



The next evolution: How AI will transform Global Business Services by 2026

The trends reshaping GBS that
leaders need to know now.



Global Business Services (GBS) is in the midst of an unprecedented expansion in domain, capabilities and importance. Recent technological advances—especially generative artificial intelligence (GenAI)—now give GBS organizations the power to tailor service delivery models to business specific needs. They are investing in a data-driven future and gaining tighter control over every aspect of operations. They are generating new efficiencies and creating additional value.

KPMG took a close look at what GBS and other C-suite leaders are doing to get ahead. We talked to more than 500 top executives from diverse major industries worldwide. Our objective was not only to draw a current and thorough portrait of GBS but, more significantly, to explore their projected strategies for the next two years. We learned how these leaders are adapting to change; and how their commitment to talent, technology, and organizational structure positions them for future growth.

Three trends stood out:

1

GenAI is the future of GBS—and it's here now.

98% of GBS organizations have deployed GenAI or will be in pilot programs within the next 12 months.

Source: HFS Research, 2024

2

GBS is becoming a connected enterprise

62% of firms plan to implement enterprise-wide global or hybrid GBS programs within two years.

Source: HFS Research, 2024

3

There is a rising need for data and digital literacy skills

79% of respondents currently lack the in-house skills to provide value-added digital services.

Source: HFS Research, 2024

Taken together, these trends point to a near-term GBS future characterized by increasing control and influence over more areas of business, the ability to integrate globally, and the talent to optimize technology investments. Let's explore these trends and what they mean for you.

1 GenAI is the future of GBS and it's here now.

GBS executives have been quick to recognize the benefits of AI. They see obvious advantages in an ecosystem of tools that supports an intelligent, cognitive way of working. They realize that AI, and now GenAI can transform their service delivery models to drive efficiencies and generate value.

With its superior predictive power and the ability to sift through and analyze vast quantities of data in seconds, GenAI is helping GBS identify and take advantage of savings opportunities wherever they are found, and opens the door to support more value-added services, such as complex financial planning, analysis and reporting.

Survey statistics help to illustrate the excitement around GenAI. As noted, 98% of organizations are either in some stage of GenAI deployment or plan to be within the next 12 months.* While it is deployed most often in information technology (IT), finance, and customer service at present, GBS leaders plan to put GenAI to work in many more areas, automating tasks and improving service delivery across audit, human resources (HR), compliance and others.



An acceleration in adoption

The momentum behind GenAI is hard to overstate. Eighty-five percent of respondents consider an embedded AI capability a requirement for ongoing success. By the end of 2026, GenAI will be deployed in more than half of surveyed organizations, a 61% jump over today.* Early adopters—those currently piloting programs—have a first-mover advantage in leveraging the power and capabilities of the technology. They not only benefit from the automation of manual tasks but also can plan more effectively. With GenAI-generated data and analytics, they can see further down the road, peer around corners for surprises, analyze the current route and provide data-driven alternatives. And they can do it all faster.



The data dilemma

Valid data, digital information, is the lifeblood of GenAI. Without quality data, it's impossible to train the models. And the lack of integrated, organization-wide data is a key barrier to GenAI adoption. In fact, one in five respondents cited it as their main concern. It can be difficult for a global business with far-flung operations to integrate multiple systems. There can be problems with data flow, reliability, or more.

To ameliorate the problem, GBS organizations are establishing data governance frameworks. They're implementing unified data platforms, leveraging external expertise and—depending on their level of sophistication—employing machine learning techniques.

In sum, the GenAI race is on. Some GBS organizations are at the starting line, while others are already reaping efficiencies from their GenAI investments. The rules for GenAI adoption are still in development, and best practices continue to evolve. To move forward with discipline, organizations are establishing Capability/Innovation hubs, responsible for the ideation, use case prioritization, proof of concept, development, deployment, and management of AI-enabled solutions. These hubs help companies scale their initiatives, share best practices, and optimize their GenAI applications as technology allows.

The opportunities for GenAI deployment are unlimited. More than half of GBS organizations envision it in customer service, where chatbots and virtual assistants are already transforming customer interactions. Almost half plan to deploy it in managing IT infrastructure, where it can automate routine tasks, enhance operations and improve system performance. But those applications are only the beginning. Technologically sophisticated companies, for example, are already leveraging GenAI in forecast-to-actuals commentary for P&L and Board materials. The survey message is clear: Organizations without a plan for GenAI adoption aren't just standing still. They're falling behind.

* Source: HFS Research, 2024

2 GBS is becoming a connected enterprise with new and powerful capabilities

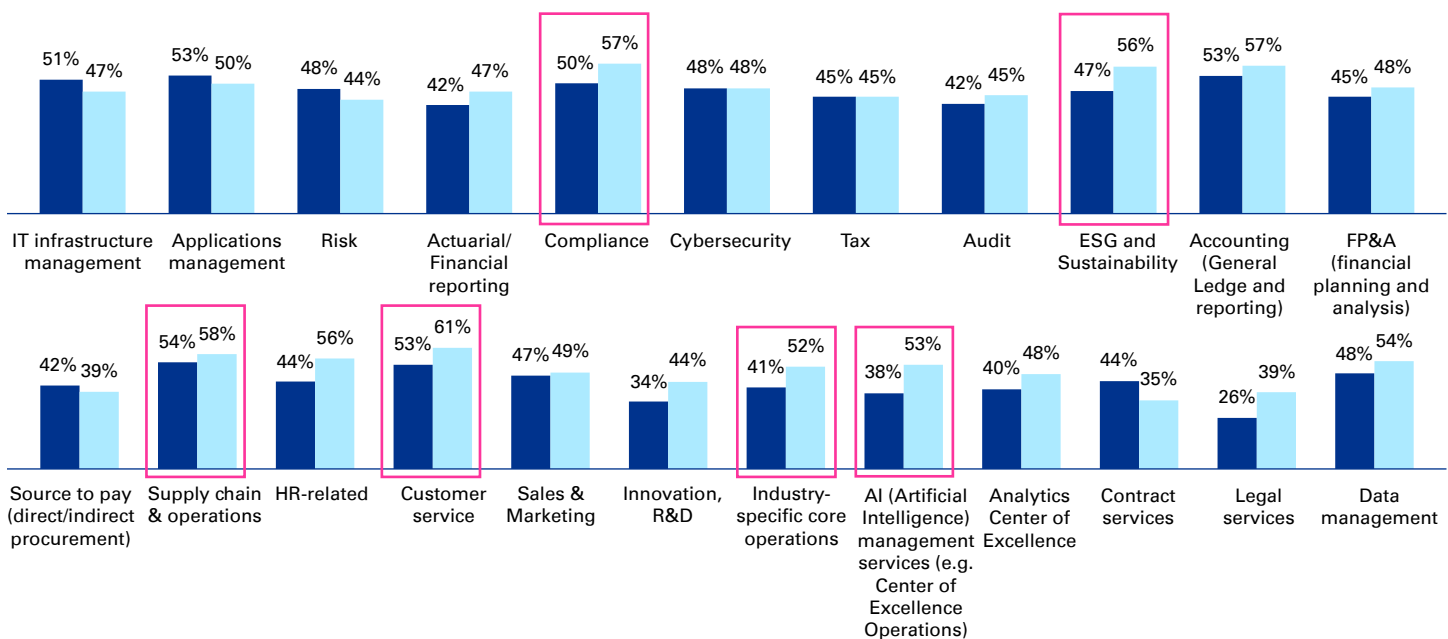
In today's world, GBS can no longer be simply a large-scale operational entity. Success demands that GBS become a connected enterprise, uniting people, process, technology and data. As such, GBS becomes an engine of value.

Powered by the capabilities of AI and GenAI, GBS organizations are significantly expanding their sphere of influence, bringing more areas of business under

their control. GBS has expanded scope customer services, supply chain management, data and analytics and more. Our survey showed GBS is set to become an increasingly strategic player, integrating a broader range of functions to drive efficiency, innovation, and competitive advantage. In fact, of the 23 functional areas measured, only four expect a lessening of GBS involvement in the future.*

GBS is expected to increase its strategic role in 17 of 23 key functions by 2026

Q: Which functions are/will be within the scope of your GBS organization, today and in two years?



GBS supporting critical business functions—not just back office

Sample: 505 survey participants

■ Today ■ In two years

Source: HFS Research, 2024

* Source: HFS Research, 2024



Going global

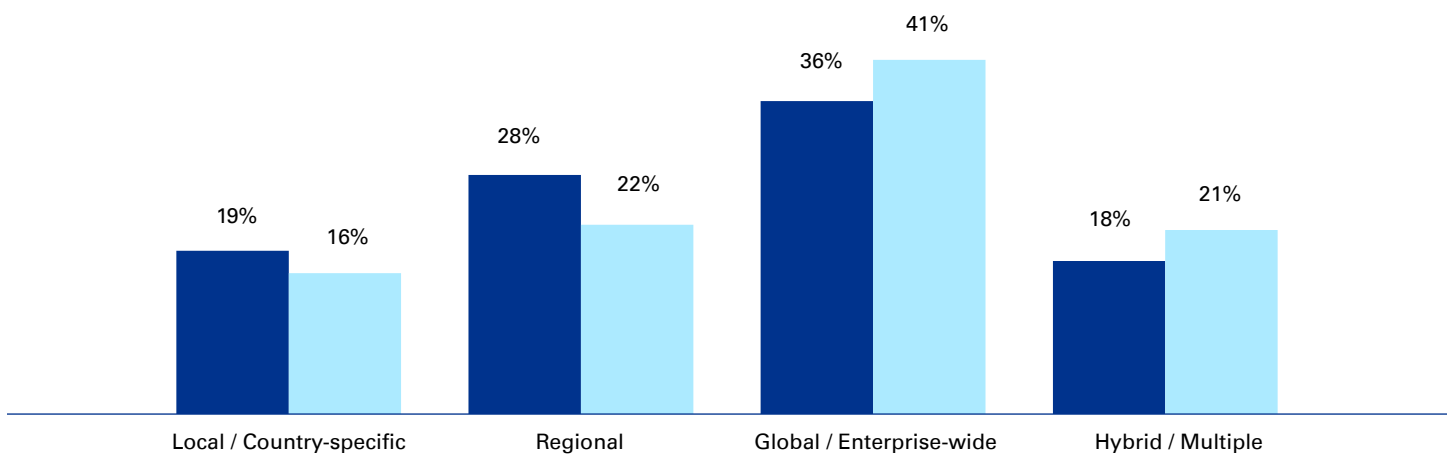
GBS's reach stretches not only across the enterprise but also across the globe. Companies now have access to a deeper global talent pool that expands the art of the possible for GBS delivery. While companies often begin by paying premium prices for local talent in developing and launching their initial AI and GenAI capabilities, once the strategy is established, they can orchestrate and scale their programs where labor is substantially less expensive. And over time, GBS will be not only the cost-effective option, but also an incubator of GenAI strategy and innovation.

The power of GenAI is enabling GBS to tailor the enterprise delivery model, choosing the mix of captive

and outsourced resources that best meets its particular needs. Technology has already propelled the growth of offshore and nearshore GBS solutions for cost and skill reasons. With new options suddenly available, companies are moving from on-site captive centers to hybrid systems. As businesses continue to seek stronger alignment across their diverse functions, this trend will continue: survey data projects a 16% rise in global and enterprise-wide GBS programs over the next two years, with the highest growth anticipated for front- and middle-office functions. Local, country-specific, and regional delivery models are expected to decline.

Companies continue to shift from local and regional models to global and hybrid ones in the next two years.

Q: What is the geographic scope of your GBS program? What will it be in two years?



A slow march to Global Operations

Sample: 505 survey participants

■ Today ■ In two years

Source: HFS Research, 2024



The value-adding power of transformative GBS

As technology-led solutions assume a more prominent role, GBS is evolving for a transformational, rather than a transactional future. It's providing strategic value in business-critical situations throughout the organization. It is consolidating and analyzing data from across the organization to support better decision-making, identify risks, and forecast trends. GBS has become more outcome focused as businesses experiment with new service delivery approaches and mature their governance and service management models. And GBS is increasingly important in transforming the enterprise overall.

Sixty-four percent of organizations already rate GBS's transformational value as extremely or highly important, a number that climbs to 84% in two years.* These numbers show respondents are investing for the future. With GenAI and access to global talent, GBS can go from operational/transactional to transformational

and value generating. Organizations can leapfrog incremental improvements and achieve significant innovation and efficiency gains at speed.

GenAI provides many levels of value throughout the GBS universe. While GBS still manages the transactions that have historically defined its identity, it now has the data, analytical tools and capabilities to act strategically, managing and facilitating thorough processes across the enterprise.

As GBS becomes a critical driver of business outcomes and initiatives over the next two years, the share of GBS activity devoted to transformation is expected to climb to almost 60%, a jump of ten points over today.* This underscores the speed with which GBS is already disrupting older ways of working and catapulting companies into the world of data-driven possibilities.

* Source: HFS Research, 2024





GBS adds more value across the board

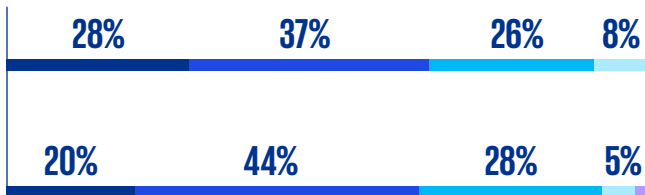
When organizations commit to GBS, they increase their investments in people, infrastructure, and technology. Forty-two percent of respondents consider GBS critically important and a primary area for investment as they seek to integrate GBS within a broader innovation strategy.* As GBS evolves into a critical driver of outcomes and strategic initiatives, it will be increasingly important to transformation, and transactional importance will decline in comparison.

Companies are increasingly prioritizing transformational over transactional approaches to GBS.

Q: How would you compare the value of the two approaches, today and in two years?

Today

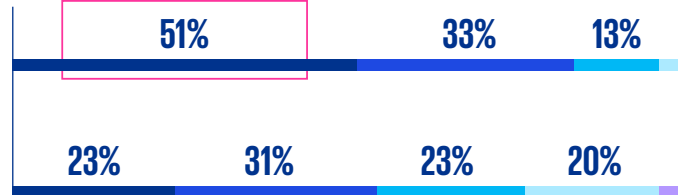
Transactional services: cost-based, volume-based, task-based processing.



Transformational services: a fundamental shift in the way an organization does business, delivering significant strategic, financial, or operational value.

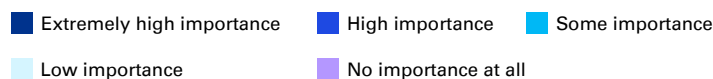
In 2 years

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Source: HFS Research, 2024



* Source: HFS Research, 2024

3 | There is a rising need for data and digital literacy skills

Modern technology is a new world. To take full advantage of the digital environment, GBS needs a trained and educated workforce. Eighty-three percent of respondents believe that GenAI will quickly transform the talent landscape.* While today, only one in five respondents consider transformational GBS extremely important, over half believe it will be extremely important to them within two years. In preparation, companies are already upskilling their workers and recruiting digitally knowledgeable individuals to leverage their technology investments.

When we look at the skills valued by GBS management, the top three are strategic vision, leadership, and the integration of advanced technologies. The first two are standard in any discipline, and particularly important to GBS, where leaders must drive integrated digital technologies across siloed business and IT functions. Siloed functions, in fact, have been the biggest barriers to successful GBS outcomes. That fact highlights the growing importance of the third skill: technological fluency. It will enable and accelerate a connected enterprise adoption. And, **in just two years, organizations expect AI skills and digital literacy to be three times more important than they are today.**

Many of these skills have yet to be learned, and many jobs have yet to be invented. To meet the coming demand, consider stepping up your training programs in preparation for an AI-first world. Companies are creating—or have already created—Centers of Capabilities/Innovation to share best practices, build a central repository of trusted information, and develop the specialized expertise to drive deeper value into business functions.

For GBS delivery staff, required skills are evolving. This reflects the dynamic nature of the business environment and the increasing importance of technological proficiency. While day-to-day transactional and operational tasks remain, they are becoming automated, so individuals can evolve from transactor to exception/problem solver. GBS itself will be essential to aligning with virtual working relationships. And though project management and domain knowledge are today's most critical needs, the future belongs to AI skills and digital literacy, the cornerstones of GBS digital transformation.

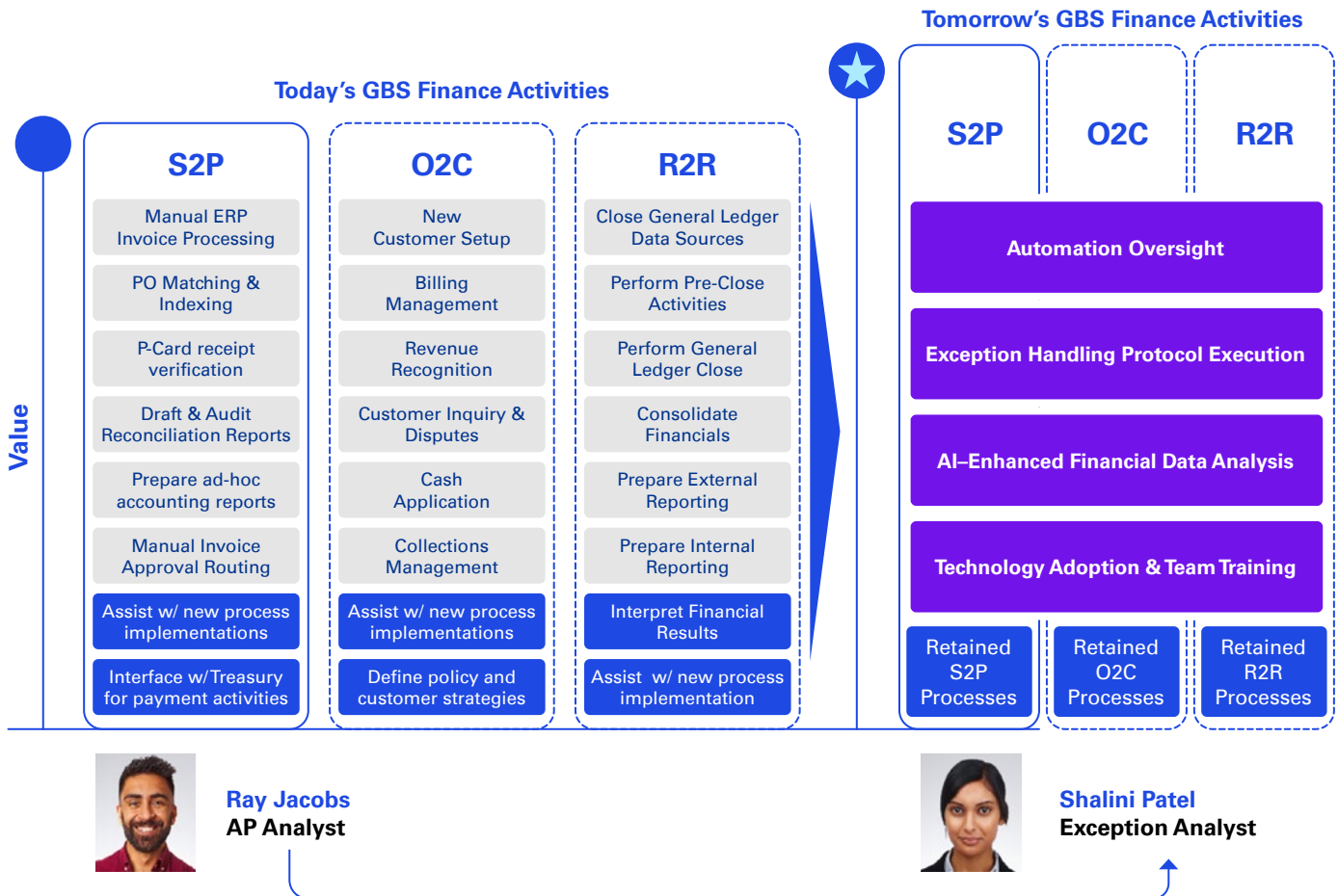


An expanded role for humans

The shift in GBS roles is more than a change in tasks; it's a fundamental reimagining of the work process. GBS no longer hires people simply to transact; today it recruits individuals for more value-added activities. With a mandate for change, GBS now offers a career path that goes from transactional processor to a potential seat at the senior leadership table.

* Source: HFS Research, 2024

Leaders are redefining roles in GBS in the era of GenAI



Legend

Processes Automated Away Retained S2P Processes Net-New AI & Exception Handling Processes

GBS roles are evolving because of GenAI. Transactor roles will cease to exist and, instead, business will create a cross-functional exception analyst role to serve more than one process.

Optimize S2P processes:

- In the Source-to-Pay example above, the new exception analyst role represents a shift from transactional tasks to a more strategic and analytical focus on S2P automation exceptions that require human intervention.
- The uplift in analytic skills and digital literacy will enable the new role to manage and provide oversight of AI/automation systems, exception protocol development, and exception resolution.

Create efficiency and value at scale:

- The increased capacity and expanded role of the exception analyst drives both efficiency and value creation.
- Equipped with their cross-functional expertise, exception analyst can scale automation oversight and exception resolution across the organization.



Take GBS into the future

Philosophically and financially, GBS is committed to an AI-driven future. AI is rightly seen as a key driver of value that will become more important over time. Technology means GBS can do more than enhance efficiencies. It puts GBS in a position to fundamentally transform business models, improve the employee experience and achieve sustained success. As GBS expands and integrates its capabilities, it breaks down the business and IT silos that hinder innovation; and enables smoother collaboration among functions. GBS is rapidly becoming a strategic partner of the enterprise, with an integral and growingly influential seat at the table.

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