HFS

MARKET IMPACT REPORT

AI-led Generative Business Services: The future of Global Business Services (GBS)

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Foreword

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The future of global business services (GBS) is here, and it's time to disrupt or get disrupted. GBS must evolve into AI-led generative business services. This isn't just about adopting new technology but about transforming data into a powerhouse of strategic value. GBS today faces significant challenges—aligning with the priorities of the top brass, attracting and retaining top talent, and breaking free from legacy constraints.

Generative business services are a game-changer. By leveraging AI, machine learning, and data analytics, it's set to create a seamless, frictionless enterprise. Now is the time to break the mold of back-office drudgery and emerge as a strategic, innovative powerhouse.

GBS leaders, the ball is in your court. Transform your organizations from cost-cutting machines to game-changing powerhouses. This report provides the roadmap—strategic alignment, relentless innovation, and proactive talent management are your keys to success.

Join us at the forefront of this revolution. Together with Capgemini and HFS Research, lead the charge into the next generation of business services.

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Executive summary

GBS has long been your go-to for cost reduction and operational efficiency. However, the future demands a shift from transactional activities to an integrated, value-driven approach. AI and data analytics are your new best friends, transforming data into a strategic asset that creates value and a competitive advantage.

Today, GBS faces long-term demand and supply challenges. Current strategies often misalign with the priorities of boards and CEOs who focus on revenue growth, margin improvement, and digital modernization. Attracting and retaining top talent are becoming increasingly difficult, resulting in a shortage of skilled professionals needed to drive innovation.

> HFS Research, in collaboration with Capgemini, reveals a game-changing shift from traditional cost-focused models to AI-driven generative business services. The future of GBS is about growth, innovation, and enterprise-wide transformation. Generative business services will create a connected, frictionless enterprise.

The research paper is based on the data points and analysis of data collected from 510 survey respondents across various demographics.

The research focuses on seven tenets to transform your GBS into generative business services:

1
Scope: From silos to synergy

Shift from defining your scope by functional activities to enterprise-wide data flows. The goal is a seamless, connected enterprise that maximizes digital transformation.

2
Success measures: From KPIs to key performance outcomes (KPOS)

Move beyond operational cost reduction and productivity metrics. Start measuring customer satisfaction, revenue growth, and process transformation.

3
Technology: From enabling process to creating competitive advantage

Generative AI (GenAI), machine learning, and hybrid/multi-cloud solutions will be central to driving innovation and delivering business outcomes, not just enabling operations.

4
Data: From reports to revenue

Leverage data as a core asset for decision-making and value creation. Generate insights that drive strategic decisions and uncover new value sources.

5 Skills: Beyond labor arbitrage (finally!)

Emphasize acquiring new and hard-to-find skills over traditional cost-cutting measures. Focus on soft skills (communication, negotiation, etc.) and nurture talent that drives innovation and transformation.

6 Third-party providers: From vendors to orchestrators

Evolve third-party providers from transactional vendors to ecosystem orchestrators that would bring new skills, technologies, and capabilities to support your GBS transformation.

7 Commercial models: From counting bodies to measuring outcomes

Engagement models with third-party providers must become more flexible and outcome-based. This ensures GBS initiatives align with business objectives and deliver measurable results.

As a GBS leader, you have a golden ticket to transform your organization's perception and value from cost-cutters to game-changers. It's time to disrupt or get disrupted. Embrace this bold new world of generative business services or risk being left behind.

The concept of GBS is still relevant but needs a reboot

The traditional roles and benefits of GBS remain vital and relevant, but there's an urgent need to redefine its narrative (see Exhibit 1). By embracing a strategic and innovative role, GBS can continue being relevant and valuable in today's fast-paced business environment. It's time for GBS to not just support but drive the strategic objectives of modern enterprises. Now is the time to evolve and ensure you aren't left behind.
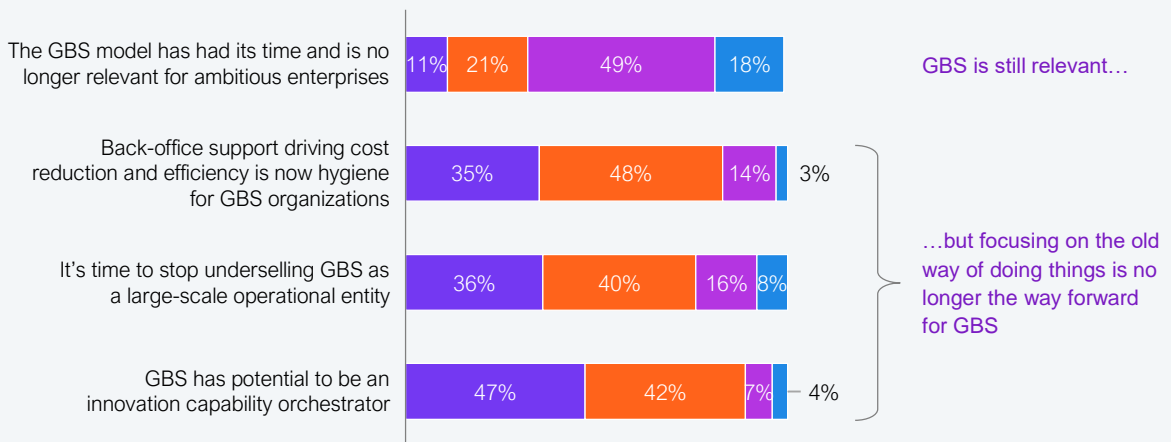
GBS is the unsung hero keeping the gears of the enterprise turning, managing essential back-office functions such as finance, HR, and procurement. It's deeply entrenched and indispensable for maintaining day-to-day operational efficiency—a go-to solution for slashing costs and standardizing processes. By consolidating services, these services achieve economies of scale, ensuring businesses run lean and mean. However, the business world has moved on, and GBS must catch up. Companies are now laser-focused on growth, innovation, and digital transformation. GBS must pivot from being a cost-cutting machine to a strategic powerhouse that aligns with these priorities.

> Over three-fourth of respondents agree that it's time to change the GBS narrative. It is even more pronounced among more mature demographics such as large enterprises ($20B+ in revenues) and industries such as financial services and high-tech that have long been on the GBS journey.

Exhibit 1: Over 75% of respondents agree that it's time to change the GBS narrative

To what extent do you agree/disagree with the following statements?

Legend: ■ Agree strongly ■ Agree somewhat ■ Disagree somewhat ■ Disagree strongly

Statement	Agree strongly	Agree somewhat	Disagree somewhat	Disagree strongly
The GBS model has had its time and is no longer relevant for ambitious enterprises	11%	21%	49%	18%
Back-office support driving cost reduction and efficiency is now hygiene for GBS organizations	35%	48%	14%	3%
It's time to stop underselling GBS as a large-scale operational entity	36%	40%	16%	8%
GBS has potential to be an innovation capability orchestrator	47%	42%	7%	4%

GBS is still relevant…

…but focusing on the old way of doing things is no longer the way forward for GBS

Sample: 510 survey participants
Source: HFS Research in partnership with Capgemini, 2024

For a long time, GBS has been typecast as a large-scale operational entity focused solely on transactional and back-office functions. This narrow view has pigeonholed GBS into a role where its primary value is seen as cost-cutting and operational efficiency—reducing these services to a behind-the-scenes role while failing to acknowledge its strategic importance and potential to drive significant business value. The focus on cost reduction and process standardization has overshadowed the capacity of these services to contribute to broader strategic goals such as innovation, growth, and digital transformation.

GBS has potential to transform from a traditional operational role to a dynamic innovation capability orchestrator. By leveraging advanced technologies, fostering cross-functional collaboration, and driving data-driven decision-making, GBS can lead the charge in driving innovation, creating new value, and ensuring the organization remains competitive in a rapidly evolving business landscape.

GBS must break free of the 'back-office' stigma of becoming an innovation capability orchestrator.

The current GBS model has long-term demand and supply issues

The current GBS model faces significant challenges in aligning its strategy with the priorities of boards and CEOs and in attracting and retaining top talent. Without addressing these issues, it cannot transition from a traditional cost-focused role to a strategic partner that drives growth, innovation, and competitive advantage.
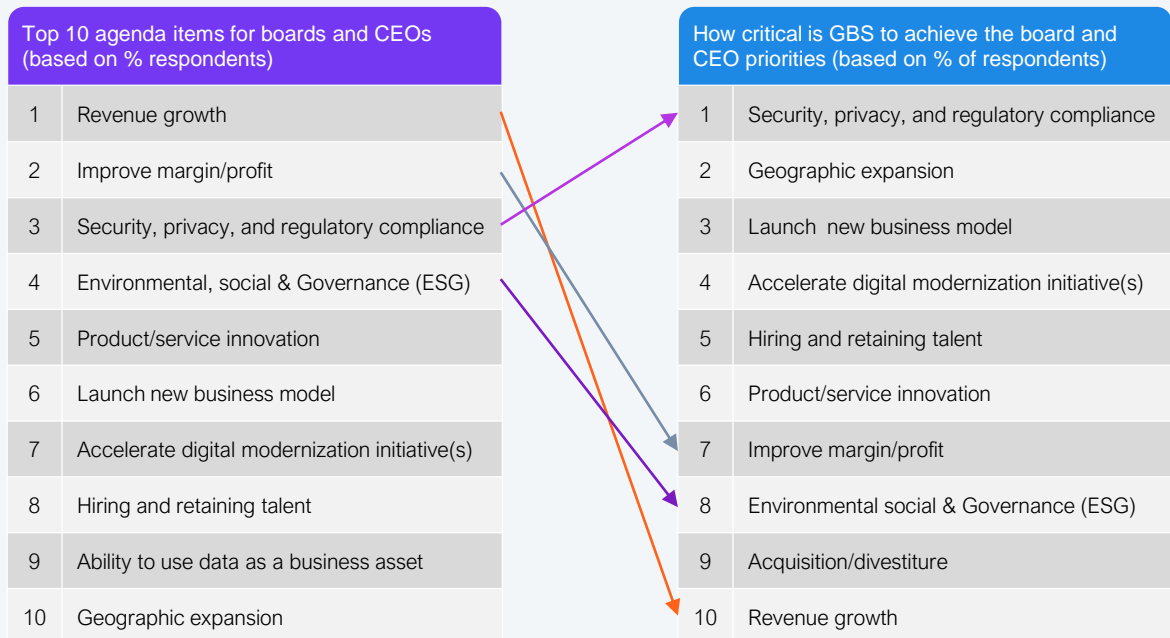
Misalignment with board and CEO priorities

GBS strategies are stuck in the past—they aren't in sync with the pressing priorities of boards and CEOs. While GBS is traditionally focused on cost reduction and operational efficiency, C-level enterprise leaders care about revenue growth, margin improvement, and digital modernization, as illustrated in Exhibit 2.

An area of relatively strong alignment between CEOs' priorities and GBS strategies is security, privacy, and regulatory compliance. By doubling down on advanced security measures, data privacy programs, and regulatory compliance initiatives, GBS can effectively support the strategic priorities of CEOs and contribute to the overall resilience and success of the organization.

Exhibit 2: GBS strategy is not aligned with the board and CEO priorities

Top 10 agenda items for boards and CEOs (based on % respondents)		How critical is GBS to achieve the board and CEO priorities (based on % of respondents)	
1	Revenue growth	1	Security, privacy, and regulatory compliance
2	Improve margin/profit	2	Geographic expansion
3	Security, privacy, and regulatory compliance	3	Launch new business model
4	Environmental, social & Governance (ESG)	4	Accelerate digital modernization initiative(s)
5	Product/service innovation	5	Hiring and retaining talent
6	Launch new business model	6	Product/service innovation
7	Accelerate digital modernization initiative(s)	7	Improve margin/profit
8	Hiring and retaining talent	8	Environmental social & Governance (ESG)
9	Ability to use data as a business asset	9	Acquisition/divestiture
10	Geographic expansion	10	Revenue growth

Sample: 510 survey participants
Source: HFS Research in partnership with Capgemini, 2024

Key priorities of boards and CEOs:

- Revenue growth: 71% of respondents identified revenue growth as a top priority for boards and CEOs. However, GBS strategies often remain focused on cost savings rather than revenue-generating initiatives.

- Margin improvement: 68% of senior leaders emphasize on improving margins. While GBS organizations excel at managing operational costs, they frequently lack the strategic initiatives and business outcomes to directly impact profit margins through value-added services.

- Digital modernization: With 60% of CEOs prioritizing digital modernization, GBS should be at the forefront of driving digital initiatives. However, many GBS organizations are still entrenched in legacy processes and technologies, hindering their ability to lead digital transformation efforts.

This misalignment results in GBS being perceived as a support function rather than a strategic partner. The lack of alignment can lead to underinvestment in GBS capabilities, limited influence in strategic decision-making, and missed opportunities to drive business value.

> "GBS has to be elevated from an important business unit to a strategic business unit at the enterprise. That will be possible only if GBS leaders are at the C-level and not the C-2 level."
>
> — Oliver Pfeil, CEO, Business Services, Capgemini
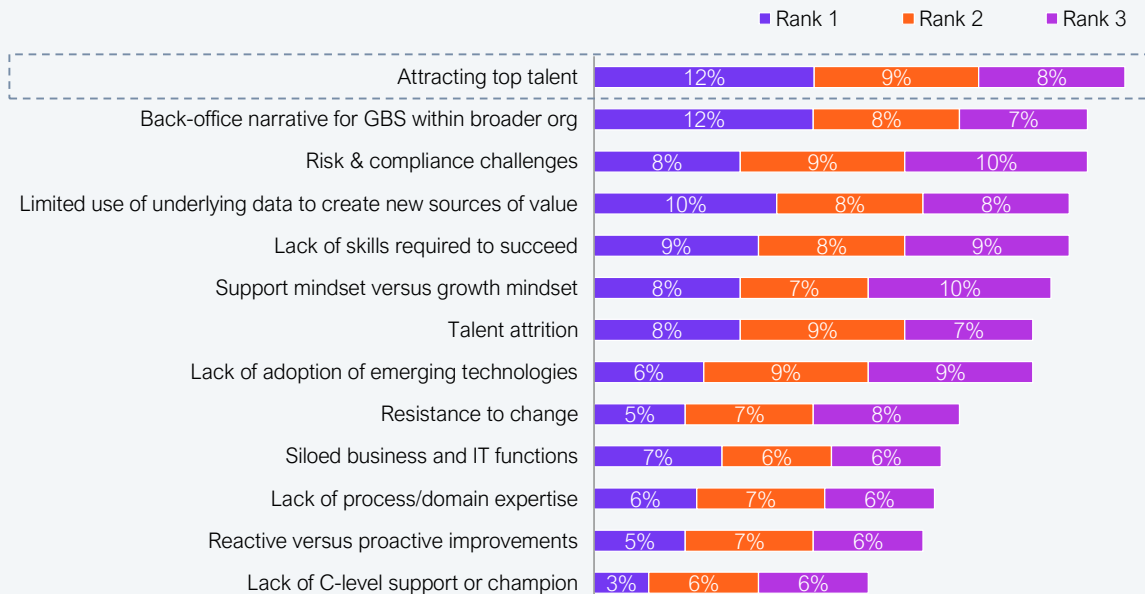
Attracting and retaining top talent

The talent game for GBS is brutal and a top challenge for leaders in this space (see Exhibit 3). The traditional focus on cost efficiency and process standardization has shaped its perception as a low-value operational function. This often deters high-caliber professionals from seeking careers in GBS, limiting the talent pool to individuals with a more transactional mindset. Once talent is acquired, retaining skilled professionals in GBS roles can be equally challenging. High attrition rates can be attributed to several factors, including limited career progression opportunities, lack of engagement in strategic initiatives, and the monotony of transactional work.

"To address GBS talent issues, leaders should think about their position in the enterprise. What is the story and the vision you share with your employees? How do you embed ecosystem partners into that? If you elevate GBS to a more strategic level, you will probably have a big reskilling and change-management exercise, but it will help embark on a new journey."

— Pierre-Louis Seguin, GSO, Capgemini Business Services

Exhibit 3: GBS is unable to attract top talent

What are the top challenges that your GBS needs to address to meet stakeholder expectations?

Challenge	Rank 1	Rank 2	Rank 3
Attracting top talent	12%	9%	8%
Back-office narrative for GBS within broader org	12%	8%	7%
Risk & compliance challenges	8%	9%	10%
Limited use of underlying data to create new sources of value	10%	8%	8%
Lack of skills required to succeed	9%	8%	9%
Support mindset versus growth mindset	8%	7%	10%
Talent attrition	8%	9%	7%
Lack of adoption of emerging technologies	6%	9%	9%
Resistance to change	5%	7%	8%
Siloed business and IT functions	7%	6%	6%
Lack of process/domain expertise	6%	7%	6%
Reactive versus proactive improvements	5%	7%	6%
Lack of C-level support or champion	3%	6%	6%

Sample: 510 survey participants
Source: HFS Research in partnership with Capgemini, 2024

Embrace AI or get left behind

Artificial intelligence (epitomized by the excitement around GenAI) offers a once-in-a-lifetime opportunity for GBS to pivot. Over 80% of respondents agree that it's time to rethink GBS as generative business services—better defined as AI-led data-driven services focused on driving growth and the enterprise innovation agenda (see Exhibit 4).

Embracing emerging technologies is crucial for GBS to lead the charge in innovation and strategic value creation. There is a clear shift from traditional, rigid systems toward more dynamic, intelligent, and flexible solutions. Technologies such as GenAI, machine learning, and hybrid/multi-cloud solutions are gaining momentum, driven by their potential to drive innovation, enhance decision-making, and improve operational efficiency.

Generative business services represent a transformative approach to GBS, shifting from a traditional focus on cost and efficiency to driving growth, innovation, and strategic value. By leveraging AI, machine learning, and data analytics, generative business services create a connected, frictionless enterprise that is poised to thrive in the digital age.

On the other hand, traditional systems such as enterprise resource planning (ERP) and basic workflows are losing importance as businesses seek more integrated and advanced technological solutions to stay competitive in the digital age (see Exhibit 5). An often overlooked yet crucial success factor is the connection between GBS and IT functionalities.

Exhibit 4: It's time to rethink GBS as generative business services

To what extent do you agree/disagree with the following statements?

It's time to rethink GBS as **Generative business services** (AI-led data-driven services) focused on driving growth and the enterprise innovation agenda.

- Disagree strongly: 4%
- Disagree somewhat: 15%
- Agree strongly: 43%
- Agree somewhat: 38%
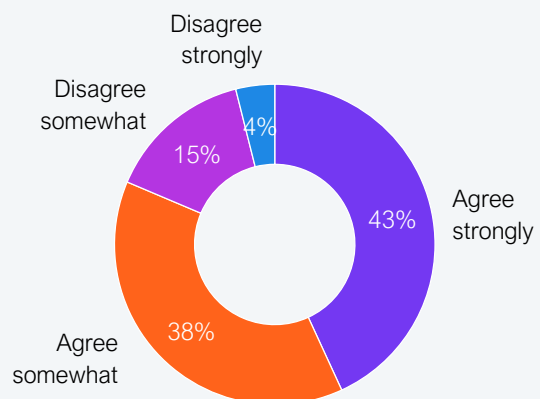
Sample: 510 survey participants
Source: HFS Research in partnership with Capgemini, 2024

Frequently, the business roadmap does not fully align with the CIO's roadmap, leading to challenges and prolonging any transformation process. To address this, certain IT components should be integrated into the GBS scope of enterprises.

The top three emerging technologies gaining momentum:

1. **GenAI:** At the forefront of transforming GBS, GenAI enables the creation of new content, products, and services through advanced algorithms and machine learning. This technology drives innovation, improves decision-making, and enhances customer experiences by providing more personalized and dynamic solutions.

2. **Machine learning:** This is crucial for predictive analytics and automation. It allows GBS to analyze vast amounts of data, identify patterns, and make informed decisions. The growing importance of data-driven insights makes machine learning a key technology for future GBS operations.

3. **Hybrid/multi-cloud solutions:** Hybrid and multi-cloud solutions offer flexibility, scalability, and resilience. As businesses seek to optimize their IT infrastructure, these cloud solutions can balance workloads, enhance disaster recovery, and reduce costs by leveraging multiple cloud environments.

The focus should be on enhancing the digital integration of fundamental ERP capabilities and supplementary tools such as BlackLine, HighRadius, Trintech, and Cadency. The adoption and effective use of these readily available technologies is much lower than the knowledge about these platforms. The success of those three tech trends depends largely on solid data infrastructure, particularly for creating impartial large language models (LLMs), which are essential to ensure the accuracy of machine learning and AI/GenAI models and outputs. These emerging technologies cannot be leveraged to their full potential without a strong data backbone.

It's also important to note that generative business services aren't just about emerging technology—it's about leading the charge in a rapidly changing business landscape. To embrace them, you need to rethink the scope, success measures, data, talent, and skills.

From silos to synergy: The radical shift in scope definition

To embrace generative business services, the scope of services within GBS must shift from functional activities to end-to-end processes and enterprise data flows (see Exhibit 5). This evolution is driven by the need to break down silos, improve efficiency, and leverage data as a strategic asset.

Currently, GBS initiatives are heavily oriented by functional activities such as accounts payable (AP), accounts receivable (AR), general ledger (GL), and claims. This is expected to drop to 22% in the future, reflecting a shift from siloed operations toward more integrated and strategic approaches. It indicates a growing recognition of the limitations of functional silos and a move toward structures that promote greater efficiency and collaboration.

The organization of GBS initiatives across end-to-end processes is projected to increase to 43%. This increase shows a shift toward more integrated operations. By focusing on end-to-end processes, organizations aim to enhance coordination, streamline workflows, and improve service delivery. This approach aligns with driving broader business outcomes and a better stakeholder experience.
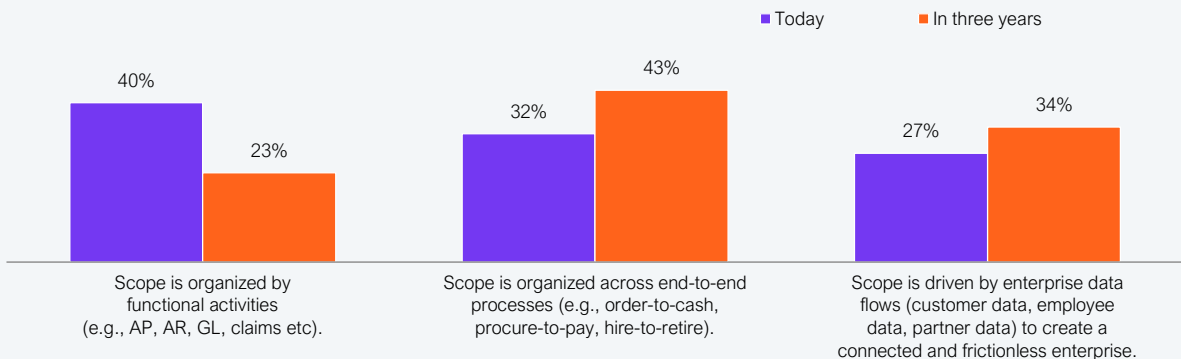
The focus on enterprise data flows is expected to grow to 34%, reflecting an increased emphasis on creating a connected and frictionless enterprise. Leveraging enterprise-wide data flows enables better decision-making, real-time insights, and predictive analytics. It supports the transition to AI-led, data-driven generative business services that can respond dynamically to business needs and market changes, driving innovation and competitive advantage.

> "The mix will change to a tech-augmented environment. New technologies will turn non-transactional tasks into transactional ones. But high-touch, business-specific knowledge and services will still need people, although their profiles will need to evolve."
>
> — Global GBS leader at a multinational manufacturer

Exhibit 5: The scope of GBS services is undergoing a significant transformation

How do you define the scope of services for your GBS initiative Today? How would you like the scope of services for your GBS initiative to change in 3 years?

Legend: ■ Today ■ In three years

Scope	Today	In three years
Scope is organized by functional activities (e.g., AP, AR, GL, claims etc).	40%	23%
Scope is organized across end-to-end processes (e.g., order-to-cash, procure-to-pay, hire-to-retire).	32%	43%
Scope is driven by enterprise data flows (customer data, employee data, partner data) to create a connected and frictionless enterprise.	27%	34%

Sample: 510 survey participants
Source: HFS Research in partnership with Capgemini, 2024

Redefining GBS success—from KPIs to KPOs

As GBS evolves from cost-cutting to value creation, traditional key performance indicators (KPIs) are losing ground. Cost reduction, productivity, and turnaround time are becoming less critical, while customer satisfaction, revenue growth, and process transformation are on the rise (see Exhibit 6).

KPO (Key Performance Outcomes) in GBS represents a strategic shift from traditional KPIs, like cost reduction and productivity, to outcomes that drive business value, such as customer satisfaction, revenue growth, and process transformation. This evolution aligns GBS more closely with executive priorities, positioning it as a critical partner in driving innovation, competitive advantage, and long-term business success.

As GBS transitions from a cost-cutting focus to a value-adding strategic function, cost reduction and productivity become hygiene. The emphasis is on driving innovation, growth, and improved business outcomes rather than just minimizing expenses.

Exhibit 6: GBS KPIs are shifting from cost and productivity to growth and transformation—it's no longer about KPIs but about key performance outcomes (KPOs)

What are the KPIs or evaluation metrics you use to define success for your organization? How do you think the KPIs will change in the future?
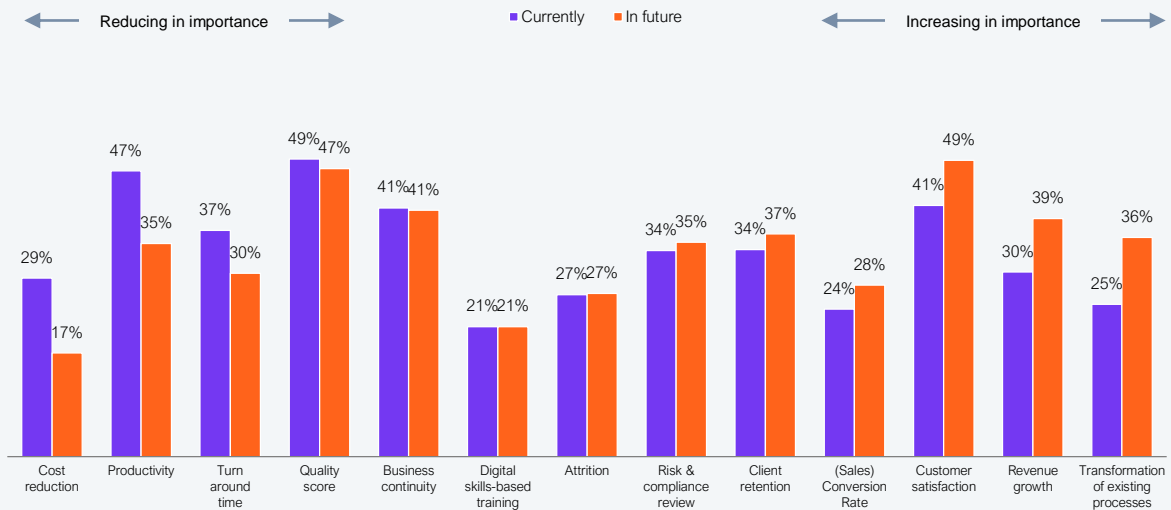
Sample: 510 survey participants
Source: HFS Research in partnership with Capgemini, 2024

The new GBS model prioritizes value creation and strategic impact over pure productivity metrics. The following are the top three GBS KPIs gaining importance in the future:

1. **Customer satisfaction (current: 41%; future: 49%):** With a shift to value creation and strategic impact, enhancing customer experiences becomes paramount. Satisfied customers lead to better business outcomes, repeat business, and a stronger market position.

2. **Revenue growth (current: 30%; future: 39%):** GBS should be seen as a driver of business growth. By leveraging AI and data analytics, it can uncover new revenue streams, optimize pricing strategies, and enhance sales effectiveness.

3. **Transformation of existing processes (current: 25%; future: 36%):** There's a strong focus on transforming traditional processes to be more efficient, data-driven, and innovative. This transformation is critical for staying competitive and ensuring long-term business success.

> "We are always part of discussions with planning and the digital strategy of the company, ensuring our alignment with overall strategy and supporting business growth."
>
> — A GBS leader

Data—from reports to revenue

Data in GBS was primarily used for reporting purposes, which include generating standard reports, compliance documentation, and performance metrics. It was also used to streamline and optimize existing processes. This involves tracking key performance indicators (KPIs), monitoring workflow efficiency, and identifying areas for improvement. The focus was on backward-looking analysis to track performance and ensure regulatory adherence.

The role of data is shifting from retrospective reporting to driving proactive decision-making. GBS is increasingly leveraging real-time data analytics to provide actionable insights. This allows for quick informed decision-making, anticipating market changes, and adapting strategies accordingly.

As we usher into generative business services, data must be treated as a strategic asset rather than just an operational tool (see Exhibit 7). This involves using data to uncover new business opportunities, optimize pricing strategies, enhance customer experiences, and drive innovation. By viewing data as an asset, GBS can generate new revenue streams and create competitive advantages.

Exhibit 7: Generative business services must use data-as-an-asset to find new sources of value

How is your GBS organization leveraging the underlying DATA? How do you expect the way the organization is leveraging underlying data to change in the next 3 years?
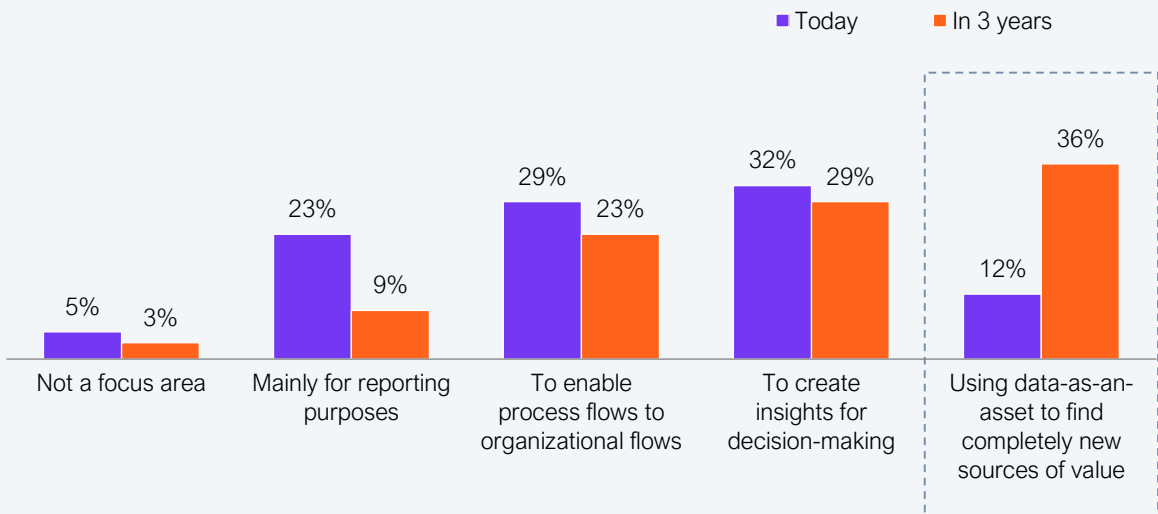
Sample: 510 survey participants
Source: HFS Research in partnership with Capgemini, 2024

Skills: Beyond labor arbitrage

The current GBS landscape heavily relies on labor arbitrage—achieving the same skills at lower costs—but there's only so much juice you can squeeze from the same lemon. The strategic shift from cost reduction to value creation places a significant emphasis on rare, cutting-edge skills (see Exhibit 8).

The future of GBS lies in providing value-added services that support strategic business objectives. These high-value activities demand a different skill set, including strategic thinking, innovation management, and advanced technical expertise. The traditional model of labor arbitrage simply doesn't align with these strategic needs.

Moreover, it's essential to emphasize the importance of leveraging top ecosystem partners. Not all skills need to be developed internally within the enterprise. Strategic buy vs. decision-making will drive long-term value and competitive differentiation.

Attracting and retaining top talent is crucial for the future of GBS. Skilled professionals seek

opportunities to work on innovative and impactful projects. Organizations relying solely on labor arbitrage may struggle to attract and retain such talent. By focusing on advanced skills and value creation, GBS can offer more attractive career opportunities and build a workforce capable of driving business success.

Traditional skills are being overshadowed by a new breed of expertise. Soft skills are no longer optional; they're essential. Tech wizards, masters of advanced technology, and problem-solving gurus, who optimize processes and solve complex issues, will continue to be prominent.
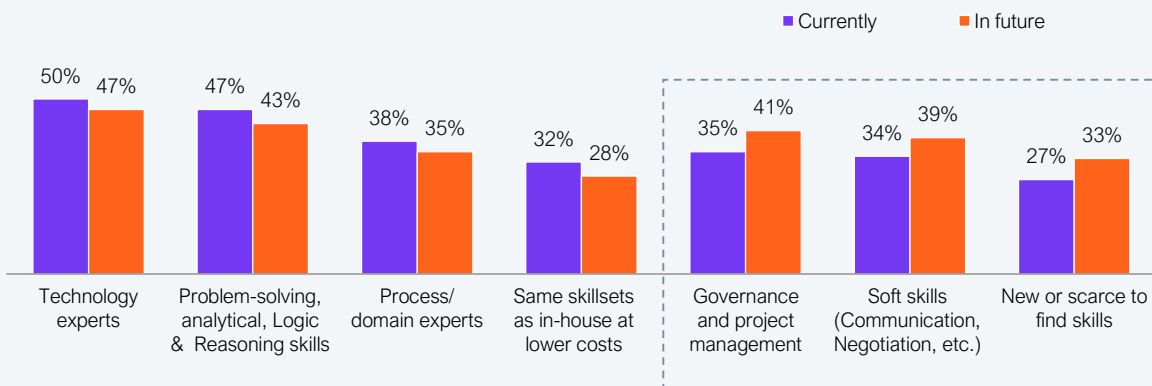
To stay relevant, GBS must embrace this skill revolution or risk being left in the dust.

> "Our strategy focuses on upskilling our team in new technologies, providing them with enriched career experiences."
>
> — A GBS leader at a global pharma

Exhibit 8: Generative business services must become the enterprise pool for finding new and hard-to-find skills

What skills are important for your organization today? How do you think the skills will change in future?

Legend: ■ Currently ■ In future

Skill	Currently	In future
Technology experts	50%	47%
Problem-solving, analytical, Logic & Reasoning skills	47%	43%
Process/ domain experts	38%	35%
Same skillsets as in-house at lower costs	32%	28%
Governance and project management	35%	41%
Soft skills (Communication, Negotiation, etc.)	34%	39%
New or scarce to find skills	27%	33%

Sample: 510 survey participants
Source: HFS Research in partnership with Capgemini, 2024

From vendors to visionaries: The rise of ecosystem orchestrators in GBS

Traditionally, third-party providers were considered transactional vendors, primarily focused on delivering specific services at lower costs. Their role was largely operational, providing support to areas such as IT services, customer support, and back-office functions. As global business services (GBS) evolve, these providers will act as ecosystem orchestrators (see Exhibit 9). This means they will bring new skills, technologies, and capabilities to the table, integrating various elements of the business to create a seamless, efficient, and innovative ecosystem.
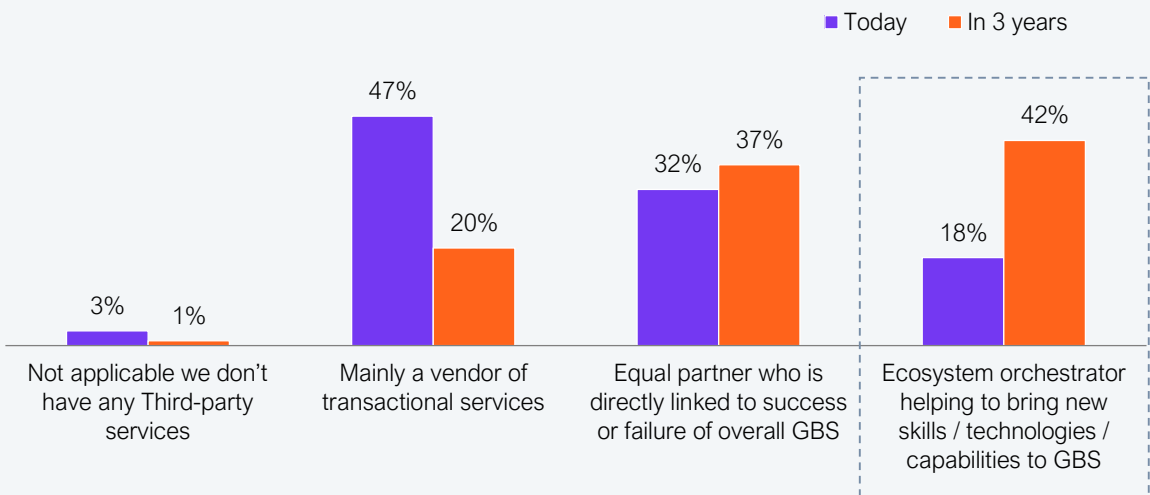
"Providers who see different parts of our business and other enterprises, can help bring us together our operations, offering best-of-breed technologies and assisting in the centralization, standardization, and automation of processes."

— A GBS leader at a global oil and gas company

HFS defines "ecosystem orchestrator" as a strategic role played by third-party service providers. This involves coordinating and integrating various elements of the business ecosystem—technologies, processes, people, and data—to create a seamless, efficient, and innovative operational environment. The primary goal of an ecosystem orchestrator is to drive value creation, enhance collaboration, and foster continuous innovation across the enterprise.

Exhibit 9: Third-party service providers will play the role of ecosystem orchestrators to bring new capabilities to generative business services

What is the role of your Third-party service provider? How do you expect the role of Third-party service provider to change in the next 3 years?

Legend: ■ Today ■ In 3 years

- Not applicable we don't have any Third-party services: Today 3%, In 3 years 1%
- Mainly a vendor of transactional services: Today 47%, In 3 years 20%
- Equal partner who is directly linked to success or failure of overall GBS: Today 32%, In 3 years 37%
- Ecosystem orchestrator helping to bring new skills / technologies / capabilities to GBS: Today 18%, In 3 years 42%

Sample: 510 survey participants
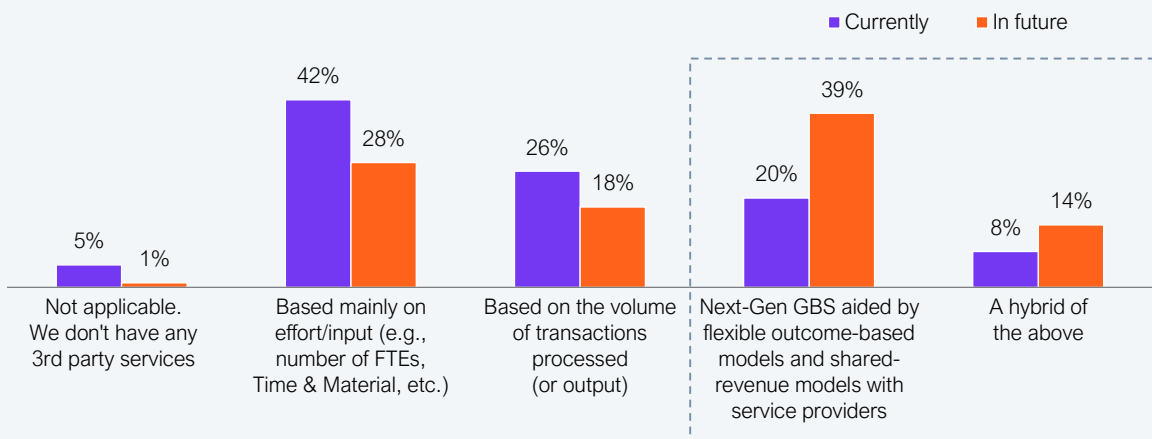Source: HFS Research in partnership with Capgemini, 2024

Commercial engagements with third parties must evolve significantly as we transition to generative business services. You cannot price services in an AI-led model on the basis of human effort (time and material [T&M], rate cards, FTE-based pricing, etc.) The shift from transactional, effort-based models to flexible, outcome-based, and value-driven engagements will better align the interests of service providers with those of GBS organizations.

Key features of future commercial engagement models:

- **Shared revenue and risk:** Service providers will have a stake in a project's success, incentivizing them to deliver higher-quality and more innovative solutions. The approach ensures that providers are more invested in the success of the initiatives, driving them to mitigate risks proactively.

- **Value-based pricing:** This could involve metrics such as cost savings, revenue growth, and customer satisfaction improvements. Clients will pay for the tangible value they receive, making the relationship more performance-oriented.

- **Hybrid engagement models:** Future commercial engagements may combine elements of different models to best suit a project's specific needs. Hybrid models allow for greater customization and can be tailored to the requirements of each engagement, providing a balanced approach that leverages the strengths of various models.

- **Co-innovation partnerships:** These partnerships involve joint development of new solutions and technologies, with both parties investing resources and sharing the benefits. Contracts will include incentives for innovation, encouraging providers to bring new ideas and cutting-edge technologies to the table.

- **Enhanced transparency and accountability:** Regular reporting and dashboards will provide real-time visibility into progress and outcomes. Providers will be held accountable for delivering on their promises, subject to penalties for underperformance and bonuses for exceeding expectations.

Exhibit 10. Commercial models will need to evolve beyond FTE-based pricing in an AI-led environment

What is the COMMERCIAL Model for your Third-party engagements? How would you like the commercial model to change in the next 3 years?

Legend: ■ Currently ■ In future

Category	Currently	In future
Not applicable. We don't have any 3rd party services	5%	1%
Based mainly on effort/input (e.g., number of FTEs, Time & Material, etc.)	42%	28%
Based on the volume of transactions processed (or output)	26%	18%
Next-Gen GBS aided by flexible outcome-based models and shared-revenue models with service providers	20%	39%
A hybrid of the above	8%	14%

Sample: 510 survey participants
Source: HFS Research in partnership with Capgemini, 2024

The Bottom Line: As a GBS leader, you have a once-in-a-lifetime opportunity to evolve from a cost-cutter to a game-changer.

The evolution from traditional GBS to generative business services marks a radical shift. It's no longer enough to cut costs; the future is about creating value through innovation, strategic data use, and advanced skills.

Organizations must embrace this transformation or risk being left behind in an increasingly competitive and digital world. Gone are the days of siloed functional activities and labor arbitrage. Today, GBS is all about driving top-line growth and competitive advantage through connected, frictionless enterprises powered by digital transformation (see Exhibit 11). Data is no longer just for reporting—it's a strategic asset unlocking new value.

The talent game has changed too, with a premium on scarce skills that push the innovation envelope. Service providers have morphed from mere vendors to ecosystem orchestrators, integrating cutting-edge tech like AI to create seamless, innovative operations. Commercial engagements have flipped from rigid, transactional models to flexible, outcome-based partnerships that tie provider success directly to client results. The message is clear: adapt to this bold new world or get left in the dust.
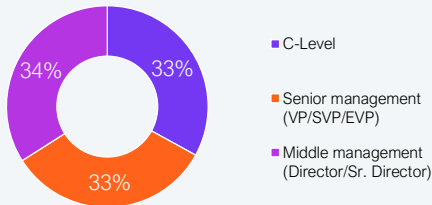
Exhibit 11. AI-led data-driven GBS focused on driving growth and competitive advantage is the future of the GBS industry

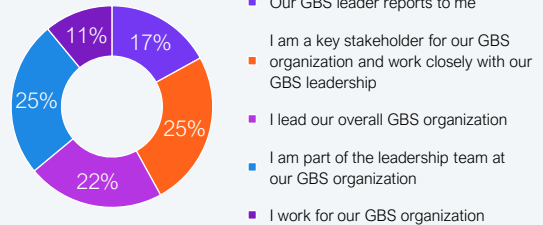|	Globalization	Digital pontification	Big hurry, ideas to action
	Shared Services & Outsourcing (till 2010)	**Global Business Services (2010–today)**	**Generative Business Services (2025++)**
Raison d'être	Cost savings and efficiency	Better business outcomes but still savings-oriented	Business outcomes enabling topline growth and competitive advantage
Driver	Recession in 2002; internet	Incremental maturity of services	Digital dichotomy of macroeconomic slowdown and the big hurry to innovate
Scope/focus	• Functional activities (AP, AR, Claims, etc.) • Siloed processes focused on transactional activities and automation	• End-to-end processes (O2C, P2P, R2R, H2R) • More connected processes generating value but still in a more fragmented manner	• A connected and frictionless enterprise generating maximum value from digital transformations while prioritizing sustainability and enhancing CX and EX. • Driven by enterprise Data flows (customer data, employee data, partner data)
Role of data	Reporting	Support decision-making	Data-as-an-asset to find new sources of value
Role of talent	Labor arbitrage (primarily offshore)	Process experts (offshore + nearshore)	New or scarce skills (Anywhere shore)
Role of technology	Process enablement	Digitization delivers greater productivity	Driving innovation
Role of change management	Lift-and-shift	Lift-shift-and-fix or fix-lift-and-shift	Built in as a discipline; ongoing
Technologies involved	On-premise ERP	SaaS + Automation	AI including GenAI
IT-business convergence	IT and business operations in silos	Boundaries between business and IT starting to blur	Full convergence of IT and business operations
Commercial models	Transactional models built in-house without any commercials in place	Largely transactional but moving towards flexible, cost-effective revenue models	Next-gen GBS aided by flexible outcome-based models and shared-revenue models with service providers
Role of service provider	Vendor (order taker)	Partner	Ecosystem orchestrator

Survey demographics

We surveyed 510 GBS leaders and their stakeholders to understand their views about the future of GBS. Below are the demographic details of the survey participants:
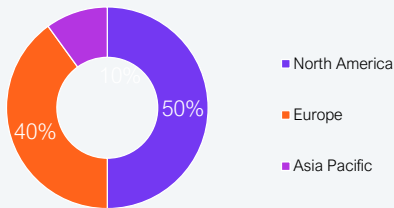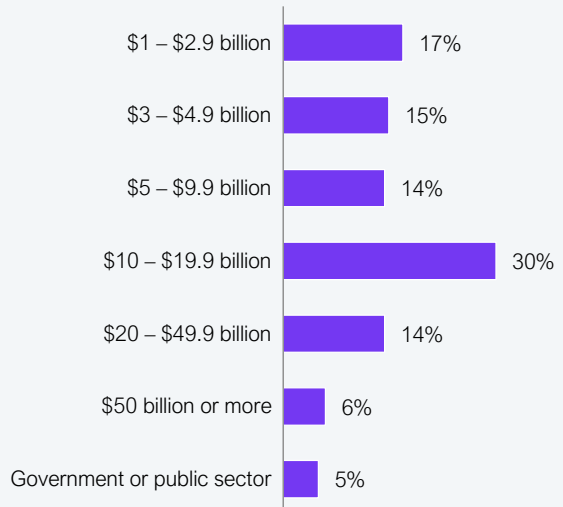
By primary role

- C-Level — 33%
- Senior management (VP/SVP/EVP) — 33%
- Middle management (Director/Sr. Director) — 34%

What role do you play in relation to your organization?

- Our GBS leader reports to me — 17%
- I am a key stakeholder for our GBS organization and work closely with our GBS leadership — 25%
- I lead our overall GBS organization — 22%
- I am part of the leadership team at our GBS organization — 25%
- I work for our GBS organization — 11%

By Region

- North America — 50%
- Europe — 40%
- Asia Pacific — 10%

Does your organization leverage Global Business Services?

- Yes — 67%
- No, but we are planning / embarking on a GBS journey — 33%

By revenue

Revenue	%
$1 – $2.9 billion	17%
$3 – $4.9 billion	15%
$5 – $9.9 billion	14%
$10 – $19.9 billion	30%
$20 – $49.9 billion	14%
$50 billion or more	6%
Government or public sector	5%
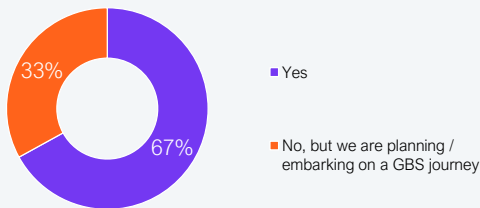
By primary industry type

Industry	%
Banking and Financial Services	11%
Technology and High-Tech	10%
Professional Services	10%
Consumer Goods	9%
Insurance	9%
Retail	8%
Life Sciences	8%
Manufacturing	8%
Energy & utilities	8%
Telecom and media	8%
Healthcare	7%
Government and public sector	5%
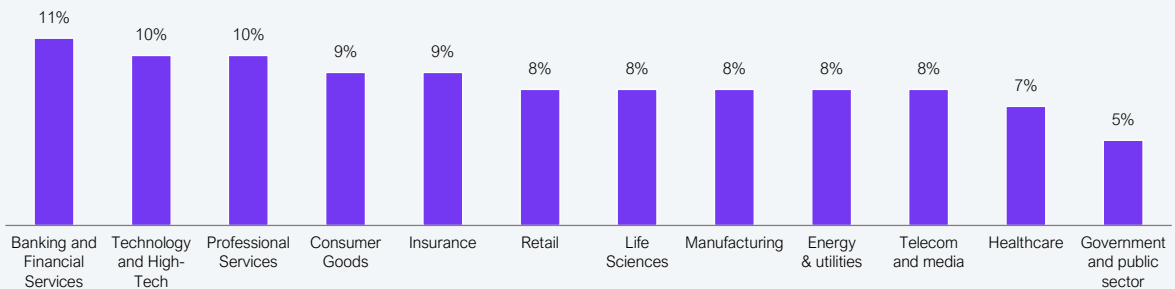
Sample: 510 survey participants
Source: HFS Research, 2024

HFS Research authors

Saurabh Gupta
President, Research and Advisory Services at HFS Research

Saurabh sets the strategic research focus and agenda for HFS Research, understanding and predicting the industry's needs and ensuring that HFS maintains its position as the strongest impact thought leader for business operations and services research. He oversees the firm's global research function, managing a team of analysts and operations across the US, Europe, and Asia.

Hridika Biswas
Senior Analyst

Hridika joined the HFS team in 2021. Her core research focus area lies in business services. She also analyzes how emerging tech, mainly process intelligence, intelligent document processing (IDP), and AI, can enable enterprises to reach their transformation goals.

Hridika has seven years of experience in quantitative research and analysis with Kantar. She also serviced British American Tobacco, catering to the company's primary and secondary research needs worldwide.

Srini Vaddepalli
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Srini Vaddepalli is a practice leader and analyst for HFS Research. He specializes in covering information technology (IT) and business process management (BPM) service providers in finance and accounting (F&A), sourcing and procurement (S2P) horizontals, and the manufacturing vertical. With more than 15 years of experience with a service provider (Capgemini), an analyst firm (ISG), and a client (Eastman Chemical), he has gained expertise from different perspectives within the IT/BP business areas.

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