



Talent Strategy in Global In-house Centers (GICs) | Pinnacle Model™ Analysis 2019 (Excerpt)

Catalyst™
Report Excerpt – January 2019



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Custom research capabilities

- Benchmarking | Pricing, delivery model, skill portfolio
- 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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Definition of Pinnacle GICs™

Pinnacle GICs™ are those that are able to achieve superior business outcomes because of their advanced talent capabilities. The journeys of these best-of-the-best companies provide insights into the key enablers needed to achieve desired outcomes and point to the investments required for the greatest speed to impact. Whether companies wish to make incremental changes or achieve major transformations, Pinnacle GICs™ exemplify the way to success.



Define the topic

We evaluate multiple subjects to identify hot topics that will resonate globally with sourcing leaders. We work with internal and external subject matter experts (SMEs) to define the topic and set boundaries.



Survey enterprises

We use surveys, Requests for Information (RFIs), and other data collection methods to gather information from GICs on capabilities and outcomes associated with their GIC talent strategies.



Interview participants

We then conduct interviews/roundtables with a subset of participants to gain deeper perspectives on their experiences, challenges, and journeys.



Form hypotheses

We form an emerging point of view on the correlation between capabilities and outcomes, adoption trends, and key success factors.



Validate and refine

A cross-section of SMEs from various Everest Group research practices debates and refines the emerging hypotheses.



Publish and educate

We compile and share final results with participants, our members, and other stakeholders in the global services sector. Participants also receive a high-level customized analysis.



In the current Pinnacle Model™ assessment, we look at **GIC talent strategies** to compare outcomes with associated capabilities



Pinnacle GIC™
differentiators



Accelerating the
talent journey



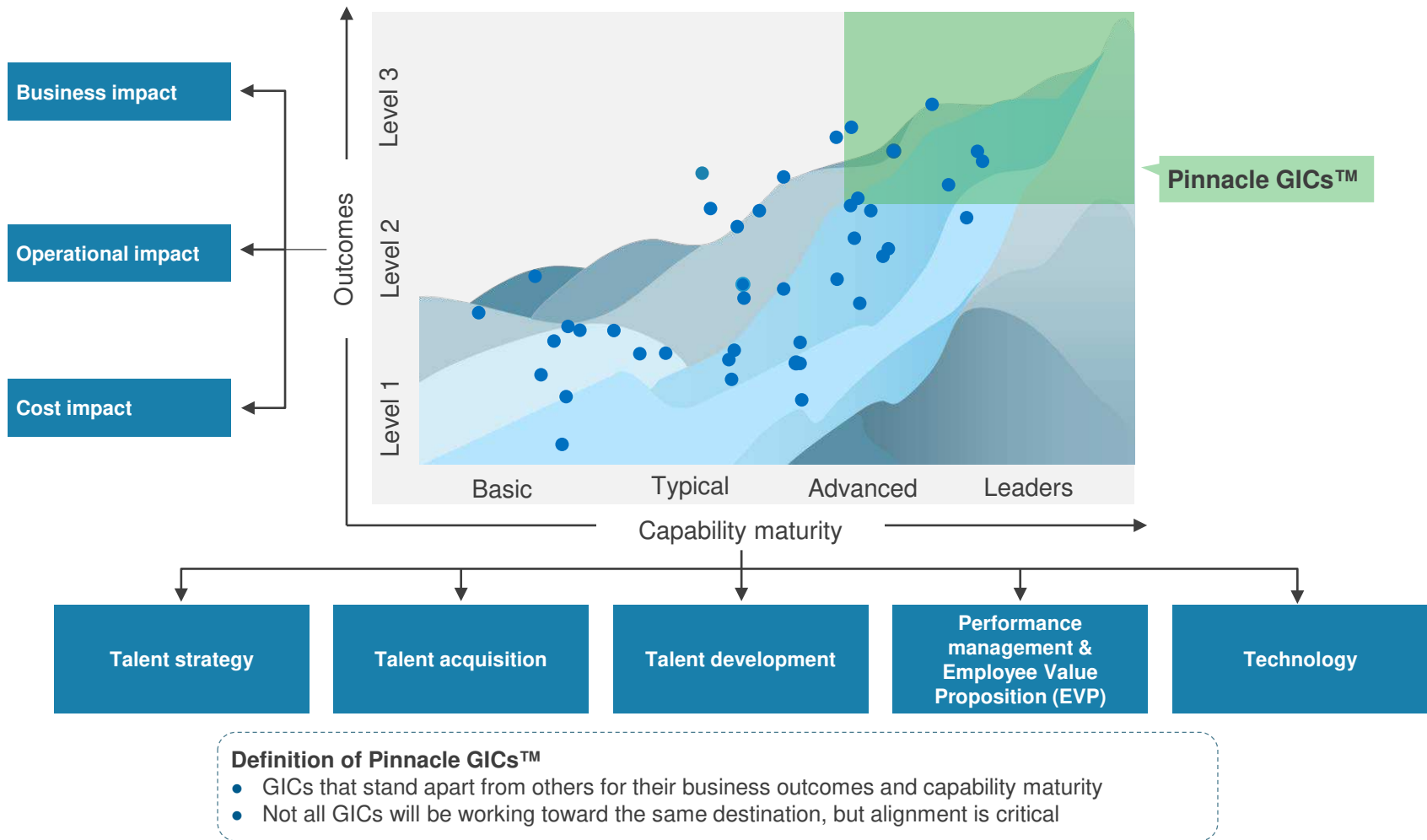
Implications for
GICs/enterprises

Contents

- **Differentiators for Pinnacle GICs™**
- Key implications for companies
- Appendix

We identified GICs with Pinnacle Model™ talent strategies based on the maturity of their capabilities and impact created

Everest Group recently assessed GIC talent strategies on the Pinnacle Model™ based on a study of 43 GICs



Pinnacle GICs have performed significantly better than other GICs across all three impact areas

Cost impact



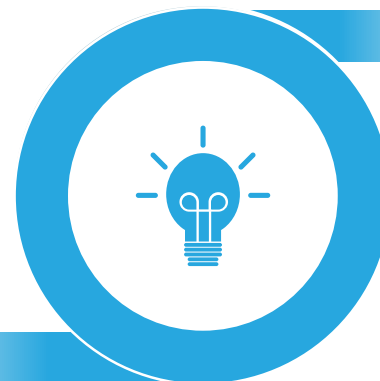
Pinnacle GICs have significantly optimized costs while achieving better results. **Twice as many Pinnacle GICs (than others) have kept HR costs to less than 5% of overall GIC costs**

Operational impact



Talent programs' **contribution to improving operational metrics is 2-3X** in Pinnacle GICs versus others

Business impact



Pinnacle GICs have a significant focus on delivering strategic impact; as a result, **satisfaction from various talent programs is 1.5X higher than other GICs'**

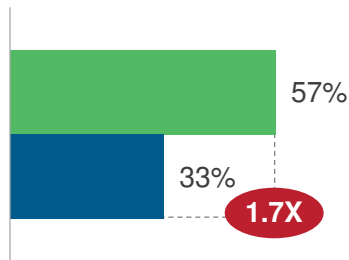
Source: GIC Talent Strategy | Pinnacle Model™ Analysis (Everest Group 2019)

Pinnacle GICs clearly view HR as an area of strategic focus and investments. However, they have found creative ways to optimize spend while enhancing overall HR program effectiveness

Cost impact



Proportion of GICs spending <5% of the overall GIC cost on the HR function



Key drivers of cost savings for the HR function



Leverage of non-traditional L&D approaches (e.g., MOOCs)



Adoption of non-conventional approaches for EVP and experience

■ Pinnacle GICs ■ Other GICs

- Pinnacle GICs have developed mature talent programs while reducing the spend on the HR function. Twice as many Pinnacle GICs (than others) have kept HR costs to less than 5% of overall GIC costs
 - The key reason for lower spending by Pinnacle GICs is continuous focus on small and incremental gains across talent programs (talent acquisition, learning & development, etc.)
 - The majority of Pinnacle GICs have driven cost optimization of employee value proposition & experience by adopting low-cost, non-conventional methods such as the creation of informal learning clubs and employee-led committees, and leverage of low-cost but effective platforms, such as Massive Open Online Courses (MOOCs) for Learning & Development (L&D)

Source: GIC Talent Strategy | Pinnacle Model™ Analysis (Everest Group 2019)

Talent programs' contribution to improving operational metrics is 2-3X in Pinnacle GICs versus others

Operational impact



Contribution of talent programs in meeting GIC objectives



- Talent programs in Pinnacle GICs have led to significant improvement in other key Service Level Agreements (SLAs) such as time to hire, time to productivity, and staff productivity for the GIC
- In addition, many Pinnacle GICs have been **successful in driving significant improvements across these areas for the broader enterprise**
 - For instance, adoption of an AI-based tool for recruitment (for targeted identification and shortlisting of candidates) has **helped one GIC to reduce time to hire across most roles by 50-70%**

Source: GIC Talent Strategy | Pinnacle Model™ Analysis (Everest Group 2019)

Pinnacle GICs have developed differentiated talent capabilities

GIC capability maturity comparison

Talent strategy

Develop high-performing talent (2.6X more common in Pinnacle GICs compared to other GICs), flexibility in talent models, and enterprise-wide initiatives



Talent acquisition

Leverage a multi-pronged approach for talent acquisition including **partnership with the external ecosystem** (adoption in Pinnacle GICs is 2-3X compared to other GICs) and use non-conventional approaches



Technology

Proactively invest in **next-generation technologies** across multiple areas within HR. Adoption of **cloud-based HR systems is ~2X in Pinnacle GICs** compared to other GICs



Talent development

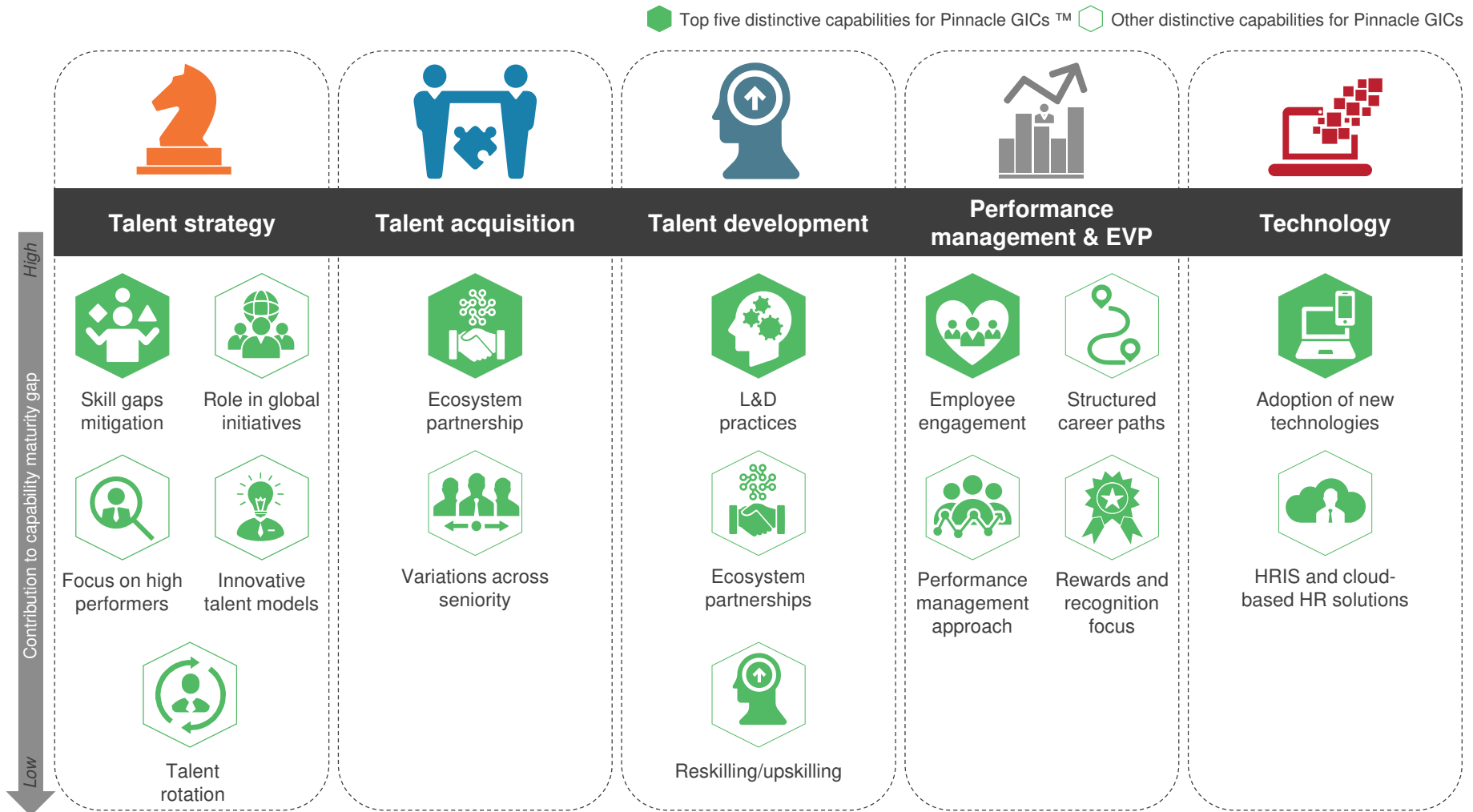
Engage in **learning through gamification** (in 2X more common in Pinnacle GICs versus other GICs) and **employee-to-employee networks**



Performance management and employee value proposition
Provide **structured career paths** and enhanced employer branding and an employee value proposition

Source: GIC Talent Strategy | Pinnacle Model™ Analysis (Everest Group 2019)

Pinnacle GICs build differentiated capabilities such as a proactive approach to identify and address skill gaps, innovative employee engagement programs, and a focus on addressing broader enterprise needs



Source: GIC Talent Strategy | Pinnacle Model™ Analysis (Everest Group 2019)

Pinnacle GICs have a relatively more broad-based and rounded talent strategies, including adoption of innovative practices, rotation programs, and targeted investments in high-performing talent

Talent strategy



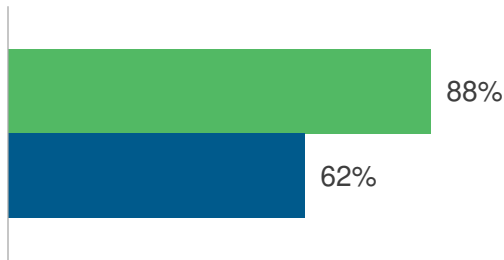
- Skills gap mitigation
- Role in global initiatives
- Talent rotation
- Focus on high performers
- Innovative talent models

Practitioner's view

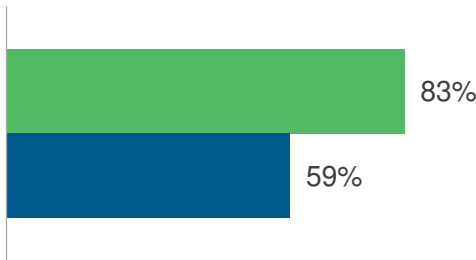
"We understand that the skill needs for service delivery are changing fast. In order to prepare for this fundamental shift, we conduct periodic skills assessments of our existing workforce and map against the demand that we expect in the future. This helps us develop targeted programs to train employees on these skill gaps."

– Head of Human Resources, leading financial services firm

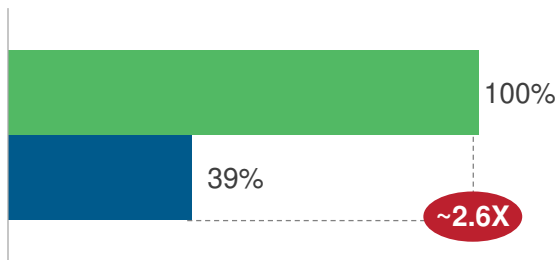
Adoption of innovative talent programs (e.g., flexible talent models and digital orientation)



Adoption of structured talent rotation programs



Proportion of GICs with high adoption of programs targeted to high-performing talent



Pinnacle GICs Other GICs

- Pinnacle GICs have demonstrated higher proactiveness in adopting innovative talent programs such as flexible talent models (e.g., compressed work day, work at home) and initiatives to improve the GIC workforce digital orientation
- In addition, Pinnacle GICs intentionally develop high-performing talent and have introduced dedicated programs to do so
- Most Pinnacle GICs have instituted structured talent rotation policies to broaden the array of skills available, including rotating talent within the GIC and across parent business teams
- Pinnacle GICs are more involved (~1.6X) in parent-side initiatives (e.g., global workforce planning, talent-specific change management initiatives, and design of the L&D curriculum for business teams), as compared to other GICs

Source: GIC Talent Strategy | Pinnacle Model™ Analysis (Everest Group 2019)

Pinnacle GICs leverage a multi-pronged approach to talent acquisition; adoption of innovative talent acquisition approaches is 3-4X higher in Pinnacle GICs versus other GICs

Talent acquisition



Ecosystem partnerships

Variations across seniority

Practitioner's view

"We believe that hiring the right people in today's complex business world is greatly enhanced when companies break with traditional hiring practices."

– Head of Talent Acquisition, leading insurance firm

Top talent acquisition approaches adopted by Pinnacle and other GICs across all seniority level



Partnership with educational institutions



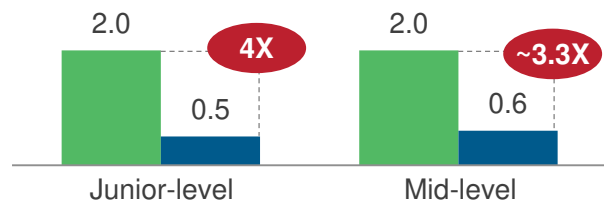
Hiring from alternative/adjacent industries



Leverage of social media channels

Level of adoption of partnerships with startups for acquiring talent

(total score of 7, with 7 being high and 1 being low)



■ Pinnacle GICs

■ Other GICs

- A vast majority of Pinnacle GICs leverage a multi-pronged approach to talent acquisition
 - Both Pinnacle GICs and other GICs have a high levels of adoption of partnership initiatives with educational institutions, hiring from adjacent industries, and use of social media channels across both junior and mid-seniority roles
 - Pinnacle GICs also rely on non-conventional approaches (e.g., partnership with startups) to hire talent with emerging and next generation skills. The rate of success for such initiatives is higher for talent in the technology function than operations
 - However, even for Pinnacle GICs there is an opportunity to increase the leverage of non-conventional approaches and partnership with startups

Source: GIC Talent Strategy | Pinnacle Model™ Analysis (Everest Group 2019)

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How to become a truly differentiated employer!



Success is dictated not only the amount of investment in L&D but also by the specific investment areas (e.g., non-traditional L&D resources)

Build a culture of innovation and focus on business impact on an ongoing basis, not opportunistically

Prioritize investments on high-potential talent that will help build differentiated capabilities

Institute talent rotation, career pathing, and upskilling/reskilling practices to improve the overall employee value proposition

Success requires that change be driven through top-down and agile leadership and effective change management

Adoption of next-generation and digital technologies within the HR team is critical to building a strong and digitally-oriented GIC

Note: The full report includes detailed analysis of each implication

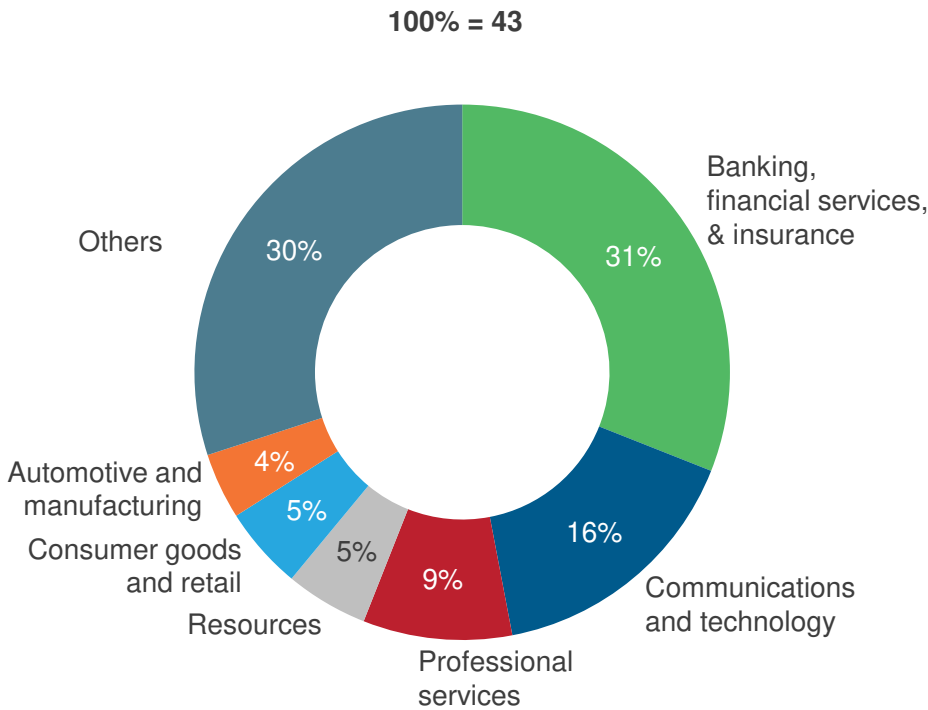
Source: GIC Talent Strategy | Pinnacle Model™ Analysis (Everest Group 2019)

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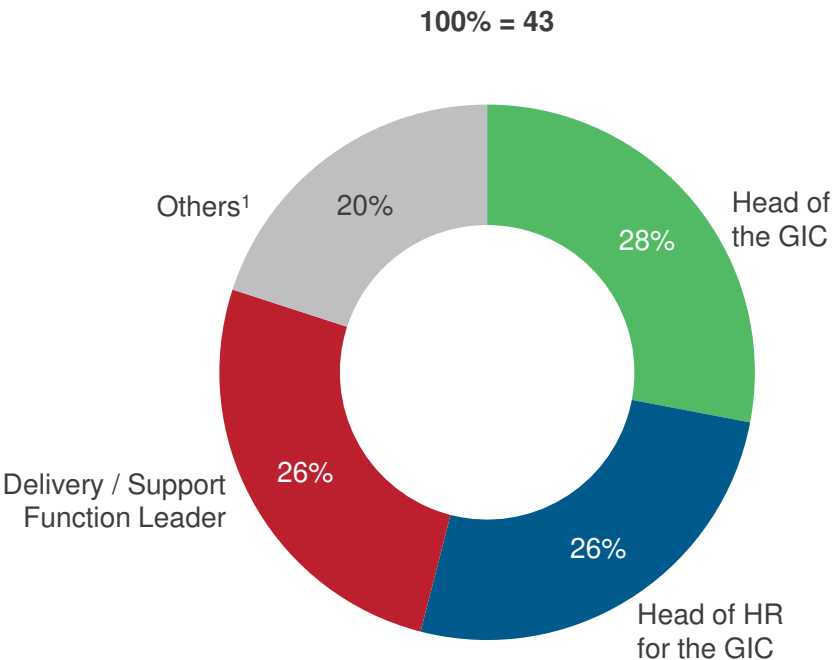
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Demographics – respondent profile

Respondent profile by industry
Percentage of respondents



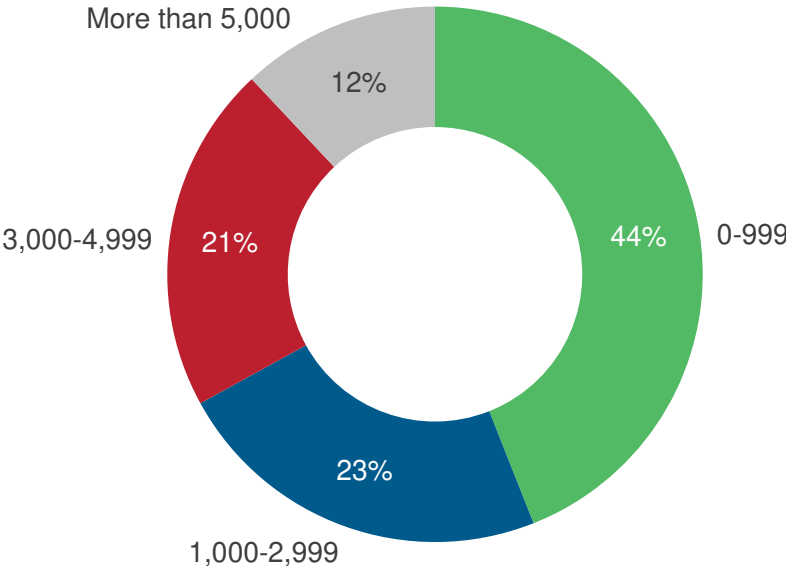
Respondent profile by role
Percentage of respondents



¹ Others include Senior Manager and Managers
Source: GIC Talent Strategy | Pinnacle Model™ Analysis (Everest Group 2019)

Demographics – enterprise profile

Respondent profile by number of employees in the GIC
Number of GIC FTEs



Source: GIC Talent Strategy | Pinnacle Model™ Analysis (Everest Group 2019)

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Research calendar – Catalyst™

Published
 Planned
 Current release

Flagship Catalyst 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 Catalyst reports

| | |
|---|---------------------|
| Small But Mighty: Corporate Functions Delivery from GICs | April 2017 |
| 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 |
| Viewpoint IT Skills of the Future | April 2018 |
| Digital Maturity in GICs Pinnacle Model™ Assessment 2018 | May 2018 |
| Engineering Services Global In-house Centers (GICs) In India: Focusing on Innovation to Drive Growth and Attain Global Leadership | October 2018 |
| Banking, Financial Services, & Insurance GICs: Gaining Status, Driving Results | December 2018 |
| Innovation in GICs | December 2018 |
| Talent Strategy in Global In-house Centers (GICs) Pinnacle Model™ Analysis 2019 | January 2019 |

Note: For a list of all Catalyst reports, please visit the [catalyst](#) on our report portal

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. **Digital Maturity in GICs – Pinnacle Model™ Analysis 2018** ([EGR-2018-42-R-2693](#)); 2016: This Everest Group report focuses on understanding the digital journey of Pinnacle GICs that have developed a combination of differentiated capabilities along with deriving superior outcomes. The assessment is based on evaluation of the digital capabilities of 54 leading GICs across verticals
2. **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
3. **Leading Innovation and Creating Value: The 2019 Imperative for GICs** ([EGR-2018-34-R-3016](#)); 2018. This report focuses on how Global In-house Centers (GICs) are driving innovation for their parent enterprises. The report covers the current state of adoption of GICs across different types of innovation. It further delves into the key enablers for driving successful innovation, supported with case studies of leading GICs across each enabler. The report also captures the best practices and identifies the call to action for leaders based in both the GICs and parent enterprises, specifically on how to accelerate on the innovation curve

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