BUSINESS SERVICES INDUSTRY

ABSL

GLOBAL REPORT 2026



BUSINESS SERVICES AT THE CORE OF GLOBAL REINVENTION

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Dobry Raport | dobryraport.pl

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BUSINESS SERVICES AT THE CORE OF GLOBAL REINVENTION





The reinvention of global enterprises runs through Business Services. Their role is to integrate the expertise, data and processes required to raise productivity and scale innovation across global operations.

The objective of this report is to support executive decisions about capital, capabilities and operating models. ABSL brings together global evidence on employment, value creation and international trade with an assessment of the forces shaping the industry's future. We estimate that Business Services employed **351 million people** and generated **16.5% of global gross value added** in 2024. The scope covers specialist providers, organized centers and enterprise-embedded functions.

The geography of value creation differs from the geography of employment. APAC, AMER and EMEA offer complementary strengths in scale, specialization, productivity and international integration. Location strategy should draw on these strengths through **global capability portfolios,** with common standards and room for regional adaptation. Resilience requires credible alternatives to the locations, providers and platforms on which critical capabilities depend.

AI is changing the economics of delivery. Productive capacity can grow faster than headcount, while human judgment remains essential. Realizing this potential requires redesigned processes and investment in skills. **Reskilling and new early-career pathways** are strategic investments in the expertise needed to deploy and oversee technology.

Our analysis highlights the interdependence of ABSL's three strategic pillars: **Talent, Technology, and Transformation.** Returns on each depend on the readiness of the others. The investment priority is to identify which pillar is limiting the intended business outcome and address that constraint.

Intelligent Business Services (iBS) brings these pillars together through end-to-end ownership, governed data and human–AI collaboration. The model integrates Business Services into enterprise strategy with a mandate for continuous transformation and accountability for realized value.

I invite you to bring these findings into the decisions shaping the evolution of your global operating model. **The strategic value of Business Services lies in their role as a core enterprise capability.** Spanning functions and geographies, they connect end-to-end process ownership, decision rights and execution to enterprise priorities and measurable outcomes.

Mariusz Mulas
VP, ABSL Strategic Intelligence

EXECUTIVE SUMMARY

To our knowledge, this is the first integrated global assessment of Business Services that combines employment, value creation, international trade, specialization, productivity, and the role of organized Business Services Centers within a common analytical framework.

Business Services have become part of the operating infrastructure of the global economy

ABSL estimates that in 2024 the Business Services Industry (BSI) employed approximately **351.4 million people,** equivalent to 9.5% of global employment, and generated around **USD 14.9 trillion** in gross value added (GVA), or 16.5% of global GVA. Within this broader ecosystem, **Knowledge-Intensive Business Services (KIBS)** employed around **90.8 million people** and generated approximately **USD 6.9 trillion** in GVA, while organized **Business Services Centers (BSC)** employed about **21.3 million people** and accounted for an estimated **USD 1.8 trillion** in GVA.

The industry's economic contribution is substantially greater than its employment footprint. Estimated annual GVA generated per worker has reached approximately **USD 42,400 per worker in BSI, USD 75,700 per worker in KIBS, and USD 86,100 per worker in BSC,** compared with approximately USD 24,300 per worker across the global economy. The pattern points to the growing economic importance of knowledge-intensive, technology-enabled, and organizationally concentrated Business Services.

Business Services are also deeply integrated into the global economy. Global KIBS exports increased from **USD 2.06 trillion in 2019 to USD 2.95 trillion in 2024,** a cumulative rise of 43.6%. EMEA remains the largest exporting macroregion, accounting for 57.6% of global KIBS exports, while APAC recorded the fastest growth. The United States remains the world's largest individual KIBS exporter, followed by Ireland, the United Kingdom, Germany, and India.

Business Services should no longer be assessed primarily through headcount, transaction volumes or labor-cost arbitrage. **Competitive advantage now depends on how effectively firms combine talent, technology, data and process expertise across their global operations to improve productivity and business outcomes.** Business Services play an increasing role in making this possible.

For analytical purposes, this report examines Business Services from **three complementary perspectives or layers.** The **BSI** captures the broad economic footprint of enterprise-supporting activities. **KIBS** provides the principal internationally comparable view of knowledge-intensive services; and **BSCs** capture the organizational structures in which Business Services functions and expertise are deliberately concentrated.

The sources of competitive advantage are shifting from scale and cost toward productivity and capability

The decade ahead will change the sources of competitive advantage. Five structural forces are reshaping the economics of Business Services: stronger pressure for productivity and capital discipline; demographic divergence and competition for specialist skills; geoeconomic and regulatory fragmentation; the expansion of digitally deliverable knowledge services; and artificial intelligence as a potential general-purpose technology.

Labor remains critical, but workforce size alone is becoming a less reliable measure of productive capacity.

Technology can automate selected activities, augment professional work, and create digital capacity that scales without a proportional increase in headcount. As routine work becomes more automated, human contribution shifts toward domain expertise, judgment, process ownership, and accountability.

The talent challenge is becoming more qualitative.

More than seven in ten employers surveyed by Marsh report difficulty filling roles. Business Services organizations will need to combine external recruitment with reskilling, internal mobility, alternative talent channels, and partnerships. They will also need to protect the early-career pipeline as AI takes over some of the routine work through which future specialists and leaders traditionally gained experience.

The technology challenge is the effective adoption and scaling of AI.

Capgemini finds that only 2% of surveyed organizations have deployed AI agents at scale despite extensive experimentation. Moving from pilots to production requires trusted data, integrated systems, reusable architecture, cybersecurity, clear decision rights, monitoring, and human oversight. The challenge is to scale while preserving data quality, control, and accountability.

Transformation presents a different execution challenge.

PwC finds that while 80% of surveyed GBS organizations have launched digitization initiatives, only 47% have started moving toward a process-driven organization. Organizations are adopting technology faster than they are redesigning the processes, roles, and governance. Nimble leadership and swift decision-making are necessary to capture the full value of digitalization.

AI investment alone cannot determine future Business Services performance.

The central challenge is the orchestration of Talent, Technology, and Transformation around end-to-end business outcomes.

Intelligent Business Services (iBS) emerge when these three strategic pillars are effectively aligned and integrated.

ABSL defines iBS as an organizational model that combines end-to-end ownership, governed data, human expertise, and AI to deliver measurable business outcomes. iBS is not a fourth statistical layer and not a replacement label for SSC, BPO, GBS, or GCC models. Its characteristics can be present within any of these structures, as well as within KIBS providers and enterprise-embedded functions.

Talent, Technology, and Transformation (or the 3Ts) are three interdependent strategic pillars, and weakness in any one of them can become a binding constraint on value creation.

Talent provides expertise, judgment, and accountability. Technology augments and scales those capabilities. Transformation embeds them into end-to-end processes, roles, decision-making and governance so that they translate into sustained value.

The interaction matters. Strong technology without sufficient transformation capacity produces pilots and local gains that fail to scale. Talent-rich organizations may face the opposite problem: strong delivery capability but insufficient technological leverage to raise productivity. Where technology and transformation advance without sufficient specialist talent, professional judgment, governance, and oversight become the bottleneck.

This has direct implications for capital allocation. Increasing investment in one capability while another remains constrained is unlikely to generate commensurate returns. Executives should identify which pillar is limiting the target outcome and address that bottleneck first.

PwC indicates that Business Services are expected to perform three roles simultaneously: **run, improve, and reinvent.** ABSL integrates this transformation logic with Talent and Technology in its 3T strategic pillars model. Operational excellence remains the foundation, but leading Business Services organizations must continuously improve processes. They will also need to provide platforms through which new technologies, operating practices, and capabilities can be tested and scaled across the enterprise.

Transformation should be a continuous organizational capability instead of a sequence of discrete projects.

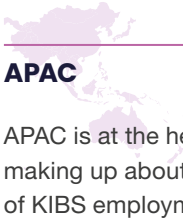
Global advantage will come from complementary capability portfolios

No single region combines scale, productivity, specialization, organizational maturity, and international connectivity at the highest level. Multinationals should use regions for different strengths and connect them within one global operating model.



AMER

AMER has the highest estimated BSI and KIBS GVA per worker, driven largely by the United States and Canada and their concentration of advanced technology, capital, headquarters functions and professional expertise. The main challenge is diffusion: spreading these strengths more widely across firms and locations while connecting North American expertise with developing nearshore ecosystems.



APAC

APAC is at the heart of global workforce scale, making up about 52% of BSI employment, 53% of KIBS employment, and 46% of BSC employment; it is also the fastest growing macroregion in terms of exporting KIBS. The challenge is to convert scale into higher productivity, deeper specialization, and broader end-to-end process ownership.



EMEA

EMEA, which is primarily led by activity in Europe, brings together well established BSC systems with strong international integration. Although it makes up about 31% of global BSI employment, it represents 41% of KIBS GVA and nearly 58% of the GVA linked to BSCs. EMEA can use its mature centers, multilingual talent, and regulatory expertise to deliver more complex, technology-enabled services.

The ABSL Global Business Services Competitiveness Rankings once again reach the same conclusions. Ireland comes first, then the United Kingdom and Germany; the United States is in eighth place, Singapore ninth and Poland tenth. Poland also ranks second worldwide in the BSC area. Eight of the top ten global economies are located in the EMEA region. Yet no macroregion achieves the simultaneous maximization of all parameters: scale, productivity, specialization, internationalization, and organizational maturity.

> **What this means for multinational companies is that they should not select a single regional winner but instead develop a portfolio of global capabilities.**

When making decisions about locations, attention should be given to both the process and capability aspects-taking into account talent depth, technology infrastructure, productivity, regulatory compatibility, data sovereignty, cost, proximity, resilience, and concentration risk. Global standards can coexist with regional sovereign implementation in cases when regulation or infrastructure calls for differentiation.

The focus of the competitive unit is moving from the individual center or location to the structure of the global operating model.

Business Services can become the enterprise transformation engine

> **The same change also affects the boundary of Business Services.**

Finance, human resources, procurement and IT are still the main areas, but Business Services are becoming more involved with those areas which affect enterprise growth and strategic performance, such as supply-chain planning, commercial operations, analytics and business intelligence, cybersecurity, sustainability, engineering, R&D, and product development.

The reasoning does not depend on whether an activity is usually regarded as belonging to the “back office” category, but rather on whether it can take advantage of shared data, process ownership, specialist knowledge, technology, global scale, and continuous improvement.

The example of GCCs shows this change particularly clearly since their value proposition is undergoing a shift from that of labor-cost arbitrage to one of capability arbitrage – meaning access to engineering, AI, analytics, cybersecurity, platform expertise, and domain knowledge which may be scarce elsewhere in the organization.

The models provided by external suppliers also need to be developed. When a company is aiming to reduce the amount of work by means of automation and a redesign of processes, traditional contracts based on full-time equivalents can lead to conflicting incentives. In cases where reliable operations are involved, management can still rely on strong service, control, and unit-cost measures. In areas that are intensive in terms of transformation outcome measures, automation incentives, gainsharing, and shared accountability for value creation are required.

The same applies within the organization. End-to-end process owners need enough authority to optimize the overall business outcome. Build and run teams should share accountability for what happens after deployment, and realized value should be measured against a common fact base.

There is a need for more effective **Value and Transformation** governance that brings together Business Services, finance, technology, process owners and external partners. Its purpose is to establish clear baselines, validate business cases, track end-to-end outcomes across functional boundaries, reallocate capital, and determine whether transformation is delivering the business need it was designed to address.

Performance measurement must evolve with the operating model. Headcount, transaction volumes, unit costs and SLAs remain relevant, but they are insufficient when Business Services affect working capital, decision quality, revenue, risk, customer experience, and enterprise adaptability. As iBS matures, its KPIs and OKRs should shift from activity measures to end-to-end business outcomes and adapt as priorities, processes, and technologies change.

The CXO agenda: from adoption to creating true value

Direct investment toward the binding constraint.

Before committing significant capital, identify whether talent capability, technology scalability, or transformation capacity is limiting the desired outcome. More investment in the strongest dimension will not compensate for a critical weakness elsewhere.

Industrialize AI or stop the experiment.

Move resources from disconnected pilots toward use cases with production-ready data and integration, accountable process ownership, risk-tiered controls, human override, lifecycle funding, and a credible route from released capacity to measurable value.

Redesign work while rebuilding the talent pipeline.

Determine explicitly which activities should be machine-executed, machine-assisted, human-led and human-accountable. Workforce planning should combine permanent, contingent, and digital capacity without allowing short-term automation gains to erode the development of future specialists and leaders.

Make transformation a permanent operating capability.

Establish end-to-end ownership, integrate build and run, institutionalize transformation capabilities, and measure realized benefits. Go-live should mark the beginning of value realization, not the end of transformation responsibility.

Build capability portfolios that can withstand disruption.

Avoid excessive dependence on any single location, provider, platform, or regulatory assumption. Combine global standards with regional differentiation and build portability, substitute capacity, and credible exit options into the operating model before disruption occurs.

It will not be determined by the largest workforce, the lowest labor costs, the number of AI implementations or the adoption of a new organizational label. These are inputs or intermediate indicators. What matters is whether Business Services can translate human expertise, scalable technology, governed data, and continuous transformation into measurable improvements in productivity, growth, resilience, risk, customer outcomes, and enterprise adaptability.

This is the logic of Intelligent Business Services (iBS). iBS looks across the enterprise and across end-to-end processes. It does not optimize individual functions, technologies, or locations in isolation. It combines our strategic pillars-namely, **Talent, Technology, and Transformation** – to improve complete business outcomes, with clear accountability for the value created. What really matters is the new value iBS will be able to create.

Business Services were originally designed primarily to centralize, standardize, and reduce the cost of selected activities. They are becoming something broader: **an enterprise operating capability that enables organizations to absorb technology, mobilize global expertise, redesign end-to-end processes, and continuously improve how value is created.**

For CEOs and other senior executives, the key challenge is not related to questions such as how large the Business Services organization is, how much technology it deploys, or how many transformation initiatives it runs. The two key questions instead are:

How much measurable enterprise value can this operating model create, protect, and continuously renew?

How to fully integrate Business Services into an enterprise mainstream instead of using them as a separate capability?

The chapters that follow examine what this requires in practice, from the changing scale and structure of the industry to the interplay of Talent, Technology, and Transformation that will determine how effectively Business Services can deliver that value.

Key Figures on the Business Services Industry Globally

351.4 million
Estimated global employment in the BSI in 2024

90.8 million
Estimated global employment in KIBS in 2024

21.3 million
Estimated global employment in organized BSC in 2024

9.5%
Estimated share of the BSI in global employment

16.5%
Estimated contribution of the BSI to global GVA in 2024

USD **6.9** trillion
Estimated global GVA generated by KIBS, equivalent to 7.6% of global GVA

USD **1.8** trillion
Estimated GVA attributable to BSC, equivalent to 2.0% of global GVA

USD **2.95** trillion
Value of global KIBS exports in 2024, up from USD 2.06 trillion in 2019

USD **42,400** / BSI
USD **75,700** / KIBS
USD **86,100** / BSC
Estimated global GVA per worker

43.6%
Cumulative growth in global KIBS exports between 2019 and 2024

57.6%
EMEA's share of global KIBS exports in 2024

40.8%
Share of intra-EMEA trade in global KIBS export flows in 2024 – the world's largest individual KIBS trade corridor

United States
The world's largest KIBS exporter in 2024, with exports of approximately **USD 455 billion**, followed by Ireland, the United Kingdom, Germany, and India

India, Ireland, Israel, and the Philippines
The economies with the highest RCA among the leading KIBS exporters in 2024: India (**1.99**), Ireland (**1.96**), Israel (**1.66**), and the Philippines (**1.46**)

Methodological note: The figures presented here are harmonized ABSL estimates developed for international comparison. They should not be interpreted as official national statistics.

About This Report

This report examines the global Business Services ecosystem through three complementary analytical layers: the **Business Services Industry (BSI)**, **Knowledge-Intensive Business Services (KIBS)**, and **Business Services Centers (BSC)**. BSI and KIBS provide functional and economic perspectives, while BSC represents an organizational perspective. Together, they provide a framework for analyzing the scale, structure, value creation, productivity, internationalization, and organizational development of Business Services worldwide.

Definition and Scope

Business Services comprise the white-collar functions and processes that enable organizations to operate, coordinate resources, manage risk and compliance, improve efficiency, transform operating models, and support growth. They include finance, information technology, human resources, procurement, legal and compliance services, data analytics, engineering, research and development, customer operations, and other professional, technical, administrative, managerial, and digital activities.

Business Services should not be understood solely as outsourcing, back-office operations, or activities performed in dedicated service centers. Comparable functions may be delivered internally, externally, or through hybrid arrangements and may operate within headquarters, business units, Shared Services Centers (SSC), Business Process Outsourcing (BPO), Global Business Services (GBS), Global Capability Centers (GCC), IT or R&D centers, and other organizational structures.

The definition is intentionally organizationally neutral: Business Services may be delivered through captive, outsourced, or hybrid models; within centralized or distributed structures; onshore, nearshore, or offshore; and through physical, remote, or digitally enabled delivery.

This organizational neutrality does not imply unlimited economic scope. The ABSL framework focuses on professional, administrative, technical, managerial, digital, and knowledge-intensive activities supporting enterprise operations and transformation. Public administration and public service provision, services delivered primarily to individuals, and activities whose defining characteristic is manual or physical labor are excluded.

A substantial proportion of Business Services remains statistically embedded within enterprises whose principal activity lies outside conventional service industries. A finance, engineering, procurement, legal, data, or technology function within a manufacturing company may be economically comparable to the same function provided by a specialized service firm, even though official statistics classify the activities differently.

BSI is treated as a broad, economy-wide functional category encompassing both specialized service providers and comparable functions embedded across manufacturing, finance, technology, retail, telecommunications, healthcare, and other industries.

For this report, ABSL defines the **Business Services Industry (BSI)** as:

A broad range of functions and processes that organizations use to manage and enhance their operations, improve efficiency, support administration, and drive growth. These activities may be performed internally or externally, in-house or by third-party providers, irrespective of their location or organizational structure.

Three Complementary Levels of Analysis

The analytical framework distinguishes three interconnected perspectives:

The broader Business Services Industry (BSI)

Knowledge-Intensive Business Services (KIBS)

Business Services Centers (BSC)

> **The three perspectives or layers are complementary, not additive.**

The same activity may be visible in more than one layer, while each captures a different aspect of the underlying economic and organizational reality. Center portfolios may combine knowledge-intensive and transactional activities, while comparable BSI and KIBS functions may also be performed outside dedicated centers.

> Consequently, employment and gross value-added estimates for BSI, KIBS, and BSC must not be tallied together.

Business Services Industry

BSI represents the **broadest functional and economic layer.** It covers professional, technical, administrative, managerial, digital and enterprise-support functions and processes delivered by specialized providers or embedded within organizations across the economy. It provides the most comprehensive estimate of the economic scale of Business Services and reflects how these functions are organized and delivered across the wider economy.

Knowledge-Intensive Business Services

KIBS constitute the principal **statistically measurable knowledge-intensive layer**. They include digital, professional, scientific, analytical, engineering, technical, and related activities identifiable with reasonable consistency in international industrial classifications.

The report applies the definition developed by Schnabl and Zenker (2013) and used in the ABSL European Business Services Sector 2024 and 2025 reports, based on NACE Rev. 2 and corresponding international and national classifications.

KIBS provide the principal internationally comparable basis for analyzing employment, GVA, productivity, trade, specialization, competitiveness, and export dynamics.

> They should nevertheless be treated as a statistical proxy for the knowledge-intensive component of BSI, not as a complete representation of the wider industry.

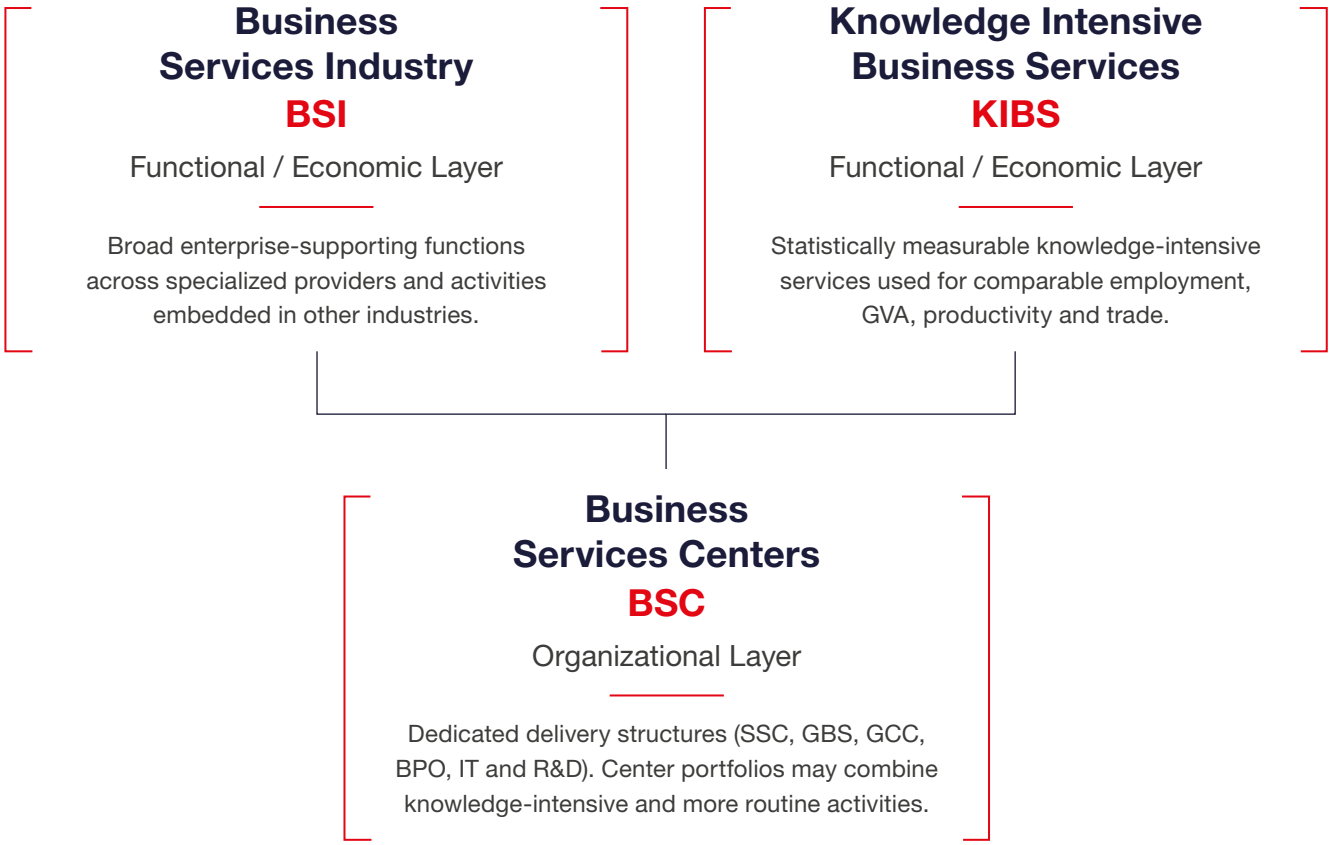
Business Services Centers

Business Services Centers constitute the **organizational delivery layer.** They include Shared Services Centers (SSCs), Global Business Services (GBS) organizations, Global Capability Centers (GCCs), Business Process Outsourcing (BPO) providers, IT centers, and R&D centers.

These models differ in ownership, governance, geographical scope, and functional complexity but share the concentration of Business Services functions and/or processes within dedicated organizational units.

Centers operate not only as delivery structures but also as platforms for process integration, analytics, innovation, technology deployment, and enterprise transformation. Their portfolios may combine advanced knowledge-intensive functions with standardized or transactional activities. A function performed within a center is not automatically part of KIBS, while many KIBS and broader BSI activities remain outside dedicated centers.

FIGURE 0.1 | **Three complementary analytical layers of Business Services**



Non-additive: the three estimates are complementary perspectives and must not be summed.

Source: ABSL Strategic Intelligence

The report also uses **Intelligent Business Services (iBS)** to describe an advanced operating model that combines end-to-end process ownership, governed data, human expertise, artificial intelligence, and continuous improvement to deliver measurable enterprise outcomes. iBS is not a separate statistical layer; it describes **the evolution of Business Services toward more integrated, technology-enabled, and outcome-oriented operating models.**

The full definition and discussion of its key attributes are presented in Section 2.3.

For this report, ABSL defines **Intelligent Business Services** as:

An advanced organizational model that integrates business functions globally around end-to-end process ownership, governed enterprise data, AI, human expertise, and continuous organizational learning to deliver measurable business outcomes and support transformation.

List of Abbreviations

ABSL	Association of Business Service Leaders
AI	Artificial Intelligence
AMER	Americas
APAC	Asia-Pacific
BaTIS	OECD-WTO Balanced Trade in Services database
BPO	Business Process Outsourcing
BSI	Business Services Industry
CEO	Chief Executive Officer
CXO	C-suite Executive
EMEA	Europe, Middle East and Africa
EU	European Union
FDI	Foreign Direct Investment
FTE	Full-Time Equivalent
GBS	Global Business Services
GCC	Global Capability Center
GenAI	Generative Artificial Intelligence
GenBS	Generative Business Services
GPT	General Purpose Technology
GVA	Gross Value Added
iBS	Intelligent Business Services
IMF	International Monetary Fund
KIBS	Knowledge-Intensive Business Services
KPI	Key Performance Indicator
LATAM	Latin America
LQ	Location Quotient
NACE	Statistical Classification of Economic Activities in the European Community
NAMER	North America
OECD	Organisation for Economic Co-operation and Development
R&D	Research and Development
RCA	Revealed Comparative Advantage
SLA	Service Level Agreement
SSC	Shared Services Center
UN	United Nations
WTO	World Trade Organization



1

BUSINESS SERVICES INDUSTRY: DEFINITION, SCALE, AND STRUCTURE

Chapter Overview

This chapter presents the first globally integrated assessment of the Business Services Industry (BSI), Knowledge-Intensive Business Services (KIBS) and Business Services Centers (BSC), combining indicators of employment, gross value added (GVA), productivity, international trade, and competitiveness across 206 economies.

The analysis confirms that Business Services have become a strategic pillar of the global economy, accounting for almost one in ten jobs worldwide while generating a disproportionately large share of global value added. It also reveals that no single business model dominates globally or across macroregions. EMEA, AMER, and APAC each demonstrate distinct competitive strengths, reflecting different pathways to scale, specialization, productivity, and international integration. The findings provide a new evidential base for understanding how Business Services contribute to national competitiveness and how countries are positioned within a multipolar global economy.

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Chapter content developed by **ABSL**

Key Findings

Business Services have become a major global industry, employing an estimated 351 million people,

around 9.5% of the world's workforce, while KIBS account for approximately 91 million jobs and BSC account for more than **21 million jobs.**

The sector contributes an estimated USD 14.9 trillion in gross value added, equivalent to 16.5% of global GVA,

demonstrating that Business Services generate significantly greater economic value than their employment share alone would suggest. This value intensity increases further within KIBS and BSC, which generate substantially higher GVA per worker than the global economy as a whole.

Three complementary macroregional models have emerged.

APAC is the global leader in workforce scale, AMER in productivity and enterprise-embedded capabilities, while EMEA combines the highest levels of international integration, specialization, and BSC maturity.

Scale and competitiveness are not the same.

The largest Business Services markets are not necessarily the most specialized or internationally competitive. Smaller economies frequently outperform larger ones through higher productivity, stronger specialization and greater international integration.

Knowledge-intensive activities are central to Business Services value creation and internationalization.

KIBS account for a disproportionate share of value creation and international trade, highlighting the importance of advanced digital, professional and technical capabilities.

Global trade in KIBS is expanding rapidly and becoming more multipolar.

Global KIBS exports reached USD 2.95 trillion in 2024, 43.6% above their 2019 level. While EMEA remains the largest exporter, APAC is the fastest growing region, reflecting the continuing shift in global knowledge-service capabilities.

Leadership is multidimensional, as demonstrated by the ABSL Global Business Services Competitiveness Rankings.

Competitiveness reflects a combination of scale, specialization, productivity, internationalization, and growth – not workforce size alone.

Future competitive advantage will depend more on productivity, innovation, and organizational effectiveness than on employment growth alone.

This reinforces the strategic importance of Business Services as enterprises adopt AI, automation and data-driven operating models.



1.1 Global Scale of BSI

To the best of our knowledge, no other publicly documented commercial or statistical database or report provides an integrated country-level measurement of BSC, KIBS, and the broader BSI that combines employment, GVA, productivity, international trade, and multidimensional country rankings with global coverage.

The estimates presented in this report constitute an attempt to quantify and compare these three interconnected layers of the global Business Services ecosystem within a single harmonized analytical framework.

Detailed definitions, estimation procedures, data sources, calibration methods, and methodological limitations for BSC, KIBS, BSI, GVA, and productivity indicators are provided in the Appendix.

Global BSI employment

The Business Services Industry is estimated to employ approximately 351 million people globally, including around 91 million in KIBS and more than 21 million in organized BSC. The estimates are provided for 2024 due to data availability.

> BSI accounts for approximately **9.5% of global employment, equivalent to nearly one in every ten employed persons worldwide.**

The results are directionally consistent with industry evidence from Deloitte (2025) and SSON (2025), which identify India and other APAC markets as major delivery locations while confirming the continued importance of Europe and the Americas.

Unlike these survey- and center- based sources, however, the ABSL estimates provide harmonized country-level quantification across the BSC, KIBS, and BSI layers.

TABLE 1.1 **Estimated employment and global shares in KIBS, BSI, and BSC by macroregion, 2024**

	AMER		APAC		EMEA		Global	
	Thousand employees	%	Thousand employees	%	Thousand employees	%	Thousand employees	%
KIBS	18,404	20.3	48,109	53.0	24,306	26.8	**90,818**	100.0
BSI	59,586	17.0	184,169	52.4	107,638	30.6	**351,392**	100.0
BSC	3,777	17.7	9,868	46.3	7,682	36.0	**21,327**	100.0
Total	**514,184**	**13.9**	**2,072,969**	**56.0**	**1,114,467**	**30.1**	**3,701,620**	**100.0**

Percentage of the global total for each category in parentheses.

Source: ABSL Strategic Intelligence

APAC's dominant share reflects the exceptional scale of its labor markets and the development of large Business Services ecosystems in India, China, the Philippines, Japan, and other Asian economies. However, we must stress that the absolute scale does not translate directly into economic specialization, as measured by LQ. The LQ is a standard measure of relative specialization used in regional and economic analysis. It compares the share of Business Services in a given economy with the corresponding global share: a value above 1 indicates relative specialization, a value below 1 indicates underrepresentation, and a value equal to 1 indicates a concentration consistent with the global average. **The Location Quotient (LQ) measures how specialized a country or region is in Business Services relative to the global average.** In the geographical classification used in this report, the AMER macroregion and the Americas

as a continental grouping cover the same economies. The different labels are retained only to distinguish macroregional analysis from continent-level presentation. The AMER macroregion records the highest location quotients for KIBS (1.46) and BSI (1.22). This indicates that knowledge-intensive and broader Business Services employment constitutes a substantially larger share of the regional labor market than it does globally. AMER records the highest location quotient for BSC (1.27), followed by EMEA (1.20), indicating an above-average concentration of center employment in both macroregions. APAC remains below the global average across all three specialization measures despite its dominant absolute scale.

TABLE 1.2 **Employment specialization by macroregion, 2024**

	AMER	APAC	EMEA	Total
KIBS	1.46	0.95	0.89	**1.00**
BSI	1.22	0.94	1.02	**1.00**
Centers	1.27	0.83	1.20	**1.00**

Location quotient; global average = 1.00

Source: ABSL Strategic Intelligence

The more detailed continental results (macroregions are not internally coherent due to their size) reveal the particularly strong position of Europe, which records location quotients of 1.95 for KIBS, 1.45 for BSI, and 2.98 for BSC. Europe should not, however, be equated with EMEA as a whole. The inclusion of Africa and the Middle East reduces EMEA's aggregate KIBS specialization to 0.89, while its specialization in center-based employment remains above the global average at 1.20.

Oceania also records above-average specialization across all three layers, particularly in KIBS and BSC, although its contribution to global employment remains limited. This is mostly due to Australia and, to a lesser extent, New Zealand. The Americas exhibit above-average specialization in all three dimensions, while Asia's dominant employment scale is accompanied by below-average relative concentration.

Scale, specialization, and center intensity capture different aspects of competitiveness. AMER has the highest employment specialization, EMEA the greatest center intensity within KIBS, and APAC the largest absolute workforce. For business leaders, treat these as complementary location attributes and not as a single competitiveness hierarchy.

TABLE 1.3 **Employment specialization by continent, 2024**

	Africa	Americas	Asia	Europe	Oceania	Total
KIBS	0.27	1.46	0.92	1.95	1.80	**1.00**
BSI	0.73	1.22	0.95	1.45	1.17	**1.00**
Centers	0.25	1.27	0.80	2.98	2.43	**1.00**

Location quotient; global average = 1.00

Source: ABSL Strategic Intelligence

TABLE 1.4 **Business Services employment intensity by macroregion, 2024** (%)

	AMER	APAC	EMEA	Total
Centers / KIBS	20.52	20.51	31.60	**23.48**
Centers / BSI	6.34	5.36	7.14	**6.07**
BSI / Total	11.59	8.88	9.66	**9.49**

Appendix Table A.1 reports detailed continental comparisons.

Source: ABSL Strategic Intelligence

Aggregate regional results conceal substantial differences between countries. Large economies dominate global Business Services employment, while several smaller and medium-sized economies show much stronger relative specialization. Table 1.5 compares leading BSC markets by both scale and the relative importance of KIBS, BSI, and centers within national labor markets.

India and China have the world's largest Business Services ecosystems by absolute employment. India employs approximately 47.3 million people in BSI, including almost 3.0 million in BSC, while China's large KIBS base reflects the scale of its domestic technology and professional services economy. Neither, however, records the highest concentration of center employment.

The Philippines represents a different model. Its Business Services workforce is smaller, but BSC accounts for around 2.34% of total national employment and its centers LQ of 4.1 indicates very strong specialization in export-oriented service delivery.

The United States combines large scale with high knowledge intensity. Its KIBS LQ of 2.14 and BSI LQ of 1.45 point to strong Business Services specialization, while its lower Centers LQ of 1.37 reflects a more distributed enterprise model in which advanced functions are embedded across companies.

> **Europe stands out as the world's most center-specialized region.**

Czechia leads with a center LQ of 6.21, while several other European economies also record high specialization. This reflects the depth and maturity of Europe's center-based Business Services model.

Other markets follow different paths. Canada and Australia are highly knowledge-intensive but less dependent on dedicated centers. Ukraine combines a smaller Business Services base with very high center specialization. Indonesia shows the opposite pattern: large sector scale but limited specialization in dedicated centers.

Country-level results point to three broad models:

Scale-driven systems: large Business Services workforces, but lower relative concentration within the national labor market;

Specialized delivery hubs: dedicated centers account for a disproportionately large share of employment and are strongly integrated into regional or global delivery networks;

Broad knowledge economies: KIBS and Business Services are highly developed but more widely distributed across headquarters, business units, professional services firms, and technology companies.

These models are complementary rather than hierarchical. Large-scale systems provide capacity, specialized hubs provide concentrated delivery capabilities, and broad knowledge economies support enterprise-embedded functions. Multinational companies can combine all three within their location portfolios, which can also strengthen resilience amid greater geopolitical fragmentation.

TABLE 1.5 **Leading Business Services markets by employment scale and specialization, 2024**

		EMPLOYMENT						LQ		
Country	**Region**	**KIBS emp.**	**BSI emp.**	**Centers emp.**	**% KIBS in total emp.**	**% BSI in total emp.**	**% Centers in total emp.**	**LQ KIBS**	**LQ BSI**	**LQ Centers**
India	APAC	9,000,000	47,334,000	2,970,000	1.5	7.8	0.49	**0.60**	**0.82**	**0.85**
China	APAC	25,700,000	75,460,000	2,300,000	3.3	9.8	0.30	**1.36**	**1.03**	**0.52**
United States	AMER	9,159,708	24,010,000	1,375,000	5.3	13.8	0.79	**2.14**	**1.45**	**1.37**
Philippines	APAC	990,000	4,321,800	1,200,000	1.9	8.4	2.34	**0.79**	**0.89**	**4.06**
Germany	EMEA	2,449,780	6,683,120	1,002,500	5.6	15.3	2.29	**2.28**	**1.61**	**3.97**
Japan	APAC	1,500,704	7,484,869	950,000	2.2	10.8	1.37	**0.88**	**1.13**	**2.37**
Mexico	AMER	1,247,335	6,221,176	940,000	2.0	10.2	1.54	**0.83**	**1.08**	**2.68**
United Kingdom	EMEA	2,573,947	6,179,464	850,000	7.3	17.5	2.41	**2.97**	**1.84**	**4.18**
France	EMEA	1,633,160	4,637,032	695,600	5.1	14.6	2.18	**2.09**	**1.53**	**3.79**
South Korea	APAC	1,536,175	3,720,038	500,000	5.1	12.5	1.68	**2.10**	**1.31**	**2.91**
Poland	EMEA	915,620	2,574,333	489,100	5.0	14.1	2.68	**2.04**	**1.48**	**4.65**
Brazil	AMER	2,154,410	10,745,274	445,500	2.0	10.0	0.41	**0.81**	**1.05**	**0.72**
Thailand	APAC	758,717	3,784,154	375,000	1.8	9.2	0.91	**0.75**	**0.97**	**1.59**
Russian Federation	EMEA	1,615,769	8,058,766	325,000	2.2	11.0	0.44	**0.90**	**1.16**	**0.77**
Australia	APAC	815,073	1,939,570	307,300	5.5	13.0	2.06	**2.23**	**1.37**	**3.58**
Ukraine	EMEA	521,000	817,026	305,000	4.8	7.6	2.82	**1.97**	**0.80**	**4.90**
Egypt	EMEA	445,594	3,292,800	300,000	1.3	9.3	0.85	**0.51**	**0.98**	**1.47**
Canada	AMER	2,820,000	3,668,042	300,000	12.4	16.2	1.32	**5.07**	**1.70**	**2.30**
Taiwan	APAC	248,706	1,240,440	271,300	2.1	10.7	2.34	**0.88**	**1.13**	**4.07**
Spain	EMEA	1,204,030	3,327,761	250,000	4.9	13.5	1.02	**1.99**	**1.42**	**1.76**
Colombia	AMER	632,179	2,501,848	230,000	2.4	9.3	0.86	**0.96**	**0.98**	**1.49**
Netherlands	EMEA	697,430	1,714,404	220,000	6.8	16.6	2.13	**2.76**	**1.75**	**3.70**
Indonesia	APAC	3,890,000	15,092,000	200,000	2.7	10.4	0.14	**1.09**	**1.09**	**0.24**
Romania	EMEA	279,630	1,017,722	200,000	3.4	12.3	2.42	**1.38**	**1.30**	**4.20**
Czechia	EMEA	278,090	793,326	200,000	5.0	14.2	3.58	**2.03**	**1.49**	**6.21**

Note: Countries are ranked by estimated employment in Business Services Centers. Location quotients compare each Business Services layer's national employment share with its corresponding global employment share. A value above 1.00 indicates above-average specialization. Employment figures are analytical estimates and may differ from nationally published statistics due to differences in definitions, coverage, and reference periods.

Source: ABSL Global Business Services Database 2026. ABSL Strategic Intelligence.

For comparison, ABSL's Poland 2026 report records 500,500 employees in Business Services Centers in Q1 2026. The global analysis presented in this table refers to the end of 2024; the figures describe different points in time and should not be compared directly.

BSI contribution to global GVA

The Business Services Industry is estimated to generate approximately USD 14.9 trillion in GVA globally, equivalent to 16.5% of global GVA.

KIBS account for approximately USD 6.9 trillion, or 7.6% of global GVA. Within the KIBS layer, an estimated USD 1.8 trillion is attributable to BSC, representing approximately 2.0% of global GVA.

Business Services account for a substantially larger share of global GVA than of global employment, indicating above-average value added per worker. Estimates should be interpreted in light of the methodology described in the Appendix.

TABLE 1.6 **Estimated GVA and global shares of BSI, KIBS, and BSC by macroregion, 2024**

	AMER		APAC		EMEA		Global	
	USD billion	%	USD billion	%	USD billion	%	USD billion	%
Total GVA	**29,546**	32.8	**33,006**	36.6	**27,530**	30.6	**90,082**	100.0
BSI GVA	**5,286**	35.5	**4,773**	32.0	**4,846**	32.5	**14,905**	100.0
KIBS GVA	**2,408**	35.0	**1,627**	23.7	**2,839**	41.3	**6,873**	100.0
Centers GVA	**381**	20.8	**395**	21.5	**1,060**	57.7	**1,837**	100.0

Percentage of the global total for each category in parentheses.

Source: ABSL Strategic Intelligence

TABLE 1.7 **Regional comparison at a glance**

	AMER	APAC	EMEA
BSI employment, 2024 (million)	59.6	184.2	107.6
BSI GVA, 2024 (USD trillion)	5.29	4.77	4.85
Center GVA, 2024 (USD billion)	381	395	1,060
What the measures show	Highest BSI GVA with a much smaller workforce than APAC	Largest BSI employment base	Highest Center GVA; driven mainly by Europe

Source: ABSL Strategic Intelligence. Employment, GVA, and Center GVA are separate analytical measures and are not additive.

The geography of value creation differs markedly from the geography of employment.

APAC provides the largest employment base, AMER generates the most BSI GVA, while EMEA dominates center-based value creation.

APAC accounts for 52.4% of global BSI employment but 32.0% of BSI GVA. By contrast, AMER generates 35.5% of BSI GVA with only 17.0% of employment, indicating substantially higher average value added per worker. EMEA accounts for 32.5% of BSI GVA and a disproportionate 57.7% of global center GVA.

The same distinction is visible in the contribution of Business Services to regional economies. BSI accounts for 17.9% of GVA in AMER, 17.6% in EMEA, and 14.5% in APAC. The difference is stronger at the more specialized layers: KIBS contributes 10.3% of EMEA GVA and centers 3.9%, compared with 8.1% and 1.3% in AMER and 4.9% and 1.2% in APAC.

GVA-based location quotients reinforce this regional differentiation. EMEA has the strongest center GVA specialization, with an LQ of 1.89, driven primarily by Europe. Europe alone generates 37.4% of global KIBS GVA and 54.0% of center GVA while accounting for 23.2% of total global GVA. Its corresponding LQs are 1.61 for KIBS and 2.32 for centers.

These results describe different models of Business Services development rather than a performance ranking: **APAC is characterized by scale, AMER by high value added relative to employment, and EMEA by concentration in knowledge-intensive and center-based activities.**

TABLE 1.8 **Contribution of BSI, KIBS, and BSC to macroregional GVA, 2024**

	AMER %	APAC %	EMEA %	Global %
BSI	17.9	14.5	17.6	**16.5**
KIBS	8.1	4.9	10.3	**7.6**
BSC	1.3	1.2	3.9	**2.0**

Percentage of total GVA within the respective macroregion.

Source: ABSL Strategic Intelligence

GVA per worker

Business Services generate substantially more GVA per worker than the economy-wide average. Global GVA per worker is estimated at about USD 24,300, compared with USD 42,400 in BSI, USD 75,700 in KIBS, and USD 86,100 in BSC.

This corresponds to 1.74 times the global average for BSI, 3.11 times for KIBS, and 3.54 times for BSC. These are model-based indicators rather than direct measures of labor productivity and are influenced by income levels and estimation assumptions. Still, they are consistent with the concentration of higher-value activities and specialized expertise in advanced Business Services.

TABLE 1.9 **Estimated GVA per worker by macroregion, 2024**

	AMER USD per employed person	APAC USD per employed person	EMEA USD per employed person	Global average USD per employed person
BSI	88,700	25,900	45,000	**42,400**
KIBS	130,800	33,800	116,800	**75,700**
BSC	100,900	40,100	138,000	**86,100**
Total economy	57,500	15,900	24,700	**24,300**

Rounded up for clarity to full hundreds

Source: ABSL Strategic Intelligence

Regional differences are substantial. AMER records the highest GVA per worker in BSI and KIBS, while EMEA records the highest level in BSC. APAC remains well below AMER and EMEA on all three measures, reflecting both lower economy-wide income levels and differences in the structure of Business Services activity.

TABLE 1.10 **GVA per worker compared to the global economy-wide average, 2024**

	AMER	APAC	EMEA	Global average
BSI	365	107	185	**174**
KIBS	538	139	480	**311**
BSC	415	165	567	**354**

Global economy-wide GVA per worker = 100.

Source: ABSL Strategic Intelligence

KIBS in global trade flows

International trade provides a complementary view of the global reach and specialization of KIBS. The analysis uses OECD-WTO Balanced Trade in Services data. Definitions, country mappings, processing methods, and RCA calculations are provided in the Methodological Appendix.

> **Global KIBS exports increased from USD 2.06 trillion in 2019 to USD 2.95 trillion in 2024, a cumulative rise of 43.6%.**

EMEA remained the largest exporter, accounting for 57.6% of global KIBS exports in 2024. APAC grew fastest, with exports rising by 57.5%, while AMER grew by 22.2%.

EMEA also contributed the largest share of absolute export growth, around USD 547 billion, or 61% of the global increase. APAC contributed USD 242 billion, or 27%, and AMER USD 107 billion, or 12%.

The pattern is once again clear: **EMEA leads in scale, APAC leads in growth, while AMER remains a major exporter but is losing global share.**

TABLE 1.11 **KIBS exports by macroregion, 2019 and 2024**

	AMER USD billion	APAC USD billion	EMEA USD billion	Global USD billion
2019	482	420	1,154	**2,056**
2024	589	662	1,701	**2,952**
	%	%	%	%
Cumulative growth	22.2	57.5	47.4	**43.6**
Share of global exports, 2024	19.9	22.4	57.6	**100.0**

Source: ABSL Strategic Intelligence, based on WTO-OECD BaTIS dataset

Intra- and interregional trade flows

KIBS trade remains highly concentrated. Intra-EMEA trade was by far the largest corridor in 2024, reaching approximately USD 1.21 trillion and accounting for 40.8% of global KIBS exports.

Growth was broader in APAC. Intra-APAC exports increased by 60.2%, exports to EMEA by 60.2%, and exports to AMER by 47.7%. EMEA also recorded solid growth across all major destinations and, because of its much larger initial scale, generated the largest absolute increase in global KIBS trade.

AMER showed a more uneven pattern. Intra-AMER exports and exports to APAC grew strongly, but exports to EMEA increased by only 1.8%. Given EMEA's large share of AMER exports in 2019, this stagnation explains much of AMER's declining global share. Aggregate trade data alone cannot identify the underlying causes.

TABLE 1.12 **Bilateral KIBS export flows by macroregion, 2024**

Exporter \ Destination	AMER USD billion	APAC USD billion	EMEA USD billion	Total USD billion
AMER	140	145	304	**589**
APAC	133	267	263	**662**
EMEA	263	232	1,206	**1,701**
Total	**536**	**644**	**1,773**	**2,952**

Rows indicate exporting regions and columns indicate destination regions

Source: ABSL Strategic Intelligence, based on WTO-OECD BaTIS dataset

Regionalization and changing destination structure

KIBS trade is becoming more regionally differentiated. EMEA remains the most regionally integrated market, with 70.9% of its KIBS exports staying within the region in 2024, compared with 40.3% in APAC and 23.7% in AMER. This gives EMEA a particularly strong base for regional delivery models that combine scale with regulatory, linguistic, and institutional proximity.

APAC is becoming more important as both a supplier and a market. Its share of global KIBS demand increased from 19.8% to 21.8% between 2019 and 2024, while its export structure remained broadly diversified across the three macroregions. This supports the development of regional hubs that can serve both domestic and international growth.

AMER is becoming less dependent on EMEA and more geographically diversified. The share of its KIBS exports going to EMEA fell to 51.7% in 2024, while flows to APAC and within AMER increased.

For multinational enterprises, the broader implication is strong: **KIBS delivery is moving toward a more multi-regional architecture, with regional hubs complementing global delivery networks.**

Revealed comparative advantage

RCA distinguishes export scale from export specialization. Detailed definitions and bilateral results are reported in the Methodological Appendix.

EMEA combines scale with sustained KIBS specialization. APAC is moving closer to the global benchmark as its export base expands.

AMER remains a large exporter, but its overall KIBS RCA declined between 2019 and 2024.

The aggregate RCA for AMER fell from 1.00 to 0.90, while APAC increased to 0.97 and EMEA remained above the global benchmark at 1.05. This suggests that KIBS is becoming less distinctive within AMER's services export mix, while APAC is gradually strengthening its relative specialization.

TABLE 1.13 **KIBS revealed comparative advantage in 2024 and change since 2019**

Exporter \ Destination	AMER		APAC		EMEA		Global	
	2024 RCA	+ / –	2024 RCA	+ / –	2024 RCA	+ / –	2024 RCA	+ / –
AMER	0.70	+0.01	0.89	+0.12	1.05	-0.25	**0.90**	-0.10
APAC	1.08	-0.01	0.77	+0.07	1.24	+0.08	**0.97**	+0.06
EMEA	1.01	-0.03	0.93	+0.03	1.09	+0.02	**1.05**	+0.01
Total	**0.92**	-0.01	**0.85**	+0.07	**1.10**	-0.02	**1.00**	**0.00**

+ / – Change from 2019 to 2024.

Source: ABSL Strategic Intelligence, based on WTO-OECD BaTIS dataset. Rows indicate exporting macroregions; columns indicate destination macroregions.

Country-level leaders

The world's largest KIBS exporters are concentrated in a small group of economies.

In 2024, the US led with exports of approximately USD 455 billion, followed by Ireland (USD 289 billion), the United Kingdom (USD 258 billion), Germany (USD 177 billion), and India (USD 173 billion).

Export scale differs significantly from comparative advantage. India and Ireland recorded RCA values of approximately 1.99 and 1.96, confirming that KIBS represent a large share of their services exports. Israel also showed strong specialization with an RCA of 1.66, followed by the Philippines (1.46), Sweden (1.36), Romania (1.32), Belgium and Finland (1.31), and Poland (1.14).

Large exporters such as the United States, China, and France recorded RCA values close to one. Their high export volumes reflect the size of their economies and services sectors, rather than a high degree of specialization in KIBS.

Several medium-sized and emerging Business Services locations, including Poland, Romania, Singapore, the Philippines, and the United Arab Emirates, recorded rapid export growth and increased specialization between 2019 and 2024. Their performance shows that globally competitive KIBS ecosystems are expanding beyond the largest advanced economies and traditional service-export hubs.

Country-level evidence points to two sources of export leadership-namely, scale-based competitiveness, seen in large economies such as the United States and China, and **specialization-led competitiveness,** found in Ireland, India, Israel, the Philippines, and several medium-sized European economies.

TABLE 1.14 **Top 15 global KIBS exporters in 2024**

Rank	Exporter	KIBS exports 2024 (USD BN)	RCA 2024	RCA change 2019-2024
1.	United States	454.9	1.00	-0.02
2.	Ireland	288.7	1.96	-0.06
3.	United Kingdom	258.3	1.20	-0.04
4.	Germany	177.5	1.09	-0.01
5.	India	172.8	1.99	-0.02
6.	Singapore	129.1	1.11	+0.05
7.	China	126.5	1.01	-0.03
8.	Netherlands	125.1	1.18	+0.06
9.	France	122.0	0.98	-0.11
10.	Switzerland	65.0	0.93	0.00
11.	Belgium	60.2	1.31	-0.10
12.	Spain	57.2	0.77	+0.04
13.	Canada	52.5	1.07	-0.05
14.	Sweden	52.3	1.36	-0.03
15.	Japan	48.0	0.63	-0.07

Note: Export values are rounded to USD billion. The full Top 30, including annual values and additional classification fields, is reported in Appendix Table A.3.

Source: ABSL Strategic Intelligence, based on WTO-OECD BaTIS dataset

1.2 Global Business Services Competitiveness Rankings

Construction and interpretation of the ranking

The ABSL Global Business Services Competitiveness Rankings assess countries across three layers: BSI, KIBS, and organized BSC. Separate rankings are reported because countries may perform differently across these layers.

Each index combines five dimensions:

Economic scale;

Structural specialization;

Productivity;

Internationalization;

Growth dynamics.

Scale and internationalization each account for 20%, specialization and productivity for 25% each, and dynamics for 10%. Variables are winsorized and normalized to a 0 to 100 scale. Full definitions and methodology are provided in Appendix B.

The rankings assess the strength and maturity of national Business Services ecosystems rather than market size alone or future investment performance. Countries can achieve high scores through different combinations of scale, specialization, productivity, international integration, and growth. The overall score is the equally weighted average of the normalized BSI, KIBS, and BSC indices. Using scores rather than rank positions preserves differences in performance between countries. For details, see Appendix B.

Global ranking results

Ireland ranks first overall, first in both KIBS and BSC, and fourth in BSI. Its position reflects a combination of specialization, productivity, internationalization, and a highly developed knowledge services ecosystem.

The United Kingdom ranks second overall and Germany third. Both combine significant scale with high productivity and broad knowledge capabilities. The Netherlands, France, Switzerland, and Luxembourg also rank highly, but through different combinations of scale, specialization, productivity, and internationalization.

The United States is the highest-ranked AMER economy and ranks eighth globally. It places third in BSI, ninth in KIBS, and fifteenth in BSC. Its position reflects the scale, productivity, and high-tech intensity of its knowledge economy.

Advanced Business Services functions in the US are widely distributed across enterprises, technology companies, professional services firms, and headquarters rather than concentrated primarily in dedicated centers. At the same time, advanced knowledge-intensive activity is strongly clustered in locations such as Silicon Valley, Boston-Cambridge, Seattle, New York, Austin, and the Washington, DC-Northern Virginia corridor.

Singapore ranks ninth overall, fifth in KIBS, and eighth in BSC, combining international connectivity, knowledge intensity, and a mature regional coordination role.

Poland ranks tenth overall and second globally in BSC. Its position is driven primarily by the scale and concentration of its organized center ecosystem, while its BSI and KIBS rankings are both sixteenth. This distinguishes Poland as a major global delivery and capability hub, with a more specialized profile than the large Western European knowledge economies.

The rankings also reveal strong regional asymmetry. EMEA accounts for eight of the global top 10, 14 of the top 20, and 22 of the top 30 economies. AMER representation is concentrated in the United States and Canada, while APAC includes several distinct models, from Singapore's highly internationalized knowledge economy to the large-scale Business Services ecosystems of India and the Philippines.

TABLE 1.15 **Leading countries in the ABSL Global Business Services Competitiveness Rankings**

Country code	Country	Continent	Region	BSI Index	KIBS Index	Centers Index	Overall Index	BSI rank	KIBS rank	Centers rank	Overall rank
IRL	Ireland	Europe	EMEA	59.3	72.6	72.3	**68.1**	4	1	1	**1**
GBR	United Kingdom	Europe	EMEA	63.0	59.0	63.1	**61.7**	2	3	6	**2**
DEU	Germany	Europe	EMEA	63.4	55.2	66.4	**61.7**	1	7	3	**3**
LUX	Luxembourg	Europe	EMEA	53.5	66.5	59.8	**59.9**	11	2	9	**4**
NLD	Netherlands	Europe	EMEA	55.6	58.8	61.9	**58.8**	8	4	7	**5**
FRA	France	Europe	EMEA	58.8	52.2	65.2	**58.8**	5	10	5	**6**
CHE	Switzerland	Europe	EMEA	54.3	54.4	65.4	**58.0**	10	8	4	**7**
USA	United States	Americas	AMER	62.9	54.0	53.6	**56.8**	3	9	15	**8**
SGP	Singapore	Asia	APAC	46.4	56.7	61.3	**54.8**	20	5	8	**9**
POL	Poland	Europe	EMEA	50.7	47.1	66.5	**54.8**	16	16	2	**10**
SWE	Sweden	Europe	EMEA	48.0	51.6	58.3	**52.6**	18	11	11	**11**
CAN	Canada	Americas	AMER	56.9	55.8	44.6	**52.4**	6	6	27	**12**
BEL	Belgium	Europe	EMEA	48.6	48.2	58.9	**51.9**	17	13	10	**13**
KOR	South Korea	Asia	APAC	51.7	47.7	53.0	**50.8**	14	15	16	**14**
ESP	Spain	Europe	EMEA	56.2	51.3	43.9	**50.5**	7	12	28	**15**
ISR	Israel	Asia	EMEA	44.2	48.2	54.6	**49.0**	22	14	13	**16**
JPN	Japan	Asia	APAC	52.7	36.8	51.6	**47.1**	13	34	19	**17**
AUS	Australia	Oceania	APAC	46.7	41.3	52.1	**46.7**	19	20	17	**18**
CHN	China	Asia	APAC	52.9	44.6	41.0	**46.2**	12	18	34	**19**
ITA	Italy	Europe	EMEA	55.0	46.2	34.6	**45.3**	9	17	43	**20**

Note: The overall score is the equally weighted arithmetic mean of the normalized BSI, KIBS, and Centers indices. Scores range from 0 to 100, with a higher score indicating stronger combined performance. Overall positions are assigned based on the unrounded scores.

Source: ABSL Global Business Services Database 2026

Ranking conclusions

Business Services competitiveness is multidimensional. Scale alone does not determine a country's position. Leading economies combine different strengths across specialization, productivity, internationalization, growth, and organized center capacity.

The overall ranking aggregates performance across BSI, KIBS, and BSC rather than measuring balance between them. Strong performance in one layer can partly offset weaker performance in another. The ranking is most useful for identifying the sources of national competitiveness and the gaps between the three layers. Section 1.3 places these differences in a broader regional context.

1.3 Regional Profiles and Comparative Synthesis

The three business macroregions combine scale, specialization, productivity, internationalization, and organizational concentration in different ways.

EMEA is distinguished by dense cross-border integration and comparatively high center intensity within KIBS; AMER by employment specialization and high estimated productivity; and APAC by scale and rapid export growth.



AMER

Employment specialization and productivity

AMER records the highest macroregional employment LQs across BSI, KIBS, and BSC, together with the highest estimated GVA per worker in BSI and KIBS. These results are driven mainly by the United States and Canada, which also account for the region's strongest positions in the global rankings.

The regional profile is highly concentrated. Advanced knowledge-intensive activity is strongest in North America, while nearshore and specialist locations play a smaller role. Further development will depend on the diffusion of technology, expertise, and higher-value work across a wider set of locations.



APAC

Scale, export growth, and capability upgrading

APAC's defining advantage is scale. It has the world's largest BSI, KIBS, and center workforces and the fastest KIBS export growth. The macroregion is highly diverse, ranging from knowledge-intensive hubs such as Singapore to large domestic economies and major delivery locations such as India and the Philippines.

The central challenge is converting scale into higher value creation. Digital infrastructure, specialist skills, AI diffusion, organizational capability, and geopolitical resilience will shape the pace of this transition. Given APAC's employment scale, even moderate gains in GVA per worker could have a material global impact.



EMEA

Center intensity and international integration

EMEA, driven primarily by Europe, combines dense cross-border integration with a comparatively center-intensive delivery model. Its distinguishing features are the highest center intensity within KIBS and the strongest center GVA specialization. The region includes large diversified economies, international knowledge hubs, and specialized center economies.

Its main challenge is upgrading rather than scale. Demographic pressure, rising labor costs, regulatory complexity, and shortages of digital talent increase the importance of productivity, higher-value services, technology adoption, and organizational renewal.

TABLE 1.16 | **In profile: assessing macroregions by dimension**

Dimension	AMER	APAC	EMEA
Primary source of advantage	Employment specialization and BSI / KIBS productivity	Employment scale and KIBS export growth	Center intensity and international integration, driven mainly by Europe
BSI structure	High employment specialization; organizational placement not directly measured	Largest employment base with substantial internal diversity	Integrated KIBS trade and mature center ecosystems, led principally by Europe
Center model	Highest center employment LQ; lower centers / KIBS ratio than EMEA	Largest absolute center workforce; below-average center employment LQ	Highest centers / KIBS ratio and strongest center GVA specialization
KIBS trade position	Major high-value exporter undergoing geographical reorientation	Fastest growing exporter	Largest exporter and principal source of absolute growth
Productivity profile	Highest estimated BSI and KIBS GVA per worker	Lower average GVA per worker with upgrading potential	High estimated KIBS and leading center GVA per worker, driven mainly by Europe
Ranking profile	Strong leadership concentrated in the United States and Canada	Diverse models led by Singapore	Greatest concentration of balanced global leaders
Predominant model	Enterprise-embedded and captive capabilities, with regional nearshore delivery	GCC and large-scale global delivery ecosystems	Mature captive / GBS networks and nearshore specialization
Strategic trajectory	**Potential trajectory: diffuse technology-led capabilities across enterprises and locations**	**Potential trajectory: convert scale into higher value iBS capabilities**	**Potential trajectory: upgrade mature networks toward governed iBS**

Source: ABSL Strategic Intelligence

Comparative synthesis and global conclusions

The three macroregions occupy distinct but interdependent positions within the global Business Services ecosystem.

The comparison highlights clear trade-offs:

> **EMEA combines international integration with center intensity, AMER combines specialization with high estimated value creation per worker, and APAC provides unmatched scale and rapid export growth. No macroregion leads across all dimensions.**

For multinational enterprises, location strategy is best treated as portfolio design. Different locations can support different roles, including large-scale delivery, specialist capabilities, regional coordination, and knowledge-intensive enterprise functions.

A location creates more value when its strengths complement those of the wider regional network. Chapter 2 examines the structural forces shaping this evolution and the transition toward iBS.

2

STRUCTURAL FORCES RESHAPING THE GLOBAL BUSINESS SERVICES INDUSTRY

Chapter Overview

Over the next decade, Business Services are likely to be defined more by their capacity to transform technology, talent, data, and organizational reach into productivity, resilience, and value than by expanding established delivery models.

Chapter 1 outlined the current scale and structure of the global Business Services Industry (BSI), Knowledge-Intensive Business Services (KIBS), and Business Services Centers (BSC). This chapter focuses on structural change, investigating the key forces likely to shape these three layers from 2026 to 2035, the channels through which they operate, and their consequences for the evolution of GBS toward Intelligent Business Services (iBS). The chapter uses a structured narrative synthesis of academic, institutional, and selected industry evidence. It distinguishes established evidence, emerging developments, and ABSL analytical interpretation, and treats the 2035 outlook as directional rather than a point forecast.

ABSL

Chapter content developed by **ABSL**

Key Findings

Productivity and value creation are becoming more important alongside traditional cost metrics.

Business Services are expected to demonstrate measurable contributions to value creation, risk reduction, innovation, and organizational adaptability. Headcount remains relevant but is becoming less informative as a standalone measure of scale or performance.

Talent scarcity and AI are already reshaping the workforce.

Demand is shifting toward specialist skills, process ownership, digital fluency, governance, and complex judgment as more routine tasks are automated or augmented.

Globalization is being reconfigured, not reversed.

Geoeconomic fragmentation is driving more diversified, multi-hub delivery models with stronger regional governance and selective duplication of critical capabilities.

KIBS are becoming more important as knowledge becomes tradable.

Digital delivery is expanding the international market for specialist, professional, and technology-intensive services, allowing firms to access external expertise and scale service delivery without building everything in-house.

AI creates value through organizational redesign, not technology adoption alone.

The strongest gains are emerging where AI is combined with quality data, skills, governance, process redesign, and end-to-end accountability, enabling solutions to scale across processes, functions, and locations.

Intelligent Business Services (iBS) represent the emerging operating model for the sector.

iBS combines human expertise, governed data, AI, end-to-end process ownership, and organizational authority and can evolve from existing SSC, GBS, GCC, BPO, and other delivery structures.

Location strategies are becoming more distributed and capability-driven.

Global hubs are being complemented by regional coordination centers, specialist nodes, nearshore capabilities, and local teams selected for expertise, security, institutional fit, resilience, and proximity to decision-makers.



2.1 Structural Forces Influencing the Next Decade

Growth, productivity, and capital discipline

The macroeconomic environment of the next decade is likely to place greater emphasis on productivity and controlled capital allocation. Long-term growth in many advanced economies is constrained by weak productivity performance and slower labor-force expansion, while emerging-market growth is becoming more heterogeneous. Elevated public debt, investment needs associated with energy and digital transitions, and recurring inflation or supply shocks may also keep financing conditions more volatile than during the period of exceptionally inexpensive capital that followed the global financial crisis (IMF, 2025; OECD, 2025a; World Bank, 2025b).

These factors point to a more volatile and selective investment environment. They do not imply permanently high interest rates or consistently weak demand. Under such conditions, enterprises, particularly multinational enterprises, are likely to subject transformation programs to more rigorous investment discipline.

> **This can strengthen the strategic role of well-integrated Business Services by making their contribution to productivity, resilience, and enterprise transformation more valuable.**

Investments in platforms, cloud infrastructure, AI, data, and organizational redesign are likely to compete for capital on the basis of measurable returns, risk reduction, and strategic relevance. Business Services will be expected to demonstrate their contribution to revenue, working capital, risk management, innovation, and organizational adaptability.

> **The result is a greater need to raise productivity and value creation, allowing output to grow faster than headcount.**

Chapter 1 demonstrated that BSI already accounts for a larger share of global GVA than global employment. From 2026 to 2035, the key question is whether organizations can expand this productivity advantage without jeopardizing service quality, institutional knowledge, or workforce development. Technology can help, but research shows that digital investments yield greater benefits when paired with changes in processes, skills, incentives, and decision rights (Brynjolfsson & Hitt, 2000; Bresnahan et al., 2002).

Demographic divergence and competition for skills

Demographic pressures are likely to be significant but they will vary by region. Europe, Japan, South Korea, and China face older populations and slower or declining growth in working-age cohorts. India and several economies in Southeast Asia, Africa, and Latin America have younger labor forces. Nonetheless, their demographic potential does not guarantee job-ready technical and professional talent (ILO, 2024; UN, 2024). Education quality, labor force participation, language skills, digital infrastructure, migration policy, and urban development shape whether demographic scale translates into a Business Services advantage (OECD, 2023b, 2024a; World Bank, 2025a).

The main constraint is the availability of specific combinations of domain knowledge, digital fluency, empowerment and decision making, communication, and process expertise (Marsh, 2026). Demand is likely to remain strong for data engineering, AI governance, cybersecurity, software development, risk and compliance, finance transformation, and product-oriented skills. AI is beginning to affect not only the composition of tasks but also the structure of career entry.

Recent evidence suggests that the effects are concentrated among younger workers in AI-exposed occupations and operate primarily through lower hiring and not displacement of existing employees (Brynjolfsson, Chandar & Chen, 2025). This is particularly relevant for Business Services, where many

traditional entry-level roles have historically combined routine cognitive work with on-the-job learning. As AI absorbs a growing share of these tasks, firms may require fewer junior positions while simultaneously increasing demand for judgement, domain expertise, and AI-enabled problem solving.

> **If traditional entry-level work disappears, organizations must create new mechanisms through which employees acquire the experience required for future specialist and leadership roles** (ILO, 2025).

This direction is consistent with the World Economic Forum's Future of Jobs Report 2025, which identifies AI and big data, networks and cybersecurity, and technological literacy among the fastest growing skill areas globally, while emphasizing the simultaneous importance of cognitive and collaborative skills (WEF, 2025).

For BSI, the growing premium on global talent requires greater focus on talent portfolios, internal mobility, continuous reskilling, and redesigned career structures. In centers, automation may slow employment growth in transaction-heavy functions but increase the concentration of process owners, technical specialists, product managers, and control roles. This is likely to produce greater divergence in employment across functions, locations, and organizational maturity.

Fragmentation of the global economy

Evidence points to a reconfiguration of globalization, not a complete reversal or de-globalization. While trade and investment remain extensive, considerations such as geopolitical alignment, economic security, industrial policy, sanctions, export controls, and investment screening are steadily influencing location and sourcing decisions. Empirical studies show that trade and investment links are being selectively redirected, especially in strategic activities, while third-country routing and diversified supply networks complicate simple decoupling narratives (Gopinath et al., 2024; Grover & Vézina, 2025; IMF, 2023; Tan, 2024).

This interpretation is consistent with the *Global Value Chain Development Report 2025*, which describes GVCs as being rewired rather than dismantled as technological change, the green transition, and geopolitical pressures alter the balance between efficiency and resilience and contribute to the emergence of new regional hubs (WTO et al., 2025).

Nearshoring, friendshoring, China+1, and selective reshoring represent different strategic responses. Their benefits and costs vary by activity. Geographic diversification can reduce concentration risk, but excessive localization may limit access to high-quality inputs, specialized talent, and economies of scale. Research generally supports targeted de-risking and diversification instead of broad retrenchment (Cerdeiro et al., 2024; Crowe & Rawdanowicz, 2023; Mulabdic & Nayyar, 2024).

FDI evidence supports the same interpretation. Geopolitical alignment affects new investment in sensitive technologies, critical infrastructure, energy, digital infrastructure and strategic supply chains. The change is most visible in new and marginal investment decisions rather than in the large-scale dismantling of existing multinational networks. Multinational enterprises are adding alternative locations and selectively duplicating critical functions and infrastructure (Gopinath et al., 2024; Grover & Vézina, 2025; IMF, 2023; Tan, 2024).

For Business Services, fragmentation affects both governance and the geography of multinational activity. Enterprises operating across different data, tax, technology, sustainability, security and regulatory regimes require stronger financial control, procurement, legal support, supply-chain analytics, cybersecurity, data governance, compliance and regional coordination. These functions may be located in the investment destination, at headquarters, in regional BSC or provided by external KIBS suppliers.

This encourages multi-hub delivery models in which standardized global processes coexist with regional data boundaries, local accountability and selective duplication of critical functions. It may also strengthen the role of nearshore locations, particularly where firms seek geographic proximity, regulatory alignment, language and cultural compatibility, resilience, and access to specialist expertise. Business Services may therefore become more geographically distributed even when some cross-border flows are restricted.

Digital trade and the internationalization of knowledge

International trade in digitally deliverable and knowledge-intensive services has expanded faster than many traditional forms of trade. Cloud infrastructure, distributed collaboration, interoperable platforms, and digitally encoded expertise support a growing range of professional and technical services tradable across borders. Chapter 1 documented a 43.6% increase in global KIBS exports between 2019 and 2024, with EMEA remaining the largest exporter and APAC expanding most rapidly.

Captive delivery does not necessarily fall outside international trade statistics. Services provided between affiliated entities may be recorded as cross-border intra-group trade when the supplying center and the receiving entity are resident in different economies. By contrast, services delivered within the same economy or not identified as cross-border transactions remain outside these trade measures.

Investment patterns reinforce this shift but also reveal significant geographic concentration. UN Trade and Development reports that the digital economy accounted for an average of 8.3% of global FDI between 2021 and 2023, up from 5.5% a decade earlier, while digital greenfield investment has expanded rapidly but remains concentrated in a relatively small group of economies (UN Trade and Development, 2025).

The next decade is likely to deepen this internationalization but not remove distance or institutions from service trade. Complex services depend on trust, language, legal compatibility, professional standards, intellectual property protection, and the ability to coordinate tacit knowledge. Digitalization changes the nature of distance rather than eliminating it. The resulting geography is likely to combine global specialist networks, strong regional ecosystems, and selected local requirements. KIBS providers and centers that can codify knowledge while preserving contextual judgment are likely to be better positioned to serve this market (Brodzicki, 2024; WTO, 2023).

AI as a potential general-purpose technology

Artificial intelligence has characteristics associated with general-purpose technology (GPT): broad applicability, continuing technical improvement, and the capacity



to generate complementary innovation (Bresnahan & Trajtenberg, 1995). Generative and, nowadays to a growing degree, agentic systems can support prediction, classification, retrieval, drafting, coding, analysis, and workflow coordination across many Business Services functions. However, technical capability should not be equated with the business value.

Adoption is already substantial. Stanford's 2025 AI Index reports that 78% of surveyed organizations used AI in 2024, up from 55% a year earlier, while global private investment in generative AI reached USD 33.9 billion. The widening gap between rapid adoption and uneven realized productivity reinforces the distinction between access to AI and the organizational capability to generate value from it (Stanford Institute for Human-centered Artificial Intelligence, 2025).

The productivity J-curve provides the most useful interpretation. The concept describes a pattern in which measured productivity may initially stagnate or decline after the introduction of a major technology because organizations must first incur implementation costs and invest in complementary assets. Productivity gains emerge later, once organizations have redesigned workflows, skills, data, governance, and organizational structures around the new technology, producing a J-shaped trajectory over time.

Firms may incur substantial measured and unmeasured costs while building data foundations, redesigning workflows, establishing governance, integrating systems, and training employees. Productivity gains appear later and vary widely among tasks and organizations (Brynjolfsson et al., 2021). Firm-level evidence shows that generative AI can improve performance in selected knowledge tasks, often with larger gains for less experienced workers. Still, these results do not establish equivalent economy-wide gains or eliminate the need for expertise and oversight (Brynjolfsson et al., 2025).

The diffusion constraint may also lie outside the enterprise itself. In high-stakes activities, technical capability, and organizational readiness do not necessarily translate directly into autonomous deployment when liability, trust, professional standards, and the need for identifiable human accountability remain material (Financial Times, 2026). The relevant adoption frontier is shaped not only by what AI can do and what organizations can absorb, but also by what institutions, customers, and regulators are prepared to accept.

The impact on employment is also uncertain. AI may automate parts of both routine and non-routine cognitive work, enhance professional judgment, create new monitoring and governance tasks, and shift the value of different skills. Adoption could also increase demand by lowering costs and improving service quality. The key unit of analysis is the task and workflow, not the occupation alone. For Business Services, success is likely to depend on the ability to redesign end-to-end processes instead of adding AI tools to existing models.

AI, work and the range of plausible outcomes

The effect of AI on employment should not be reduced to a single automation or headcount assumption. AI affects work through at least three channels:

Substitution, where technology replaces human input;

Augmentation, where technology increases human productivity without eliminating the role; and

Task and job creation, where new tools and business functions generate new activities, products, control requirements and forms of demand.

The balance among these channels depends on the characteristics of the work being performed.

The analytical framework developed in *ABSL's Business Services Sector in Poland 2026* report provides a useful way to structure this exposure. Instead of classifying occupations simply as exposed or unexposed to AI, it considers activities along two dimensions: **process complexity** and **value contribution.** The resulting matrix illustrates why AI is unlikely to produce a uniform employment effect across Business Services (ABSL, 2026).

The ABSL matrix highlighted a structural gradient. Standardized, rules-based and lower-value activities are most exposed to substitution because they can be codified, automated, and scaled relatively easily. At intermediate levels of complexity and value, substitution, and augmentation operate simultaneously. At the upper end, AI can increase the productivity and effective scale of specialist work, support the expansion of existing services, and enable activities that were previously too expensive or difficult

to perform. In these areas, employment effects may therefore be positive even while AI reduces the human input required per unit of output.

This distinction matters for Business Services because the industry contains all nine combinations. Transaction processing, standardized reporting, and basic information handling coexist with complex risk, engineering, analytics, cybersecurity, product, R&D and decision-support activities. The likely result is a **recomposition rather than uniform contraction.** Less human input in some process segments, greater technological leverage across most segments, and potential expansion in activities where AI complements scarce expertise or generates additional demand.

The Poland analysis provides one sector-specific benchmark. Under a bounded AI trajectory without an assumption of AGI before 2030, the ABSL baseline scenario estimates an aggregate 10-15% reduction in sector employment by 2030, while simultaneously projecting strong compression of low-complexity work and expansion of selected high-complexity, high-value activities (ABSL, 2026). The result should not be generalized mechanically to other countries. It demonstrates instead how differences in functional mix, process complexity, value contribution, and organizational readiness can produce materially different employment outcomes.

External economic models imply an even wider range of plausible outcomes. The World Bank's MANAGE-AI analysis for Poland estimates that AI could raise real GDP by between 1.3% and 12.1% by 2035, with the result depending strongly on investment, firm-level adoption, worker adjustment and the policy environment. The report identifies Business Services as one of the sectors likely to experience the effects relatively early as routine work is automated and activity moves toward higher-value tasks (World Bank, 2026).

At a still wider boundary of the scenario space, Korinek et al. (2026) model alternative trajectories for the US economy through 2030. Their scenarios are explicitly not forecasts. They demonstrate how changes in AI capability, diffusion, autonomy, productivity and labor-market adjustment can generate radically different outcomes. In their substantial scenario, AI is technically capable of performing around half of knowledge work by 2030, although adoption remains incomplete, and GDP is 8.3% above the no-AI trajectory.

In the extreme scenario, rapid capability development and adoption produce much stronger growth but also severe disruption of knowledge work and a large shift in income from labor toward capital. The labor share falls to 45.2% in that extreme scenario. These estimates concern the US economy to a larger extent than Business Services globally. This illustrates the non-linear nature of the adjustment (Korinek et al., 2026).

The three perspectives should not be treated as competing forecasts. ABSL provides a process-level mechanism, the World Bank demonstrates the importance of economy-wide adoption and adjustment capacity, while the Anthropic framework illustrates how strongly outcomes change when assumptions about the technological frontier itself are altered. Together, they suggest that the relevant strategic questions are where, how rapidly, and through which combination of substitution, augmentation, task creation, and demand expansion these effects will occur.

Frontier progress is itself becoming a source of uncertainty

A further uncertainty concerns the trajectory of AI capability itself. Most economic analysis implicitly treats technological progress as an external path and concentrates on the speed of adoption. This assumption is becoming less tenable. Frontier development may accelerate as models become more capable of supporting research, coding and model development. It may also face stronger constraints from compute, energy, regulation, security, alignment, and the safeguards required for gradually more autonomous systems.

Security and safety constraints are particularly relevant because they can affect both development and deployment. In 2026, Anthropic explicitly distinguished between firm-level pacing, prioritizing safety over speed where the two are in tension and coordinated pacing across frontier developers, and argued for a lawful and verifiable mechanism to reduce race-to-the-bottom dynamics. This position does not demonstrate that the AI industry as a whole will slow down. It does demonstrate that the speed of frontier capability development can itself become endogenous to safety, cybersecurity and governance constraints (Anthropic, 2026).

This creates two separate questions for Business Services: **how fast AI improves, and how fast companies can use the AI that already exists.** These are not the same thing. Frontier progress could slow while enterprise productivity continues to increase rapidly as firms redesign processes around technologies that already exist. Conversely, major capability breakthroughs may generate limited value if data, integration, skills, governance, and transformation capacity remain binding constraints. This distinction becomes central to the 3T strategic pillars framework.

BOX **2.1**

Beyond Knowledge Work: Physical AI

Most discussion of AI in Business Services concerns digital systems acting on information. A second frontier is emerging as AI moves from digital environments into the physical world. **Physical AI combines AI with sensors, robotics, simulation, and control systems so that machines can perceive their environment, reason about it, and perform actions in the physical world.**

This is not yet equivalent to large-scale deployment of general-purpose humanoid robots. Capgemini Research Institute finds that 79% of surveyed organizations are already engaging with physical AI. However, only 27% report deployment or scaling, while executives expect the scaling of humanoid robots to take substantially longer. The relevant near-term development is broader than humanoids: adaptive industrial robots, autonomous logistics systems, intelligent inspection, predictive maintenance and AI-enabled machines operating within controlled physical environments (Capgemini Research Institute, 2026).

Physical AI does not require ABSL to extend the statistical definition of Business Services to manual or physical labor. Instead, it may expand the range of physical operations that Business Services can coordinate, monitor, and optimize. Supply-chain planning, procurement, digital twins, asset analytics, predictive maintenance, field-service orchestration, risk management, and compliance can connect directly to autonomous physical execution. Business Services may consequently become the enterprise control and orchestration layer linking digital intelligence to physical operations.

This development also extends our 3T strategic pillars logic. Physical AI requires different combinations of engineering talent, operational technology, edge and cloud infrastructure, cybersecurity, safety controls, process redesign and human accountability. Its diffusion is likely to remain sector-specific and slower than purely digital AI, but it can progressively expand the boundary between knowledge work and operational execution.

Physical AI also represents an uncertainty deliberately outside some current economic AI scenarios. The Anthropic economic model, for example, explicitly excludes a future involving hyper-capable robots. Its emergence at scale would represent an additional channel through which AI could affect productivity, capital intensity, occupational structure, and the geography of economic activity (Korinek et al., 2026).

2.2 Transmission to BSI, KIBS, and BSC

The structural forces described above do not affect the three layers of the Business Services Industry in the same way. BSI captures the broad capability base. KIBS concentrates on measurable knowledge-intensive and tradable activities; and BSC represent the most profitable part of the industry. The table below summarizes the principal transmission mechanisms.

For the wider BSI, organizational complexity is the key factor. Enterprises operating across multiple technologies, jurisdictions, data infrastructures, and talent markets require stronger coordination. This sustains demand for Business Services even as individual activities are automated. Demand is expected to shift from repetitive execution toward process ownership, controls, integration, interpretation, and change management.

For KIBS, the main opportunity lies in the increasing value of specialized, internationally tradable knowledge. KIBS serve as suppliers, carriers, and co-producers of innovation, linking expertise with client capabilities and spreading technology and management practices across industries (den Hertog, 2000; Miles, 1995; Amancio et al., 2022). AI can boost productivity and reach but may also commoditize standardized outputs. As a result, competitive advantage will likely shift toward proprietary knowledge, trusted relationships, multidisciplinary problem-solving, and accountability for outcomes.

For BSC, in turn, the effects are more apparent at the organizational level. Transaction-intensive operations face the greatest pressure to automate, while centers

TABLE 2.1 **Selected transmission mechanisms between structural forces shaping the global industry**

Structural force	Main enterprise-level transmission mechanism	Implications for BSI	Implications for KIBS	Implications for BSC
Productivity pressure	Process redesign; stronger ROI discipline	Greater focus on measurable enterprise value	Demand for analytical, digital, and advisory capabilities	Shift from transaction volume to outcomes
Talent scarcity	Automation; global talent portfolios; reskilling	Workforce and career redesign	Premium on specialist expertise and judgment	Fewer routine roles; more process owners and specialists
Fragmentation	Regional diversification; stronger governance	Higher coordination and compliance complexity	Growth of risk, legal, cyber, tax, and advisory services	Multi-hub delivery and selective duplication
Digital trade	Remote delivery; platform integration	Greater international reach	Expansion of tradable knowledge services	Less dependence on physical co-location
AI diffusion	Task and workflow reconfiguration	Value becomes less tied to headcount	Human-AI augmentation of knowledge work	AI-enabled execution, orchestration, and controls
Capital discipline	Portfolio prioritization and consolidation	Greater emphasis on value attribution	Outcome-based specialist services	Automation or consolidation of low-value work

Source: ABSL Strategic Intelligence synthesis based on the literature reviewed in this chapter

managing end-to-end processes, enterprise data, digital products, risk, or transformation may become more strategically important. Center employment may grow in expanding locations even as employment intensity declines in mature processes. Facility counts, headcount, and transaction volumes are therefore likely to become less useful measures of maturity than scope, decision rights, productivity, and value delivered.

These mechanisms also affect location strategy. Scale remains important for standardized delivery, while more complex activities require stronger domain expertise, security, language capabilities, institutional reliability and proximity to decision-makers. Resilience and business continuity are also becoming more important location criteria. Locations with reliable infrastructure, strong institutions, cybersecurity potential, and the ability to operate through disruption can gain a competitive advantage.

The likely result is a portfolio of complementary locations: global hubs, regional coordination centers, specialist centers, and local teams connected through common data and governance standards. This reduces concentration risk and helps firms maintain critical operations during geopolitical, technological, or infrastructure disruptions.

2.3
From GBS to iBS

An evolutionary transition

> **Business Services have evolved through overlapping organizational models.**

Early shared-service and outsourcing programs concentrated on repetitive activities to reduce cost and improve control. GBS expanded this logic through multi-functional governance, process standardization, global delivery, and increasing ownership of end-to-end performance. GCCs and specialist centers broadened their scope to include product development, engineering, analytics, digital services and domain expertise.

The next stage is not determined solely by AI adoption. A center using generative tools for isolated tasks does not automatically become an intelligent organization. The key transition is moving from executing predefined work to continuously sensing, redesigning, coordinating, and improving enterprise processes both internally within the organization and externally for the ultimate client. Meeting these demands requires a combination of human judgment and AI, supported by the authority, data, governance, and accountability that many traditional centers lack.

By 2030-2035, some operating models that are successful today may lose competitiveness if they remain dependent on manual execution, fragmented data, and limited process ownership. The pace and direction of this transition are nevertheless likely to vary considerably across organizations.

The transition is likely to require substantial investment in data, systems integration, computing capacity, governance, cybersecurity, talent, and organizational redesign. These investments may be delivered through different combinations of capital and operating expenditure, depending on enterprise architecture, sourcing models, and technology strategy.

The transition from Generative Business Services (GenBS) to Intelligent Business Services (iBS) represents a refinement and broadening of ABSL's organizational framework, not a response to the emergence of agentic AI. Earlier ABSL work on GenBS already recognized the growing role of autonomous and agentic capabilities. The iBS concept makes explicit that value comes from integrating AI with governed data, human judgment, end-to-end process ownership, organizational authority, and accountability for business outcomes.

The change in terminology also prevents the future model from being associated with one generation of AI technology. The defining feature of iBS is the organizational capacity to integrate evolving technologies into continuously improving, accountable, and outcome-oriented Business Services.

Defining Intelligent Business Services

For this report, ABSL defines **Intelligent Business Services (iBS)** as:

An advanced organizational model that integrates business functions globally around end-to-end process ownership, governed enterprise data, AI, human expertise, and continuous organizational learning to deliver measurable business outcomes and support transformation.

iBS is an organizational model, not a fourth statistical layer of the framework, nor a label for the Business Services Industry as a whole. Its attributes may be present in BSC, KIBS providers, and enterprise-embedded Business Services functions, irrespective of their formal organizational structure.

ABSL proposes the following characteristics to describe the iBS model:

End-to-end accountability for processes or business functions instead of isolated task execution;

Full integration of Business Services into line-business operating models, strategy, and decision-making, and not treating them as a separate support layer;

Human-AI orchestration in which tasks are allocated dynamically between employees, digital systems, and autonomous or semi-autonomous agents;

Integrated, interoperable, and governed enterprise data;

Cross-functional decision support linking operational information with business outcomes;

Continuous process monitoring, experimentation, and improvement;

Distributed delivery designed for resilience, security, and regulatory compatibility;

Performance measurement based on productivity, quality, risk, experience, and business value and not on employment cost or transaction volume alone;

Organizational authority and talent capable of redesigning work, not simply executing it; and

Continuous talent capability development, upskilling, reskilling, and learning.

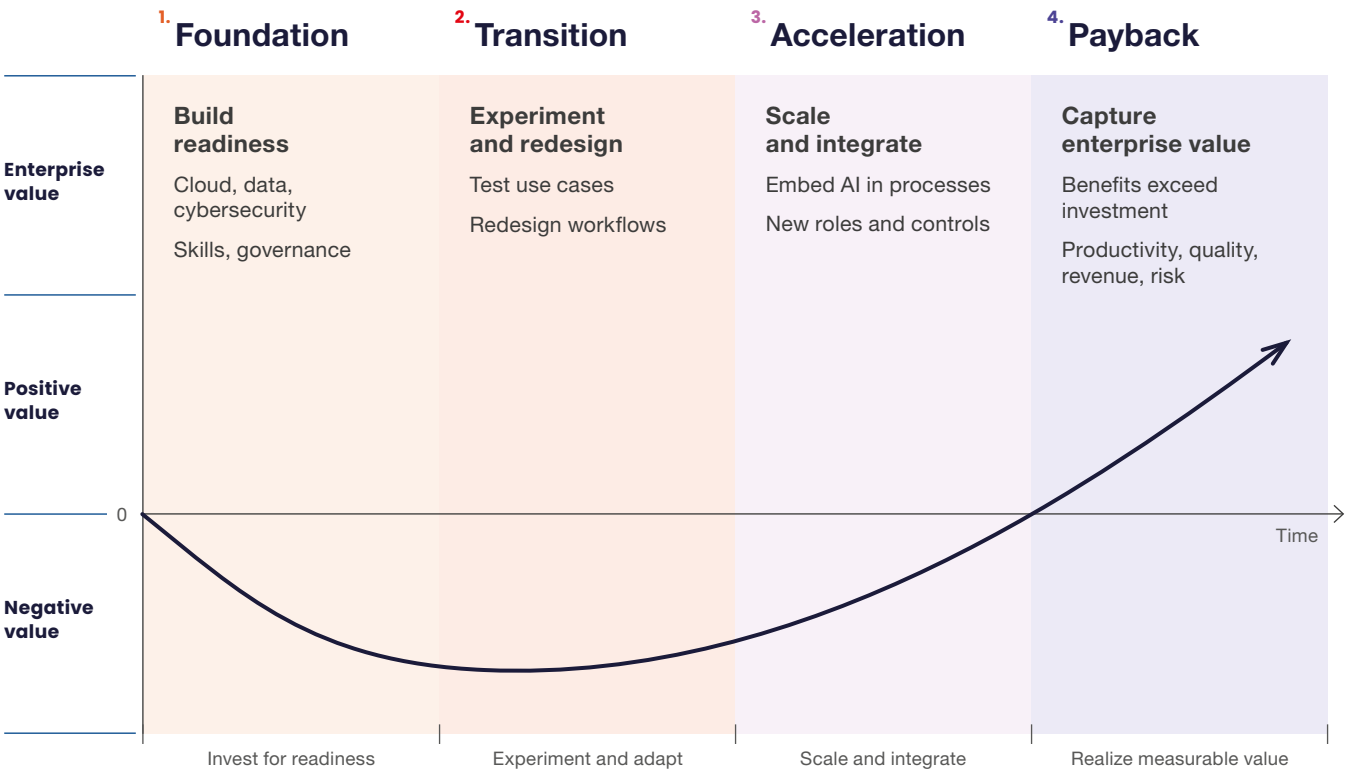
iBS brings these mechanisms together within the organizational context of globally integrated Business Services.

From AI adoption to business value at scale: a four-stage pathway

The transition from technical AI adoption to increased business value is unlikely to occur immediately. Drawing on the productivity J-curve, ABSL distinguishes four stages of this pathway. These are **Foundation, Transition, Acceleration, and Payback.**

In the **Foundation** stage, organizations invest in cloud, data, cybersecurity, platforms, skills, and governance. The returns, however, are not yet visible. During **Transition**, they experiment with use cases and redesign selected workflows. **Acceleration** occurs when AI is integrated into end-to-end processes and supported by new roles, controls, and decision rights. **Payback** is achieved when cumulative productivity, quality, revenue, or risk benefits exceed the related technology and transformation investments.

FIGURE 2.1 **The productivity J-curve in AI adoption.** From technical adoption to measurable enterprise value.



Source: ABSL Strategic Intelligence

The sequence is systematic, not universal. Organizations may move backward after failed implementations; benefits may arise in some functions and not others; and accounting measures may capture intangible investment imperfectly. Nevertheless, the framework points out a central conclusion. The binding constraint shifts from access to technology toward enterprise readiness and organizational execution.

Coexistence and uneven adoption

iBS should be understood as the industry's leading edge, as we have already stressed above, not its universal state in 2030 or 2035. Transactional SSC and BPO models are likely to remain viable where processes are stable, automation economics are weak, regulation requires human involvement, or labor remains cost-effective. Specialist GCCs may achieve advanced AI capabilities without adopting integrated GBS governance. Some mature GBS organizations may possess end-to-end authority but remain limited by fragmented data or legacy systems.

Adoption is likely to depend on several key factors, including process maturity, data quality, integration architecture, governance and risk appetite, access to skills and capital, and the mandate to change enterprise processes. Organizations lacking these constituents may implement AI widely without achieving iBS. Conversely, centers with strong process ownership, data access, and transformation authority may advance quickly even with lower technology spending.

2.4 Industry Outlook: Global Directions and Regional Exposures

Relatively robust global directions

Value beyond headcount

BSI value creation will likely become less dependent on proportional employment growth. Productivity, digital delivery, and broader functional scope should enable GVA to outpace headcount growth in organizations that implement complementary changes productively.

Skills recomposition

The functional composition of employment is likely to shift. Routine processing, information retrieval, document preparation, basic analysis, and standardized coding are likely to face more automation or augmentation. Demand is likely to increase process ownership, data and AI governance, cybersecurity, risk, compliance, domain expertise, product management, complex judgment, and transformation skills. Whether total employment grows or declines likely depends on the balance among substitution, demand expansion, and new task creation.

Distributed integration

Delivery networks are likely to become more distributed but remain integrated. Multinational enterprises are expected to combine global market access with regionally diversified operations, selectively duplicate critical capabilities, and rely more on trusted locations operating across different regulatory frameworks. Companies are likely to use portfolios of complementary locations.

TABLE 2.2 **Forward-looking regional opportunity and risk exposure matrix**

	AMER	APAC	EMEA
Primary opportunity	Commercialize AI and advanced enterprise capabilities	Convert scale into productivity and higher-value delivery	Upgrade mature networks toward governed, complex iBS
Principal risk exposure	Costs, policy uncertainty, and uneven regional diffusion	Productivity gaps, demographic divergence, and geopolitical exposure	Demographics, costs, and regulatory complexity
Likely center trajectory	Technology-led and enterprise-embedded models	Continued expansion with rapid automation and capability upgrading	Automation, specialization, and stronger regional governance
Potential iBS advantage	Technology, capital, innovation, and headquarters functions	Scale, engineering talent, digital infrastructure, and execution	Institutional integration, multilingual delivery, and compliance-intensive capabilities
Key uncertainty affecting the trajectory	How broadly productivity gains diffuse beyond leading firms	Speed of productivity convergence and specialist-skill development	Whether regulation enables trusted scaling or slows deployment

Note: Chapter 1 established the present regional profiles. The assessment below is qualitative and directional, it should not be perceived as a regional forecast: macroregional patterns are shaped by leading economies and conceal substantial within-region variation.

Source: ABSL Strategic Intelligence. The matrix presents a qualitative, forward-looking ABSL assessment based on the regional evidence in Chapter 1 and the structural forces reviewed in Chapter 2. It identifies dominant regional exposures and opportunities rather than assigning quantitative risk scores. Please note that conditions vary substantially within each macroregion.

KIBS expansion

KIBS are likely to become more important as knowledge, software, data, and expertise become more tradable and as firms access specialized capabilities externally rather than build every capability in-house. This should deepen the integration between internal Business Services organizations and external knowledge-intensive service providers.

Outcomes over volume

Performance measures are likely to shift from headcount and transaction volumes toward cycle time, quality, risk, user experience, cash impact, innovation, and other business outcomes.

Regional exposure

These global directions are unlikely to affect all regions in the same way. Their impact will depend on each macroregion's starting position in terms of scale, productivity, institutional capacity, technology adoption, talent, and center maturity. The following assessment translates the common global directions into differentiated regional opportunities and risks.

AMER

AMER combines the strongest BSI and KIBS productivity with frontier technology and access to capital, although these advantages are concentrated primarily in the United States, Canada, and leading enterprises. Elsewhere in the region, particularly in Latin America and the Caribbean, nearshoring, expanding digital capabilities, and access to specialized talent create opportunities for complementary delivery and capability hubs. The extent of these gains is likely to depend on their diffusion beyond the region's leading economies and firms. Nearshoring and the regional diversification of multinational operations may strengthen selected Business Services locations in Latin America and the Caribbean.



APAC

APAC has the largest workforce and the fastest growth in KIBS exports. Expanding regional investment networks, China+1 strategies, large talent pools, and stronger digital infrastructure create further opportunities. At the same time, the central challenge is to turn scale into higher productivity and value creation across highly diverse economies.

EMEA

The EMEA profile is driven primarily by Europe, which accounts for most of the macroregion's KIBS activity, mature center ecosystems, and high-value Business Services capabilities. Conditions in the Middle East and Africa are more heterogeneous, with selected fast-developing hubs but a smaller aggregate evidence base and substantially lower average organizational concentration. EMEA begins with the strongest concentration of mature and center-intensive ecosystems. This creates a large installed base for automation and iBS upgrading, particularly in governance, finance, risk, engineering, and multilingual services. The region is also well positioned for functions requiring regulatory expertise, institutional reliability, data security, and proximity to complex European markets. It remains exposed to aging, wage pressure, regulatory complexity, and potentially slower technology deployment.

These regional trajectories are complementary rather than competing. AMER contributes technology and headquarters functions, EMEA regulatory and multilingual coordination, and APAC workforce and engineering scale.

Competitive advantage therefore depends not only on choosing the right locations. It depends more on connecting these regional strengths through common data, platforms, governance, process ownership, and decision rights.

Critical uncertainties

Several uncertainties could materially alter these trajectories. Agentic systems may improve faster or prove less reliable than expected. AI regulation, liability, intellectual property rules, data localization, and cyber incidents may accelerate the adoption of trusted solutions or increase costs.

Computing and energy constraints could affect the geography of digital investment.

Geopolitical fragmentation could remain selective or deepen into broader restrictions.

Finally, the distribution of productivity gains across firms and workers is likely to influence whether AI expands high-quality employment, intensifies polarization, or primarily raises returns to capital.

These uncertainties argue against a single-point forecast. They also strengthen Business Services' role as a mechanism for adaptation and transformation. Organizations able to standardize data, monitor risks, move work between locations, redesign processes, and retrain employees can respond to a wider range of outcomes than organizations optimized around a fixed technology or location model.

Looking at the challenges ahead, it is important to assess both the exposure and sensitivity of individual organizations and national economic systems, while simultaneously striving for the adaptive capacity that will ultimately shape their resilience.

Conclusion

Between 2026 and 2035, the global Business Services Industry is likely to be shaped by the interaction of productivity pressure, demographic divergence, geoeconomic fragmentation, digital trade, and artificial intelligence. None of these forces operate independently, and none produces a uniform effect across BSI, KIBS, centers, functions, countries, or workers.

The evidence points to productivity and organizational quality as more durable sources of advantage than workforce size.

ABSL interprets Intelligent Business Services as the leading edge of this transition. iBS is about full integration of the center with core business processes. It combines end-to-end accountability, governed data, AI, automation, human expertise, and continuous learning. It is not synonymous with AI adoption and is unlikely to replace all existing delivery models by 2035. The more plausible outcome is the coexistence of routine and specialized centers, mature GBS organizations, GCCs, providers, and advanced iBS platforms developing at different speeds.

The management problem is how to connect technology, talent, data, and governance across locations so that they produce value together.

Business Services are positioned at the center of that challenge because they connect these elements across functions and locations. Their future contribution is likely to depend on whether they can convert that position into sustained productivity, innovation, resilience, and ultimate business value.



3

TALENT

Talent as a Strategic Capability in Business Services

Chapter Overview

Challenges around talent can hinder the growth and transformation of the Business Services Industry. As AI and automation reshape work, organizations need access to digital skills, business judgment, and specialist expertise, while maintaining a sufficient talent pool at an acceptable cost.

At the same time, demographic pressures, wage convergence, new working models, regulation and geopolitical uncertainty are changing where and how organizations access talent. These developments have implications beyond workforce planning. They are influencing location decisions, operating models, and the ability of Business Services organizations to move into higher-value activities.

This chapter examines how these forces are reshaping workforce requirements, talent pipelines, and location strategy across the world's major Business Services regions.

MARSH

Chapter content developed by **Marsh**

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Key Findings

Talent scarcity reflects gaps in skills and capabilities as well as labor availability.

More than seven in ten employers globally report difficulty filling roles, while AI and digital capabilities are among the skills most difficult to secure.

AI is changing the composition of Business Services work.

As automation absorbs more transactional activity, demand is shifting towards judgment, analytical capability, process orchestration, and technological fluency.

Workforce capacity is becoming more diverse.

Permanent employees are complemented by contingent specialists and AI-enabled digital capacity, requiring organizations to look beyond traditional FTE-based workforce planning.

Traditional cost arbitrage is weakening.

Wage growth in established delivery hubs is narrowing some historical cost differentials, increasing the importance of talent depth, capability, resilience, and regulatory stability in location decisions.

Talent pipelines need to be built as well as bought.

Reskilling, early-career development, university partnerships and alternative sourcing channels are becoming more important as competition for specialist skills intensifies.

Regional talent conditions remain highly differentiated.

APAC combines scale with deep technical capacity; EMEA combines mature talent pools with demographic and regulatory pressures; while AMER is being reshaped by nearshoring and distributed delivery models.

Talent strategy is becoming interconnected with location and operating-model strategy.

Immigration policy, regulation, and geopolitical constraints are affecting where organizations can access and deploy skills.

3.1 Global Talent Constraints and Changing Workforce Requirements

A structural skills constraint

Talent scarcity is now a structural feature of the global labor market. Surveys covering tens of thousands of employers across dozens of countries consistently find that between seven and eight in ten organizations struggle to fill open roles, with professional, scientific, and technical services among the sectors most affected.

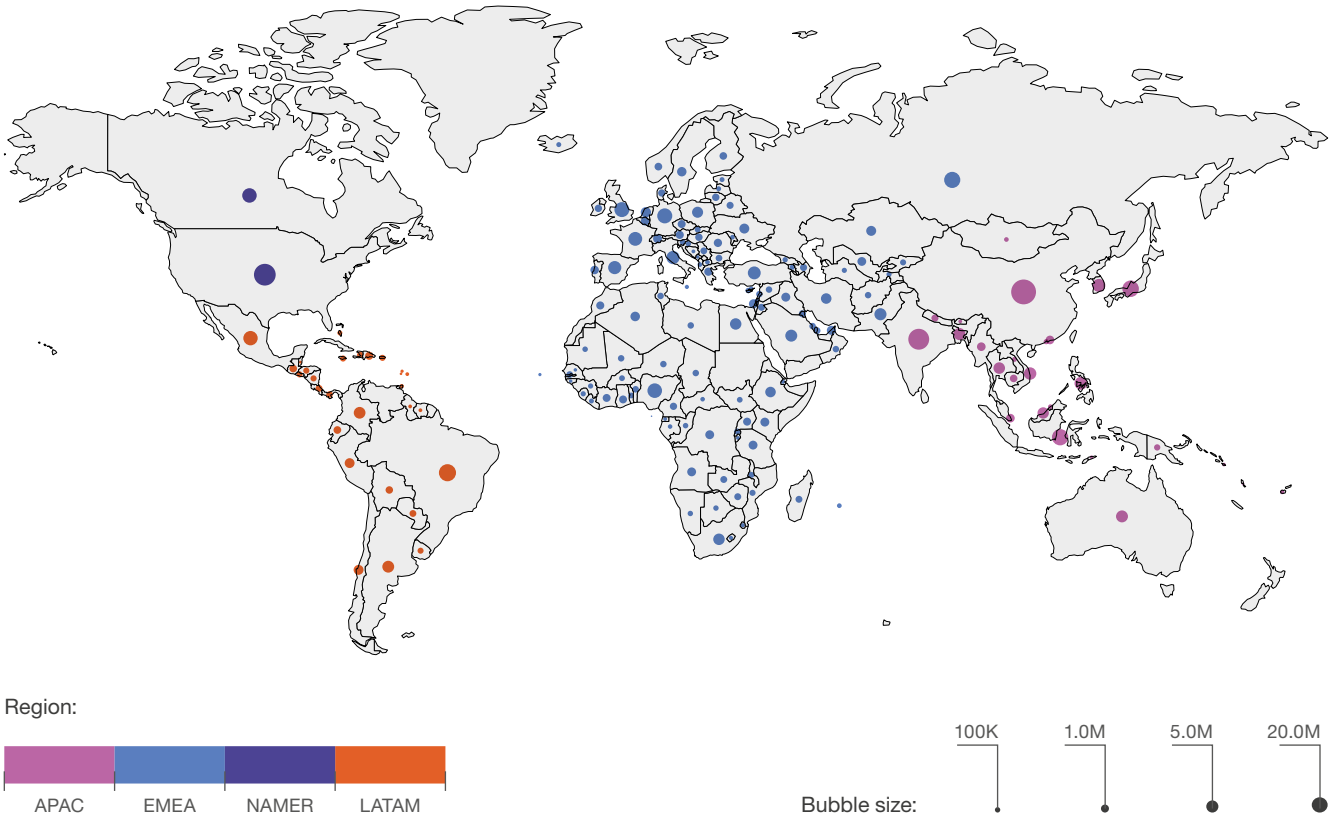
The constraint is being driven by two related forces. First, aging workforces are creating replacement challenges in a number of mature economies, notably in Western Europe, Japan, and parts of North America. Second, the skills required by employers are changing faster than education and training systems can provide them.

Access to the right capabilities and skills is a critical constraint. Employers may be able to attract applicants but still struggle to find candidates able to work across technology, data, and complex business processes. AI-related skills have become particularly difficult to secure, alongside continuing demand for digital, analytical, and specialist technical capabilities.

Changing skills and productivity expectations

The skills mix required within Business Services is also changing. Technical fluency needs to be combined with durable human capabilities such as communication, collaboration, adaptability, and judgment. Within Business Services environments, problem-solving, digital proficiency, data analytics, and process orchestration are becoming more important as automation absorbs a growing proportion of rules-based transactional activity.

FIGURE 3.1 **Estimated overall business services headcount by country / region**



Region Definitions: APAC includes: East Asia & Pacific, South Asia; EMEA includes: Europe & Central Asia, Middle East, North Africa, Afghanistan & Pakistan, Sub-Saharan Africa; NAMER includes: US and Canada; LATAM includes: Latin America & Caribbean.

Headcount: Bubble size represents estimated country-level employment in broad business services (ISIC/NACE Sections M + N), including professional, scientific, technical, administrative, and support services. Regions are grouped as APAC, EMEA, NAMER, and LATAM based on World Bank regional classifications.

Source: Marsh

This has implications for productivity. Historically, Business Services productivity was often measured through unit cost, transaction volumes, and service-level performance. As the sector moves into higher-value activities, organizations are looking at outcomes such as business impact, cycle-time reduction, and decision quality. The result is a higher capability threshold. Employees are expected to do more than just execute processes; they need to interpret information, manage exceptions, and apply judgment to generate greater value from those processes.

AI, automation and the redesign of work

Automation and AI are accelerating this transition. Robotic process automation has already reduced the human input required for many repetitive administrative activities, while generative and agentic AI are extending automation into more complex areas of Business Services.

The result is not necessarily a straightforward substitution of technology for headcount. Roles themselves are changing. Traditional transaction-processing positions are being complemented or replaced by roles in which employees manage exceptions, interpret outputs, and intervene where risk, ambiguity, or judgment require human input.

In finance operations, for example, AI-enabled systems can triage disputes and collections, directing human attention towards higher-risk or higher-value cases. In HR shared services, generative AI can handle first-line employee queries and document generation, allowing employees to concentrate on complex cases, policy interpretation, and employee experience. Data

and business analytics are similarly moving Business Services from processing historical information towards generating forward-looking insight.

This reinforces a broader shift in the relationship between technology and talent: as technology takes on a greater proportion of routine work, the relative value of specialist knowledge, judgment and the ability to work effectively alongside digital systems increases.

From headcount to workforce capacity

This shift is also changing how organizations define workforce capacity. Historically, capacity was closely associated with full-time equivalent headcount. Today organizations are operating with a more composite workforce combining three elements:

Permanent employees provide continuity, institutional knowledge, client relationships, and much of the strategic and judgment-intensive capability.

Contingent and specialist talent provides access to scarce expertise and additional capacity in areas such as analytics, data science, AI engineering, and other specialist technical services.

Digital capacity, including generative AI, robotic process automation, and virtual agents, performs or supports activities that previously depended entirely on human labor.

Marsh estimates that permanent employees typically account for 60-75% of capacity in traditional professional and Business Services models, while contingent talent has grown to an estimated 20-30% in 2026. AI-enabled capacity represents the newest and fastest changing component of this model.

The management implication is significant. Workforce planning needs to account for components with different cost profiles, skills requirements, retention characteristics, and regulatory implications. A conventional headcount plan may provide an incomplete picture of the resources available to an organization.

Marsh research indicates that organizations that successfully manage permanent, contingent, and digital capacity through clear governance, AI literacy, and formal external partnerships can achieve higher productivity per permanent FTE and faster staffing of specialist roles.

3.2 Talent Pipelines and Workforce Supply

Building rather than buying talent

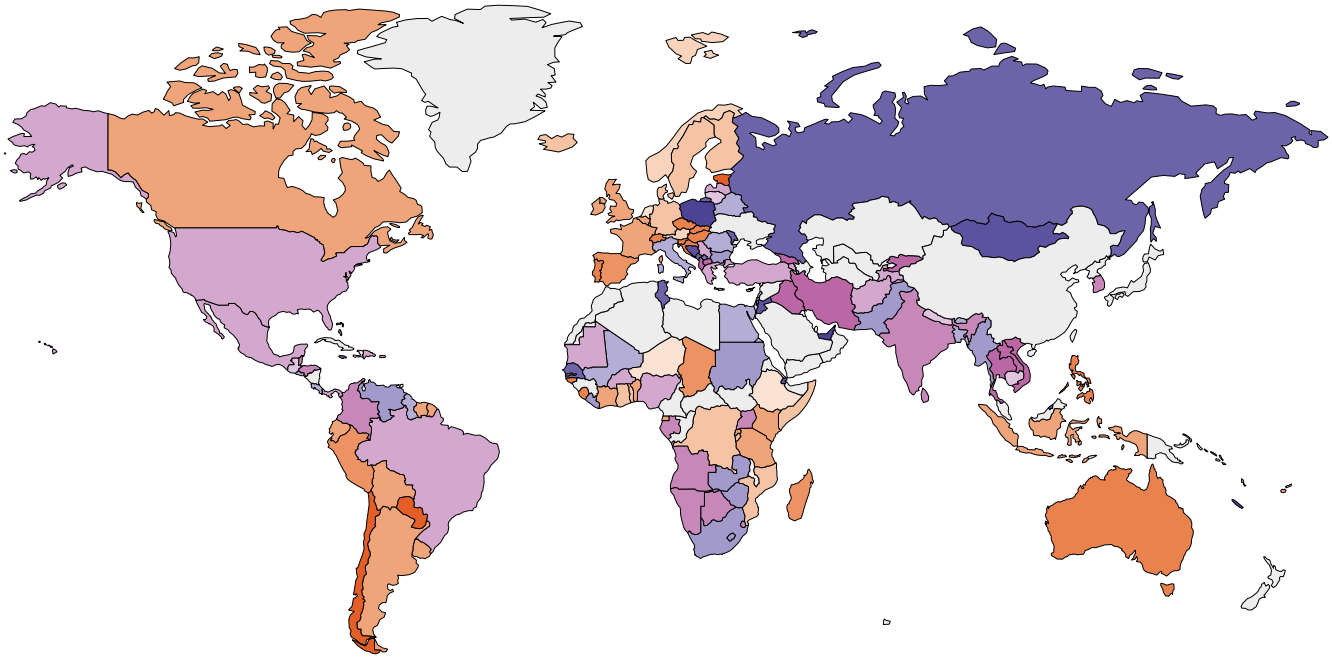
As specialist capabilities become harder to secure, organizations are diversifying the ways in which they build their talent pipelines. Traditional graduate recruitment remains important, but sits alongside internal mobility and reskilling, specialist talent hubs, contingent and freelance talent, and later-career recruitment. The common theme is a reduced reliance on finding fully formed skills in the external labor market.

Marsh's Global Talent Trends 2026 research illustrates the scale of the challenge. Some 54% of C-suite executives identify talent scarcity as the leading macro driver shaping people plans, while 59% of HR leaders identify attracting critical digital skills as their primary workforce challenge. Employees are also conscious of the changing skills environment: 53% worry that they lack future-ready skills, while 63% say they would trade a 10% pay increase for opportunities to build AI and digital capabilities. This points towards a broader strategic shift: organizations need to build capability rather than rely exclusively on buying it.

Protecting the early-career pipeline

This is particularly important as AI changes the role of entry-level employees. Business Services organizations are under pressure to deliver immediate impact while adopting technologies capable of performing some of the routine work historically undertaken by junior staff. This can make experienced hires more attractive, especially where organizations need digital, analytical, or sector expertise quickly.

FIGURE 3.2 **Incidence of part-time employment** (%)



Part-time employment (% of total employment)

0 10 20 30 40 50 60

Data not available

ILOSTAT (EMP_PTER_SEX_RT_A)

Source: Marsh

However, reducing early-career recruitment too far creates a longer-term risk. Many Business Services and Professional Services functions have traditionally relied on apprenticeship-style development: today's analysts and associates provide the pool from which future managers, specialists, and client leaders develop.

AI therefore creates a talent-development challenge as well as a productivity opportunity. If technology reduces the amount of routine work available to junior employees, organizations will need to rethink how early-career staff acquire the experience and judgment required for progression.

The more sustainable response is likely to combine experienced recruitment with structured early-career pathways, internal development, reskilling, and mobility, while redesigning work so that technology supports rather than undermines the longer-term talent pipeline.

Universities and external partnerships

Partnerships with education providers are becoming an important component of this approach. Across major Business Services markets, relationships between employers and universities are moving beyond campus recruitment towards longer-term talent development. These include employer input into curricula, applied research and innovation labs, practitioner involvement in teaching, industry-recognized technology training, internships, and apprenticeships.

Models vary by region. In the US, industry-recognized cloud, AI and technology training is being incorporated into university programs. European approaches often place greater emphasis on work-integrated learning, including degree apprenticeships and dual-study arrangements. In India, partnerships between universities and technology companies connect formal learning with cloud, AI, and engineering capabilities.

The underlying principle is consistent: rather than relying solely on the labor market to produce work-ready candidates, employers are intervening earlier in the talent pipeline.

Government and talent development

Governments are also becoming more active participants in shaping talent supply. Skills policy is linked to investment and industrial strategy. Incentives, workforce development programs, and immigration policies are being used to influence where companies establish and expand Business Services and Global Capability Center (GCC) operations.

India provides one of the clearest examples. State governments have introduced GCC – focused policies combining investment incentives with employment and regional development objectives, including efforts to attract centers into Tier 2 and Tier 3 cities. In Latin America, markets including Costa Rica and Colombia have combined investment promotion with free-zone incentives, skills development, and support for multilingual service delivery.

Immigration policy provides a second lever, with countries competing to attract internationally mobile digital, STEM, and other specialist talent.

Taken together, these developments mean that the geography of talent is shaped by policy as well as labor-market supply. For employers, this strengthens the connection between talent strategy and location strategy.

Alternative talent channels

Organizations are also making greater use of contingent talent and specialist platforms to access skills that may be difficult or slow to recruit permanently. Freelance and specialist talent networks can provide project-based capability in software engineering, AI, data, product development, and cybersecurity. Employer-of-record and global employment platforms can also facilitate longer term cross-border employment where organizations do not have a local legal entity.

Skills-based hiring and alternative credentials are developing alongside these models, particularly in digital and technical occupations.

Bootcamps and accelerated training programs can provide both an external recruitment channel and a means of reskilling existing employees.

These channels are unlikely to replace permanent employment as the dominant workforce model. Their significance lies instead in expanding the range of mechanisms available to organizations seeking scarce skills and reinforcing the shift towards a more flexible definition of workforce capacity.

3.3 Wage Dynamics and Changing Location Economics

From cost arbitrage towards capability

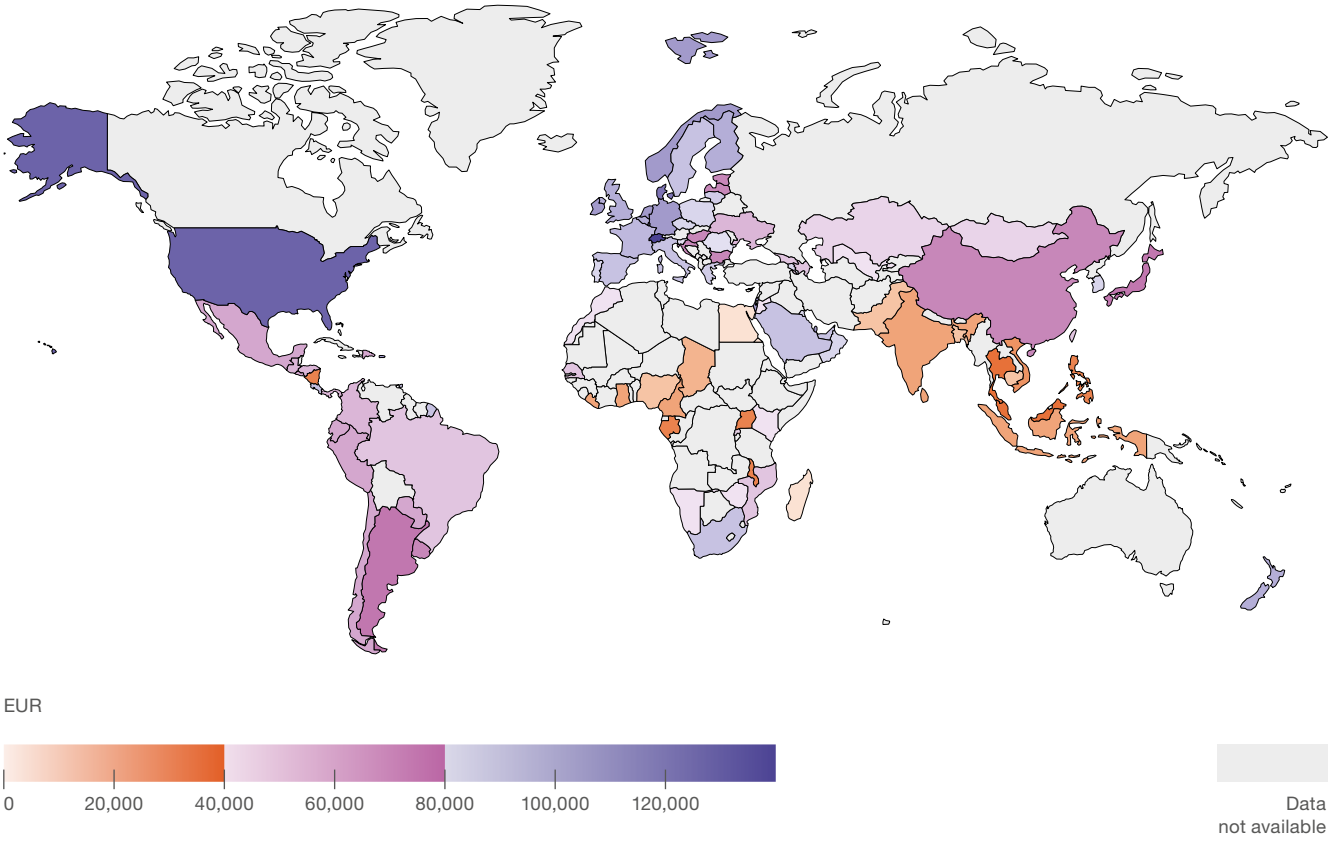
Cost arbitrage has been one of the foundations of global Business Services location strategy for the past two decades. That rationale remains important, but its relative weight is changing.

Wage growth in several established emerging-market talent hubs has outpaced that of mature markets, narrowing some historical cost differentials. Marsh estimates that professional-services wages in India have risen by around 8-12% annually in recent years, compared with 2-4% in Western Europe and North America. Similar pressures are visible across parts of Latin America and Central and Eastern Europe.

The implication is not the end of geographic arbitrage. Rather, the location equation is becoming more complex. Cost needs to be assessed alongside talent quality and depth, specialist capabilities, regulatory stability, resilience, language and time-zone coverage, infrastructure, and proximity to clients.

This reflects a broader shift within Business Services from cost arbitrage towards capability arbitrage. Locations able to provide specialist expertise and support higher-value functions may remain competitive even as their labor-cost advantage narrows.

FIGURE 3.3 **Median annual base salary, senior professional (non-sales) business services sector** (EUR)



Source: Marsh

Regional wage dynamics

Wage trends remain markedly different across regions. In Asia-Pacific, Marsh data indicates salary increases of around 9% in India in 2026, around 7% in Vietnam and 6% in Indonesia, compared with approximately 4% in Singapore. Mainland China is projected at around 5%.

Europe presents a different picture following several years in which inflation eroded real wages. Real wages increased in 23 of 25 surveyed European countries in 2025, with a median gain of approximately 1.4%, projected to strengthen to around 1.7% in 2026. Parts of Central and Eastern Europe, including Hungary, Poland, Czechia, and Bulgaria, are expected to record stronger nominal and real wage growth than Western Europe.

North American salary-increase budgets for 2026 are concentrated in a narrower range of approximately 3.2-3.5%, reflecting a more cautious macroeconomic environment.

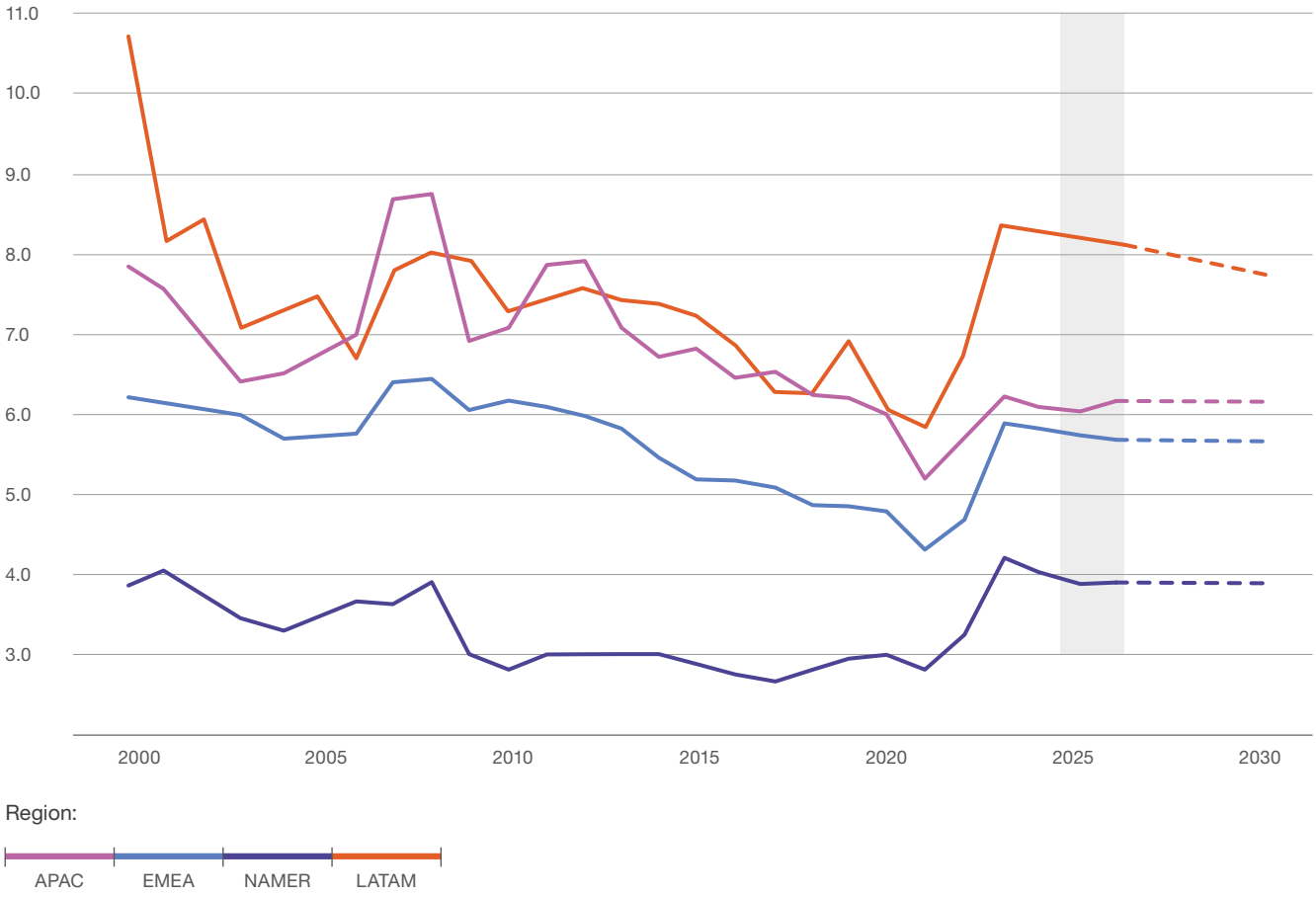
Multi-location strategies

These differences continue to support distributed Business Services models, but the logic behind them is evolving. Nearshoring has become more established, especially in the Americas, where time-zone alignment, proximity, and expanding digital talent pools have strengthened the proposition of Latin American locations. Meanwhile, organizations are expanding beyond major metropolitan areas within established delivery markets.

India illustrates this trend particularly clearly, with GCC activity extending into Tier 2 and Tier 3 cities such as Coimbatore, Kochi, and Visakhapatnam. Secondary locations can provide lower employment and real-estate costs while reducing some of the recruitment and attrition pressures associated with the largest hubs.

The resulting model is multi-layered instead of just onshore versus offshore. Organizations can combine major cities for strategic functions and client presence, secondary locations for scale

FIGURE 3.4 **Plain average salary growth rate by region** (%)



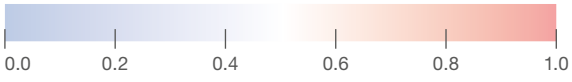
Salary growth rate is based on: past surveyed professional (non-sales) annual salary growth rate, International Monetary Fund's Economic Outlook; The values have been regressed using inflation, GDP per capita, employment rates, unemployment rates; regression has been conducted using random forest machine learning algorithm; the result is a plain average from each country's predicted rate

Source: Marsh

FIGURE 3.5 **Plain average salary growth rate by region**

Scoring dimension	APAC	EMEA	LATAM	NAMER
Low-salary attractiveness (EUR)	30,345	42,436	30,724	83,235
Professional services attractiveness (M)	71.6	60.3	18.4	19.7
Overall location score	1.00	0.78	0.50	0.01

Attractiveness score (0 to 1), best location heatmap: high professional services, low salaries



Best overall region: APAC (score 1.00); runner-up: EMEA. Equal weighting of low salary and high services base.

Source: Marsh

and cost efficiency, and nearshore or offshore locations according to capability, proximity, and operational requirements. AI may accelerate this development. As digital systems become more capable of providing multilingual, round-the-clock support, the historical link between transactional work, language coverage, and physical location could weaken. This may increase the relative importance of locations with deep AI, data, and judgment-intensive capabilities.

Pay transparency and workforce economics

Cost-of-living pressures and greater pay transparency are adding another dimension to workforce economics. The EU Pay Transparency Directive is particularly significant. It introduces requirements around pay information, salary history, employee access to comparable pay information, and gender pay-gap reporting. National implementation will create additional compliance requirements for employers operating across EU markets.

The implications extend beyond regulatory compliance. Greater transparency places additional emphasis on job architecture, role evaluation, internal equity, and managers' ability to explain pay differences. It can also influence employer brand and employee perceptions of fairness.

For multinational Business Services organizations, pay transparency therefore forms part of a wider change in reward strategy. As organizations manage workforces across locations with significantly different living costs and salary expectations, they need to balance geographic differentiation with transparent and defensible compensation structures.

FIGURE 3.6 | **Pay transparency readiness result**



Resisters
Focus: Compliance

Organizations respond to external pressures and comply minimally with local laws. Proactive measures for pay transparency are lacking, resulting in inconsistent pay practices. **Communication about pay is minimal and often only occurs when required and only to HR.**

Transformers
Focus: Pay equity

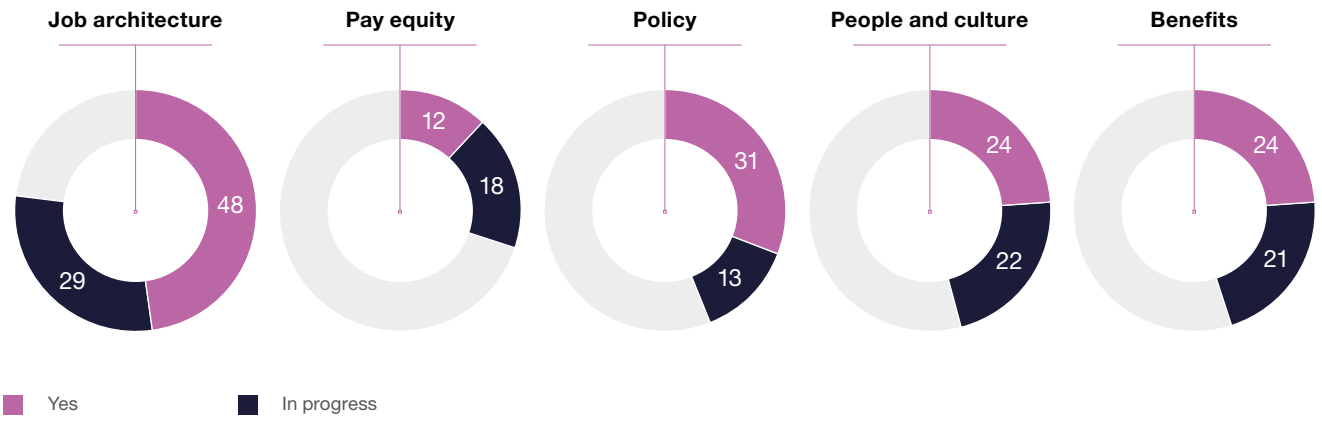
Organizations actively implement pay transparency measures beyond legal requirements, recognizing its benefits. Most pay transparency practices are in place, supported by a clear pay philosophy and structure. **Regular pay equity analyses are conducted, and disparities are addressed openly, including sharing salary ranges. Internal communication and education has begun.**

Leaders
Focus: Employee experience

Organizations fully embrace pay transparency, setting industry standards with a comprehensive strategy. Pay practices are fair, equitable, consistently applied and monitored. **Organizations have made strong efforts to share internally and externally about pay and embed as part of employee value proposition.** This level of transparency fosters trust, accountability and positive employee experience.

Source: Pay Transparency Readiness Assessment

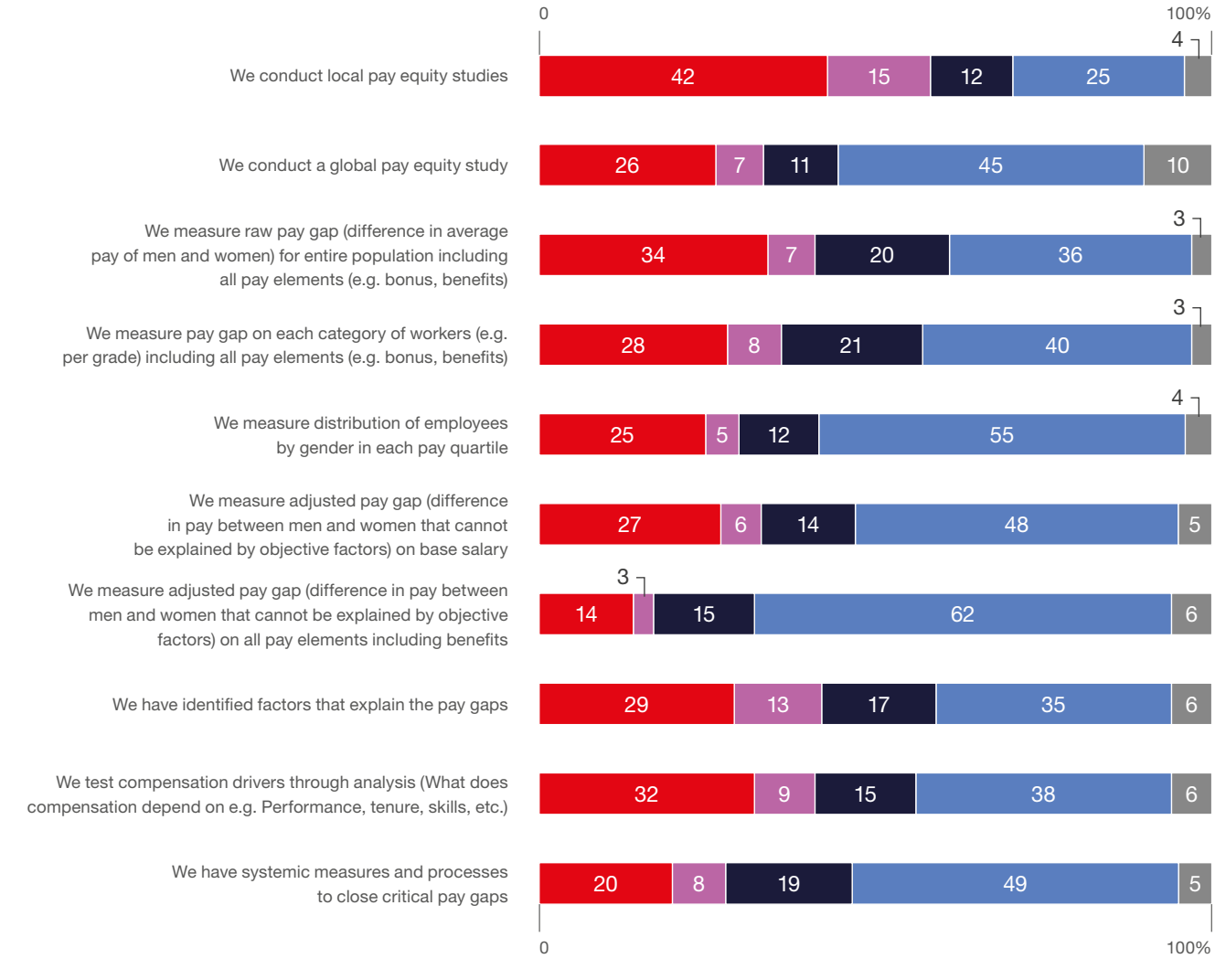
FIGURE 3.7 **Readiness by area** (%)



Showing organizations' readiness stage for the elements required by the EU Directive by area.

Source: Pay Transparency Readiness Assessment

FIGURE 3.8 **Pay equity – transparency** (%) part 1



Source: Pay Transparency Readiness Assessment

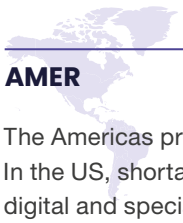
FIGURE 3.8 | **Pay Equity – Transparency** (%) part 2

Questions	Groups informed about the job evaluation process, if element in place or during introduction				
	HR	Manager	Employees	External relations	Candidates
We conduct local pay equity studies	98	51	13	16	5
We conduct a global pay equity study	98	43	13	13	4
We measure raw pay gap (difference in average pay of men and women) for entire population including all pay elements (e.g. bonus, benefits)	98	41	16	20	7
We measure pay gap on each category of workers (e.g. per grade) including all pay elements (e.g. bonus, benefits)	98	37	10	14	3
We measure distribution of employees by gender in each pay quartile	99	37	14	16	6
We measure adjusted pay gap (difference in pay between men and women that cannot be explained by objective factors) on base salary	98	34	9	14	3
We measure adjusted pay gap (difference in pay between men and women that cannot be explained by objective factors) on all pay elements including benefits	98	32	8	11	2
We have identified factors that explain the pay gaps	98	38	10	13	3
We test compensation drivers through analysis (What does compensation depend on e.g. Performance, tenure, skills, etc.)	98	49	19	10	2
We have systemic measures and processes to close critical pay gaps	98	44	12	11	2

Source: Pay Transparency Readiness Assessment

3.4 Regional Talent Dynamics: EMEA, AMER, and APAC

The regional differences identified elsewhere in this report are equally visible in the talent market. Differences in the scale, maturity, productivity and specialization of Business Services across EMEA, AMER and APAC are reflected in markedly different talent pools, cost dynamics, and workforce constraints. These differences will continue to shape where and how organizations build global talent strategies.



AMER

The Americas present a different set of dynamics. In the US, shortages remain significant in high-skill digital and specialist roles, while uncertainty around international talent mobility adds another consideration for employers. Distributed operating models, remote recruitment, and nearshoring are providing alternatives to relying exclusively on domestic recruitment in high-cost metropolitan markets.

Latin America is becoming important as both a talent and delivery location. Costa Rica and Colombia have developed substantial shared-services, business-process, and digital operations capabilities, supported by investment promotion, skills development, and multilingual talent.

Time-zone alignment with North America remains an important advantage, but the region's proposition is broadening beyond cost and proximity as digital capabilities deepen.

The result is a differentiated talent map: the US remains a major high-cost specialist market; Canada and Mexico form part of an integrated North American talent pool; and a growing group of Latin American markets provides sophisticated nearshore capability.



APAC

APAC offers the greatest overall scale and replenishment capacity of the three macroregions, although there are substantial differences between individual markets.

India remains central to the global talent model. Recent industry estimates cited by Marsh put the country at more than 2,100 GCCs employing approximately 2.3-2.4 million professionals. This scale is supported by large graduate output, deep technical talent pools, and growing university-industry partnerships.

Other markets provide different combinations of skills, scale, and cost. China records lower reported talent-shortage levels than many mature economies, although this reflects a different labor-market structure and should not be interpreted simply as surplus Business Services capacity. Vietnam and other Southeast Asian economies are also benefiting from diversification in regional investment and service-delivery patterns.

APAC therefore continues to provide a strong combination of talent scale and cost competitiveness, but rising wages and sophisticated service requirements mean that successful location decisions depend on specific capabilities rather than regional averages alone.

EMEA

EMEA remains one of the world's most varied talent environments. In several major markets, hiring difficulty is above the global average: recent survey data puts reported talent shortages at approximately 82% in Germany and 80% in France and the UK, compared with a global average of 74%.

Demographic aging, persistent digital-skills shortages and the concentration of financial, technology and Business Services employment in major metropolitan centers all contribute to these pressures. At the same time, conditions differ substantially between Western Europe, Central and Eastern Europe and other parts of the wider region.

Regulation is also becoming a more important differentiator. The EU Pay Transparency Directive and EU AI Act are increasing the responsibilities of employers, while EU initiatives including the Union of Skills and EU Talent Pool seek to improve Europe's ability to attract and develop skills.

Central and Eastern European markets continue to play an important role in nearshore delivery for Western European operations. However, stronger wage growth in several of these markets means that their proposition depends on capability and talent depth alongside labor-cost advantage.

TABLE 3.1 **Most popular skills and fastest growing skills in business services** (%)

APAC		EMEA		NAMER		LATAM	
3 most popular skills	%	3 most popular skills	%	3 most popular skills	%	3 most popular skills	%
SQL	**6.0**	Data Analysis	**9.1**	Data Analysis	**7.1**	Data Analysis	**6.7**
Data Analysis	**5.9**	Customer Relationship Management	**5.1**	Social Media Marketing	**6.9**	Accounting	**4.0**
Accounting	**4.9**	Digital Marketing	**4.9**	Customer Relationship Management	**6.1**	Digital Marketing	**4.0**
3 most fastest growing skills	%	3 most fastest growing skills	%	3 most fastest growing skills	%	3 most fastest growing skills	%
Artificial Intelligence	**+84**	Artificial Intelligence	**+64**	Artificial Intelligence	**+73**	U.S. GAAP Reporting	**+80**
U.S. GAAP Reporting	**+76**	U.S. GAAP Reporting	**+39**	U.S. GAAP Reporting	**+39**	Artificial Intelligence	**+49**
Microsoft BI Suite	**+63**	Performance Marketing	**+39**	E-commerce Optimization	**+19**	Executive Office Administration	**+48**

Source: LinkedIn Talent Insights

3.5 Geopolitical, Regulatory and Cultural shifts

Mobility as a strategic variable

Talent strategy can be affected by developments beyond the labor market itself. Immigration policy is one example. In some traditional destination markets, uncertainty around skilled-worker routes, visa costs, and processing requirements can make international recruitment more difficult. Other countries are developing mechanisms specifically designed to attract scarce skills.

China, for example, has introduced a K visa aimed at young foreign science and technology professionals, while the EU is developing initiatives intended to improve its ability to attract students, researchers and skilled workers.

Changes to student and post-study work arrangements can also affect early-career pipelines. For Business Services employers reliant on internationally mobile graduate talent, changes in the UK, Canada, Australia and other established education destinations can influence where future talent becomes available.

Regulatory complexity

Employment regulation is also becoming more complex across jurisdictions. The EU AI Act has implications for the use of AI in employment and HR, including systems involved in recruitment, performance management, and work allocation. Global mobility is complicated further by differing tax, social-security, residency, and permanent-establishment rules affecting cross-border and hybrid work.

The result is that uniform global talent policies are becoming harder to apply. Multinational employers require common global principles combined with sufficient regional governance and local expertise to reflect differing legal and regulatory environments.

Geopolitics and conditional access to talent

Geopolitical developments can create a more conditional form of talent access. Sanctions, export controls, security screening, and mobility restrictions can affect who can work on particular technologies, projects, or client mandates. This is highly relevant in advanced technology, semiconductors, cybersecurity, AI, and other areas affected by national security and export-control rules.

In such circumstances, skills and qualifications are not necessarily the only determinants of whether an individual can be deployed. Legal eligibility, citizenship, immigration status, or licensing requirements can also become relevant.

This means geopolitical risk needs to be considered alongside labor supply, cost, and skills when assessing the resilience of talent models.

Changing workforce expectations

These regulatory and geopolitical developments coincide with broader changes in the employment relationship. Expectations around flexibility, autonomy, and hybrid working have become more established, especially among younger professionals. Economic uncertainty has moderated voluntary turnover in some markets, reducing the number of candidates actively seeking to move even where skills remain scarce.

Expectations around transparency and fairness are also increasing. Pay transparency, scrutiny of workforce outcomes, and concern over the use of AI in employment decisions are placing greater emphasis on employers' ability to explain how people decisions are made.

These trends add a further dimension to competition for talent: employers need to consider not only compensation and career development, but also flexibility, trust, transparency, and the employee experience.

TABLE 3.2 **Talent mobility – Professional Services**

	APAC	EMEA	NAMER	LATAM
Individuals who changed their job within last 12 months (%)	10.93	10.51	14.71	10.93
Postings to Profiles Ratio	1.26	1.60	2.24	0.96

Source: LinkedIn Talent Insights

3.6 Building a More Diversified Talent Model

The pressures described in this chapter constrain access to talent, but they also create opportunities for organizations willing to broaden how and where they build workforce capability. A more diversified talent model can draw on several complementary approaches:

Tier 2 and Tier 3 cities can provide access to additional talent pools within established Business Services markets, often at lower cost and with less competition than the largest metropolitan hubs.

International skills and mobility policies can create opportunities in markets actively seeking to attract STEM, digital and other specialist professionals.

Contingent and specialist talent networks allow organizations to access scarce capabilities such as AI engineering, cybersecurity, and applied data science without relying exclusively on permanent recruitment.

University and industry partnerships provide a means of developing skills earlier in the talent pipeline and aligning training more closely with future workforce requirements.

AI-augmented workforce models can reduce reliance on scarce transactional labour while allowing human capability to be concentrated on judgement-intensive, client-facing and innovative activities.

Later-career and returner talent can provide an additional source of experienced capability, although this needs to complement rather than replace the early-career pipelines required to develop future leaders.

These approaches point towards a more diversified talent model. No single source of labor or location is likely to meet the full range of future Business Services requirements. Instead, organizations will need to combine internal development, external partnerships, alternative talent channels, multiple locations, and digital capacity.

The broader implication is that talent strategy can no longer be separated from decisions about technology, operating models, and location. As Business Services move towards more specialized and higher-value activities, the ability to access, develop and deploy the right capabilities will influence where organizations invest and how successfully they can transform.

Talent determines people's ability to use and oversee technology and take responsibility for its outcomes. The technology dimension will be discussed in the next chapter.



4

TECHNOLOGY

From Experimentation to Enterprise Scale: Industrializing Trusted Technology for Intelligent Business Services

Chapter Overview

Technology is becoming more deeply embedded in the operation of Business Services, but adoption alone does not guarantee value. As organizations invest in AI, automation, cloud platforms, and advanced analytics, the priority is to integrate these technologies into core processes at enterprise scale, supported by the right architecture, infrastructure, data, and controls.

For Intelligent Business Services (iBS), this requires moving beyond individual tools and successful pilots towards reusable capabilities that are integrated across processes and systems. Technology needs

Chapter content developed by **Capgemini**

Capgemini is the business transformation partner for enterprises in the age of AI. We help organizations imagine and build an intelligent, sustainable future, combining AI, technology and human ingenuity to transform how they operate, innovate and grow. With unique end-to-end capabilities spanning strategy, technology, engineering and intelligent operations, we bring together deep industry expertise and market-leading capabilities in AI, cloud and data to turn ambition into measurable business outcomes at scale. Supported by a robust ecosystem of partners and nearly 60 years of expertise, Capgemini is a responsible and diverse global organization of over 410,000 team members in more than 50 countries. The Group reported 2025 revenues of €22.5 billion.

Key Findings

Data quality and governance are prerequisites for technology at scale.

Reliable integration depends on structured, trusted data with clear ownership, rights, and provenance.

Technology creates enterprise value when it is integrated across end-to-end processes.

Individual applications can improve specific tasks, but sustained gains depend on connecting technology to processes, systems, and clearly defined business outcomes.

Scaling technology remains a greater challenge than experimentation.

Access to AI and automation is widespread, but relatively few organizations have integrated these technologies across core processes, systems, and geographies.

Greater automation and autonomy require stronger governance.

As organizations progress from rules-based automation towards AI-assisted and more autonomous processes, clear accountability, human oversight, and intervention mechanisms become more important.

Technology investment needs to be measured against business outcomes.

Productivity is one indicator, alongside process performance, quality, risk, capacity released, adoption, value realized, and Total Cost of Ownership.

AI is changing the infrastructure and investment requirements of Business Services.

Compute, cloud and data-center capacity, integration, cybersecurity, model monitoring, energy, and cooling make AI an ongoing capability investment rather than a one-time project.

> **to be supported by trusted data, clear governance, and accountability, as well as appropriate human oversight. Without these foundations, fragmented technology investments can struggle to deliver measurable returns.**
>
> **This chapter examines the technology foundations needed to scale iBS effectively, focusing on architecture and infrastructure, process intelligence, data, integration, and control, and how these elements can turn technology investment into sustained business value.**

4.1 Global Technology Shifts

The most important technology shifts are not individual tools. They are structural changes in how enterprises sense, decide, act, and learn. AI, cloud, process intelligence, data products, and automation are converging into connected operating environments that support decisions and execute bounded actions across end-to-end workflows.

From task automation to intelligent execution

A key distinction is that autonomy is not the absence of people. It is a deliberate allocation of work between people and machines, supported by explicit accountability, escalation-triggered intervention, and human override.

> **The objective is not maximum autonomy, but appropriate autonomy with strong governance.**

This five-stage model describes a desired maturation path, not a predictable technology roadmap. Technology develops unevenly and often faster than enterprise

controls, process integration, and workforce readiness. Leaders should therefore expect patchy adoption and actively govern transitions between stages rather than assume maturity will emerge naturally.

Organizations expect semi-autonomous AI agents to handle 15% of processes within 12 months and 25% within one to three years. These are organizational expectations not observed outcomes, but they indicate the direction of travel and the urgency of establishing the required controls.
Source: Capgemini Research Institute, 2025

	Stage	Technology role	Human control role	Primary value
1.	**Rules-based automation**	Execute repetitive, deterministic tasks	Configure rules and supervise exceptions	Cost and consistency
2.	**AI-assisted work and control**	Summarize, recommend, draft, detect and retrieve	Evaluate evidence and decide	Speed, insight and quality
3.	**Process orchestration**	Coordinate tasks, systems, agents and hand-offs	Manage exceptions and end-to-end outcomes	Flow and productivity
4.	**Bounded autonomy**	Take defined actions within explicit limits	Set intent, thresholds, approval and override	Scalable capacity
5.	**Supervised autonomy**	Learn and adapt within governed boundaries	Assure outcomes, intervene and remain accountable	Enterprise adaptability

Source: Capgemini

From applications to platforms and ecosystems

Technology stacks are moving from isolated applications toward modular, composable environments. Systems of record, cloud infrastructure, workflow, process intelligence, data products, AI models, agent orchestration, identity, security, and user experience must operate as a connected system. The advantage increasingly lies in the speed and safety with which capabilities can be reused across functions, geographies, and use cases.

The emerging agentic landscape is likely to be ecosystem-driven rather than built entirely in-house. Capgemini Research Institute research finds that 62% of organizations prefer to work with providers and systems integrators and use agents embedded in enterprise solutions, while 53% favored a hybrid approach combining internal and external development. This makes interoperability, portability, orchestration, and ecosystem governance strategically important.

From analytics to machine-supported decisions and actions

As technology progresses from generating insights and recommendations to executing actions with greater autonomy, the control framework must evolve with it. The table below shows how governance requirements change at each stage.

Capability	Typical output	Control implication
Insight	Describe or predict a condition	Data quality and model validation
Recommendation	Propose a decision or next action	Evidence, explainability and human judgment
Preparation	Draft content, transactions or workflow steps	Verification and approval
Bounded action	Execute within authorized thresholds	Identity, authorization, logging and override
Supervised autonomy	Manage defined outcomes with critical exception controls	Continuous monitoring, escalation-triggered intervention, override and revocation

Source: Capgemini

Sector lens

The architecture can be shared across sectors, but the acceptable degree of autonomy, data sensitivity, and control intensity differs. The following examples align the technology narrative with key sectors represented in the ABSL European report.

Sector	Scalable iBS application	Distinctive constraint
Banking and financial services	Intelligent controls, financial crime monitoring, service, and payment operations	Explainability, resilience, conduct, and authorization
Manufacturing	Planning, supplier sensing, service operations, and predictive maintenance	Operational technology integration and safety
Consumer products and retail	Demand sensing, customer service and commercial operations	Real-time scale, data quality and seasonal volatility
Healthcare and life sciences	Evidence management, support operations, and regulated documentation	Privacy, validation, and long-lived data
Energy and utilities	Asset support, field-service orchestration, and risk monitoring	Critical infrastructure, resilience, and energy availability
Technology and telecommunications	Network operations, service assurance, and customer support	High-volume events, cyber risk, and rapid change

Source: Capgemini

4.2 From Experimentation to Enterprise Scale

The difference between a promising pilot and a scalable enterprise capability is not model performance alone. It is the ability to connect technology to trusted data, systems of record, redesigned processes, operating controls, infrastructure, and accountable ownership. Because disruptive technology develops faster and less predictably than most enterprise governance, you must design scale from the start rather than add it after a pilot succeeds.

Three Essential Conditions

1. DATA

Do we own it, have the right to use it, and is it structured, high-quality and governed?

2. PROCESS

Which end-to-end process and business outcome are we improving?

3. GOVERNANCE

Who owns the process, the investment and the value over time, and what controls, intervention and override are in place?

The scale gap

Agentic AI Scale Reality

Only **2%** of surveyed organizations reported implementing AI agents at scale. A further **12%** reported partial-scale implementation, while **23%** remained in pilot mode

Source: Capgemini Research Institute, 2025

This gap shows that experimentation is widespread, but industrialization remains limited. The strategic challenge lies in building the repeatable process, data, technology, security, governance, and adoption capabilities needed to take use cases into production at scale.

Why pilots fail to scale

Use cases are disconnected from end-to-end business outcomes;

Processes are automated without redesign;

Data quality, semantics, access, or provenance are inadequate;

Integration with systems of record is complex or brittle;

Risk ownership and human accountability are unclear;

Local pilots cannot satisfy enterprise controls, or regional requirements;

Infrastructure and lifecycle costs are understated; or

Technical effort is reduced, but capacity is not released or redeployed.

Fragile and scalable approaches

The table distinguishes local technical success from enterprise value creation. The call to action is to reject any use case that cannot show, before significant investment, how it will use governed data, integrate into an end-to-end process, operate under accountable ownership, and deliver monitored business value over its full lifecycle.

Fragile path	Scalable path
Tool-led pilot	Outcome-led portfolio
Local data extraction	Governed, reusable data products
One-off integration	Common integration and control patterns
Pilot-specific controls	Reusable, risk-tiered controls
Go-live treated as success	Adoption and realized value treated as success
No persistent owner	Persistent process and product ownership
Isolated benefit	Capacity released, redeployed, and reinvested
Underestimated lifecycle cost	Funded infrastructure, monitoring, and improvement

Source: Capgemini

Capabilities required for enterprise scale

These capabilities should be treated as one operating system rather than a menu of optional practices. The business value outcome and its owner must remain visible throughout design, deployment, operation, change, and eventual replacement. Achieving this at enterprise scale requires a common set of capabilities across the technology lifecycle:

- **Enterprise use-case portfolio management tied to measurable outcomes and executive sponsorship;**
- **Reusable models, agents, connectors, workflows, and control components;**
- **Common data products, semantics, and integration patterns;**
- **Model and agent lifecycle management;**
- **Automated testing, security monitoring, and observability;**
- **Risk classification and reusable assurance patterns;**
- **Adoption, change, and frontline feedback capability;**
- **Benefits realization and capacity-redeployment discipline;** and
- **Persistent business, process, and product ownership with complete data governance.**

Technology debt is execution debt

Legacy complexity produces duplicated controls, inconsistent definitions, costly integrations, weak end-to-end visibility, and low reuse. It slows every subsequent implementation and raises both risk and cost. Technology debt should therefore be treated as an enterprise execution risk and prioritized according to its impact on scalable process outcomes.

4.3 The Technology Architecture for iBS

The technology architecture for iBS is more than a stack of products; it is an execution architecture linking business outcomes, process intelligence, human and digital work, data, platforms, infrastructure, security, and control. The architecture must continually answer two non-technical questions: why the investment exists, and who owns the business value, process and data through time.

Computing infrastructure and deployment location

AI introduces infrastructure choices that directly affect scale, resilience, sovereignty, cost, and sustainability. Enterprises must determine which workloads require specialized accelerators, where models, data and processing should run, how AI processing is distributed across public cloud, private or sovereign environments, regional data centers and edge devices, and how capacity is secured without creating avoidable concentration or lock-in risk.

These are not IT-only decisions. The accountable business owner, process owner, CIO or technology leader, data owner, risk leader, and sustainability lead should jointly decide the deployment pattern according to business value, data rights, resilience, regulatory obligations, and Total Cost of Ownership. That decision should take account of the following infrastructure and deployment considerations:

- **Compute availability and accelerator strategy;**
- **Cloud, private cloud, sovereign cloud, and data-center capacity;**
- **Network, storage, and data-movement requirements;**
- **Regional workload placement, and latency;**
- **Resilience, redundancy, and disaster recovery;**
- **Model hosting, inference optimization, and smaller-model options;** and
- **Platform portability and supplier exit planning.**

	Architecture layer	Purpose	Selected capabilities
1.	**Business outcomes and process**	Anchor technology in value, executive sponsorship, and ownership	End-to-end processes, business rules, decision rights, process intelligence, and benefits
2.	**Experience and work**	Make human and digital work usable	Role-based copilots, knowledge access, human-agent interaction, and exception management
3.	**Intelligence and orchestration**	Provide assistive and autonomous intelligence	Predictive, generative and agentic AI; orchestration, memory, evaluation, and supervision
4.	**Data and knowledge**	Provide the governed foundation for integration and scale	Data products, master data, semantics, knowledge graphs, lineage, and provenance
5.	**Integration and platforms**	Connect systems and reuse capabilities	ERP, APIs, events, workflow, automation, cloud, edge, and reusable services
6.	**Infrastructure, security and control**	Provide resilient compute and accountable execution	Compute, data centers, identity, cyber, access, observability, resilience, and auditability

Source: Capgemini

CAPEX and lifecycle economics

Large-scale AI is a persistent capability investment. Every business case must have an accountable business owner who owns the value outcome and assesses it against Total Cost of Ownership. Total cost includes licenses, development, data preparation, integration, infrastructure, deployment, run and operate costs, monitoring, change, troubleshooting, security, compliance, replacement, and exit. Ownership must persist over time. Short-lived innovation sponsorship can leave expensive pilots, fragmented controls, and unsupported assets after the original sponsor has moved on.

Investment Principle

Assign an accountable business owner and executive sponsor before investment. Monitor realized value against Total Cost of Ownership from pilot through operation, adaptation, and replacement. Stop, redesign or retire capabilities whose sustained value case no longer holds.



Energy and sustainable scale

AI sustainability must be addressed at the use-case, model, architecture, and infrastructure levels. Sustainable AI begins with disciplined choices, not only more efficient data centers. The business owner should convene technology, finance, data, risk, procurement, and sustainability leaders to answer the following questions before approval and at regular value reviews:

Decision	Management question
Use-case discipline	Does the business outcome justify compute, energy, and lifecycle demand?
Model choice	Can a smaller, specialized or retrieval-based model deliver the outcome?
Reuse	Can models, embeddings, data products, or agent components be reused?
Placement	Where should training and inference occur given sovereignty, latency, carbon, water, and resilience?
Measurement	Can value be assessed per unit of compute or energy?
Business case	Are technology emissions, energy exposure, and hardware lifecycle included?

Source: Capgemini

The decision is not whether to use AI in the abstract. It is whether the selected model, location and operating pattern deliver sufficient sustained business value for the financial and environmental cost. Value, cost, and energy performance should be monitored together after go-live.

4.4 Productivity, Process Intelligence and Scalable Capacity

From process execution to process intelligence

Process intelligence enables iBS to move beyond recording activity toward understanding how end-to-end work actually flows, where exceptions occur, what predicts failure, and which interventions improve outcomes. The table below shows a value progression, but advancement should occur only where data quality, process ownership and governance are sufficiently mature. The call to action is to use the progression to select the next business capability, not simply the next technology feature.

Progression	Technology contribution	Outcome
Record	Capture transactions and events	Operational visibility
Monitor	Measure flow, controls, and service levels	Consistency
Detect and predict	Identify patterns, risks, and exceptions	Earlier intervention
Recommend	Propose next actions and decisions	Decision support
Orchestrate	Coordinate workflows, systems, agents, and people	End-to-end flow
Execute within bounds	Perform authorized actions and escalate exceptions	Scalable capacity

Source: Capgemini

Capacity beyond linear headcount growth

iBS capacity is created through a combination of people, platforms, automation, copilots, AI agents, data products, and reusable process assets. This does not remove the need for human judgment. It changes where prepared and trained people deliver the greatest value, particularly in ambiguous decisions, material exceptions, control assurance, and stakeholder interaction. This creates a direct link to the Talent chapter: organizations must reskill and upskill people to supervise agents, interpret evidence, exercise override authority, and improve the operating system.

Management Question

Shift from "How many people perform the process?" to "What positive business value can the operating system deliver, on time and sustainably, through the right combination of trained people and digital capacity?"

Measures of technology-enabled value

Productivity is an important indicator, but it is not the outcome on its own. The accountable business and process owners should use a balanced scorecard to monitor value, cost, quality, risk, adoption, and sustainability over time. Metrics must be linked to the original business outcome and used to adjust, scale, or stop the capability.

Measure	Illustrative metrics
Value and productivity	Value per employee; cost per outcome; throughput; capacity released and redeployed
Process flow	Cycle time; straight-through processing; exception-resolution time
Automation and autonomy	Human intervention rate; authorized autonomous actions; escalation rate
Quality and control	First-time-right; control failures; model drift; override frequency
Scale and reuse	Time from pilot to scale; reuse of data, controls, integrations, and agents
Experience and growth	Customer or employee experience; revenue enabled; service adoption

Source: Capgemini



Scaled implementation examples

Case Study

Scaling global finance transformation at Ingram Micro

Ingram Micro was operating a fragmented global finance function spanning more than 2,400 FTEs in over 50 countries. Its transformation program combined a redesigned finance operating model with SAP S/4HANA modernisation, automation, and AI technologies, alongside a global delivery model.

The program included a common SAP S/4HANA template, refreshed global finance policies and processes, and shared-services optimization. Delivery was anchored in India with additional locations including China, Romania, Guatemala, Mexico, and the Philippines. Capgemini reports 53% efficiency gains and approximately $150 million in value, alongside reported improvements in revenue leakage, payment terms and non-labor costs.



Why it matters:

> The example shows how technology can generate greater value when systems modernization, process standardization, automation, and operating-model redesign are pursued in tandem instead of in isolation.

Case Study

Improving technology visibility and incident resolution at Manulife

A large Canadian insurance provider worked with Capgemini to improve visibility across a complex infrastructure estate. The program used ServiceNow Discovery and Micro Focus UCMDB to create and maintain a more centralised configuration-management environment covering infrastructure and end-user computing assets.

The work brought together data that had previously been updated manually and supported integrations across technology environments. Capgemini reports that, with 75% of configuration items identified in the North American CMDB, configuration-item accuracy improved by 50%. It also reports a reduction of more than 45% in resolution time through improved incident routing. Following the North American implementation, the scope was extended to Asia.

Why it matters:

The case illustrates the importance of reliable operational data and visibility. Advanced automation and AI depend on understanding the underlying technology estate and being able to trace how systems and assets interconnect.

Case Study

Redesigning customer service at scale for Starbucks UK

A UK coffeehouse chain with more than 1,000 stores needed a more integrated way to manage customer enquiries. Its legacy environment involved separate case and knowledge systems, fragmented agent information, manual service-level management and reporting, and multiple interfaces for resolving individual cases.

Capgemini co-delivered a ServiceNow Customer Service Management implementation that consolidated case information, customer data, service-level information and knowledge within a configurable workspace. The program also introduced case prioritization, agent-assist functionality, and automated recording of customer communications. Capgemini reports 30-40% faster resolution, service-level adherence above 95%, more than 500 agents enabled and peak daily case volumes of around 10,000.

Why it matters:

The example demonstrates that technology-enabled service improvement depends not simply on introducing a new platform, but on redesigning information flows and the way employees interact with data, knowledge and workflows.

4.5 Data, Governance and Control Requirements

Data is the first gate for any scalable AI or automation initiative.

Before model selection or pilot funding, leaders should assess whether the enterprise owns the data or has the right to use it, whether it is structured and predictable, whether quality is sufficient, and whether governance can support scale. As AI moves from content generation to decisions and actions, these data conditions and operating controls must be designed into the capability rather than added later.

Condition	Requirement	Executive test
Owned and permitted	Ownership and the right to use are explicit	Who owns it, and can it legally and contractually be used for this purpose?
Structured and contextual	Definitions, semantics, format and process context are predictable	Can people and machines interpret it consistently?
High-quality	Accuracy, completeness and timeliness are continuously monitored	Is quality sufficient for the materiality of the decision?
Traceable and authentic	Source, transformations, lineage, provenance and approvals are reconstructable	Can the evidence and decision path be proven?
Governed and authorized	Access follows identity, purpose, jurisdiction, consent and retention rules	Who can use it, for what, where and for how long?
Observable and scalable	Changes, failures and downstream effects are monitored through governed interfaces	Will the same controls work at enterprise volume and across regions?

Source: Capgemini

Agent-ready data

Fewer than one in five organizations in Capgemini Research Institute research reported high data readiness, while more than 80% lacked mature AI infrastructure. Common failure patterns include poor data structure and quality, unclear ownership or right to use, local data extracts, weak process integration, and governance added too late. The lesson is to assess the data layer first, establish ownership and usage rights, design for enterprise scale, and confirm complete data governance before deployment. Model selection follows these decisions, not the reverse.

Evidence integrity across the decision lifecycle

The data tests above extend into the decision lifecycle. Lineage explains where data came from and how it changed; provenance records the origin and history of content, models, and decisions; authenticity tests whether content, identity and approvals are genuine; and traceability allows the action, evidence, and decision path to be reconstructed. For high-impact processes, content credentials, cryptographic signatures, authenticated approvals, agent logs, and durable evidence records should be selected according to risk and materiality.

Agent identity and authorization

When software can initiate actions rather than only provide information, each agent must be governed as a distinct enterprise actor. In practice, this requires controls that establish accountability, define the boundaries of the agent's authority and provide mechanisms for review and withdrawal:

Unique digital identity and accountable business owner;

Defined role, purpose, and scope of action;

Approved data and system access;

Transaction, financial, and decision thresholds;

Time-limited authorization where appropriate;

Complete action and decision logs;

Periodic review and reauthorization; and

Immediate suspension, revocation, and fallback capability.

Human oversight and override

Human oversight is not a single control pattern. It should be selected according to materiality and uncertainty, and it requires new skills. People must be trained to understand agent limits, interpret evidence, challenge outputs, intervene at escalation and exercise override. This is an explicit dependency on the reskilling and upskilling agenda in the Talent chapter.

Governed velocity

Trust in fully autonomous agents fell from 43% to 27% in one year in Capgemini Research Institute research. The decline is consistent with the scale barriers described earlier: technology capability is advancing faster than data readiness, process integration, governance, and workforce preparation. The lesson is not to slow innovation indiscriminately, but to earn trust through bounded authority, transparent evidence, trained supervision, demonstrated performance, and effective intervention and override.

Oversight pattern	Appropriate use
Human approval before action	Material, irreversible, or high-risk decisions
Human review after low-risk action	High-volume, reversible activity with strong monitoring
Exception supervision	Stable processes where deviations can be detected reliably
Threshold-based escalation	Financial, risk, or confidence limits are explicit
Real-time intervention	Time-critical operations requiring active supervision
Suspension and manual fallback	Control failure, model degradation, or unexpected behavior

Source: Capgemini

Governance as an Accelerator

Reusable guardrails, risk tiers, and approved technical patterns allow teams to move faster within understood boundaries. Governance should create confidence for scale, not merely provide a gate after development.



4.6 Regional Technology Constraints and Investment Needs

No region holds a universal advantage. EMEA, AMER and APAC combine different strengths, constraints and investment needs. Global architecture must therefore establish common standards while enabling locally compliant workload, data and control decisions.

AMER

Speed, capital and platform concentration

AMER benefits from deep platform ecosystems, capital availability, and rapid commercialization. The central challenge is to combine speed with mature governance, portability, and operating integration while managing concentration around major technology providers. Investment needs extend beyond models to power, data-center capacity, cyber resilience, network infrastructure, and the specialist talent required to industrialize deployments.

APAC

Scale, engineering capacity, and diverse adoption models

APAC combines extensive engineering and Business Services capacity with rapid, cost-effective adoption and piloting. The resulting opportunity is speed; the recurring challenge is converting patchy applications into integrated, scalable capabilities with durable ownership. Technology strategies must account for major differences in cloud maturity, data-localization rules, energy reliability, compute access, and regulatory expectations. Federated controls and modular architecture are particularly important where global processes span highly diverse jurisdictions.

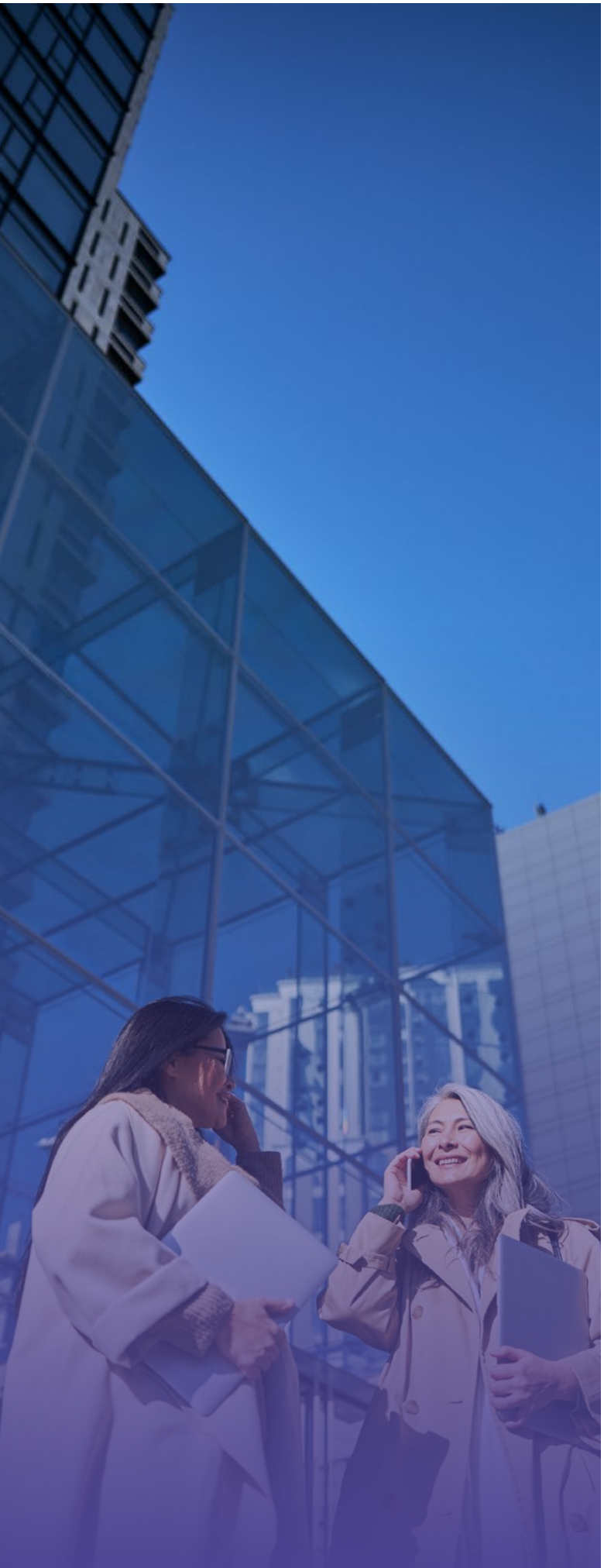
EMEA

Trust, complexity, and sovereign scale

EMEA can differentiate through responsible AI, governed data, and compliance-by-design. A further constraint is the relative lack of globally dominant technology champions, which can increase dependence on external platforms and make interoperability and strategic portability more important. The region's investment challenge is to modernize heterogeneous legacy estates while supporting sovereignty, cross-border interoperability and energy-aware data-center

	AMER	APAC	EMEA
Structural strength	Capital, hyperscale platforms, advanced AI ecosystem, and commercialization speed	Engineering scale, rapid cost-effective adoption and large delivery ecosystems	Regulatory discipline, domain depth and mature multilingual service ecosystems
Binding constraint	Provider concentration, high specialist cost, uneven regulation and rapidly growing infrastructure demand	Patchy integration, uneven infrastructure, localization rules, long-term ownership gaps, and limited global technology champions	Fragmented regulation and infrastructure, legacy complexity, sovereignty, energy constraints, and limited global technology champions
iBS call to action	Convert innovation speed into governed enterprise platforms with portability, value ownership, and lifecycle economics	Use rapid pilots as learning assets, but design data, process integration, governance, and ownership for scale from day one	Integrate technology into end-to-end processes; use trusted data and reusable controls to turn compliance into scalable execution

Source: Capgemini



expansion. Regulation can become an operating advantage when translated into reusable controls, common evidence, and approved architectural patterns rather than repeated local interpretation.

Global core, sovereign execution zones

A practical global pattern is a common enterprise core with sovereign execution zones. Shared process, architecture, identity and control standards are combined with regional data boundaries, localized hosting where required, policy-driven routing and clear separation between data control, model control and process authority.

Four Golden Rules Across Regions

1. **Start with owned,** permitted, and governed data.
2. **Integrate technology** into an end-to-end process with a measurable business outcome.
3. **Assign top-level executive sponsorship** and persistent business, process, and technology ownership.
4. **Build risk-tiered governance,** human intervention, and override into the design before scaling.

4.7
What Works at Scale

The executive sequence is simple and non-negotiable: Data first, then the end-to-end Business Process and value outcome, then Governance and ownership.

The table translates that sequence into practical choices and an iBS call to action.

What works at scale	Common failure pattern	iBS call to action
Start with an end-to-end outcome	Start with a tool and search for a problem	**Define the business outcome, baseline, and accountable owner before selecting technology.**
Redesign the process before automation	Automate unstable or fragmented work	**Simplify and redesign the end-to-end process before automating it.**
Build reusable data, integration, and control assets	Rely on one-off data extracts and point integrations	**Industrialize reusable data, integration, and control assets across use cases.**
Establish persistent process and product ownership	Treat go-live as the end of ownership	**Keep named process and product owners accountable throughout the lifecycle.**
Use risk-tiered governance	Apply identical controls to every use case	**Match governance and controls to business criticality, risk, and autonomy.**
Integrate cyber, privacy, and compliance from the start	Add control after technical development	**Embed security, privacy, and compliance into architecture and design from the outset.**
Measure adoption, value, and capacity redeployment	Measure only technical deployment or effort reduction	**Track realized business value, and explicitly redeploy released capacity.**
Provide agent identity, authority limits, and override	Create agents without traceable accountability	**Treat every agent as an accountable enterprise actor with defined authority and human override.**
Use global standards with justified local variation	Force one design across every jurisdiction	**Set common global standards and allow local variation only where requirements justify it.**
Fund infrastructure and monitoring across the lifecycle	Evaluate only the pilot or implementation cost	**Fund build, run, monitoring, and renewal across the full lifecycle.**
Size models and workloads to the outcome	Assume larger models always create more value	**Use the smallest model and compute footprint that reliably meets the business requirement.**
Plan for portability, resilience and exit	Accept strategic dependence without safeguards	**Build portability, fallback, and supplier exit into the architecture from the start.**

Source: Capgemini

Conclusion

The defining technology challenge for iBS is achieving enterprise scale with integration, control and sustained value. Enterprises must move beyond isolated tools and promising pilots toward a reusable, integrated and properly governed operating capability. This requires more than model performance. It requires owned and governed data, end-to-end process integration, architecture, compute infrastructure, process intelligence, explicit authority, continuous monitoring, trained people, and persistent ownership. Sponsorship must come from the top of the enterprise and extend beyond the CIO: the business must own the outcome and the value.

Organizations that establish these foundations will be able to scale operational capacity and improve productivity without relying on linear headcount growth. Organizations that apply these disciplines can turn experimentation into positive business value delivered on time and sustained over the lifecycle.

The wider implications for talent and enterprise transformation are taken forward in Chapters 3, 5 and 6.



5

TRANSFORMATION

Business Services as the Enterprise Transformation Engine

Chapter Overview

Business Services are evolving beyond their traditional role in efficiency and cost optimization to become an important engine of enterprise transformation. As investment in AI, automation, and digital technologies accelerates, their role is increasingly to translate technology and talent into measurable improvements in productivity, resilience, and business performance.

This chapter examines the operating models, capabilities, and leadership needed to deliver and scale that transformation across the enterprise.

Chapter content developed by **PwC**

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Key Findings

Business Services is a material enterprise productivity lever,
accounting for an estimated 16.5% of global GVA compared with 9.5% of global employment.

Technology adoption is outpacing operating-model transformation.
80% of surveyed GBS organizations have started digitization initiatives, but only 47% have begun moving towards an end-to-end process-driven organization.

AI increases the importance of operating-model redesign,
requiring technology investment to be accompanied by stronger data, governance, process ownership, controls, and organizational adoption.

Business Services need to combine three roles, run, improve and reinvent,
embedding continuous transformation within the operating model rather than treating it as a succession of discrete projects.

GCCs are shifting from cost arbitrage towards capability arbitrage,
providing access to scarce expertise in areas such as engineering, AI, analytics, cybersecurity, and innovation.

The future model will bring together rather than choose between GBS, GCCs and BPO,
orchestrating internal and external capabilities around common enterprise outcomes; iBS describes the advanced operating model that can emerge across these structures.

Transformation needs to be measured through enterprise outcomes,
including productivity, resilience, agility, and business value, rather than activity or service-performance metrics alone.

Business Services leadership is becoming more strategic,
moving from managing service delivery towards shaping processes, capability ecosystems, transformation investment, and enterprise change.

5.1
The Transformation Imperative: Structural Forces Reshaping Transformation

The pressure to transform is not being created by technology alone. ABSL identifies five structural forces likely to shape Business Services through the next decade: productivity pressure and capital discipline; demographic and talent divergence; geoeconomic and regulatory fragmentation; expansion of digitally deliverable services; and AI as a potential general-purpose technology.

> **Together, they fundamentally change the economics of enterprise operations.**

Capital is becoming more selective. Transformation investments in platforms, cloud, data, and AI will compete for funding on the basis of measurable returns rather than strategic intent alone.

Talent is becoming more unevenly distributed. Enterprises need access to specialist capabilities wherever those capabilities exist, while simultaneously reducing dependency on labor-intensive delivery models.

Regulatory and geopolitical fragmentation are increasing the complexity of multinational operations. Enterprises need to operate globally for scale, consistency, and leverage, while responding to local requirements around cybersecurity, data, tax, technology, and regulation.

At the same time, localization is no longer only a compliance issue. Customers, employees, and business stakeholders expect propositions, experiences, and service models to adapt to local market needs. The enterprise therefore faces a harder balancing act: standardize enough to create global scale but adapt enough to remain relevant in each market.

> **Digitally deliverable services continue to broaden the range of work that can be separated from physical location.**

And AI is changing the unit economics of knowledge work itself. The result is that enterprises can no longer transform one function, one technology, or one geography at a time and assume that the benefits will aggregate naturally.

They need an operating system for continuous change. Technology investment and enterprise value. The distinction matters because technology investment frequently arrives before value.

AI, automation, and cloud solutions require data preparation, integration, process redesign, controls, governance, workforce change, and new skills before benefits are fully realized. This creates a transformation J-curve: cost and organizational disruption appear first; productivity and value follow later.

PwC's CEO Survey illustrates the consequence. Although AI investment is accelerating, more than half of CEOs have yet to see either revenue growth or cost reduction from it. The organizations achieving both are not distinguished simply by the number of AI pilots they run. They are further ahead in enterprise-scale deployment and in building the foundations that enable AI to work, including technology architecture, governance, responsible-AI processes, and organizational adoption.

But the most advanced organizations are not only using technology to take cost out. They are using it to rethink what the enterprise can offer, including faster service introduction, more personalized customer and employee experiences, analytics-enabled advisory services, outcome-based commercial models, and new digitally enabled products or services that would be difficult to scale in a fragmented operating model.

Business Services are where these foundations become operational. They provide the environment in which technology is embedded into process flows, roles, decision rights, controls, data standards, and performance measures. They also provide a platform through which new services can be tested, standardized and scaled faster than in siloed and distributed settings. This is why **Business Services should be viewed as the execution architecture of enterprise transformation.**

Why traditional transformation programs fall short

Traditional transformation programs are often designed as temporary interventions. They have start dates, project teams, functional sponsors, and implementation milestones. They may deploy new technology or deliver an initial business case, but too often the enterprise returns to its previous operating routines after the program ends.

Five failure patterns recur:

Technology is implemented before the underlying process is redesigned;

Functional optimization takes precedence over end-to-end outcomes;

Ownership becomes unclear across the retained organization, GBS, and providers;

Benefits are assumed or modeled rather than baselined and validated; and

The capability to run and continuously improve the new model is weaker than the capability used to build it.

> **AI exposes these weaknesses more quickly because it simultaneously affects process, data, controls, people, and technology. A successful pilot is not evidence of transformation.**

Transformation has occurred only when the changed way of working can operate reliably at scale, when the enterprise can repeat it in different contexts and when its economic and strategic impact can be demonstrated.

This is the role Business Services can play: shifting transformation from a sequence of projects to a permanent enterprise capability. The transformation challenge has moved from isolated improvement to enterprise adaptability.

Improving this layer is therefore not simply a shared-services productivity initiative. It changes the enterprise's capacity to absorb technology, respond to local markets, launch new services, manage risk, and scale what works.

In an environment where capital is constrained, and change is continuous, that capacity becomes a source of competitive advantage.

5.2 Building Transformation into the Operating Model

From programs to continuous transformation

Enterprises transform through Business Services when change becomes part of the operating model rather than an exception to it.

That requires Business Services to perform three roles simultaneously:



1. RUN

Provide stable, efficient and resilient delivery

- Ensure reliability and continuity
- Deliver efficiency at scale
- Maintain quality and compliance



2. IMPROVE

Continuously simplify, standardise, automate and optimise the existing model

- Simplify and standardize processes
- Automate and digitise intelligently
- Continuously measure and optimise



3. REINVENT

Create and scale new capabilities, processes, services and ways of working for the wider enterprise

- Design new capabilities and services
- Pilot, validate and scale
- Embed new ways of working

These roles are not sequential. Taken together, run, improve and reinvent provide a practical expression of the broader Intelligent Business Services (iBS) concept used in this report: an operating model that combines reliable execution, continuous improvement and selective reinvention. A Business Services organization cannot credibly reinvent the enterprise if it cannot run reliably. It cannot optimize sustainably if improvement is disconnected from day-to-day operations. And it cannot scale transformation if new capabilities remain trapped in pilots or centers of excellence. The design challenge is therefore to connect run, improve, and reinvent through three operating model principles: end-to-end ownership, permanent transformation capability, and convergence between build and run.

End-to-end process ownership

The first design principle is end-to-end process ownership. Functional silos encourage local optimization. Finance may improve one activity, procurement another, and technology a third, without anyone being accountable for the economic performance of the complete process.

An end-to-end model changes the management question from "Did each team meet its SLA?" to "Did the process produce the required business outcome?" That creates accountability for measures such as:

Cost-to-serve;

Cycle time;

First-time-right performance;

Working capital;

Customer or employee experience;

Regulatory and control outcomes;

Revenue enablement; and

Decision quality.

PwC's 2025 GBS Study illustrates both the momentum and the gap.

> **80% of surveyed organizations have already started digitization initiatives, 77% have increased service standardization, and 59% are expanding into more complex, value-adding services. Yet only 47% have begun moving towards an end-to-end process-driven organization.**

Technology adoption is therefore moving faster than process ownership. Closing that gap is fundamental to converting technology investment into enterprise value.

Permanent transformation capabilities

The second principle is to institutionalize capabilities that historically sat inside projects. Leading Business Services organizations require permanent capability in service design, process architecture, transition, data, automation, controls, change, partner management, and value measurement across the broader organization.

Centers of excellence are an important part of this model. PwC's 2025 study shows that **57% of GBS organizations have already started investing in centers of excellence for expert-level work and another 20% plan to do so.**

The purpose of these centers should not be to create another organizational silo. Their value comes from making specialist capability reusable across the enterprise, whether in AI, analytics, process excellence, cybersecurity, platform expertise, or other domains.

The transformation engine therefore combines **deep expertise with industrialized reuse.**

A third principle becomes important in an AI-enabled enterprise: Business Services need capability not only to build new solutions but to operate them.

The build organization creates the model, workflow, or automation. The run organization discovers whether it works at scale.

Without a strong run capability, AI-enabled services accumulate governance debt: data quality deteriorates, exception queues grow, models drift, controls become unclear, and human intervention increases.

The next generation of Business Services should therefore bring product, process and operational disciplines together. Deployment is only the starting point. Value depends on whether the new service can be governed, monitored, and continuously improved in production and at scale.

This becomes particularly important given the maturity gap in current AI deployment. Moving from experimentation to scalable production will require stronger process design, data foundations, controls, and operational ownership.

Expanding closer to enterprise value

Transformation also changes the scope of Business Services. Finance, HR, procurement, and IT remain the foundation, but the next wave of value sits closer to customers, products, supply chains, and enterprise decision-making.

Business Services are already expanding into areas such as:

- **Supply-chain planning and control towers;**
- **Commercial and sales operations;**
- **Digital marketing;**
- **Analytics and business intelligence;**
- **Cybersecurity;**
- **Sustainability and ESG reporting;**
- **R&D support;** and
- **Engineering and product-development activities.**

This is not simply scope expansion. It changes the purpose of the model.

As Business Services assume responsibility for activities that influence revenue, innovation, resilience and customer experience, the distinction between "back office" and "front office" becomes less useful. What matters is whether a capability benefits from common data, global scale, scarce expertise, standardization, and continuous improvement. Transformation at scale depends on institutional muscle, not episodic effort.

PwC's 2025 GBS Study shows that **72% of organizations are implementing process automation, 58% are using data analysis to improve decisions, 54% are developing digital skills, and 53% are implementing new digital technologies.**

The risk is that these efforts remain a collection of initiatives.



The opportunity is to turn them into a repeatable system: one that runs the enterprise reliably, improves it continuously, and reinvents it deliberately.

When designed this way, Business Services become the mechanism through which technology investment becomes business impact.

5.3 The Future Business Services Operating Model

An integrated capability ecosystem

The future is not a choice between GBS, GCCs, and BPO. These are different components of an enterprise capability ecosystem. Traditional shared services established scale and efficiency. GBS added multifunctional integration, standardization, and broader enterprise reach. GCCs extend the model towards specialist capabilities, innovation, and access to global talent. Outsourcing provides external scale, technology, specialist expertise, and variable capacity.

iBS is not a separate component of this ecosystem; it describes the advanced organizational model that can emerge across these structures when end-to-end accountability, governed data, human expertise, technology, and continuous transformation are integrated around enterprise outcomes.

The strategic decision is therefore not about choosing between operating-model labels, but about determining where capabilities should sit, who should own them, how they should be governed and measured, and how they can move across the ecosystem as enterprise needs evolve.

This makes the future operating model inherently dynamic. A capability may start in a partner environment to accelerate access to expertise, move into a GCC as the enterprise seeks to internalize intellectual property, and later be industrialized through GBS once it becomes



standard and scalable. Equally, work may move to a partner when external technology, specialist capability, or variable capacity creates greater value.

The question is no longer simply where a capability belongs, but where it creates the most value today and how easily it can move as that equation changes.

GCCs: from cost to capability arbitrage

The rise of Global Capability Centers is particularly important because it changes the logic of global delivery. Traditional location decisions were heavily influenced by labor-cost arbitrage. Modern GCCs compete on **capability arbitrage**: access to engineering, AI, analytics, platform expertise, cybersecurity, innovation ecosystems, and specialist domain knowledge that may be scarce elsewhere in the enterprise.

PwC's GBS Study describes GCCs as the next frontier in the evolution of Business Services: moving from capacity to capability, from cost to value and from SLA delivery towards business impact.

Their role is therefore broader than centralizing work. GCCs can become places where new enterprise capabilities are built, product and process innovation is accelerated, and institutional knowledge compounds over time.

This makes them important vehicles for enterprise transformation but only when they remain integrated with the broader business.

A GCC separated from business outcomes risks becoming another delivery silo. A GCC connected to global process ownership, enterprise data, and strategic priorities becomes a capability multiplier.

Redesigning the partner ecosystem

Outsourcing models must evolve in parallel. Traditional contracts were designed for an operating environment in which greater service volume generally required more labor. Pricing based on FTEs and effort therefore made economic sense. AI changes this logic.

When value comes from reducing effort, automating workflows, and redesigning processes, an FTE-based contract can create the wrong incentive: the provider is financially rewarded for preserving the labor the enterprise is trying to remove. A more effective ecosystem distinguishes between two types of activity.

Run domains should maximize reliability, automation, standardization, control and, unit-cost efficiency.

Reinvent domains should maximize improvement, innovation, insight, learning, and business outcomes.

The commercial models should differ accordingly. Run domains may retain strong service, cost and control measures. Reinvented domains require outcome measures, gainshare mechanisms, automation incentives, and joint transformation objectives.

The best provider is therefore not necessarily the provider capable of doing everything. Future Business Services leaders will orchestrate a portfolio of internal and external capabilities against one enterprise architecture.

From vendor management office with to value and transformation governance

This ecosystem cannot be governed through conventional vendor management alone. The emerging requirement is a **Value and Transformation Office**: a small, senior capability that connects finance, Business Services, process owners, technology teams, and external partners around a common evidence base. Its responsibilities should include:

Establishing baseline performance before transformation begins;

Validating the financial logic of initiatives;

Tracking benefits through to realized outcomes;

Teconciling benefits with finance;

Maintaining common process and value measures;

Coordinating the transformation portfolio;

Challenging initiatives that are not delivering;

Governing provider transformation commitments;

Identifying when capabilities should move between GBS, GCCs, retained teams or partners; and

Redirecting capital towards the highest-value opportunities.

The shift is from managing contractual performance to governing enterprise value. Conventional vendor management focuses primarily on service levels, contractual obligations, and provider performance. Value and transformation governance broadens that mandate to the performance of the ecosystem as a whole, whether capabilities, investments, and partners are collectively delivering the intended enterprise outcomes.

That requires a shared data spine. Volumes, unit costs, cycle times, automation levels, service outcomes, and benefits should be defined consistently across retained teams, internal centers, GCCs and external providers. Without a shared fact base, transformation governance becomes negotiation. With it, capital allocation becomes evidence-led.

Different regions, different transformation pathways

The transition towards more integrated and intelligent Business Services will not follow a uniform global path. As Chapter 1 demonstrated, the three macroregions begin from different positions in terms of scale, productivity, specialization, and organizational maturity. These starting points will shape their respective transformation pathways.

AMER

AMER combines high Business Services and KIBS productivity with frontier technology, capital markets, and large headquarters functions. The opportunity is to embed intelligent services more deeply into enterprise operations and commercial value creation. The risk is uneven diffusion, with leading organizations moving materially faster than the rest.

APAC

APAC has the largest Business Services workforce and the fastest growth in KIBS exports. Its opportunity is to convert scale into productivity and specialist capability, supported by deep engineering and digital talent pools. The defining question will be how quickly organizations can move from labor-intensive delivery towards higher-value, AI-enabled models.

EMEA

EMEA begins with the strongest concentration of mature and center-intensive ecosystems. Its opportunity is to translate this installed base into complex, governed and knowledge-intensive intelligent services, particularly in areas where multilingual delivery, regulation, finance, risk, and professional expertise matter. Its challenge is aging demographics, wage pressure, and regulatory complexity.

The destination may be similar, more integrated, intelligent, and outcome-led Business Services, but the transformation pathway will reflect each region's starting point. The future model will be judged less by what it is called and more by how well it orchestrates capability. Between 2023 and 2025, the proportion of GBS organizations aspiring to be recognized as a digital innovator or transformation engine increased from 13% to 18%, while those aiming to become a data and insight generator increased from 1% to 16%.

The operating model now needs to become flexible enough to match the ambition: this means being able to place capabilities where they create most value, move them when conditions change, and govern the whole ecosystem around enterprise outcomes rather than organizational boundaries.



5.4 From Activity to Business Outcomes

The final test of transformation is not whether the organization changed. It is whether the change produced outcomes the enterprise values and the leadership team can see.

This requires a measurement model that links operational performance, financial evidence, strategic value, and leadership accountability. These are not separate lenses. They are a single value narrative.

Business Services therefore need to move beyond activity measures and demonstrate impact across four integrated outcome families:

Productivity: cost-to-serve, productivity per process, cycle time, straight-through processing, automation, exception reduction, and capacity released.

Resilience: control effectiveness, data quality, service continuity, regulatory performance, dependency reduction, and recovery speed.

Agility: time to implement, time to scale, ability to absorb volume or regulatory change, and speed of resource reallocation.

Business value: working capital, margin improvement, revenue enablement, customer outcomes, decision quality, innovation, and time to market.

Quality, risk and experience should not sit outside these measures as disconnected categories. They should be evidenced within them. For example, first-time-right performance is a productivity and quality measure. Control effectiveness is a resilience and risk measure. Customer experience becomes economically meaningful when linked to retention, revenue, cost-to-serve or service outcomes. This creates a scorecard that speaks the language of operations, finance, and the executive agenda.

Self-transformation and enterprise transformation

Business Services create value in two distinct ways.

> **The first is self-transformation:** redesigning their own operations through process standardization, data improvement, automation, AI, new skills, and operating-model changes.
>
> **The second is enterprise transformation:** taking the capabilities proven inside Business Services and applying them to functions, business units, products, and customer journeys across the enterprise.

The distinction is strategically important. Business Services are often the ideal proving ground because they combine high process visibility, repeatable activities, significant data volumes, and defined governance. Once methods have been proven there, the same capabilities can be scaled into the wider enterprise. Business Services therefore become both the **test bed and the scaling platform** for transformation.

Closing the measurement gap

The ability to demonstrate value remains a constraint. PwC's GBS Study identifies three recurring performance measurement challenges: 21% of respondents cite insufficient data availability and quality, 20% cite insufficient KPI standardization, and 21% report difficulties aligning GBS KPIs to corporate objectives.

The issue is not primarily a lack of metrics. Most organizations already have many. The issue is that the measures used to run services are not always the measures used to run the enterprise.

> **A transformation engine needs a direct line from process measure to business outcome.**

That means agreeing baselines and value definitions before work begins; aligning operational measures with corporate objectives; validating benefits with finance; and tracking where value ultimately appears-in cost, working capital, margin, risk reduction, or revenue.

Finance has an essential role in this model because it validates the value case and confirms where benefits land. But finance should not be the only audience. The CEO and executive committee need to see how Business Services improve the enterprise's capacity to grow, adapt, manage risk, and reinvest. If the enterprise cannot see where the benefit landed, it cannot confidently reinvest.

Building the business case for long-term transformation

This discipline matters more in the current environment. Only **30% of CEOs are very or extremely confident about revenue growth over the next 12 months, down from 38% a year earlier.**

Meanwhile, 31% report high or extreme exposure to significant financial loss from cyber threats, and 84% expect to strengthen enterprise-wide cybersecurity in response to geopolitical risk.

29% expect tariffs to reduce net profit margin. 66% report stakeholder trust concerns in at least one area of operations. At the same time, **CEOs spend 47% of their schedules on issues with horizons of less than one year, compared with only 16% on issues beyond five years.**

Transformation is therefore competing for capital and leadership attention in an environment dominated by short-term pressures. The solution is not to abandon long-term reinvention. It is to make the value case stronger.

Business Services should pair in-year productivity outcomes with multi-year measures of capability, resilience, and strategic value. This gives leaders the evidence required to protect reinvention from the "tyranny of the urgent."

The maturity threshold is crossed when Business Services are no longer invited to the table after strategy has been decided but help the enterprise decide what should change in the first place.

5.5 Leadership Priorities for Continuous Transformation

The final capability is leadership. The Business Services leader of the next decade cannot be defined primarily as an operator of shared services. The role increasingly requires the ability to connect enterprise strategy with process architecture, digital capability, data, controls, talent, partner economics, and financial outcomes.

That demands several changes in leadership behavior. Leaders must move from reporting service performance to challenging process performance. They must move from accepting transformation demand to shaping the enterprise transformation agenda.

They must move from managing provider capacity to orchestrating capability ecosystems. And they must move from defending Business Services budgets to allocating transformation capital against measurable returns.

> The defining advantage of Business Services is no longer that they can centralize work. It is that they can **standardize what should be common, differentiate what creates advantage, embed technology into real processes and offerings, and then scale what works across the enterprise.** That is what turns Talent and Technology into Transformation. And that is why Business Services are becoming the enterprise mechanism through which reinvention actually happens.

Five priorities for Business Service leaders

Leaders should now make five explicit choices:

1. **Define the transformation mandate**
2. **Redesign around end-to-end outcomes**
3. **Orchestrate one capability ecosystem**
4. **Build value governance into the operating model**
5. **Develop leadership for continuous reinvention**

6

GLOBAL BUSINESS SERVICES

Interdependencies, Constraints and Structural Change

6.1 When the 3Ts Become Binding Constraints

The preceding three chapters show that the future development of Business Services will not be determined by Talent, Technology or Transformation in isolation. ABSL treats them as three interrelated strategic pillars. None is inherently a constraint, but any can become binding when its readiness falls short of the requirements of the operating model or lags behind the other two.

Historically, Business Services capacity was closely tied to workforce scale. That link is weakening as human talent is complemented by automation, AI-enabled digital capacity, external expertise, reusable technology assets, and more integrated operating models. What matters is not the availability of any single resource, but how effectively these resources are combined. The three pillars also reinforce one another. Expanding capacity in one area does not necessarily increase productivity, functional scope or business value if another pillar remains binding.

Chapter 1 established the scale and economic significance of the global Business Services Industry. In 2024, the industry employed an estimated 351 million people, equivalent to approximately 9.5% of global employment, and generated around USD 14.9 trillion in GVA, or 16.5% of global GVA. International trade in KIBS reached approximately USD 2.95 trillion. These measures demonstrate the industry's global importance. They describe, however, its current economic position and not its capacity to remain competitive as technology, workforce requirements, and operating models change.

Chapter 1 also showed that scale, productivity, specialization, and internationalization do not move together.

ABSL

Chapter content developed by **ABSL**

APAC leads in workforce scale, AMER in productivity and enterprise-embedded capabilities, while EMEA combines strong international integration, specialization and mature Business Services Center ecosystems.

Large employment pools do not automatically generate high productivity, just as high specialization or strong trade performance does not guarantee that organizations can scale new technologies, secure the required capabilities, or redesign their operating models.

Future competitiveness depends on the organizational mechanisms that convert economic scale and structural advantages into sustained productivity and enterprise value. Employment, GVA, and trade measure realized outcomes; they do not directly capture whether organizations have the human capabilities, scalable technology foundations, and transformation capacity required to reproduce and improve those outcomes.

Talent

The talent constraint is qualitative, not purely quantitative. Chapter 3 shows that the central challenge is not any more the availability of labor at an acceptable cost. It is access to the right combination of domain expertise, digital fluency, analytical skills, professional judgment and process knowledge. It also requires an end-to-end perspective, focused on complete business processes rather than isolated functions or incremental improvements.

As automation absorbs more rules-based work, the skills needed to interpret information, manage exceptions, supervise digital systems, and take responsibility for outcomes become more important.

This changes the economics of workforce expansion. In established Business Services locations, demographic pressure, competition for specialist skills and wage convergence can make additional human capacity difficult or expensive to secure. At the same time, large labor pools do not automatically provide the specialist expertise required for higher value Business Services.

The response goes beyond recruitment. Permanent employees are complemented by contingent specialists and digital capacity, while reskilling, internal mobility and external talent networks become more important sources of skills and expertise. Chapter 3 therefore points to a shift from headcount planning to broader workforce planning.

This transition also creates a longer term workforce-development risk. As AI absorbs some of the routine work through which early-career employees traditionally gained experience, organizations need to redesign development pathways.

The talent constraint should be understood as an organization's ability to secure, develop and continuously renew the skills and expertise required for work that remains human-led, human-supervised, or dependent on specialist judgment.

Technology

Technology can relax some constraints on human capacity by automating tasks, augmenting employees and enabling processes to operate at greater scale. However, Chapter 4 shows that access to technology is not the principal challenge. The more important constraint is whether enterprises can safely and systematically integrate technology into operations.

The distinction between experimentation and scale is profound. AI pilots and isolated automation can demonstrate technical feasibility without creating material enterprise capacity and capability. The distinction between experimentation

and scale is profound. AI pilots and isolated automation can demonstrate technical feasibility without creating material enterprise capacity or value. Chapter 4 identifies three essential conditions for scale: owned and governed enterprise data; integration into an end-to-end process with a defined business outcome; and persistent governance and ownership. Reusable architecture, infrastructure, and control assets enable these conditions to be applied consistently across use cases and at enterprise scale.

Technology has a dual effect. It can reduce dependence on linear headcount growth, but scaling it increases requirements for data readiness, process integration, persistent ownership, and effective control. As systems move from assisting human decisions toward orchestrating workflows and undertaking bounded autonomous actions, agent identity, authority limits, traceability, monitoring, human intervention, and reliable fallback become more important.

The technology constraint is not primarily whether an organization can access AI, automation or digital platforms. It is whether those technologies can operate on governed enterprise data, integrate into end-to-end processes with defined business outcomes, and function under persistent ownership and effective controls. Reusable architecture and infrastructure determine whether this can be industrialized into scalable, reliable operating capacity.

Industrialization also changes the investment and control profile of technology. Scaled AI requires continuing expenditure on compute, infrastructure, data, integration, cybersecurity, monitoring, model renewal, and operational support rather than a one-time implementation budget. Business cases should therefore be assessed against total lifecycle cost and realized value. As systems acquire greater operational autonomy, scalability also depends on explicit agent identity, bounded authority, traceable actions, continuous monitoring, human intervention and override, reliable fallback, and, where material, model and provider portability.

Ability to transform

Talent and technology create potential capability. They do not ensure that an organization can convert that capability into value, however. Chapter 5, at the same time, identifies a third constraint: the operating model's capacity to absorb and sustain change.

The gap is already visible in current GBS transformation. PwC reports in Chapter 5 that while 80% of surveyed GBS organizations have started digitization initiatives, only 47% have begun moving toward an end-to-end, process-driven organization. Technology adoption can therefore progress significantly faster than the organizational changes required to exploit it fully.

Realizing value from technology requires changes in processes, ownership, decision rights, roles, controls, incentives, and performance measurement. Transformation also needs to move beyond discrete projects toward a more persistent capability to **run, improve,** and **reinvent** operations. The issue is not simply the ability to launch transformation programs, but the ability to continuously reconfigure the operating model as technologies, skills, and external conditions change.

Transformation capacity determines how much available talent and technological potential can be absorbed into enterprise operations and translated into productivity, resilience, agility, and measurable business outcomes.

> **The model emphasizes end-to-end ownership, common data, and clear accountability for value. It is not about technology deployment alone.**

From individual pillars to an interdependent system

The three strategic pillars are analytically distinct but operationally interdependent. No single pillar can sustain performance gains on its own. More technology yields limited returns without people who can deploy and govern it or an organization ready to integrate it. More talent without technological leverage can maintain delivery but limits productivity. Transformation can also outpace execution capacity when talent or technology is insufficient.

> **The main constraint is the weakest pillar relative to what the operating model requires.**

When one pillar falls materially behind the other two, it becomes, the binding constraint on overall performance.

6.2 Managing the 3Ts as an Interdependent System

The three strategic pillars cannot be managed independently. Their returns are interdependent. Progress in one can raise requirements in the others, while insufficient readiness in any one of them can prevent the organization from realizing value created elsewhere.

Management must keep the three pillars in step: progress in one creates limited value if another is not ready. The main interaction effects and their executive implications are summarized below.

TABLE 6.1 | **Executive implications of 3T interactions**

Interaction	Executive implication
Talent × Technology	Automation without reskilling can strand value.
Technology × Transformation	Technology without end-to-end process integration and persistent ownership remains local rather than scalable.
Talent × Transformation	Transformation without ownership and skills can strand ambition.
3Ts together	Investment creates sustained value when the three strategic pillars reinforce one another and no pillar becomes a binding constraint.

Source: ABSL BI

Talent × Technology: from substitution to reallocation

The relationship between talent and technology is often framed primarily as labor substitution. The evidence presented in Chapters 3 and 4 suggests a more complex challenge.

Automation and AI reduce the human input required for some repetitive, rules-based activities while extending digital support into research, analysis, drafting, decision preparation, and workflow coordination. As technology assumes a greater share of execution, human contribution shifts toward professional decision-making, exception management, process ownership, governance, and accountability.

Technology changes the composition of talent demand rather than simply reducing it. Routine execution becomes less important, while analytical skills, digital fluency, judgment, process coordination and accountability become more important.

The relationship also works in the opposite direction. Advanced technologies require people who can redesign workflows, evaluate outputs, define acceptable levels of autonomy, manage exceptions and understand the business consequences of machine-supported decisions. Shortages of these skills can constrain technology deployment even when the tools themselves are readily available.

This can create a reinforcing cycle. Automation can release workforce capacity, while reskilling and upskilling can redirect that capacity toward more specialist and judgment-intensive work. This, in turn, helps organizations deploy, govern and scale more advanced technologies.

The cycle can also break down. Organizations may have advanced technology but lack the specialist expertise needed to integrate, govern or scale it effectively. Released capacity does not automatically translate into the skills required for further transformation; that depends on effective reskilling and upskilling.

The central implication is that technology does not eliminate the need for talent readiness; it changes the skills required. The future workforce will depend less on a simple division between people and technology and more on how work is allocated across internal employees, external specialists and digital capacity.

Technology × Transformation: from deployment to realized value

Technology creates the possibility of operating differently. Transformation determines whether that possibility becomes embedded in the enterprise.

The gap between deployment and realized value is already visible. It reflects the adoption-redesign gap identified in Chapter 5. Technology adoption can advance considerably faster than the redesign of processes, ownership, data architecture and operating models required to embed it at enterprise scale.

Chapter 4 shows the same problem from the technology perspective. Pilots may demonstrate technical feasibility while failing the conditions required for enterprise scale: governed data, integration into an end-to-end business process and outcome, and persistent governance and ownership. Reusable architecture, infrastructure, and controls determine whether these conditions can be replicated economically and safely across the enterprise. Technical success is therefore not sufficient evidence of either scalability or organizational transformation.



For technology to generate sustained value, enterprises need complementary changes in:

Owned, permitted and governed enterprise data;

Integration into an end-to-end process with a defined business outcome;

Persistent business, process and product ownership with appropriate decision rights and controls; and

Reusable architecture and infrastructure that allow these conditions to scale across use cases, functions and regions.

Transformation without adequate technological scalability creates the opposite problem. Processes and organizational structures may be redesigned, but their productivity impact remains constrained if execution still depends heavily on manual work, fragmented systems, and one-off solutions.

The relationship is reciprocal.

> **Technology determines the feasible scale and speed of change, while transformation determines how much of that technological potential becomes sustained business value.**

This explains why the transition toward iBS cannot be reduced to technology adoption. It requires technology and operating model change to progress together.

Talent × Transformation: determining the speed of change

Transformation changes the work people perform, the skills they require and the authority they exercise. At the same time, the availability of appropriate human capability determines how quickly and how extensively organizations can transform.

Moving from functional execution toward end-to-end process ownership requires more than technical training. It increases demand for people who can work across organizational boundaries, combine domain and technological knowledge, manage ambiguity, interpret data, and take accountability for outcomes. Transformation also creates new requirements for product ownership, change leadership, governance, and collaboration across Business Services, technology, risk, and business functions.

This makes reskilling and workforce development part of the transformation mechanism itself. Chapter 3 shows why organizations need to build capability through internal development, mobility, university partnerships, and specialist talent channels.

The interaction also creates an execution limit. Transformation can move only as quickly as the organization can develop, attract or redeploy the capabilities required by the new operating model. Large-scale organizational change undertaken without sufficient capability can increase reliance on a small group of specialists, create implementation bottlenecks, and leave redesigned processes without the skills needed to operate them effectively.

Transformation changes the skills, roles, and ownership required from people, while shortages in these areas can limit its pace and scope.

This is particularly important as Business Services move from discrete transformation programs toward the continuous **Run – Improve – Reinvent** model described in Chapter 5.

> **Continuous transformation therefore requires continuous renewal of skills, leadership and ownership not an episodic change management.**

The integrated model

The three distinct interactions discussed above suggest that Business Services' performance should not be understood as the simple sum of Talent, Technology, and Transformation. The three strategic pillars are **complementary**. The return generated by additional investment in any one of them depends partly on the readiness of the other two. This creates several characteristic configurations covered in Table 6.1.

TABLE 6.2 **Interaction patterns between 3Ts and likely outcomes**

Talent	Technology	Transformation	Likely outcome
Strong	Weak	**Strong**	Transformation remains relatively human-intensive; productivity leverage is limited
Weak	**Strong**	**Strong**	Technology and operating-model ambition are constrained by specialist capability, judgment, and oversight
Strong	**Strong**	Weak	Successful pilots and localized productivity gains fail to translate into enterprise-scale value
Strong	Weak	Weak	Capable workforce sustains delivery, but the model becomes expensive and difficult to scale
Weak	**Strong**	Weak	Automation develops without sufficient process ownership, human oversight, adoption, and accountability.
Weak	Weak	**Strong**	Transformation ambition exceeds available execution capability
Strong	**Strong**	**Strong**	iBS: scalable, governed and end-to-end intelligent operations with the greatest potential for sustained productivity and enterprise value.

Source: ABSL Strategic Intelligence

The matrix is not a maturity ranking. The level of readiness required in each strategic pillar depends on the operating model, risk profile and business outcomes being pursued. Its purpose is to identify **which pillar is currently limiting the returns generated by the other two.**

> **Management attention and investment should then be directed toward that bottleneck rather toward the pillar that is easiest or most fashionable to strengthen.**

This changes how investment priorities should be interpreted. Additional technology investment may generate little incremental value when insufficient Transformation readiness is the binding constraint. Hiring additional specialists may not materially improve performance when fragmented technology prevents their contribution from scaling. Accelerating Transformation may increase execution risk when the Talent or Technology foundations required to support it remain insufficient.

> **The objective is not to maximize each strategic pillar independently. The objective is to keep our three strategic pillars of Talent, Technology, and Transformation sufficiently aligned to support the intended operating model.**

A persistent readiness gap in any one pillar can become a binding constraint on the system as a whole.

For Business Services, this creates a distinctive enterprise role. **Business Services can act as a transformation engine,** bringing together processes, domain expertise, data, technology deployment, governance, and cross-functional coordination. As Business Services span processes, data, and technology, they can identify which pillar is blocking value and coordinate the response.

The 3T strategic pillars framework explains **where misalignment can constrain value creation.** Intelligent Business Services (iBS), as defined in Chapter 2,

describes **what becomes possible when the three strategic pillars reinforce one another around end-to-end ownership and measurable enterprise outcomes.** The resulting operating model combines human and digital capacity, operates reliably, improves continuously, and can reinvent selectively at scale.

CxO Insight: Stress-testing the 3T framework against alternative AI trajectories

AI adds an important source of uncertainty to the 3T framework. **The pace of progress at the technological frontier is distinct from the pace at which enterprises can absorb and convert that technology into value.** Rapid frontier progress does not automatically produce rapid productivity gains, while slower frontier progress does not imply that enterprise transformation must slow.

Enterprise absorption depends on the alignment of the three strategic pillars. Organizations need sufficient skills and professional judgment to use, supervise, and redesign work around AI, but human capability alone is not enough. Available technologies must also operate on governed enterprise data, integrate into end-to-end processes, and scale under appropriate architecture and controls. Ultimately, the operating model must adapt its processes, roles, ownership, and decision rights so that this combined potential can be converted into value.

TABLE 6.3 **AI frontier progress × enterprise absorption capacity**

	Low Enterprise Absorption	**High Enterprise Absorption**
Slower Frontier AI Progress	**Incremental transition** Limited productivity gains; continued experimentation; modest workforce effects; risk of AI investment disappointment.	**Harvest the existing frontier** Strong productivity gains through diffusion, integration and process redesign even without major new model breakthroughs. Workforce adjustment remains substantial but more gradual.
Rapid Frontier AI Progress	**Capability-absorption gap** Technological potential rises faster than realized business value. Fragmented adoption, cyber and control exposure, provider dependence and capability bottlenecks increase.	**Accelerated recomposition** Rapid productivity growth and end-to-end redesign; material reallocation of knowledge work; stronger pressure on skills, early-career pipelines, governance, and organizational adaptability.

Source: ABSL Strategic Intelligence

The matrix separates technological potential from enterprise execution. Many organizations remain well inside the current technological frontier. Existing AI is not yet systematically integrated into end-to-end processes, enterprise data, and operating models. Significant productivity gains may come from better absorption of existing technology even if frontier progress slows.

The strategic implication is to prepare for more than one AI trajectory. Enterprises should be able to extract value from today's technology while retaining sufficient flexibility across 3Ts to absorb materially faster progress if it occurs.

Resilience depends less on predicting the AI frontier correctly than on building an operating model that can adapt as the frontier changes.

6.3 Regional 3T Configurations

The three strategic pillars interact differently across global Business Services macroregions because their structural starting points differ. Workforce characteristics, productivity, technological infrastructure, institutional conditions, and operating-model maturity affect which pillar is most likely to become binding and where the main upgrading challenge lies.

Table 6.3 summarizes these regional configurations.

The regional configurations are not a ranking of macroregions. They indicate where management attention is most likely to be required given each region's existing strengths. For multinational Business Services organizations, the strategic opportunity is to combine these differences.

Mature integration and governance in EMEA, productivity and leading-edge technology in AMER, and workforce and engineering scale in APAC can form complementary parts of one global operating model.

TABLE 6.4 **Comparative regional synthesis across EMEA, AMER, APAC**

Dimension	AMER	APAC	EMEA
Starting advantage	Productivity, technology, capital, and advanced enterprise capabilities	Workforce and engineering scale, delivery capacity, and export growth	Integration, mature center ecosystems, domain depth, and governance
Talent – key challenge	High cost and uneven distribution of advanced skills	Depth of advanced skills despite large aggregate talent supply	Demographics, specialist shortages. and wage pressure
Technology – key challenge	Provider concentration, lifecycle infrastructure demand, governance, and diffusion beyond leading firms	Patchy integration; uneven infrastructure and compute access; localization requirements; and persistent ownership gaps	Legacy complexity, fragmented regulation and infrastructure, sovereignty, interoperability, and external platform dependence
Transformation – key challenge	Diffusing leading-edge practices across firms, functions and locations	Converting delivery scale into ownership, productivity and higher-value work	Upgrading mature structures and overcoming organizational inertia
Primary upgrading priority	**Maturity leading to higher productivity and scalable, governed innovation**	**Leading-edge technology leading to wider enterprise diffusion**	**Scale leading to higher productivity, specialization and end-to-end ownership**

Source: ABSL Strategic Intelligence

6.4 Structural Changes in the Business Services Industry

Historically, Business Services expanded through concentration, standardization, and geographic relocation of work, supported by access to skilled labor at competitive cost (Herbert & Seal, 2012; Ulbrich, 2006; Bunyaratavej et al., 2007). In other words, scale was achieved largely by adding people, while performance was assessed primarily through cost, efficiency and service delivery.

> **These foundations remain relevant, particularly for standardized and transaction-intensive activities. They are nonetheless becoming, in our shared opinion, insufficient to describe the industry's leading edge.**

The evidence examined in this report points to **five related structural changes affecting the Business Services themselves as well as directly or indirectly linked sectors which clearly positions Business Services at the core of global reinvention.**

The five changes should not be interpreted as universal or one-way transitions. Instead, they describe how the basis of competitiveness broadens as Business Services assume more complex roles.



1. Beyond headcount: integrated capacity

Business Services capacity combines permanent employees, contingent expertise, automation, AI and reusable digital assets. **Scale depends less exclusively on headcount and more on the ability to coordinate human, digital, and ecosystem capacity.** Employment remains critical where judgment, accountability, relationships, complex exception handling, and innovation are required. Headcount alone becomes an incomplete measure of productive capacity.

Organizations can expand output, functional scope or decision-making capacity without proportionate employment growth when technology effectively augments human expertise. Conversely, a large workforce may create limited advantage where technology, processes or organizational design prevent that workforce from operating productively.

2. Beyond cost and volume: productivity and true business value

Cost efficiency, service levels and transaction volumes remain necessary measures. They capture, however, only a part of the Business Services performance. As Business Services contribute to decision-making, technology deployment, risk management, and enterprise transformation, performance needs to be assessed more directly through **productivity, quality, resilience and measurable business outcomes.**



The relevant outcome is **sustained business value delivered at the required quality, risk, and service level.** It's not higher productivity per se. Measures such as value per employee, cost per outcome, capacity released and redeployed, cycle time, decision quality, risk outcomes, and time to scale can complement traditional operational metrics.

3. Beyond delivery centers: capability platforms

Centers continue to provide efficient and standardized delivery, and transactional SSC, BPO and other operating models will remain economically important. Centers combine process ownership, specialist expertise, data and analytics, technology deployment, governance, and transformation.

Their role broadens from **concentrating work to concentrating and scaling potential** that may be difficult to develop elsewhere in the enterprise. Some centers will remain execution-focused, others will become specialized technology or knowledge hubs, while more mature GBS and GCC organizations may operate as enterprise platforms for developing and scaling capabilities.

4. Beyond location arbitrage: capability portfolios

Labor cost and talent availability remain important location factors. No single country or macroregion simultaneously maximizes scale, specialist skills, productivity, infrastructure, institutional quality, resilience, and market proximity. Location strategy becomes a **portfolio problem rather than a single-site optimization problem.**

Different locations can specialize in scale delivery, engineering, regulated activities, multilingual coordination, innovation, customer proximity, or resilience. Multinational organizations can combine these complementary strengths across EMEA, AMER, and APAC within one global operating architecture, allocating work according to the mix of cost, capability, proximity, regulatory fit, and resilience required.

5. Beyond support: enterprise operating capability

The most significant change concerns the position of Business Services within the enterprise. Traditionally, Business Services largely executed processes after strategic priorities had been set elsewhere. Increasingly, they connect processes, enterprise data, technology, controls, specialist talent, external partners, and geographically distributed operations.

This gives Business Services a stronger role in **how work is designed, allocated, governed, and continuously improved.** In the most advanced organizations, Business Services help design, govern and improve how work is done across the enterprise..

This is also the clearest link to the report's broader proposition of **Business Services at the core of global reinvention.**

Structural synthesis

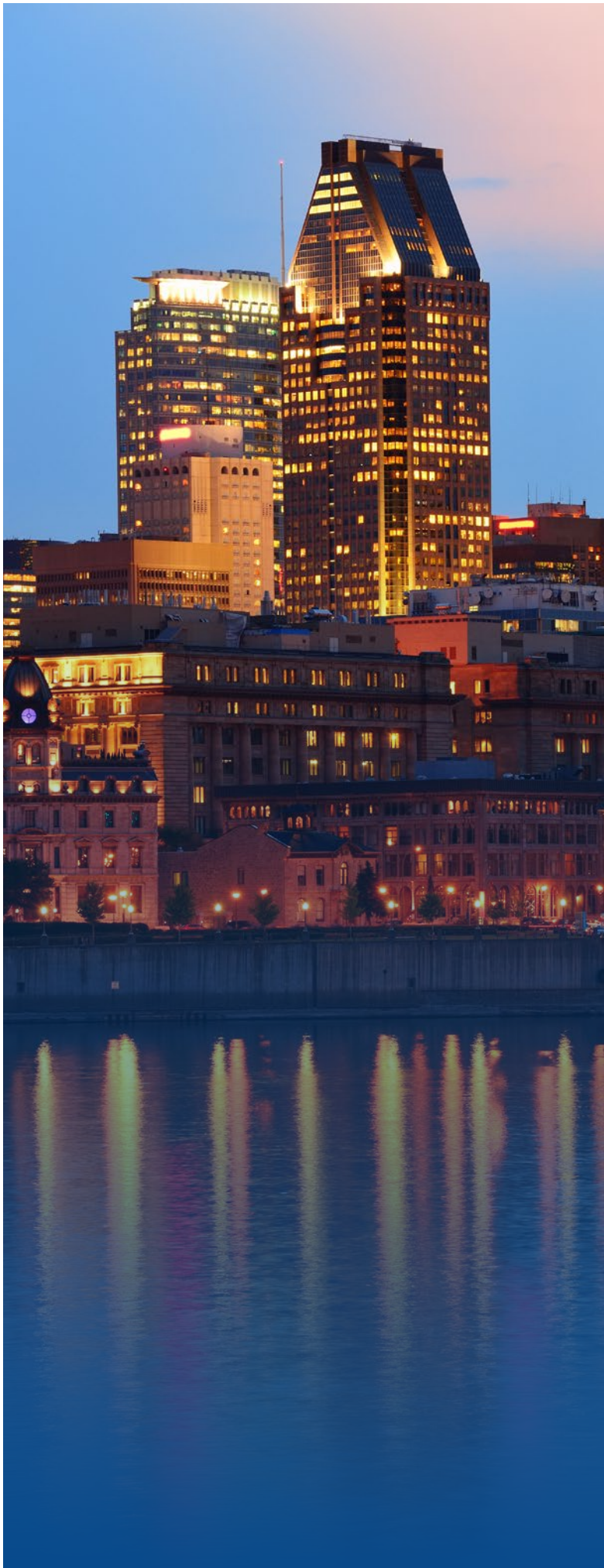
If we take all five together, these changes imply a broader redefinition of what constitutes competitiveness in Business Services.

TABLE 6.5 **Structural evolution in Business Services**

Traditional logic	Emerging logic
Headcount as capacity	Integrated human, digital, and ecosystem capacity
Cost per FTE / transaction	Productivity and value per unit of capacity
Center as delivery location	Center as delivery and capability platform
Labor-cost arbitrage	Capability arbitrage and portfolio optimization
Individual location optimization	Global capability portfolio
Service execution	End-to-end outcomes and process ownership
Tool-led technology adoption	Outcome-led, scalable, and governed technology integration
Periodic transformation projects	Continuous operating-model adaptation
Business Services as support	Business Services as enterprise operating capability

Source: ABSL Strategic Intelligence

The shift is **evolutionary, uneven, and not universal.** Cost-efficient execution, standardized delivery, and labor arbitrage will remain important across many functions and locations. The emerging pattern is greater differentiation: transactional providers, specialized SSCs, GCCs, GBS organizations and more advanced iBS configurations can coexist. Their competitiveness will depend on their ability to combine the 3Ts in ways that generate sustained value.



Conclusion

The next stage of Business Services development will depend less on maximizing Talent, Technology or Transformation separately than on **keeping the three strategic pillars sufficiently aligned with the requirements of the operating model.** Progress in one pillar can increase the value of the others, but insufficient readiness in any one of them can become a binding constraint on the system.

The central management question is which pillar is currently limiting value creation and what intervention can remove that constraint. Importantly, the bottleneck does not need to exist across the organization as a whole. It may emerge at the level of a specific process, function or operating-model component, making diagnosis more important than organization-wide optimization.

This has a direct implication for resource allocation. Additional technology investment, for instance, will generate limited value where data readiness, end-to-end process integration, ownership or governance remain insufficient.

Similar examples could be provided for talent and transformation. It seems that **the relevant intervention depends on the location of the binding constraint and not on the pillar that is easiest or most fashionable to strengthen.**

Business Services are particularly well positioned to manage these interdependencies because they bring together processes, domain expertise, data, technology deployment, governance, and cross-functional coordination. **Their strategic role can extend from delivering services to orchestrating the conditions under which the 3Ts reinforce one another and generate greater business value.**

We do not foresee a convergence toward a single or one dominant organizational model. SSC, BPO, GBS and GCC structures can continue to coexist, while iBS, as defined in Chapter 2, can emerge within and across them to different degrees. **What matters is whether the new operating model can identify and remove the binding constraints over time.**

Chapter 7 translates this diagnosis into management priorities and recommendations.

7

KEY RECOMMENDATIONS

Chapters 1-6 point toward a common strategic direction. Business Services are moving from a delivery model centered on labor and location toward one centered on end-to-end ownership, technology-enabled productivity, business transformation capability, and business outcomes.

As defined in Chapter 2, Intelligent Business Services (iBS) is an organizational model that brings the 3Ts together around governed data, end-to-end ownership, and measurable outcomes. The recommendations below focus on the management decisions required to move toward that model.

The recommendations focus on five recurring problems identified in the report: binding constraints, fragmented investment, technology that fails to scale, episodic transformation, and excessive dependence on individual locations or providers.

1. Direct investment toward the binding constraint

Chapter 6 shows that Talent, Technology, and Transformation are complementary strategic pillars. Strengthening one will generate limited value when insufficient readiness in another is the binding constraint.

Before approving material investment, leadership should define the intended business outcome, identify which pillar is currently limiting value creation, and direct the intervention toward that bottleneck. The assessment should be conducted at the level of the relevant process, value stream or capability portfolio, since enterprise-wide averages can conceal local constraints.

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Investment effectiveness should then be assessed against measurable business outcomes, including productivity, cost per outcome, cycle time, quality, risk, customer impact, capacity released and redeployed, and financial effects where relevant. FTE growth, FTE reduction, and initiative counts are insufficient as primary indicators of value creation.

1

Executive recommendation

Do not approve major investment without a defined business outcome, an identified binding constraint, and a clear value case with measurable success criteria.

2. Industrialize AI or stop the experiment

For large enterprises, access to general-purpose AI is becoming less differentiating than the ability to integrate, govern, and scale it. Chapter 4 notes that only 2% of surveyed organizations have implemented AI agents at scale. The main constraint is not model availability, but the absence of production-ready integration, controls, ownership, and value realization.

Any AI use case proposed for scale should have an end-to-end process owner, a production-ready data and integration path, a defined risk tier, clear agent authority, human escalation and override, continuous monitoring, and a funded lifecycle business case. The business case should also specify how released capacity will be redeployed or converted into measurable value.

Enterprises should reuse common data products, integrations, controls, and agent components wherever possible, and discontinue pilots that cannot meet production-scale requirements. Progress should be measured through time from pilot to scale, component reuse, intervention and override rates, quality and control outcomes, capacity redeployed, and financial impact.

AI architecture should also be resilient to different frontier trajectories. It should absorb rapid capability improvements without requiring repeated redesign, while remaining viable if progress slows or regulatory, cybersecurity, or safety constraints increase. This becomes even more critical as AI moves from recommendation to execution through Physical AI, where models can trigger actions in robotics, autonomous equipment, and connected infrastructure. This requires model and provider portability where feasible, explicit autonomy limits, risk-triggered controls, reliable fallback mechanisms, and the ability to adjust machine authority as evidence and capability evolve.

2

Executive recommendation

No AI initiative should receive scale funding without production architecture, accountable ownership, embedded controls, C-suite sponsorship, and a credible value-realization path, particularly where AI can influence or execute operational decisions.

3. Redesign work and rebuild the talent pipeline

Chapter 3 shows that **specific capability gaps are becoming a more important talent constraint than workforce size alone.** AI reduces human input in some routine tasks but raises demand for domain expertise, technological fluency, professional judgment, exception management, and accountability. It may also remove entry-level tasks that traditionally helped develop future specialists and leaders.

Organizations should redesign work before redesigning headcount. Processes should be separated into machine-executed, machine-assisted, human-led, and human-accountable activities. Workforce plans should then combine permanent employees, contingent specialists, digital capacity, reskilling, internal mobility, and redesigned early-career pathways.

Talent development should focus on specific capabilities rather than broad occupational categories. Employers, universities, and governments need to strengthen cognitive foundations, digital problem-solving, specialist depth, learning agility, and the breadth of the future talent pipeline. Progress should be tracked through critical-skill coverage, internal fill rates, time to proficiency, redeployment rates, and progression through early-career pathways.

Reskilling and upskilling should be treated as enterprise investments linked directly to technology deployment and expected capability gaps.

Workforce planning should use scenario ranges. Organizations should identify which activities are likely to be substituted, augmented, or expanded under different AI adoption paths, and review these assumptions as capability, cost, autonomy, and risk constraints change. Scenarios should also stress-test the early-career pipeline, since capabilities needed several years from now cannot be created quickly once shortages emerge.

3

Executive recommendation

Do not accept an automation business case without assessing its impact on roles, capability requirements, and the future talent pipeline under more than one plausible AI trajectory, including the investment needed to close resulting gaps.

4. Embed Business Services in the enterprise transformation engine

Chapter 5 shows that transformation cannot be sustained through episodic programs layered on top of existing operating structures. **Technology can advance faster than organizational change** when process ownership, decision rights, incentives, and performance measures remain fragmented.

Where Business Services are expected to act as an enterprise transformation engine, they should not remain a separate delivery layer. They need a formal mandate to participate in end-to-end process design, technology deployment, data governance and relevant investment decisions alongside business and functional leaders. This requires accountable process ownership, clear decision rights, and governance mechanisms that connect transformation priorities directly with enterprise outcomes.

Transformation resources should be managed as a continuous portfolio rather than assembled around temporary initiatives. A permanent Value and Transformation Office can challenge business cases, allocate resources across competing priorities and verify whether expected benefits are realized in productivity, cash flow, revenue, resilience, risk, or customer outcomes.

4

Executive recommendation

Integrate Business Services into the enterprise mainstream wherever they are expected to drive transformation, with explicit end-to-end ownership, decision rights, and accountability for realized value.

5. Build capability portfolios with operational optionality

Chapter 1 shows that from global perspective no macroregion leads in scale, productivity, specialization, organizational maturity, and international integration at the same time. Regional averages also hide significant differences among countries, cities, and business ecosystems. Chapter 2 explains that geopolitical fragmentation, regulatory divergence, and infrastructure constraints are making access to talent, technology, and markets more conditional.

We should make location decisions at the level of specific processes and capabilities. Relevant criteria could include verified talent depth, productivity, technology and energy infrastructure, regulatory compatibility, data sovereignty, cost, proximity, resilience, and concentration risk. Global standards can be combined with regional or sovereign execution zones where data, infrastructure, or regulation require local adaptation.

Critical capabilities should not rely on a single location, provider, platform, or regulatory assumption. We should establish portability, substitute capacity, and credible exit arrangements before disruptions occur. This will strengthen our resilience.

Operational optionality extends beyond digital execution. As AI connects with robotics, autonomous systems and other forms of Physical AI, some Business Services processes will become more directly linked to physical operations. Capability portfolios should, as a direct result, consider IT-OT integration, cyber-physical resilience, and manual fallback where these become material to continuity.

5

Executive recommendation

Do not base any material location, provider, platform or execution-architecture decision on cost alone. Require a tested continuity, scalability, and exit scenario for critical capabilities.

Building resilient capability portfolios also requires clear decision rights. Some elements should be standardized globally, while others need to remain adaptable to regional or local conditions.

Table 7.1 outlines global, region and local approaches to decision rights.

TABLE 7.1 **Decision rights: what to standardize globally and what to adapt regionally**

Standardize globally	Adapt regionally / locally
End-to-end process outcomes and ownership principles	**Talent sourcing and workforce mix**
Enterprise data definitions	**Data residency and sovereignty implementation**
Core architecture principles	**Workload placement**
AI risk taxonomy and accountability	**Local regulatory controls**
Value measurement standards	**Location and provider mix**
Portfolio resilience requirements	**Specific continuity architecture**

Source: ABSL Strategic Intelligence

Executive synthesis

iBS will create value when the enterprise can reconfigure work across people, technology, providers, and locations without losing end-to-end accountability. The five recommendations above translate this principle into concrete executive choices.

The cost of inaction, however, is not neutral or marginal. Unresolved constraints compound over time through stranded investment, technology debt, capability gaps, organizational fragmentation, and reduced strategic flexibility.

Table 7.2 summarizes the principal trade-offs involved and the corresponding risks of inaction.

TABLE 7.2 **Executive decisions, trade-offs and risks of inaction**

	Recommendation	Core trade-off	Risk of inaction
1.	**Invest against the binding constraint**	Visible opportunity vs. actual bottleneck	Stranded investment and diminishing marginal returns
2.	**Industrialize AI**	Experimentation speed vs. scalability and control	Pilot sprawl, technology debt, and unmanaged operational exposure
3.	**Redesign the workforce**	Near-term automation savings vs. long-term talent pipeline	Critical-skill shortages and a weakened specialist and leadership pipeline
4.	**Embed Business Services in transformation**	Transformation speed vs. organizational absorption and ownership	Deployment without realized value and persistent functional fragmentation
5.	**Build capability portfolios**	Efficiency and concentration vs. resilience and optionality	Concentration, lock-in and inability to reconfigure during disruption

Source: ABSL Strategic Intelligence

Business Services create value when Talent, Technology, and Transformation are aligned around the same business outcomes. Weakness in any one of these areas can limit returns from investment in the others. Management must identify the binding constraint, scale technology into production, redesign end-to-end processes, rebuild capabilities as work changes, and adapt the global capability portfolio as business conditions evolve.

Intelligent Business Services is one possible model for how this operating logic may develop over the next five years. Different models are likely to coexist, reflecting differences in industry, scale, regulation, technology maturity, and organizational context.

At the same time, some operating models that remain effective today may increasingly be treated as legacy models if they continue to rely on fragmented ownership, labor-intensive delivery, limited use of data and AI, or transformation organized as a sequence of separate projects. Performance should therefore be judged by outcomes rather than organizational labels, headcount, technology adoption, or the number of transformation initiatives. Relevant measures will include improvements in productivity, growth, resilience, risk, customer outcomes, and holistic enterprise adaptability or adaptive capacity.

We are clearly entering a period of accelerated business transformation.

The wider implications for talent and enterprise transformation are taken forward in Chapters 3, 5 and 6.

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APPENDIX

Supplementary Evidence

This section retains detailed evidence that supports the main-report conclusions but would interrupt the executive narrative if presented in full in Chapter 1.

BSC account for approximately 23.5% of global KIBS employment and 6.1% of BSI employment. Continental results show that EMEA's high center intensity is driven primarily by Europe. Centers account for 35.8% of European KIBS employment and 12.5% of European BSI employment, while the corresponding ratios are substantially lower in Africa.

TABLE A.1 | **Business Services employment intensity by continent, 2024**

	Africa	Americas	Asia	Europe	Oceania	Total
Centers / KIBS	21.75	20.52	20.26	35.78	31.83	**23.48**
Centers / BSI	2.08	6.34	5.12	12.47	12.61	**6.07**
BSI / Total	**6.93**	**11.59**	**8.98**	**13.75**	**11.12**	**9.49**

Source: ABSL Strategic Intelligence

TABLE A.2 | **GVA-based specialization by macroregion, 2024**

	AMER	APAC	EMEA	Global
BSI	1.08	0.87	1.06	**1.00**
KIBS	1.07	0.65	1.35	**1.00**
BSC	0.63	0.59	1.89	**1.00**

Source: ABSL Strategic Intelligence

GVA-based location quotients complement employment-based specialization by showing where Business Services account for an unusually large share of regional value creation. EMEA records the strongest center GVA specialization, while AMER's principal measured advantage lies in BSI and KIBS productivity.

A.1 Additional GVA-per-worker detail

AMER leads in estimated macroregional BSI GVA per worker, at approximately USD 88,700, and in KIBS GVA per worker, at approximately USD 130,800. The pattern is consistent with the region's concentration of headquarters functions, advanced digital services, consulting, software, financial services, and other high-value knowledge activities. Income levels, economic structure, and the estimation methodology also influence the measured gap.

EMEA reports the highest estimated GVA per employee in BSC, at approximately USD 138,000. The result is consistent with EMEA's concentration of complex, multilingual, and globally integrated service delivery, driven primarily by Europe. Income levels, economic structure, and the estimation methodology also influence the measured productivity gap.

APAC shows a different development profile. Estimated GVA per worker is approximately USD 25,900 in BSI, USD 33,800 in KIBS, and USD 40,100 in BSC. These estimates reflect lower average income levels, different occupational and operating-model structures, and a large, labor-intensive delivery base. They indicate scope for capability and productivity upgrading and not a single, deterministic trajectory.

Continental evidence provides additional context. The Americas have the highest BSI GVA per worker, at approximately USD 88,700. Europe leads in KIBS and center GVA per worker, at approximately USD 147,300 and USD 159,100, respectively. Oceania also records high estimated productivity across the three layers, although its contribution to global GVA is comparatively small.

A.2 Detailed KIBS revealed comparative advantage interpretation

Revealed comparative advantage (RCA) complements export-value analysis by distinguishing absolute market scale from relative specialization. The Balassa RCA index compares the share of KIBS in a region's services exports with the corresponding share in global services exports. Values above 1 indicate that KIBS are more strongly represented in the region's export portfolio than in global services trade, revealing relative export specialization (Balassa, 1965; Laursen, 2015). RCA has also been applied specifically to international trade in services, although its interpretation is affected by the aggregation of service categories and the choice of benchmark market (Langhammer, 2004).

EMEA combines both scale and specialization. It is the largest KIBS-exporting macroregion and the only major region to sustain a consistent aggregate comparative advantage during the period analyzed. Its RCA rose slightly from 1.04 in 2019 to 1.05 in 2024.

APAC is expanding mainly through scale, with gradual improvement in aggregate specialization. Its RCA rose from 0.91 to 0.97, approaching the global benchmark of 1. The region's share of global KIBS exports grew rapidly. KIBS expanded broadly in line with other services exports rather than becoming a dominant specialization.

AMER's aggregate KIBS specialization declined, with RCA falling from 1.00 in 2019 to 0.90 in 2024. Export values continued to grow. KIBS, however, became a less distinctive part of the region's services export portfolio.

The bilateral RCA matrix shows a shift in AMER's competitive position. Its RCA for exports to EMEA fell from 1.30 to 1.05, while RCA for exports to APAC rose from 0.77 to 0.89. Although still below 1, this indicates an improving relative position in APAC markets.

EMEA maintained balanced competitiveness across destinations, with its highest bilateral RCA in intra-EMEA trade at 1.09. APAC showed its strongest comparative advantage in exports to EMEA, where RCA rose from 1.16 to 1.24. Its intra-APAC RCA also increased from 0.70 to 0.77, indicating a gradual deepening of regional specialization.

TABLE A.3 | **Top 30 global KIBS exporters in 2024**

Country code	Country	Continent	Region	2019	2020	2021	2022	2023	2024	RCA 2019	RCA 2020	RCA 2021	RCA 2022	RCA 2023	RCA 2024
USA	United States	Americas	AMER	317,717	337,358	367,998	399,682	433,150	454,861	1.02	0.99	1.00	1.05	1.03	1.00
IRL	Ireland	Europe	EMEA	160,590	185,123	218,879	225,503	247,222	288,718	2.02	1.73	1.80	1.96	1.95	1.96
GBR	United Kingdom	Europe	EMEA	179,563	186,987	205,934	213,786	245,373	258,252	1.24	1.15	1.18	1.22	1.23	1.20
DEU	Germany	Europe	EMEA	135,115	134,484	147,917	146,463	165,683	177,452	1.10	1.01	0.98	1.00	1.06	1.09
IND	India	Asia	APAC	100,252	102,896	121,329	142,575	156,172	172,787	2.01	1.82	1.92	2.00	1.99	1.99
SGP	Singapore	Asia	APAC	68,658	75,106	89,586	94,893	108,082	129,148	1.06	1.00	1.01	1.00	1.08	1.11
CHN	China	Asia	APAC	84,347	87,810	106,778	114,794	116,284	126,511	1.04	0.96	0.93	0.99	1.06	1.01
NLD	Netherlands	Europe	EMEA	96,146	91,447	97,544	106,580	119,290	125,080	1.12	1.12	1.11	1.16	1.20	1.18
FRA	France	Europe	EMEA	95,043	90,015	102,810	103,939	114,600	122,011	1.09	1.02	0.99	0.97	0.99	0.98
CHE	Switzerland	Europe	EMEA	45,293	46,112	51,003	50,554	61,651	65,033	0.93	0.85	0.84	0.83	0.93	0.93
BEL	Belgium	Europe	EMEA	49,356	48,252	56,078	55,673	60,974	60,232	1.41	1.22	1.28	1.32	1.32	1.31
ESP	Spain	Europe	EMEA	37,306	35,668	41,056	44,462	51,663	57,184	0.72	0.94	0.89	0.77	0.75	0.77
CAN	Canada	Americas	AMER	38,796	41,389	52,270	53,832	54,438	52,537	1.12	1.17	1.30	1.22	1.11	1.07
SWE	Sweden	Europe	EMEA	35,790	35,069	42,789	44,077	47,131	52,290	1.39	1.27	1.33	1.40	1.37	1.36
JPN	Japan	Asia	APAC	44,327	44,825	46,361	45,667	46,488	48,011	0.69	0.73	0.76	0.78	0.67	0.63
ITA	Italy	Europe	EMEA	34,666	33,240	39,318	38,880	42,770	44,491	0.81	0.90	0.91	0.81	0.77	0.76
LUX	Luxembourg	Europe	EMEA	25,938	27,555	36,009	33,116	37,145	44,094	0.88	0.72	0.79	0.78	0.87	0.95
POL	Poland	Europe	EMEA	23,794	24,728	29,182	31,631	38,526	43,892	1.03	0.97	0.99	1.02	1.08	1.14
HKG	Hong Kong	Asia	APAC	30,288	31,707	37,231	36,652	36,826	42,388	0.60	0.69	0.69	0.69	0.62	0.61
ISR	Israel	Asia	EMEA	21,136	22,268	27,901	30,994	31,719	36,351	1.57	1.50	1.53	1.59	1.62	1.66
KOR	Korea, Republic of	Asia	APAC	20,614	20,943	25,740	27,097	29,517	32,387	0.70	0.70	0.70	0.73	0.78	0.78
AUT	Austria	Europe	EMEA	22,799	23,818	27,074	26,483	29,113	31,485	0.98	0.99	1.09	1.00	0.99	1.00
ARE	United Arab Emirates	Asia	EMEA	14,903	15,631	18,412	21,073	23,646	27,279	0.61	0.64	0.61	0.57	0.57	0.60
DNK	Denmark	Europe	EMEA	14,935	16,317	18,337	19,672	22,896	24,911	0.65	0.62	0.57	0.52	0.68	0.68
PHL	Philippines	Asia	APAC	13,770	15,275	17,367	18,671	19,621	23,667	1.33	1.46	1.62	1.55	1.38	1.46
TWN	Taiwan, Province of China	Asia	APAC	11,352	12,414	15,051	16,732	17,728	20,326	0.65	0.71	0.70	0.73	0.75	0.78
ROU	Romania	Europe	EMEA	11,182	12,053	14,263	15,393	17,872	19,004	1.17	1.16	1.19	1.25	1.27	1.32
AUS	Australia	Oceania	APAC	14,207	13,912	16,186	16,546	17,787	18,632	0.60	0.64	0.78	0.74	0.62	0.60
FIN	Finland	Europe	EMEA	14,883	15,358	16,799	15,726	15,790	17,746	1.34	1.37	1.40	1.35	1.31	1.31
BRA	Brazil	Americas	AMER	13,592	11,359	12,943	15,257	16,935	17,735	1.21	1.06	1.10	1.12	1.11	1.10

Source: ABSL Strategic Intelligence, based on the WTO-OECD BaTIS dataset

B

APPENDIX

Methodological Appendix

Layer	Analytical meaning	Main evidence
BSI	Broad functional and economic layer of enterprise-supporting activities, whether internally or externally delivered.	Employment by activity, occupational evidence, national accounts.
KIBS	Statistically measurable knowledge intensive functional and economic layer; it does not exhaust the wider BSI scope.	Detailed employment and GVA data; international services trade.
Centers	Organizational delivery layer covering SSC, BPO, GBS, GCC, IT, engineering, and R&D centers; portfolios may include knowledge-intensive and more routine work.	National ecosystem data, institutional and company evidence, calibrated estimates.

Source: ABSL Strategic Intelligence

B.1
Scope and analytical framework

The ABSL Global Business Services Database provides a harmonized country-level view of three complementary analytical layers:

- The broad functional and economic scope of the Business Services Industry (BSI);
- The statistically measurable Knowledge-Intensive Business Services (KIBS) layer; and
- The organizational layer of Business Services Centers (BSC).

The analytical file covers 206 economies and territories and uses 2024 as its principal reference year.

Where a sufficiently reliable 2024 observation is unavailable, the latest comparable observation is used and its reference year retained.

The layers are complementary and non-additive. BSI and KIBS are functional and economic perspectives. Centers are an organizational perspective. The same activity may be visible through more than one layer, and the estimates must not be summed.

Results are harmonized analytical estimates intended for international comparison and strategic analysis.

Our methodology follows five principles:

1. **Comparability over mechanical uniformity**
   internationally harmonized sources are preferred, but stronger national evidence may replace them where definitional fit materially improves.
2. **Triangulation over single-source dependence**
   key estimates are assessed against multiple independent forms of evidence whenever available.
3. **Constrained calibration over free fitting**
   modeled values must remain consistent with observable national economic, employment, and sector structures.
4. **Evidence before ranking**
   country estimates are finalized independently of their subsequent position in the competitiveness rankings.
5. **Auditability over false precision**
   source provenance, adjustments and estimation status are retained internally, while model-based results are explicitly identified as analytical estimates rather than official statistics.

B.2 Measurement challenges and evidence base

Measuring Business Services is inherently difficult because the industry does not correspond to a single internationally recognized statistical category. Its activities span industries, occupations, legal entities, organizational structures, and delivery models (Miles, 2005; Muller & Doloreux, 2009; OECD, 2023a).

Official industry statistics generally classify enterprises by their principal activity and do not capture the full range of internal Business Services functions. Organizational forms such as SSCs, GBS organizations, GCCs, BPO providers, IT centers, and R&D centers are operating models. Digital and cross-border delivery further weaken the relationship between organizational location and measured economic activity.

No single dataset measures the complete Business Services ecosystem. The ABSL methodology combines industry statistics, labor-market data, national accounts, bilateral trade data, national sources, and company-level evidence within a common country framework to generate internally consistent and internationally comparable estimates.

Core international sources include Eurostat, the International Labor Organization, the OECD, the World Bank, the United Nations National Accounts, and the OECD-WTO Balanced Trade in Services (BaTIS) database. The database uses official national statistics and nationally recognized sector sources where they offer materially better coverage or definitional fit.

The methodology is deliberately hybrid rather than dependent on a single statistical source or model. Direct observations, nationally validated substitutions and model-based estimates are treated as distinct types of evidence. Where several sources are available, consistency across independent source families increases confidence; material disagreement triggers additional review rather than mechanical averaging.

B.3 Integrated measurement framework

The database integrates six measurement modules:

- KIBS employment, estimated primarily from detailed employment by economic activity using internationally comparable industrial classifications;
- BSI employment, estimated through a broader industry-based framework using activity-specific allocation parameters;
- BSC employment, estimated through country-level modeling combined with validation against official, industry, association, company, academic, and consulting sources;
- GVA and productivity, estimated from national accounts and calibrated activity-level data, with GVA per employee used as a model-based comparative productivity indicator; and
- KIBS trade and internationalization, based on the OECD-WTO BaTIS database and used to analyze export scale, bilateral flows, specialization, internationalization, and export dynamics; and
- Competitiveness rankings, constructed from the finalized measurement modules using indicators of scale, specialization, productivity, internationalization and dynamics.

The KIBS and BSI definitions used in this report are consistent with those applied in the *ABSL European Business Services Sector Report 2025*.

Country-specific adjustments are applied where harmonized international data materially understate or misrepresent national Business Services structures. Model-based values remain distinguishable from externally validated observations. Aggregate foreign direct investment data are not used to estimate BSI, KIBS, or BSC employment or GVA. They are used only as contextual evidence on the changing geography of multinational enterprise activity.

The estimation process is sequential. Source data are first harmonized to common country, classification, unit and reference-year concepts. Initial estimates are then generated, tested against national and sector-specific evidence, adjusted where stronger evidence warrants substitution, and subjected to structural consistency checks before final country values are established. Regional and global aggregates are subsequently constructed from the finalized country-level dataset. Ranking transformations are applied only after the underlying measurement database has been finalized.

B.4 Source hierarchy and national substitutions

The database combines international, supranational, national, and sector-specific evidence. Sources are prioritized broadly as follows:

- Detailed official national or supranational statistics;
- OECD and ILO data;
- National labor-force, census, administrative, national-accounts, and industry statistics;
- World Bank, United Nations, and other international aggregates;
- Official development and investment agencies, industry and employer associations, and national ABSL organizations for the centers layer; and
- Credible consulting, academic, company, and industry evidence used for triangulation or as documented proxies.

International datasets are not applied mechanically where more detailed and conceptually appropriate national evidence exists. Principal national substitutions include India, China, the Philippines, the United Kingdom, Ukraine, Canada, Taiwan, and Indonesia. National sources are assessed for definition, coverage, reference year, classification, unit of measurement, and consistency with the ABSL framework.

National substitutions are not introduced to improve a country's measured performance or ranking position. They are used where the international source is demonstrably less suitable because of coverage, classification, reference period or definitional fit. The underlying employment, GVA and trade estimates are finalized independently of the subsequent competitiveness ranking; ranking outcomes are not used as calibration targets for the underlying database.

B.5 Employment, GVA, and productivity estimation

KIBS employment is estimated from detailed economic activity data, focusing on information and digital services, professional, scientific and technical activities, analytical services, and engineering activities consistent with the ABSL definition.

BSI employment extends the measurement to relevant business, administrative, managerial, technical, and support functions embedded across the wider economy. Where detailed activity data are unavailable, broader aggregates are calibrated against countries with richer statistical coverage and validated against total employment, national sector structures, and independent benchmarks.

Gross value added (GVA) is derived from detailed industry accounts where available. In countries without sufficiently detailed national accounts, BSI GVA is estimated from broader national-accounts components using activity-specific allocation parameters. KIBS GVA is then estimated from the relationship between KIBS and BSI employment, adjusted for differences in the country's income and economic structure. Center GVA is estimated as the share of KIBS GVA attributable to employment in Business Services Centers.

The resulting estimates are reconciled with the respective employment bases and national income and sector structures to support consistent cross-country comparison. They do not directly measure the output generated by individual Business Services Centers.

GVA per worker is a model-based comparative indicator and not a direct measure of labor productivity. Differences across countries and macroregions partly reflect income levels, economic structure, allocation assumptions, and the GVA estimation framework. The indicator should consequently be interpreted jointly with employment scale, specialization, and organizational structure.

Where calibration is required, parameters are anchored in observed relationships from economies with stronger statistical coverage and constrained by the receiving country's employment structure, national accounts, income level and sector composition. Calibration is used to bridge identifiable data gaps rather than to impose a predetermined aggregate result.

No single calibration relationship is treated as universally applicable across all economies. Country and peer-group evidence is used to identify cases in which a global approximation would produce structurally implausible results.

The resulting center GVA measure is an allocation estimate designed for cross-country comparison rather than an assumption that center and non-center activities have identical underlying productivity.

B.6 Business Services Centers validation

Center employment begins with a country estimate informed by BSI scale and the maturity and organizational concentration of the local ecosystem. It has been cross-validated against country-specific evidence from statistical offices, investment and development agencies, industry associations, national ABSL organizations, consulting and academic studies, company disclosures, and credible investment or employment announcements. Local-language evidence is used where it materially improves coverage.

Sources are evaluated for institutional authority, recency, geographic and organizational scope, reporting thresholds, overlaps, and whether they measure existing employment, association membership, announced jobs, cumulative job creation, or forecasts. When estimates differ, we give more weight to those based on stronger evidence and definitions that best match what we are measuring, instead of simply averaging them. Final values are checked against KIBS and BSI employment, total national employment, reported facility counts, regional peers, and known ecosystem maturity. Confirmed, cross-validated, and model-based observations remain distinguishable in our analytical files.

The validation process preserves the distinction between (I) directly observed or institutionally reported values, (II) estimates supported by independent cross-validation, and (III) model-based values where sufficiently comparable direct evidence is unavailable. These evidential statuses are retained in the analytical environment even though the published tables present a harmonized final estimate.

A country estimate is not accepted solely because it is numerically plausible. It must also be structurally consistent with the scale of the national labor market, the estimated BSI and KIBS base, available evidence on center populations and employment, and the maturity of the national Business Services ecosystem.

No single maturity indicator, peer-country relationship or external estimate determines the final country value.

B.7 KIBS trade, bilateral flows, and RCA

The trade module uses OECD-WTO BaTIS balanced bilateral flows for telecommunications, computer and information services, and other business services. The module harmonizes reporter, partner, year, and service codes before producing country totals, growth indicators, specialization measures, and AMER – APAC – EMEA origin-destination matrices. Residual and non-country aggregates are excluded from the principal bilateral analysis. BaTIS values are balance-of-payments estimates and may differ from national trade releases.

RCA distinguishes export scale from export specialization. The Balassa index compares the share of KIBS in a country's or region's services exports with the corresponding share in the benchmark market. Values above 1 indicate above-benchmark specialization. RCA is sensitive to service-category aggregation and the chosen benchmark and should be interpreted as a relative specialization indicator.

B.8
Global Business Services Competitiveness Rankings

Separate BSI, KIBS, and centers rankings combine indicators representing economic scale, structural specialization, productivity, internationalization, and recent dynamics. Scale and internationalization each account for 20% of the score, specialization and productivity for 25% each, and dynamics for 10%. Variables are winsorized to limit outlier effects and normalized to a 0-100 scale before aggregation.

The overall score is calculated as the equally weighted arithmetic mean of the normalized BSI, KIBS, and centers indices. This preserves the magnitude of performance differences between countries, which would be lost if rank positions alone were aggregated. KIBS trade indicators serve as proxies where globally comparable BSI- or center-specific export data are unavailable.

The rankings are diagnostic rather than predictive. They measure relative positioning within the ABSL multidimensional framework and should not be interpreted as direct measures of investment attractiveness, forecasts of future performance, or official statistical league tables.

Ranking construction is deliberately separated from the estimation of the underlying variables. Raw indicators are derived from the finalized database, subjected to a pre-specified and consistently applied outlier treatment and normalization procedure, and only then aggregated using the stated weights. Neither country rank nor desired regional positioning enters the construction of the underlying data.

Rank positions should not be interpreted as precise cardinal differences between countries. The analytical emphasis is on the underlying score profile and the sources of competitive advantage rather than small differences in ordinal position.

B.9
FDI data and measurement limitations

There is currently no globally comparable bilateral database for sector-specific foreign direct investment (FDI) in Business Services or KIBS. Unlike the OECD-WTO BaTIS dataset, existing FDI sources lack the comprehensive country, sectoral, and bilateral coverage needed to construct a near-global matrix of Business Services investment. OECD statistics provide sectoral information for only a limited set of reporting economies, which is insufficient for the analytical framework used in this report.

Aggregate FDI statistics are used elsewhere in the report as contextual evidence of the changing geography of multinational enterprise activity. This distinction matters because aggregate FDI includes investment in manufacturing, infrastructure, natural resources, real estate, finance, holding structures, and services. The figures can also be materially affected by transactions involving special-purpose entities, financial centers, and intermediate holding companies.

Different FDI sources capture different dimensions of international investment. Balance-of-payments statistics from UN Trade and Development and the OECD measure financial flows and accumulated positions. Project-level sources track announced or completed greenfield projects, while cross-border merger and acquisition data capture changes in corporate ownership. These measures are complementary (OECD, 2026; UN Trade & Development, 2026).

B.10
Harmonization, quality assurance, and limitations

All modules are standardized to common ISO3 identifiers, units, reference concepts, and geographical classifications. Estimates are checked against national economic structures, employment totals, regional peers, reported BSC populations, ecosystem maturity, and other external benchmarks.

The analytical workflow preserves an audit trail between source observations and published estimates. Depending on the module, this includes source identifiers and reference years, initial estimates, externally validated observations, documented adjustments, final harmonized values and the intermediate transformations used for analytical indicators. This structure allows results to be reviewed, challenged and updated without reconstructing the database from scratch whenever an underlying source changes.

Quality controls cover identifier and unit consistency; source-year and classification checks; duplicate and territorial review; reconciliation of country

and regional aggregates; structural consistency across BSC, KIBS, and BSI; and review of extreme employment, productivity, specialization, and trade-intensity results. The analytical environment retains source references, status fields, intermediate values, documented corrections, and versioned outputs so that results can be reviewed and updated when source data change.

Comparability remains constrained by differences in national definitions, reporting thresholds, reference years, treatment of self-employment, and availability of BSC statistics. Industry classifications only partially capture functions embedded in non-service companies, while digital delivery, multinational ownership, intellectual-property arrangements, and special-purpose entities can separate recorded trade and value added from the physical location of work. Model-based BSC and GVA estimates are consequently subject to greater uncertainty than direct official observations.

B.11 Disclaimer

Employment and GVA estimates for BSI, KIBS, and BSC are harmonized ABSL analytical estimates developed for international comparison. Where direct observations were unavailable or insufficiently comparable, we applied allocation parameters, proxies, calibration procedures, and expert judgment. They are not official national statistics and may differ from figures published by national authorities because of differences in definitions, classifications, reference years, coverage, data quality, and methodological assumptions.

The analysis should not be used as the sole basis for investment, legal, accounting, regulatory, or other business decisions. ABSL accepts no liability for decisions or actions based solely on these estimates.

This Appendix is intended to make the conceptual framework, evidence hierarchy, principal estimation logic and quality-control procedures transparent. It does not reproduce the complete country-level source register, detailed activity mappings, calibration parameters, validation notes or calculation environment.

These form part of the proprietary ABSL Global Business Services Database and are retained by ABSL Strategic Intelligence for methodological governance, audit and future update.

Notes

Accelerating growth
Building sector expertise
Sharing global values

In times of geopolitical and economic shifts, sound decisions are built on common ground. ABSL brings the business services industry together to enhance collective impact of its members.

As the global voice of the industry, ABSL represents over 600 companies in nearly 20 countries. We connect leaders, nurture cross-border cooperation, share expertise, and champion the industry as one of the key transformation engines of the economy. Our members and stakeholders shape the way businesses evolve worldwide.

With ABSL, you stand alongside decision-makers, gain strategic insights to act on tomorrow's challenges ahead of the market, and set the industry's course.

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