



DIGITAL & TECHNOLOGY SERVICES

Value-Centric Evolution: Global Business Services' Transformational Trends

The evolution of Global Business Services (GBS) over the past two decades reflects a shift from traditional cost-centric approaches toward more value-driven, digitally enabled strategies, driven by changing market dynamics, technological advancements and evolving customer expectations. Trends that are resonating in the market today include:

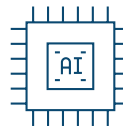
1 Adaptable resource models



2 Resilience and agility



3 Digitization and automation



4 Focus on risk management



The 21st Century Begins

To frame today's trends in context, it is essential to look at past trends and their role in shaping the shift toward value-centric evolution. The trends that emerged in the 2000s laid the foundation for a fundamental shift in how businesses approached global operations and service delivery. The decade witnessed an unprecedented outsourcing boom, particularly in IT services, customer support and back-office operations, as companies sought cost efficiencies and specialized skills by delegating non-core functions to external providers, often located in low-cost regions like India and the Philippines. This surge in outsourcing was accompanied by the rise of offshoring prominence, where companies established their own facilities or subsidiaries abroad to capitalize on global talent pools and cost savings while retaining full operational control. At the heart of these initiatives was a focus on cost reduction, driving businesses to optimize labor expenses and infrastructure overheads through strategic outsourcing and offshoring decisions. Moreover, the era marked the ascendance of information technology outsourcing, with companies increasingly relying on specialized service providers for software development, infrastructure management and other IT functions, fueling the growth of the IT outsourcing industry.

The 2010s

Fast forward to the 2010s, when a notable shift toward managed services became apparent, reflecting a broader desire for comprehensive outsourcing solutions that offered expertise, technology and process improvements beyond just labor arbitrage. In tandem with this shift there was a discernible focus on value creation, as companies began prioritizing strategic relationships with service providers capable of driving innovation, agility and enhanced customer experiences. This emphasis on value was further underscored by the onset of digital transformation, marked by the widespread adoption of technologies such as cloud computing, big data analytics, automation and artificial intelligence. These digital capabilities were integrated into outsourcing strategies to streamline operations, boost efficiency and maintain competitiveness in an increasingly dynamic business environment. Additionally, hybrid models gained traction, offering businesses flexible sourcing

In the 2010s, a shift to managed services focused on outsourcing for improved expertise, technology and processes.

strategies that combined elements of outsourcing, managed services and captive centers to meet specific objectives with greater agility and efficiency. Together, these trends reflect a progressive evolution in the approach to GBS, characterized by a growing emphasis on value creation, innovation and digital agility.

Hybrid models have gained traction, offering flexible sourcing strategies to meet specific objectives with greater agility and efficiency.

The 2020s

Today's trends warrant our attention because they represent the culmination of the evolutionary path that businesses have traversed over the past two decades. The trends we see today are not isolated occurrences but rather the fruition of earlier initiatives and transformations that have gradually shaped the GBS landscape.

For instance, adaptable resource models mirror the shifting dynamics of the workforce, driven by demographic changes, technological disruptions and evolving employee expectations.

The emphasis on resilience and agility reflects the lessons learned from past disruptions, such as the 2008 financial crisis and the 2011 Fukushima nuclear disaster, which underscored the importance of adaptability in the face of unforeseen challenges.

Furthermore, the prevalent influence of digitization and automation can be traced back to the advances in computing power, the shift toward economical telecom costs and the proliferation of global collaboration tools, which have fundamentally altered how businesses operate and interact internally and with customers.

Lastly, the growing focus on risk management has been propelled by a series of geopolitical events, economic downturns and technological advancements that have highlighted the need for proactive risk mitigation strategies.

While each trend has its individual features, the import of these trends is not just their individual significance but also their collective impact on how organizations operate, compete and thrive in an increasingly interconnected world. By recognizing the continuity between past trends and today's realities, we can better appreciate the significance of current developments and anticipate their long-term implications for business success and sustainability.

Today's trends are the fruition of the initiatives and transformations that have gradually shaped GBS.

AUTHORS



Kevin Smilie

Managing Director | Dallas, TX
+1 817 773 4127
ksmilie@alvarezandmarsal.com



Justin Pappas

Senior Director | New York, NY
+1 516 790 8891
justin.pappas@alvarezandmarsal.com

ABOUT ALVAREZ & MARSAL

Companies, investors and government entities around the world turn to Alvarez & Marsal (A&M) for leadership, action and results. Privately held since its founding in 1983, A&M is a leading global professional services firm that provides advisory, business performance improvement and turnaround management services. When conventional approaches are not enough to create transformation and drive change, clients seek our deep expertise and ability to deliver practical solutions to their unique problems.

With over 9,000 people providing services across six continents, we deliver tangible results for corporates, boards, private equity firms, law firms and government agencies facing complex challenges. Our senior leaders, and their teams, leverage A&M's restructuring heritage to help companies act decisively, catapult growth and accelerate results. We are experienced operators, world-class consultants, former regulators and industry authorities with a shared commitment to telling clients what's really needed for turning change into a strategic business asset, managing risk and unlocking value at every stage of growth.

Follow us on:



© Copyright 2024
Alvarez & Marsal Holdings, LLC.
All Rights Reserved. 442868

To learn more, visit: [AlvarezandMarsal.com](https://www.alvarezandmarsal.com)

ALVAREZ & MARSAL
LEADERSHIP. ACTION. RESULTS.™