

The Future of Global Business Services

July 28, 2022 | 3 - 4 pm: Singapore. Hong Kong. Shanghai



Panelists



Heiko Nitsche
President & CEO
**HAN Global Business
Services**

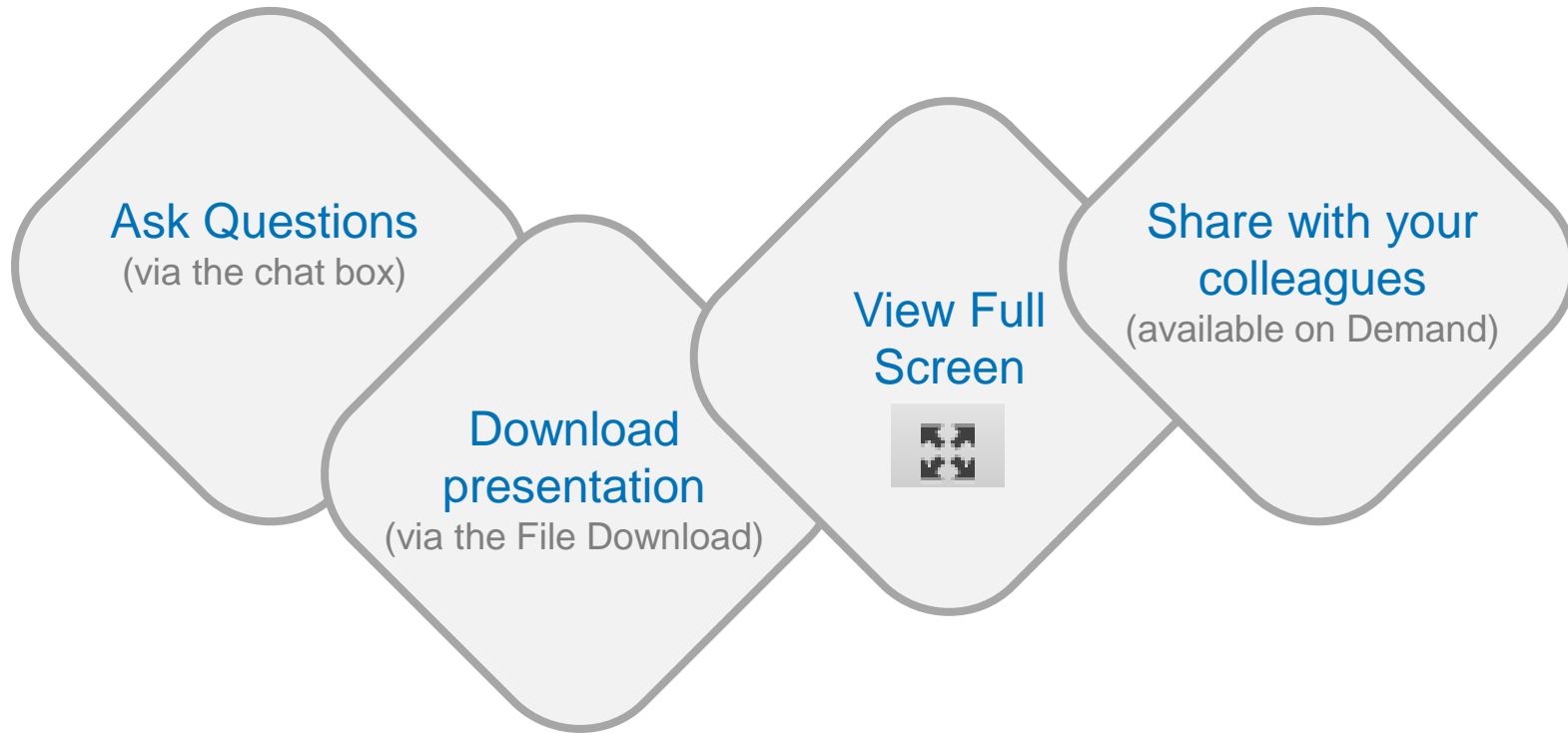


David Cook
Director of Delivery and
Innovation
**Valtech Technology
Group**



Jean-Paul Binot (Moderator)
Program Director, Asia
Shared Services Council
The Conference Board

Making the most of the webcast



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Questions we will be exploring today

A “New Normal” has emerged, in which, more than ever, GBS leaders have to find a way to do more with less for their constituents and internal customers.

- What new technology is available to enable levels of automation never seen before and to bring forth customer-centric digital-first delivery models ? How to separate reality from hype ?
- What about the human side? To what extent does the emergence of Work From Anywhere (WFA) allow GBS leaders to tap into fresh talent pools wherever they may be found ?



The New Normal...



Time for BPO to redefine itself as Business Data Services?

May 10, 2022 | [Phil Fersht](#), [Saurabh Gupta](#)

https://www.horsesforsources.com/business-data-services_051022/

Horses for Sources is the widely acclaimed industry-leading independent blog of world-renowned writer and visionary Phil Fersht.

Started in 2007, the blog shares Phil's personal views on all issues IT, outsourcing, and globalisation.

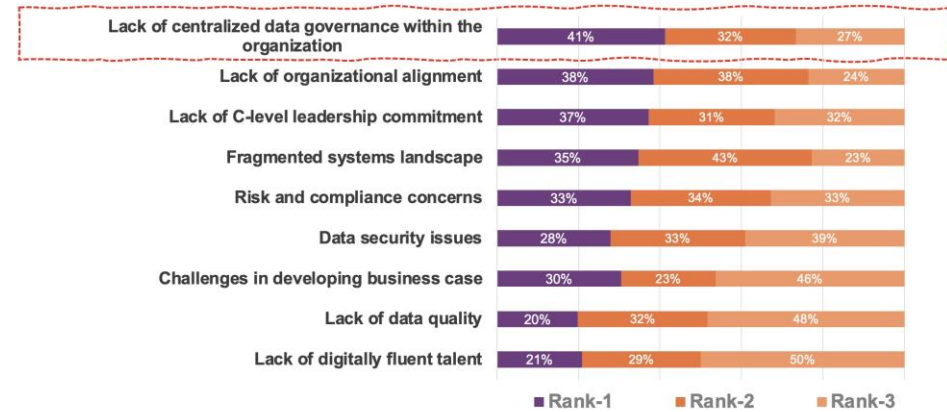
Phil is not shy about calling it like he sees it. In addition to discussing his views on technologies and trends in the market, Phil has also been a loud voice calling out issues like hype in the market, unfair corporate policies, and lack of innovation in the analyst industry.

With over 100,000 subscribed readers, Horses for Sources shares Phil's personal views with a wide range of people across the globe.

<https://www.horsesforsources.com/>

Poor Data Governance, Org Alignment, Fragmented Systems and C-Suite Commitment Plaguing Enterprises Today

Q. Company's challenges to meet strategic objectives



Sample: 600 respondents from Global 2000 enterprises
Source: HFS OneOffice Pulse Study, H2 2021

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Evolution of BPO to "Business Data Services"

	- Globalization -	- Digital pontification -	- Big hurry, ideas to action -
	Old school BPO (till 2010)	BPO services today (2010-2020)	Business Data Services (2020++)
Raison d'être	Cost savings and efficiency	Better business outcomes but still savings	Stay-in-the-game and grow
Driver	Recession in 2002, internet	Incremental maturity of services	Pandemic, virtual business environment, great resignation
Scope / focus	Functional activities (AP, AR, Claims, etc.)	End-to-end processes (O2C, P2P, R2R, H2R)	Enterprise Data flows (customer data, employee data, partner data)
Role of data	Reporting	Support decision making	Data-as-an-asset to find new sources of value
Role of talent	Labor arbitrage (Primarily offshore)	Process experts (offshore + nearshore)	New or scarce skills (Anywhere shore)
Role of technology	Process enablement	Digitization delivers greater productivity	Competitive advantage
Role of change management	Lift-and-shift	Lift-shift-and-fix or Fix-lift-and-shift	Built in as a discipline, ongoing
Technologies involved	On-premise ERP	SaaS + Automation	AI-driven analytics, Web 3.0, Hybrid Cloud
IT – business convergence	IT and Business Operations in silos	Boundaries between business and IT starting to blur	Full convergence of IT and business operations
Role of service provider	Vendor (order-taker)	Partner	Orchestrator

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ASIA SHARED
SERVICES
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28 JULY 2022
PRESENTATION

The Great Inflection

Technology and Geopolitics

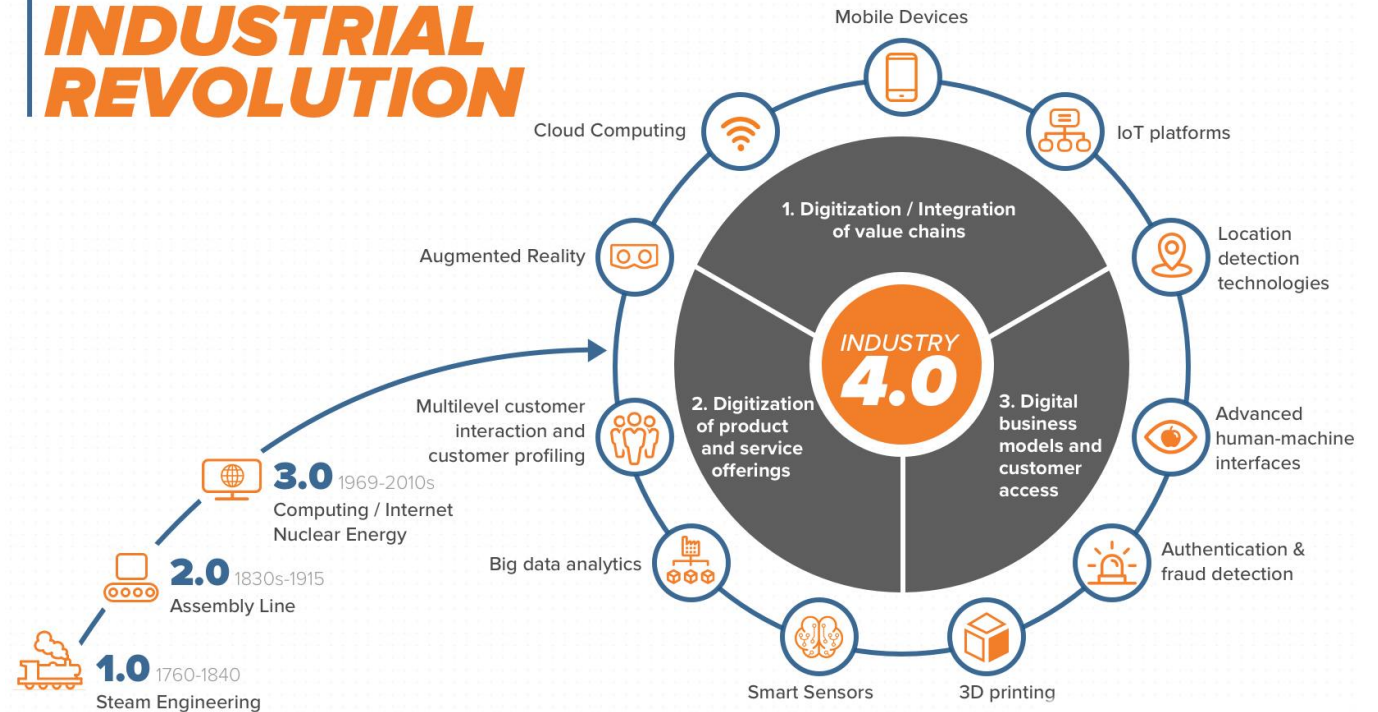
A Future View

TECHNOLOGICAL PRESSURE ON GSS

Workflow Automation in the 4IR

- ▶ Workflow Automation technologies strongly represented within the 4IR roadmap
- ▶ Strongly affected technologies include - AI and Robotics, Information Technology, Digital Economy and Society, Blockchain, IoT, and Digital Communications
- ▶ The 4IR model anticipates disruption in – Workforce and Employment, Education Gender and Work, and Human Enhancement
- ▶ Shared Service operating paradigms are as likely to be revolutionized

THE DAWN OF THE **FOURTH INDUSTRIAL REVOLUTION**



Applications of 4IR in Workflow Automation

- ▶ Machine to Machine Communication (M2M)
- ▶ Cognitive Computing (CC)
- ▶ Artificial Intelligence (AI)
- ▶ Machine Learning (ML)
- ▶ Robotic Process Automation (RPA)

Technology Roadmap to the Future

- ▶ Information infrastructure is prerequisite – universal connectivity
- ▶ Internet of People (IoP) and Internet of Things (IoT) will merge
- ▶ Increasingly computational processes move to the Cloud
- ▶ Human-Machine interfaces will evolve toward higher bandwidth
- ▶ Processing power continues to follow Moore's Law
- ▶ Computational platforms will evolve (Quantum Computing?)
- ▶ Intelligent data analytics will solve problems in unstructured data
- ▶ Machines enter a post-Turing-Test normal
- ▶ Business models will adapt to universal data on demand

Heatmap of AI Applications

FIGURE 3 | Common AI use cases by organizational function and technology type





A Consensus toward Deglobalisation

A SUDDEN, AND UNEXPECTED SHIFT AWAY FROM GLOBALISATION
AGENDAS HAS OVERTAKEN THE MOOD OF THE POLITICAL AND
BUSINESS ESTABLISHMENT

Davos May 2022



FINANCIAL TIMES

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Global Economy [+ Add to myFT](#)

Business leaders warn that three-decade era of globalisation is ending

Executives and investors gather in Davos to discuss mounting economic and financial challenges



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Getting Deglobalization Right

May 31, 2022 | JOSEPH E. STIGLITZ

It was clear at this year's gathering of business and political elites in Davos that the longstanding vision of a world without borders is no longer credible. Unfortunately, it was also clear that recognizing this basic truth is not the same as reckoning fully with past mistakes.

The Mood and Agenda

What's happening in the global economy? The heads of the IMF, the French central bank, Citi and the Carlyle Group talk inflation, stagnation, and (de-)globalisation.

What is going on in this more shock-prone world should press us to seek ways in which we work more together but [...] **we have to be less obsessed with globalising profit and more with localising benefits for communities and countries.**

— Kristalina Georgieva, Managing Director, International Monetary Fund

Key Drivers

“growing tensions”

“social cohesion erosion”

“commodity shocks”

“Great Resignation”

“price instability”

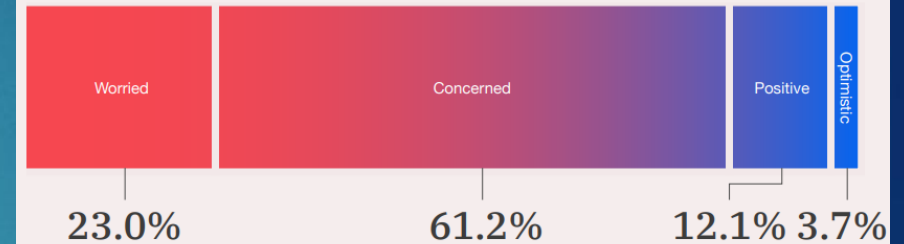
“labour market imbalances”

“Inflation”

“widening digital, education and skills gaps that risk splitting the world into divergent trajectories”

FIGURE 1.2

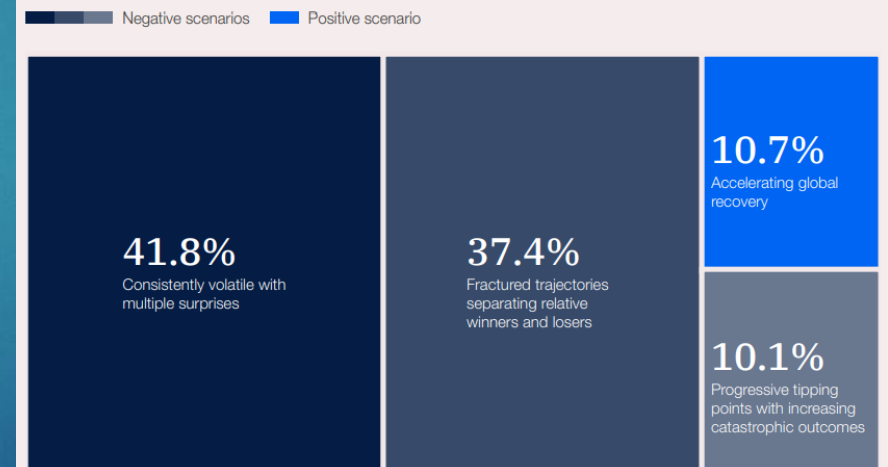
“How do you feel about the outlook for the world?”



Source: World Economic Forum Global Risks Perception Survey 2021-2022

FIGURE 1.1

“What is your outlook for the world over the next three years?”



Source: World Economic Forum Global Risks Perception Survey 2021-2022



The Great Inflection

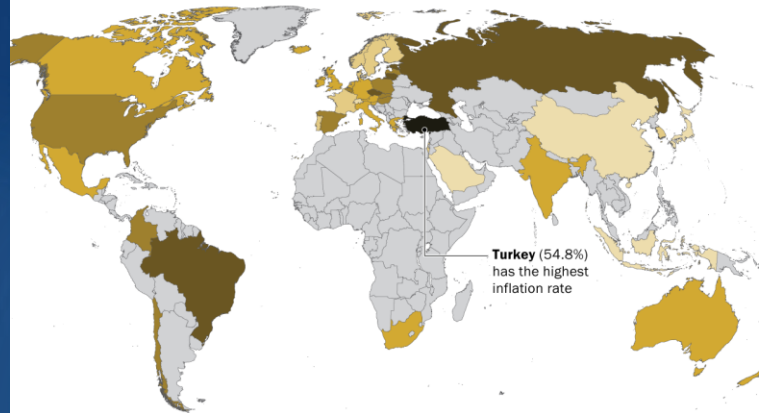
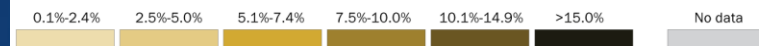
WHAT'S THIS YEAR'S MEETING ABOUT?

THE MEETING IS CENTERED AROUND THE THEME HISTORY AT A TURNING POINT: GOVERNMENT POLICIES AND BUSINESS STRATEGIES. IT HAPPENS AT THE MOST CONSEQUENTIAL GEOPOLITICAL AND GEO-ECONOMIC MOMENT OF THE PAST THREE DECADES AND AGAINST THE BACKDROP OF A ONCE-IN-A-CENTURY PANDEMIC.

Runaway Monetary Environment

Where inflation is highest and lowest across 44 countries

Annual inflation rate, first quarter 2022



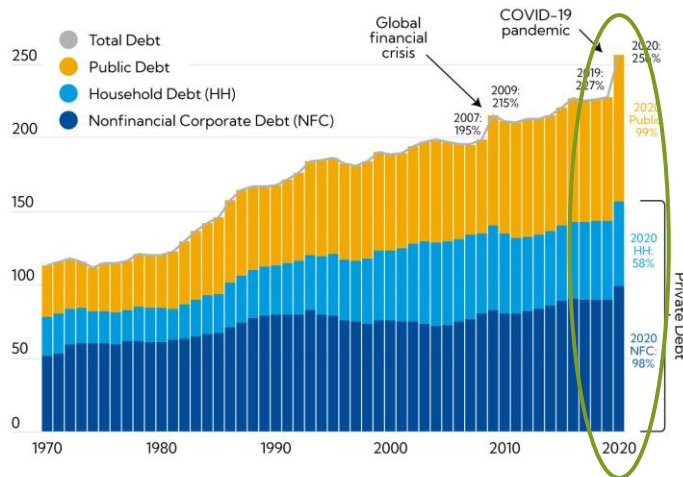
Turkey (54.8%) has the highest inflation rate

Note: Chart includes 37 of 38 member nations of the Organization for Economic Cooperation and Development (OECD) and seven other economically significant countries for which the OECD provides data.
Source: Pew Research analysis of OECD data.

PEW RESEARCH CENTER

Historic highs

In 2020, global debt experienced the largest surge in 50 years. (debt as a percent of GDP)



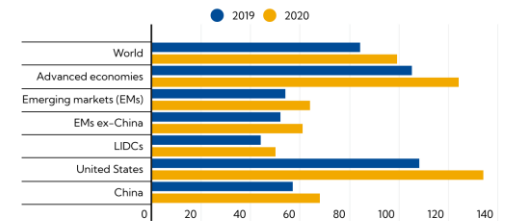
Sources: IMF Global Debt Database and IMF staff calculations.
Note: The estimated ratios of global debt to GDP are weighted by each country's GDP in US dollars.

IMF

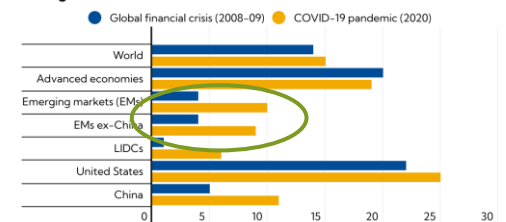
Now versus then

Public debt soared around the world in 2020, growing faster in some regions than during the global financial crisis. (percent of GDP)

Public debt stock



Changes in debt



Sources: IMF Global Debt Database and IMF staff calculations.
Note: LIDCs = Low-income developing countries.

IMF

Global Inflationary Contagion

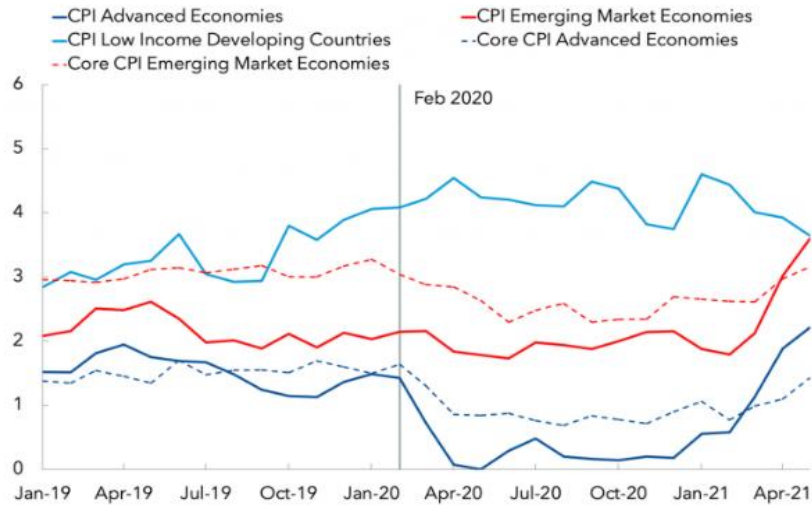
Unprecedented Debt Spike

EMDE Bearing the Brunt

NEER and Wage Growth Pressure



Rising headline inflation but pressures transitory
 Pent-up demand and supply chain bottlenecks are putting upward pressure on prices, but inflation is expected to subside to pre-pandemic ranges in most advanced economies.
 (consumer price inflation; percent, year-over-year, median)

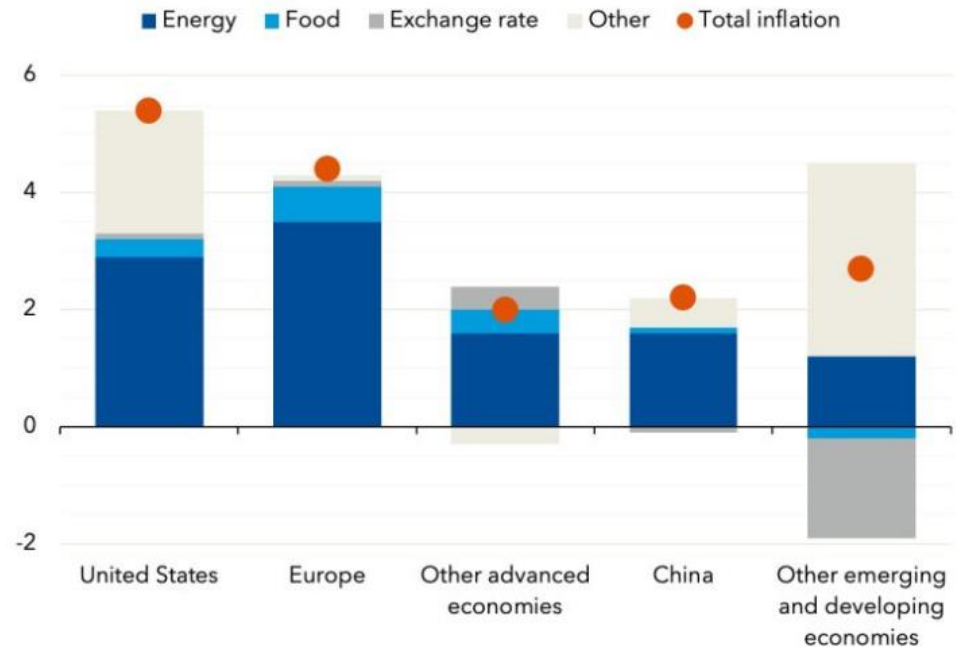


Sources: IMF *Global Data Source*; IMF *STA CPI-Database*; and IMF staff calculations.



Price pressures

Inflation has risen throughout the second half of 2021, driven by several factors of varying importance across regions.
 (change in inflation, Dec 2020-latest, percentage points)



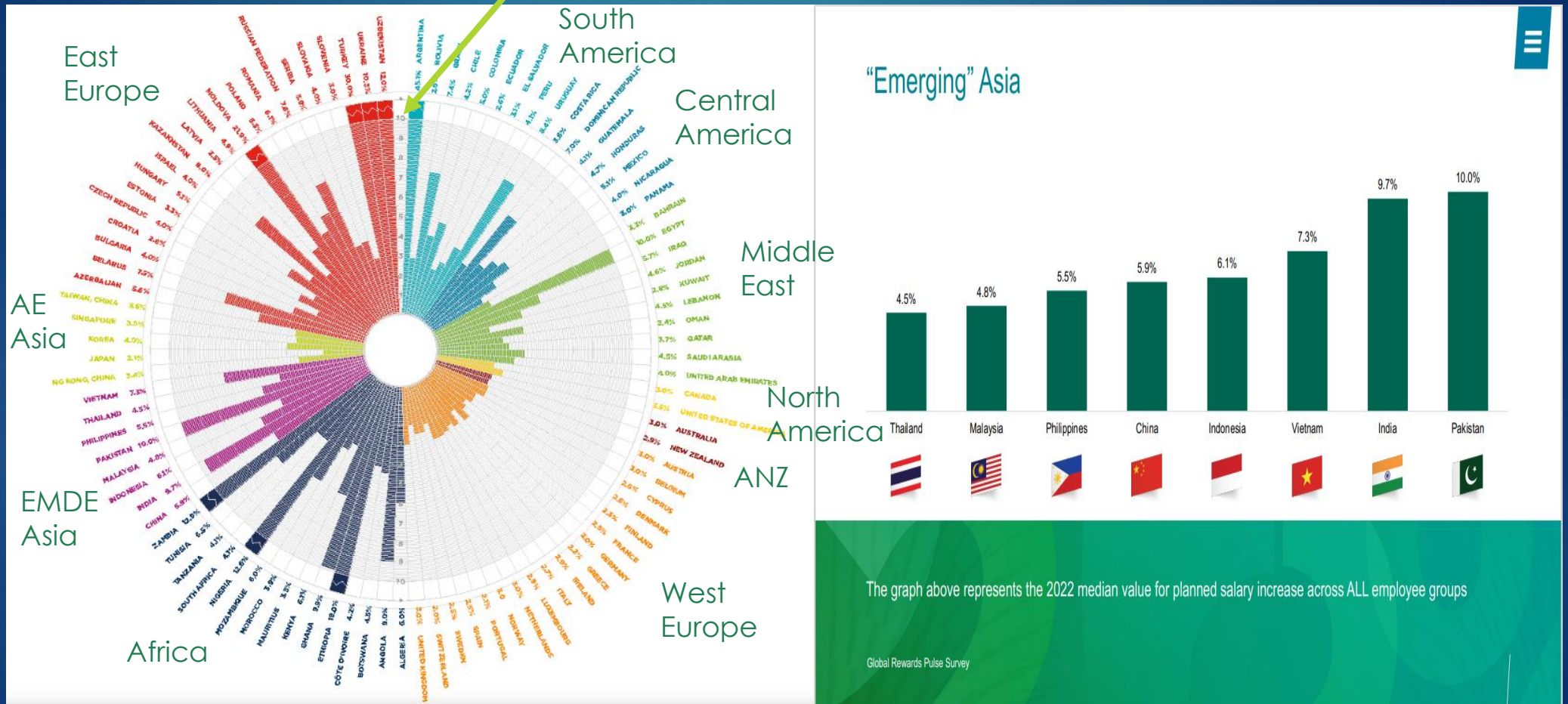
Sources: Haver Analytics; and IMF staff calculations.

Note: Inflation refers to the year-over-year change in consumer prices from Dec 2020 through the latest data. Exchange rate refers to short-term depreciation-induced inflation using estimates by Carrière-Swallow and others (2021). Sample includes countries with all components available. Purchasing-power-parity weights are used for aggregation.



Labor Markets – Wage Growth

10% Annual Increase



The graph above represents the 2022 median value for planned salary increase across ALL employee groups

Global Rewards Pulse Survey

Realignment of Alliances



SECRETARY JANET YELLEN: ...rather than being highly reliant on countries where we have geopolitical tensions and can't count on ongoing, reliable supplies, we need to really diversify our group of suppliers. And yes, **friend-shoring** means—and you've seen this in action—that we have a group of countries that have strong adherence to a set of norms and values about how to operate in the global economy and about how to run the global economic system, and we need to deepen our ties with those partners and to work together...

...adopt high standards with respect to labor, the environment, privacy protections, digital—you know, treatment of digital business and services that these countries might band together and form partnership...

Atlantic Council Speech – April 2022



BRICS + and “The New G8”

World / News

Russia to form 'new G8' with Iran and China

The 'new G8' wants 'to develop dialogue and mutually beneficial relations with Russia'

Lynn Chaya

Jun 15, 2022 • June 15, 2022 • 2 minute read • 241 Comments

FLASHPOINTS | DIPLOMACY | EAST ASIA

Great Power Conflict Fuels BRICS Expansion Push

Amid China-U.S. tensions, the impetus to build a bigger BRICS has grown stronger than ever.

By Nian Peng – The Diplomat

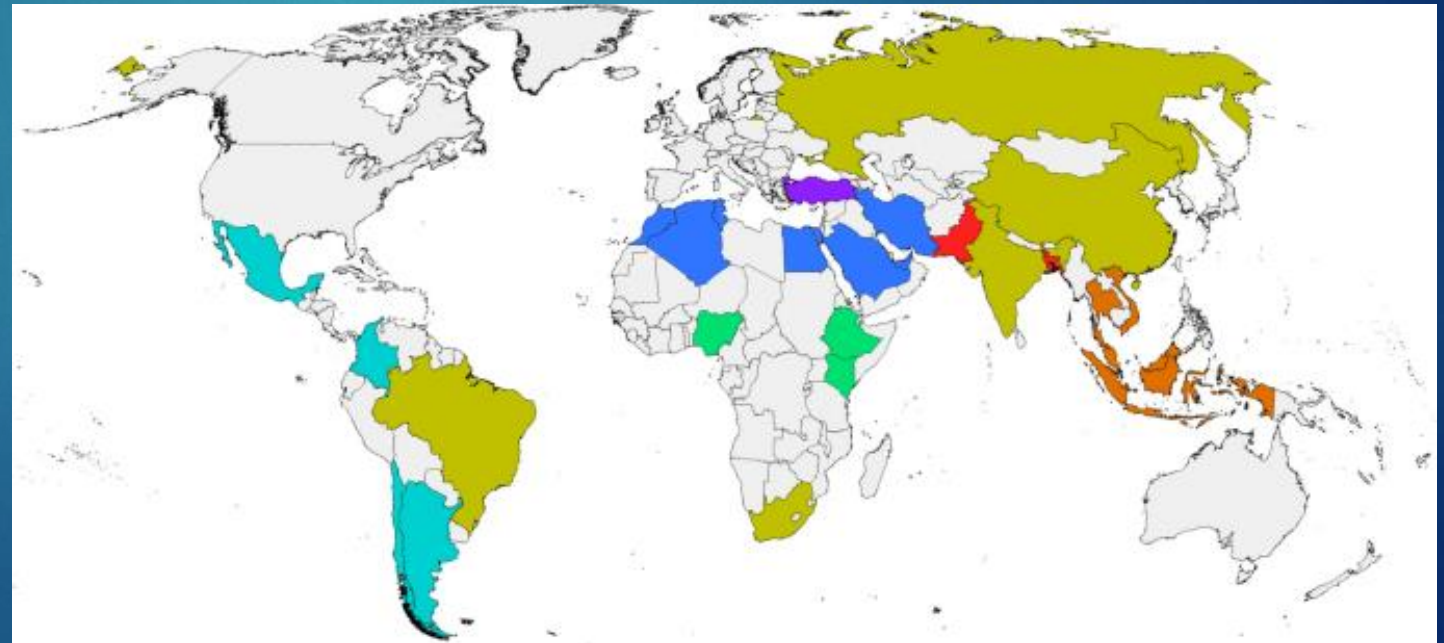
Proposed “BRICS Plus” Geo-economic bloc

Global Economics
Paper No: 66

Building Better Global Economic BRICs

- In 2001 and 2002, real GDP growth in large emerging market economies will exceed that of the G7.
- At end 2000, GDP in US on a PPP basis in Brazil, Russia, India and China (BRICs) was about 25.5% of world GDP. On a current GDP basis, BRICs share of world GDP is 9%.
- Using current GDP, China's GDP is bigger than that of Italy.
- Over the next 10 years, the weight of the BRICs and especially China in world GDP will grow, raising important issues about the global economic impact of fiscal and monetary policy in the BRICs.
- In line with these prospects, world policymaking forums should be re-organised and in particular, the G7 should be adapted to incorporate BRIC representatives.

Jim O'Neill
30th November 2001



Supply Chain Chaos

A Normal Supply Chain? It's 'Unlikely' in 2022.

The chaos at ports, warehouses and retailers will probably persist through the year, and perhaps even longer.

The Port of Los Angeles, one of the busiest ports in the United States, where containers have piled up uncollected. Erin Schaff/The New York Times



With the havoc at ports showing no signs of abating and prices for a vast array of goods still rising, the world is absorbing a troubling realization: Time alone will not solve the Great Supply Chain Disruption. It will require investment, technology and a refashioning of the incentives at play across global business. It will take more ships, additional warehouses and an influx of truck drivers, none of which can be conjured quickly or cheaply. Many months, and perhaps years, are likely to transpire before the chaos subsides. – NY Times

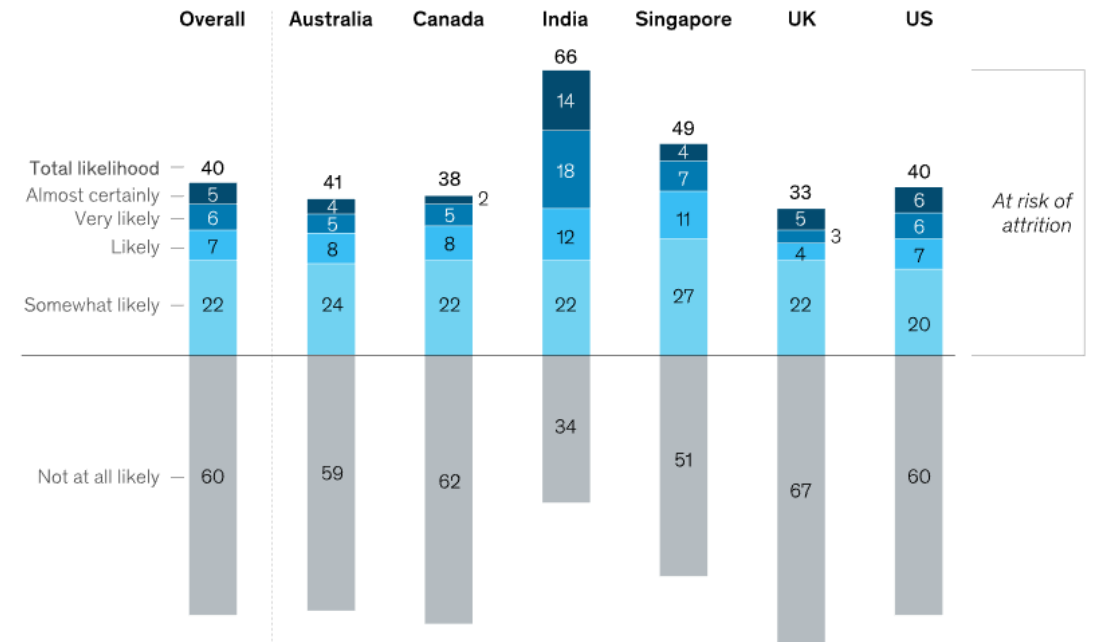
The Great Resignation



Exhibit 1

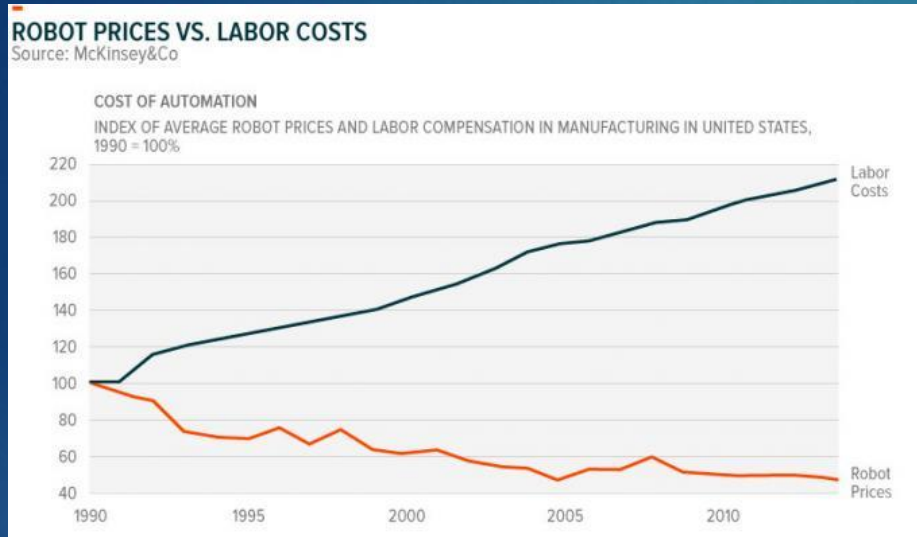
Forty percent of workers globally say that they might leave their jobs in the near future.

Likelihood that respondents will leave their current job in next 3–6 months, %



Note: Figures may not sum to total, because of rounding.
Source: Subset of respondents from McKinsey's 2022 Great Attrition, Great Attraction 2.0 global survey who were employed at the time of the survey, which was conducted between Feb 2022 and Apr 2022 (n = 12,378)

Turn to Automation and Robotics



Research shows that knowledge-intensive businesses of all sorts tend to spring up more frequently in manufacturing hubs, spurring higher levels of growth in countries that create them. ...**our next stage of digital development, from the consumer internet to the “internet of things”, will put this trend on steroids.** As data lives in manufactured products, there really is no line between factory work and knowledge work any more. FT – Ran Foroohar

Opinion: How robots will save us from inflation

Last Updated: Nov. 3, 2021 at 12:00 p.m. ET
First Published: Nov. 2, 2021 at 3:52 p.m. ET

By Dalia Marin

Robotization will not only moderate labor scarcity; it might even offset it, leading to a labor surplus. As Acemoglu and Restrepo have pointed out, over the past three decades, automation has displaced far more workers than it has created new jobs. ...it also suggests that deglobalization is unlikely to fuel a surge in inflation any time soon.

Robotization will also diminish the impact of demographic trends on wages.

Work From _____

FUTURE OF WORK

Remote work fuels major diversity boost at Meta

This week, Meta announced that it beat its previously stated diversity goals by two years.

- The company cited the increasing prevalence of remote jobs.
- Research shows that underrepresented groups are more likely to prefer and stay at jobs that offer remote or hybrid work schedules.

<https://www.weforum.org/agenda/2022/07/meta-remote-work-diversity-boost/>

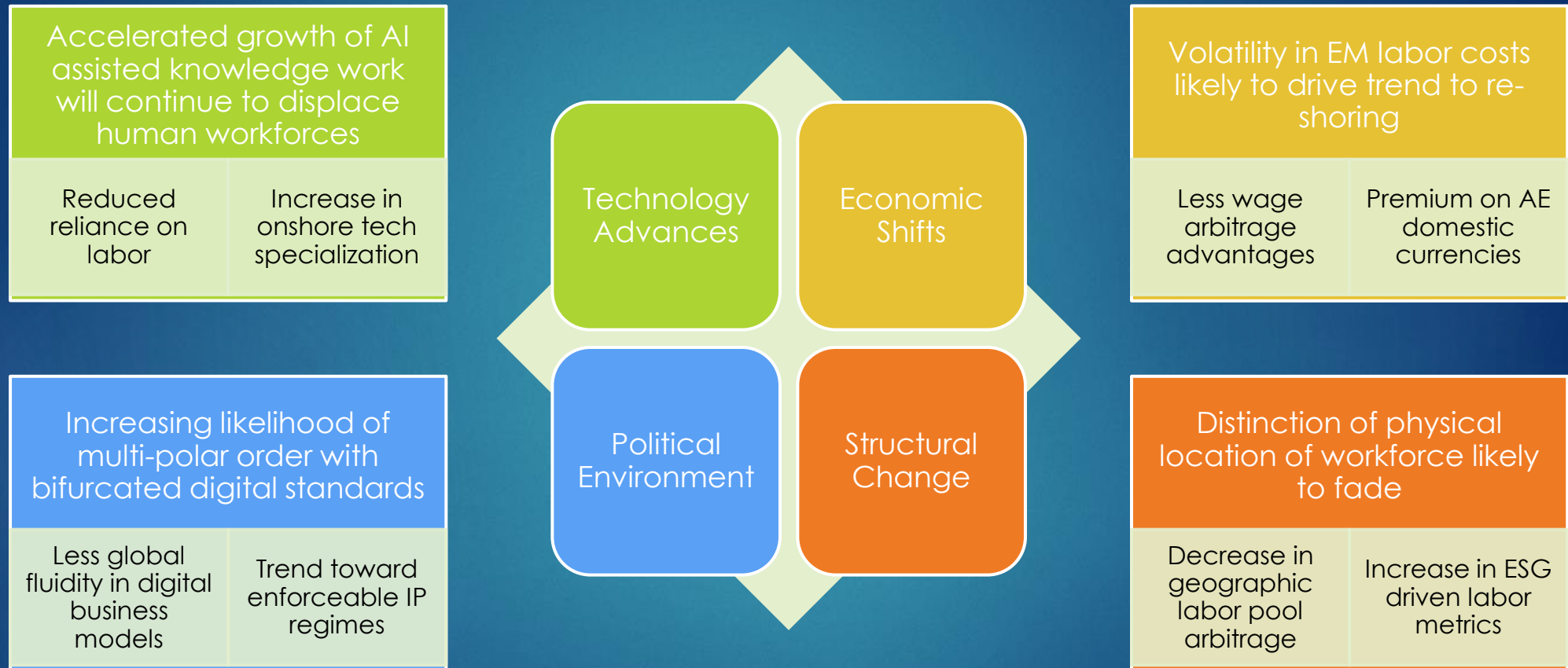
Remote working makes itself at home

A survey conducted by FlexJobs found that **58% of people wanted to work at home permanently after the pandemic, and that 39% wanted a hybrid environment.** Studies have also found that remote workers are more productive than in-office staff, and that remote working opportunities mean that companies can hire from a more diverse pool of talent.

...Indeed, it's less of a trend and more of a permanent change.

Candidates will expect home and hybrid working options as standard when they apply for positions, while companies will have to offer flexible and home working options if they want to attract and keep the best talent. – Tech Radar, Job Trends 2022

Evolving Business Case for GSS



Trends to Watch Going into 2023

TECHNOLOGY

1. AI driven automation continues to replace human labor, but creating new employment specializations (parity in 2024)
2. Rapid growth in automation through standardized networks
3. Cloud computing overtakes legacy systems, leading to decentralization

ECONOMIC

4. Divergent trends in inflationary regimes likely to create regional distortions in wage growth

POLITICAL

5. Emergence of multi-polar geopolitical order likely to challenge globalized digital business models
6. Potential for digital business models to align along “friendshoring” principles, with a premium on trusted regimes

STRUCTURAL

7. Reshoring of manufacturing may place indirect pressure on knowledge-work centers
8. Fundamental shift in attitudes toward “traditional employment” likely to distort legacy labor pools
9. Physical location of workforce likely to have diminishing relevance
10. ESG targeting may put increasing reliance on WFH employment models

The Great Inflection: Technology and Geopolitics

Presented by – David Cook

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HAN Global
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Leadership and Corporate Culture as Cornerstones



Future of GBS

HEIKO NITSCHKE, CEBU, JULY 28, 2022

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About myself



HAN Global
Business Services

- German, 50 yrs
- Living in Cebu, Philippines
- 6 yrs working as CPA/Consultant with Arthur Andersen/Ernst&Young
- 18 yrs working for Daimler/Mercedes-Benz
 - 5 yrs for Mitsubishi Fuso in Tokyo/Japan (as CAO)
 - 7 yrs for Mercedes-Benz Group Services Phils in Cebu/Philippines (as Founder and CEO)
 - 3 yrs for Mercedes-Benz Thailand in Bangkok/Thailand (as CFO for South-East Asia region)
- Founder/CEO of HAN Global Business Services in Cebu/Philippines

HEIKO NITSCHKE, LEADERSHIP AND CORPORATE CULTURE, JUL 28, 2022

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Leadership

- What is Great Leadership all about?



- “Take care of your employees and they will take care of your business” (Richard Branson)
- “Treat others like you want to be treated” (Jesus of Nazareth)



Corporate Culture



HAN Global
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- How to create a world class Corporate Culture?



HEIKO NITSCHKE, LEADERSHIP AND CORPORATE CULTURE, JUL 28, 2022

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Corporate Culture



- Great Company Culture results in...

- Consistent Low Attrition Rate of < 10%
- High Service Quality, successful operations
- Very successful Employee Referral Programs (>60%)
- Leavers do not join BPO/SSC industry, but majority abroad (> 50%)
- Utilizing Programs for Internal Marketing (e.g. Global CFO Conference)
- More Growth and Migrations



New normal/WFH/WFA



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- How can you keep high employee engagement/morale over zoom/skype/google meet/etc
 - Show how much you CARE
 - Ask for feedback
 - Make communication visual
 - Recognition is crucial
 - Keep learning and development as a priority
 - Stay connected, Utilize team chat apps
 - Make sure it's not "all work and no play"; Play games, have FUN in-between
 - Encourage real breaks; Take "coffee-breaks"
 - Manage results, not actions ("do NOT micromanage")
 - Focus on coaching, not problem solving
 - And, finally - WFH/WFA is in itself a morale booster for many employees
- Finding the right balance between WFH/WFA and staying in touch/network with colleagues in the office/during work events is the key for our future work environment in GBS (and elsewhere)

HEIKO NITSCHKE, LEADERSHIP AND CORPORATE CULTURE, JUL 28, 2022

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Q&A

