



The Power of Possibility



TALENT-CENTRIC ORGANIZATIONS WILL WIN THE SKILLS PRIZE

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Talent-Centric Organizations Will Win the Skills Prize

Introduction

Global health, geo-political, and economic disruptions have undoubtedly been game changers in the way we work and on the dynamics of the employer-employee relationship. Hybrid work and location-agnostic processes that were implemented on a global level to maintain business continuity during the COVID-19 pandemic remain and are here to stay. People and processes must therefore adapt to accommodate the evolving model.

The acceleration in the development and adoption of collaborative digital tools and technology has created both expertise-rich and expertise-lacking employees. The latter significantly outnumber the former, and organizations need to address the growing skills chasm.

Labor scarcity and shortages continue to be top ranked concerns among CEOs as the lack or loss of in-house talent can be potentially ruinous for businesses. Employers therefore face the challenge of attracting and retaining skilled expertise and/or upskilling or reskilling the current workforce. Robotic Process Automation (RPA), Artificial Intelligence (AI), and Intelligent Automation (IA) can complement or even offer digital alternatives to the human workforce. The concept of talent-centricity or employee experience (EX) has never been more prevalent or important.

Outsourcing processes, wholly or in part to third-party services providers, can also solve some of the skills gap problems. Digitization and collaborative technology are making the world a smaller place, enabling organizations to seek expertise from providers regardless of geographical location. Dipping into the global talent pool expands possibilities.

Benefits

Outsourcing and the Global Talent Pool

The on, near, and offshore outsourcing of some core and non-core operational and business tasks and functions has always been an attractive and cost-effective proposition. By removing the IT burden and entrusting it to the experts, organizations can get on with day job and focus on their key revenue-generating strengths. In recent years, accelerated by disruption and the necessity to do business as usual, technology innovation has been enabling and driving

AT A GLANCE

KEY STATS

IDC predicts that DX-related IT skill shortages will affect 90% of organizations, costing over \$6.5 trillion globally through 2025 due to delayed product releases, reduced customer satisfaction, and loss of business. Availability of skills will be the main criteria for approval of digitalization projects and programs, well above budgeting and financial KPIs. IDC's European Future Enterprise Resiliency and Spending Survey in July 2022 showed that around 74% of European organizations find it difficult or very difficult to hire into technology roles in either line of business or IT, while 35% say that staffing and labor shortages have the most significant impact on their IT spending.

WHAT'S IMPORTANT

IT talent, expertise and skills acquisition and retention will be critical for survival and ongoing success. Organizations that work smarter by harnessing the skills of human and automated workforces, regardless of geographical location, will better meet customer demands and expectations.

organizations to think even bigger and further leverage the global talent pool to plug the widening skills delta and achieve greater gains and next-level advantages.

Tapping into the worldwide resource allows organizations to fill the skills gap and to further benefit from outsourcing through:

- Focus on core competencies and most valuable differentiators
- 24/7 access to state-of-the-art technology across geographies
- Employing educated, highly skilled and often multilingual workforces
- Incurring lower labor costs
- Capitalizing on improved speed and productivity gains and greater scaling opportunities
- Creating a diverse global culture to foster innovation

Trends

Hybrid Working and the Balance of Power Shift

The transition to hybrid or home working has caused many employees to reevaluate their lives and has given rise to phenomena such as the "great resignation" or the "great retirement" as well as "quiet quitting." Discontent is driving newly empowered, emboldened employees to demand more from their employers, if not resign. With IDC estimating that home-based employees, hybrid workers, and fieldworkers made almost three-fifths of the total European workforce in 2022, this impact is significant.

FIGURE 1:
Employee Satisfaction



Source: IDC EMEA, Future of Work, March 2022, n=506

Since the most talented employees tend to leave first, the disruption and financial cost to the organization can be immense. It is widely accepted that the cost of replacing an individual employee can range from one-half to two times the employee's annual salary. And in some cases, replacement costs can rise to three times the remuneration. One resignation can often set off a chain of departures, multiplying the disruption to the overall organization. The balance of power is unlikely to shift completely back to the employer in the short term; despite the global

economic crisis and the recent spate of high-profile IT industry redundancies, job vacancies still abound. This ongoing threat has forced employers to rethink their approach to talent management and create a better employee experience to hang on to their precious people commodity.

The Talent-Centric Organization

Talent-centric organizations place employees front and center of their priority list. Engaged, purpose-driven employees provide a greater ROI over the piece. Such workplace cultures cultivate growth and productivity, resulting in increased revenue. Attrition and employee turnover rates tend to be lower in environments where contribution is valued. In the age of social media, high profile PR, word of mouth recommendations, and positive reviews of company culture help retain and attract new talent.

A talent-centric organization adopts a transparent, human-first, empathic, emotional approach to leadership and management, empowers employees, and enhances their day-to-day experience through education, training, and upskilling.

Providing an attractive, flexible workplace to enhance the employee experience is key to retaining and attracting talent. People coming into a physical office expect a modern environment with digitally enabled services.

Besides the focus on soft factors, organizations need to provide digital tools and infrastructure to enable hybrid working regardless of location. In addition, the elimination of boring, repetitive tasks through automation, for example, allows workers to focus on more rewarding higher value tasks. IDC's *2022 Future of Work (FoW) Survey* found that 37% of IT decision makers consider the opportunity to focus on higher-value tasks as a key advantage of automation.

Interest in talent-centricity or employee experience (EX) is continuing to gain momentum. In IDC's *Employee Experience Buyer Perception Survey (December 2022)*, IDC found that 54% of organizations are planning to expand spend on their EX strategies and capabilities in the next 12–24 months. Investment in talent development and modern, hybrid workplaces is well placed as satisfied productive employees help make satisfied customers.

SPS Vendor Profile

SPS is a longstanding outsourcer of innovative services in business processing and data management. Headquartered in Zurich, Switzerland, SPS operates in more than 20 countries and focuses on clients in banking, insurance, health, and legal. SPS has more than 8,500 employees and has been recognized with a world-class NPS by its global client base for four consecutive years.

Focus areas include:

- Digital Transformation: end-to-end process automation, omni-channel customer communication
- Intelligent Automation: artificial intelligence, robotic process automation, workflow automation

- Service Factories: scalable platform solutions for data processing, customer communication, banking and insurance services, HR & payroll
- Smart Hybrid Workplace Services: hybrid and remote working services
- Global Operations: smart shoring and rapid scaling, resilient processes, business continuity.

SPS has a significant nearshore outsourcing and IT development operation in Poland and Hungary and offshore operations in Vietnam. Being present in these regions enables SPS to offer the benefits of global outsourcing. SPS Vietnam comprises two locations in the major hubs (Hồ Chí Minh and Cần Thơ) where it employs 1,500 skilled employees working in 36 languages. Recruitment is scalable and can accommodate the onboarding of 200 employees a month. High-speed training programs are in place.

SPS Operations in Figures

- 600 clients, thereof 100 banks
- 32 processing centers globally
- 1,000,000 transactions processed per day
- Operating 24/7 for 365 days a year

SPS KPI Achievement

- Contract renewal rate 95%
- Employee engagement 90% (participation in yearly employee satisfaction survey)
- SLA achievement 99% (quality and time)

Challenges

In December 2021, Swiss Post Solutions was acquired by AS Equity partners. The change of ownership was completed in March 2022. The acquisition provides SPS with strong financial backing and enables it to focus on **growth** and evolving digital technology and expertise. In December 2022, the company embarked on a rebranding exercise. At that time, the SPS brand and accompanying logo was launched. While the new image reflects the company's state of the art digital expertise, moving away from the old traditional Swiss Post Solutions name and all the history that it connotes may result in some loss of brand equity, albeit many existing customers will have always referred to the company by the SPS abbreviation anyway. The challenge will be engaging new customers without the heritage and recognition of the old name. The flip side of that is that SPS has a very strong brand and company reputation and now it has a new digital-first start.

Conclusion

The tangible benefits of offshoring are very clear. With the help of an experienced, versatile partner, companies can fully leverage all the advantages of offshoring without compromise.

IDC believes that SPS is further evolving into a more talent-centric company. It has extensive expertise in outsourcing and in intelligent automation (robotic and human workforce for

business processes, automation of high-volume repetitive tasks by leveraging AI and RPA), smart hybrid workplaces, global skills and talent pool and rapid scaling of operations.

Organizations that don't have the required skills and knowledge in-house or that want to benefit from the many advantages of outsourcing should consider SPS as a valued, trusted partner.

MESSAGE FROM THE SPONSOR

To compete for and win the best talent, companies should adopt a comprehensive, joined-up strategy. They must be prepared to enhance and upskill the human workforce, leaving boring, repetitive tasks to automation. In addition, they have to be flexible at an operational and workplace level, allowing for collaboration and rapid expansion. Perhaps most importantly, they must be a desirable company to work for and be able to offer a good employee experience. Organizations should seek partners that have the expertise, solutions, and industry know-how to help them transform into a true talent-centric operation by focusing on leveraging the power of people, process, technology, and data. This will enable them to attract and retain skilled employees and unlock new growth possibilities.

To learn more, visit our website <https://www.spsglobal.com> and discover how this year, our clients have given us a Net Promoter Score of 79, which is above the 'World Class' threshold as per industry standards.

About the Analyst



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Sharon McNee leads the European Managed Print and Content Services Program in Europe and also contributes to the European Printers Program. She offers strategic direction and advice to both vendors and end-user clients. Her research areas include office and production printing and imaging hardware, software and solutions, managed print services, content management, document, print and capture solutions, industrial and textile print and label and packaging.

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