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New Frontiers: A Value Proposition for GBS with GenAI

Alec Kasuya & Shriram Chary, April 4th, 2024

Welcome and Introductions

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Global Business Services (GBS) is seeing increasing focus on *enterprise value*, synergies with *global capability centers*, and capitalization of *data, digital and AI capability*

70%
Organizations are prioritizing **development of capabilities that drive enterprise value**, in addition to cost reduction

60%
Global Services centers are **re-balancing** their global footprints and capability portfolios

57%
Organizations are **experimenting with GenAI** or have incorporated GenAI into their strategy

Source: Deloitte Shared Services & Outsourcing Survey 2023; Deloitte CFO Signals, 3Q'23

01 |

Next Gen GBS: Focusing on Enterprise Value Creation

Redefining the Future of GBS

The GBS landscape is undergoing a seismic shift. While efficiency has long been the cornerstone of GBS operations, a new frontier is emerging – one where the focus is enterprise value, not 'cost savings'

Consider these Key Value Drivers for GBS:

Enterprise Leadership

Customer Centricity

'Tier 1' Talent
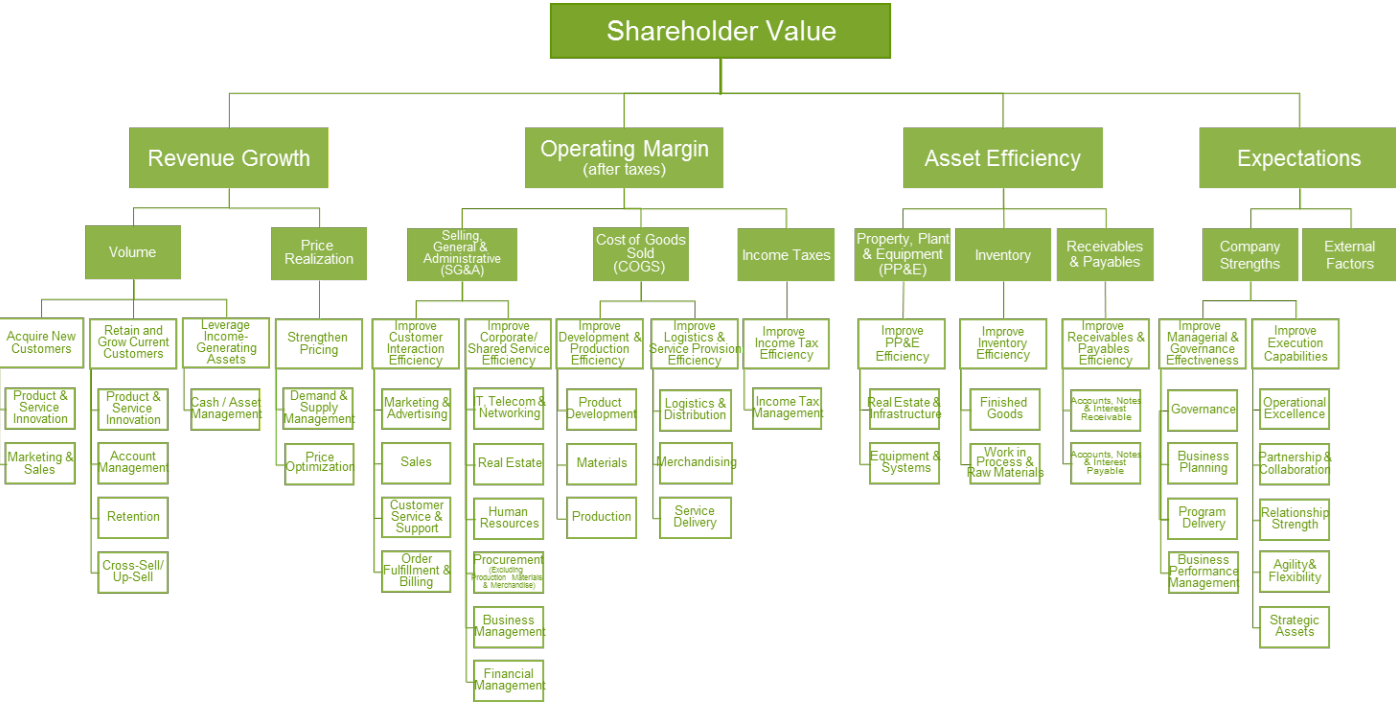
Digital First

Business Savvy

Ecosystem Partners

Cost Reduction is now table stakes. The Next Gen GBS is prioritizing the delivery of enterprise value by fostering digitally infused capability development, reshaping itself into "VALUE CREATORS"

Global Business Services Should Drive High-Impact Business Outcomes Through A Shareholder-Value Focused Approach

Amplify Value Creation

Global Business Services strategy should connect with shareholder value. A high-impact strategy will focus on the things that matter the most and identify ways to integrate them into the business through strategic value levers.

Shareholder Value value map tree with branches: Revenue Growth (Volume, Price Realization), Operating Margin (after taxes) (Selling, General & Administrative (SG&A), Cost of Goods Sold (COGS), Income Taxes), Asset Efficiency (Property, Plant & Equipment (PP&E), Inventory, Receivables & Payables), Expectations (Company Strengths, External Factors).
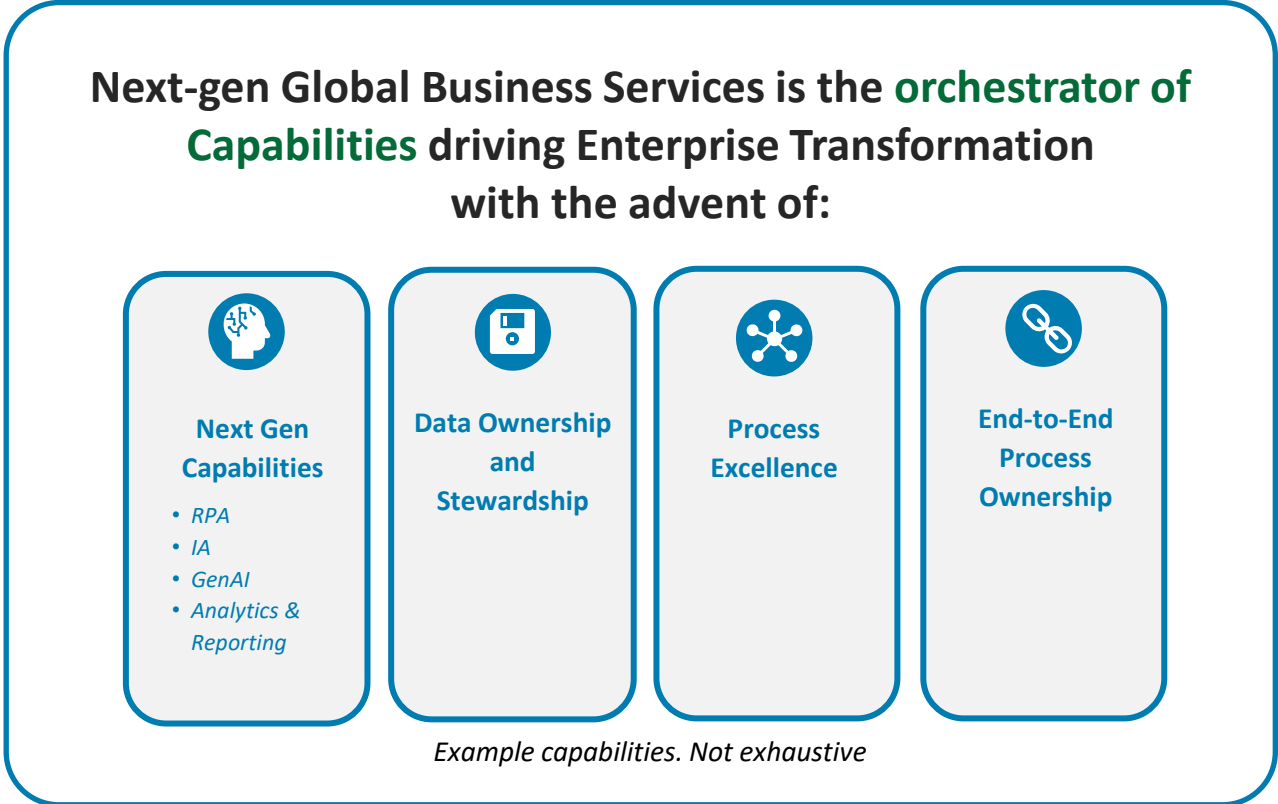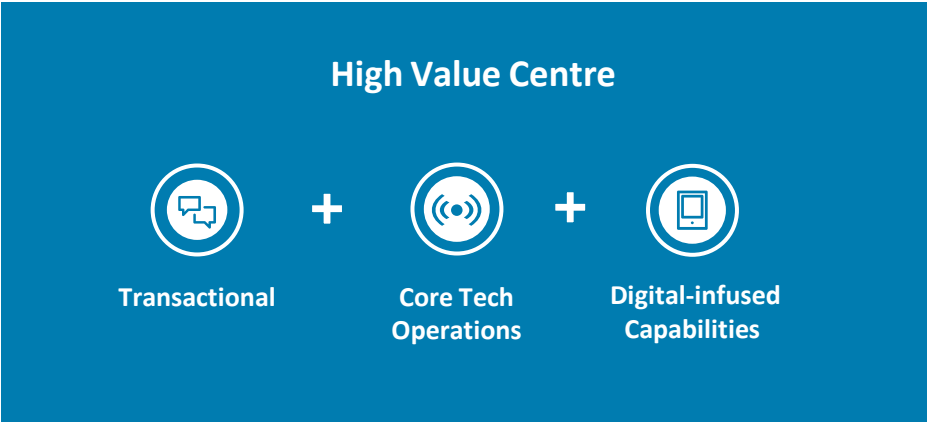
Recommended Use
Enterprise Value Map ensures holistic alignment of business needs to the Global Business Services capabilities and go beyond the traditional levers. This maximizes the value by incorporating key business value drivers.

Typical application
Maximize value by aligning strategy to the value map

Sample insights
- What are the top three initiatives to drive cash flow of a business sector through asset efficiency?
- How do specific COGS components for category Y compare to industry benchmarks and how can GBS optimize through inventory automation and op model?

Being deployed at leading Consumer Goods and Life Science companies

Global Business Services As The Orchestrator Of Capabilities

As a high-value center, Next-Gen Global Business Services should prioritize **digitally infused capabilities** alongside **transactional** and **core tech operations** to drive innovation and deliver significant enterprise value

High Value Centre

Transactional + Core Tech Operations + Digital-infused Capabilities

Next-gen Global Business Services is the orchestrator of Capabilities driving Enterprise Transformation with the advent of:

Next Gen Capabilities
- *RPA*
- *IA*
- *GenAI*
- *Analytics & Reporting*

Data Ownership and Stewardship

Process Excellence

End-to-End Process Ownership
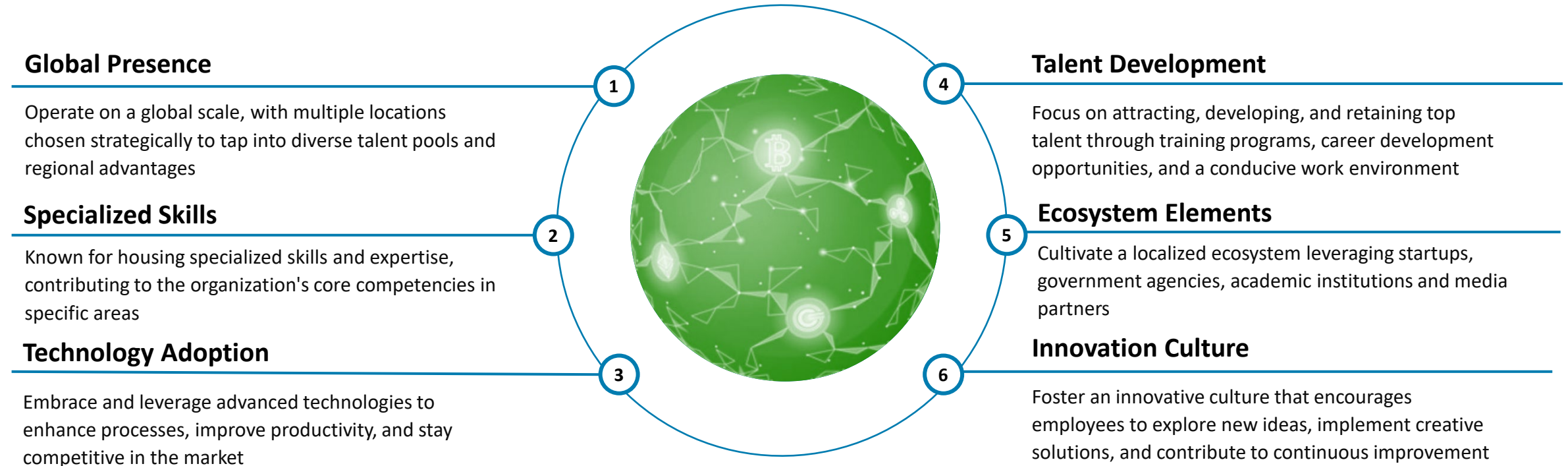
Example capabilities. Not exhaustive

With ownership of the right capabilities and investments in the right areas, GBS organizations can truly become drivers of enterprise transformation and enable significant business value

02 |

Building an Integrated Global Capability Ecosystem

The Future of GBS Is Evolving Into A Global Capability Ecosystem

At the enterprise level, GBS leaders will leverage corporate teams, 'Global Capability Centers' and 3rd Parties to deliver high-value added outcomes and services through unique expertise and innovation

Global Presence
1

Operate on a global scale, with multiple locations chosen strategically to tap into diverse talent pools and regional advantages

Specialized Skills
2

Known for housing specialized skills and expertise, contributing to the organization's core competencies in specific areas

Technology Adoption
3

Embrace and leverage advanced technologies to enhance processes, improve productivity, and stay competitive in the market

Talent Development
4

Focus on attracting, developing, and retaining top talent through training programs, career development opportunities, and a conducive work environment

Ecosystem Elements
5

Cultivate a localized ecosystem leveraging startups, government agencies, academic institutions and media partners

Innovation Culture
6

Foster an innovative culture that encourages employees to explore new ideas, implement creative solutions, and contribute to continuous improvement

As GBS focuses on delivering value through distinguished capabilities at global scale, building an integrated ecosystem that orchestrates talents, external partners, governance and compliance and local capabilities is critical to succeed

Global Business Services as the orchestrator of Global Capability Centers (GCCs)

Global Business Services

Delivers integrated services and capabilities to the enterprise, catering to transactional and broader end to end needs

Global Capability Center (GCC)

Addresses the need to drive innovation through a **connected ecosystem** model driving synergies that benefit their business stakeholders, the ecosystem partners, and local economy development

GCCs ECOSYSTEM PARTNERSHIPS

Enterprise Global Leadership

GCC and GBS leaders are connected, influencing and **driving the global enterprise's top business priorities**, working to create value across a wide-range of value drivers from margin improvement digital innovation and funding efficient growth

Academia and Talent Partnerships

GCC is a core driver and developer of talent from a diverse global landscape. GCC leaders engage directly with academia for to enable sustainable development. They partner with students and faculty to build community and be at the forefront of emerging research while creating a **steady pipeline of technology-ready talent**

Business / Vendor Partnerships

GCCs participate in organic innovation by playing the **role of the doer**, inching towards a thinker, with close coordination with internal stakeholders (incl. partnership with external vendors) allowing for free flow of information and ideas

Government Partnerships

GCCs orgs provide **ideation and technical support** to respond to complex global challenges while having strong presence in local markets. They also help the parent's commercial organization to bring **global technologies** contextualized to local markets and in process improve local market's platform for proliferating innovation
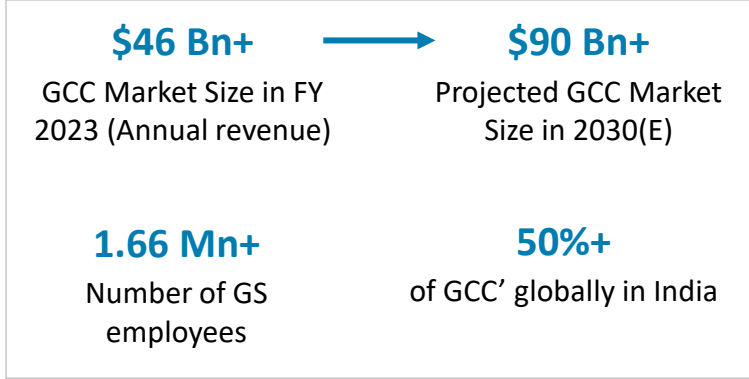
Case in Point: GCC Overview and India Market

GCCs specialize in offering centralized expertise in specific technologies, such as process intelligence, intelligent automation, or RPA and India is the most preferred GCC location accounting for about 50% of all global GCC centers
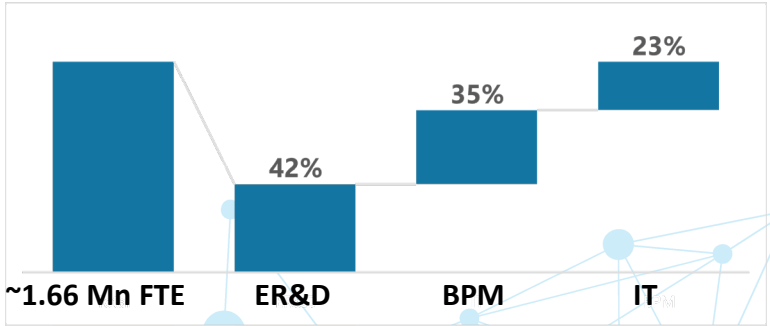
GCC Overview

Objective	*Driving excellence, innovation, and **strategic value***
Talent	*Specialized skills in areas such as analytics, cloud, AI e.g., India has ~185K AI / big data analytics professionals, growing at 15% CAGR*
Functionality	*Targeted expertise, innovation, and problem-solving, e.g., Sustenance planning and development*
Services offered	*Specialized services, often technology-driven, e.g., R&D, Sales and Marketing*
Flexibility	*Tailored to specific business needs and emerging trends*
Impact on Business	*Strategic impact through innovation, differentiation, and value creation*

GCC Presence in India[1]

$46 Bn+ → **$90 Bn+**

GCC Market Size in FY 2023 (Annual revenue)   Projected GCC Market Size in 2030(E)

1.66 Mn+   **50%+**

Number of GS employees   of GCC' globally in India

Approx. GCC FTEs Break-Up Across Functions in India[2]

~1.66 Mn FTE	ER&D	BPM	IT
	42%	35%	23%

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Role of GBS in the age of GCC: Key Questions to Consider

How should **GBS define its operating model** to enable and manage a Global Capacity ecosystem that focuses on driving synergies across internal and external stakeholders?

How will GBS transform its **talent model and talent management strat**egy to source and develop more specialized roles (e.g., Digital, R&D)? Will talent development become a more "shared" function across GBS, external partner and local startups?

How will **performance and accountability** be managed in the integrated capability ecosystem to ensure end-to-end outcome is achieved?

03 |

Emergence of Advanced AI: How it impacts GBS?

AI was on the center stage during all of 2023 and is here to stay

94%

Business Leaders agree that AI is critical to success over the next 5 years

76%

Business leaders plan to increase their investments in AI to gain more benefits

92%

C- suites believes that GBS organizations would be more affected by GenAI integration

Can AI dissolve traditional GBS organizations?

What strategies is your organization using to stay ahead in this evolving landscape?

With GenAI's transformative potential, what fundamental shifts do you anticipate in the way GBS operates?

Summary and Discussion: GenAI Impact on Global Services

GenAI will likely change the way we work and will only grow in impact over time. The transformation considerations will likely evolve over the long-run and vary by knowledge step and transaction step

$$F(x) = Output = X(Knowledge\ Step) * Y(Transaction\ Step)$$

Implications:

The time and level of effort to complete a knowledge step is dramatically reduced

GenAI has natural limitations with regards to auto transacting ('bad at math', hallucinations, bias, liability, etc.)

The counterintuitive effect is that transacting time may dramatically increase in the short run

'Traditional' automation and operating model levers are still critical to enable impact

Realizing the full potential of GenAI will require heightened focus on operational excellence, execution and hyper-scale in the enterprise service delivery model

GenAI One-year in: What have we learned

Generative AI can transform how GBS operates and interacts with customers by creating next generation of process reinvention and personalized customer experiences

GenAI Capability Highlights

Content Creation & Summarization	External Scanning & Data Mining	Generate Insight based on Document Analysis
Generate Reports / Documents	Knowledge Retrieval / Sharing	Conversational support acting as Skilled Assistant

Evolving

Math and Logic	Hallucination & Bias	Understanding context and sarcasm
Complex Reasoning and Problem Solving	Making Ethical & Moral Judgements	Handling sensitive or Confidential data without security measures

Select GenAI use cases implemented across the market

Marketing & Medical Affairs Content

Generate faster and more personalized content to meet MROI goals

Value Impact ~ Very High

Software Development

Develop software with the use of AI to increase developer's velocity

Value Impact ~High

Quality Investigation Reports

Auto generate initial investigation reports

Value Impact ~ Medium

Post-Deal M&A Knowledge Mining

Improve efficiency, reliability, and access to M&A knowledge

Value Impact ~ Very High

Identifying New Oncology Drug Targets

Increase efficiency of identification new Oncology programs
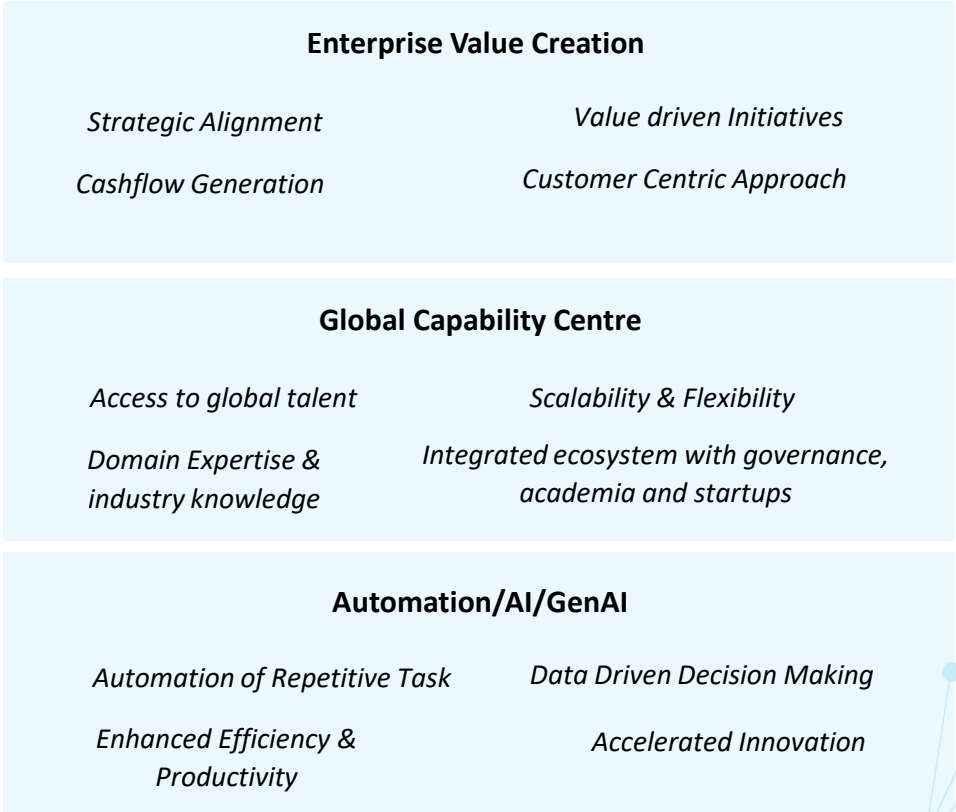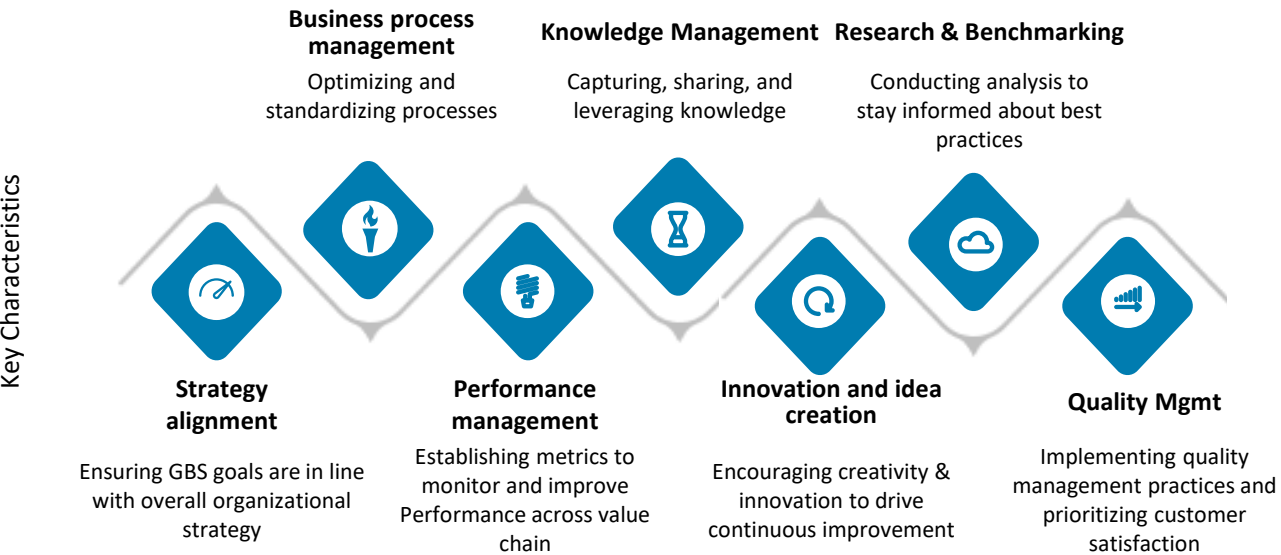
Value Impact ~High

Winning the traditional middle office setup

Maximizing efficiency through GBS via strategic alignment, global talent access, and AI-driven automation

'Middle Office' is now obsolete…

Middle Office: Serves as a connection link between the front and back-end functions, creating robust relationships among customers, sales partners, and employees, amplifying both top line revenue growth and bottom-line efficiency for the business

Key Characteristics

Business process management
Optimizing and standardizing processes

Knowledge Management
Capturing, sharing, and leveraging knowledge

Research & Benchmarking
Conducting analysis to stay informed about best practices

Strategy alignment
Ensuring GBS goals are in line with overall organizational strategy

Performance management
Establishing metrics to monitor and improve Performance across value chain

Innovation and idea creation
Encouraging creativity & innovation to drive continuous improvement

Quality Mgmt
Implementing quality management practices and prioritizing customer satisfaction

… And can be effectively replaced by GBS with its focus on…

Enterprise Value Creation

Strategic Alignment

Value driven Initiatives

Cashflow Generation

Customer Centric Approach

Global Capability Centre

Access to global talent

Scalability & Flexibility

Domain Expertise & industry knowledge

Integrated ecosystem with governance, academia and startups

Automation/AI/GenAI

Automation of Repetitive Task

Data Driven Decision Making

Enhanced Efficiency & Productivity

Accelerated Innovation

GBS, powered by enterprise value creation, Global Capability Centers, and GenAI, can be the transformative path forward to drive holistic benefits for the client

Learn More By Downloading The Global Services Transformation (GST) App!

Interested in learning more on this topic and our speaker? If so, check out the **GST App** and you can find many more relevant articles on the latest **thought leadership** in AI, GBS trends, talent, and much more!

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How Generative AI will Enable GBS Value Creation

June 15, 2023

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Case in Point: MedTech Contract Insights

Standing up the new capability will require a significant, coordinated focus across People, Process and Technology

Issue

The POC focus area, creates approx. **3,000+ new contracts / year** and in grand total represents **~$5B in revenue**. Contracts vary across **60+ dimensions with over 150+ contract templates** making a contract analyst's job extremely manual/time-consuming. Additionally, Regional Sales Managers and field reps spend unnecessary time working on contracts that could re-allocated to selling activities.
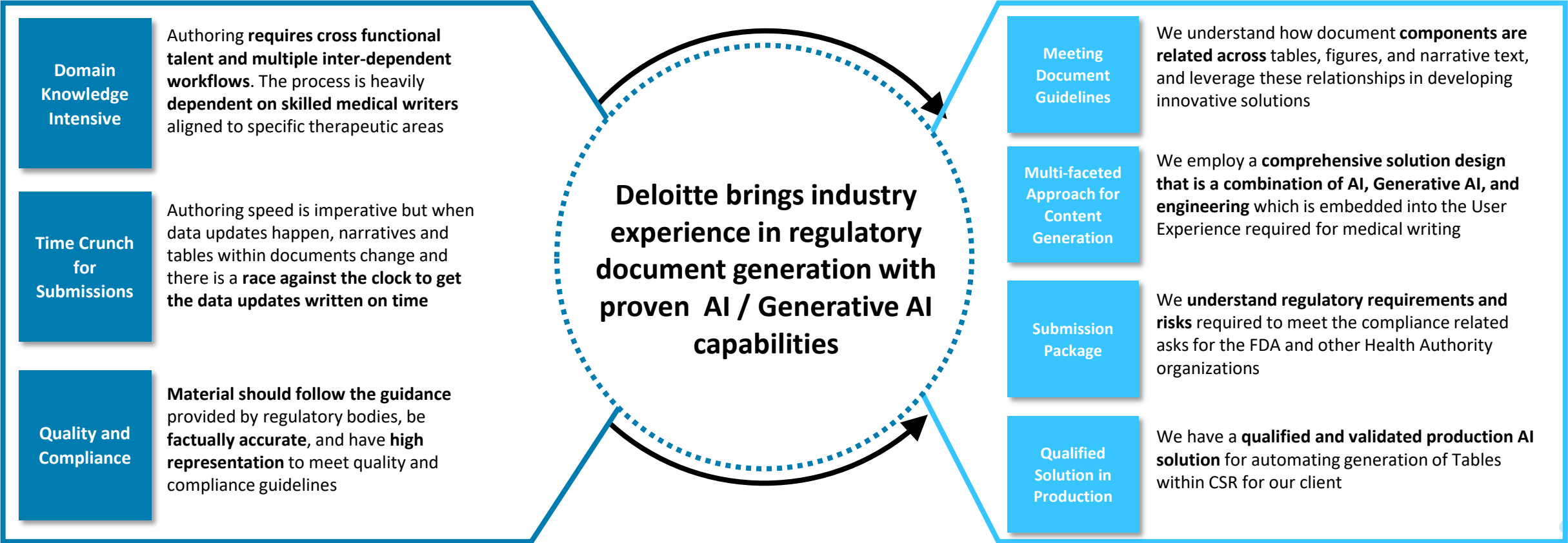
Impact & Solution

- Developed a POC solution that leverages GenAI / LLMs to create a **Q&A contracting solution** giving the analysts the ability to quickly **search for contracting insights, ask key priority business questions** and **generate a summary page** of key customer insights

- Designed solution leveraging Meta's Llama 2 as the Core LLM

- Built contract document ingestion pipeline including customized chunking to breakdown and store contract data at the section level in Qdrant Vector DB

- Utilized virtual Deal Desk analyst in the field to enable real-time offer development and simulations within approved pricing and incentives guidelines

- Enabled tailored draft creation and redline analyses, recommendations based on past agreements and risk assessments

- Conducted extensive user testing and prompt engineering to validate model results and answers

- Created wireframes to visualize future state UI/UX

User Experience
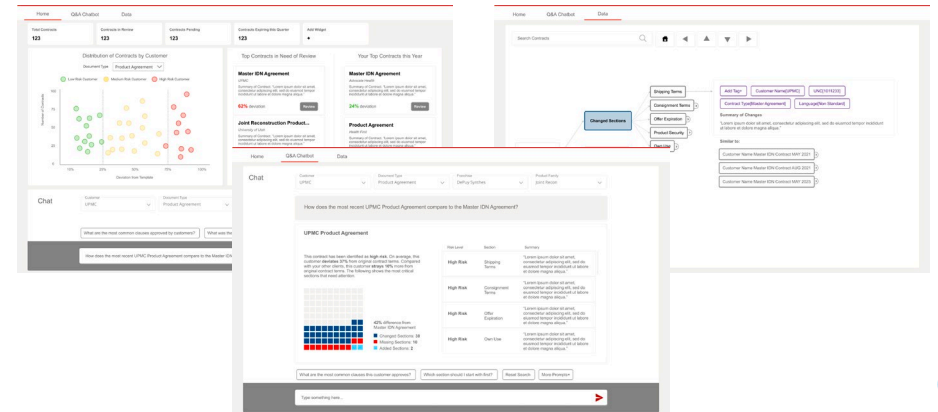
Case in Point: CSR Medical Writing

Standing up the new capability will require a significant, coordinated focus across People, Process and Technology

Domain Knowledge Intensive

Authoring **requires cross functional talent and multiple inter-dependent workflows**. The process is heavily **dependent on skilled medical writers** aligned to specific therapeutic areas

Time Crunch for Submissions

Authoring speed is imperative but when data updates happen, narratives and tables within documents change and there is a **race against the clock to get the data updates written on time**

Quality and Compliance

Material should follow the guidance provided by regulatory bodies, be **factually accurate**, and have **high representation** to meet quality and compliance guidelines

Deloitte brings industry experience in regulatory document generation with proven AI / Generative AI capabilities

Meeting Document Guidelines

We understand how document **components are related across** tables, figures, and narrative text, and leverage these relationships in developing innovative solutions

Multi-faceted Approach for Content Generation

We employ a **comprehensive solution design that is a combination of AI, Generative AI, and engineering** which is embedded into the User Experience required for medical writing

Submission Package

We **understand regulatory requirements and risks** required to meet the compliance related asks for the FDA and other Health Authority organizations

Qualified Solution in Production

We have a **qualified and validated production AI solution** for automating generation of Tables within CSR for our client

BENEFITS

30% Cost effective development of the solution using Pre-Build Core Components, Audit/ Logging and Monitoring and ML Ops

~20% Time savings for Medical writers in using the solution

1st AI based solution deployment on production validated environment

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