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Talent Model and Location Hotspots for Service Delivery Automation (SDA) Center of Excellence (CoE)

Locations Insider™ (LI) & Service Optimization Technologies (SOT)
Market Report – July 2017 – Preview Deck

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Custom research capabilities

- Benchmarking | Pricing, delivery model, skill portfolio
- Peer analysis | Scope, sourcing models, locations
- Locations | Cost, skills, sustainability, portfolio – plus a tracking tool
- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies, contract assessment

Subscription information

- This full report is included in the following subscription(s)
  - **Locations Insider™, Service Optimization Technologies (SOT)**
- In addition to published research, a subscription may include analyst inquiry, data cuts, and other services
- **If you want to learn whether your organization has a subscription agreement or request information on pricing and subscription options, please contact us**

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Background, scope, and methodology of the research

Background of the research
Global services industry has witnessed a rapid surge in automation efforts as a lever to reduce costs. Increasing adoption of automation is making companies revamp their hiring strategy as Service Delivery Automation (SDA) requires specialized skills, which are not readily available. Furthermore, conventional locations strategies will not suffice for SDA as it requires an optimized global locations portfolio across onshore, nearshore, and offshore geographies. Choosing the right locations for SDA Center of Excellence (CoE) is a key strategic decision that involves mapping the skills required to available talent and ensure overall success of the SDA agenda.

In this research, we have assessed the talent model and global delivery landscape for SDA services along with the value proposition of key delivery locations, and location portfolio strategy. The report is broadly divided into the following sections:
- Talent profile required for an SDA CoE in terms of key roles & responsibilities and skill sets, along with the staffing mix, hiring models, and governance structure adopted by leading enterprises and service providers
- Global landscape and current distribution of SDA talent across key delivery geographies
- Comparative attractiveness of leading locations for SDA, in terms of talent availability, financial attractiveness, and availability of an enabling business environment
- Location portfolio strategies and best-fit location options based on the organization characteristics and considerations for SDA CoE setup
- Case studies of GICs and service providers on their talent model and location strategy for SDA adoption, along with key learnings
- Implications for industry stakeholders with regard to the adoption of SDA

The scope of the analysis includes
- SDA using tools such as Robotic Process Automation (RPA) along with advanced automation solutions such as cognitive automation and artificial intelligence
- Analysis of leading locations currently being leveraged for SDA services delivery across India, Asia Pacific, Latin America, Nearshore Europe, Onshore Tier-2 Europe, and Onshore Tier-2 U.S. *(details on page 5)*

Methodology
The research is anchored on interactions and/or RFIs with 35+ players (GICs, service providers, and automation technology vendors), augmented with Everest Group's SDA expertise and proprietary locations activity databases that are updated quarterly with new setups and expansions/contractions of both GICs and service providers.

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Locations assessed in the report

India	
Country	**City**
India	Bangalore
India	Chennai
India	Delhi NCR
India	Hyderabad
India	Mumbai
India	Pune

Nearshore Europe	
Country	**City**
Czech Republic	Prague
Hungary	Budapest
Ireland	Dublin
Poland	Krakow
Poland	Warsaw
Romania	Bucharest
Scotland	Glasgow
Scotland	Edinburgh
Slovakia	Bratislava

North America (tier-2)	
Country	**City**
United States	Atlanta
United States	Austin
United States	Charlotte
United States	Dallas
United States	Nashville
United States	Phoenix
United States	Raleigh-Durham
United States	Seattle

Asia Pacific (APAC) (excluding India)	
Country	**City**
China	Beijing
China	Shanghai
Malaysia	Kuala Lumpur
Philippines	Manila
Singapore	Singapore

Europe (tier-2)	
Country	**City**
England	Manchester
Germany	Cologne
Italy	Milan
Spain	Madrid

Latin America (LATAM)	
Country	**City**
Argentina	Buenos Aires
Brazil	Sao Paulo
Mexico	Mexico City
Guatemala	Guatemala City

- This list represents the leading cities being leveraged for Service Delivery Automation (SDA)
- We have included representative cities from all leading sourcing geographies to present a holistic view of the sourcing landscape for SDA
- This report treats offshore, nearshore, and tier-2 onshore locations as delivery geographies. Tier-1 onshore locations (e.g., San Francisco, New York and London) are considered as buyer geographies and are excluded from the analysis.

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Summary of key messages

The market for SDA is growing rapidly and players are increasingly adopting the CoE model in order to capitalize on talent hotspots and attract and nurture relevant talent. The industry faces a dearth of experienced talent for SDA and hence organizations need to adopt a diversified hiring strategy and talent-centric sourcing models to fulfill their talent demand for SDA CoEs. This report aims to help oragnizations by providing an in-depth analysis of the talent profile and hiring strategy for SDA along with the global delivery landscape and value proposition offered by different locations.

Some findings in the report

Talent model for SDA CoEs
- The SDA CoE staff pyramid has three distinct layers – CoE executive management, line of operations managers / project managers, and operations team which includes business analysts, developers, testers, and support teams
- Each role within the CoE has discrete responsibilities resulting in differences in skill sets and competencies required across roles
- Small experienced talent pool requires organizations to adopt differentiated hiring practices and talent models, e.g., partner with specialist firms to leverage their domain experience and access to skilled talent, invest in training programs to reskill existing in-house talent, collaboration with startups, and leveraging technology groups and communities for talent acquisition

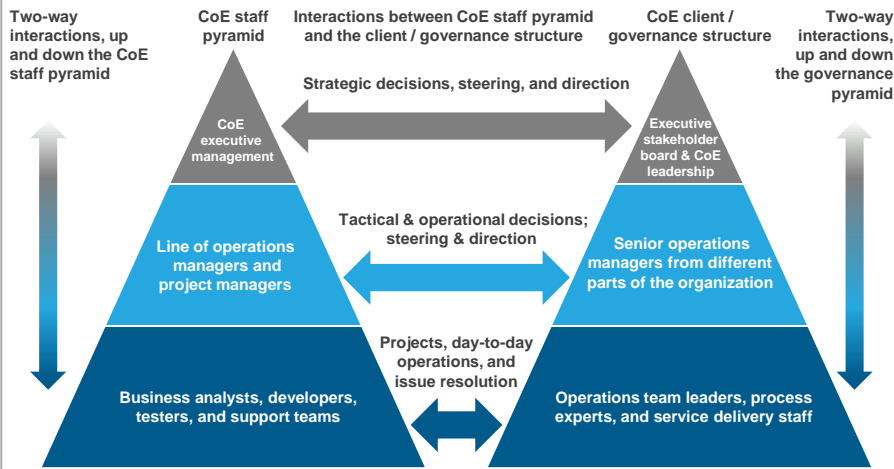**Current locations landscape for SDA**
- Contrary to popular belief, India is still a mature location for SDA, with the largest experienced talent pool
- Nearshore Europe, along with tier-2 locations in onshore Europe and North America also have a sizeable talent pool, with evidence of multiple GICs and service providers setting up SDA centers in these region
- LATAM is a relatively nascent location for SDA, with limited market activity. However, there is evidence of SDA vendors setting up reseller partnerships in the region

Location portfolio strategy
- Organizations have adopted centralized or hub-and-spoke model for SDA CoE, depending upon their existing global services delivery footprint and complexity of business operations
- The centralized CoE model maximizes standardization, but limits geographic presence
- The hub-and-spoke CoE can enhance automation operations in additional geographic regions
- The decision on best-fit location depends upon the player's requirements with respect to scale, skill set availability, operating costs, client proximity, and other business-specific considerations
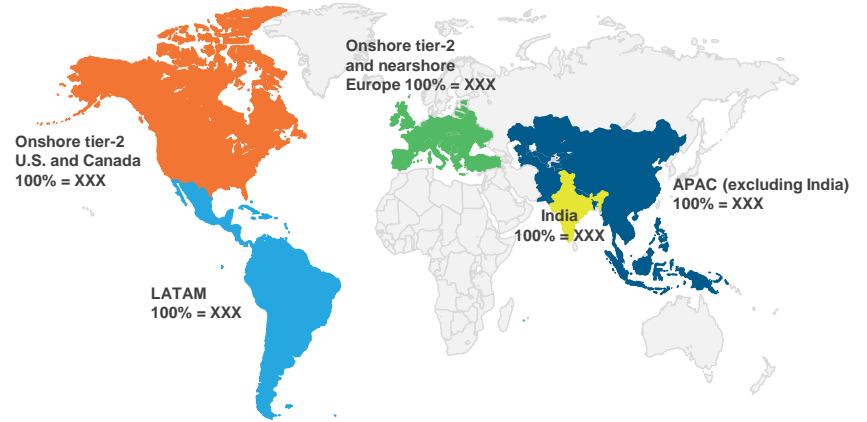
The report provides insights on talent model, locations landscape, and key locations currently being leveraged for SDA services delivery; below are some charts to illustrate the depth of the report

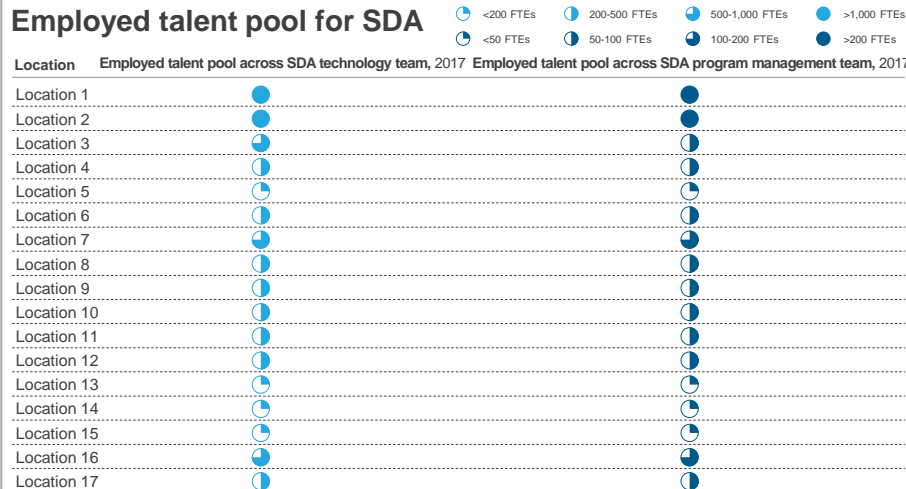## SDA CoE pyramid and governance structure

Two-way interactions, up and down the CoE staff pyramid

CoE staff pyramid

Interactions between CoE staff pyramid and the client / governance structure

CoE client / governance structure

Two-way interactions, up and down the governance pyramid

Strategic decisions, steering, and direction

- CoE executive management
- Executive stakeholder board & CoE leadership

Tactical & operational decisions; steering & direction

- Line of operations managers and project managers
- Senior operations managers from different parts of the organization

Projects, day-to-day operations, and issue resolution

- Business analysts, developers, testers, and support teams
- Operations team leaders, process experts, and service delivery staff

SDA services global sourcing landscape
2017; Number of FTEs in '000s

Onshore tier-2 and nearshore Europe 100% = XXX

Onshore tier-2 U.S. and Canada 100% = XXX

India 100% = XXX

APAC (excluding India) 100% = XXX

LATAM 100% = XXX

Employed talent pool for SDA

Legend:
- ◐ <200 FTEs
- ◑ 200-500 FTEs
- ◐ 500-1,000 FTEs
- ● >1,000 FTEs
- ◑ <50 FTEs
- ◑ 50-100 FTEs
- ◑ 100-200 FTEs
- ● >200 FTEs

Location	Employed talent pool across SDA technology team, 2017	Employed talent pool across SDA program management team, 2017
Location 1	●	●
Location 2	●	●
Location 3	◑	◑
Location 4	◑	◑
Location 5	◑	◑
Location 6	◑	◑
Location 7	●	◑
Location 8	◑	◑
Location 9	◑	◑
Location 10	◑	◑
Location 11	◑	◑
Location 12	◑	◑
Location 13	◑	◑
Location 14	◑	◑
Location 15	◑	◑
Location 16	◑	●
Location 17	◑	◑

MAP Matrix™ | Service Delivery Automation

Operating cost (vertical axis: Low at top, High at bottom)

Availability of talent (horizontal axis: Low at left, High at right)

ASPIRANTS
- Location 15
- Location 14

LEADERS
- Location 2
- Location 1

MAJOR CONTENDERS
- Location 5
- Location 11
- Location 8
- Location 10
- Location 6
- Location 9
- Location 4
- Location 3
- Location 13
- Location 12
- Location 7
- Location 17
- Location 16
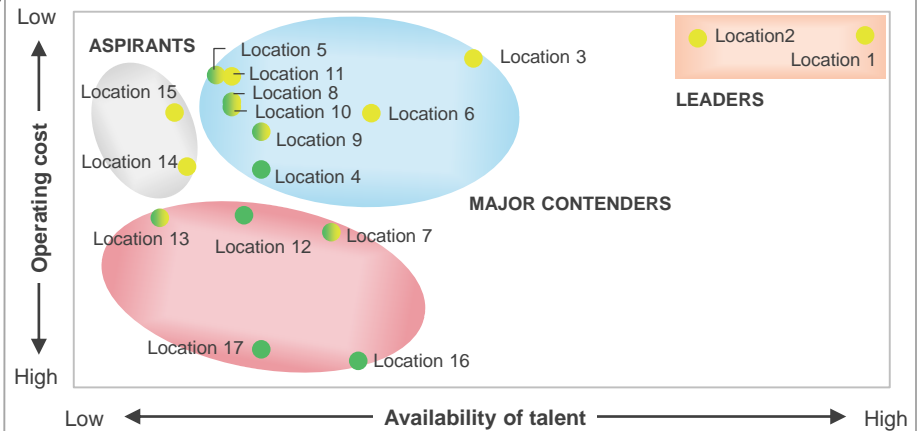
Source: Everest Group (2017)

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Locations Insider research calendar

Flagship Locations Insider reports	Release date
"Next-wave" location profiles: Jamaica	June 2017
"Next-wave" location profiles: Bangladesh	June 2017
"Next-wave" location profiles: Pune, India	June 2017
Global Locations Annual Report 2017: Signs of Structure in a Disordered World	June 2017
"Next-wave" location profiles: Cork, Ireland	Q3 2017
"Next-wave" location profiles: Krakow, Poland	Q3 2017
"Next-wave" location profiles: Delhi NCR, India	Q3 2017
"Next-wave" location profiles: Monterrey, Mexico	Q3 2017

Thematic Locations Insider reports	
The Philippines IT-BPM Industry: Cautious Optimism in Turbulent Times	March 2017
IT Services Delivery from Asia Pacific	April 2017
Emergence of Western Europe for Centralized Service Delivery to Europe	July 2017
Talent Model and Location Hotspots for Service Delivery Automation (SDA) Center of Excellence (CoE)	**July 2017**
Impact of Brexit on Contact Center Landscape in UK & Ireland	Q3 2017
How Will Agile/DevOps Impact Global IT Delivery Models?	Q3 2017
Landscape of Locations Delivering Business Process Services To the UK & Ireland	Q3 2017
Poland Tier-2 Cities: Diverse Value Propositions For Service Delivery	Q3 2017

Note: For a list of all Locations Insider™ reports published by us, please refer to our website page

SOT research calendar

Published ▪ Planned ▪ Current release ⬚

Flagship SOT reports	Release date
Robotic Process Automation (RPA) - Technology Vendor Landscape with FIT Matrix Assessment	December 2016
Robotic Process Automation (RPA) – Technology Vendor Profile Compendium	December 2016
Robotic Process Automation (RPA) – Technology Vendor State of the Market Report	February 2017
Service Delivery Automation (SDA) in BPS – Service Provider Landscape with PEAK Matrix™ Assessment	July 2017
Service Delivery Automation (SDA) in BPS – Market Report	Q3 2017
Artificial Intelligence in Global Services – Market Report	Q3 2017
Service Delivery Automation (SDA) in BPS – Service Provider Compendium	Q3 2017

Thematic SOT reports	
The Impact of SDA on Services TCO	August 2016
IT Infrastructure Services Automation: "Codified Consciousness is the Future"	September 2016
Business Case for Robotic Process Automation (RPA) in Global In-house Centers (GICs)	September 2016
The Service Delivery Automation (SDA) Journey	September 2016
IT Application Services Automation: Think Benefits, Not Costs	November 2016
Rise of Automation in P&C Insurance	January 2017
Pushing the Dial on Business Process Automation	May 2017
Talent Model and Location Hotspots for Service Delivery Automation (SDA) Center of Excellence (CoE)	**July 2017**
Experience and learnings from RPA implementation in GICs	Q3 2017
The Rise of Digital Workforce	Q4 2017

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Additional research references

The following documents are recommended for additional insight on the topic covered in this report. The recommended documents either provide additional details on the topic or complementary content that may be of interest

1. **Global Locations Annual Report 2017: Signs of Structure in a Disordered World** (EGR-2017-2-R-2234); 2017. The report is a unique and comprehensive guide to understanding the nuances of the global services locations landscape and interpreting locations-related developments and trends to frame locations strategy. It presents insights into the size and growth of the global services market, update of locations activity, changes in risk profiles of locations, and an analysis of the maturity, arbitrage, and potential of locations (MAP Matrix™).

2. **Emergence of Western Europe for Centralized Global Service Delivery to Europe** (EGR-2017-2-R-2266), 2017. Over the last few years, Western Europe has gained significant importance as a global/regional delivery geography. GIC growth is largely fueled by increasing number of GIC setups by Europe- / U.S-based firms. The Western European locations offer a unique value proposition with availability of skilled-talent, stable business/operating environment, multilingual capabilities, and high maturity for certain services. This report provides a detailed assessment of location options within Western Europe for global service delivery. The report also highlights key drivers for enterprises/service providers to move to Western Europe and key trends affecting the operationalizing of a delivery center in the geography.

3. **Business Process Service Delivery Automation (BPSDA) – Service Provider Landscape with PEAK Matrix™ Assessment 2017** (EGR-2017-13-R-2243), 2017. Automation is one of the key enablers of digital transformation in global services. This report uses Everest Group's proprietary PEAK Matrix to assess and evaluate automation capabilities of service providers in the business process services space across two key dimensions, market impact and vision & capability. It also includes market share analysis of service providers and Everest Group's remarks on service providers highlighting their key strengths and development areas, with specific focus on automation.

For more information on this and other researches published by Everest Group, please contact us:

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