



ADAPTIVE

SOLUTIONS & ADVISORY GROUP



ASPIRE

**FUTURE OF GBS:
READINESS FOR GENERATIVE AI**

INTRODUCTION

Since November 30, 2022, we have been witnessing a resurgence of interest in artificial intelligence, primarily attributed to the accessibility of tools such as ChatGPT, facilitating seamless and intuitive communication exchanges and providing answers to numerous inquiries. While the technology itself is not entirely novel, recent technological breakthroughs and computational capabilities have finally enabled such broad possibilities, inclusiveness, and accessibility. Naturally, this resurgence of interest extends into the realm of business.

These advancements are not limited to applications that enhance leisure or expedite tasks like writing summaries, writing essays, or even reports. They present an opportunity to accelerate and improve the quality and efficiency of work, office work – particularly computer-based tasks. Hence, it is evident that the topic of artificial intelligence and its solutions has also emerged in discussions related to the operation of back-office shared processes.

Interest in the subject is further fueled by companies developing new software or enriching their current offerings with capabilities

offered by Artificial Intelligence models. Therefore, it seems imperative to explore these tools to streamline processes for which one is responsible or even the operations of the entire GBS. On the other hand, there are also numerous critical voices regarding intellectual property rights, liability for tool-induced errors, and so called “hallucination” of such models.

The implementation of such solutions and their integration with current systems come at a considerable cost. Hence, the decision to embark on such initiatives is not merely about the urge to follow technological innovations but also, perhaps primarily, about proving the concept and chances for return on investment.

For this reason, we have chosen to delve deeper into the topic of AI in GBSs. We seek to understand the perspectives of centre heads and process leaders – what are the chances that implementation will indeed yield benefits? And we aim to gauge the extent of our familiarity and the mitigation of the buzz generated by both admiration and dystopian concerns, particularly concerning implementation within GBS.



Alvin Toffler an American writer, futurist, and businessman, has explicitly discussed the role of knowledge and technology in effecting changes and thus shaping the coming of the new type of society in the future.

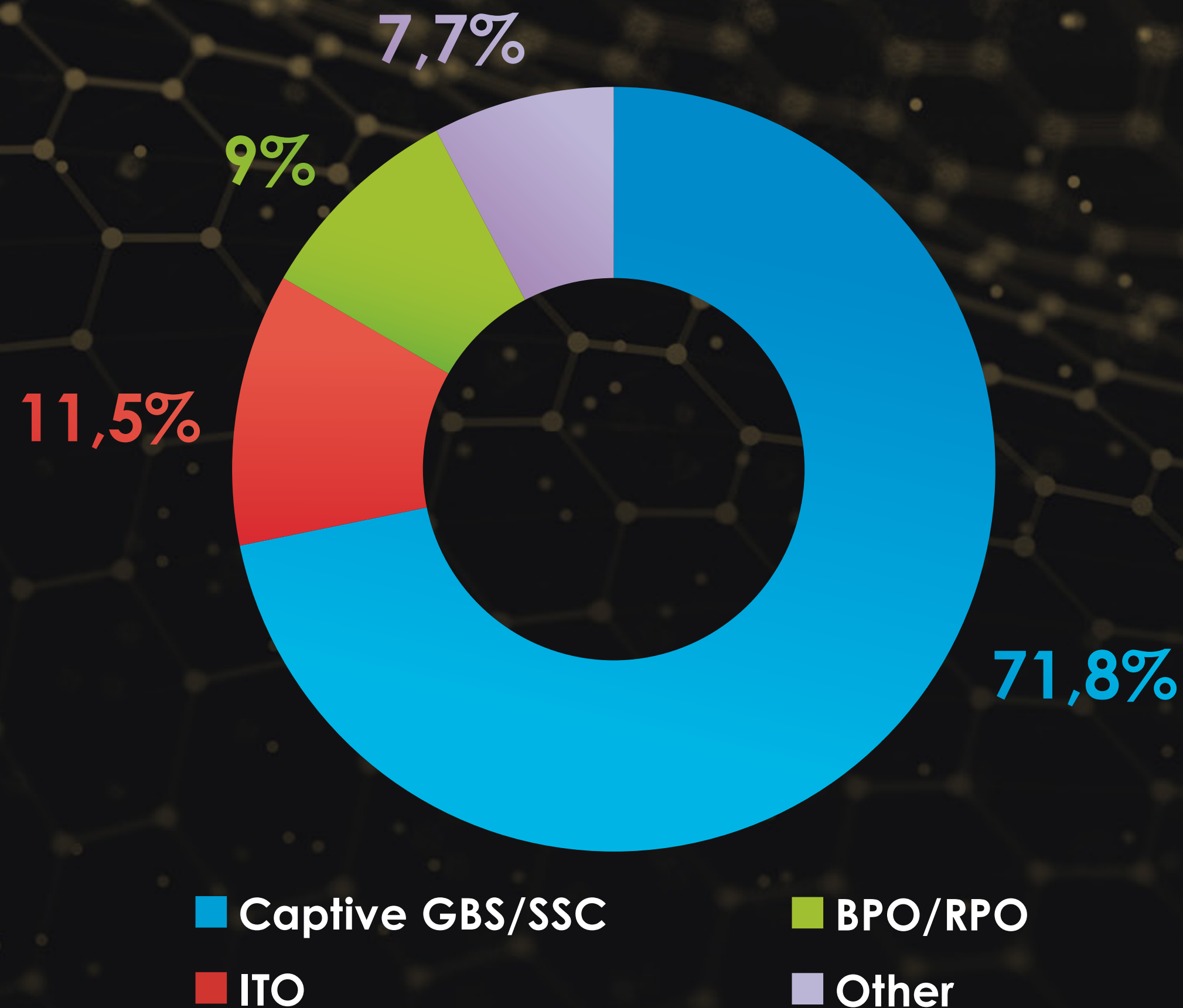
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The Illiterate of the 21st century will not be those who cannot read and write, but those who cannot learn, unlearn and relearn

”

About our Respondents

What Category best describes your centre?

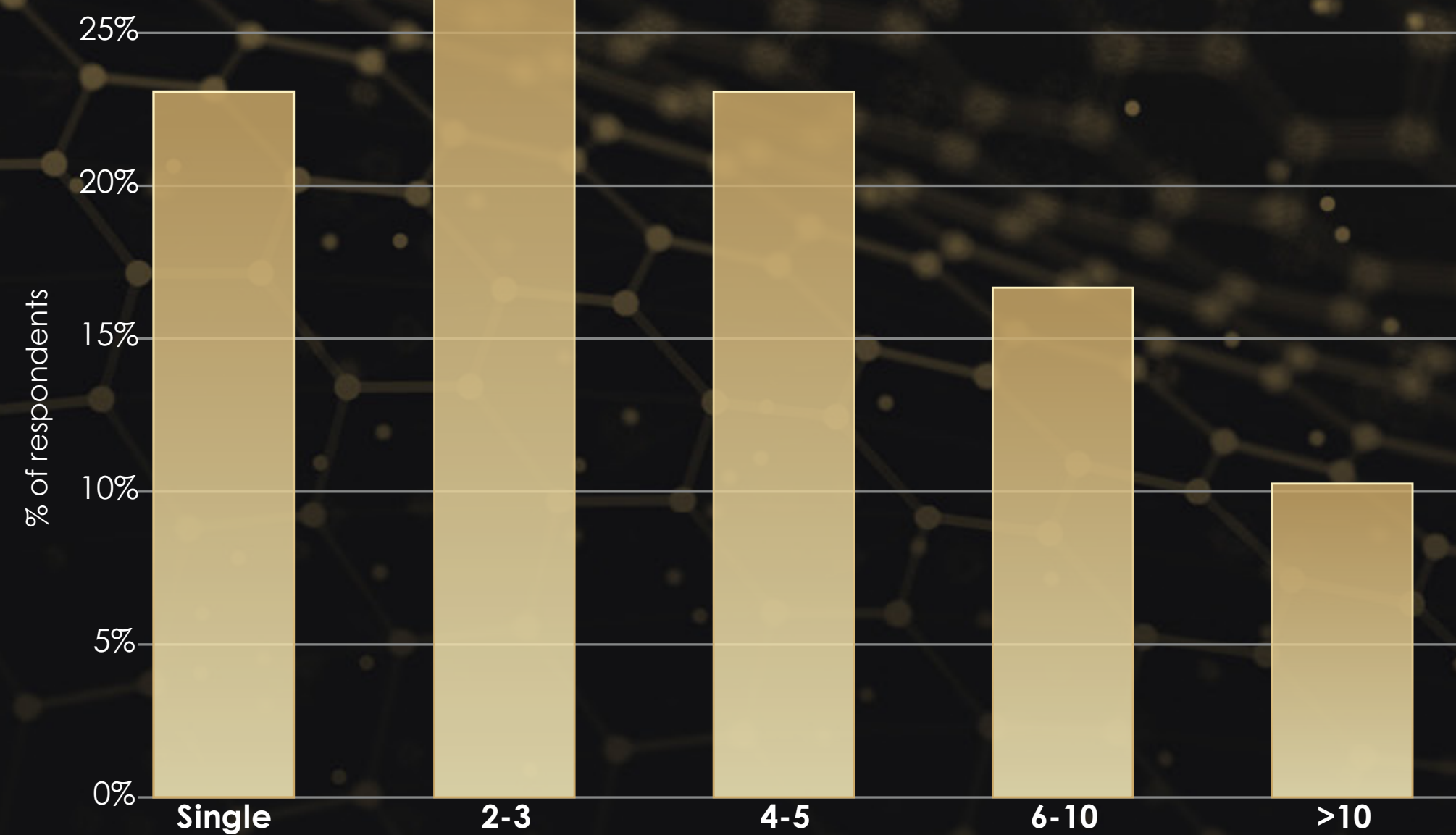


What role do you hold within your organization?

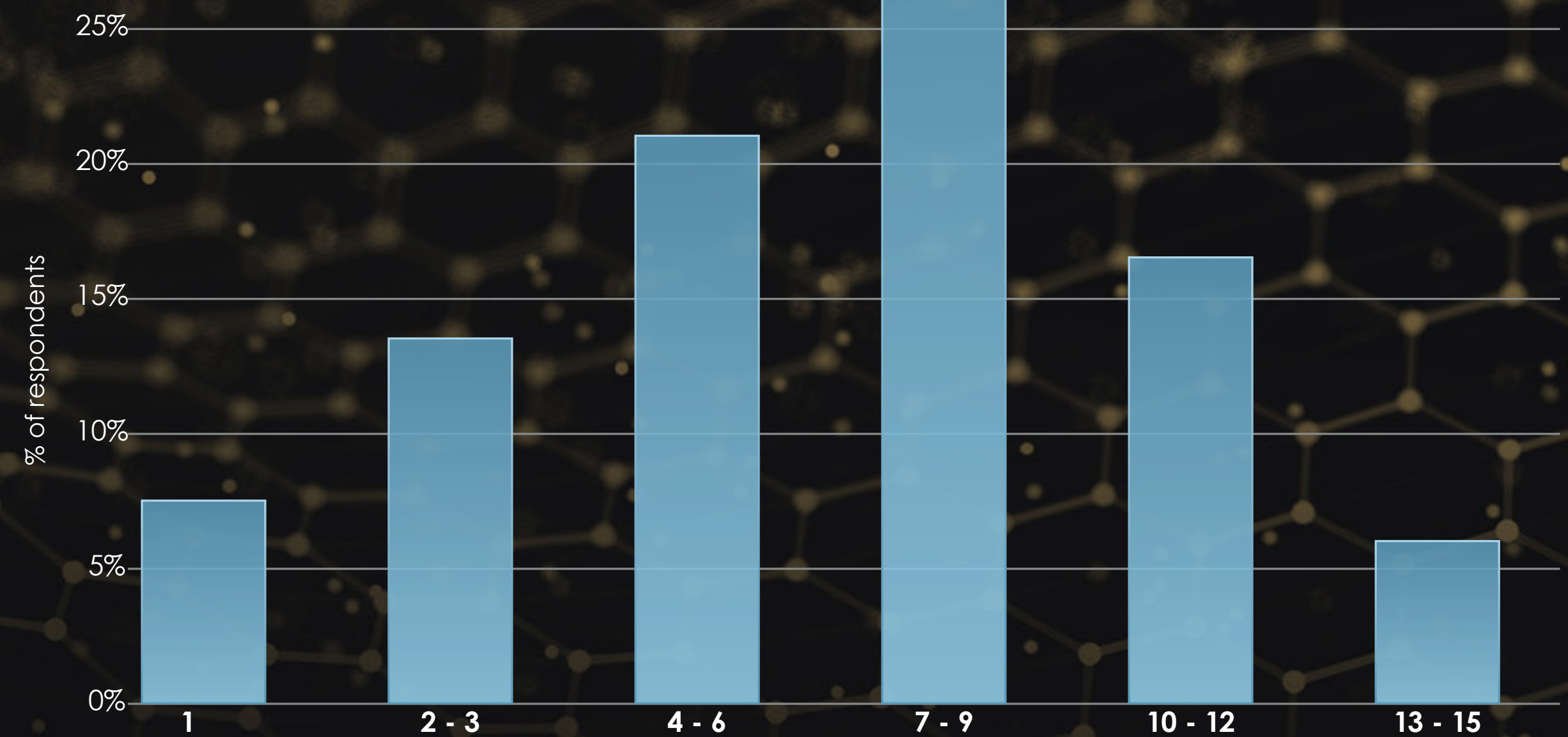


Multiple Locations, Multiple Functions

Number of centres within GBS model



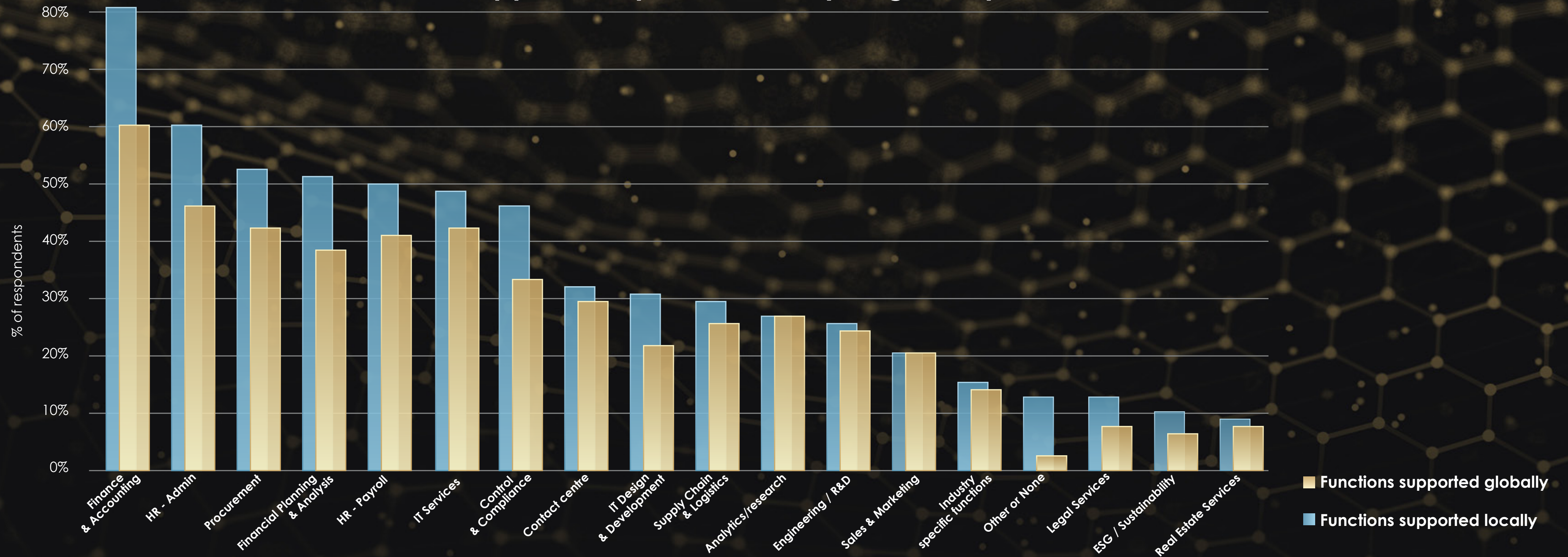
Number of functions Centralised



The vast majority of respondents are employed by and represent companies with diverse focuses, characterized by having more than one operational centre and multiple functions managed by each centre. This not only demonstrates the efficacy of the GBS model, but also indicates that GBSs are performing effectively in multi-dimensional environments, facing challenges from dispersed locations and various internal silos. Managing multiple functions provides opportunities for growth in both scale and the advancement of skills within the centres. This characteristic undoubtedly influences the approach GBS take towards the implementation of automation and artificial intelligence (AI).

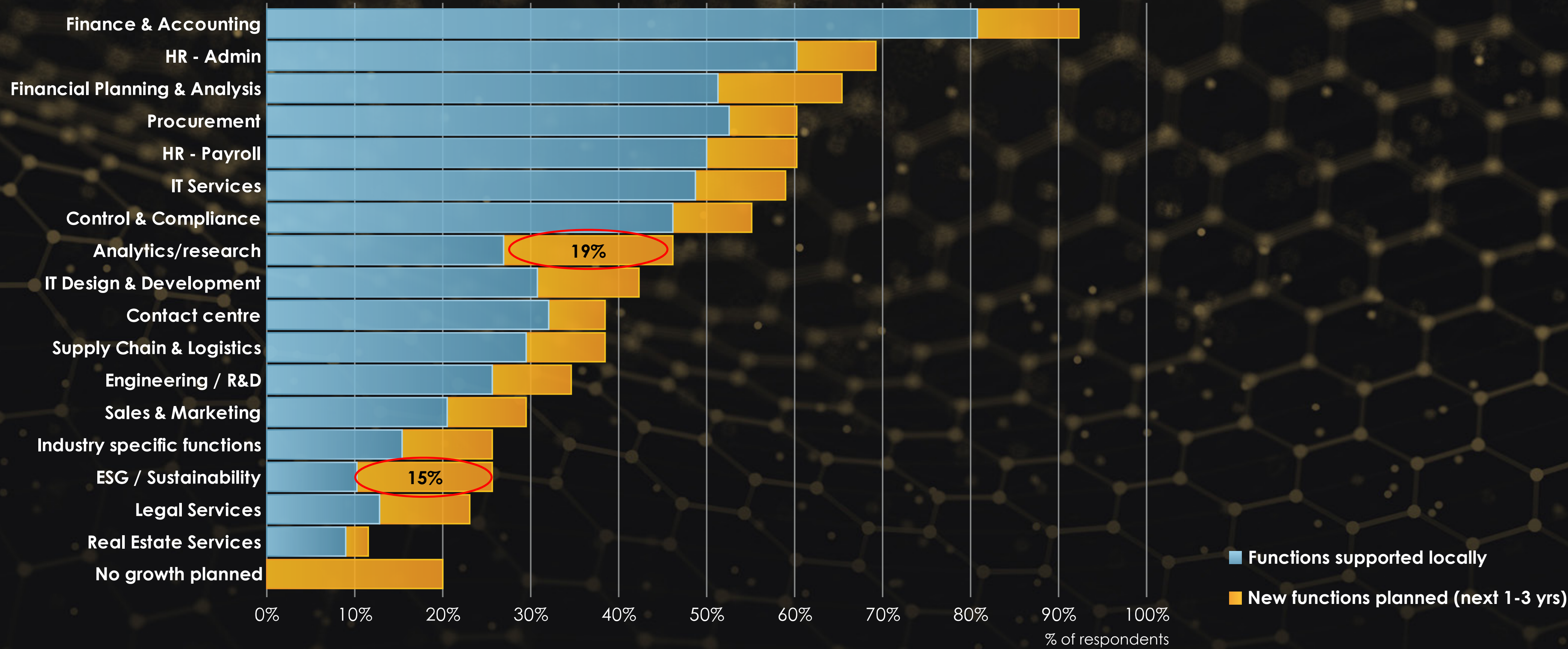
More Functions Supported Locally

Functions Supported by GBS – locally vs globally



In the study, we also analysed the number of functions supported by centres locally in Poland and compared them to the number of functions supported by centres abroad. We can see that in most cases the number of locally supported functions is higher. This may mean that if a company decides to create a centre in Poland, it transfers more functions to Polish centres than to foreign ones'.

Industry Growing. F&A in The Lead. Analytics with Highest Potential



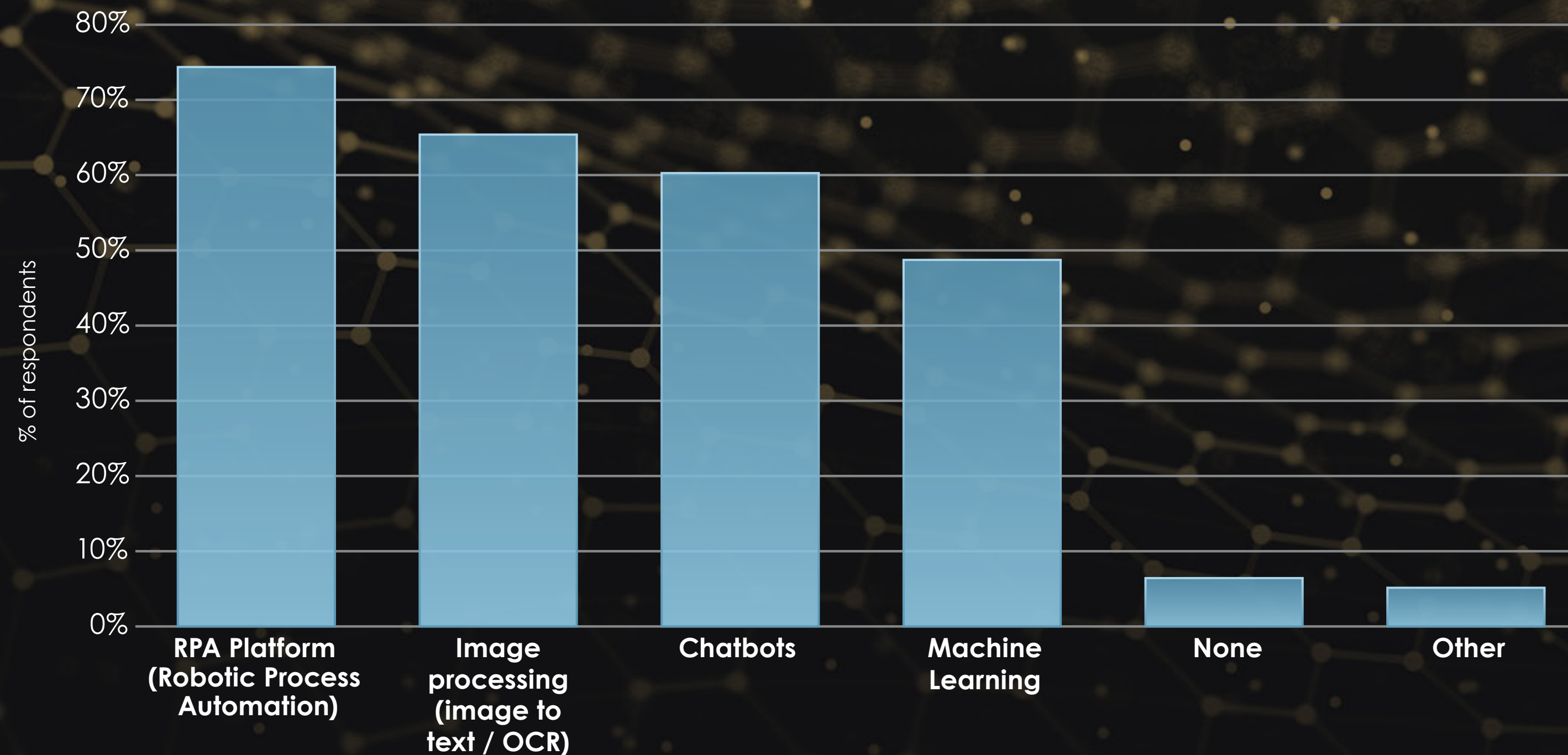
We also asked our respondents what their plans for the future are. For all the functions that are already operated in our centres, there are plans for further growth – by about 10%. However, we see the largest growth in two cases: the first is analytics and research, and the second is ESG and sustainability reports. This means growth of importance of GBS where data is generated and maintained by Finance, Accounting, HR, IT and Logistics departments. The effect of the new directive is also visible in the European Union’s environmental and governing communities.

Before AI There Was RPA and Automation



Most Popular Automations in GBS

Automation technologies used by GBS

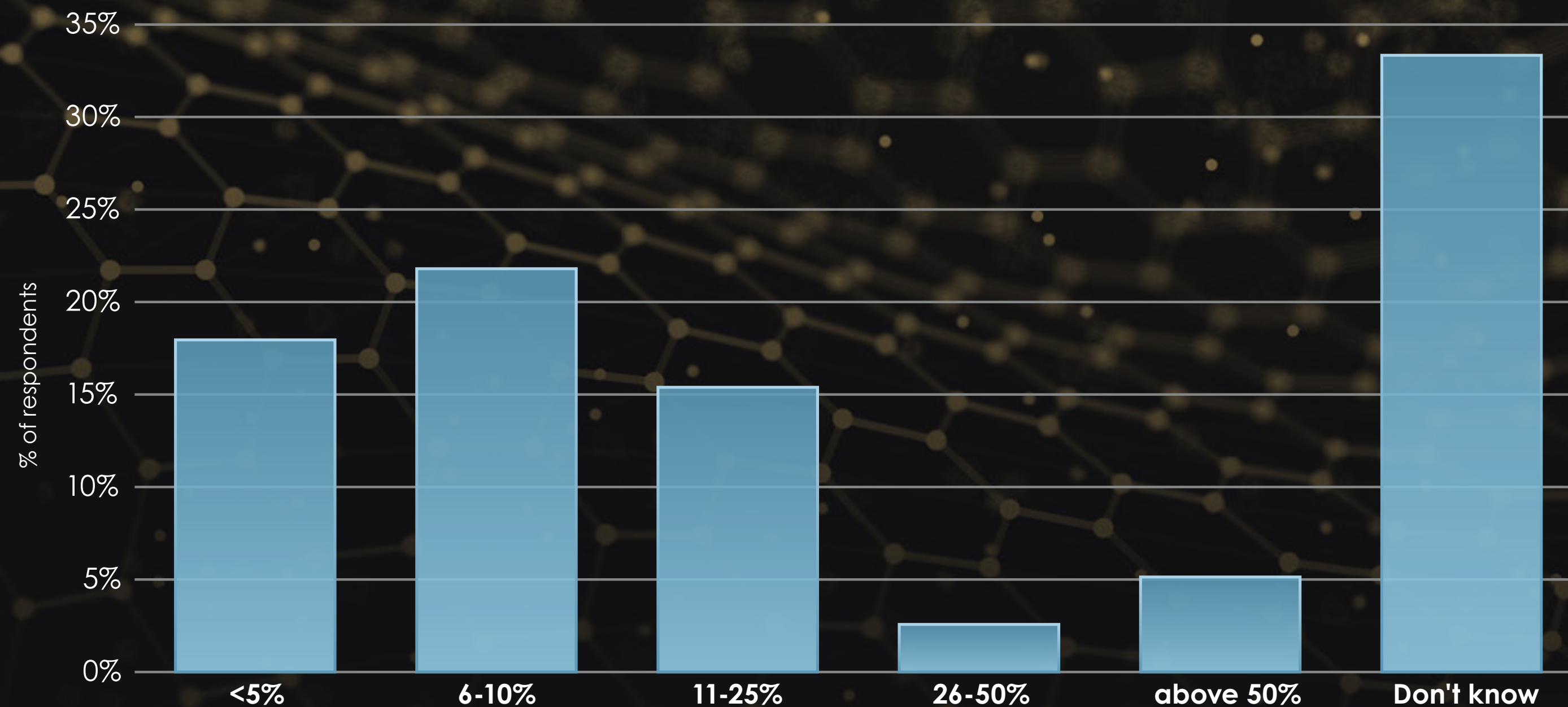


- ✓ Chatbot Surpasses Machine Learning
- ✓ RPA Outpaces Image Processing

Before we move on to artificial intelligence, let's check out other technologies that were fashionable and talked about quite recently. It seems that most of these technologies have been introduced to our organizations, the most popular of which are RPA, OCR, and ChatBot. Machine Learning is quite popular, although its implementation and even understanding is quite a problem. It seems that the introduction of artificial intelligence, which after all uses ML algorithms, will answer these problems.

Automations: Significant Manual Effort Reduction?

How much effort was reduced?



- ✓ More than 32% don't know Effort Reduction (!)
- ✓ 16% see tiny improvements
- ✓ What is the other driver for introducing automation besides saving?

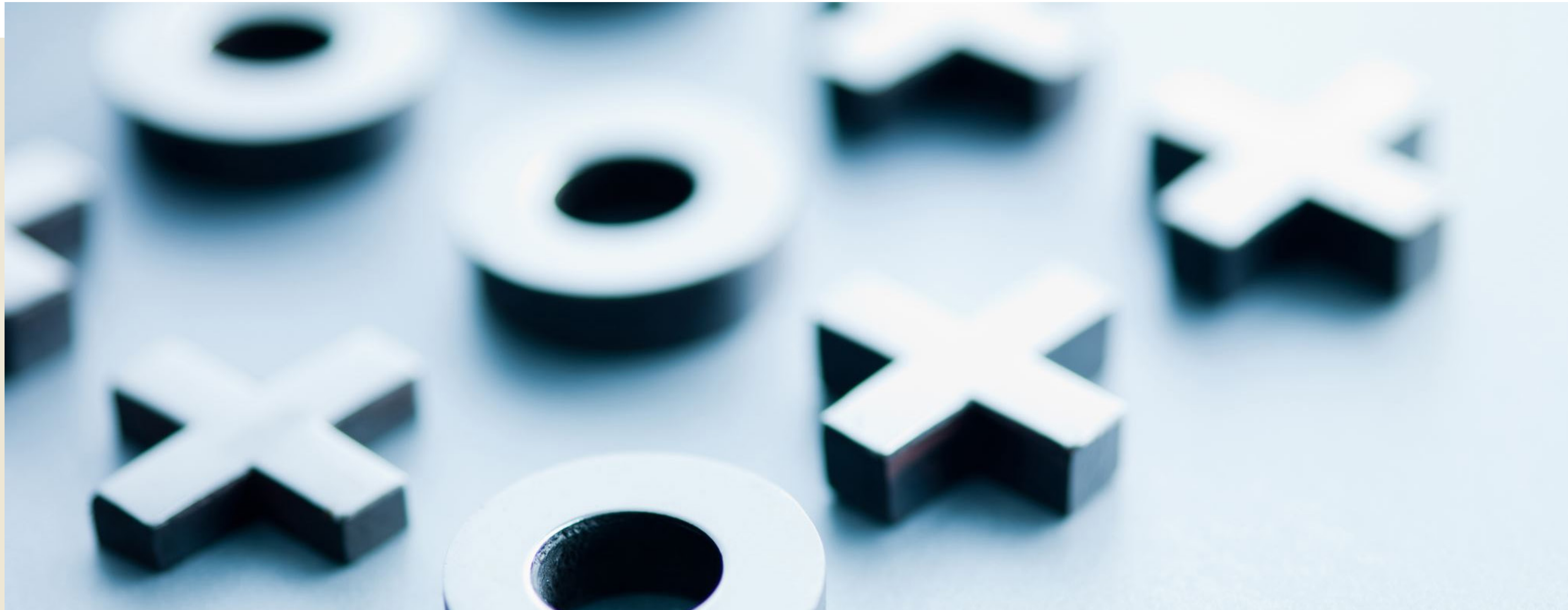


It's evident that 25% savings is the „ceiling,” even though companies typically aim for more than 30%. Is this due to overpromising? Or is it the AI paradox (POCs not being scalable due to significant variations between countries and processes)? Additionally, there is a lack of skills in implementing organizational changes to minimize these deviations.

Mariusz Pietrzak
Senior Manager & Senior Consultant, Adaptive SAG

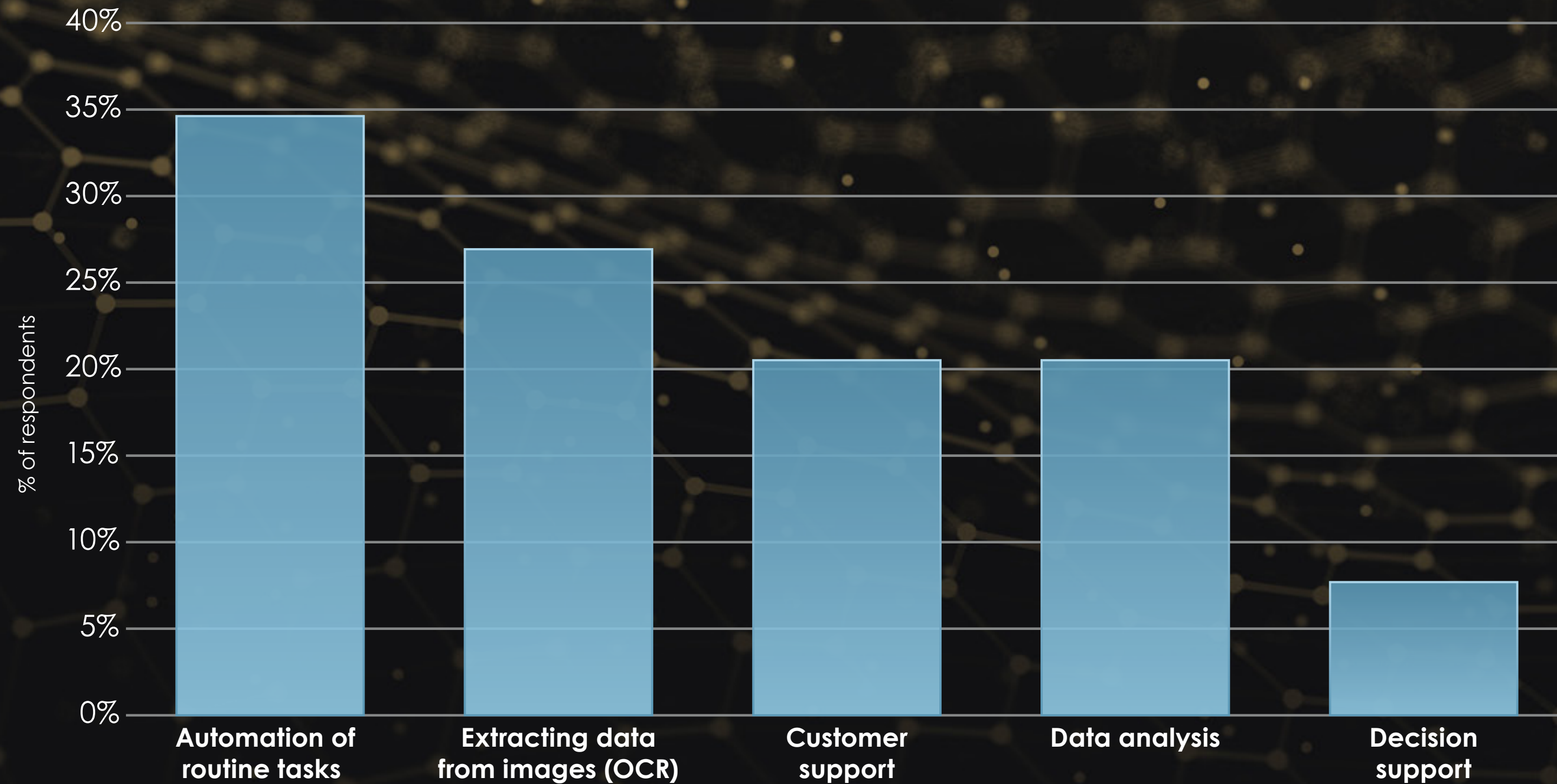
To analyze financial investment behind every implementation, we asked how big the return on this introduction of technologies was. Despite many advantages and many promises, most of the respondents estimate the return at the level of 6% to 10%. Interestingly, as many as 32% of respondents have no knowledge regarding what savings have been made.

Does AI Change the Game?



Eliminating Simple, Routine Tasks Selected First

Processes with AI currently deployed



Usage of chat GPT, by operational people, in many organizations is still treated as something wrong or unusual. As Leaders and Managers, we should challenge this view and start promoting and showing that usage of chat GPT is not something wrong, but it's our new reality. Changing the approach and mindset towards Chat GPT Usage should be the first step of Change Management.



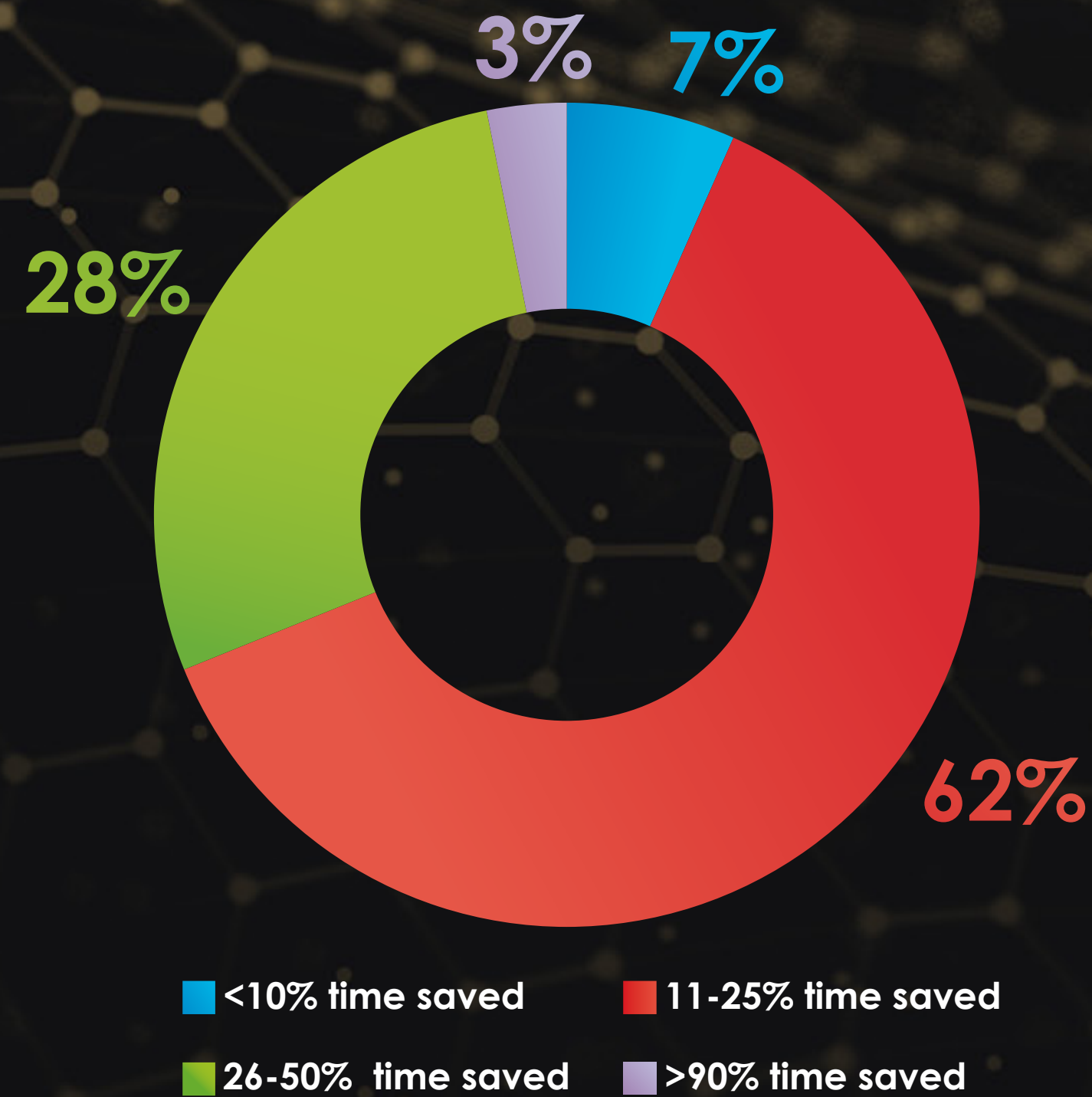
Jim Lafferty
Head of Global Service Management
& Krakow Site Leader,
Dyson Business Services

Automation of tasks has the biggest focus, but only for one third of respondents. High level of standardisation continues to be a critical enabler for task elimination and effort reduction.

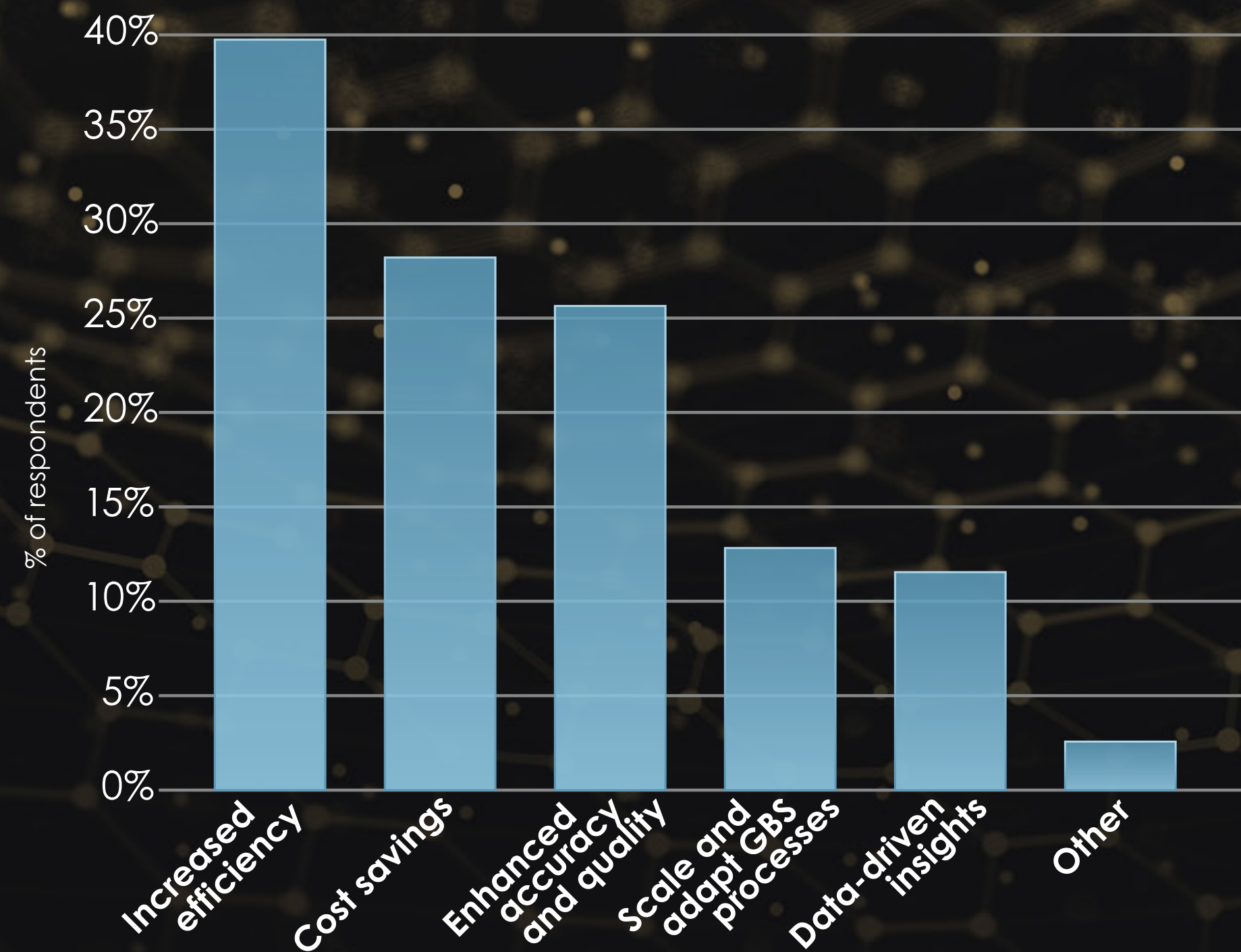
Despite the apparent usefulness of ChatGPT and AI tools in sectors like Customer Support or Data Analysis, they were not the most commonly chosen options by our respondents.

Expected Savings and Benefits

Time reduction expected from AI efficiency (in 2-3 years)



Primary benefits observed or expected from AI implemented in GBS

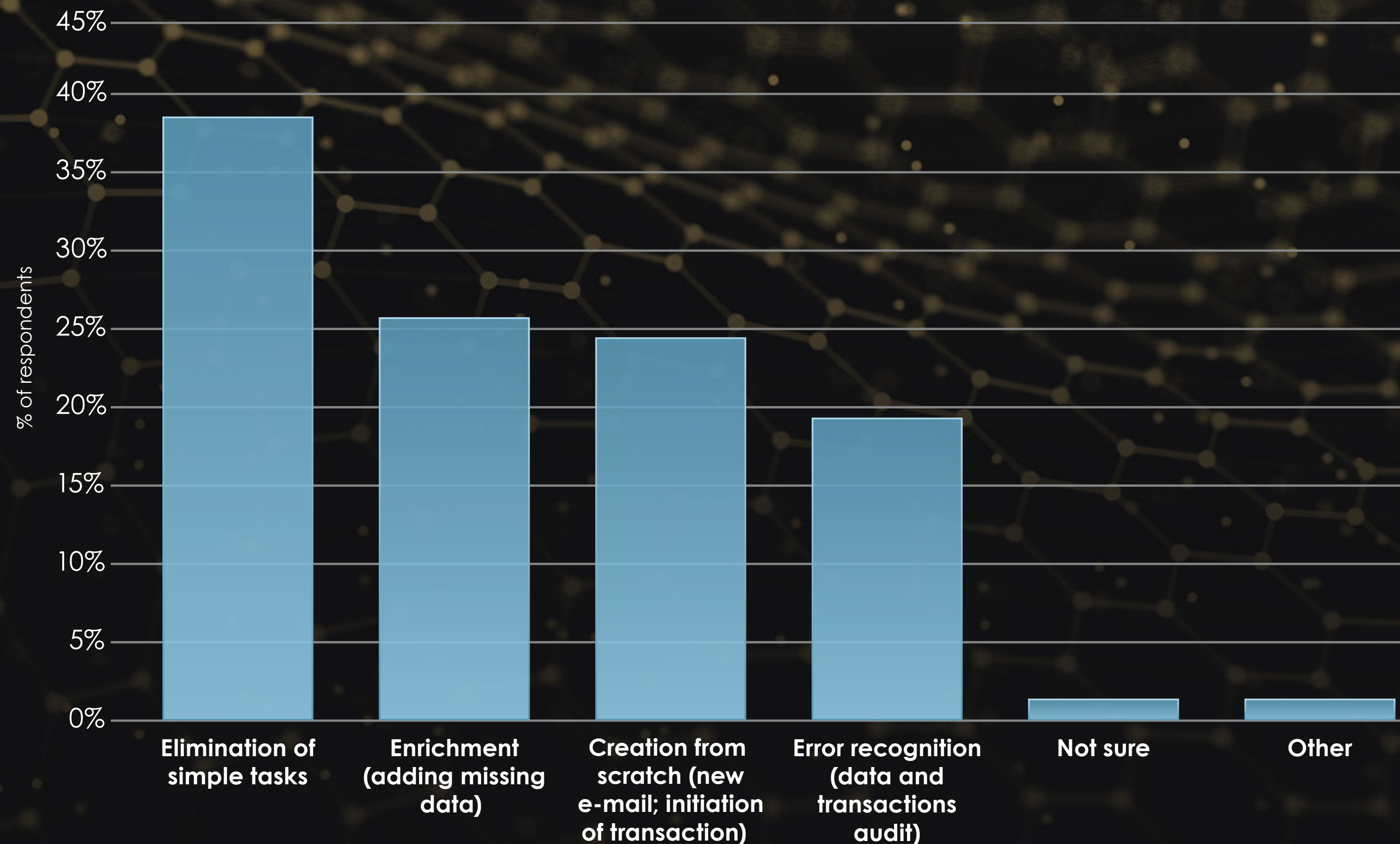


“On one hand, there’s immense fear of job loss among people, yet on the other, we fail to consider how many new job opportunities could be created.”

Marcin Nowakowski
Sales Director, FDM Group

Tasks Expected to be AI-Supported

GBS tasks to receive the most significant support from AI (next 2-3 years)



- ✓ Expectations for artificial intelligence are very high and are constantly growing. Therefore, we asked what application AI can have in our shared service centres
- ✓ Error catching looks like the easiest and fastest application of AI, and yet it's the lowest. Is it because it's already being used, isn't appreciated, or is it difficult to get a budget for bug catchers?

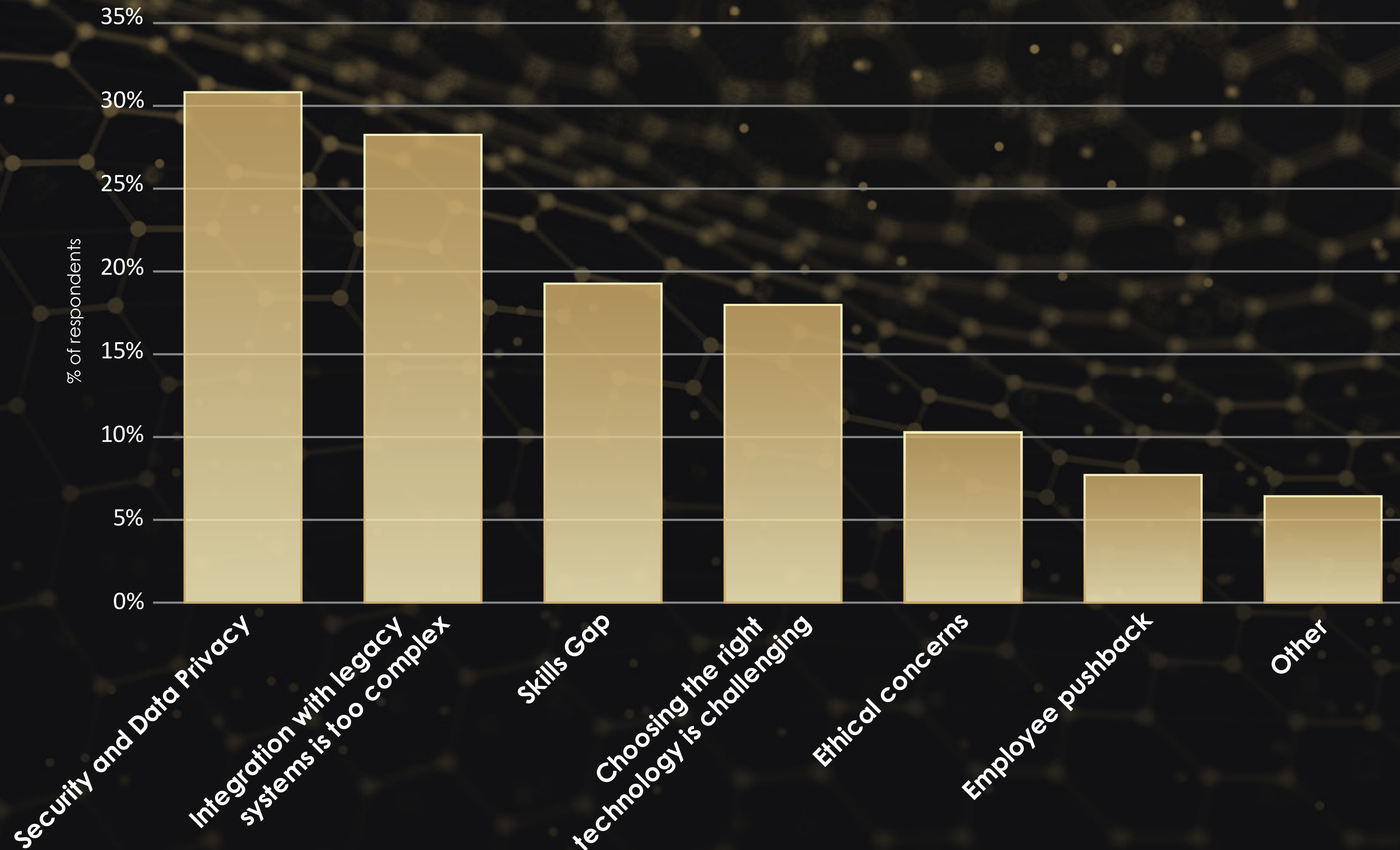
“ This is due to the low awareness of what this system can do; People are only familiar with AI from the point of view of ChatGPT and not other possibilities.

Mariusz Pietrzak
Senior Manager & Senior Consultant, Adaptive SAG



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Main Challenges while Implementing AI



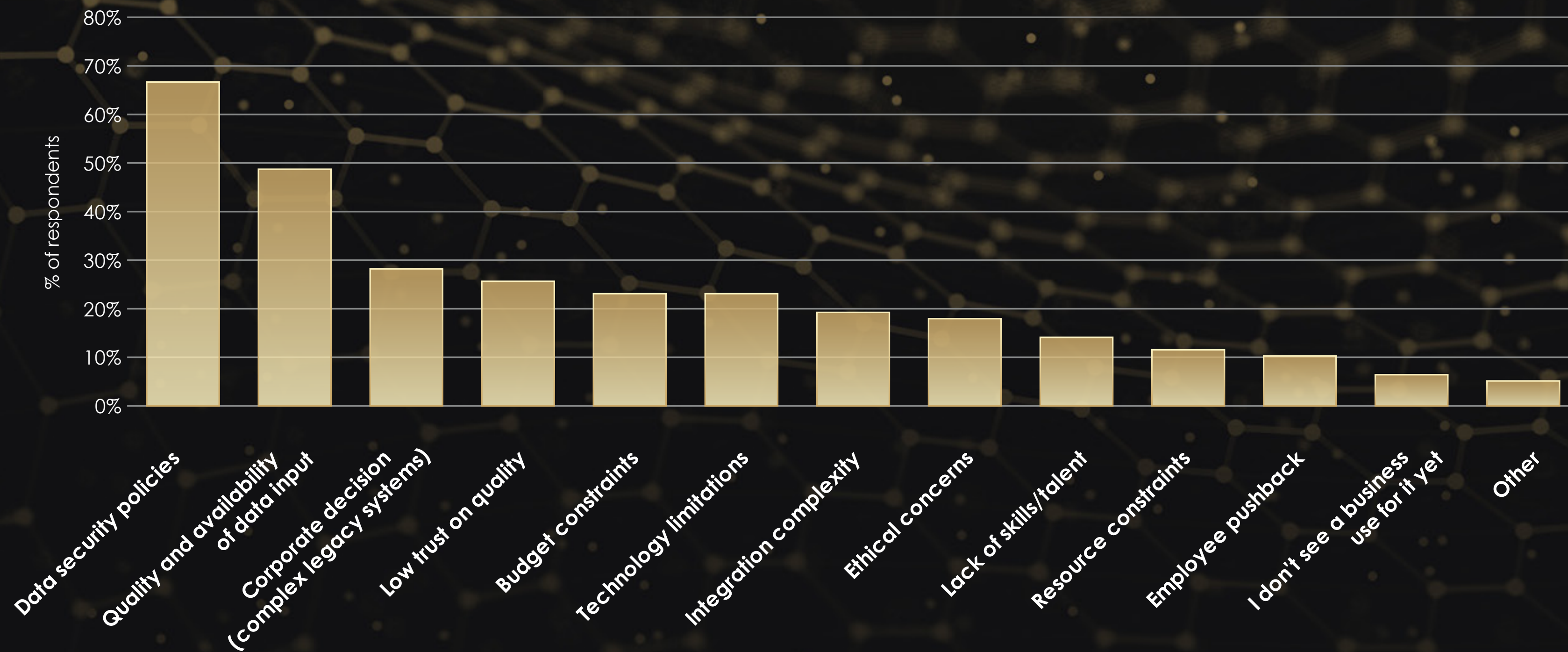
Managers prioritize data security and privacy over AI skills shortage. Yes, data security and privacy are crucial (nobody wants their data on a billboard), but with the rise of super-capable local models - where your data never leaves your machine - these concerns are rapidly shrinking. The real issue is lack of AI skills. Employees need a crash course on GenAI and its inner workings. Think of it as AI boot camp.

Why? Because without proper AI skills, employees might underutilize the technology or misuse it, leading to inefficiencies and missed opportunities. Equipped with the right knowledge, they can identify the best use cases for AI, drive innovation, and ensure smooth implementation and integration into existing workflows. In short, empowering employees with AI skills transforms them into AI-savvy wizards. Ethan Mollick, an Associate Professor at the Wharton School and an AI researcher nicely puts it: "Your employees are your R&D lab right now".

Paweł Płocki
Head of Global Business Services Europe, Trumpf



Primary Limitations or Threats of AI



The biggest difficulties and challenges we expect in the near future are issues related to data. Both the quality of data fed into the systems and the quality of the responses obtained from artificial intelligence leaves much to be desired. Therefore, it is hard to apply to the business needs. Especially in situations where precision and certainty of the quality of the answer is of great importance



Maciej Piotr Kawecki PhD

Polish Doctor of Law, technology journalist and AI evangelist. President of the Stanisław Lem Institute, Innovation Pro-rector at the Warsaw School of Banking.

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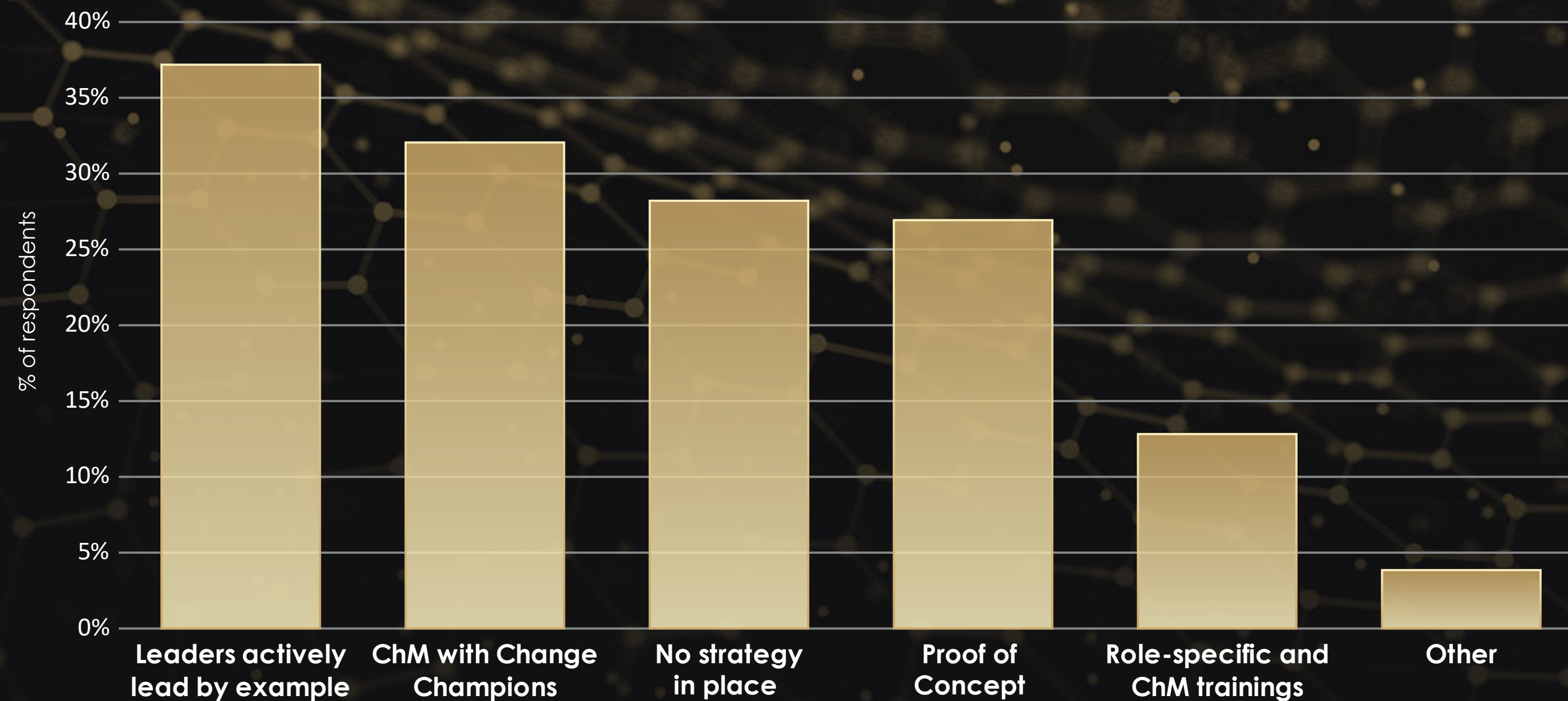
The model predicts what answer we expect, but it is not clear how. The model, on the other hand, knows this but does not recognize the inaccuracy of our prompt. The difference between knowledge and ignorance is the most likely **cause of hallucinations** today.

”

“Świat Halucynacji” speech during
ESG & Sustainability FORUM „Go to the Future”

9 April 2024

Strategies for Managing Organisational Change



- ✓ „I think that we will actually purchase prepackaged AI software, and AI capabilities will be embedded in tools we use every day, rather than being developed from the ground up internally as it would require very specific skills and infrastructure/software. In that sense, we are already using AI without having developed it internally”
- ✓ 3 levels for the change: 1. Process engineering level at the process team level; 2. SSC/GBS Technology Team ; 3. Corporate IT



Usage of chat GPT, by operational people, in many organizations is still treated as something wrong or unusual. As Leaders and Managers, we should challenge this view and start promoting and showing that usage of chat GPT is not something wrong, but it's our new reality. Changing the approach and mindset towards Chat GPT Usage should be the first step of Change Management.

Jim Lafferty

Head of Global Service Management & Krakow Site Leader
Dyson Business Services



Job displacements is a major concern, but not immediately and not everywhere. It will be determined by profitability, which is and will be the result of a number of factors such as social acceptance of specific solutions, efficiency, quality and regulation. This

influence can be slowed down and steered by various regulations - taxes being one of them.

However, on a macro scale, these processes are much more difficult as they affect the competitiveness of economies on a global scale.

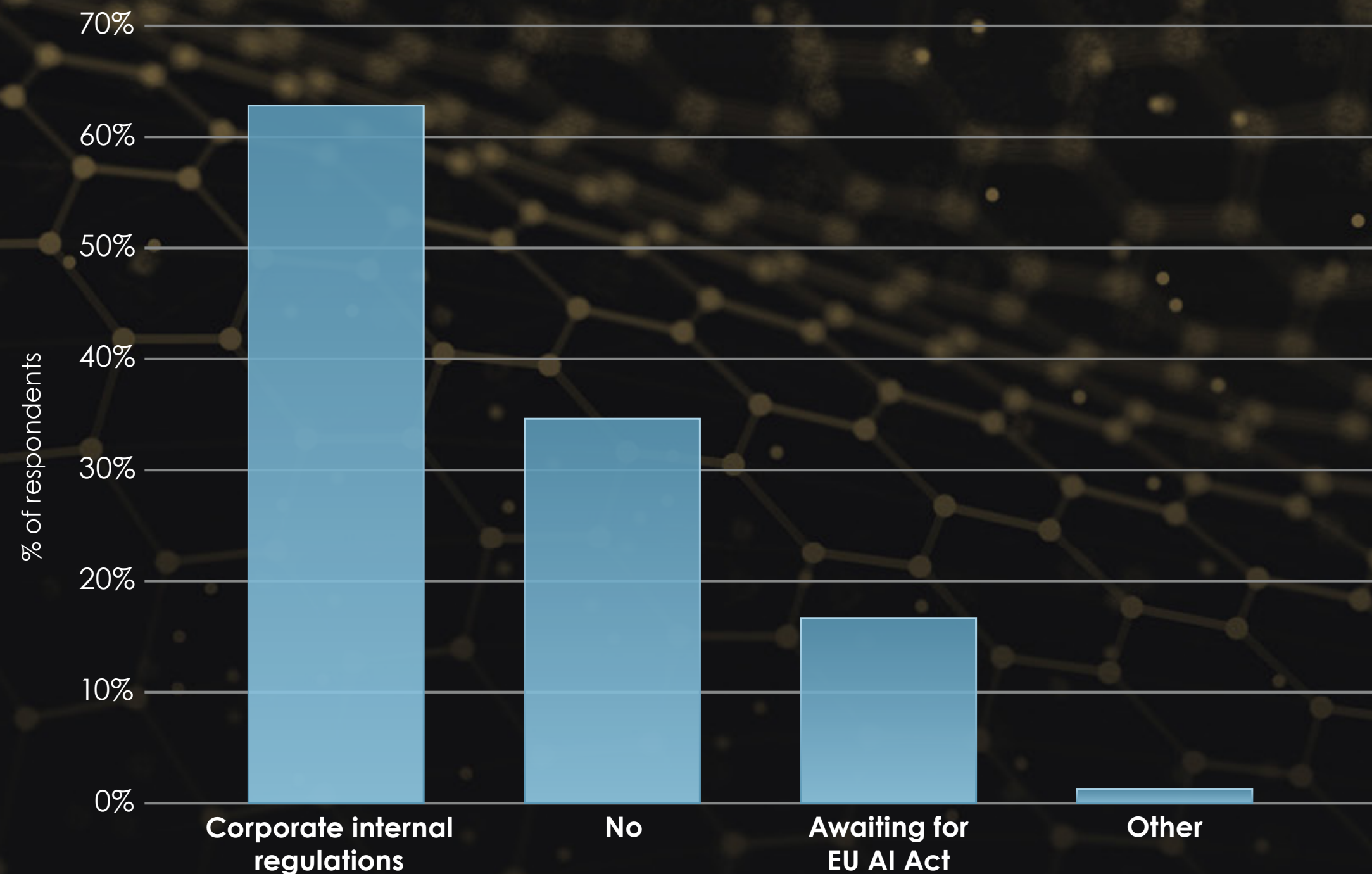
Michal Winkler

Vice President of Software Engineering
Sabre Poland

Job displacement isn't a major concern. There will always be tasks AI can't handle completely. Plus, governments won't let automation run wild—they tend to tax profitable ventures, as seen throughout history and same might be with AI.

Hunger for Regulations

Are there any rules for the use of AI in your GBS?

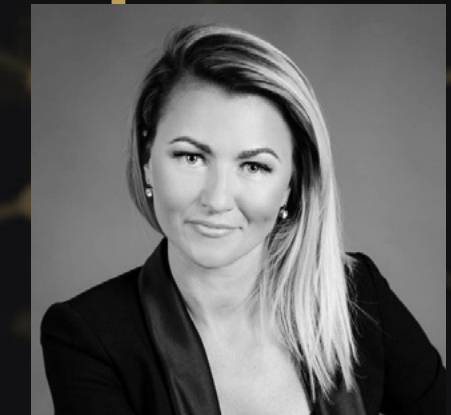


- ✓ Organisations intensively consider to build a closed models working on internal datasets
- ✓ Major concerns related to AI Acts - There is a high risk that the EU will impose restrictions, thereby blocking the development of AI technology in the EU losing market advantage in the globe



The younger generation is too trusting, hence without legislation, we stand no chance of implementing AI.

Joanna Swornik-Kowalska
Business Manager Sii Poland

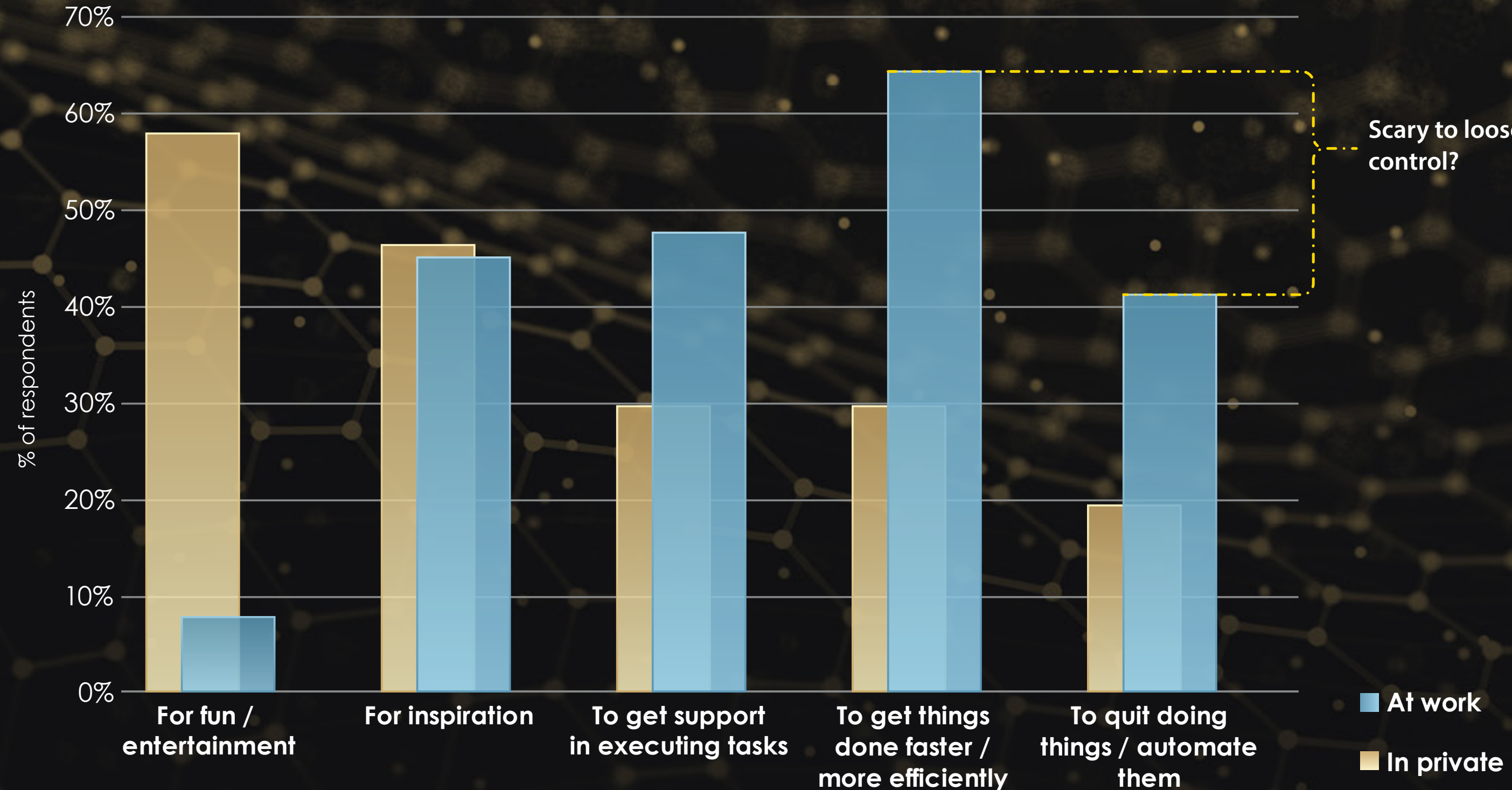


Society, as well as the science and business communities, are eagerly awaiting regulations that will allow for safer and more reliable use of artificial intelligence. For now, most organizations decided to bring on their own regulations, observing the details that will be brought, for example, by the EU AI Act (comes into force in 2025).

Comments to Other show that these are basically internal regulations - without waiting for politicians and regulators.

AI Tools Exploration

Domains where AI solutions are being utilised personally.



“
Why aren't self-driving cars ubiquitous? The topic hasn't been regulated or thoroughly discussed from moral and ethical perspectives.
”

Jakub Stopa
Procurement Operations Tower Lead Imperial Brands PLC

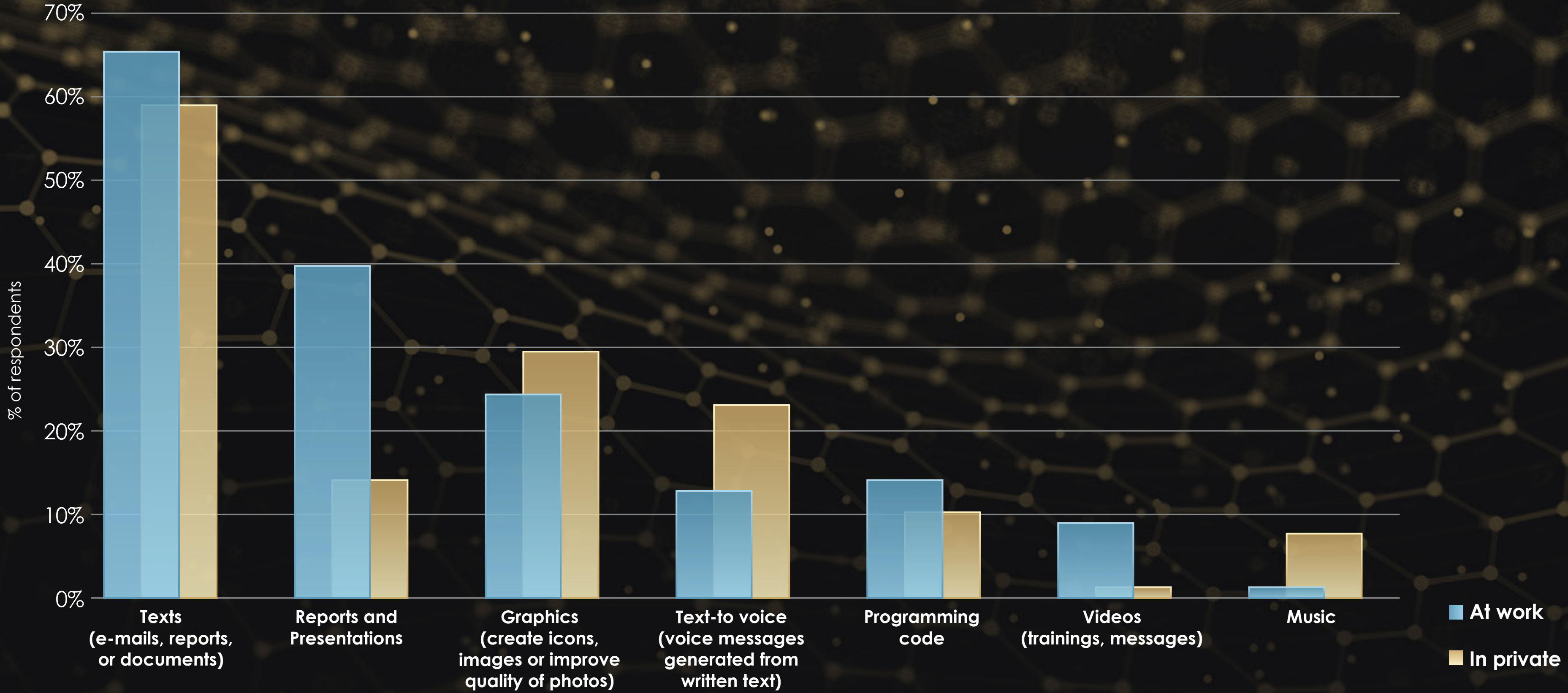


We checked whether and to what extent a personal approach to technological innovations and solutions brought by artificial intelligence has an impact on the implementation and use of these solutions in our GBS. Therefore, we asked our respondents which tools they use at work and which they use only in the private part of their lives.

Unsurprisingly, we use artificial intelligence tools for fun mainly at home/privately, while the desire to use AI to look for inspiration, support for performed tasks or even eliminate them obviously increases in the professional part of life. Interestingly, the majority of respondents are more likely to speed up their tasks with the help of artificial intelligence, while a quite a group does not want to entirely eliminate them.

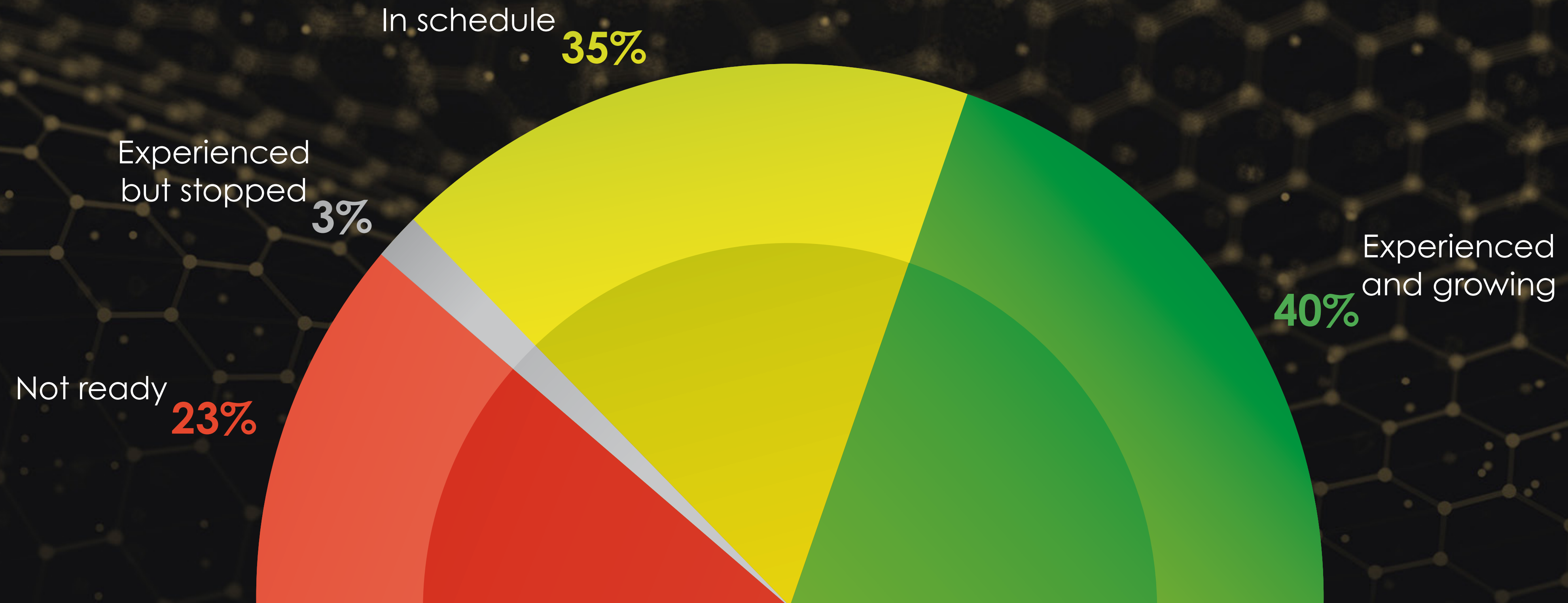
Types of AI-Generated Artefacts Used by GBS Leaders

Types of AI-generated artefacts used



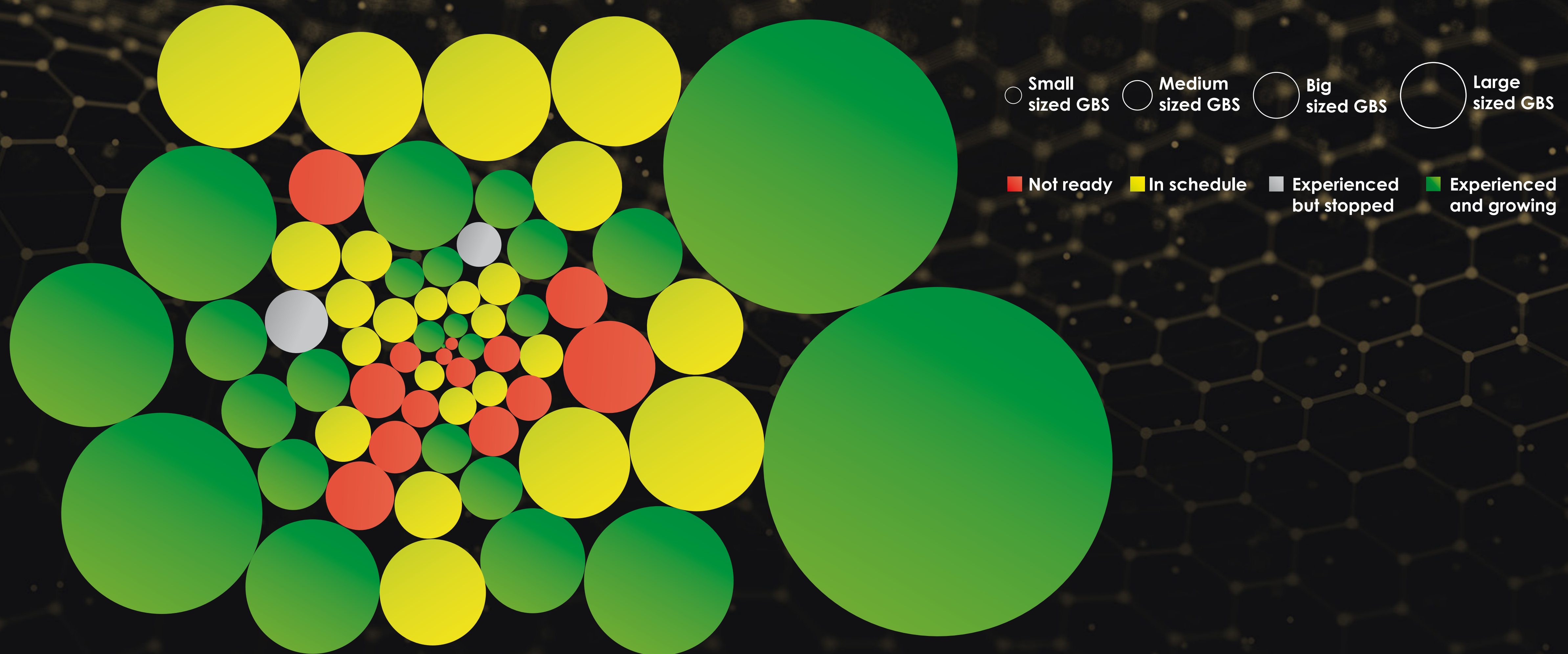
Without much surprise, we frequently use AI to transcribe text for reports or create presentations. Relatively rarely do we utilize AI to generate voice based on text, create videos, or search for programming code or music. However, this gives a significant opportunity for inclusivity - through the use of artificial intelligence, we can invite individuals who are reluctant to appear on camera or lend their voice, even if they have a lot of valuable insights to share and could teach us a great deal.

GBS AI Readiness Summary

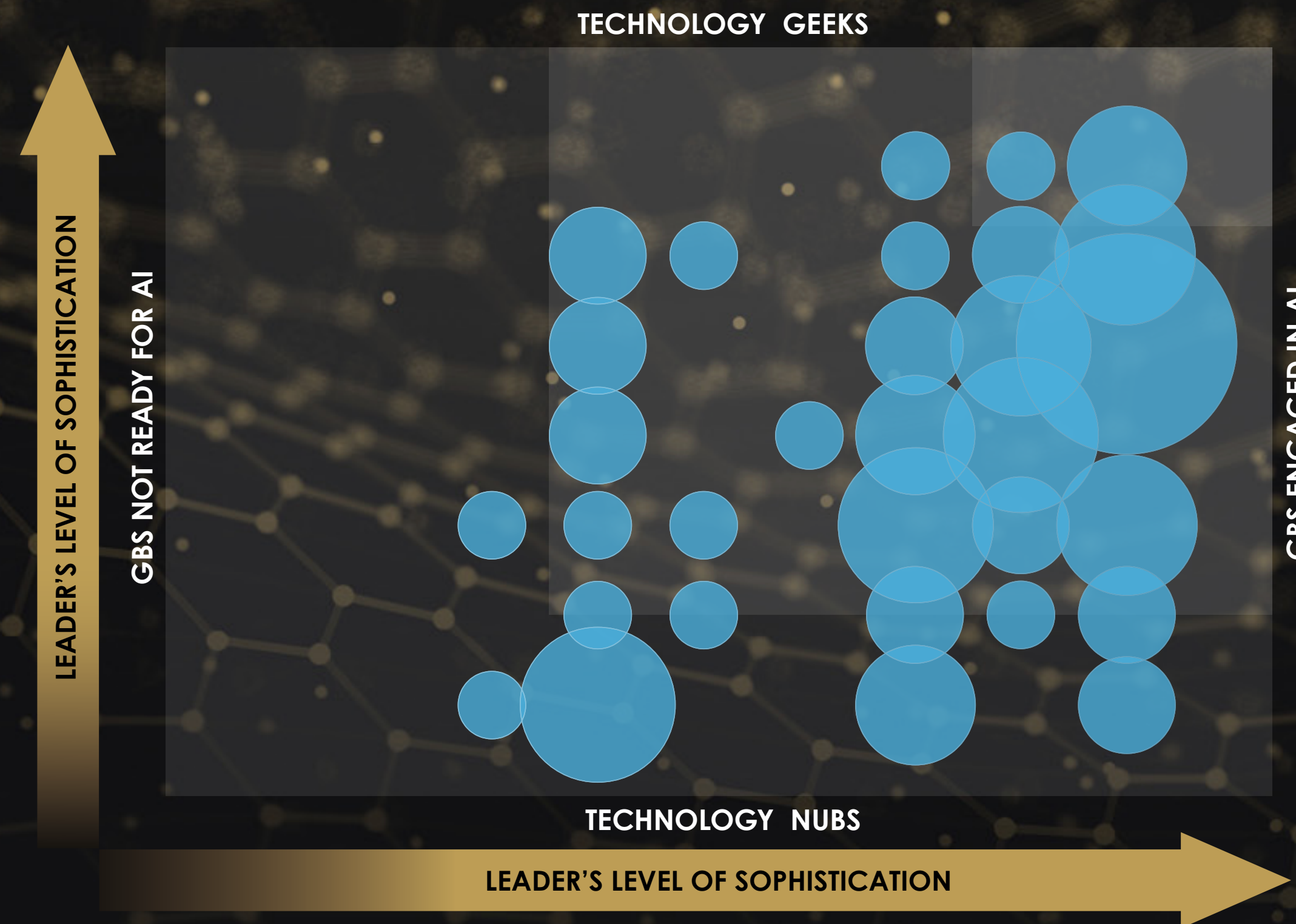


If we assume that companies that already have AI in their plans do not need to be convinced by AI, we see that only 23% of respondents are unconvinced by these latest technologies. We tested whether willingness and readiness for AI depends on the size of the GBS. As you can see on the next slide, in all large centres AI is already in operation, while most often it is the medium-sized centres that are still undecided about using AI solutions in their plans.

AI Readiness vs Size Of GBS



GBS AI Readiness vs GBS Leads Tech. Skills



We also compared the level of proficiency of each leader and respondent to the centre's level of readiness to use artificial intelligence. We see a subtle trend indicating a relationship between the level of personal proficiency and the sophistication of the centre. It is still surprising that there are centres where, although the leaders are highly advanced in the use of AI, it is barely or not introduced at all. On the other hand, there are centres that are advanced in the use of AI and yet their managers hardly use AI. This is a potential for upskilling - it is a large population of people who need to catch up. A close correlation is also that if a centre is very advanced it also raises the level of proficiency of the respondent.



ADAPTIVE Solutions & Advisory Group

is helping organizations in adopting themselves to market environment and seize competitive advantage in the business world through centralization, transformation, and automation of business processes. With unique process transformation expertise, the Company offers dedicated business solutions for shared services & outsourcing industry, including end-to-end process management, change management, technology enhancements, and GBS market intelligence.

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