Building a Workforce of the Future – Upskilling/Reskilling in Global In-house Centers

Catalyst™

Market Report – December 2017: Complimentary Abstract / Table of Contents

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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

- The full report is included in the following subscription(s)
  - **Catalyst™**
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Table of contents

Background and scope

Background of the research

Global In-house Centers (GICs) have evolved as powerful value creators, driving innovation and catalyzing their parent enterprises' priorities. However, the rapid advancement of the enterprise's digital agenda is transforming the GIC delivery and operating model. Consequently, the skills and competencies required by GICs to deliver services are also changing rapidly.

In addition to the need for different skills in the future, the talent challenges for GICs will intensify with increasing automation of the existing services portfolio. As a result, GICs face the dual risks of a large existing workforce with multiple skills that are likely to become redundant, while struggling to find external talent with the skills required for the future.

Upskilling/reskilling of existing talent is an important lever for GICs to address these challenges. In this research, we have collected inputs from senior leaders from 80+ GICs across leading offshore/nearshore locations to assess the changing nature of skills/competencies needed for the future, and what roles GICs can play to help address these changing skill requirements.

Dimensions of assessment include –
- Current state of upskilling/reskilling adoption
- Approach to upskilling/reskilling
- Future outlook for upskilling/reskilling

Coverage
- GICs of global enterprises (no third-party service providers)
- Three leading offshore/nearshore geographies (India, Poland, and the Philippines)
- Both upskilling and reskilling initiatives across all Information Technology (IT), back-office, and industry-specific Business Process (BP) services
- All key industry verticals (e.g., banking, financial services & insurance, healthcare, and technology)

This report is based on a survey of 80+ GICs across leading offshore/nearshore geographies, conducted in collaboration with industry partners (NASSCOM, ABSL Poland, and IBPAP). This has been further augmented with targeted interviews with senior GIC stakeholders and our rich experience in the GIC space.

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What is upskilling/reskilling?

Upskilling
Enhancing employees' skills and competencies for a broader or a more complex role within the same or a related area of work

Reskilling
Retraining of employees to perform new roles of similar complexity in a different area of work
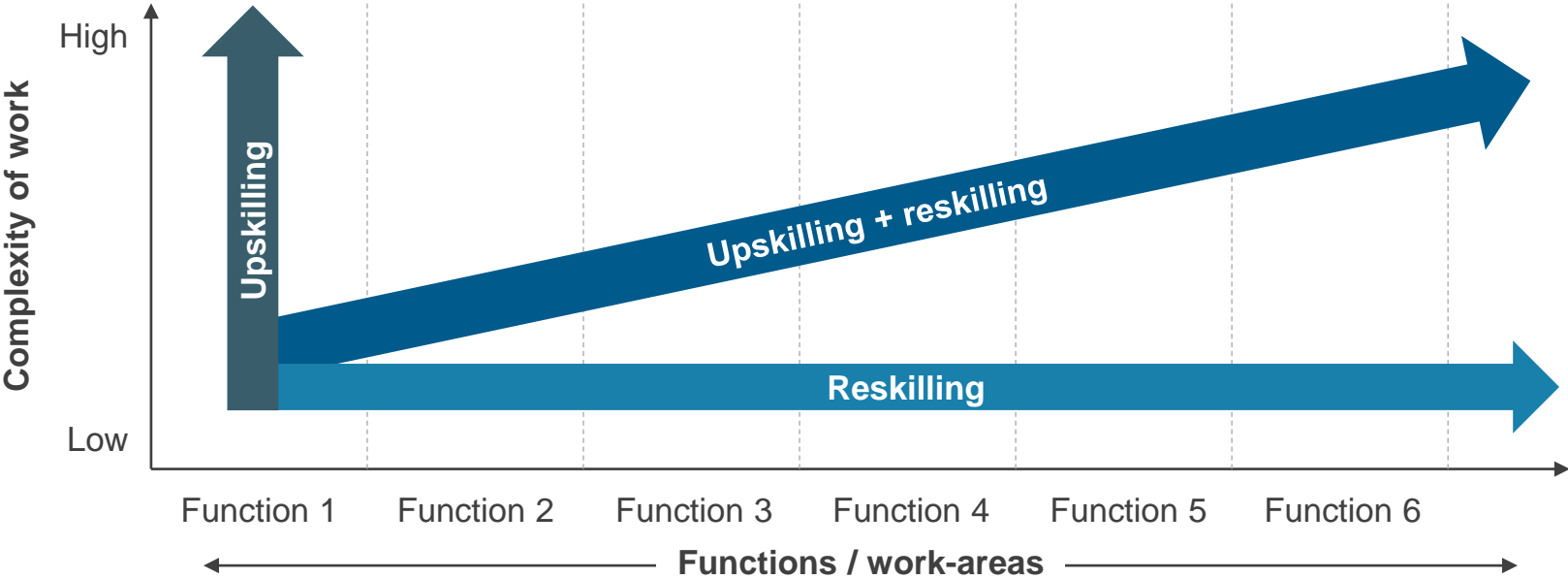
While upskilling and reskilling are different approaches of talent management, most companies use a combination of both for enhancing employees' skill. This report focuses on both upskilling and reskilling initiatives of GICs.
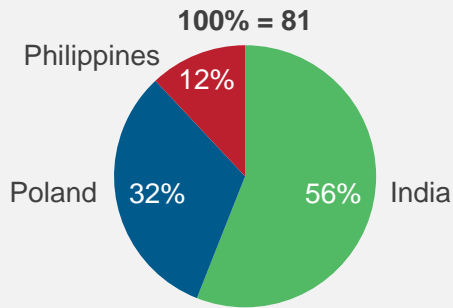
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This report is based on a survey covering 80+ GICs conducted by Everest Group in collaboration with NASSCOM, ABSL Poland, and IBPAP

- The survey was focused on GICs or captives or Shared Services Centers (SSCs) of 80+ leading global enterprises, based in India, Poland, and the Philippines
- Includes participants from various industry verticals and focuses on delivery of a variety of IT, back-office, and industry-specific BP services
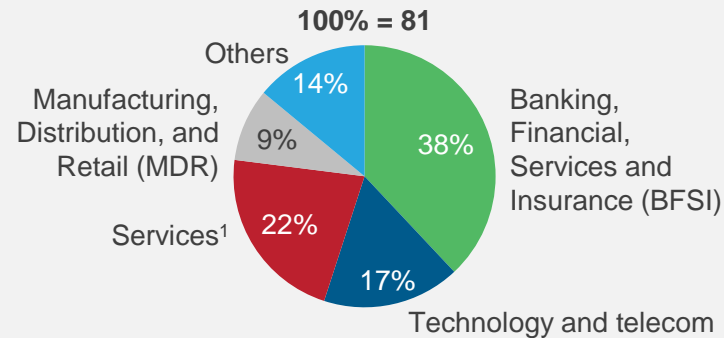
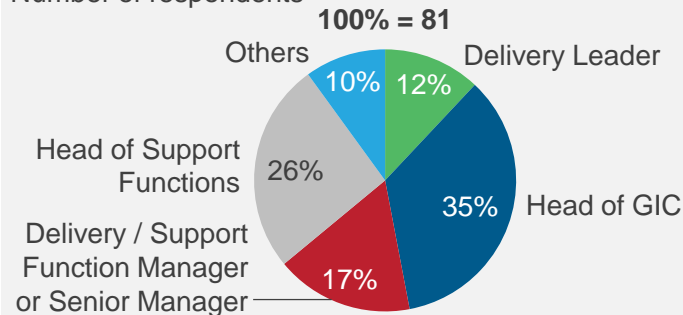**Participant details:**

Country of GIC
Number of respondents

100% = 81

- Philippines 12%
- Poland 32%
- India 56%

Industry of the parent organization
Number of respondents

100% = 81

- Others 14%
- Manufacturing, Distribution, and Retail (MDR) 9%
- Services[1] 22%
- Banking, Financial, Services and Insurance (BFSI) 38%
- Technology and telecom 17%

Primary role of the respondent in relation to GIC operations
Number of respondents

100% = 81

- Others 10%
- Delivery Leader 12%
- Head of Support Functions 26%
- Head of GIC 35%
- Delivery / Support Function Manager or Senior Manager 17%

Scale of GICs
Number of respondents

100% = 81

- Less than 5,000 22%
- 3,000-5,000 12%
- 1,000-2,999 15%
- 500-999 18%
- 0-499 33%
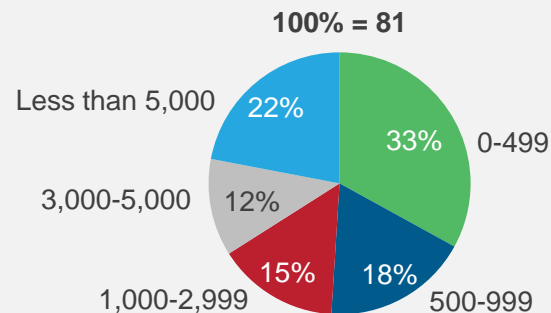
Respondent mix is well-distributed and represents a cross-section of geographies, industries, scale, and stakeholders

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Overview and abbreviated summary of report

This report analyzes the changing nature of skills/competencies needed for the future, and what roles GICs can play to help address these changing skill requirements. The report captures the current state of upskilling/reskilling adoption, approach to upskilling/reskilling, and future outlook. Further, the report also provides insights about the effectiveness and evidence of success of upskilling/reskilling across industry verticals and functions. The report also offers implications and key guiding principles for GICs to upskill and reskill their workforce.

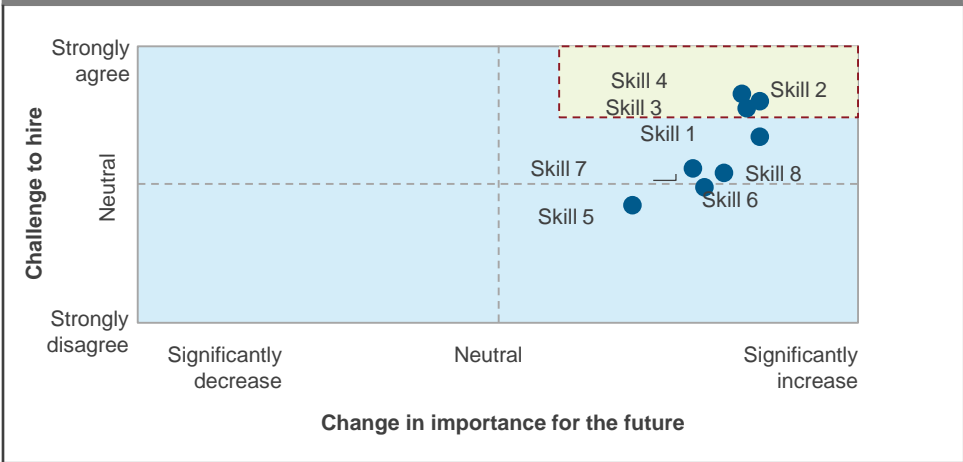|	
State of market adoption of upskilling/reskilling	- GICs expect significant challenges in hiring skills that are likely to be critical for service delivery in the future - Driven by shortage of right skills within organizations for emerging/future roles, technology-related disruption, and limited availability of talent for lateral hiring, majority of GICs believe that upskilling and reskilling is key to addressing the changing skill requirements - Adoption of upskilling/reskilling is widespread across a variety of IT/BP services (transactional / judgement-intensive business process services, contact center, and traditional/digital IT services)
Approach to upskilling and reskilling and future outlook	- A large proportion of GICs have explored upskilling/reskilling at a small-scale as pilot initiatives - Most GICs are providing upskilling/reskilling training in an on-the-job format (part-time) and by leveraging in-house resources to accomplish this, with selective use of third-party agencies / specialists - A majority of GICs will invest more in upskilling and reskilling going forward, although all of them do not have the required leadership support at the moment

This study covers the adoption trends, success factors, and effectiveness of upskilling/reskilling across industry verticals and functions

Change in importance for skills in the future vs. challenges in hiring
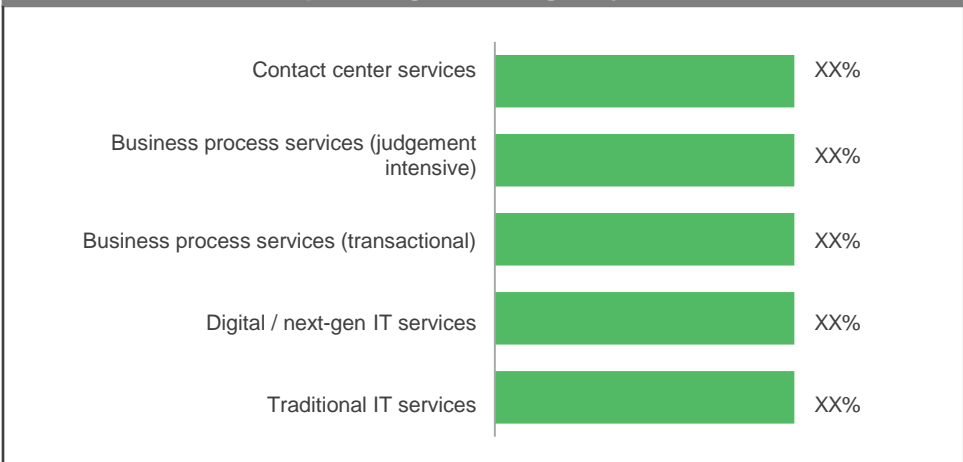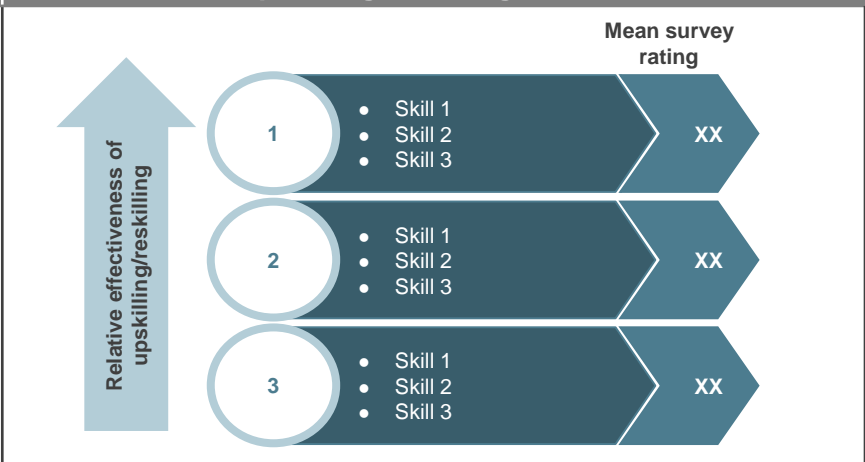

Challenge to hire (y-axis): Strongly agree / Neutral / Strongly disagree

Skill 4, Skill 3, Skill 2, Skill 1, Skill 7, Skill 8, Skill 5, Skill 6

Change in importance for the future (x-axis): Significantly decrease / Neutral / Significantly increase

Adoption of upskilling/reskilling by GICs

Not planning to undertake 34%

Planning to undertake within next 12 months 33%

Already undertaken 33%
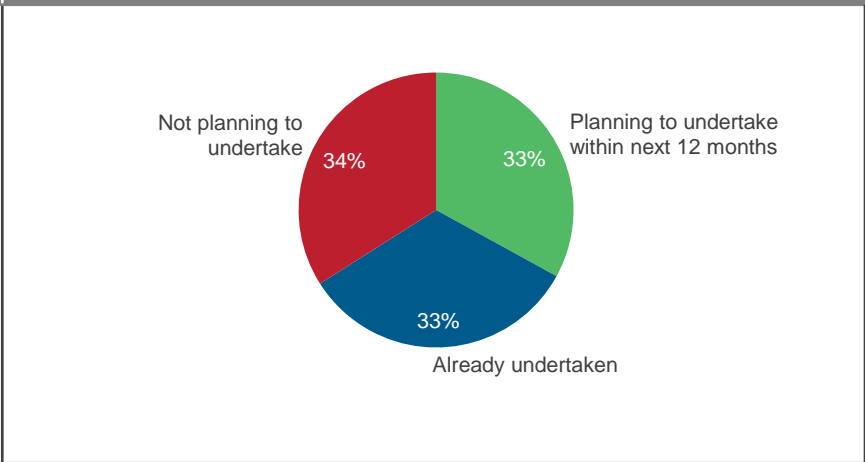
Rate of success for upskilling/reskilling – by functions

Contact center services	XX%
Business process services (judgement intensive)	XX%
Business process services (transactional)	XX%
Digital / next-gen IT services	XX%
Traditional IT services	XX%

Effectiveness of upskilling/reskilling across skills

Relative effectiveness of upskilling/reskilling

Mean survey rating

1 — Skill 1, Skill 2, Skill 3 — XX

2 — Skill 1, Skill 2, Skill 3 — XX

3 — Skill 1, Skill 2, Skill 3 — XX

Source: Everest Group (2017)

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Research calendar – Catalyst

	Published		Planned		Current release

Flagship Catalyst reports	Release date
GIC Landscape Annual Report 2016	March 2016
GIC Landscape Report: Delivery Landscape for Retail and Commercial Banking in GICs	June 2016
Global In-house Center (GIC) Landscape Report: The Philippines	December 2016
Global In-house Center (GIC) Landscape Annual Report 2017	March 2017

Thematic Catalyst reports	Release date
Collaboration between GICs and Start-ups: A Win-Win Situation	June 2016
Business Case for Robotic Process Automation (RPA) in Global In-house Centers	September 2016
Procurement Services Delivery from GICs: Gearing up for a Broader Mandate	September 2016
Future Readiness of GIC Talent Models	October 2016
Exploring GICs in the Life Sciences Industry	February 2017
Global Sourcing Centers of Excellence (CoEs): Helpers vs. Shapers!	February 2017
Small But Mighty: Corporate Functions Delivery from GICs	April 2017
United States Shared Services Landscape – Facing Digital Winds-of-Change in a Tight Labor Market	September 2017
Building a Workforce of the Future – Upskilling/Reskilling in Global In-house Centers	**December 2017**
Case studies on RPA/Digital Implementation in GICs	Q4 2017
Digital Adoption in BFSI GICs	Q4 2017

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

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Additional research references

The following documents are recommended for additional insight into 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. **Future Readiness of GIC Talent Models** (EGR-2016-2-R-1953); 2016. This report provides the state of alignment of current talent models for digital services and associated implications for GICs across four key components of talent models (talent acquisition, training & development, talent retention, and performance measurement & career pathing)

2. **Adapting Talent to Market: The GIC IT Services Talent Landscape in India** (EGR-2016-2-R-1749); 2016. This report takes a closer look at the IT services talent landscape among GICs in India. It provides insights about the profile of talent hired by GICs, captures the IT graduate demand-supply dynamics and highlights the top talent hubs. It also analyses IT delivery pyramids and highlights trends in talent migration and attrition among GICs

3. **Upshifting Value and Talent through Robotic Process Automation (RPA)** (EGR-2016-2-R-1654); 2016. This whitepaper analyzes the distinct position of GICs to provide leadership in the robotic automation journey for their enterprises. This whitepaper is based on Everest Group's extensive research examining the state of RPA and the broader topic of Service Delivery Automation (SDA). The whitepaper leverages Everest Group's ongoing primary and secondary research encompassing enterprises, technology vendors, GICs, and other relevant industry stakeholders

4. **GICs Leading the Way for Digital Transformation of the Enterprise** (EGR-2015-8-R-1605); 2016. This report gives an overview of the current state of digital adoption in GICs, assesses digital maturity of GICs based on a framework, evaluates functional maturity of the top three industry verticals, and highlights best practices, key implications, and the call-to-action for GICs. The report will assist senior GIC stakeholders in understanding the opportunities and challenges offered by this disruptive wave of digital services

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

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About Everest Group

Everest Group is a consulting and research firm focused on strategic IT, business services, and sourcing. We are trusted advisors to senior executives of leading enterprises, providers, and investors. Our firm helps clients improve operational and financial performance through a hands-on process that supports them in making well-informed decisions that deliver high-impact results and achieve sustained value. Our insight and guidance empower clients to improve organizational efficiency, effectiveness, agility, and responsiveness. What sets Everest Group apart is the integration of deep sourcing knowledge, problem-solving skills and original research. Details and in-depth content are available at www.everestgrp.com.

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