



#### OFFSHORE SERVICES GLOBAL VALUE CHAIN

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## Offshore Services Global Value Chain

#### **Horizontal Activities**

HIGH

ITO

Information Technology Outsourcing

Software R&D

IT Consulting

Software

ERP (Enterprise Resource Planning): manufacturing/operations, supply chain management, financials & project management

**Applications Development** 

**Applications Integration** 

Desktop management

Infrastructure

**Applications Management** 

**Network Management** 

Infrastructure Management

**KPO** 

**Knowledge Process Outsourcing** 

Business Consulting Business Analytics Market Intelligence

Legal Services

**BPO** 

**Business Process Outsourcing** 

**ERM** 

(Enterprise Resource Management)

Finance & Accounting

Procurement, Logistics and Supply Chain Management

Content/
Document
Management

**HRM** 

(Human Resource Management)

**Training** 

Talent Management

Payroll

Recruiting

**CRM** 

(Customer Relationship Management)

Marketing & Sales

Contact
Centers/Call
Centers

Vertical Activities a Industry specific b

Banking, Financial Services and Insurance (BFSI)

Ex. Investment research, private equity research, and risk management analysis

Manufacturing

Ex. Industrial Engineering and sourcing and vendor management

**Telecommunications** 

Ex. IP transformation, Interoperability testing and DSP and multimedia

Energy

Ex. Energy Trading and Risk Management , and Digital oil field solutions

> Travel & Transportation

Revenue management systems, customer loyalty solutions

Health/Pharma

Ex. R&D, clinical trials, medical transcript

Retail

eComerce and Planning, merchandising and demand intelligence

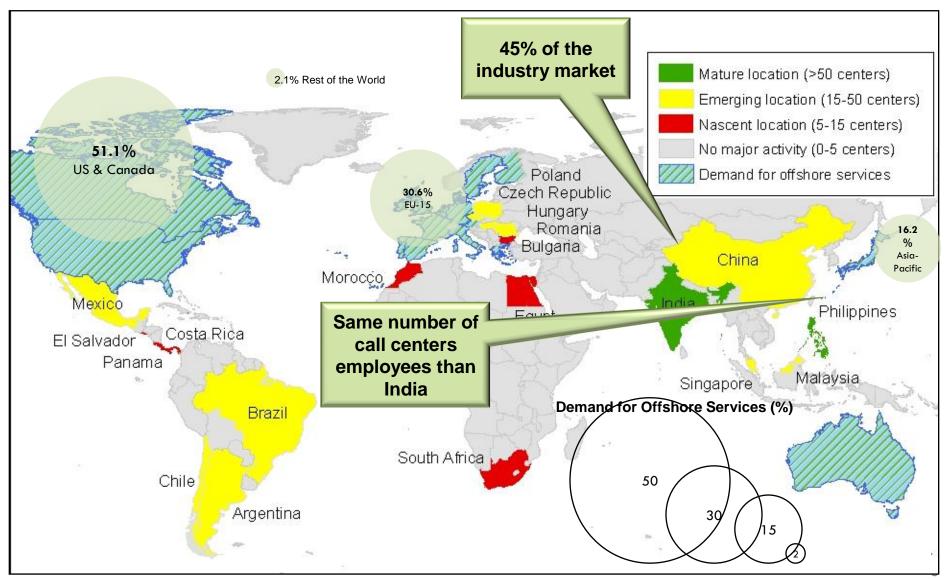
**Others** 

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Added

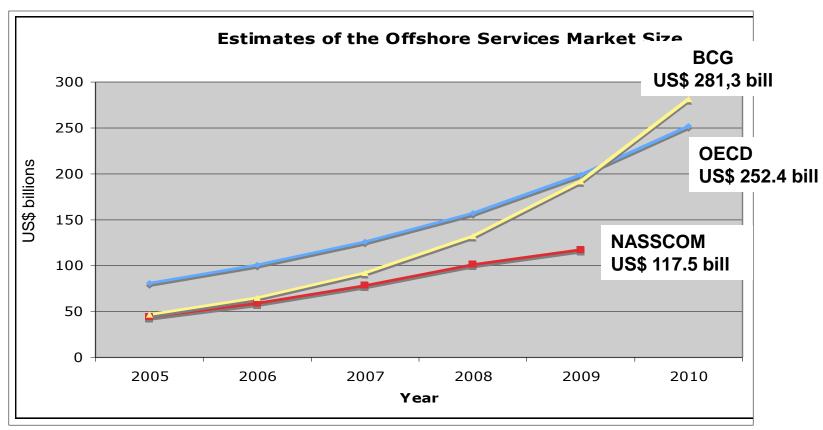
Value

# Offshore Services: Global Supply and Demand



Source: CGGC based on Everest & Datamonitor

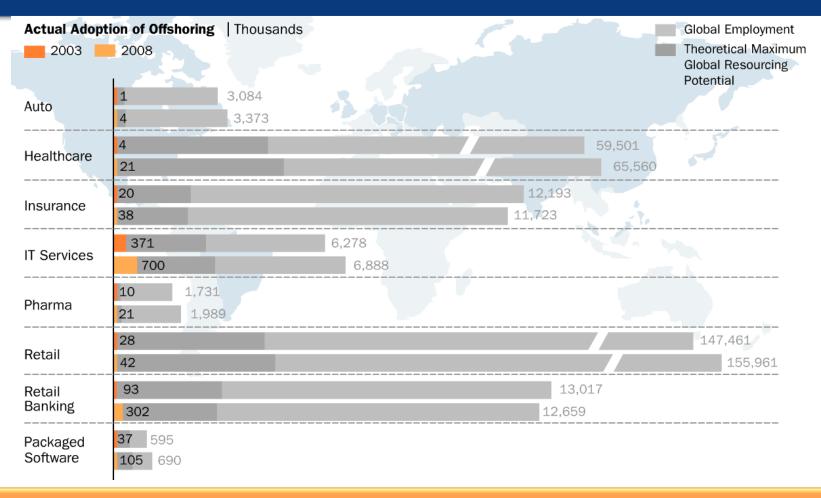
# The Size of the Offshore Services Industry (estimates)



Source: CGGC based on OECD 2008, NASSCOM 2009, Boston Consulting Group 2007.

- ullet Difficult to quantify the industry ullet no accurate data & limited country level tracking
  - Industry growing & evolving rapidly
  - New activities -most dynamic not included, such us innovation

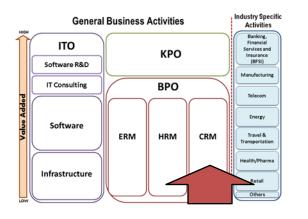
## Offshore Services Potential



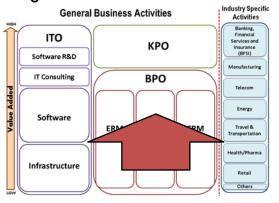
- Activities previously reserved for rich nations or in-house
  - Creating more jobs, specifically in developing countries
- One of the world's fastest growing industries -> Reduce company costs and find new talent
  - Almost unlimited potential → Services from any industry

# Examples of Upgrading Trajectories

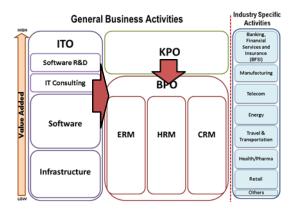
#### Entry into the value chain



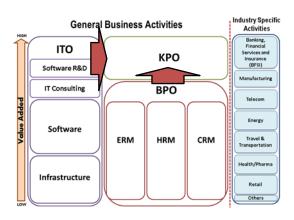
# Upgrading within the BPO segment



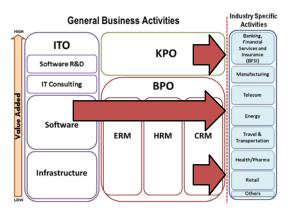
#### **Broad Spectrum Services**



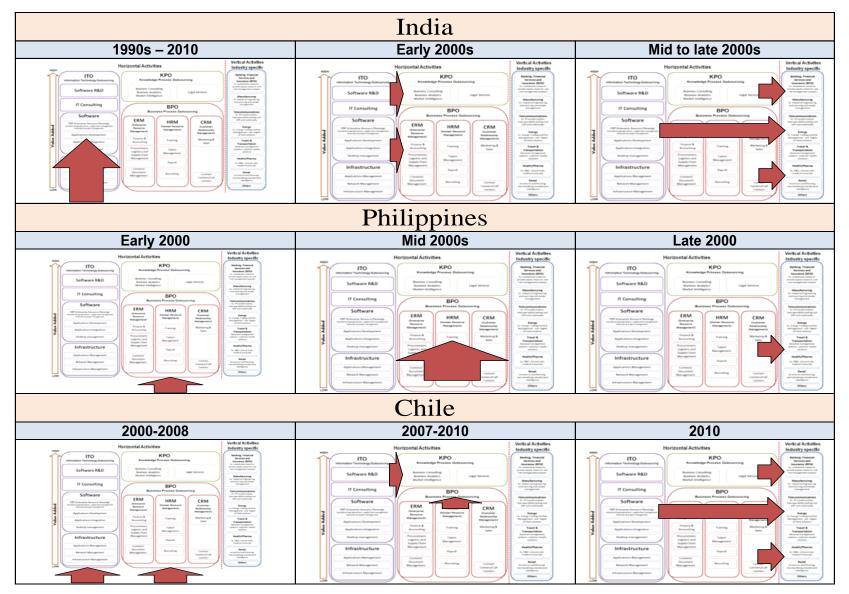
#### Upgrading to KPO Activities



#### **Industry Specialization**



# Offshore Services Upgrading: India, Philippines and Chile

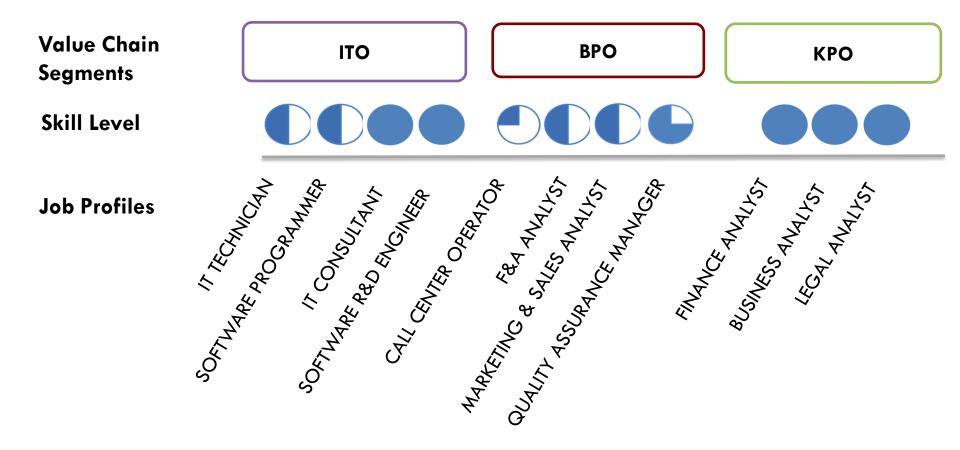


# Human Capital: Essential Element for Upgrading in Offshore Services

- Human capital has been found to be a key determinant of value creation, competitiveness, and success in service exports from developing countries
- One of the most important factors MNCs take into consideration when relocating services operations is to ensure the labor market has cost competitive, qualified workers
- Developing countries must work hard to supply the necessary human capital to sustain industry growth today while also preparing the future labor force to upgrade the industry.

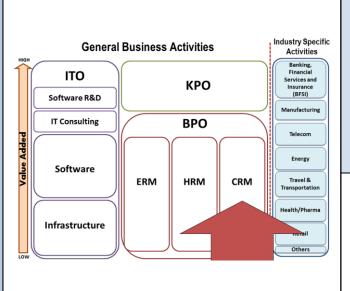
# Upgrading and Workforce Development

### Job Profiles and Upgrading



## Upgrading Trajectory: Entry into the Value Chain

# Entry into the Value Chain



Call centers hire people with high school diplomas or Bachelor's degrees.

Further skills training is provided by the company or private training institutions.

# Skills Preparation Short technical training

#### **Institutions**

Private sector Government



# GVC Upgrading & Workforce Development: Select Findings

- Interpersonal and language skills are highly valued in this sector
- High competition for talent has resulted in shift from individual spending on education and training to firm-based training
- Tax incentives and public subsidies for education are increasingly used to attract offshore operation centers

## THANK YOU FOR YOUR ATTENTION!



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