

The Growing Need for Inclusive Talent Models: Learning from Impact Sourcing Specialists

May 2022: Complimentary Abstract / Table of Contents



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- ▶ Interactive Experience (IX) Services
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- ▶ Software Product Engineering Services
- ▶ Supply Chain Management (SCM) Services
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This report is based on the following key sources of proprietary information

- Proprietary database of traditional IT/BPO services contracts of traditional service providers as well as impact sourcing specialists
- The database tracks the following elements of each contract:
 - Buyer details including size and signing region
 - Contract details including service provider, contract type, TCV & ACV, service provider FTEs, start & end dates, duration, and delivery locations
 - Scope details including share of individual buyer locations being served in each contract, Line of Business (LoB) served, and pricing model employed
- Proprietary database of global IT/BPO service providers and impact sourcing specialists
- The database tracks the following for each service provider:
 - Revenue and number of FTEs
 - Number of clients
 - FTE split by different lines of business
 - Revenue split by region
 - Location and size of delivery centers
 - Technology solutions developed
- **Service provider briefings**
 - Vision and strategy
 - Annual performance and future outlook
 - Key strengths and improvement areas
 - Emerging areas of investment
- **Buyer reference interviews, ongoing buyer surveys, and interactions**
 - Drivers and challenges for adopting workplace services
 - Assessment of service provider capabilities
 - Emerging priorities
 - Lessons learned and best practices

Key impact sourcing participants



Confidentiality: Everest Group takes its confidentiality pledge very seriously. Any information we collect that is contract specific will only be presented back to the industry in an aggregated fashion.

Background of the study

Background of the research

Businesses across the world are constantly on the lookout for sources of talent pools that are highly engaged and stable resulting in quality work and low attrition rates. One sourcing strategy that has emerged as a clear differentiator in the last couple of years is **impact sourcing**. It refers to intentionally hiring and providing career development opportunities to people from marginalized communities while meeting business objectives. The primary objective of this report is to encourage and enable enterprises and traditional service providers to take the next leap in their talent strategy through impact sourcing with the help of the findings and learnings provided in this report.

In this research study, we analyze the impact sourcing space and covered market insights. We focus on:

- The concept of impact sourcing and putting that into practice through service delivery models and frameworks
- Comprehensive impact sourcing market landscape including market size, delivery model, and talent portfolio
- Buyers' take on impact sourcing and case studies on some of the impact sourcing engagements

The scope and methodology of this report includes:

- The primary focus of this report is on impact sourcing specialists where impact sourcing is their primary talent model
- The methodology encompasses primary and secondary data collection, interviews with market participants (buyers, traditional outsourcing service providers, and impact sourcing specialists), and fact-based research

Scope of this report



Geography
Global



Industry
Broad industry with focus on
impact sourcing talent strategy



Services
Information Technology
Services, Business Process
Services, Global Sourcing,
Engineering Services, Others

Executive summary

Impact sourcing has a growing business case as a strong opportunity for unfolding alternative talent sources while making this world a better place to live in



Impact sourcing is a proven approach to gain a competitive business edge and talent advantage while creating a positive social impact

Impact workers offer lower levels of absenteeism and attrition rates compared to the traditional global services workforce. Along with offering a competitive and cost-effective alternative to traditional outsourcing engagements, they prove to be more engaged and stable. Moreover, higher focus on having a business for a cause and embracing shared value among customers and investors have encouraged enterprises to make a shift toward impact sourcing.



A close association of different impact sourcing stakeholders, such as workers, employers, and enablers, is required to drive value

Impact sourcing employers can engage with impact sourcing workers directly (through direct hiring) or indirectly (through services outsourcing or subcontracting); impact sourcing enablers provide the necessary support to promote and incentivize the overall ecosystem by devising job-readiness programs, influencing policies, and regulations such as tax benefits, hiring mandates, and a foreign trade policy.



The impact sourcing market is ~350,000 FTEs strong with specialists recording impressive growth in the last few years

The majority of impact workers are being employed by the large traditional service providers. Though the market size of impact sourcing specialists is small, they are showcasing a tremendous growth rate in revenue as well as the number of FTEs with a good mix of clients across geographies, industries, and business service lines. Client feedback suggests that in the majority of the cases, job performance of impact sourcing specialists has proven to be at par with traditional global sourcing vendors.



Women and unemployed youth from marginalized communities form the largest segments of the impact sourcing workforce being employed by specialists

Impact sourcing specialists exhibit a considerably higher women representation in their workforce compared to traditional IT/BPO service providers. High school graduates from remote locations are the key population segments being targeted by specialists.



Impact sourcing specialists are delivering across a diverse spectrum of services ranging from back-office support to data labeling and annotation

Impact sourcing specialists are delivering across a diverse spectrum of services ranging from BPS services such as lead generation and back-office support to IT services such as digital transformation, data annotation, and content moderation. A significant number of impact sourcing specialists are focusing on digital domains with an accelerated demand for data labeling and annotation services with rising AI/ML adoption globally.

Implications of impact sourcing

Impact sourcing stakeholders should focus on higher investment in the impact sourcing ecosystem with an expanded scope of service delivery and geographic considerations



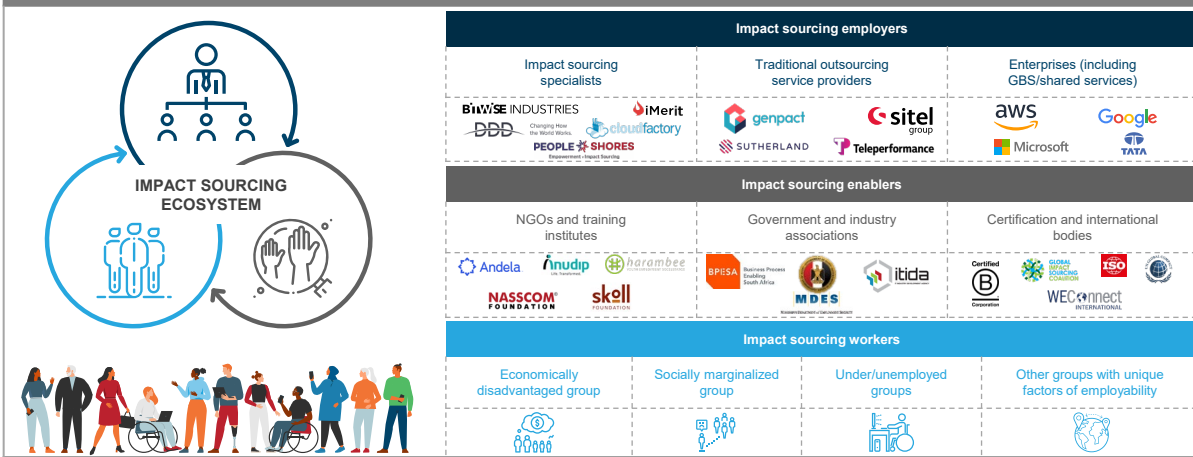
Deepen investment in impact sourcing because the business case keeps scaling up (untapped talent, business edge, and corporate citizenship)

Broaden view for the scope of service delivery from impact workers as the ecosystem for inclusion gets refined

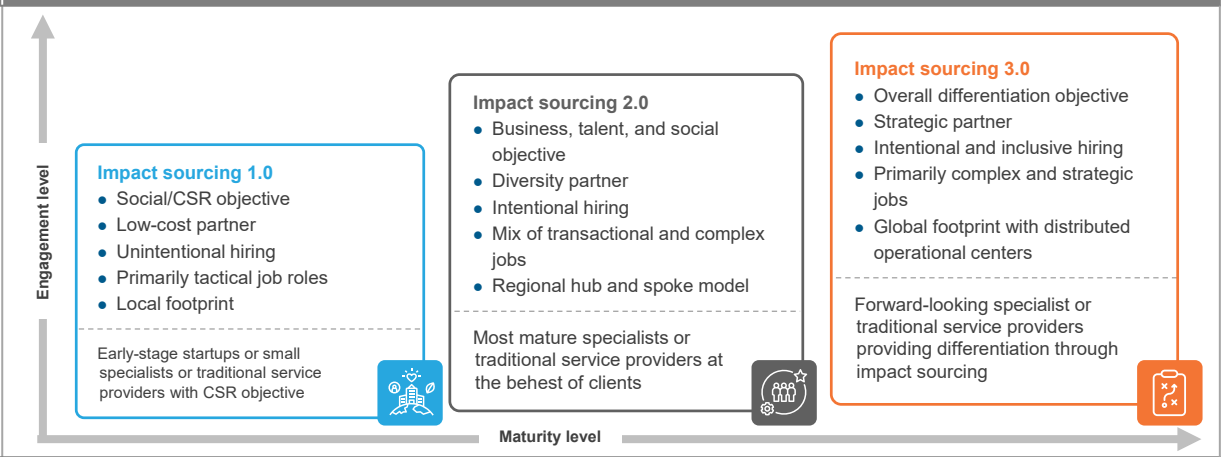
Expand geographic considerations for impact sourcing as marginalized communities are everywhere; the potential to include them in the global services market is also high

This study covers market insights providing a deep dive into key aspects of impact sourcing space; below are four charts to illustrate the depth of the report

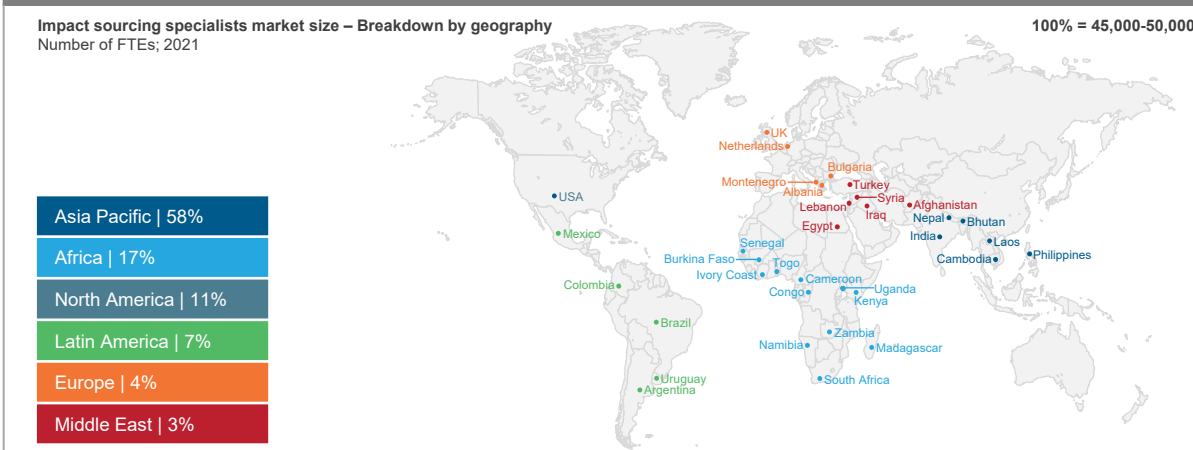
Overall ecosystem of the impact sourcing market



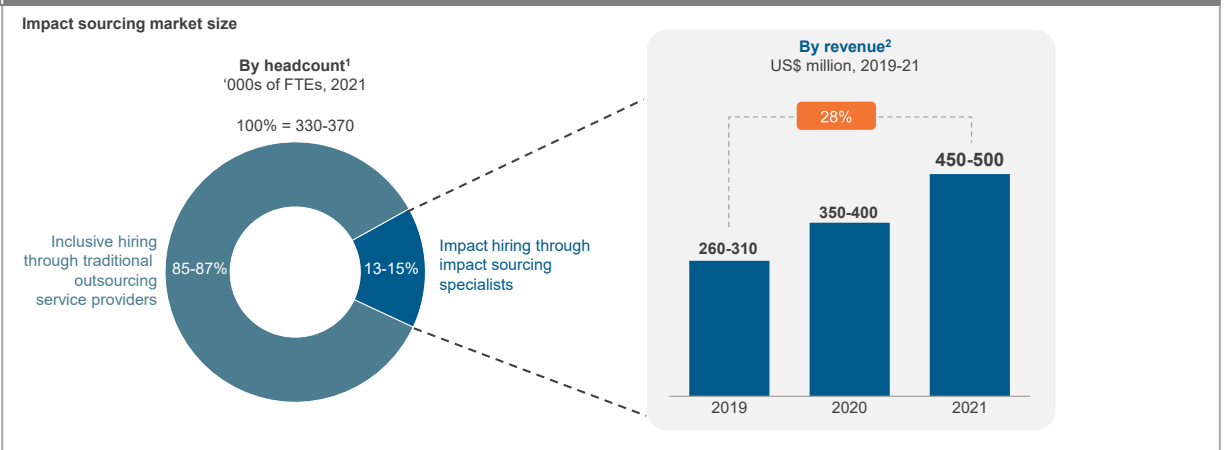
Evolution of impact sourcing



Impact sourcing specialists market size by geography



Impact sourcing market size



Research calendar

Sustainability Technology and Services

Published
 Planned
 Current release

Flagship reports

Release date

Decoding the Sustainability Opportunity in BFSI – Market Report	July 2021
Finance: a Cornerstone of Enterprise Environmental, Social, and Governance (ESG) Strategy	October 2021
Sustainability in Financial Services – The Next Big Opportunity in Data, Technology, and Services	December 2021
Environmental, Social, and Governance (ESG) Adoption in the Engineering Landscape	March 2022
Social Sustainability in Life Sciences: Connecting the Dots between Profit and Purpose	March 2022
The Growing Need for Inclusive Talent Models: Learning from Impact Sourcing Specialists	May 2022
Impact Sourcing Specialists Service Providers Compendium 2022	May 2022
Sustainability Enablement Technology Services PEAK Matrix® Assessment 2022	May 2022
Sustainability Enablement Technology Services Provider Landscape – Compendium	Q2 2022
State of the Market – Cloud 3.0 (Focus on sustainability and sovereignty)	Q2 2022
State of the Market – Sustainability Enablement Technology Services 2022	Q3 2022
Data and Analytics (D&A) for Sustainability	Q3 2022
Sustainability Software Vendor Landscape	Q3 2022
Talent for Sustainability	Q4 2022

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