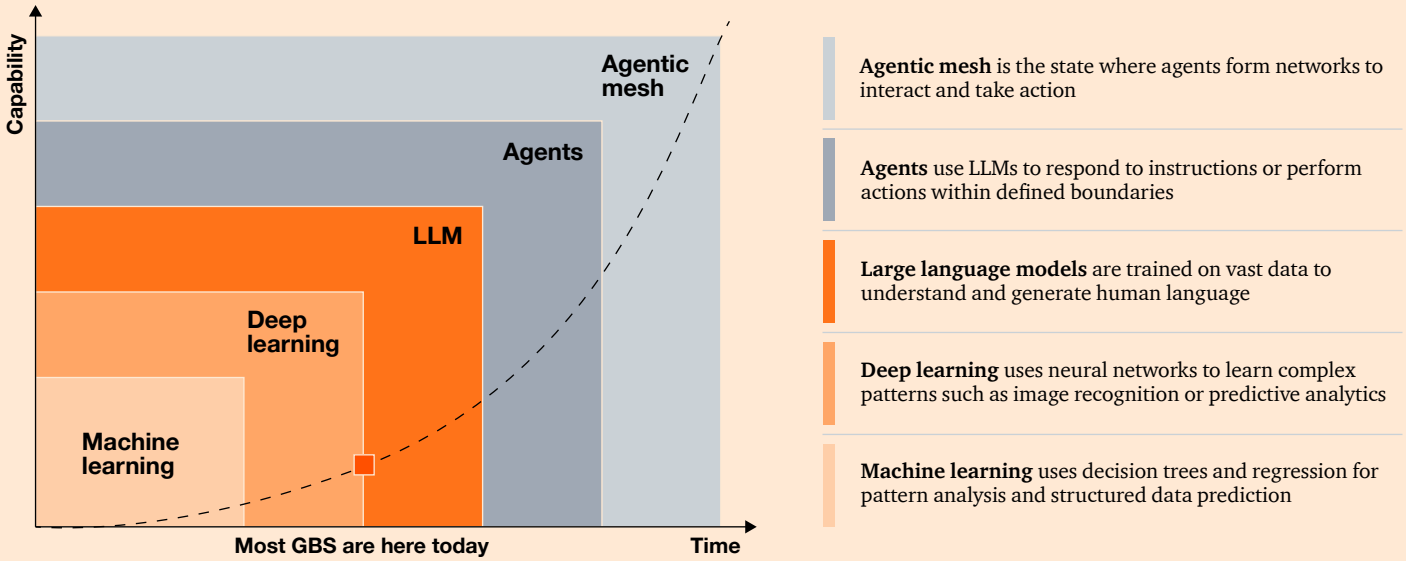

Figure 35

As this year's findings show, GBS organisations have entered a new phase of technology adoption—one defined by technology combination, scaling, and the reimagination of process excellence. Many technologies have moved beyond the

ideation and PoC stages, with tangible maturity seen in areas such as robotic process automation, dashboarding, integration and use of workflows, IT service management, and cloud computing. These tools are no longer experimental; they are embedded at scale and deliver significant value.management, and cloud computing. These tools are no longer experimental; they are embedded at scale and deliver significant value.

	Not considered	Initial Ideation	Proof of concept	Limited use in production	Widespread use	Implementation stopped	Did the technology deliver the promised benefits?[1]
Workflow	13%	4%	6%	20%	55%	2%	94%
IT service management	30%	0%	4%	10%	54%	2%	95%
Data visualisation and dashboarding	7%	4%	2%	35%	51%	1%	93%
Robotic process automation	4%	8%	9%	35%	42%	0%	69%
Cloud computing	45%	7%	5%	10%	32%	0%	95%
Low code/no code apps	43%	7%	10%	14%	24%	1%	83%
Advanced data analytics	31%	14%	14%	24%	16%	0%	83%
Chat/voice bots	30%	12%	12%	28%	16%	1%	80%
GenAI	24%	21%	22%	20%	14%	0%	89%
Process/data mining	21%	15%	12%	35%	14%	2%	64%
Machine/deep learning	36%	12%	14%	25%	12%	0%	90%
Digital twin technology	74%	6%	7%	7%	5%	0%	86%
Agentic AI	44%	24%	15%	12%	4%	0%	80%

(1) % only includes respondents with ongoing implementation

Figure 36

Yet, the story of adoption is not uniform. While certain technologies—such as cloud computing (95%), IT service management (95%), and workflow automation (94%)—live up to the promised benefits, others—such as process/data mining (64%) or even RPA (69%)—are still perceived to face challenges in realising their full potential. At the same time, new technologies are increasing in importance. Advanced data analytics, generative AI (GenAI), machine and deep learning, digital twin technology, and agentic AI, to name a few, which were previously not being considered for implementation, are starting to move into ideation and proof-of-concept phases. Their combined trajectory signals the beginning of a convergence wave that is poised to reshape how GBS delivers value.

The shifting identity of GBS – the push towards service reimagination

What is today's expectation towards GBS organisations, and how can 'service reimagination' be achieved?

As AI capabilities slowly mature alongside other digital tools, GBS organisations must reimagine their purpose and aspire to position themselves as data and insight generators. The share of organisations to which this applies has surged from 1% (2023 GBS Study) to 16% (2025 GBS Study)—a clear sign of changing expectations.

To give a better understanding of what this shifting identity can look like, we provide five examples:

- From cost-saving to strategic value enhancement: AI as the engine for proactive financial transformation
- From service to experience: AI reshaping GBS into a value-driven, user-centric ecosystem
- From static reporting to dynamic insights: AI unleashing the true power of data analytics
- From reactive controls to prescriptive intelligence: AI revolutionising early warning systems and elevating anomaly detection
- From manual operations to a human-led agentic workforce: AI agents fully integrated into the GBS workforce.

Expectations towards GBS are clearly changing as the scope and value of services increase. But how can a service reimagination of GBS organisations be achieved?

Leadership, people, and skills

New requirements are surfacing in the GBS dimension of 'leadership, people and skills' in our process excellence model (see Figure 34). While AI technology adoption is accelerating and new tools are entering the GBS portfolio at scale, the decisive differentiator will be people transformation. AI will amplify but not replace the role of human skills in creating value. As a result, the next frontier of process excellence requires an intentional rebalancing of soft skills, technological expertise, and data acumen. This is especially important for ideation, which involves the identification, framing, and prioritisation of opportunities to apply AI to services in a process excellence mindset.

Soft skill:	Collaboration, storytelling, and stakeholder management remain indispensable. As AI increasingly takes over transactional and analytical tasks, human roles shift towards influencing, decision-making, and co-creation.
Technological literacy:	Leaders and practitioners alike must understand how to embed AI and digital tools into everyday processes. This does not mean everyone has to become a coder, but everyone must learn to navigate AI-driven workflows and think in terms of digital process design to be able to recognise AI potential for service reimagination.
Data science and statistical thinking:	AI unlocks new dimensions of insights, but only if organisations can interpret, validate, and challenge the outputs. Statistical literacy and data governance are therefore no longer niche skills but core requirements.

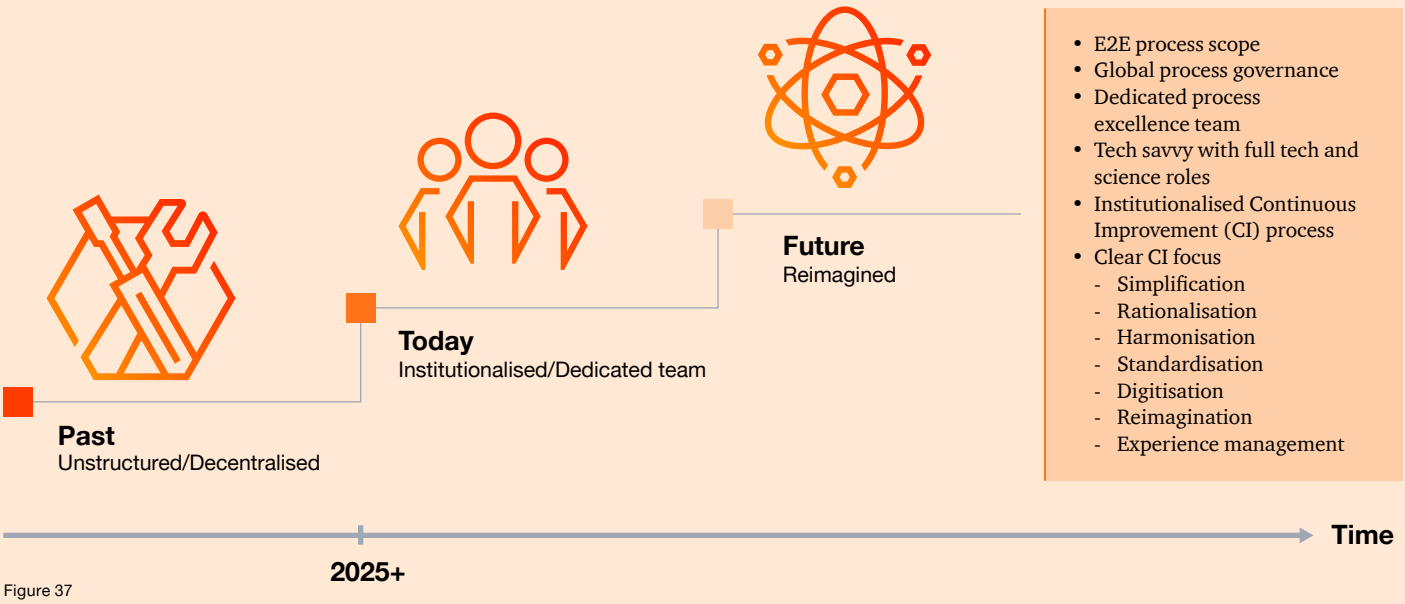

Figure 37

Service reimagination case study – agentic reporting service

In place of more dashboards, how can we achieve a reimagined reporting service that delivers actionable insights at the moment of need?

In this proven use case, we reimagined reporting by changing controlling from a report production function to an outcome led service. Rather than adding another tool, we redesigned the value stream and operating model to combine a governed semantic layer, company playbooks, and user interactions to integrate conversational insights into the workflow. The result is a secure, personalised, agent-powered service that accelerates time to insight, resolves follow up questions without the need for new reports and strengthens financial control.

Reporting agents turn static reporting into an interactive question and answer experience. Instead of navigating multiple dashboards, users ask questions in plain language and receive clear answers with sources. KPIs arrive with pre written agent commentary, so the first view already explains what moved and by how much. Root causes are identified by fusing domain logic with corporate knowledge, providing explanations that reduce a controller's reporting efforts by up to a third. The result is automated, flexible reporting and controlling, where leaders get immediate answers to 'what' and 'why' while controllers gain time to act on insights rather than prepare them.

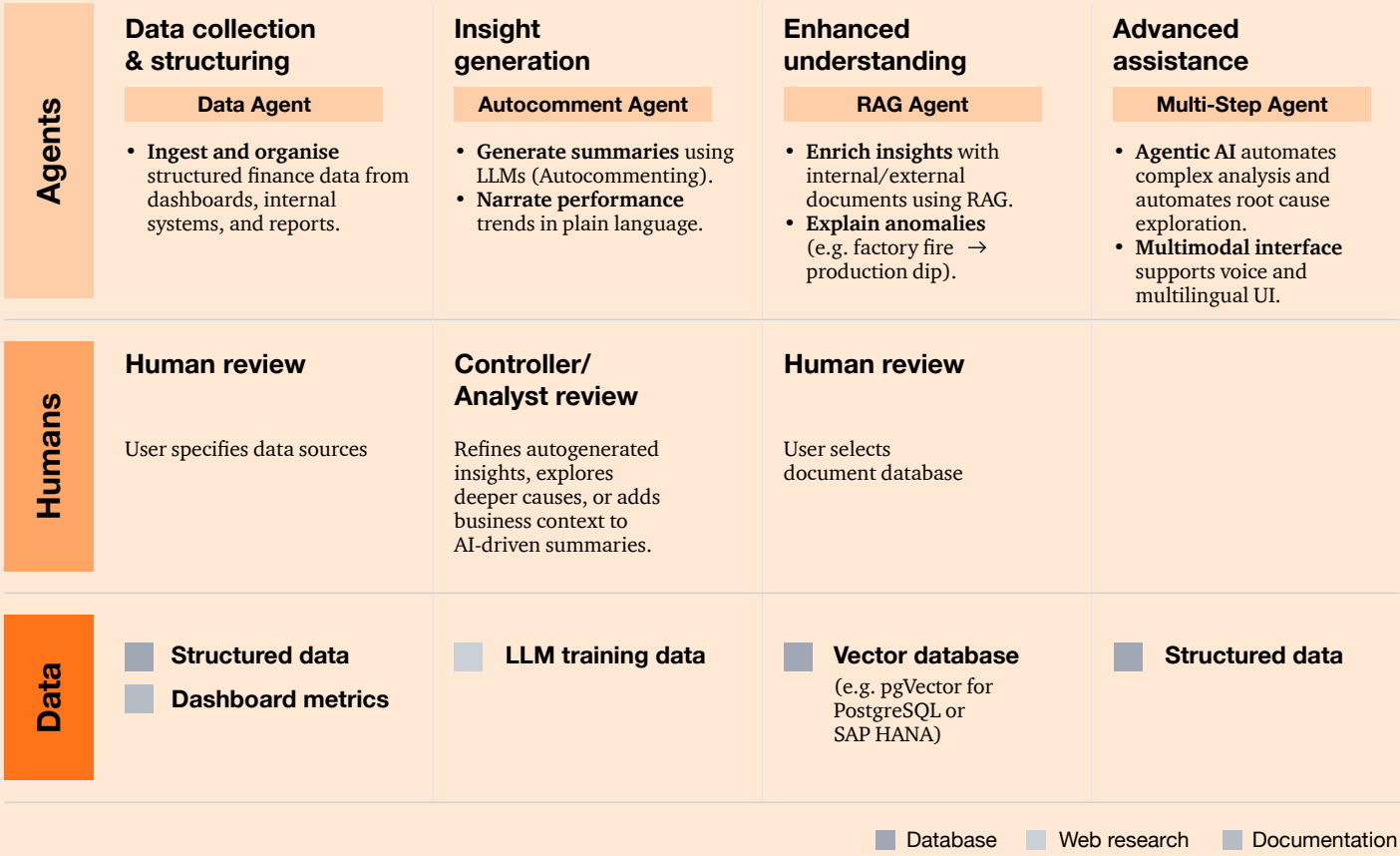

Figure 38

In parallel, individualisation blends role context with corporate context. The agent recognises who is asking and adjusts the scope and level of detail accordingly. It also synthesises the organisation's own knowledge to align with house definitions, naming conventions, and the levers that actually move the KPIs. This creates a personalised experience in which insights are instantly relevant, reusable, and fully compliant with how the company and each role operates.

The breakthrough is not the creation of a single tool but the reimagination of the reporting service. Leaders first defined the value and orchestrated the team to set the target service following the framework of process excellence. Then they fostered reimagination so the solution could emerge from the team's combined skills, transforming reporting in a nonlinear way. This delivers a governed, human-centred experience in which insights are grounded, explanations are consistent, and actions are clear.

Traditional improvements optimise artefacts or given processes. We applied reimagination to optimise outcomes fuelled by AI, thus redefining what is possible.

Outlook

To realise the full potential of process excellence, GBS leaders need a practical yet sequenced agenda:

- Set a clear AI strategy and roadmap for your GBS as part of a focus on end-to-end outcomes and underpin it with robust, responsible governance.
- Equip people through targeted upskilling and enablement so teams can identify, frame, and deliver the right service and process reimagination opportunities with technology, fostering skill transformation.
- Instead of optimising a single platform or toolset, scale a reimagined approach that combines AI, data, and new skills across the organisation, with a clear line of sight to measurable outcomes.
- Reimagine the service portfolio of your GBS organisation by empowering cross-functional teams to redesign how services are delivered. Integrated, experience-led services should become the norm.

Undertaking these steps will enable GBS leaders to eventually create a clear understanding specific to their organisation of the following guiding questions:

- How do I manage the agentic workforce?
- How do I measure the return on investment of my service reimagination while ensuring quality and compliance?
- How do I balance AI technology innovations and cost efficiency?
- How do I redesign my end-to-end processes oriented towards AI to foster digital process excellence?

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Stage of implementation of technologies in GBS

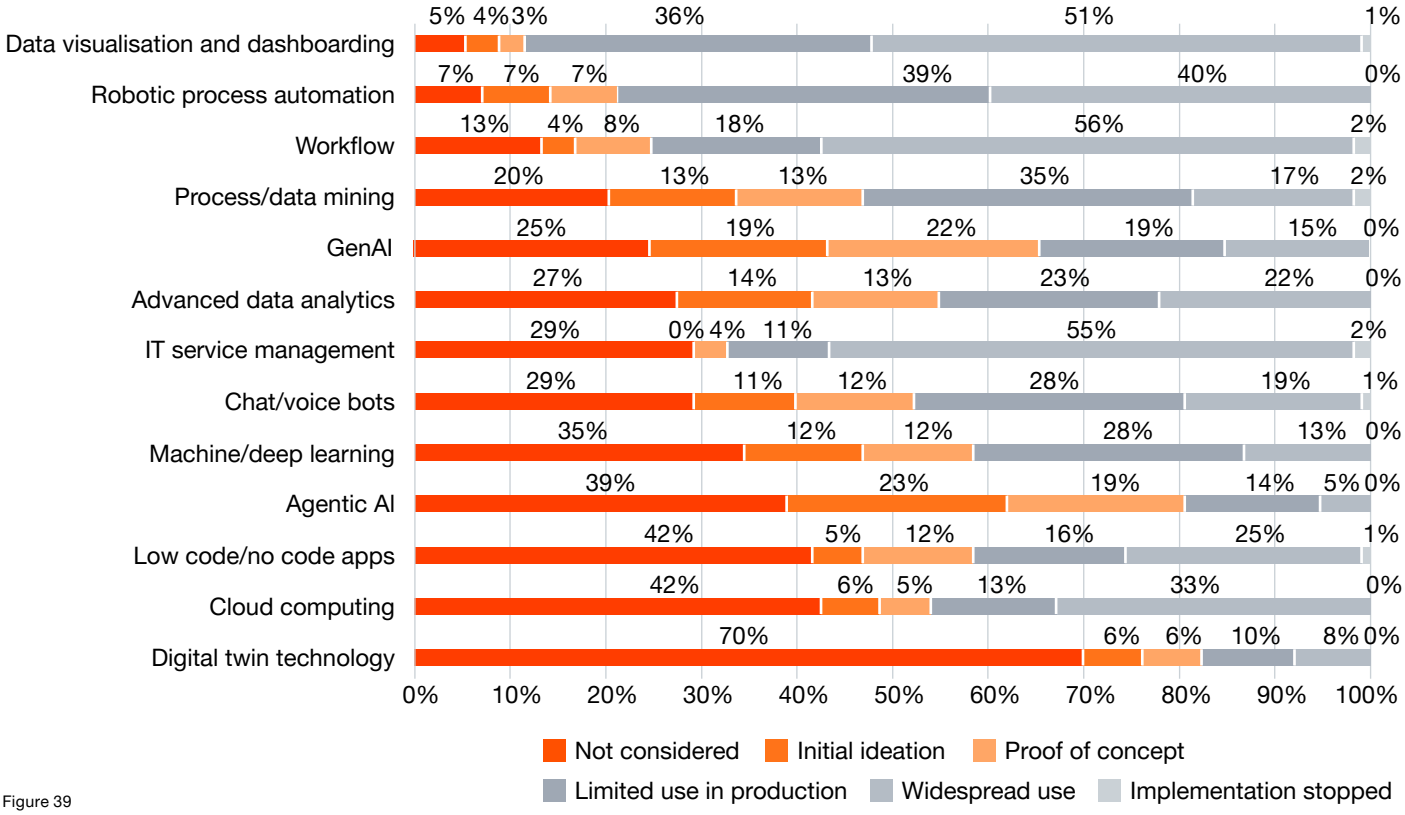

Figure 39

Technologies like data visualisation and dashboarding are widely adopted in GBS set-ups, delivering substantial benefits in terms of business insights and transparency. Tools for RPA and IT management are also highly deployed, reflecting the emphasis on automating processes and streamlining operations that is consistent with earlier findings. Less popular but older technologies, such as advanced analytics, chat, and voice bots, show a differentiated picture: organisations know it is not optional to use them, but actual satisfaction and practicality varies.

As for emerging technologies many organisations are still in exploratory phases, indicating plans to integrate them in the future.

As for emerging technologies (e.g. low/no code, agentic or generative AI, machine learning), many organisations are still in exploratory phases, indicating plans to integrate them in the future. With barriers to enter the AI race constantly being lowered, we expect this technology—and its actual, productive use beyond buzzwords and random acts of automation—to take off in the next years.

Mature GBS set-ups lead in technology adoption, reinforcing their role as strategic change agents and preparing them for developments like GenAI. Less mature structures, such as decentralised or single-function SSCs, predominantly tap into traditional technologies. They may encounter resistance or explore advanced options minimally due to limited resources or scope, but targeted investments could broaden digital proficiency in their core functions.

Expectations towards AI and RPA

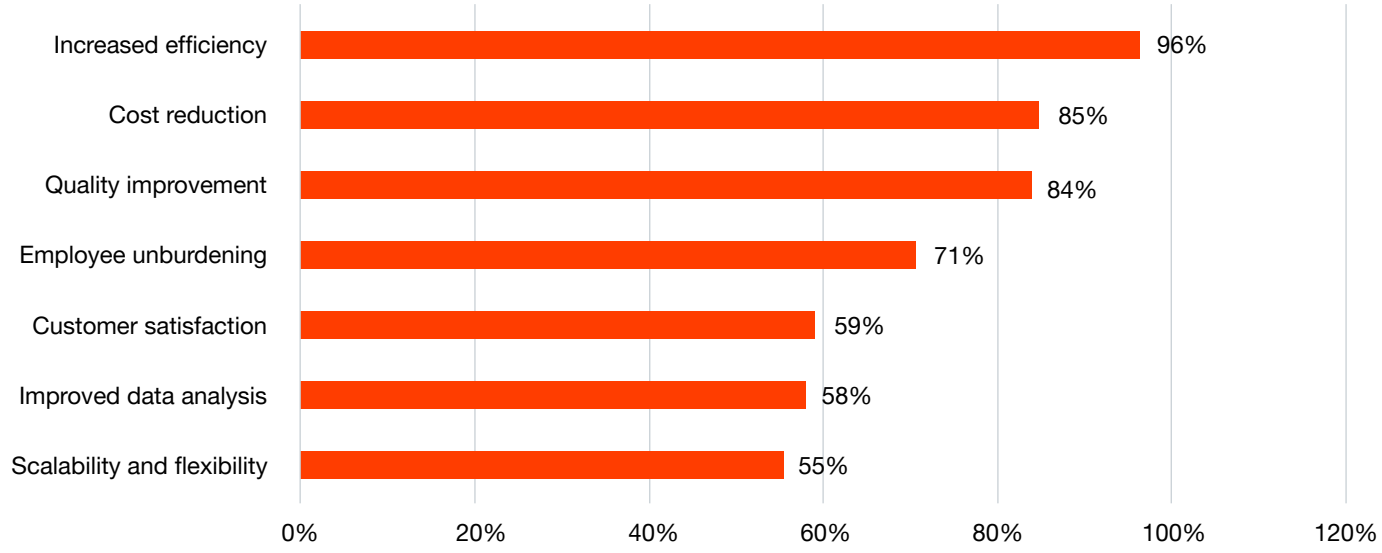

Figure 40

Efficiency and cost reduction are the top priorities for adopting RPA and AI in GBS, as highlighted by 96% and 85% of respondents respectively. These technologies are used primarily to streamline procedures and cut costs, with the aim to optimise operations.

As these technologies evolve, they'll increasingly redefine traditional business models. Meanwhile, quality enhancement and improved data analysis are also becoming key focus areas, with 84% and 58% seeing these as beneficial, pointing to a shift towards precision and data-driven strategies. Across all GBS types, there's a consistent focus on efficiency gains.

Current use of RPA and AI across functions

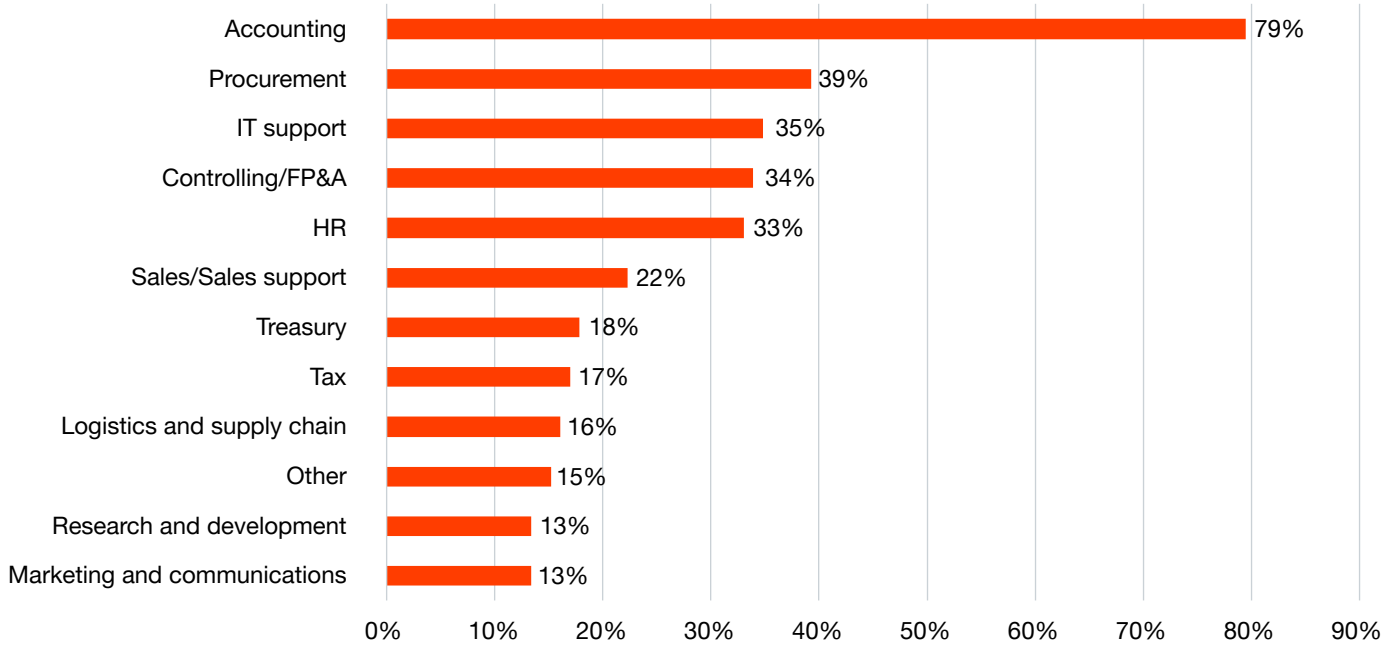

Figure 41

Across GBS, accounting emerges as the predominant area for AI and RPA application, as noted by 79% of respondents. This result reflects the historically central role of finance in GBS, both as the first and largest function. As it is well-suited for service centralisation and standardisation within GBS frameworks, it creates several use cases for technological adoption. For instance, procure-to-pay process chains, with their rule-based process and low exception rates, are exceptionally suitable as initial use cases.

Moderate adoption across HR, FP&A, IT support, and procurement (33-39%) align with automation levels identified in previous studies, underscoring a focused strategy within GBS organisations to tap into these technologies for operational efficiency and process optimisation.

Functions with implemented AI uses cases

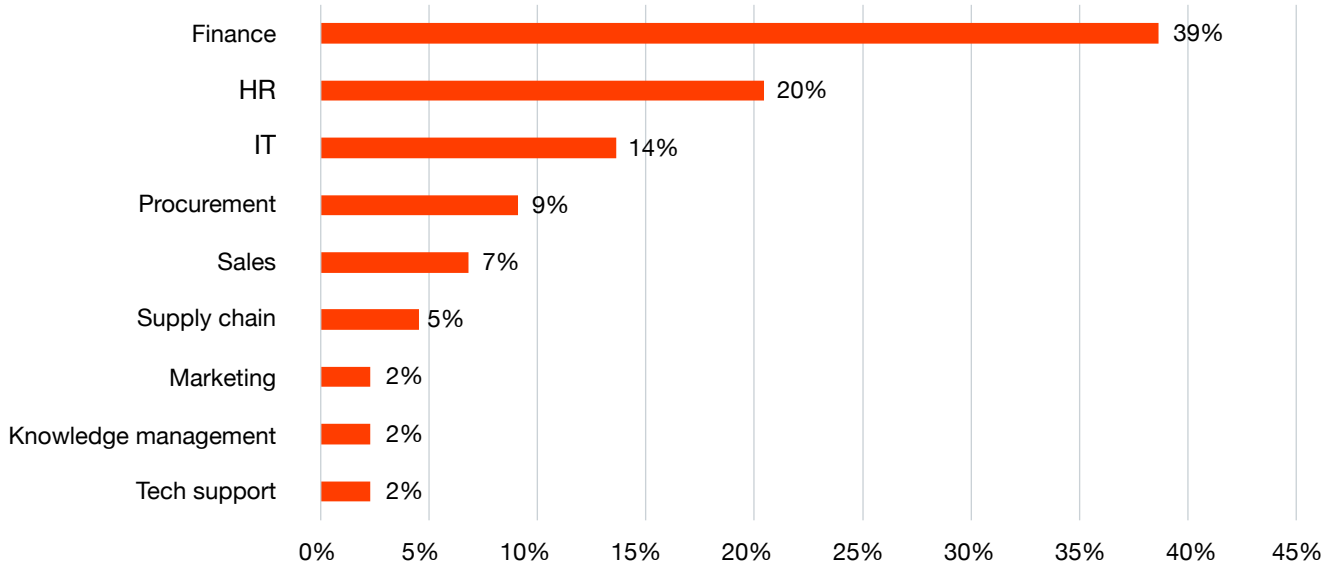

Figure 42

The spectrum of AI integration within GBS suggests differentiated maturity levels and strategic approaches.

The spectrum of AI integration within GBS, with around 40% of respondents indicating active use cases, suggests differentiated maturity levels and strategic approaches. Functions traditionally integrated into GBS first, such as finance, IT, and HR, also tend to be more mature and more amenable to AI-driven enhancements (as supported by their process maturity and standardised workflows).

Finance leads GenAI use case implementation (39%), showing that there's a priority to augment financial processes. HR shows significant adoption (20%), while IT (14%), procurement (9%), and supply chain (5%) reflect moderate integration, showing AI's diversification into other domains.

Functions with fewer use cases tend to be newer to GBS or still have high variation or insufficient data and maturity for AI adoption. Overall, the trend underscores the gradual evolution and strategic adoption patterns of AI across varied functions in the GBS landscape.

Expert article:

Unlocking value and navigating experimentation with AI

As a force for innovation, AI not only enhances existing processes but also redefines what's possible across GBS operations. Yet, many organisations still grapple with where to start, how to prioritise use cases, and how to scale impact. We explore how leading organisations apply AI to drive transformation within GBS, focusing on back- and front-office capabilities and the trends shaping the future.

GBS is an optimal environment for AI implementation due to its transactional and high-volume nature of work.

GBS is an optimal environment for AI implementation due to its transactional and high-volume nature of work. This presents a strategic advantage, as it facilitates both experimentation and effective application of solutions across delivery models, even as technology and the market evolve.

To drive value, AI spans several complementary capability areas that GBS can combine: machine learning discovers patterns in data to predict outcomes, classify information, and recommend actions. Natural language processing (NLP) enables systems to interpret and work with enterprise text and knowledge, supporting activities like knowledge capture and search. Generative AI creates new content, such as process documentation drafts and knowledge summaries, accelerating knowledge transfer and ideation. Agentic AI (AI agents) takes it a step further by autonomously pursuing goals within guardrails—planning multi-step tasks, invoking enterprise tools via APIs, collaborating with humans and other agents, and learning from feedback. Together, these capabilities help GBS release capacity from transactional execution and direct it towards insight generation, decision support, and new value creation.

The evolving GBS landscape – beyond traditional value levers

GBS has long relied on labour arbitrage, process standardisation and scale, but returns from these levers are diminishing as markets, skills and expectations change. Three dynamics are reshaping the GBS mandate:

Maintaining gains from traditional levers:

A narrow focus on location strategy and standardisation delivers fewer incremental benefits and can create change inertia. To keep advancing, GBS must combine process excellence with technology-led services and outcomes.

Increasing complexity:	Regulatory demands, data privacy mandates, and cross-border requirements outstrip what traditional approaches can handle. With its ability to integrate and reason over large, diverse datasets, AI is well suited to efficiently address this complexity.
Strategic expectations:	Leaders now expect more than cost savings. They want insights, innovation, and better experiences. GBS must evolve from transactional service delivery to strategic partnership aligned with business outcomes. AI addresses these dynamics by opening new avenues of value creation not bound by geography, data, and processual or organisational silos. As a result, organisations applying AI in GBS are seeing productivity gains, higher service quality, and stronger strategic contributions.

The urgency to start: don't miss the AI wave

The pace of AI advancement makes early, deliberate action critical. Waiting increases the risk of lost opportunity and higher future integration costs.

Market leadership:	Early adopters set standards for innovation and quality. For example, leaders who embrace agentic AI in executing tasks across tools are compounding advantages of faster cycle times and continuous learning.
Consumer and partner expectations:	Personalisation, speed, and always-on service are table stakes. AI is often the means to meet these expectations at scale. Sample applications include virtual agents that answer around the clock; AI routing to cut wait times; and context-aware responses in HR, IT, finance, or procurement.
Workforce expectations:	Talent wants modern tools that eliminate drudgery and enable impact. Agentic assistants augment roles, shifting work towards judgement, exception handling, and partnership.
Strategic investment:	AI is not a bolt-on feature. Data, processes, and risk and talent models must adapt, especially when enabling autonomous actions under governance.
Culture of innovation:	Embedding AI now gives teams time to experiment with agentic patterns (sense-plan-act loops, tool use, and guardrails) and operationalise safe, scalable designs.
Cost saturation:	With rising labour costs and a tight talent supply, agentic automation of end-to-end workflows helps break through diminishing returns.
Future-proofing the operating model:	As the commercial frontline adopts advanced agentic capabilities, GBS must synchronise to remain an effective partner.

Accelerating GBS work with AI and agentic workflows

Beyond improving established operations, AI can speed and de-risk the transition of work into GBS by standardising, documenting, and operationalising knowledge at scale. Its next technological evolution, agentic AI, works alongside people through two complementary patterns: human-in-the-loop and humans-on-the-loop.

In human-in-the-loop workflows, agents draft outputs or prepare actions, and employees review, edit, and approve before execution. This is suitable for sensitive steps such as financial postings, vendor updates, or policy exceptions. In humans-on-the-loop workflows, agents execute within predefined guardrails and approval thresholds while people supervise at the system level—monitoring dashboards, intervention and escalation rates, and alerts; stepping in on exceptions; and continuously refining prompts, tools, and policies. Staged autonomy (observe, propose, approve, then limitedly execute), clear escalation paths, and audit logs ensure safety and transparency while freeing teams to focus on judgement, exception handling, and business partnering.

Frontrunners of this increased (agentic) AI use are moving decisively beyond what might be termed 'efficiency theatre'—superficial applications of AI that yield minimal strategic impact. Instead, these leading GBS organisations are creating sophisticated AI applications, such as 'decision copilots', dynamic narrative reports that derive actionable insights from complex datasets and agentic interfaces that elevate human business judgement. This isn't about entirely replacing human tasks; rather, it is a strategic imperative to augment human capabilities, enabling teams to perform at a higher cognitive level and focus on more strategic, value-adding activities.

Specialised AI agents collaborate seamlessly across multiple technology platforms.

The power of AI in GBS can be realised through the implementation of 'agentic workflows', where specialised AI agents collaborate seamlessly across multiple technology platforms. This includes enterprise systems like CRM and ERP, advanced data platforms, DevOps environments, and comprehensive knowledge management systems. This framework profoundly enhances operational effectiveness by automating routine and complex tasks, enables the dynamic scaling of operations to meet fluctuating business demands, supports continuous optimisation through real-time data analysis, and fosters agility in responding to evolving business needs.

The concept of an 'agentic mesh' takes this further; it refers to an interconnected, resilient ecosystem designed to orchestrate, scale, and govern autonomous AI agents across the entire enterprise. This mesh framework can simplify integration complexities, significantly reduce operational overhead, enhance security by enforcing standardised access and governance, and dramatically accelerate the deployment of AI solutions.

Execution engine

- Largely **traditional workforce**
- Majority of processes/activities **executed by humans**
- Enabled by core systems of record and other **operational systems** only

Digital augmentation

- Predominantly **human-led organisation** executing most processes
- Significantly **higher levels of automation with some digital/AI workers**, e.g. ChatGPT, RPA bots
- Improvements in core systems and native automation eliminate transactional work (reinvested in strategy and insights)

Expansive digital workforce

- Paradigm shift as most **transactional processing work becomes fully delivered by agentic AI** as well as elements of core business operations
- **Size of AI workforce surpasses the number of humans**, forcing a fundamental operating model shift

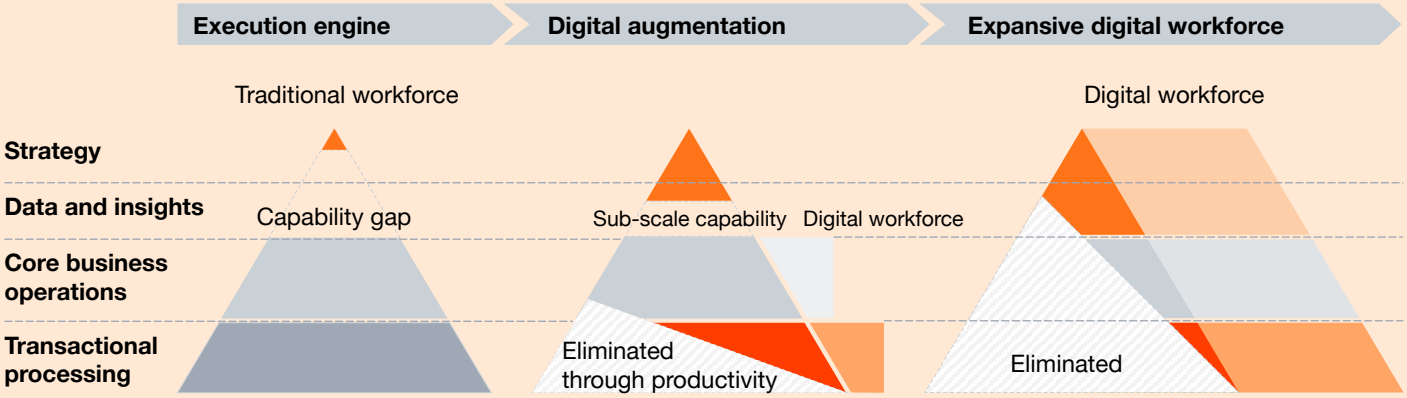

Figure 43

Merging innovative agentic AI use cases with more established cases leads to a wide variety of potential applications:

- **Automated process documentation:** AI can rapidly capture and draft BPMN 2.0-ready process maps and standard operating procedures from existing workflows, reducing manual effort while supporting standardisation before migration, reducing time to create process documentation by more than half.
- **Efficient knowledge transfer:** AI platforms help extract expertise from legacy systems and subject matter experts, creating dynamic knowledge bases that shorten ramp-up time for new teams.
- **Knowledge capture and accessibility:** Using NLP and machine learning, AI can organise large knowledge repositories and surface critical insights, enabling continuity and faster problem resolution.
- **Agentic execution:** Agentic AI can orchestrate multi-step processes across ERP, CRM, and ticketing systems—handling queue triage, monitoring SLAs, performing reconciliations, suggesting accruals, resolving P2P exceptions, onboarding vendors or routing HR cases—while escalating to humans on defined thresholds.
- **New value creation:** With integrated data and holistic analytics, GBS can evolve from a transactional centre to an internal advisory partner that identifies improvements and business opportunities across the value chain.

Adoption challenges:

Realising AI's promise requires overcoming common hurdles, which are amplified when enabling autonomous action through agents.

- **Technology integration:** Aligning AI with legacy systems and security patterns demands architectural agility and close IT partnership. For agentic AI, reliable tool catalogues, API access, identity management, and audit trails are critical.
- **Stakeholder buy-in:** Executives, managers, and frontline teams need a clear value story. Visible pilots with measurable outcomes and safety guardrails build confidence and momentum.
- **Culture and ways of working:** AI changes roles and workflows. With agentic AI, teams shift towards supervising agents, handling exceptions, refining policies, and improving prompts and tools.

Change management, and navigating the shift:

Thoughtful change management helps translate pilots into scaled outcomes.

- **Employee engagement:** Involve teams early. Use workshops, demos, and feedback loops to address concerns, collect ideas, and shape adoption, especially around agent oversight and escalation paths.
- **Continuous learning:** Invest in ongoing training on data literacy, AI tools, and agentic operating practices (e.g. task design, intervention standards, and post-incident reviews).
- **Leadership evolution:** Leaders need AI fluency to set the direction, govern risk, and model new ways of working. Equip them to sponsor agentic initiatives, define safety mechanisms, and clear obstacles.

Ethics, risk and trust in responsible AI:

Trustworthy AI is essential for sustainable value, particularly where agents can act.

- **Data privacy:** Build strong privacy and security controls to protect sensitive information while enabling insight generation and system actions. Align practices with applicable regulations.
- **Bias prevention:** Test models for bias, monitor performance, and use diverse datasets and review processes to ensure fair outcomes.
- **Transparency and control:** Favour explainable approaches where decisions affect people and financial outcomes. For agentic AI, implement action limits, approval thresholds, audit logs, simulation environments, and 'kill switches'. Make policy-as-code and human-in-the-loop supervision standard.

Talent development for the AI era:

A future-ready GBS workforce blends domain expertise with digital and agentic fluency.

- **Develop skills:** Prioritise education in data science, analytics, automation, AI product thinking, and agent design (task decomposition, tool use, supervision).
- **Drive cross-functional collaboration:** Pair process owners, data specialists, engineers, and risk/compliance partners to co-create technically sound and operationally adoptable solutions.
- **Incubate innovation:** Establish hubs or centres of excellence to test ideas, build reusable components (prompts, tools, policies), and scale proven patterns.
- **Embed human-AI collaboration and oversight:** Implement a two-tier governance model in which an independent AI review layer validates outputs from primary AI agents; flags inconsistencies, biases, and errors; and provides transparent, concise summaries to human supervisors. Supervisors must be accountable for the overall quality, regulatory compliance, and strategic alignment. Close the loop with continuous improvement to scale AI responsibly.
- **Mature the operating model:** Progress from personal task assistants to augmented functional workflows and ultimately to semi-autonomous, enterprise-wide workflows—positioning GBS as the definitive talent hub for an AI-driven enterprise.

Measuring success:

Define metrics that capture both operational and strategic impact, including agentic performance.

- **Efficiency gains:** Track reductions in manual effort and error rates, cycle time improvements, and capacity released for higher-value work.
- **Strategic impact:** Measure forecast accuracy, reporting cycle times, stakeholder satisfaction, and the quality and adoption of AI-driven insights.

- **Agentic effectiveness:** Monitor autonomous completion rate, human handoff and intervention rates, time-to-resolution, safety incidents avoided, and adherence to guardrails.
- **Innovation velocity:** Track the pipeline of new analytics, predictive controls, agent tools, and real-time monitoring capabilities, along with reuse of components.
- **Business model transformation:** Assess new service offerings, the shift from cost centre to value creator, and the degree to which AI-enabled insights and agents drive decisions and execution.

Critical shifts towards the future of GBS:

In terms of the actual work being performed in the functions, we have a clear view of how AI will reshape GBS.

- **From process execution to insight generation:** Routine transactions become highly automated; the focus shifts to scenario analysis, variance explanation and decision support powered by AI analytics and agents that assemble data and draft narratives.
- **From labour arbitrage to intelligence arbitrage:** The advantage moves from low-cost delivery to superior data, models and agentic execution that scales across processes and geographies.
- **From functional silos to decision platforms:** Integrated decision platforms connect GBS' insights—gained through its position as data steward—directly to operations or business functions, closing the loop between analysis and action; agents can trigger or prepare system actions under policies.
- **From process efficiency to business advisory:** As trust grows, GBS steps into a stronger advisory role, challenging business models, informing investments and guiding transformation with data-driven evidence. For example, finance agents can support working capital optimisation, collections prioritisation, exception handling and close orchestration with human approvals.

How to get started and scale:

While each organisation's journey is unique, common patterns reduce risk and accelerate time to value.

- **Focus on clear use cases:** Prioritise a small portfolio where data is accessible, benefits are measurable, and stakeholders are ready (e.g. forecasting, collections prioritisation, invoice processing, knowledge search, SLA triage).
- **Build the data and tool foundation:** Improve data quality, metadata, and access patterns. Establish secure tool catalogues and API integrations that agents can call even with least-privilege access.
- **Design for humans-in-the-loop:** Keep critical judgements with people while AI and agents handle detection, summarisation, and recommendations or pre-execute actions for approval. Define escalation rules and intervention playbooks up front.
- **Prove and standardise:** Use pilots to demonstrate outcomes, then document blueprints, guardrails, and reusable components (prompts, tools, policies, telemetry) to scale efficiently.
- **Govern and secure:** Set clear roles for risk, compliance, security, and model governance. For agents, add action governance, auditability, sandbox testing, and staged autonomy.

- **Invest in change:** Plan for training, communication, and role redesign (e.g. agent supervisors, policy authors, prompt engineers). Celebrate wins and share stories to maintain momentum.

Conclusion – AI as a strategic imperative

AI offers a step change for GBS—moving from efficient transaction processing to an intelligence-driven operating model that amplifies insights, improves experiences, and unlocks new value. Agentic AI accelerates this shift by orchestrating multi-step work across systems under strong governance, freeing people to focus on more significant, value-adding tasks.

By acting now with clear priorities, responsible guardrails, and investment in people, data, and tools, leaders can establish long-lasting advantages that compound over time. With these, the future of GBS will be intelligent, adaptive, and innovative—where technology and human expertise work together to reimagine how work gets done and how decisions are made.

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06

People, culture, and workforce development

While technology and talent are transforming at unprecedented speed, the workforce at the heart of global business services (GBS) is undergoing a profound shift. This chapter explores how organisations are reimagining roles, skills, and ways of working to thrive alongside the rise of agentic AI, and why those who adapt now will shape the future of work.

Employer positioning

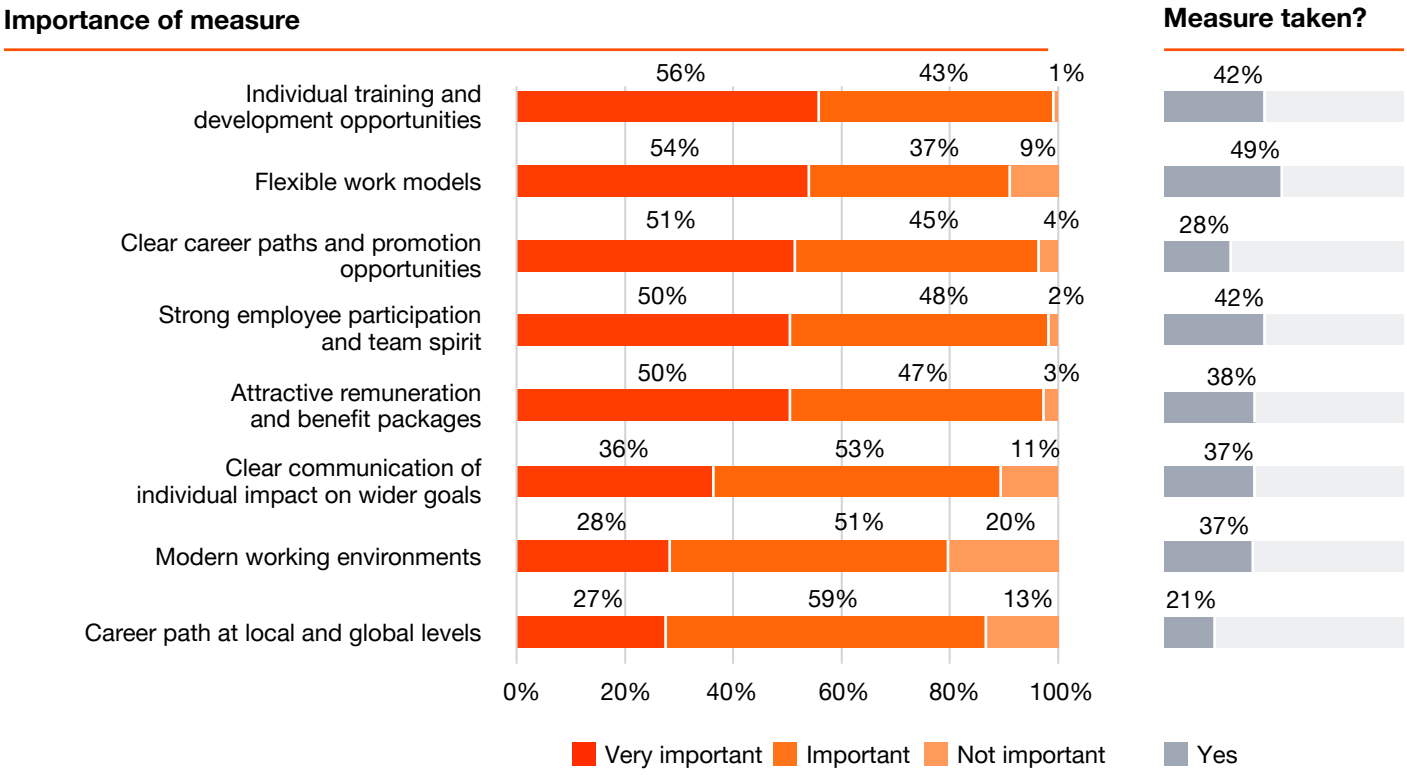

Figure 44

Implementing flexible working time models is a high priority and offers a clear advantage in positioning companies as attractive employers. This reflects the growing importance of flexible work environments, now a key factor for many employees when choosing an employer. Flexible hours, including working from home, are seen as essential, with 54% of organisations rating them very important and 49% already implementing such models.

In comparison, a modern work environment, such as co-working spaces and agile offices, is considered less important, possibly due to the rise of working from home and flexible working hours, which makes a physical office layout less important. Only 37% of companies have taken appropriate measures.

In addition, 51% of employees consider the establishment of career paths between GBS and other parts of the organisation at a global level to be very important. However, this measure is rarely, or only partially, implemented; only 28% of companies have done so. Possible hurdles include organisational complexity and resources required. Another obstacle could be high turnover rates and the circular effect of turnover, in which it is both a cause and result, as frequent personnel changes constantly alter the requirements and skills of the workforce.

Amid economic uncertainty and technological shifts, employees feel a higher need for individual training to secure their professional stability. Training allows them to adapt to new technologies and market conditions, so they can strengthen their employability and open up opportunities in developing industries. Around 56% of the companies recognise the value of individual training, with 42% already implementing measures to promote it.

Key skills to be built in GBS

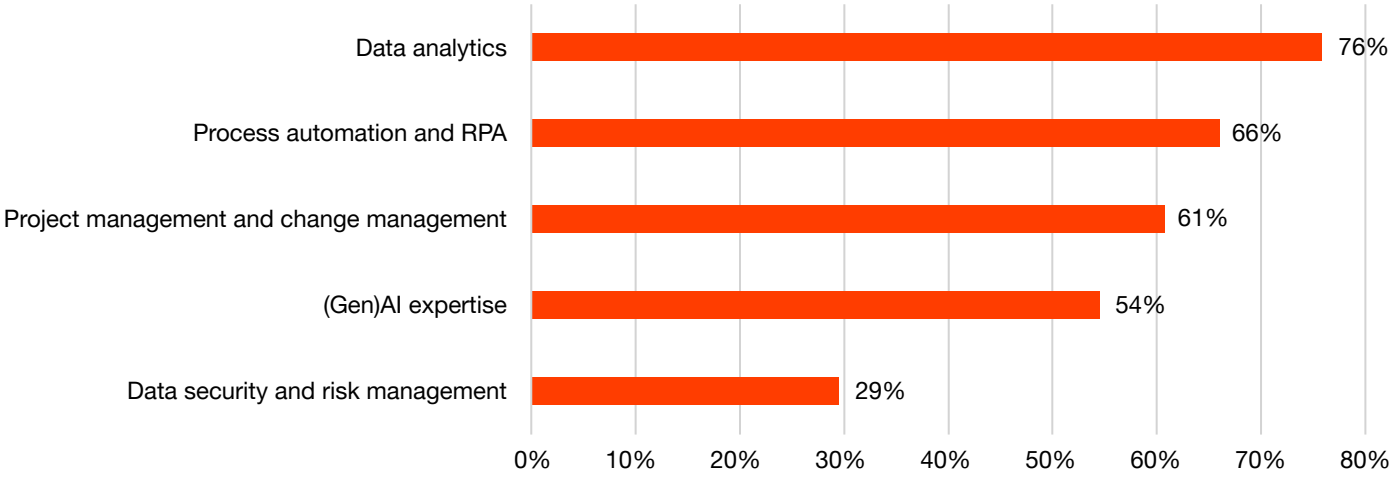

Figure 45

Figure 45 shows the skills currently being developed or sought in GBS. Around 76% of companies value data analytics, indicating that data-driven decision-making is now central to GBS. These skills differ from those required in earlier GBS models, which focused mainly on operational excellence. Process automation and robotic process automation (RPA), cited by 66% as the second most important skill, highlight the role of automation in enabling GBS to shift from repetitive tasks to complex, value-adding, and strategic activities. As the savings potential from labour cost arbitrage declines with rising costs in emerging countries, GBS is positioning itself as a driver of business transformation and using automation to strengthen its strategic role.

In contrast, only 29% of companies consider data security and risk management important. This is surprising, given that more critical functions and valuable business knowledge are being centralised in GBS organisations. One might expect more investment in security skills to protect the integrity and confidentiality of data. This gap may suggest an underestimation of risks or that they're managed directly from headquarters.

Current vs. expected working models

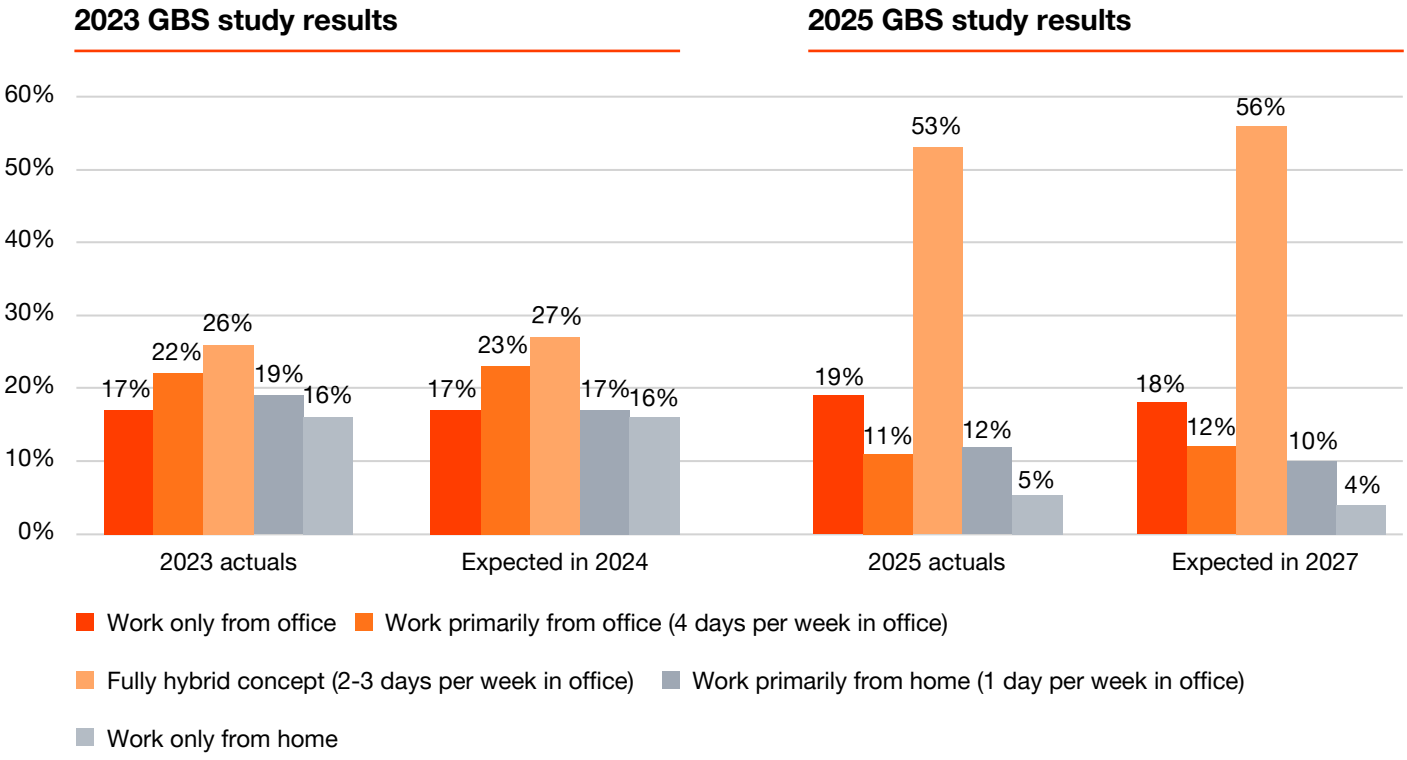

Figure 46

Our results show a clear trend towards hybrid working models. Between 2023 actuals and 2027 expectations, there will be a decline in employees working primarily in the office, indicating that companies expect to focus more on the advantages of remote models. This change appears to be driven by a desire to reduce operating costs, increase attractiveness to employees, and improve their environmental footprint.

Hybrid concepts are becoming more important as they balance flexible arrangements with personal interaction. Around 53% of organisations reported using a fully hybrid model, a figure expected to rise to 56% by 2027. These models reduce commuting time and support productive work from home while still allowing in-office meetings that build team spirit and cultural cohesion.

Advanced technologies enable a seamless transition between on-site and remote working, meeting both flexibility and work-life balance needs of employees and the strategic goals of organisations. This shift towards hybrid models shows that GBS organisations have recognised their benefits and are relying on them more to improve efficiency and employee satisfaction.

Average annual staff turnover over the last three years

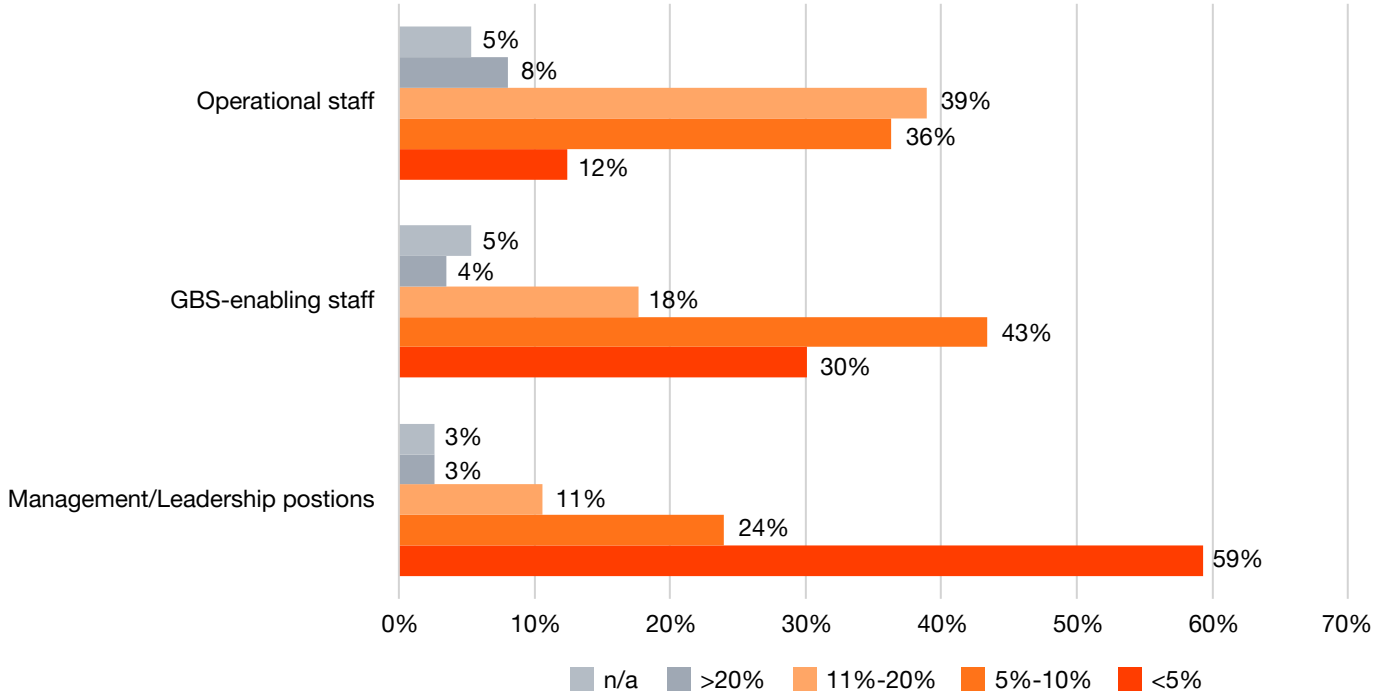

Figure 47

The evaluation of average annual staff turnover over the last three years indicates a significant reduction in GBS organisations between 2023 and 2025. What's notable is the decrease in management and leadership positions and in GBS-enabling staff, which could suggest that companies have implemented targeted measures to retain employees. These measures may include investments in employee development, leadership training, and incentive schemes. Flexible working models and career advancement opportunities could also form part of a broader initiative to meet the needs of an increasingly digital workforce.

The decrease in turnover in operational and support roles may indicate that the greater use of automation and AI isn't only improving efficiency but also enhancing the quality and attractiveness of the work. As technology takes over repetitive tasks, employees can focus on work perceived as more complex and creative. This could increase job satisfaction and strengthen company loyalty, as employees feel they're making a more valuable contribution to the company's success.

The decrease in turnover among management (59%) and GBS-enabling employees (30%), with rates below 5%, could suggest that these groups are being prioritised as crucial to long-term business goals. This prioritisation may be supported by targeted programmes to develop leadership and analytical skills that contribute to the stability and effectiveness of company strategy.

Expert article:

Workforce readiness for agentic AI

The past few years have compressed a decade of change into a short window. Agentic AI is moving from pilot to production. Demographics and talent scarcity are reshaping labour markets. Inflation is pushing every function to find new productivity. Geopolitics and regulation are changing how and where work gets done. Hybrid work has changed how teams operate. GBS sits at the centre of these forces. Technology gets the headlines, but people determine outcomes. Success depends on what the workforce does, the skills it brings, how teams are organised, and how leaders help them thrive alongside intelligent systems.

Many GBS organisations still treat automation as a bolt-on, but that approach no longer works. When agents still run end-to-end processes and send only the hard cases to humans, the whole talent system must change. Roles, skills, leadership pipelines, locations, performance measures, incentives, and culture all need a reset. Below are seven shifts to align the workforce with the realities of agentic AI and the broader megatrends shaping GBS, with clear actions you can take now.

1 Redesign roles and skills: from operators to AI orchestrators

Traditional roles in GBS focus on manual execution and standard work. With agentic AI now in the picture, the value of human work lies in empathy, ethical judgement, contextual sense-making, trust and relationship building, creative problem-solving, and clear negotiation and communication. It also includes oversight, orchestration, and continuous improvement.

What this looks like in practice:

Technical and data fluency:	Do not just build models; run them responsibly. People should understand model intent, confidence levels, key features, the data used, and how it can go wrong.
Exception mastery:	Design for the small share of cases that do not flow straight through. Turn these exceptions into learning signals that reduce future defects.
Business judgement:	Know when to override, escalate, or accept a borderline call. Align decisions with policy, risk appetite, and customer impact.
Human-AI interaction:	Write clear instructions. Create reusable prompts and decision templates. Translate vague requests into structured tasks that agents can execute.

Clarity in communication:	Agents must be able to parse and standardise language. The human premium shifts to concise, outcome-focused communication across teams and with customers. Legacy 'doer' roles will evolve into oversight and orchestration, such as AI operations analyst, exception owner, quality and model performance lead, data steward, and process product owner. HR should update job descriptions by removing tasks that no longer exist, adding responsibilities for AI governance, data stewardship, and continuous improvement, and setting clear expectations for how people work with agents.

2 Build capability and careers at scale

Upskilling is not a one-off training course but an ongoing cycle. Tool briefings will not help if the work itself is different. Build a learning curriculum tied to real work and running through the career life cycle.

Use a layered approach:

AI literacy for all:	Teach what agents can and cannot do. Show how to read confidence scores. Explain where bias can enter. Set rules for escalation. Standardise how people document decisions and interventions.
Data and analytics fluency:	Start with data quality and simple visualisation. Build towards applied analytics for roles linked to model performance and process improvement.
Apprenticeship in the flow of work:	Rotate people through an automation operations centre. Pair analysts with agents on live processes. Ask senior specialists to coach exception triage and intervention design.
Credentials that matter:	Offer badges or certifications that map to role families such as AI-enabled process manager, exception specialist, and model steward. People need to see a path, not a threat.
Communities of practice:	Create forums where teams share fixes that improve straight-through processing. Capture patterns that trigger drift. Reuse designs that reduce noise. Publish transparent career pathways that show how an entry-level analyst can become an AI-enabled process manager, a data-driven decision influencer, or a model governance lead. Link those paths to skills, learning experiences and role transitions. When people see a future and how they fit in, they are more likely to engage with the change, which helps readiness and reduces attrition.

3 Rebuild leadership, governance, and succession

The leaders needed for AI-enabled operations differ from the past. They should be comfortable with product thinking and iterative change, combine domain expertise with data literacy, and lead change effectively. They must also translate between data science, risk and controls, and the business.

Strengthen three areas:

Succession pipelines:	Identify and fast-track hybrid talent with domain depth, data skills, and the ability to lead change. Name successors for roles like Head of AI Operations, Model Risk and Controls for GBS, and Process Product Owner. Plan with equal care for roles likely to disappear. Be clear about reskilling routes and timelines.
AI and data model governance:	Set clear accountabilities across the three lines of defence. If the enterprise already has model risk management, plug GBS into it rather than creating a separate structure.
Ethical and regulatory readiness:	Tighten data access controls, document training data sources, and ensure explainability standards match your regulatory footprint. For financial services, healthcare, and public sector operations, this is non-negotiable.

Leaders set the tone and pace. Clear decisions about what will change, what will not, and how people will be supported through transitions to build trust and accelerate adoption.

4 Rethink the footprint: talent ecosystems over arbitrage

Location strategy in GBS has been shaped by labour cost, language capability, and infrastructure. **Agentic AI changes this**. What matters now is access to AI-savvy talent, proximity to universities and start-ups, strong partner ecosystems, and the ability to compete for hybrid skill sets.

Practical implications:

Rebalance hubs:	Cities like Bangalore, once seen as congested and expensive, are back on the map because they combine deep AI and data talent with mature business services. Warsaw, Mexico City, and Manila show similar trends as their digital talent pools grow.
Build hybrid networks:	Use a hub-and-spoke model with remote flexibility. Many oversight and analytics roles can be distributed. Complex exception work and product ownership still benefit from co-location in centres of excellence.
Align with partners:	Look at where your core technology partners are investing. Being near their talent and user groups can cut time to value and build capability.
Count the total cost of capability:	Go beyond salary arbitrage. Include attrition, time to hire for hybrid roles, upskilling investment, and the cost of downtime when talent is scarce.

The aim is not to abandon established locations but to future-proof the footprint. Add or expand hubs where AI capability is abundant. Repurpose legacy sites for scaled oversight and exception management, where they can still excel.

5 Realign performance and rewards

As routine processing is automated, traditional metrics like volume and error rate no longer capture human contribution. Redesign performance and incentives to reinforce behaviours that make AI safer, faster, and smarter.

Update the scorecard:

Flow and quality:	Track straight-through processing yield. Measure time to detect anomalies. Watch mean time to recover from exceptions. Monitor model uptime and data quality.
Intervention excellence:	Measure the precision of human overrides. Track the reduction in future defects after interventions. Monitor reuse rates for fixes and playbooks.
Innovation velocity:	Count improvement ideas that reach production. Track cycle time from idea to deployment and report on value delivered.
Risk and compliance:	Monitor adherence to AI and data model governance, check documentation quality, and test audit readiness.

Reward what matters:

- Link variable pay to team outcomes such as gains in straight-through processing or risk reduction.
- Treat continuous learning and contributions to communities of practice as core performance inputs, not side activities.
- Update promotion criteria. Include AI fluency, data stewardship, and change leadership.

This is also the time to simplify job architecture. Remove legacy role tiers where the work has gone. Create new families that reflect oversight, product ownership, and analytics responsibilities.

6 Expand scope and value: move up the value chain

As agents take on more transactional work, GBS can shift from cost engine to value partner. The view across enterprise data and processes is an asset that must be used.

Areas to target:

Insight and decision support:	Build scenario models for cash, supply, and workforce. Sense risk across fraud, policy breaches, and vendor performance. Deliver root-cause analytics that drive product and policy changes.
Policy operations and controls:	Translate policy intent into machine-readable rules. Test and tune those rules as agents act. Close the loop between policy owners and operations.
Advisory and enablement:	Equip business units with reusable decision templates, guardrails, and knowledge assets. Improve quality when needed.
Citizen development at scale:	Govern and enable safe reuse of components such as prompts, workflows, and connectors. Avoid shadow IT.

Refresh the service catalogue and describe outcomes rather than inputs. Offer tiered service levels by decision criticality. Assign product owners to key services so iterative improvement is funded and expected. Align pricing and governance with the value and risk profile of the decisions you support.

7

Anchor the change in culture and trust

Technology change is the easy part; the human response is harder. People feel pride in their craft and worry about redundancy. Leaders must recognise that psychological safety is not a soft issue, as it drives performance.

Lead with transparency:

- Be clear about which roles will shrink, which will evolve, and which will be created. Pair honesty with concrete reskilling offers and fair transitions where redeployment is not practical.
- Involve teams in the design. The people closest to the work know where data quality issues lie and why certain exceptions are difficult. Co-designing guardrails and workflows builds ownership and improves outcomes.
- Normalise learning and experimentation. If every change must be perfect on day one, you will move slowly. Run safe-to-try pilots with guardrails and let teams build confidence and capability.

Language matters. Drop jargon. Use plain words to say what the agent will do, what the human will do, and how decisions will be reviewed. The clearer the story, the faster people can get on with the real work.

‘No-regrets’ moves for the next 12 months

Set up an automation or AI operations centre:	Centralise monitoring of agentic workflows, model performance, and exception management. Rotate talent to build capability and standards.
Publish an AI role architecture:	Update job families, responsibilities, and skills. Map current roles to future states. Make pathways visible and support them with reskilling plans.
Launch an AI literacy and data fluency baseline:	Make it mandatory and role-tailored. Measure results and link completion and application to performance objectives.
Refresh your location strategy:	Assess where AI talent is available at scale. Pilot a new hub or expand one aligned with your technology stack and partner ecosystem.
Redesign the scorecard and incentives	Introduce flow, intervention, and innovation metrics. Link variable pay to team outcomes and learning. Simplify job architecture.
Integrate GBS into enterprise model governance:	Create an inventory of AI and data models, set approval gates, define monitoring thresholds, and clarify RACI across lines of defence.
Update the service catalogue:	Shift from transactions to outcomes. Offer tiered services by decision criticality. Assign product owners and fund iterative improvement.

Conclusion – design the workforce your AI needs

Agentic AI is already changing how work flows, how quality is assured, and where human judgement is essential. Leaders will design for this reality by recasting roles, building capability at scale, strengthening leadership and governance, adapting the footprint, realigning incentives, expanding scope, and building trust.

This isn't simply about reducing headcount. It's about shaping a workforce that can partner with AI: people who understand data, exercise sound judgement, and improve the system every day. Some legacy roles will disappear, many will evolve, and new roles will emerge. If you plan transparently, invest in skills, and align performance systems with the work that matters most, you'll protect your people and expand your impact.

The megatrends and pace of change won't slow down. GBS must choose whether to adapt its workforce to harness them or be forced to catch up later at greater cost and behind competitors. The work is clear and urgent. The time to start is now.

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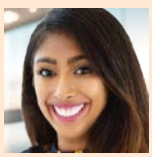

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About us

Our clients face diverse challenges, strive to put new ideas into practice, and seek expert advice. They turn to us for comprehensive support and practical solutions that deliver maximum value. Whether for a global player, a family business or a public institution, we leverage all of our assets: experience, industry knowledge, high standards of quality, commitment to innovation and the resources of our expert network in 151 countries. Building a trusting and cooperative relationship with our clients is particularly important to us—the better we know and understand our clients' needs, the more effectively we can support them.

PwC Germany. More than 14,000 dedicated people at 20 locations. €2.93bn in turnover. The leading auditing and consulting firm in Germany.

B

Demographic

Participants by number of total FTEs

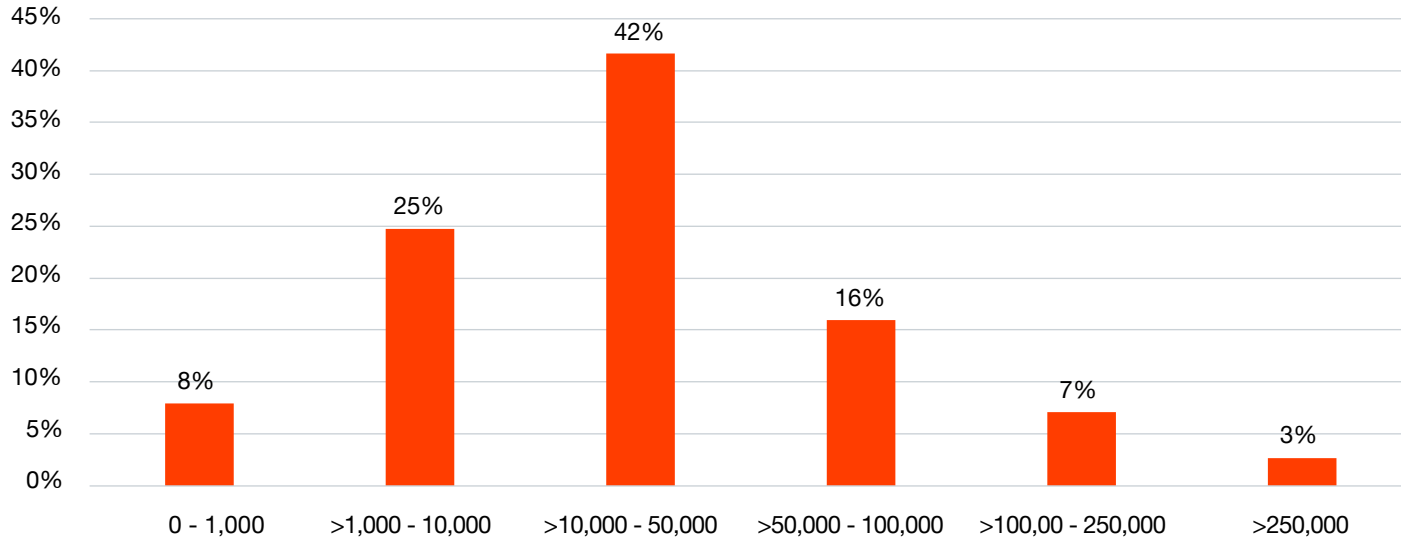

Figure 48

Participants by industry

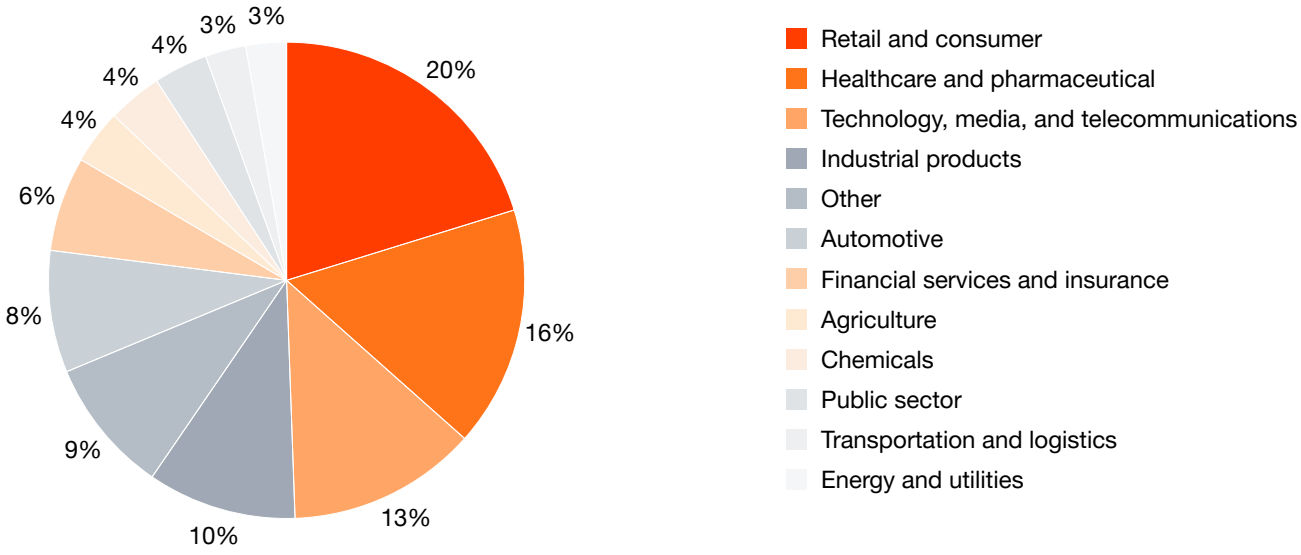

Figure 49

Thank you!

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