



Retail & CPG Global Business Services in the Times of COVID-19 – Driving Enterprise Immunity through Digital

Catalyst™

Market Report – June 2020: Complimentary Abstract / Table of Contents

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Background and scope

Overview

- The past two-three years witnessed strong market activity in the retail and Consumer Product Goods (CPG) shared services centers or Global Business Services (GBS) space with both new GBS center setups and expansion of the existing ones. GBS centers are currently supporting their enterprises in several critical aspects of service delivery, with a few centers having evolved to being strategic partners (driving digital agenda, innovation, having global ownership roles, etc.)
- The recent months have been challenging for retail and CPG firms due to the COVID-19 outbreak, which hit the sector with both demand and supply shocks. However, this situation has been a blessing in disguise for many GBS centers, which have gained confidence and visibility across their enterprises by showcasing capabilities in quickly adapting to new and more agile operating models
- As these GBS centers are looking to elevate their support to the enterprise, it is important to understand the GBS market landscape to identify opportunity areas by developing a view on potential implications of COVID-19

Scope and methodology of this report

- This report focuses on the global delivery of retail and CPG services from GBS centers at offshore and nearshore locations. The report is divided into three key sections:
 - **Retail and CPG GBS market landscape at offshore/nearshore:** This section covers the overall GBS landscape at offshore and nearshore locations in terms of center setups, growth, sourcing geographies, and key delivery locations
 - **Assessment of service segments among offshore/nearshore GBS:** This section provides insights into service delivery maturity of core functions such as sales and marketing, and supply chain management. Also, covers the state of digital adoption trends and key emerging themes at offshore/nearshore GBS centers
 - **Outlook and implications for retail and CPG GBS:** This section covers the implications of COVID-19 on GBS centers at offshore/nearshore and highlights the opportunity areas that exist for GBS organizations
- The report is based on Everest Group's ongoing interactions with GBS and parent enterprise stakeholders and proprietary GBS database that is updated quarterly with new set-up activity, expansion/contraction of existing GBS centers, divestitures, and capability additions

Key players:

NOT EXHAUSTIVE



Summary of key messages



The retail and CPG GBS activity at offshore/nearshore locations has been gaining traction in recent years, with many North American and European firms setting up new centers at locations such as India and Poland

The global services market for retail and CPG industry grew at ~6% CAGR between 2017 and 2019, driven by factors such as increased preference of retail firms to leverage offshore locations for digital services delivery and high talent availability for such services

India and Poland are the leading GBS destinations, accounting for ~50% of GBS setups and over 50% of employed workforce. Bangalore, India, is the most preferred location with ~10% of retail and CPG offshore/nearshore GBS centers. Multiple tier-2 locations in the CEE region (e.g., Poznan and Gdansk) have been gaining traction in recent years

Many retail and CPG GBS centers are building strong capabilities, especially around digital technologies such as analytics and automation (RPA and AI). Multiple GBS centers house Centers of Excellence (CoE) for these services

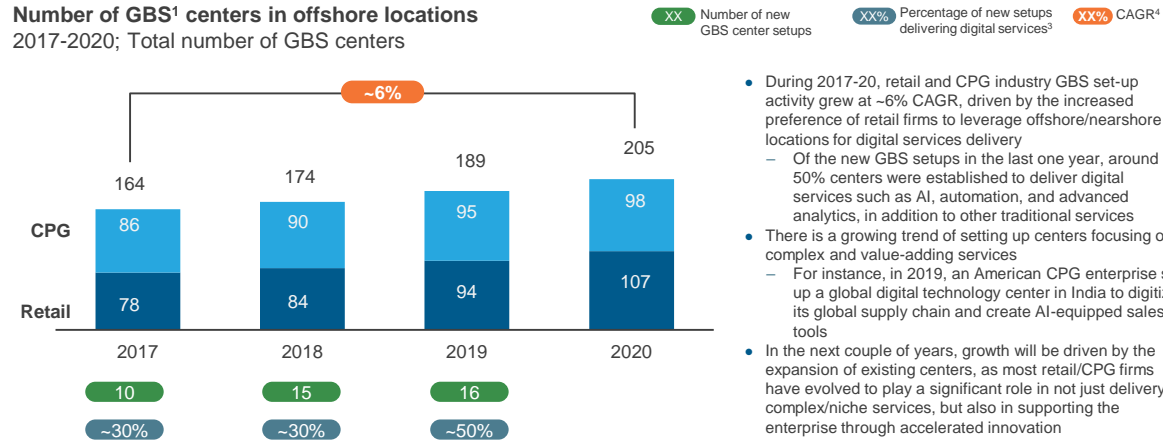
Amidst the ongoing COVID-19 crisis, many mature GBS adopters have been agile enough to quickly transition to newer operating models (remote working) and are focusing on providing more enhanced support to enterprises

Going forward, these GBS centers are expected to play a significant role in their parent enterprises' transformation journey

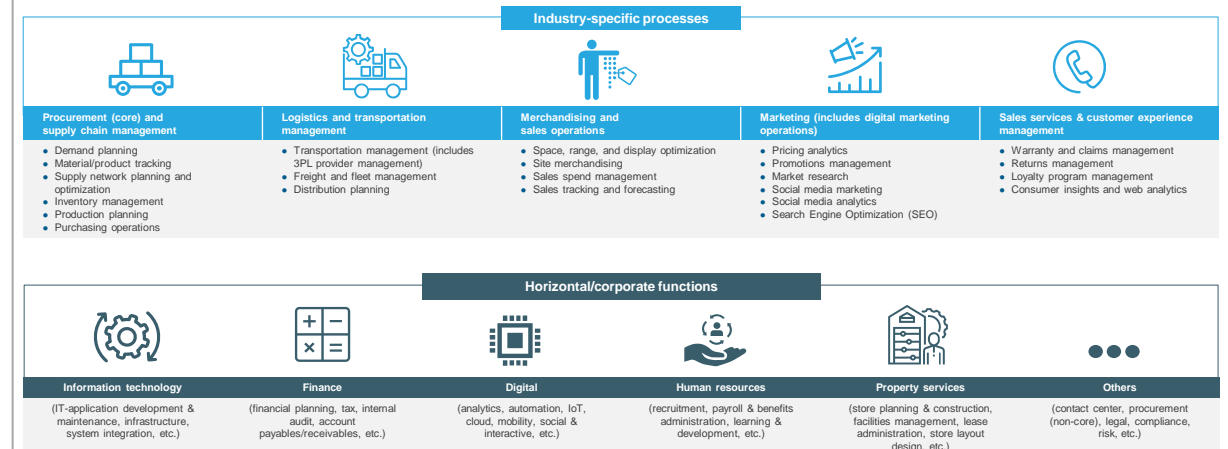
This study offers a deep dive into the retail and CPG GBS market landscape, services delivered, and the impact & implications of COVID-19; below are four charts to illustrate the depth of the report

GBS market activity

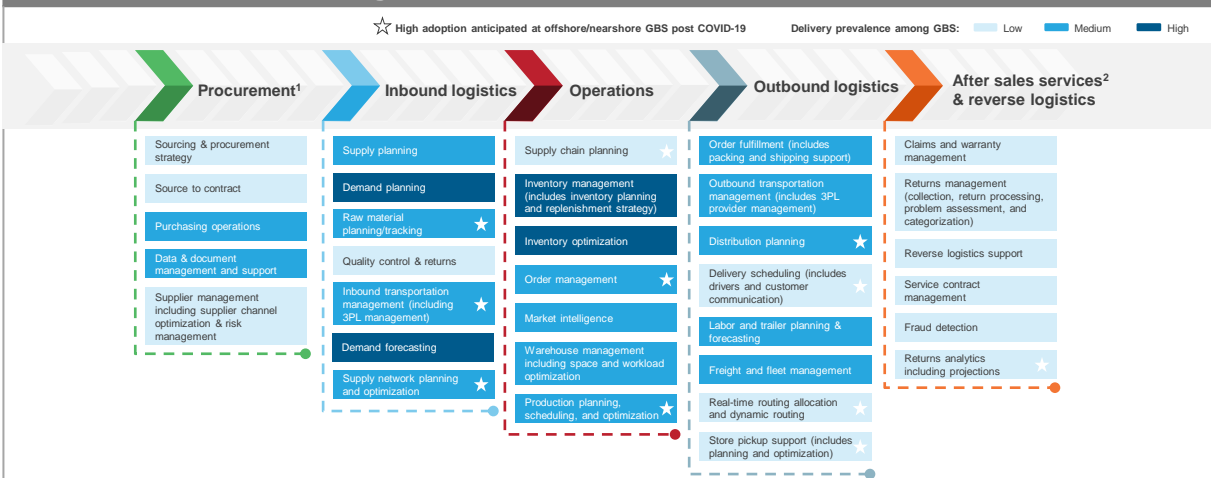
Number of GBS¹ centers in offshore locations 2017-2020; Total number of GBS centers



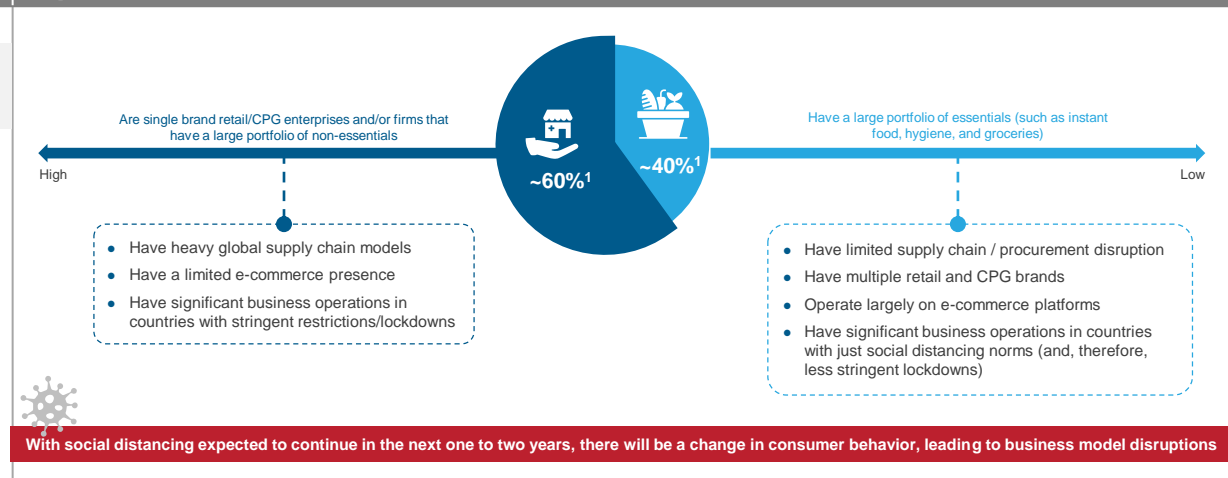
Assessment of service segments



Assessment of service segments



Impact of COVID-19



Research calendar – Catalyst™

Published
 Planned
 Current release

Flagship Catalyst reports

Release date

Global In-house Center (GIC) Landscape Annual Report 2018 – GICs Emerging as Innovation CoEs for Global Enterprises	May 2018
Global In-house Center (GIC) Landscape Annual Report 2019 – Enterprises Insourcing IT Services to their GICs	July 2019
GBS State of the Market Report: Evolving Operating and Governance Models to Build GBS of the Future	March 2020

Thematic Catalyst reports

How to Drive Revenue Impact Through Global In-House Centers (GICs)	June 2019
Building the Insurance BPS Workforce of the Future	October 2019
Case Studies on Scaled RPA Adoption in GICs	October 2019
Innovative Talent Practices to Build the GBS of the Future	November 2019
Improving the Productivity of the GIC Workforce	December 2019
Global Services Market Pressing Issues in 2020: GBS Perspectives	February 2020
Navigating the Coronavirus Outbreak for Shared Services Organizations	March 2020
Innovation in GBS organizations Pinnacle Model® Analysis 2020	March 2020

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June 2020

Evolving Role of Onshore GBS Centers and its Impact on Offshore GBS Centers	Q2 2020
State of Adoption for Intelligent Automation (RPA++) in GBS Organizations	Q3 2020
Value Creation / Impact Delivered by GBS Organizations Pinnacle Model® Analysis 2020.....	Q3 2020
Building the BFSI IT Workforce of the Future.....	Q4 2020

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Additional Catalyst™ research references

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

1. **Integrate Work From Home within GBS Delivery Model** ([EGR-2020-52-R-3760](#)); 2020: COVID-19 has fundamentally altered how GBS organizations view Work From Home (WFH). In a post-COVID-19 world, we expect WFH to emerge as an imperative for GBS, with more than 50% GBS organizations expected to sustain scaled WFH adoption (even post upliftment of lockdown measures). The playbook aims to help GBS leaders on the evolved business case for scaled adoption, which looks beyond BCP benefits and assesses other aspects including cost and talent proposition. The playbook will provide actionable insights regarding how GBSs can integrate WFH within their delivery model based on best-practices around work-mix, technology infrastructure, real estate, talent models, performance management practices, and the overall risk mitigation
2. **Navigating the Coronavirus Outbreak for Shared Services Organizations** ([EGR-2020-0-V-3614](#)); 2020. The viewpoint offers a recap of the standard responses that most organizations have taken, some best-in-class industry practices, and a view on how the next normal, post-COVID-19, would look like. These perspectives are drawn from both previous experience with organizations reacting to pandemics (such as SARS, MERS, and Zika) and specific responses in the current COVID-19 situation. It is critical to acknowledge that the impact from COVID-19 is different from other forms of crises such as natural disasters or civil unrest, as it can potentially disrupt multiple locations across geographies at the same time, as well as the uncertainty attached to the duration of impact
3. **GBS State of the Market Report: Evolving Operating and Governance Models to Build GBS of the Future** ([EGR-2020-34-R-3643](#)); 2020. This report provides an in-depth analysis of the GBS landscape and trends. It covers market size, growth, and distribution of GBS centers by buyer portfolio, scale, functions supported, and offshore delivery locations. The study concludes with a deep dive into the changing operating and governance models for GBS

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