



# **It's Not a Talent War, It's a New Reality**

## 2022 Key Issues in Global Sourcing

December 14, 2021

Live Tweeting #EGAnalyst

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# It's Not a Talent War, It's a New Reality

In today's discussion, we highlight the challenges of this new reality.

Over the coming months our analysts will be answering the question: What should you be doing?

“Top 5 Success-driving Actions for 2022” webinar series 



Global Business Services (GBS) – January 13, 2022



Business Processes – January 20, 2022



IT – February 1, 2022



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Sourcing and Vendor Management – February 15, 2022



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# At the corporate level, lack of talent is holding companies back more than broken logistical chains




Top business constraints going into 2022  
Percentage of respondents selecting as most challenging



Source: Everest Group 2022 Key Issues Study

# Leaders are bullish about growing headcount scale across all shores

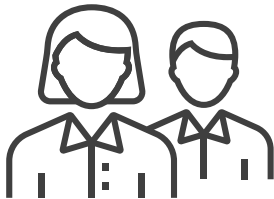
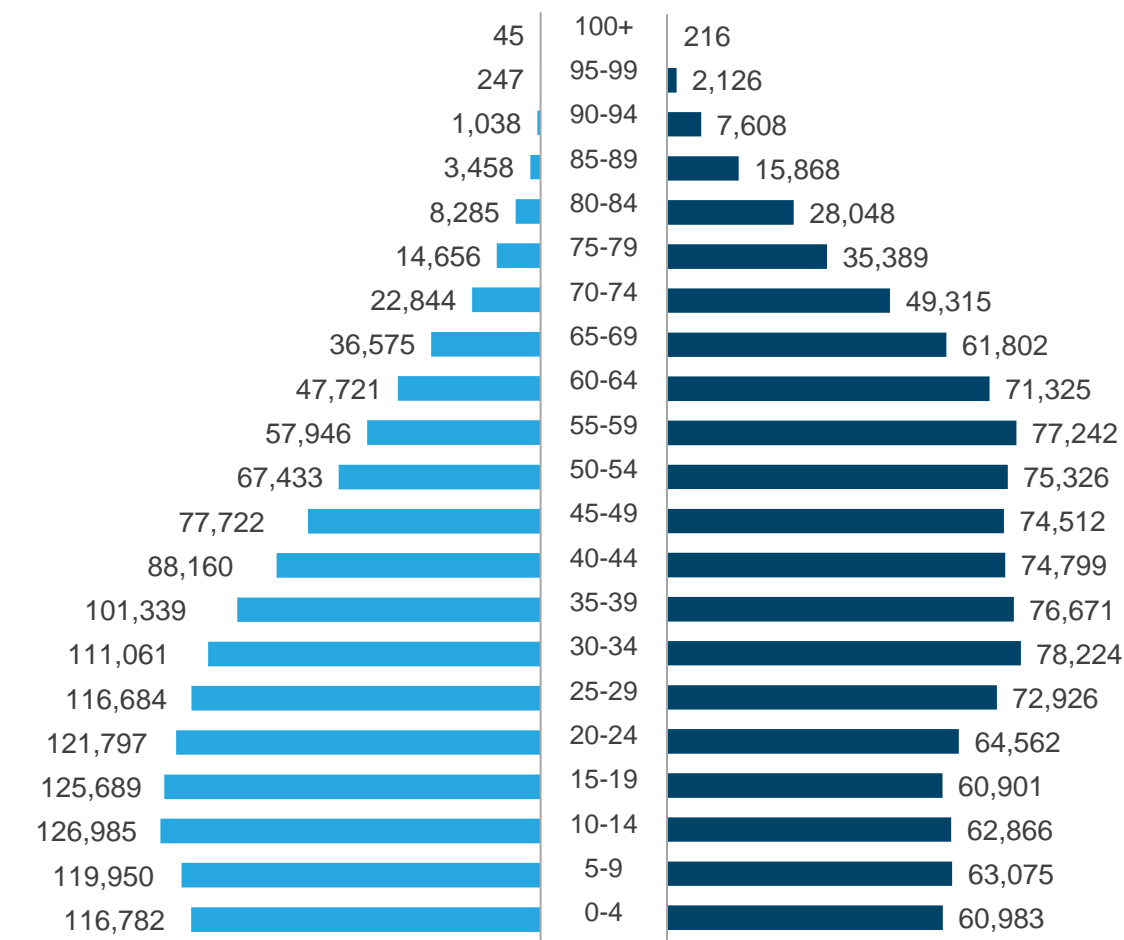
Sentiments about anticipated headcount growth; geography view  
Percentage growth

		2020	2021	2022
Overall market average headcount growth		5.2%	2.7%	7.5%
	APAC	10.2%	4.7%	11.6%
	Europe/UK	3.9%	2.0%	4.5%
	North America	4.6%	2.1%	6.5%

Source: Everest Group 2022 Key Issues Study. Everest Group 2021 Key Issues Study and Everest Group 2020 Key Issues Study

# The labor pyramids for North American and Europe show fewer new working-age people

Population by age, in thousands

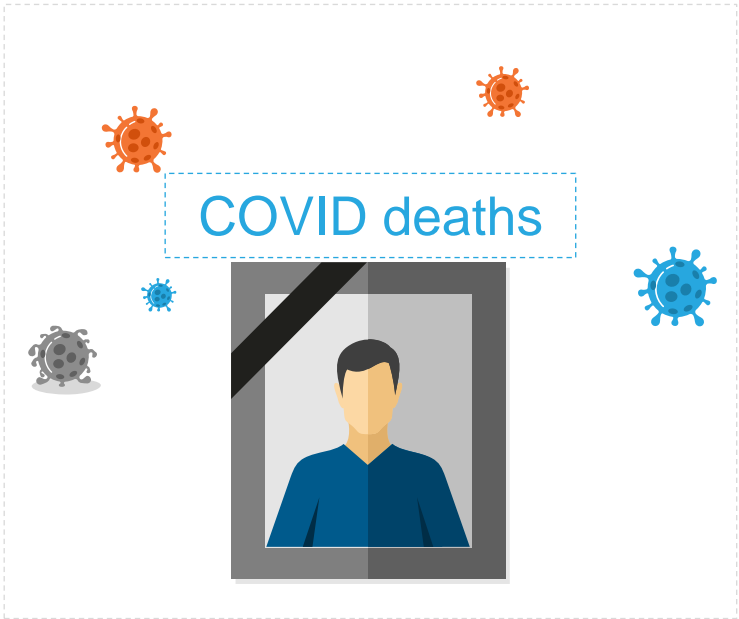


Annualized new workers coming into market

	India	North America and Europe
Aged 25-29	23.3 million	14.6 million
Aged 15-19	25.1 million	12.2 million
Net change annually	+1.8 million	-2.4 million

Source: populationpyramid.net

# And other qualitative events are impacting labor market as well



Changing culture views (families, view of work, etc.)

## How do you feel going into 2022? Select all that apply

- Ready for 2021 to be over – **34%**
- Feeling great and can't wait to spend my 2021 bonus – **6%**
- Feeling great, but I'm worried about 2022 – **22%**
- 2022 should be a great year – **42%**
- Can't wait until I start my new job at a new company – **4%**
- Will my boss give me a big enough raise to cover inflation? – **19%**
- Can't wait to get back to the office – **13%**
- Dreading going back to the office – **9%**
- Worried that the Omicron variant will cause another series of lockdowns – **34%**
- Worried that I may not have enough toilet paper – **2%**





## Discussion points for today

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**Talent – who, how, what,  
why, where**

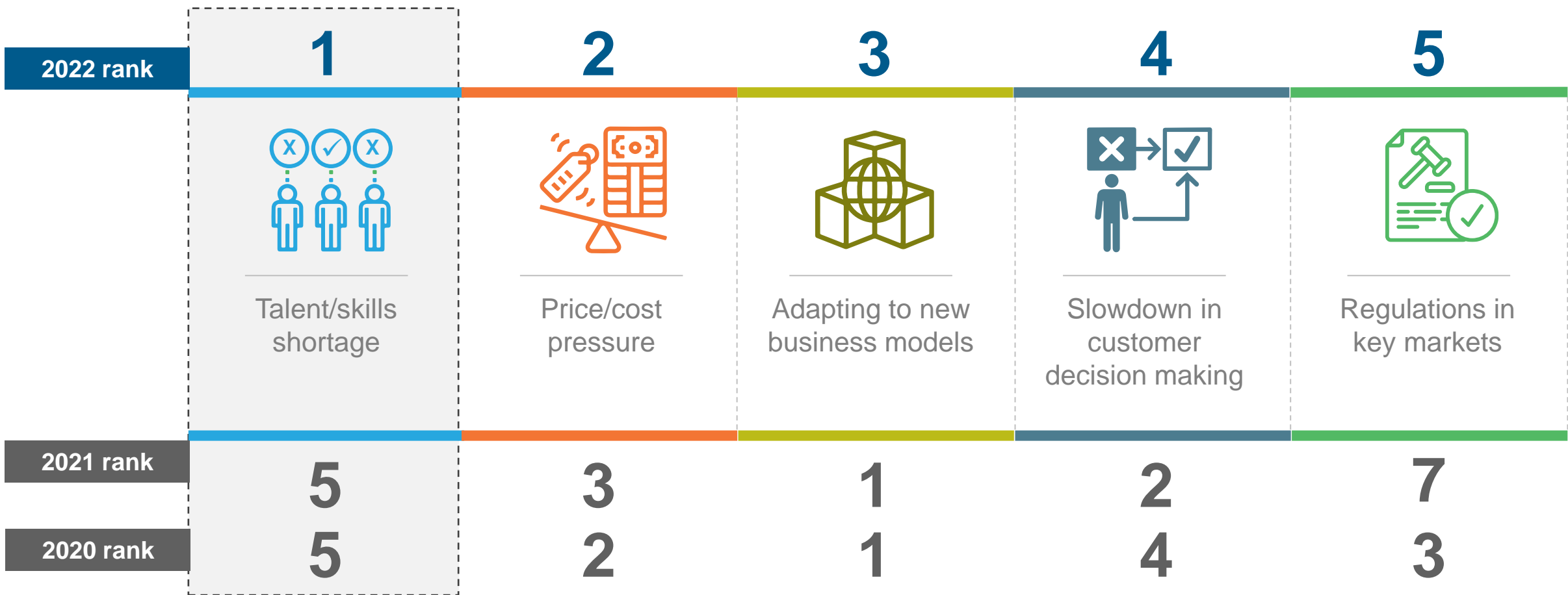
**Organizational  
changes**

**Sneak peek into  
stakeholder-specific  
sessions**



# The talent shortage is complicated, and it isn't going away soon

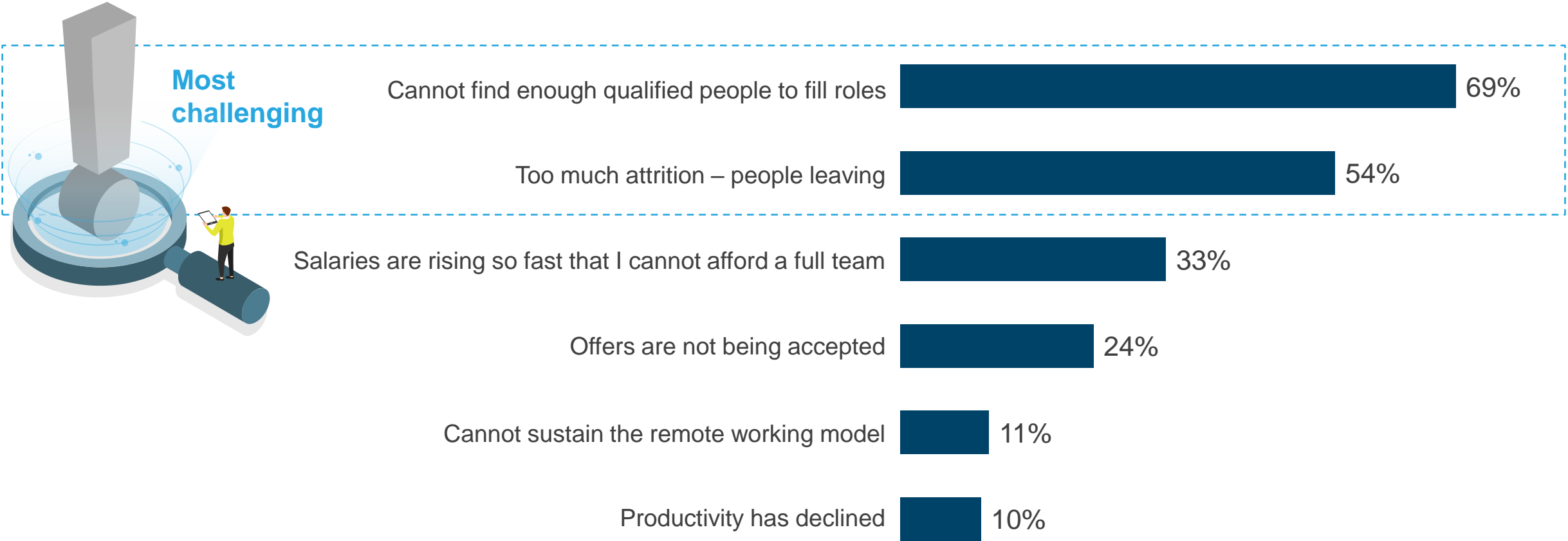
Key business challenges expected in 2022  
Percentage of respondents selecting highly challenging



Source: Everest Group 2022 Key Issues Study. Everest Group 2021 Key Issues Study and Everest Group 2020 Key Issues Study

# Employers are seeing the talent shortage show up in different ways

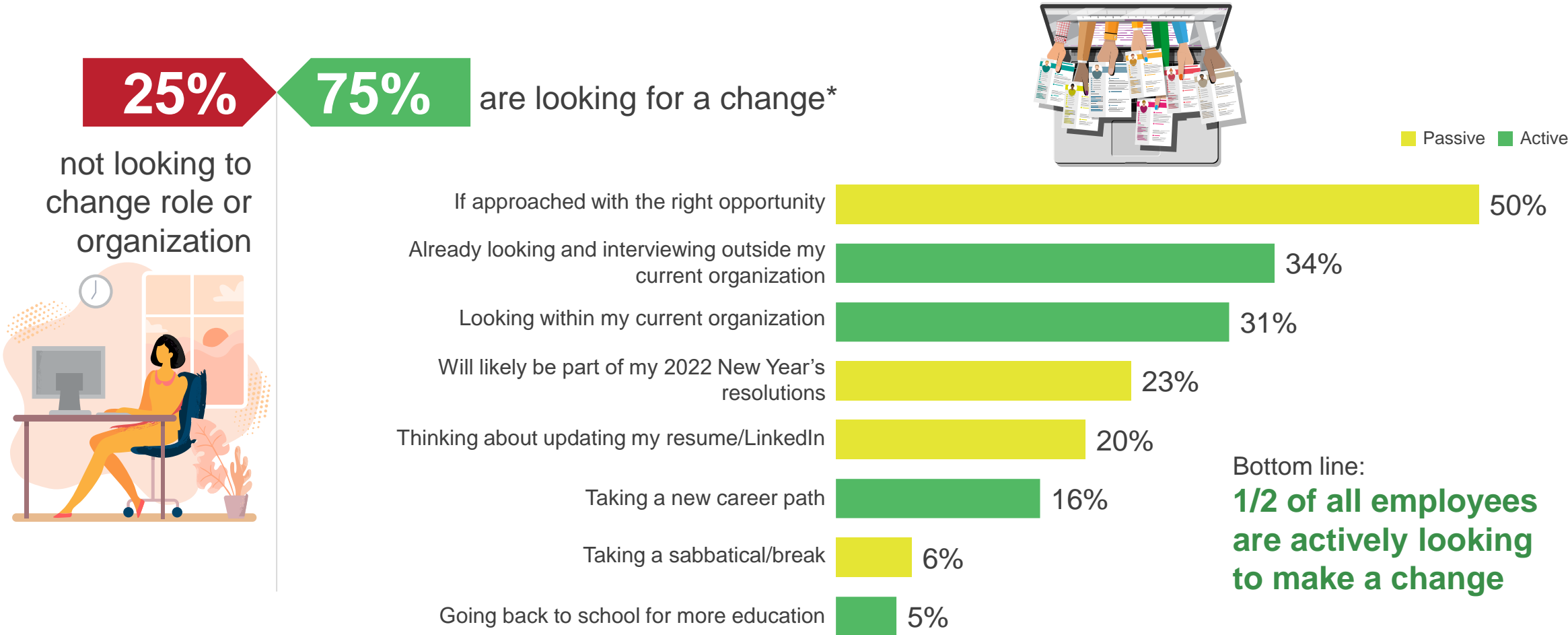
Top root causes for the talent shortage  
Percentage of respondents selecting highly challenging



Source: Everest Group 2022 Key Issues Study

# Employees are quite aware of this shift in power and are looking for opportunities to make changes in their work lives

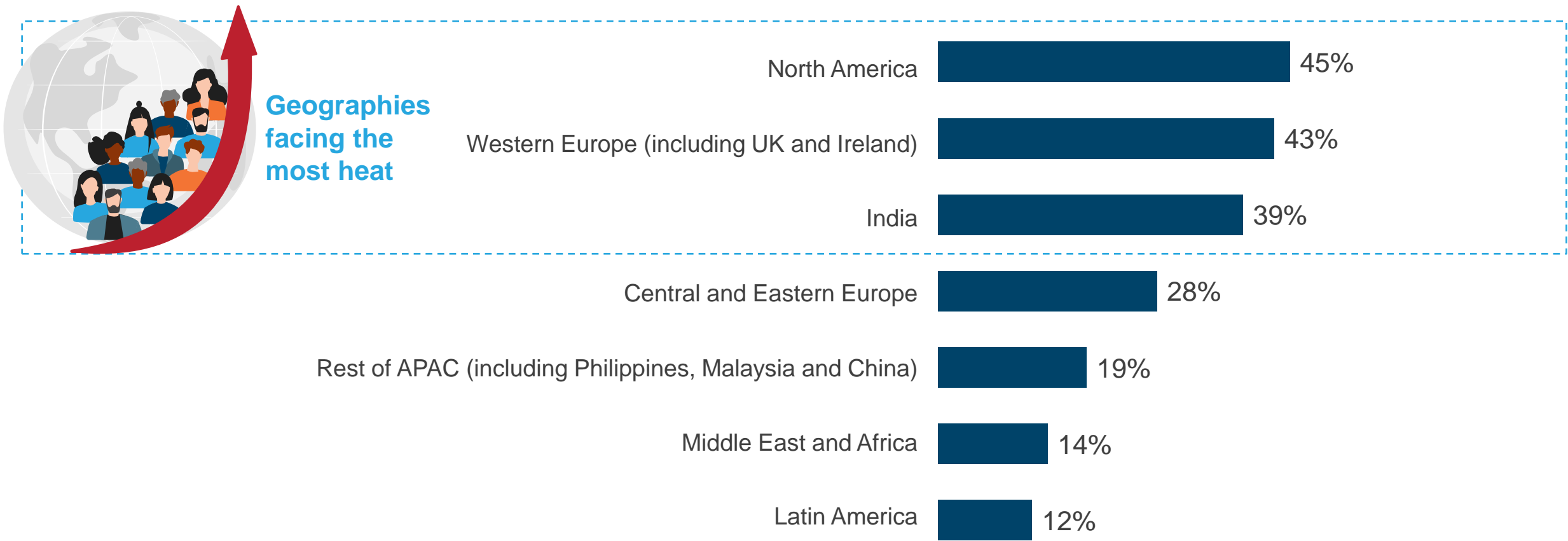
Response to November 2021 quick poll question: are you thinking about looking for a different position?



\*Respondents were able to choose up to 3 options if they are looking for a change

# The challenge is global in nature but manifesting itself differently by region

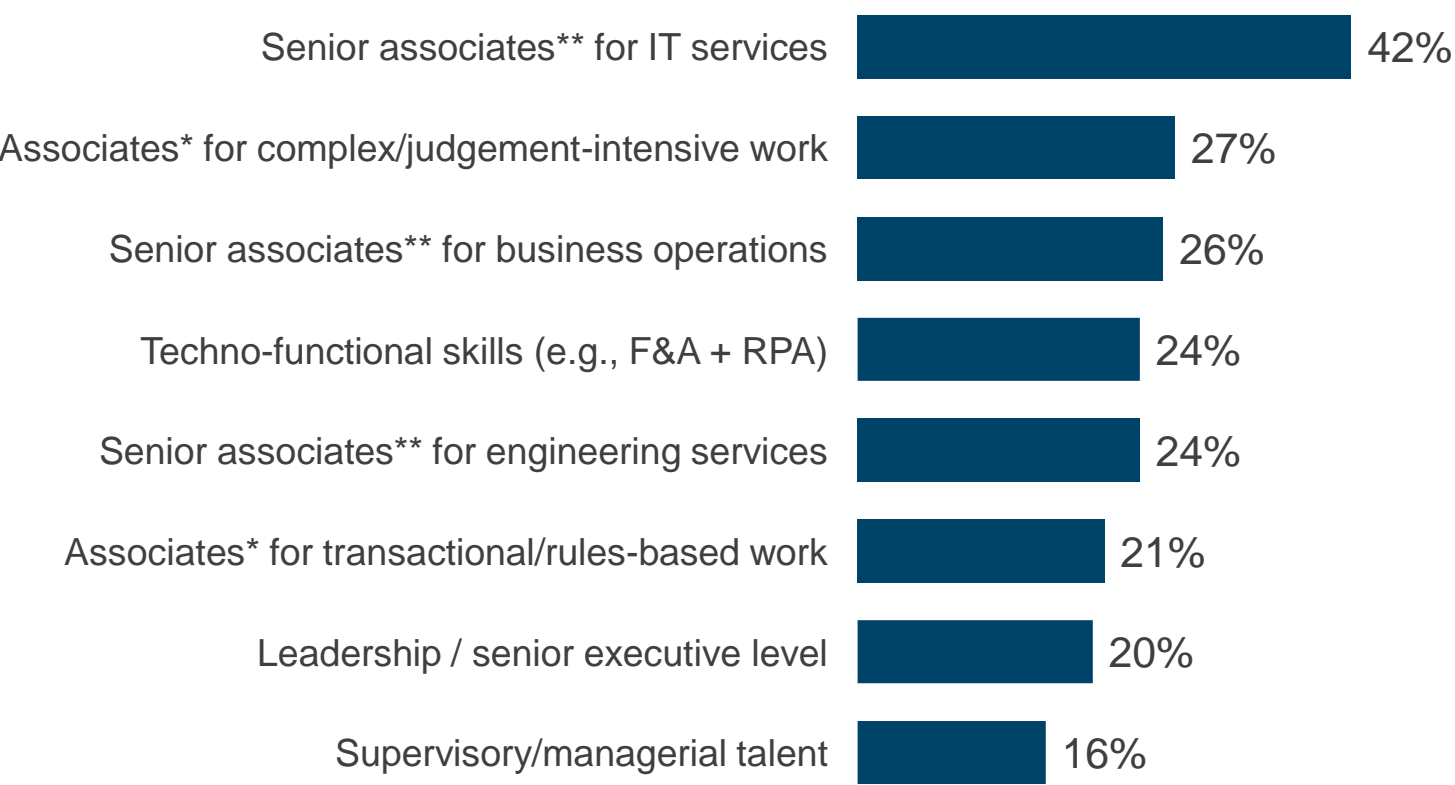
Top geographies with challenges around talent shortage  
Percentage of respondents selecting most challenging



Source: Everest Group 2022 Key Issues Study

# The talent shortage has spread beyond IT and high-end digital skills

Top segments with challenges around talent shortage  
Percentage of respondents selecting challenging






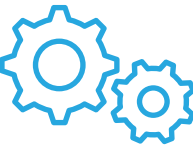
The problem seems to be pervasive



\*Associates: <2 years of experience | \*\*Senior associates: 2-6 years of experience  
Source: Everest Group 2022 Key Issues Study

# Engineering and IT will drive headcount growth; sourcing and GBS will return to pre-COVID levels

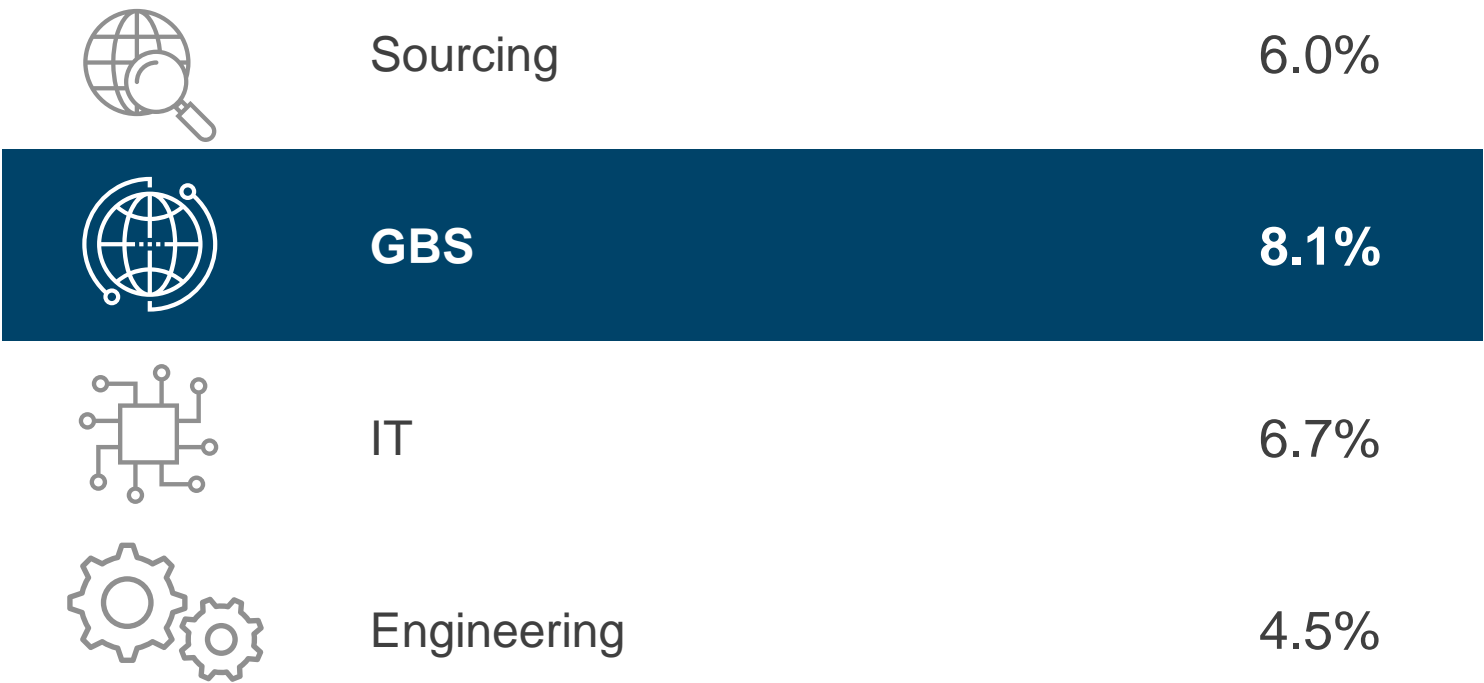
Sentiments about anticipated headcount growth, enterprise department view  
Percentage growth

		2020	2021	2022
	Sourcing/procurement	4.0%	1.6%	4.7%
	IT	3.8%	1.6%	★ 5.2%
	GBS	2.8%	6.2%	3.8%
	Engineering	5.3%	0.0%	★ 9.3%

Source: Everest Group 2022 Key Issues Study, Everest Group 2021 Key Issues Study and Everest Group 2020 Key Issues Study

# Despite having the lowest expected headcount growth, GBS leaders expect the largest salary increases

Sentiments about anticipated salary changes for 2022  
Percentage growth



Source: Everest Group 2022 Key Issues Study



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Talent – who, how, what,  
why, where

Organizational  
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Sneak peek into  
stakeholder-specific  
sessions



# One way to solve the talent challenge is to outsource it



## Move it out of the organization

32% of buyers said they intend to move an average of 19% of their work outside of their organizations



Move it to the business unit  
No real trend in either direction



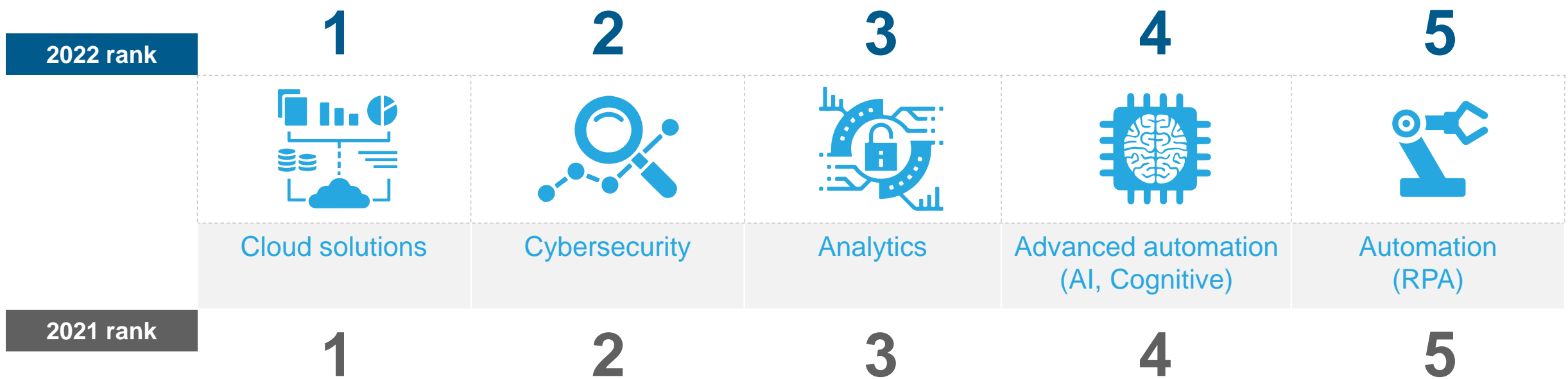
## Move it to the GBS / corporate

Small moves away from centralized groups

\* Only buy-side responses considered  
Source: Everest Group 2022 Key Issues Study

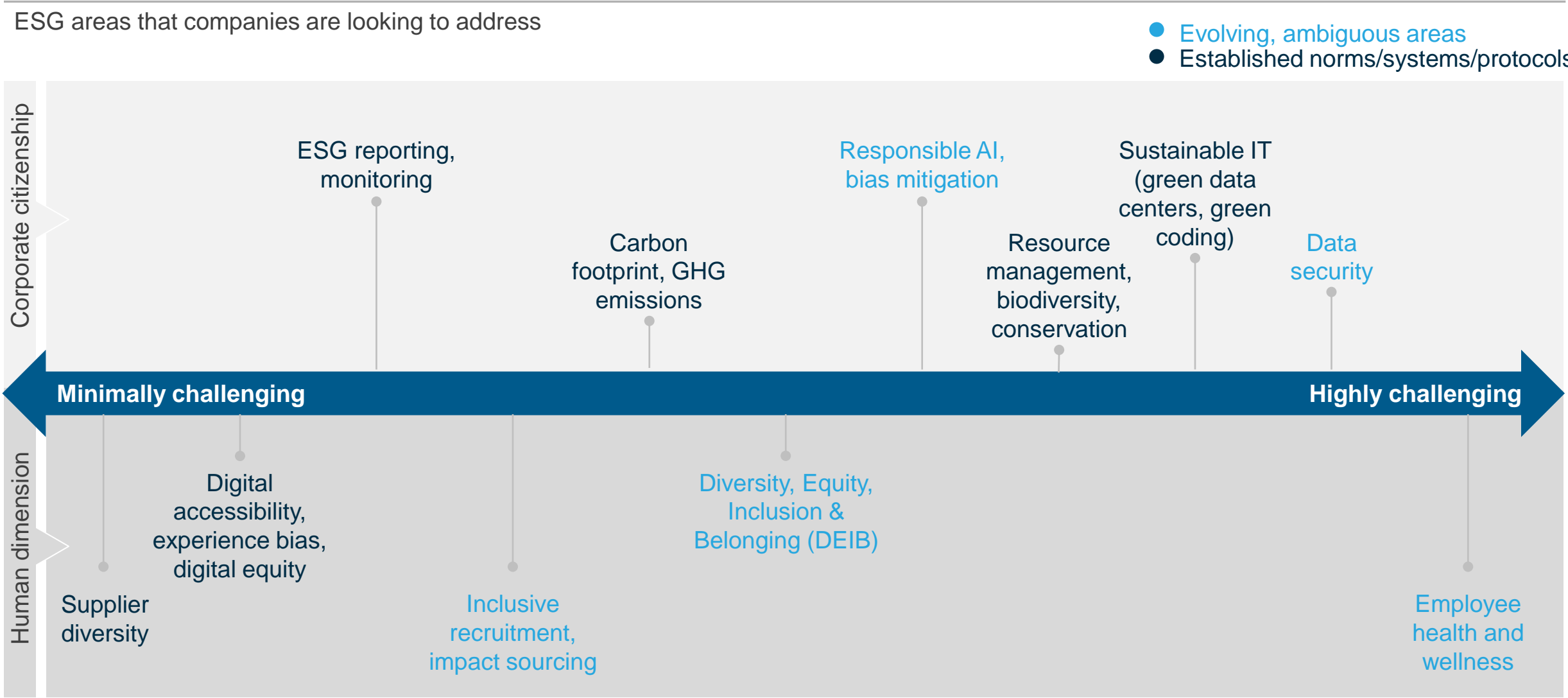
# With increased digitalization – further accelerated by COVID – cloud and cybersecurity continue to be the top digital/next-generation capability priorities

Top digital/next-generation capability priorities for the next 6-12 months  
Percentage of respondents selecting high priority



Source: Everest Group 2022 Key Issues Study and Everest Group 2021 Key Issues Study

# Within the complexity, ESG work is a balance between human dimensions and corporate citizenship



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Talent – who, how, what,  
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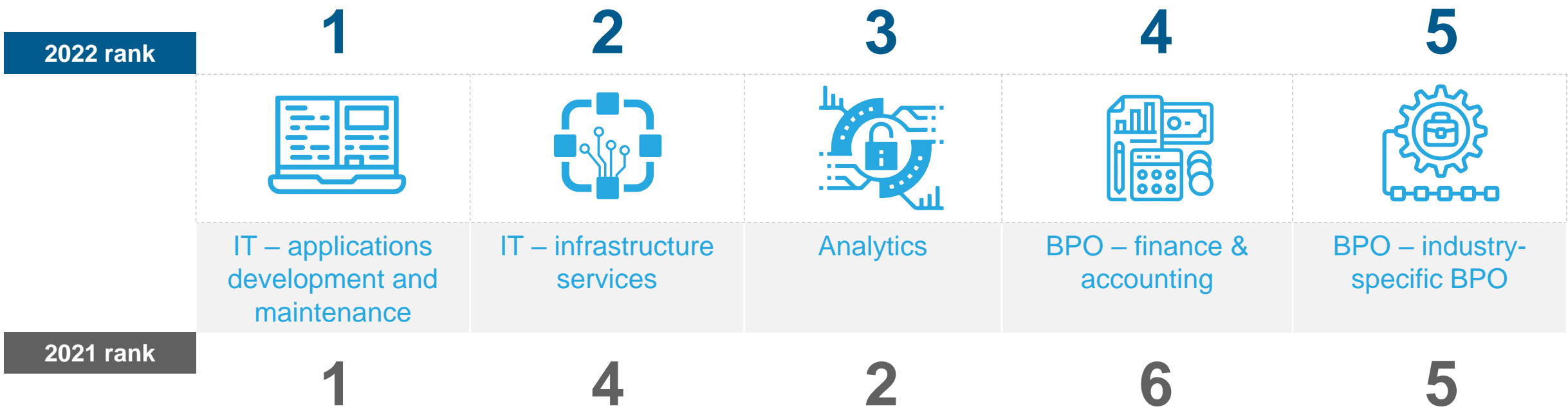
Sneak peek into  
stakeholder-  
specific sessions



- GBS
- Sourcing
- IT

# GBS leaders will continue to invest most in IT services and analytics in 2022

High-priority areas GBS organization investment in 2022  
Percentage of respondents selecting as highest increase



Source: Everest Group 2022 Key Issues Study and Everest Group 2021 Key Issues Study

# GBS organizations expect to increase their leverage of nearshore locations to drive growth

## Key locations changes expected

Percentage of respondents

Decrease Increase



Leverage of offshore locations such as Asia Pacific

2021



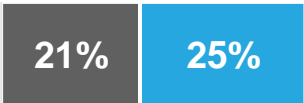
2022



Leverage of nearshore locations such as Central and Eastern Europe or Latin America



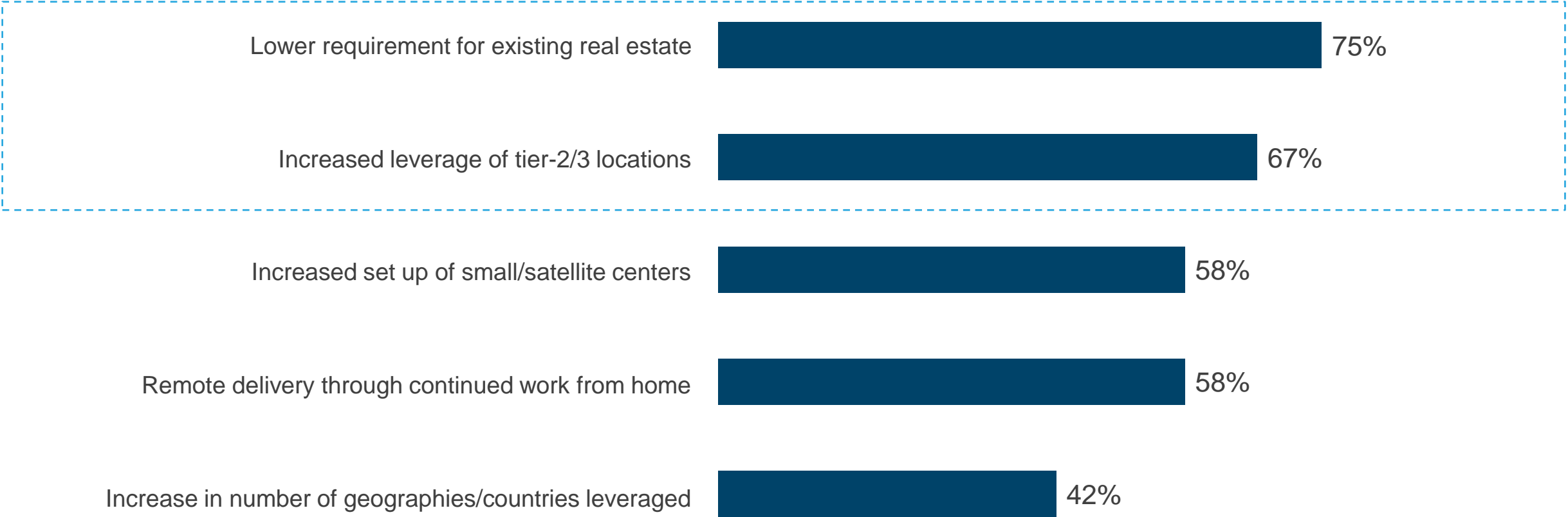
Leverage of onshore locations such as the US and Western Europe



Note: Bars do not sum to 100% because they exclude the neutral responses  
Source: Everest Group 2022 Key Issues Study and Everest Group 2021 Key Issues Study

# Most GBS organizations expect to reduce their real estate footprints and explore untapped talent pools in tier-2/3 locations

Key changes expected in future GBS operating models  
Percentage of respondents selecting as important



Source: Everest Group 2022 Key Issues Study



## Discussion points for today

Talent – who, how, what,  
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Sneak peek into  
stakeholder-  
specific sessions



- GBS
- **Sourcing**
- IT

# Enterprises expect high quality service and timely delivery from their service providers in 2022

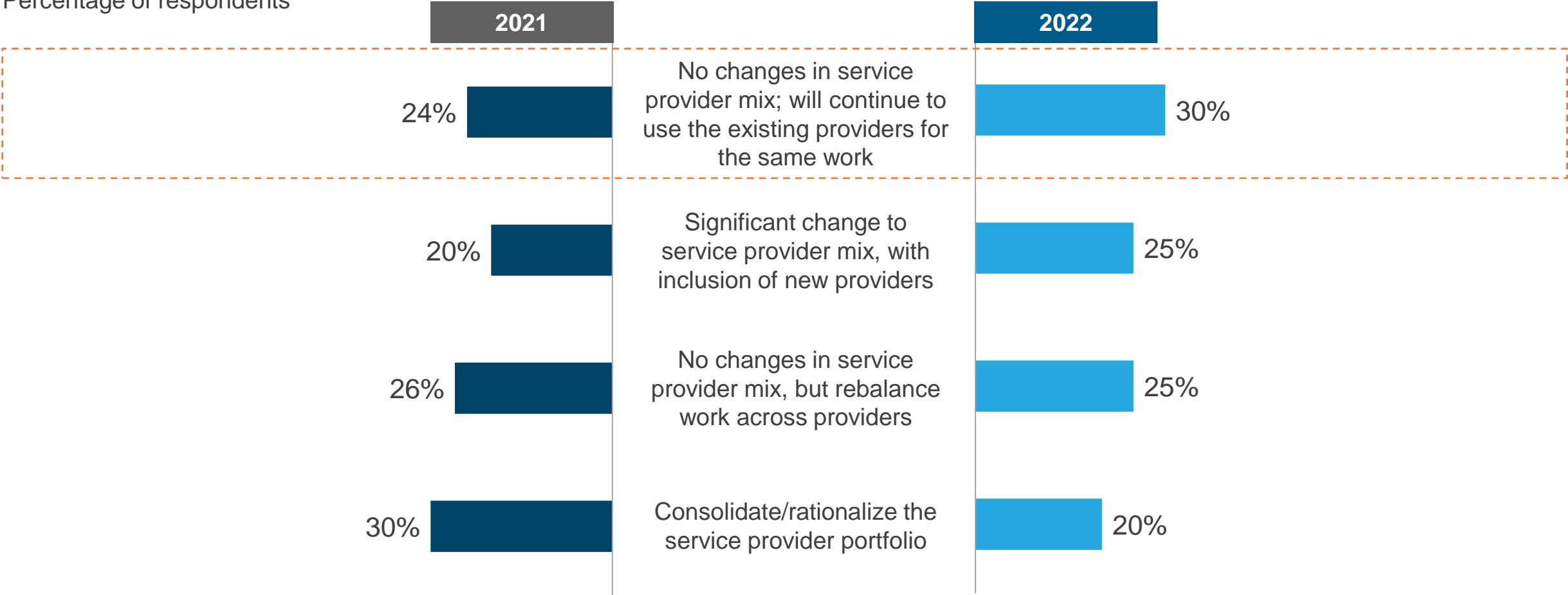
Key performance parameters enterprises expected from service providers  
Percentage of respondents selecting as highest concern



Source: Everest Group 2022 Key Issues Study and Everest Group 2021 Key Issues Study

# Most organizations consolidated their vendor portfolios in 2021 and plan to work with existing providers going forward

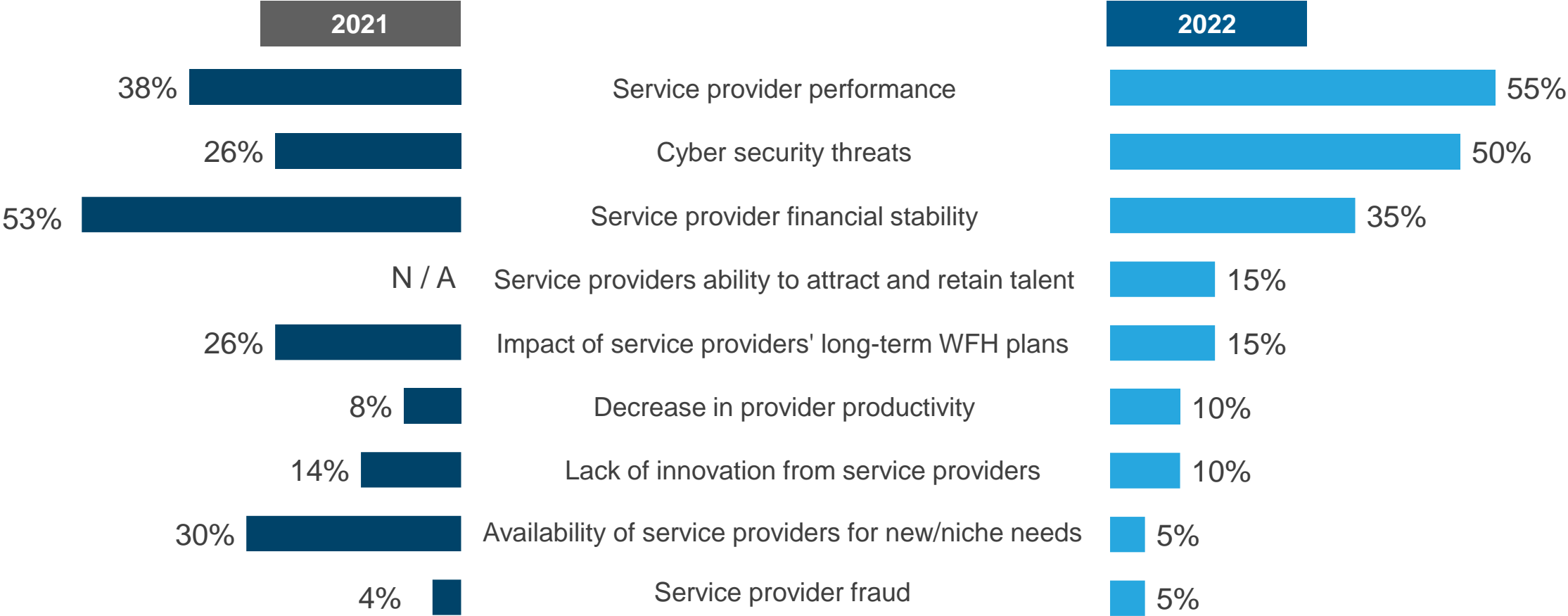
Expected changes in service provider mix in 2022  
Percentage of respondents



Source: Everest Group 2022 Key Issues Study and Everest Group 2021 Key Issues Study

# However, despite these changes, concerns remain, such as service provider performance and cyber security threats in 2022

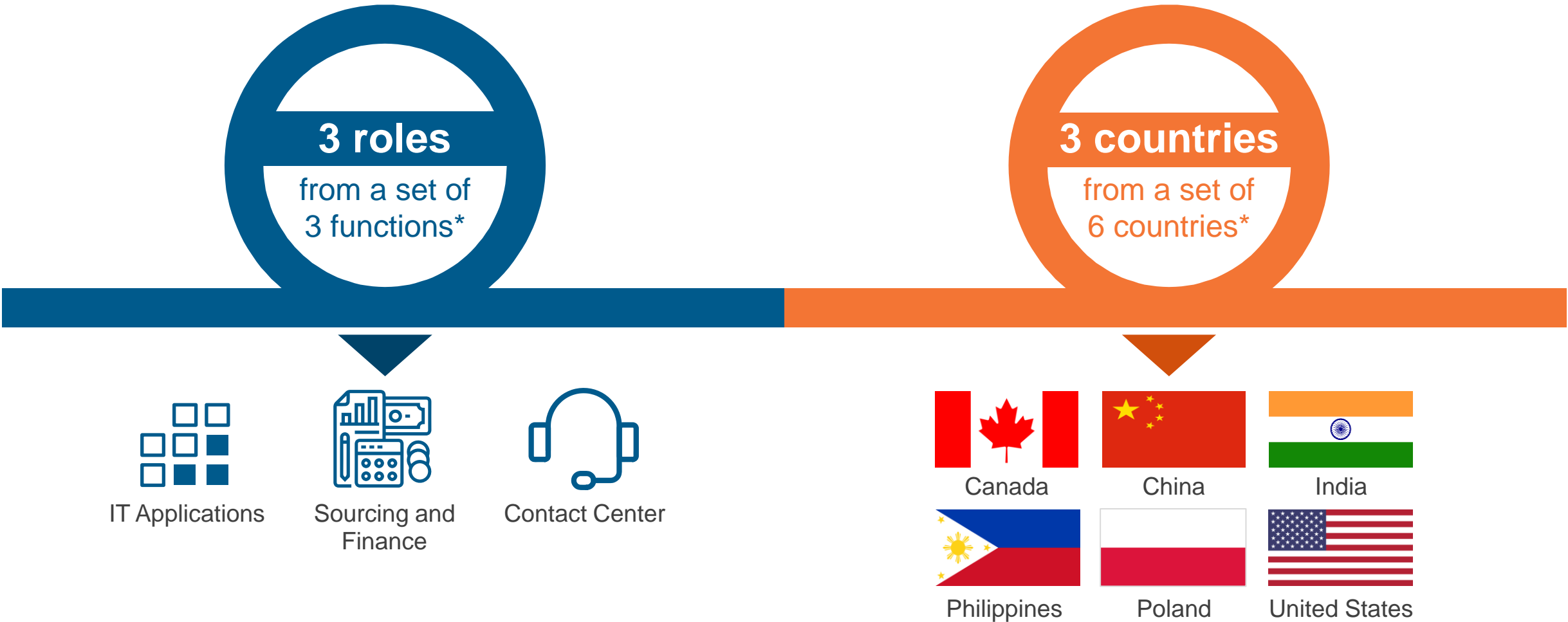
Most concerning aspects about service providers  
Percentage of respondents selecting as most concerning



Source: Everest Group 2022 Key Issues Study and Everest Group 2021 Key Issues Study

# How do your outsourced services rates compare?

Buy-side enterprises can receive a complimentary price check



\*Data for analysis comes from our pricing database of 250+ roles and 32 countries

## Discussion points for today

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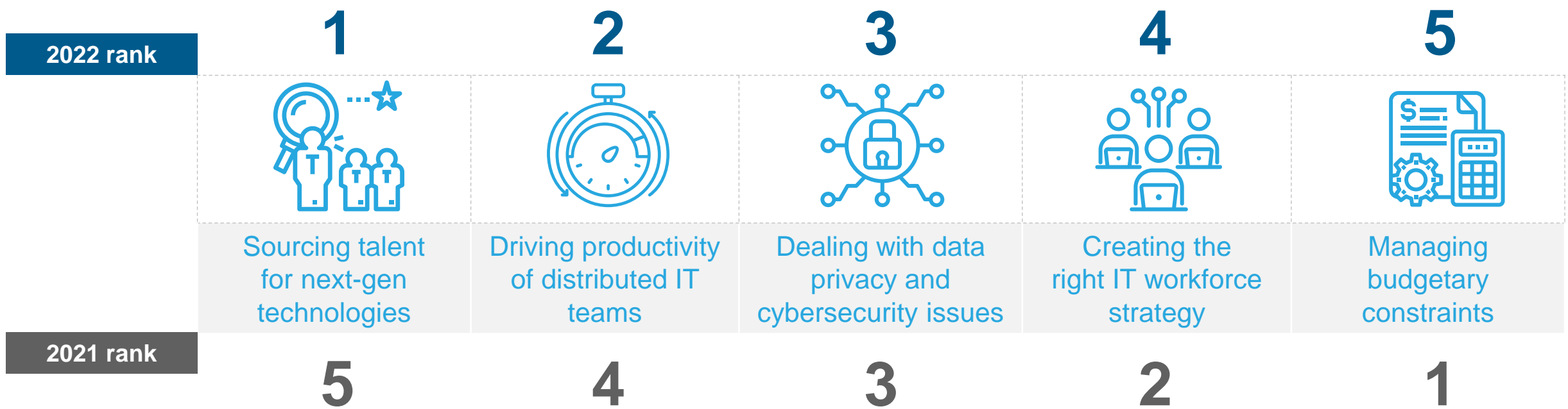
Sneak peek into  
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- GBS
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# Talent availability and productivity have been the key challenges for IT enterprises

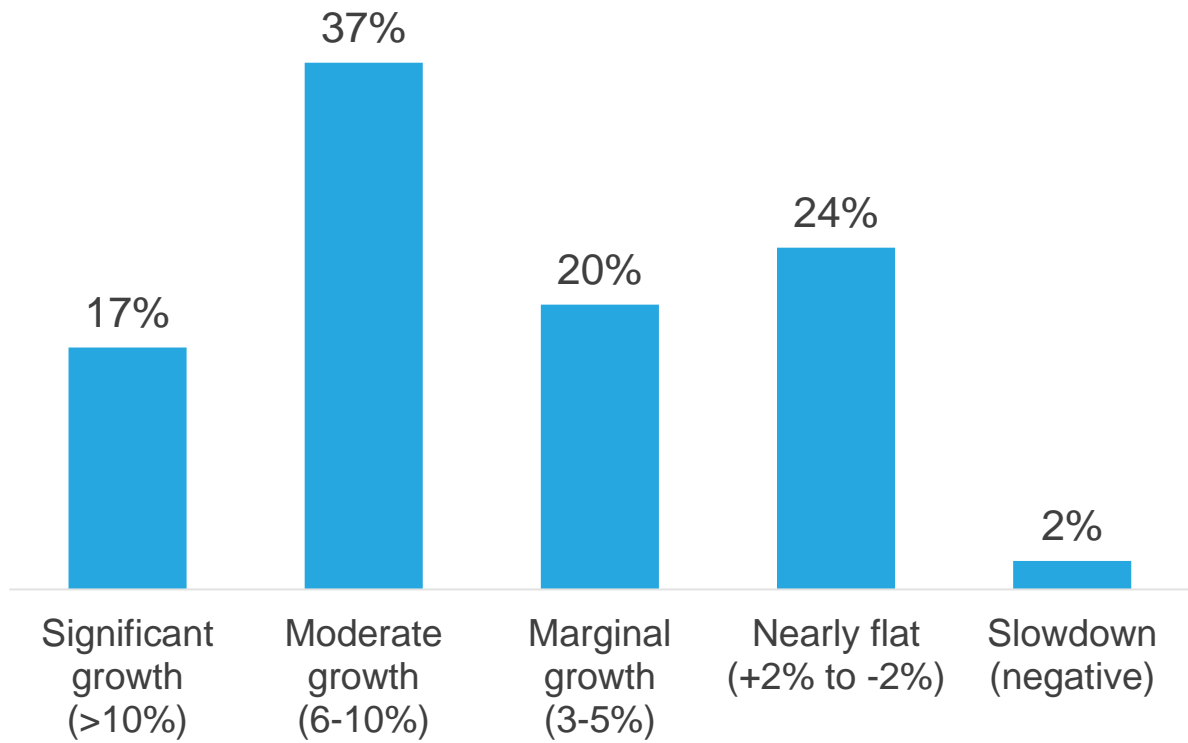
Top challenges faced by IT enterprises  
Percentage of respondents selecting as most challenging



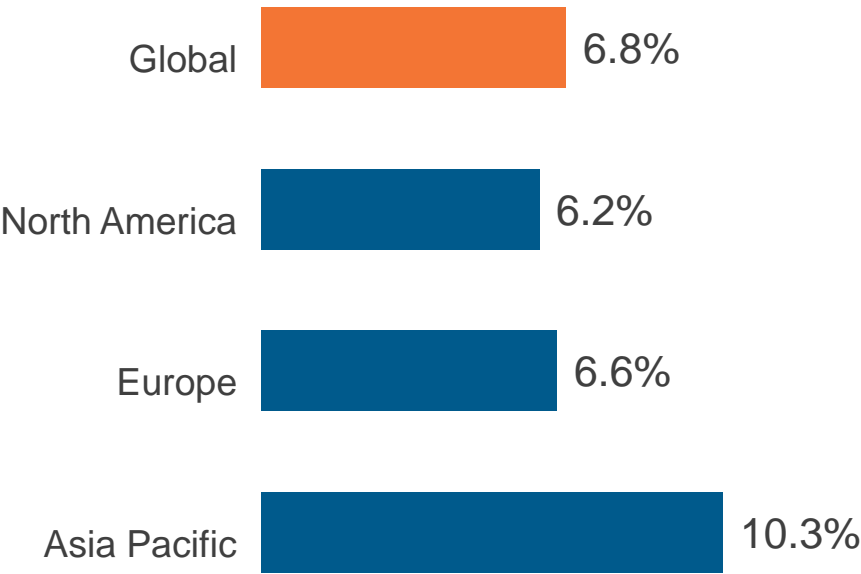
Source: Everest Group 2022 Key Issues Study and Everest Group 2021 Key Issues Study

# Spend outlook is bullish across the board with more than half organizations expecting steady uptick

Sentiments around anticipated IT spend in 2022 – overall  
Percentage of respondents



Projected average IT spend growth rate



Source: Everest Group 2022 Key Issues Study



# What are your options going forward?



## Triage for surviving the next 6-18 months



Prepare to bust the budget

Drive productivity improvements via technology for both

- Customer experience
- Employee experience

Diversify deployment – right place for right roles

Use impact sourcing

- Recruiting from community colleges
- Reevaluate education requirements
- Under resourced communities

Gig workers

Expand leverage of India (tier-2/3 cities)



## Structural changes that solve the actual problem



More robust technology/ productivity – complete rethinking of processes

Explore untapped, low-cost locations, including Africa

Impact sourcing

- Incarcerated groups
- Women
- People with disabilities
- Refugees
- LGBTQ+

Stem education

Promote easier immigration policies

## Very long term



# How we help clients

Everest Group assists clients in navigating the complex internal and external services landscape through memberships and projects

## Executive alignment



*Creating visibility of the structural labor challenges for the leadership team*

## Right pricing



*Price analytics and forecasting to ensure economics are competitive with talent situation*

## Supply diversification



*Adding new service providers/GICs and locations to access new supply*

## Skills upgrades



*Establishing skills inventory and passports to right-skill the organization for the future*

## Workforce strategy



*Comprehensive review across employees, contingent, gig, and outsourced channels*

# Top 5 Success-driving Actions for 2022 webinar series

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