

**DIGITAL & TECHNOLOGY SERVICES** 

## Harnessing Intelligent Automation: Boosting Value for Mid-Sized Enterprises with Global Business Services (GBS)

Traditionally, companies have achieved savings and efficiency in operations using offshore labor in countries including Poland, Romania, India, Philippines, and Mexico. The market has become mature, whether through Global Capability Centers ('GCCs'), or through services provided by third-party service providers. Furthermore, it has grown since the early 2000s, beyond straightforward IT and Finance, into customer facing activities, including sales support, mortgage processing and claims handling.

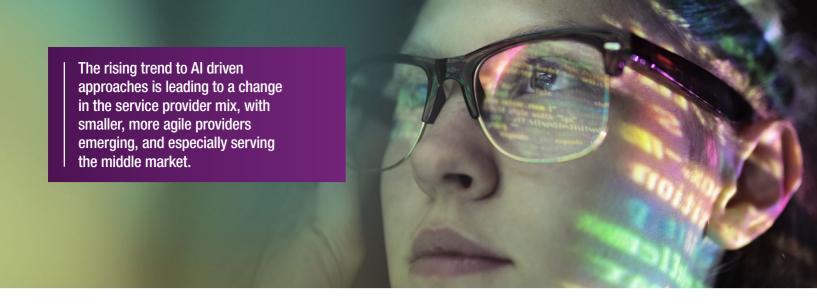
The success of this well-established model is critically dependent on scale, to deliver savings and efficiency. The fixed costs of operations can rapidly dilute savings, because of the high costs of internal management or the overheads of a larger service provider. In addition, many small to medium sized clients feel that larger service providers focus their attention towards larger customers, who provide stable earnings and profitability, with little interest in driving efficiency improvements or resolving service issues for smaller customers. The move towards technology-based delivery is mitigating this tendency in a large way, as managing processes delivered through Generative Artificial Intelligence requires much less management than overseeing people, including fast, accurate and relevant performance reporting generated by the software.

Historically, it has been challenging for medium sized companies to establish their own Captives or GCCs, especially in offshore locations. It has been both, a great deal of work and expensive for customers to establish, especially when they do not have any presence in an offshore location. The time to establish a green field GCC has typically been 12-18 months, with challenges in establishing a location, recruiting management and staff, setting up infrastructure and so on. The risks are high, and experienced management is needed to achieve the right outcome, manage the many risks, and contain initial set up costs.

All that said, these difficulties are now being overcome with centers being set up using Artificial Intelligence as a major part of their delivery model. As noted above, managing delivery through technology algorithms is much less management intensive than the traditional model, without the same need for scale. This is providing new opportunities for medium sized companies to establish GCCs, including offshore, whether as their own GCC, with a third party service provider, or even as a combination of the two, thereby providing the opportunity for greater efficiencies and lower costs.

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Interestingly, the rising trend to Al driven approaches is leading to a change in the service provider mix, with smaller, more agile providers emerging, and especially serving the middle market. Examples of these include rhino.ai, Now Platform and Builder.ai. These new providers offer technology driven service delivery models that are scalable, with minimal human intervention, and programmed with conversational English instead of specialized programming languages. Furthermore, the programming can now be at a cost point that was previously only affordable for large service providers, based on their prior investment.





Notwithstanding the large opportunity presented by AI, there are challenges that need to be addressed. These can be addressed in three key areas of processes, data and people.

- Processes are often fragmented and need to be standardized for AI to be truly effective.
- Data needs to be organized and structured, so that the Al model can access data, learn from the patterns of the data to detect trends rather than noise or bias, and apply standard formats to processes. Even large companies struggle with data integrity and structure while having dedicated Data Management teams. Small and medium companies struggle with data quality needed to train their agentic engines.
- People need to constantly acquire new Al skills, which require training on an ongoing basis.

Reviewing and implementing changes across these dimensions are achievable, but requires proactive leadership, with senior management support in customer organization. As a first step, A&M recommends a rapid strategic review and design approach to determine the future GBS model for a medium sized company, with functions to be included, relative merits of an in-house GCC approach or third-party service provider, potential range of savings and implementation plan. Once this is completed, and a road map is produced, medium enterprises can move rapidly towards developing AI led process transformation, whether through a GCC, third-party service provider or hybrid model to deliver agile process operations at a very significantly reduced cost.

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