

We could be wrong, but what if we're not?

Where to locate what will be ever more important for Business Services going forward

Stellar growth and resilience

Shared Services Centers, Global Business Services and BPOs ("BSCs") have grown exponentially over the last 30 years.

Our BSC sector proved resilient to the 2008 Great Recession. It grew significantly thereafter resulting in over 2,200 centers today in Central Europe alone.

Paradigms shifted. Low cost geographies initially succeeded due to wage arbitrage. Now they continue to prosper because of accumulated experience, know-how and diverse talent pools.

The Covid-19 pandemic poses new and tremendous challenges to the sector.

Responding to and recovering from the crisis will only add to BSC leaders' workload.

Burning issues

Top of mind for BSC leaders are:

- **Automation** – In high-demand by the business, but reportedly few BSCs have successfully and broadly implemented it
- **Talent** attraction, retention and development – IT-skills are in high demand across the enterprise. But moving towards higher-value add service delivery also requires new skillsets, staff aptitudes and ways-of-working
- **Continuous improvement** - Balancing the need for greater customer centricity with cost containment

The Covid-19 pandemic added to the BSC workload:

- BCPs must be **redesigned**
- Ways-of-working must be **upgraded** to accommodate increased work-from-home
- **Increased agility** is needed to help front-line businesses adapt to economic aftershocks

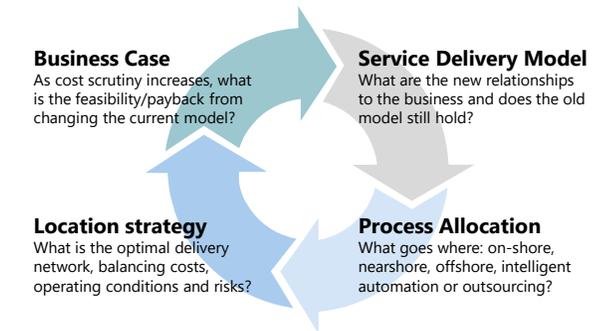
What to expect

Sustainable growth and de-risking will be key management focuses going forward. We expect to see:

- **Adjustment of office space** to accommodate social distancing and work-from-home (WFH)
- Increased **focus on cost control**. This will reaffirm BSCs' strategic importance but also pressure leaders to do more with less
- **Reshoring** from some markets will be about redeployment of processes, not necessarily jobs
- Rebalancing of portfolios to diversify risk and foster greater resilience will lead to **multi-site/ multi-location strategies**, within country and across regions
- Companies will increasingly consider **Tier 3 and Tier 4 cities** for BSC operations
- Overall unemployment will grow, but **STEM, IT and other technical skills shortages** will deepen due to underlying supply-demand mismatch
- **Government incentives schemes will expand** in scope and budgets, creating extra opportunities for BSCs in some markets

What makes sense

To prepare for what's ahead, BSC leaders locally and internationally need to address **four pillars**:



Location last?

Where you locate your BSC determines **what** you can do, and **how** you can do it. It determines **ramp-up** and **transition** speeds, **cost** and **risk** profile.

Location is **integral to success** and should **not** be considered last.

New location/sourcing strategies?

Distributed delivery models to become the norm, with increased work-from-home and automation as enablers. Not all destinations may work

Deployment models going forward

Deployment models will be increasingly about resilient Business Services Organizations. Risk mitigation must be addressed both at site level and across the network.

Working-from-home and accelerated adoption of automation will be added to the deployment options of old.

Defining a deployment strategy will become increasingly complex.

To mention a few challenges:

- Selecting sensible scenarios from the many options available
- Deciding on whether to multi-site in-city, in-country, or beyond
- Assessing Tier-3/Tier-4 cities with opaque and unreliable data
- Determining number, location and configuration of check-in sites
- Defining future space and work-from-home infrastructure needs
- Revisiting outsourcing, and evaluating locational resilience of BPOs

Change-overs will not happen over night:

- WFH requires new coordination principles, and shifts in employee and management mindset and culture
- Most BSCs and the businesses they serve are just beginning to truly adopt automation

Embedding WFH

Developing internal WFH control mechanisms will be particularly challenging for services that rely on extensive human judgement. Deployment choices will also be impacted by the extent to which locations can offer resilient internet connectivity and power supply.



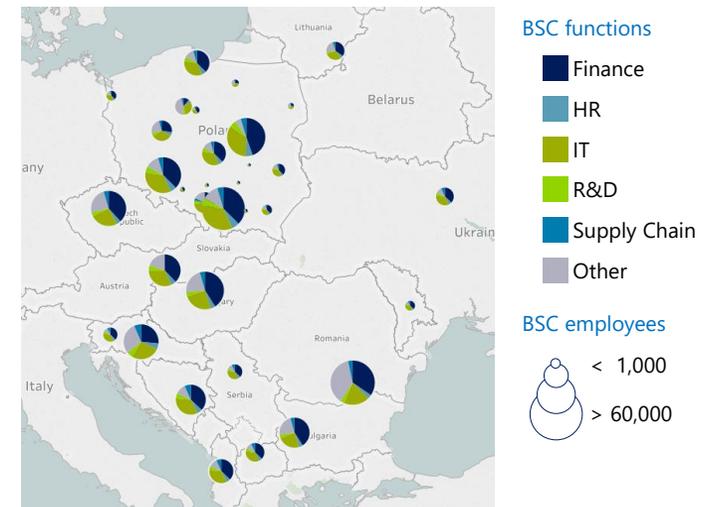
Each company will reconfigure at its own pace, with ramp up of WFH likely to precede further automation in the short term.

Destinations

Not all locations may fit the bill. For instance, rolling out wider-ranging automation requires specific talent pools and expertise.

Central Europe counts over 200 BSC destinations. They vary widely in talent pool depth, breath, quality, costs, ecosystem maturity and infrastructure.

Selecting the right network is a daunting and time-consuming task for those that rarely conduct location strategy.



A helping hand

Locationperspectives is a deeply-experienced location strategy advisory. We are here to help you make and implement resilient footprint decisions

Capabilities



Locationperspectives

Locationperspectives fills the gap between “big plans” and operational reality in cross-border business.

We are an international network of driven BSC practitioners and business advisors.

We serve across the BSC spectrum:

- Centers of Excellence
- Global Business Services
- Global Delivery Centers
- IT & Customer Services
- ITO & BPO
- Shared Services

Your benefits

- Accelerated decision making
- Accuracy, robust analytics and real-time insights
- Tailored and flexible support
- Implementation-ready recommendations
- Market-competitive, flexible fee models

Our principles

- Deliver results
- Bring new perspectives
- Share experience
- Partnership not PowerPoint
- Think straight, talk straight

BSC track record (sample)

ABN-Amro, Altisource, American Express, Arla Foods, Avon, Barclays, Baxter, Bombardier, Capital One, Cargotec, Carlsberg,, Coca-Cola, Coloplast, CSM, Cummins, Deutsche Bank, Deutsche Telekom, Dexcom, DFDS, DHL, Diversey, Ecolab, Ericsson, Euroclear, ExxonMobil, Facebook, Ford, Friesland-Campina, Gage, HBSC, Hill-Rom, IHG, ING, Johnson Controls, Johnson & Johnson, KLA-Tencor, Lexmark, Lonza, Lufthansa, Lundbeck, Maersk, Mars, Mastercard, Mattel, McAfee, McDonalds, Merck, MMC, MOL, Nike, Nomura, Novartis, Owens-Illinois, Pfizer, Phillips (Signify), Related, Reuters-Thompson, Roche, Schneider Electric, Sealed-Air, Shell, Sodexo, Standard Chartered, Swiss Re, TNT, Twitter, UBS, Underwriters Laboratories, Vestas, William Demant

Locationperspectives

Shaping cross-border business

This document has been prepared for the sole purpose of introducing Locationperspectives as a potential resource for support
Location data presented are indicative and should not be used to cast a location decision

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