



THE NEW ERA OF GLOBAL SERVICES

JAVIER PEÑA CAPOBIANCO

with a Prologue by Pablo Garcia

The New Era of Global Services

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The New Era of Global Services: A Framework for Successful Enterprises in Business Services and IT

BY

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INVESTOR IN PEOPLE

To my mom and me, because of the change in the observer that I am today.

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List of Acronyms

A2B	Administration to business
A2C	Administration to consumer
ABSL	Association of Business Service Leaders (Polonia)
AI	Artificial Intelligence
AIBEST	Association for Innovation, Business Excellence, Services and Technology (Bulgaria)
ALES	Latin-American Association of Service Exporters
APIs	Application Programming Interfaces
AR	Augmented Reality
BC/DR	Business Continuity and Disaster Recovery
BEPS	Base Erosion and Profit Shifting
BI	Business Intelligence
BPaaS	Business Process as a Services
BPESA	Business Process Enabling South Africa
BPO	Business Process Outsourcing
B2A	Business to Administration
B2B	Business to Business
B2C	Business to Consumers
B2E	Business to Employee
B2I	Business to Investor
B2P	Business to People
BP	Business Process
BPM6	Sixth Edition of the IMF's Balance of Payments and International Investment Position Manual
BT	Blockchain Technology
C2B	Customer to Business
C2C	Consumer to Consumer
CC	Cloud Computing
CCO	Chief Customer Officer
CSD	Centers for Software Development
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CI	Creative Industries
CTO	Chief Technology Officer
CX	Customer Experience
CXM	Customer Experience Management

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DA	Data Analytics
DEPA	Digital Economy Partnership Agreement
E2E	End to End
EaaS	Everything as a Service
EU	European Union
F&A	Finance and Accounting
IaaS	Infrastructure as a Service
GATS	General Agreement on Trade in Services
GDP	Gross Domestic Product
HMD	Head Mounted Display
IDB	Inter-American Development Bank
IMF	International Monetary Fund
IoT	Internet of Things
IP	Intellectual Property
IT	Information Technology
ICTs	Information and Communication Technologies
ITIDA	Information Technology Industry Development Agency (Egypt)
ITO	Information Technology Outsourcing
KIS	Knowledge-intensive Services
M&A	Mergers and Acquisitions
MBA	Master in Business Administration
ML	Machine Learning
MVP	Minimum Viable Product
NLP	Natural Language Processing
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GDPR	General Data Protection Regulation
GSA	Global Sourcing Association (Reino Unido)
KPI	Key Performance Indicator
KPO	Knowledge Process Outsourcing
OECD	Organization for Economic Cooperation and Development
OM	Outsourcing Malaysia
P2P	Peer-to-Peer
R&D	Research and Development
RPA	Robotic Process Automation
SLASSCOM	Sri Lanka Association of Software and Service Companies
SaaS	Software as a Service
SMEs	Small- and Medium-sized enterprises
SSC	Share Service Center
STEM	Science, Technology, Engineering, and Mathematics
UNESCO	United Nations Educational, Scientific, and Cultural Organization
VLCM	Vegan Leaders in Corporate Management
VPN	Virtual Private Network
VR	Virtual Reality
WIPO	World Intellectual Property Organization
WTO	World Trade Organization
XaaS	Anything as a Service

Foreword

There is no doubt that Javier is a bold person; only someone like him can attempt to predict the future characteristics of one of the most dynamic and changing industries of the last few decades, and moreover, do so at a time when the world is experiencing one of the biggest disruptions in its history due to the COVID-19 pandemic. However, audacity is appropriate at the present time, and this book is particularly relevant not only because of the subject matter it deals with but also because of the moment in which it is presented.

The global services industry has been showing increasing importance in the world for decades and has played a key role during the pandemic. In fact, services have now become the main sector of activity for most economies, generating the majority of employment and gross domestic product (GDP) in the developed world and in much of the developing countries. In terms of international trade, services are growing at higher rates than goods and are progressively contributing to the value added of exported manufacturing.

Within services, global services are the most dynamic sector, capturing more than half of the world's exports of services, and their exports have been more resilient than exports of goods or other services during the pandemic (just as they did during the global financial crisis of 2008 and 2009).

This book has great timing and highlights an industry that has enormous potential for job creation and generating foreign exchange. Global services provide the countries in the region with the opportunity to promote successful international integration that supports their development processes. Latin America and the Caribbean's participation in the international trade of global services is clearly limited despite the many relative advantages that countries in the region have to position themselves in this industry. We should see this as a clear opportunity. The efforts we make to successfully integrate into this industry will be key to the future growth of our countries, and this book is a great contribution to designing those efforts.

The global services industry has also played a key role in the management and response to the pandemic. This type of service has played a highly relevant role, for example, collaborating in reducing health risks through telemedicine and the remote design of medical devices or facilitating the continuity of interactions that nourish the economic and social life of people through distance learning, online shopping, and video call platforms, among many other functionalities. Global services involve sophisticated and distinctive tasks from the digital era, which undoubtedly will lead the economy of the future (not-so-distant) and play a key role in the post-pandemic economic recovery.

In this context, the timing for a detailed analysis of this industry could not be more appropriate. The industry is at a turning point. The pandemic has led to many changes that were expected to occur over decades to materialize in months. In particular, changes related to the advancement of digitalization, the adoption of disruptive technologies, new mechanisms for service provision, and changes in consumption and labor organization habits. At the same time, this accelerated process of change has led to the emergence of new trends that were not on anyone's agenda.

As a result of social distancing measures, the world witnessed a historic escalation in the use of the Internet and digital services, which has caused an unprecedented increase in global demand for information and communication technologies. In turn, the pandemic has created new consumption habits that generate both challenges and opportunities for the industry. For example, online shopping has become more natural, consumers are more careful about the health standards of what they consume, virtual provision of services has advanced, such as childcare using digital platforms or live participation in cultural activities virtually. This undoubtedly generates areas for the growth of the global services industry, but also generates challenges, given that competition is more global than ever. For example, a postgraduate university course no longer competes only with offers from universities in the same city or country but also with all similar courses offered virtually around the world.

The pandemic also has accelerated changes in the organization of work. Remote work has ceased to be the exception and has become the norm, and everything indicates that this will continue even after the pandemic is over. Work teams are becoming more flexible, and competition for human capital is now global. Human resources teams no longer focus on attracting the best programmers in their area or convincing them to move to the city where their company is located. Instead, they focus on creating the conditions for the best programmers in the world to want to work remotely for their company. These changes are compounded by others, such as the new forms of social interaction that people were forced to implement, or new environmental and social concerns that permeate society. All of this is leading to paradigmatic changes in the industry, changes that Javier systematically addresses (and anticipates).

The book you are about to read not only presents an exhaustive characterization of the industry, its organizational forms, its modes of delivery, and its evolution, but it also investigates the fundamental factors that companies must address for their success in the not-so-distant future. It does so in a novel and multidisciplinary way, systematizing quantitative and qualitative information and collecting the vision of more than 70 industry leaders.

I would like to highlight two factors that are combined in the analysis and, in my opinion, make it as original as it is interesting. On the one hand, the interaction between technology, business, and the human being. Studying the impact of new technologies such as artificial intelligence, blockchain, process automation, 3D printing, etc., on the evolution of business is key. But even more relevant is doing so considering that this evolution is not independent of the human being, their environment, their beliefs, and their values. Undoubtedly, the relationship

of causality is not unidirectional between these variables, and the future configuration of this industry will be the result of the interaction of these factors.

A second aspect to highlight is the impact that “new” generations will have on shaping the future evolution of the global services industry. The resulting configuration of the interaction between technology, business, and the human being will not be independent of those who will lead the industry in the near future, and those who will do so will be millennials, centennials, and digital natives who have different preferences and beliefs than those who currently lead it. They are people with a preference for remote work in close connection with technology, they demand greater work flexibility, they have a preference for horizontal relationships, a certain detachment from material matters, and a growing interest in the social and environmental impact of what they do and where they do it.

Understanding these characteristics and their future impact on the industry is key to designing better public policies that allow us to take advantage of the opportunity that we discussed earlier. Designing specific actions that enable us to take advantage of the opportunity that the sector offers to our countries is a challenging issue given the distinctive characteristics of the sector and the preconceptions that exist regarding it.

In short, the journey you are about to embark on is a fascinating path that, building from today, seeks to anticipate the future of an industry in constant evolution, exposed to dizzying technological advances, and that will be led by generations with very different preferences than the current ones. I told you that Javier was an audacious guy!

Pablo M. Garcia
Head of Regional Integration Unit
Inter-American Development Bank

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Acknowledgments

First, I would like to express my deepest gratitude to my mom, who gave me the gift of perseverance, and to my dad, from whom I learned resilience. I would also thank each one of the 70 world and regional leaders who generously shared their time and ideas with me. Special thanks to Claudio Piacenza, who introduced me to the topic of service exports in 2004, and Pablo García, who encouraged me to think about the future of global services in early 2020. Also, this book would not have been possible without the contributions of Javier da Silveira, who carried out the research work for most of its chapters; Anderson Parra, who collaborated in the topic of agile methodologies; and José Carlos Tol, who was in charge of the statistical analysis presented at the beginning of this publication. Last but not the least, I would like to thank the Latin American Association of Service Exporters (ALES), whose participation was vital for making this book possible, and, in particular, to each one of its members, whom, after more than 10 years of joint work, I consider part of a great family.