



5 Success-Driving Actions: How to Unlock Untapped, Affordable Talent

March 8, 2022

Live Tweeting #EGresponsible

Introductions



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Discussion points for today

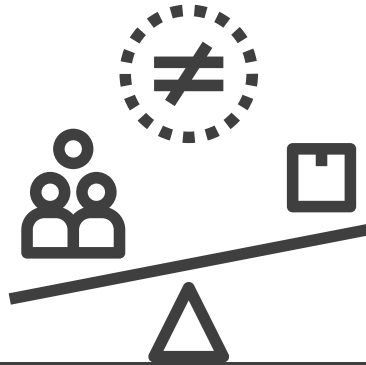
Understanding impact
sourcing

Solving the talent
mystery

How to create
impact through
impact sourcing



Obvious challenge with an overlooked solution



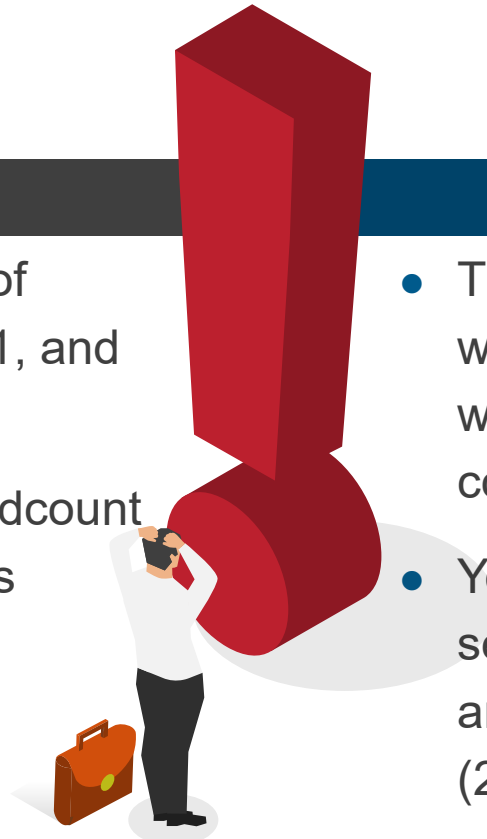
Problem of OVER-DEMAND

- Enterprises saw an average increase of 10.5% in their attrition rates in H2 2021, and we expect that trend to continue
- Leaders are bullish about growing headcount scale in 2022; however, lack of talent is holding them back more than broken logistical chains

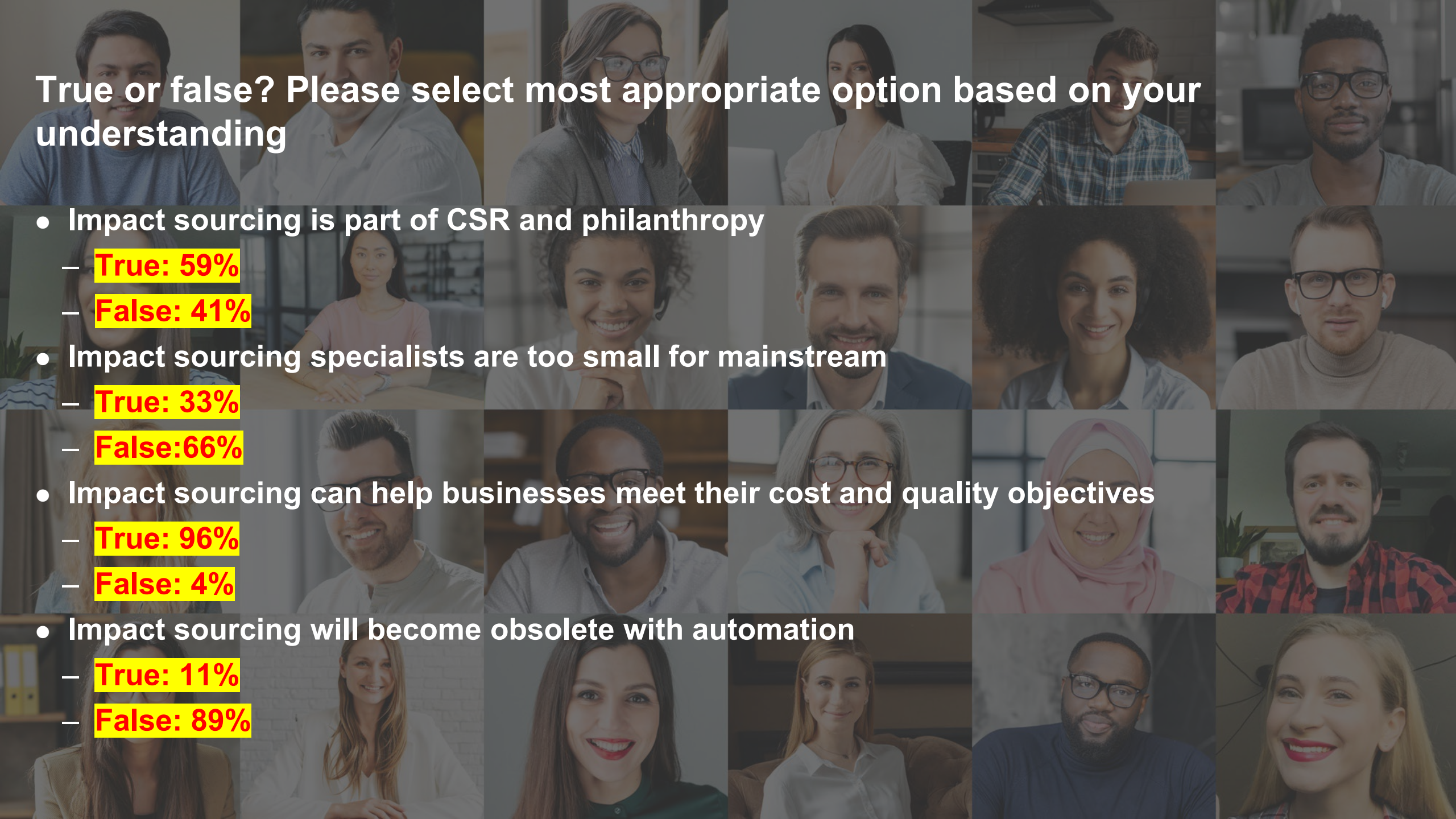


Problem of OVER-SUPPLY

- There are at least 27.4 million hidden workers in the US workforce actively seeking work; however, their efforts fail due to companies' hiring policies
- Youth unemployment in leading global services destinations such as South Africa and Costa Rica is 74.7% (2021) and 40.8% (2020) respectively



Source: [Everest Group 2021 Quick Polls](#); [Everest Group 2022 Key Issues Survey](#); Harvard Business School Research; Country government websites



True or false? Please select most appropriate option based on your understanding

- Impact sourcing is part of CSR and philanthropy

- **True: 59%**

- **False: 41%**

- Impact sourcing specialists are too small for mainstream

- **True: 33%**

- **False: 66%**

- Impact sourcing can help businesses meet their cost and quality objectives

- **True: 96%**

- **False: 4%**

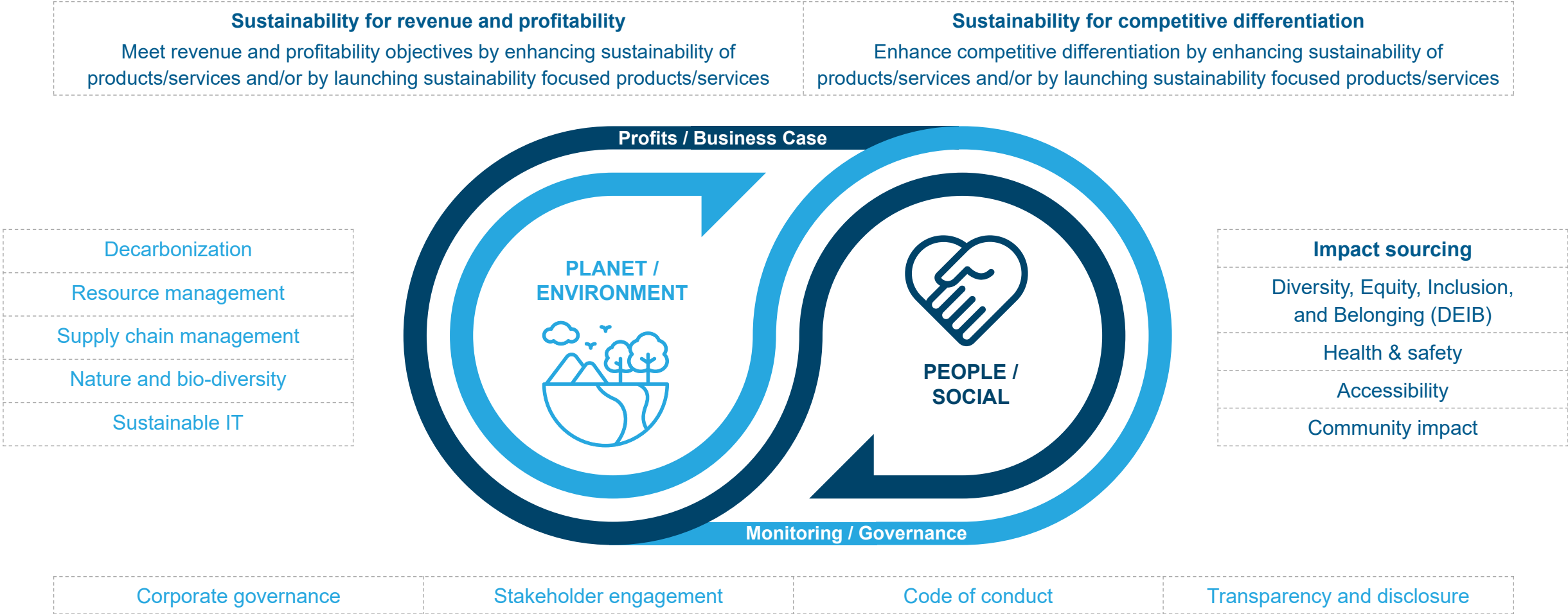
- Impact sourcing will become obsolete with automation

- **True: 11%**

- **False: 89%**

The purpose framework depicts Everest Group’s definition for sustainability

NOT EXHAUSTIVE



Though impact sourcing may have different definitions and objectives, the overall purpose remains the same



NOT EXHAUSTIVE

Impact sourcing is the business practice to intentionally hire and provide career development opportunities to people from marginalized communities



Economically disadvantaged groups

- Below or near poverty lines
- Generational / systemic poverty
- Women
- Marginally housed



Socially marginalized groups

- Minority communities (culture, ethnicity, religion, location)
- LGBTQ+
- Survivors of gender-based violence



Under/un-employed groups

- Persons with disabilities
- Veterans, military spouses
- Incarcerated / criminal record
- Older adults



Other groups with unique factors of employability

- Refugees/migrants
- Rural / small town residents
- Single parents / women head of household
- At risk youth

Examples of impact sourcing definition and target groups

“ The impact workers we target include people who are, demographically, persistently underrepresented in the tech industry – people whose personal circumstances pose barriers to entry into employment in the tech industry, such as people responsible for caring for dependent family members) and people who are particularly marginalized in their local community.

– Bitwise Industries, San Francisco, California ”

“ The type of workers we work with are coming from conflict-affected backgrounds, either as refugees, asylum-seekers, internally displaced persons, or those currently living in areas of conflict.

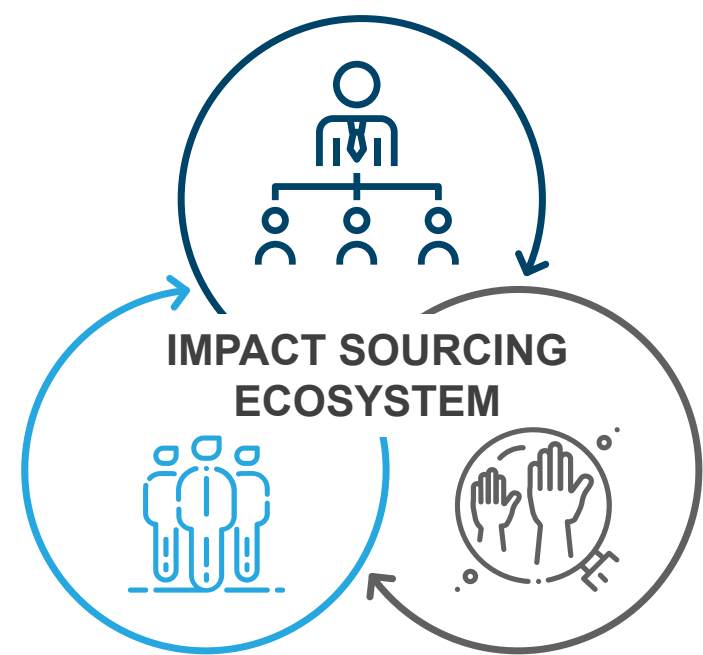
– Humans in the Loop (Sofia, Bulgaria) ”
































“ ...targets rural educated, unemployed youth with the opportunity to earn a livelihood...target the youth from underprivileged backgrounds residing in urban areas, or slums in cities and also women who aim to get back into the workforce after a break due to marriage or children.

– B2R Technologies (Uttarakhand, India) ”

Impact sourcing ecosystem

A meaningful collaboration among the various impact sourcing stakeholders such as workers, employers, and enablers is required to drive both social and economic benefits



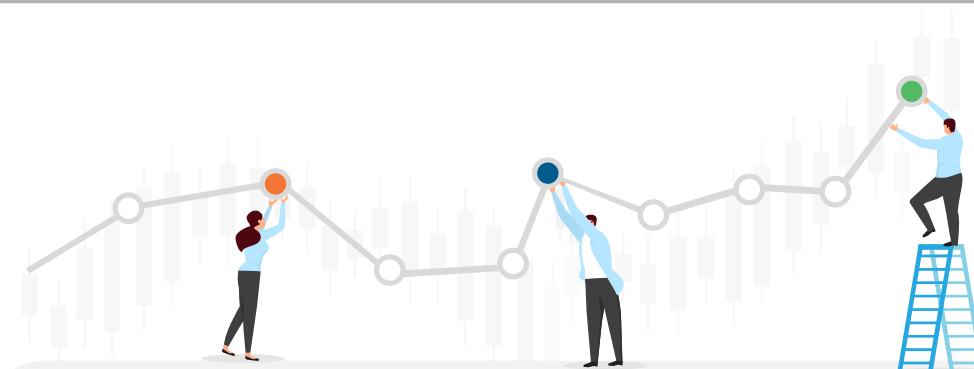
Impact sourcing employers			
Impact sourcing specialists	Traditional outsourcing service providers	Enterprises (including GBS/shared services)	
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Impact sourcing enablers			
NGOs and training institutes	Government and industry associations	Certification and international bodies	
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Impact sourcing workers			
Economically disadvantaged group	Socially marginalized group	Under-/un-employed groups	Other groups with unique factors of employability
			

The impact sourcing market is ~350,000 FTEs; specialists have recorded impressive growth in the last few years

Impact sourcing market size (in terms of headcount)¹

Number of FTEs; 2021

100% = 330,000-370,000



During 2020-21,

- Rural Sourcing, an Atlanta-based impact sourcing specialist focused on digital engineering services, grew revenue by **1.37-1.42X**
- FiveS Digital, an India-based impact sourcing specialist, expanded its workforce by **1.35-1.40X**

Although there has been a growing focus on impact sourcing among major traditional outsourcing service providers, impact sourcing specialists are leading the way and innovating in this space through increased engagements

¹ Includes impact workers employed with traditional outsourcing service providers as well as impact sourcing specialists
Source: Primary and secondary data collection; interviews with market participants (buyers, traditional outsourcing service providers, and impact sourcing specialists); Everest Group (2022)

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mystery**

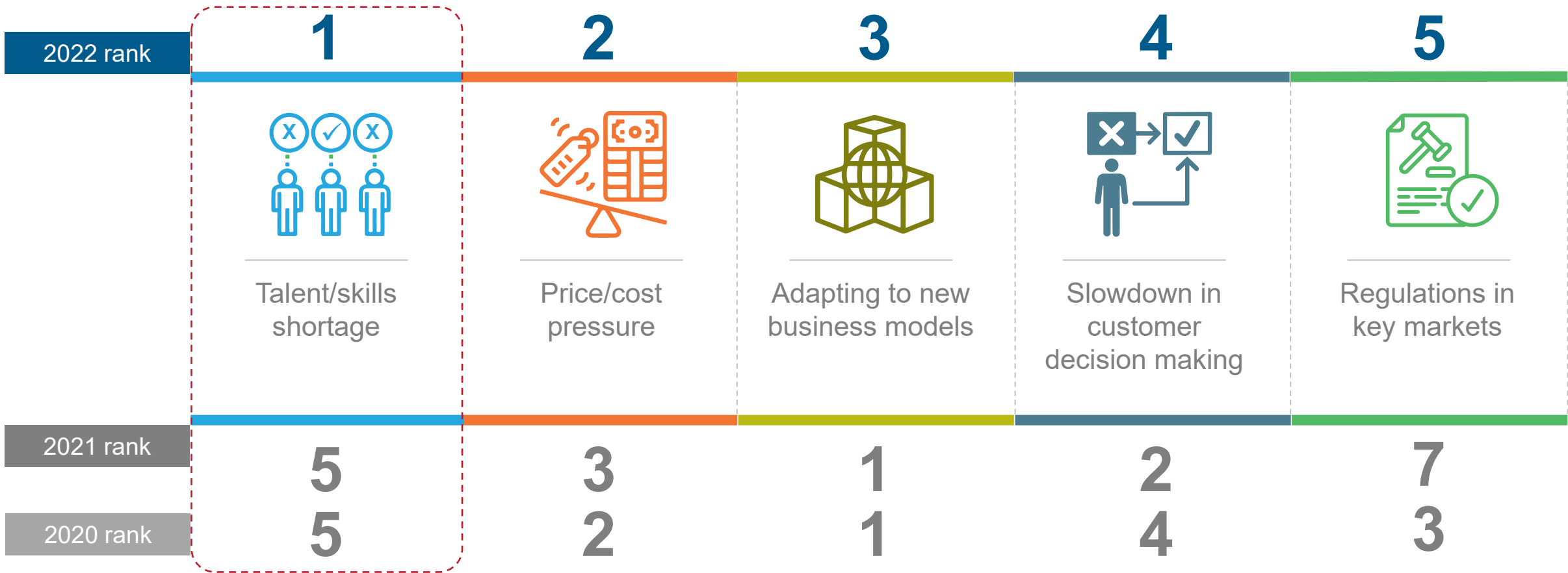
How to create
impact through
impact sourcing



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

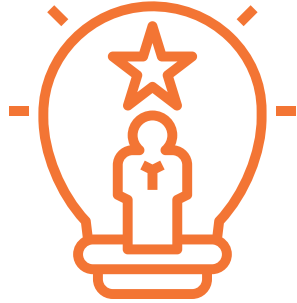
Key business challenges expected in 2022
Percentage of respondents selecting as highly challenging

 Challenges we will focus on in this session



Source: [Everest Group 2022 Key Issues Study](#), [Everest Group 2021 Key Issues Study](#) and [Everest Group 2020 Key Issues Study](#)

Impact sourcing is a proven approach to gain talent advantage while creating positive social and business impact



TALENT ADVANTAGE

- Access to untapped talent
- Stable and engaged workforce
- A diverse workforce for innovation



BUSINESS EDGE

- Long-term cost savings
- Reliable service delivery
- Improved brand equity
- Pathway to emerging markets



CORPORATE CITIZENSHIP

- Positive social impact
- Social license to operate, community impact
- Often positive environment impact

“

...every time we've asked for something they've delivered or given us more...they're always thinking 2 steps ahead of us...

– Fortune 500 health insurance company

”

“

...the attrition rate of the impact sourcing workforce is almost half as much as the traditional workforce...

– Leading impact sourcing specialist

”

Impact sourcing is a global phenomenon, with contextual differences across countries

IS specialists market size – Breakdown by geography
Number of FTEs; 2021

100% = 50,000-55,000



Solve your talent mystery by finding hidden candidate pools from the millions of excluded people

In your backyard



Recruit “invisible” people in your communities

- Reevaluate education requirements
 - Community/technical colleges
 - High schools
- Target excluded groups
 - Women
 - People with disabilities
 - LGBTQ+
 - Veterans, military spouses

In neighbor's backyard



Recruit “invisible” people in your neighbor’s communities

- Increase/upskill the education mix in mainstream delivery locations, such as India
- Develop under-resourced communities, such as rural areas in the US and UK, urban poor
- Target marginalized groups
 - Refugees
 - Incarcerated groups
 - Indigenous communities

In undiscovered locations







Cultivate like the world is your oyster

- Explore new locations
 - African countries: population pyramids and improving economic development
 - India – rural (898 million people) with improving education
- Partner with workforce development agencies to upskill
- Bring the informal workforce into the formal economy

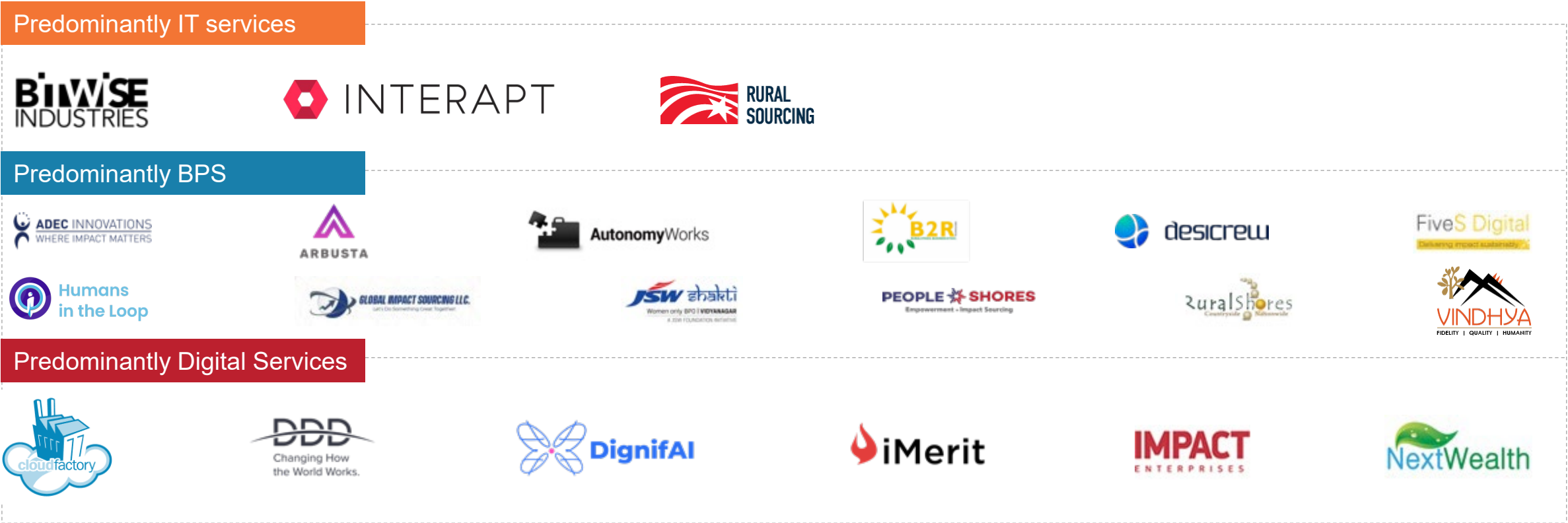
Work activities are evolving from being tactical to value-centric and hence, moving up the value chain with an added layer of complexity

NOT EXHAUSTIVE

		Conventional work activities – basic, transactional, repetitive	Evolved work activities – advanced, complex, varied
	Customer experience management	Telemarketing, voice support in vernacular language, L1 technical helpdesk	Lead generation, multi-channel customer support, advanced tech support, virtual assistant
	Data & technology	Data entry, data mining, document digitization, data validation	Natural language processing, data annotation (AI ML), sentiment analysis
	Content services	Editing, copy writing, translation, image clean-up, data cleaning	Audio transcription services, content moderation, social curation
	Finance & Accounting	Indexing invoices, basic accounting, paper invoice digitization and archiving	Invoice processing, account analysis, claims processing, financial reconciliations

In addition to evolving work activities, some leading impact sourcing specialists leverage proprietary tools and technologies to provide innovative ITS/BPS solutions in line with some traditional service providers

Impact sourcing specialists are delivering across diverse spectrum of services ranging from back-office support to data annotation



A significant number of impact sourcing specialists are specializing in digital domains as demand for data labeling and annotation services accelerates with rising AI/ML adoption globally

How to enable your impact sourcing journey?

Complimentary access to expert briefing on impact sourcing

Offer accessible to enterprises as well as service providers



Our experts have answers

You have impact sourcing related questions

Jumpstart your impact sourcing program with Everest Group

- How to start an effective impact sourcing program?
- How to scale your impact sourcing program?
- How to leverage an existing impact sourcing engagement to enhance business value?
- What are some of the best practices of impact sourcing?
- How to identify location/mode of collaboration to access impact sourcing talent?

HOW

To request the complimentary access, contact Rita Soni, Parul Jain or Sahil Loomba (email addresses at the end of the presentation) or indicate your selection on the post-webinar survey

Discussion points for today

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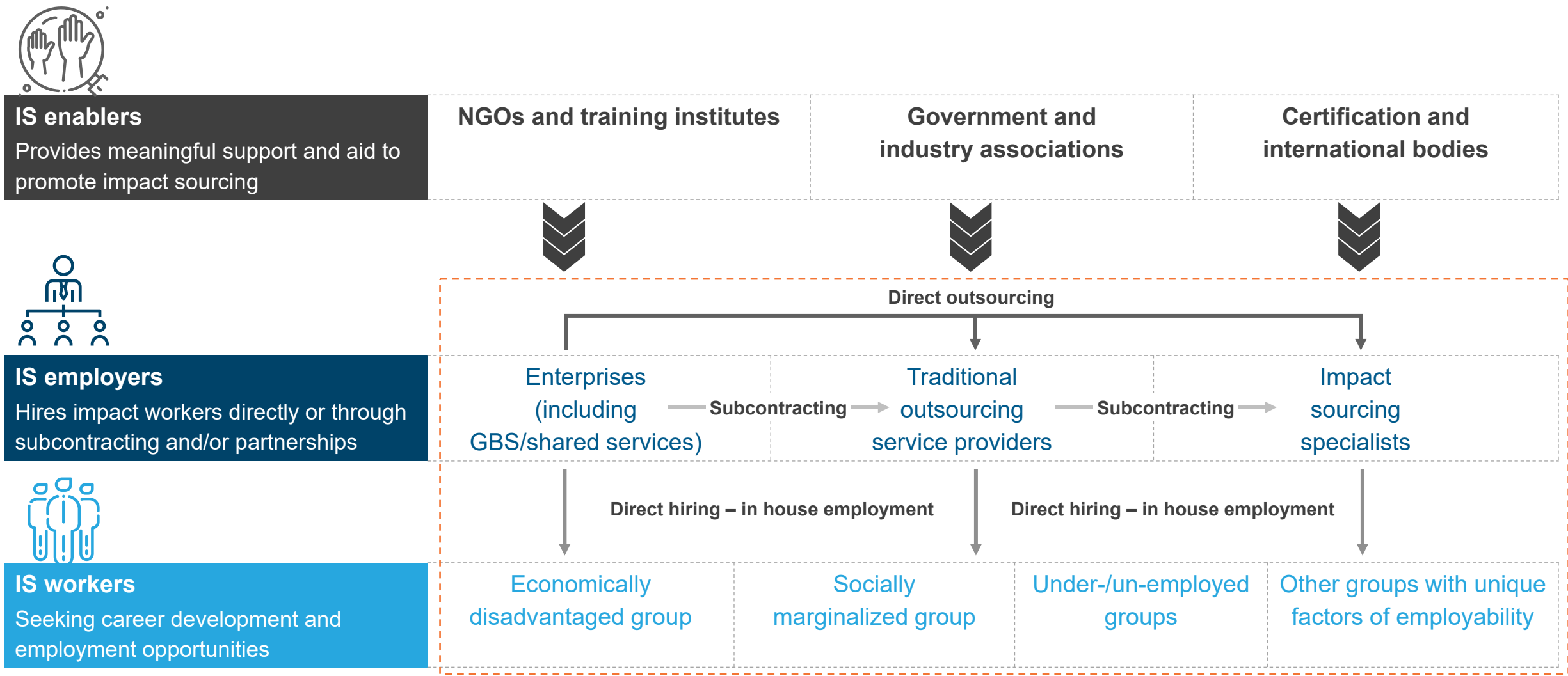
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Putting impact sourcing into practice

IS employers can engage with IS workers directly or indirectly; IS enablers drive the overall ecosystem through meaningful support



Examples of impact sourcing across service delivery models

In house employment



Microsoft established the African Development Center in Kenya and Nigeria for digital services



Teleperformance extended job offers to over 2,000 Venezuelan refugees in Colombia

Direct outsourcing model



A Fortune 500 health insurance client faced a pandemic-related crisis when their managed services vendor could not transition to work from home. Interapt solutioned a helpdesk for WFH agents.



An Indian general insurance outsourced call center (lead generation) services to RuralShores

Subcontracting model

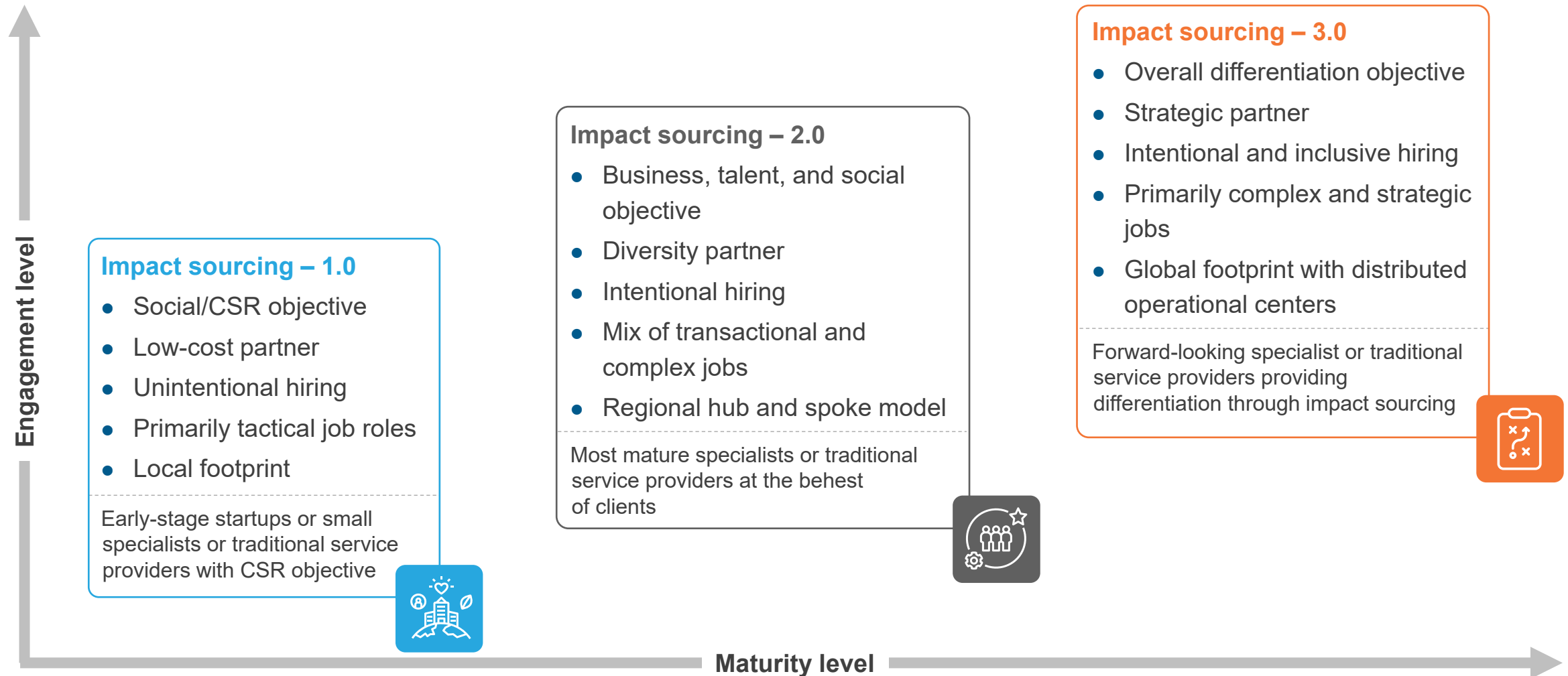


Bitwise Industries provide outsourcing services to a multinational professional services company



A global outsourcing advisory, consulting, and research firm subcontracting BPO services to B2R

With increasing maturity, impact sourcing engagements evolve from low-cost to strategic



There are some complex challenges in impact sourcing...



Talent Issues

- A significant portion of the talent pool is remote
- High training cost for continuous skilling/upskilling
- Ineffective skill mapping due to limited experience



Business Issues

- High price sensitivity to sustain business edge
- Lack of market reach due to limited awareness
- Regulatory hurdles or changing government guidelines



Delivery Issues

- High lead time to start
- Lack of impact measurement
- Scalability restricted by skills and scope



...however, organizations can introduce robust operating principles to mitigate them

TALENT

- Focus on optimum mix of hiring directly and hiring through external partnerships
- Invest in the local community to improve the average level of talent



BUSINESS

- Avoid “the race to the bottom” by creating differentiation through quality delivery along with cost benefits
- Identify and expand operations in unconventional markets such as Bhutan, Bangladesh, Rwanda, or Ghana

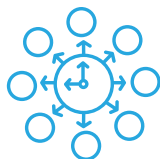


DELIVERY

- Create and invest in some ready-to-start programs to enable quick starts
- Introduce an effective skill-mapping exercise to identify and groom workers accordingly

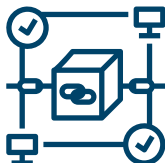


Case studies on impact sourcing engagement



Case 1:

Large US fintech partnered with an impact sourcing specialist to increase its processing capacity



Case 2:

Large US-based multinational technology corporation partnered with an impact sourcing specialist to run its client's P2P process

Objective

Solution

Results

<ul style="list-style-type: none">• Required support for an existing data processing center• Needed a reliable team with specific expertise to execute tasks related to the lockbox services	<ul style="list-style-type: none">• Required support to run a client's complex procure-to-pay process, which operates in 75 countries and 16 languages• Needed to improve accuracy and while adhering to production targets
Partnered with the impact sourcing specialist to leverage its proficiency in back-office operations to deliver the resource solution at the company's center	<ul style="list-style-type: none">• Leveraged an impact sourcing specialist's scalable solution provided• Implemented a three-way validation algorithm for document verification along with manual checks, if rejected by the system
<ul style="list-style-type: none">• Helped the client to increase its overall processing capacity and form a new team in record time• Achieved 99.9% accuracy in service delivery	<ul style="list-style-type: none">• Created 300+ jobs• Improved accuracy to 99.98%• Institutionalized value chain optimization analytics• Achieved 100% adherence to production targets

5 Success Driving Actions: how enterprises can drive value through impact sourcing

1 Recognize the strong business case for impact sourcing

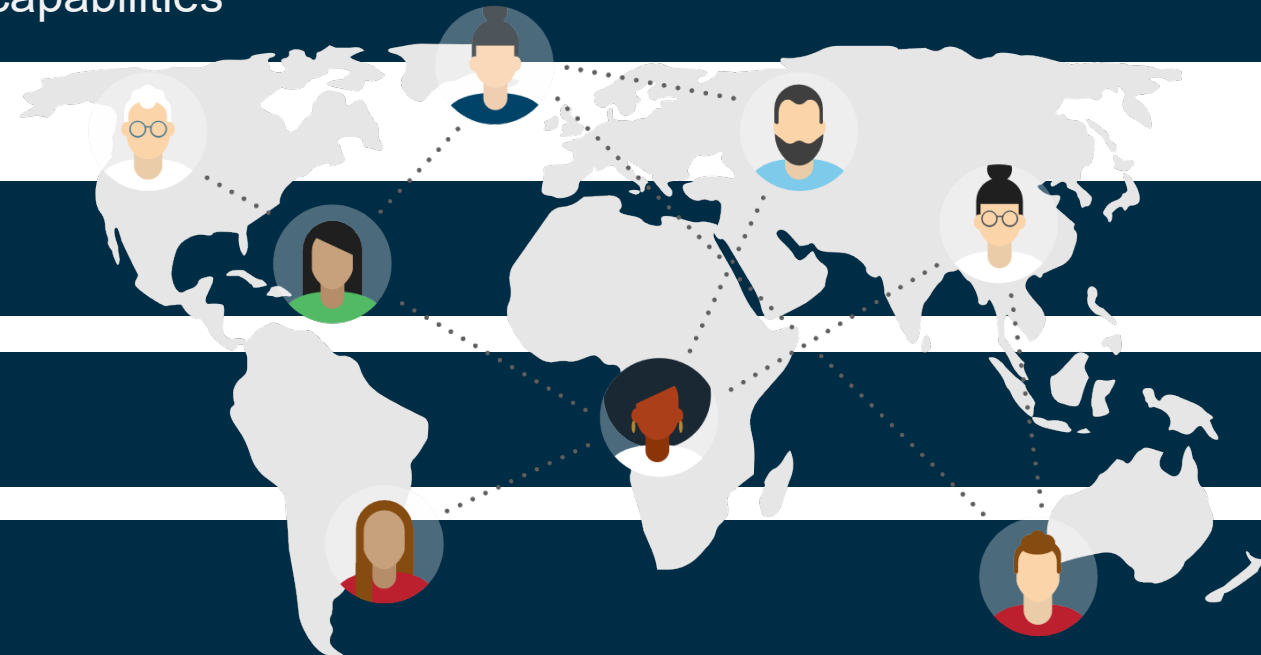
2 Leverage the expanding job roles / impact worker capabilities

Take advantage of the fact that location is no bar:

3 Talent in your backyard

4 Talent in your neighbor's backyard

5 World is your oyster



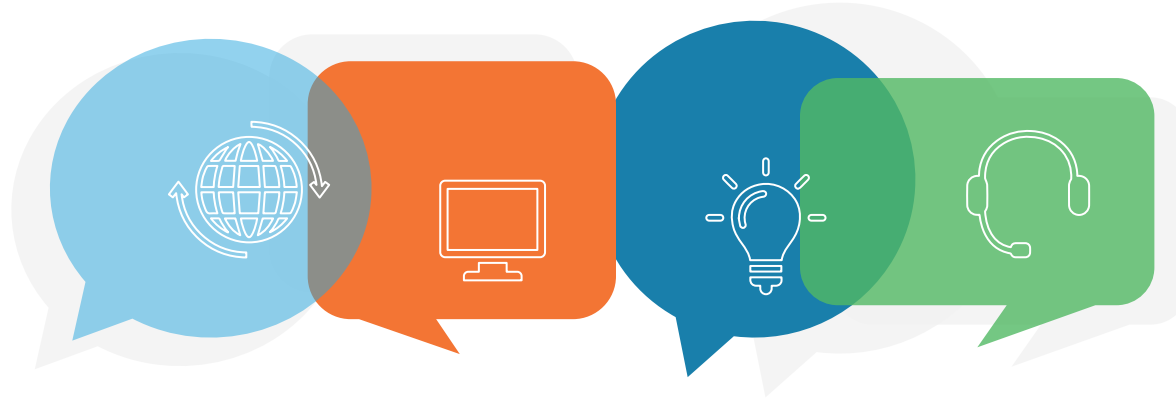
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To ask a question during the Q&A session

- Access the **Questions** panel within the Zoom console, which is typically located on the bottom of your Zoom window
- Type your question in the dialogue box, then select **Send** to submit the question to our session Organizers/Panelists
- Attendees will receive an email with instructions for accessing today's presentation
- To ask a specific follow-up question, please contact:
 - Parul Jain, Parul.Jain@everestgrp.com
 - Rita N. Soni, Rita.Soni@everestgrp.com
 - Sahil Loomba, Sahil.Loomba@everestgrp.com

Check out our blog for the latest perspectives on ESG



Rita N. Soni

Principal Analyst, Impact Sourcing & Sustainability Research


Where Business Meets Purpose: Launching Our Inaugural Impact Sourcing Specialist State of the Market | Blog

SEPTEMBER 16, 2021 | SHARE

We are very excited to share the launch of Everest Group's inaugural Impact Sourcing Specialist State of the Market Report. This report provides a comprehensive overview of the impact sourcing market, which is a growing segment of the business process services (BPS) industry. The report highlights the importance of impact sourcing in driving business growth and social impact. It also provides insights into the challenges and opportunities facing the market. The report is a valuable resource for businesses and investors alike. It is available for download on our website.

[Learn how to participate and receive the RFI](#)

The increased adoption of this business practice has been driven by social movements across the globe that have promoted inclusion within society, impacting the business community. The United Nations' launch of the Sustainable Development Goals (SDGs) has also drawn public attention and an increased focus on global partnerships. The momentum was furthered in 2019 by the US House of Representatives passing a resolution to recognize the importance of impact sourcing in driving economic growth and social impact. In recent years, many grassroots social movements are calling for social justice globally. Near continuous climate change has made the world feel a lot smaller and further highlighted the plight of marginalized communities. Finally, where credit is due – members of Gen Z are actively looking for purpose and are launching and joining impact sourcing communities.



Aishwarya Rajatya

Senior Analyst


Diversity is Gaining Ground in BPS - Why Your Organization Should Care | Blog

DECEMBER 2, 2021 | SHARE

While not new concepts to the services industry, the COVID-19 pandemic has increased the number of boardroom discussions on diverse hiring practices, especially with the ongoing talent shortage. Having a diverse workforce can provide numerous benefits, making it the way forward for the Business Process Services (BPS) industry. To learn more about why your organization should pay attention to supplier diversity, Impact Sourcing (IS), and Diversity, Equity, and Inclusion (DEI), read on.

What do these terms mean?

- Supplier diversity:** Constitutes the percentage of diverse providers within an enterprise's supplier portfolio. This overarching term means successfully partnering with businesses owned by minorities, women, veterans and service-disabled veterans, members of the LGBT community, and other historically underutilized businesses, and small business concerns for business procurement.
- Impact sourcing:** Socially responsible business process outsourcing that enables global companies to improve business outcomes by hiring and providing career development opportunities to people who generally have limited employment prospects.
- DEI:** According to datapeople.io:
 - Diversity is the demographic makeup of an organization's workforce. The unique aspects that make one person different from another person is diversity, whether it's gender, ethnicity, physical ability, age, national origin, socioeconomic background, religion, or a combination of any of those aspects (known as intersectionality).



Aakash Jaiswal

Senior Analyst

Making It Count: Why the Latest IPCC Report Should Compel Enterprises to Rethink the 'E' in Their ESG Strategies | Blog

SEPTEMBER 28, 2021 | SHARE

The repercussions of climate change and global warming have been exposed in more ways than one over the past 12 months. The heart-breaking pictures of forest fires and increased natural disasters would cause even the foremost of climate change skeptics to look up and take notice. The latest reckoning has come from one of the top authorities on climate change – the Intergovernmental Panel on Climate Change (IPCC).

Its recent warning of a 'code red for humanity' signals the urgent need for enterprises to strengthen their commitment to the 'E' in Environmental, Social, and Governance (ESG) strategies. Read on for more on our continued analysis of this important issue and what steps your organization can take toward achieving a more sustainable future.

IPCC and its latest findings

As the United Nations body responsible for conducting scientific assessments on one of the gravest issues facing our world – climate change, IPCC conducts studies to determine its repercussions, the future risks that it presents, and processes to mitigate the ravages of this phenomenon.

In its latest Climate Change 2021 report, the IPCC presents a realistic picture of the impact of climate change and details measures the world can take while there is still time to act.

Among the report findings are the following:

- Human influence is unequivocally responsible for the warming of the atmosphere, ocean, and land, which has resulted in widespread and rapid changes in the atmosphere, ocean, cryosphere, and biosphere.
- The scale of recent changes across the climate system as a whole and the present state of many aspects of the climate system are unprecedented. Case in point – in 2013, the levels of carbon dioxide (CO2) in the atmosphere were higher than at any time in at least the last 2 million years; also, global mean sea levels have risen faster since 1900 than over any preceding century in at least the last 3000 years.
- Global surface temperatures will continue to increase until at least the mid-century under all emissions scenarios considered. Global warming of 1.5 degrees Celsius and 2 degrees Celsius will be exceeded during the 21st century unless deep reductions in CO2 and other greenhouse gas emissions occur in the coming decades.

www.everestgrp.com/blog/

Related content

Published Reports

- [Sustainability in Financial Services- The Next Big Opportunity in Data, Technology, and Services | State of the Market Report](#)
- [The Retail, Consumer Goods, and Manufacturing \(RCM\) Future of Experience Handbook](#)
- [Finance: a Cornerstone of Enterprise Environmental, Social, and Governance \(ESG\) Strategy](#)
- [Decoding the Sustainability Opportunity in BFSI: Deep-dive into the Environmental, Social, and Governance \(ESG\) Data & Analytics and Technology Provider Landscape](#)

Blogs and webinars

- [Joining the Environmental, Social, and Governance Movement: Now's the Time | Blog](#)
- [Infusing Diversity, Equity, and Inclusion \(DE&I\) Into Talent Management Strategies: Why It Matters | Blog](#)
- [Choosing the Right Partners in the Expanding Environmental, Social, and Governance \(ESG\) Product Ecosystem | Blog](#)
- [The Importance of Integrating Environmental, Social, and Governance \(ESG\) Mandates into BFSI Enterprises' Operations | Blog](#)
- [Webinar Deck: ESG in Services: What Sourcing Teams Must Know to Do More](#)
- [Webinar Deck: Digital for Good: Shape Your Sustainability Journey](#)
- [Webinar Deck: The Business Case for Impact Sourcing](#)

Upcoming reports

- Environmental, Social, and Governance (ESG) for the Engineering World
- Social Sustainability in Life Sciences
- Sustainability Enablement Technology Services PEAK Matrix Assessment 2022
- Sustainability Enablement Technology Services Provider Compendium 2022
- The Impact Sourcing State of the Market Report 2022

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