



Leading Innovation and Creating Value: The 2019 Imperative for GICs

Catalyst™

Market Report – December 2018: Complimentary Abstract / Table of Contents

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- 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

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Background and context

- As Global In-house Centers (GICs) continue to evolve and deliver value beyond arbitrage, supporting enterprises' innovation agenda is becoming a competitive imperative, rather than an opportunity
- GICs have a strong foundation in service delivery with deep domain skills and understanding of business needs. This allows them to leverage their expertise and help accelerate organization-wide innovation
- In this report, Everest Group looks at the current state of adoption for innovation in GICs and how some leading GICs have successfully built these capabilities. This report is anchored on our understanding of the GIC market, based on extensive experience and ongoing interactions with leading GICs, and proprietary GIC databases

Defining innovation: While there are multiple definitions for innovation, the following criteria are the most essential:



Having a new idea /
fresh thinking
regarding existing
process/product



Addressing a real
challenge /
business need



Adding value to the
customer / help improve
customer experience



Adding value to
the company



Executing the idea
into a feasible offering

Note: This report focuses on innovation undertaken by GICs from non-engineering verticals
Source: Everest Group (2018)

Overview and abbreviated summary of key messages

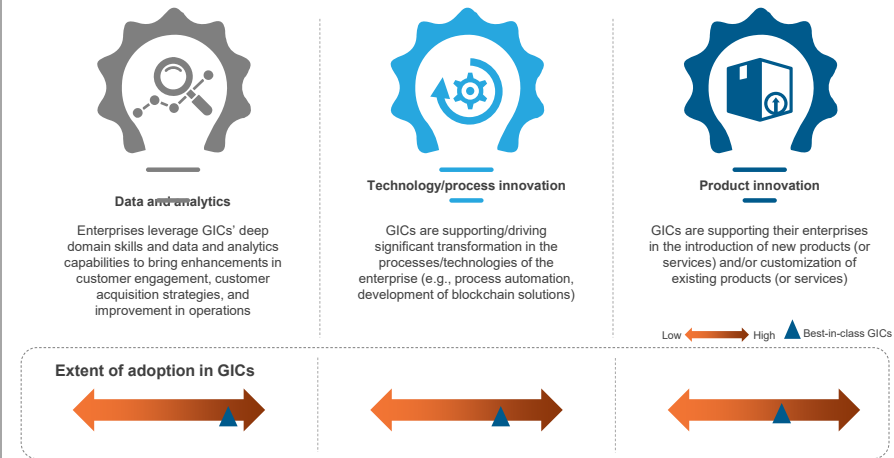
This report focuses on how GICs are driving innovation for their parent enterprises. The report covers the role of GICs in driving innovation, their current state of adoption across different types of innovation. It further delves into the key enablers for driving successful innovation, supported with case examples of leading GICs across each enabler. The report also highlights best practices and call to action for leaders based in GICs and parent enterprises on how to accelerate on the innovation curve

Some of the findings in this report, among others, are:

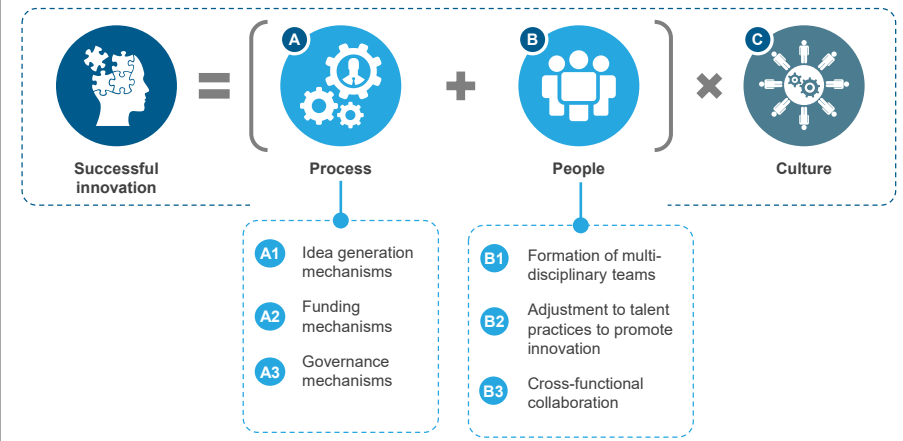
- Enterprises are leveraging GICs for driving innovation due to four key reasons – enterprise-wide perspective, access to niche skills and scarce talent, low cost of innovation, and existing deep process/domain expertise and techno-functional overlap
- The extent of adoption in GICs varies by types of innovation - it is the highest for data & analytics and lowest for product innovation
- Driving innovation requires right combination of three components – processes, people and culture, each playing a critical role in yielding success
 - Processes: Leading GICs are harnessing ideas from both external and internal ecosystems to develop best-of-breed solutions. They are adopting hybrid approaches for funding innovation and are also introducing strong governance mechanisms to institutionalize the measurement of innovation success
 - People: GICs are adopting different approaches to designing innovation teams and collaborating with the external ecosystem to build flexibility in their innovation operating model. They are also adjusting talent model practices and approaching cross-functional collaboration in different ways to create a fertile innovation-enabling ecosystem
 - Culture: GICs are deploying multiple tools to reengineer their DNA and develop a culture of innovation. This includes

This study covers the current state of innovation in GICs and how leading GICs are accelerating their innovation journeys; below are four graphics to illustrate the depth of the report

Extent of adoption in GICs varies by types of innovation

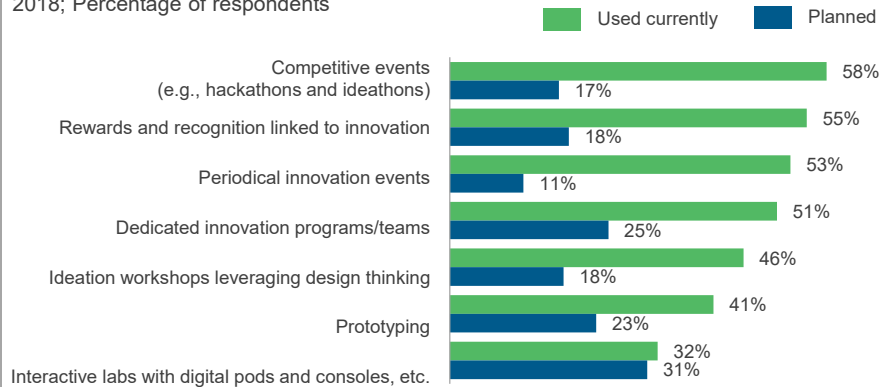


Innovation equation

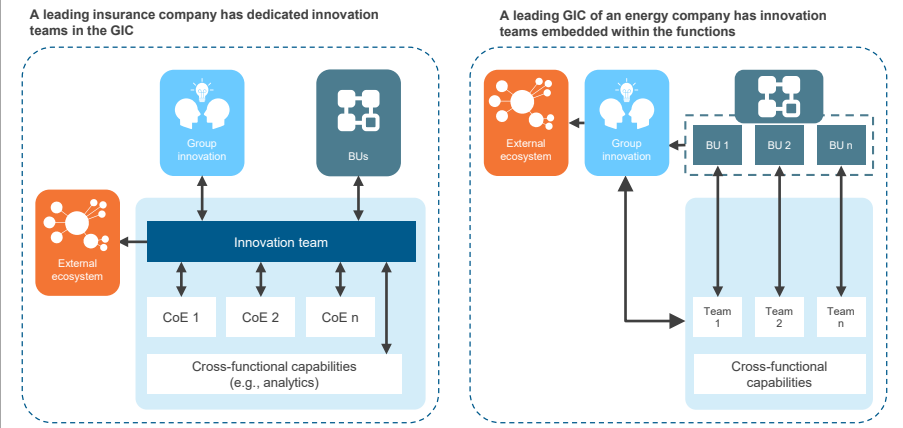


Idea generation mechanisms

Measures adopted for in-house idea generation^{1,2}
2018; Percentage of respondents



Formation of multi-disciplinary teams



Research calendar – Catalyst™

Published
 Planned
 Current release

Flagship reports

Release date

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
Global In-house Center (GIC) Landscape Annual Report 2018 – GICs Emerging as Innovation COEs for Global Enterprises	May 2018

Thematic reports

Future Readiness of GIC Talent Models	October 2016
Exploring GICs in the Life Sciences Industry	February 2017
Small But Mighty: Corporate Functions Delivery from GICs	April 2017
The 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
Best Practices for RPA Implementation in GICs	December 2017
BFSI GICs: Orchestrating Their Way to Digital Growth	December 2017
IT Skills of the Future	April 2018
Digital Maturity in GICs Pinnacle Model™ Analysis 2018	May 2018
Banking, Financial Services, & Insurance GICs: Gaining Status, Driving Results	December 2018
Leading Innovation and Creating Value: The 2019 Imperative for GICs	December 2018
GIC Talent strategy Pinnacle Model™ Analysis 2018 (Extract)	2019 Q1

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Additional Catalyst™ research references

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

1. **Global In-house Center (GIC) Landscape Annual Report 2018 – GICs Emerging as Innovation CoEs for Global Enterprises** ([EGR-2018-34-R-2616](#)); 2018. This report provides an in-depth analysis of the GIC landscape and trends. It covers market size, growth, and distribution of GICs by buyer portfolio, scale, functions supported, and offshore delivery locations. The research also provides an overview of the trends witnessed in the overall GIC landscape in 2017. This has been compared with GIC activity for the previous two years, to bring forth key areas of differences
2. **BFSI GICs: Orchestrating Their Way to Digital Growth** ([EGR-2017-2-R-2515](#)); 2017. While digital adoption has been part of the strategy of BFSI GICs for some time, its broad-based emergence in the past few years is offering a new and powerful tool to GICs to create compelling avenues for the next wave of productivity and value-addition for their parent enterprises. During the period between 2015-2017, GICs, especially in the BFSI vertical, made multiple rounds of investments to embrace digital technologies, recalibrate talent models, and foster a culture of innovation in their organizations. This report looks at the evolution of their journeys, current state of digital adoption, key challenges faced, and best practices adopted.
3. **Building a Workforce of the Future – Upskilling/Reskilling in Global In-house Centers** ([EGR-2017-2-R-2499](#)); 2017. Skills and competencies required by GICs to deliver services are changing rapidly. In addition to the need for different skills in the future, the talent challenges for GICs will intensify with the 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. In this research, we surveyed senior leaders from 80+ GICs across leading offshore/nearshore locations to gather perspectives on the nature of skills/competencies needed for the future, and the roles GICs can play to help address these changing skill requirements

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