

The Future of Shared Services/GBS: Why Mid-Sized Businesses May Lead the Next Wave

Executive Summary

Shared Services and Global Business Services (SS/GBS) have long been the domain of large enterprises. However, mid-sized businesses (500 to 5,000 employees) are now poised to redefine the model. As artificial intelligence (AI) transforms traditional outsourcing, experience-centered service delivery is rising as a strategic priority. This paper explores why mid-sized firms, once overlooked, may lead the next wave of SS/GBS evolution—driven by agility, modern technology, and the need to scale efficiently. Leaders navigating this shift must rethink service delivery through the lens of the employee as customer, leveraging AI and new labor models such as Employer of Record (EOR) services.

Introduction

Traditional SS/GBS models relied heavily on labor arbitrage and were adopted primarily by large enterprises. Today, the landscape has shifted. AI, automation, and the growing importance of Customer and Employee Experience (CX/EX) are redefining what shared services can deliver.

Market Forces Redefining SS/GBS

- **AI and Automation:** According to a16z, the \$300B global BPO market is projected to grow to \$525B by 2030, driven largely by AI transformation. Everest Group confirms BPO providers are pivoting from cost-centric models to AI-powered, digitally-enabled services (<https://www.everestgrp.com/everest-group-bps-top-50/>).
- **Evolving Value Drivers:** While labor cost remains relevant, composite factors such as digital capability, domain expertise, and automation maturity are increasingly influencing outsourcing decisions.
- **Experience as a Strategic Imperative:** Studies by Ivanti, NCBI, and Gallup confirm that employee experience investments drive retention, productivity, innovation, and service quality.
- **Global Talent Access via EORs:** Companies like Deel and Remote.com are expanding global talent access without requiring local entity setup, complementing traditional BPO models.
- **Low Barriers to Entry:** As Kevin Parikh noted during OWS2025, “the barriers to entry are so low today that if we don’t take advantage of it, we are going to fail in the medium to small size businesses.” This underscores the urgency for mid-sized firms to leverage these accessible technologies and strategies.

The Employee as Customer: A Missed Opportunity

SS/GBS functions often overlook a fundamental truth: employees are internal customers. Siloed service delivery across HR, IT, and Finance fails to center the employee's end-to-end experience. Modern SS/GBS models must integrate processes, data, and accountability around the employee journey, not functional silos.

Why Mid-Sized Businesses Are Positioned to Lead

- **Agility Without Legacy:** Mid-sized firms are less encumbered by legacy systems and organizational inertia.
- **Technology-Enabled Scalability:** Cloud platforms and modular AI-powered solutions make Enterprise SS/GBS accessible.
- **Cultural Leadership:** Studies show SMBs often outperform larger companies in engagement, retention, and productivity—critical for experience-centered delivery.
- **Strategic Necessity:** Growth-stage companies face complexity that demands structured, scalable service delivery without the inefficiencies of traditional models.
- **Process and Technology Standardization:** As highlighted in OWS2025 discussions, process and technology standardization is a necessary precursor to moving toward Global Capability Centers (GCCs), making foundational work in mid-sized businesses critical for future scalability.

“As someone who wants to grow, look beyond your vertical...be relentless in outcomes”

— Adam Holmes, SSOW 2025

- **Relentless Focus on Outcomes:** As emphasized by Adam Holmes during SSOW 2025, streamlining and optimizing services is elementary to SS/GBS success. Shared services must not only support but actively drive enterprise strategy, remaining relentless in the pursuit of better outcomes and improved services.

Organizational Design in the Age of AI

As AI becomes democratized across functions and embedded into enterprise workflows, organizational design must evolve to remain agile, collaborative, and experience-centric. Traditional hierarchical models will give way to more fluid, cross-functional ecosystems of capability.

Future-Ready Organizational Features:

- **Networked Teams Over Hierarchies:** Project-based, cross-functional pods will work in dynamic structures enabled by AI systems and modular governance.

- **New Leadership Roles:** Roles like Chief AI Officer, Chief Transformation Officer, and Chief Experience Officer will span across traditional functions to drive enterprise outcomes.
- **Citizen Development & Upskilling:** Functional teams will leverage low-code/no-code tools to create automation and AI-driven solutions, while enterprise-wide learning programs will support rapid upskilling and digital dexterity.
- **Cross-Functional AI Task Forces:** Governance structures (e.g., X-FAITs) will align risk, ethics, compliance, operations, and data strategy.
- **Ambidextrous Structures:** Organizations will balance operational efficiency and rapid experimentation through parallel structures—supporting both scale and speed.
- **Governance for Velocity:** To keep pace with the acceleration AI brings, organizations will need more nimble investment decisioning, agile contract models with third parties, and real-time KPIs for value realization.

This evolution will challenge traditional service delivery models—but it also opens the door for mid-sized businesses to leapfrog legacy constraints and design for agility, value, and experience from the outset.

Governance in a Global AI Environment

The EU AI Act, effective August 1, 2024, is the world’s first comprehensive AI regulation. It categorizes AI systems by risk, imposes strict requirements on high-risk systems, and applies extraterritorially—meaning companies operating outside the EU but providing services within its borders must comply. This presents a critical challenge for global SS/GBS operations, particularly those serving multinational clients. (en.wikipedia.org, kpmg.com)

Meanwhile, the United States lacks a comprehensive federal AI law, instead offering voluntary frameworks like NIST’s AI Risk Management Framework. In this vacuum, many enterprises are building internal governance models to address transparency, risk, ethics, and compliance. These emerging practices resemble the internet’s formative years: decentralized, fragmented, but gradually coalescing toward standards. (atlanticcouncil.org)

Forward-leaning SS/GBS organizations may soon lead or join consortia to develop shared guardrails—defining ethical use, vendor standards, and operational risk protocols. Those who establish strong internal policies today will be better positioned to shape and adapt to tomorrow’s regulations.

The EU is leading globally in defining ethical AI protocols through regulations like the EU AI Act, while the U.S. continues to rely on voluntary frameworks and industry-led initiatives. This discrepancy affects multinational SS/GBS operations, which must navigate differing

compliance landscapes. Without established global guardrails, many organizations are crafting internal AI governance—balancing ethics, transparency, risk management, and innovation.

The path ahead may echo the evolution of internet standards: early fragmentation, followed by the emergence of shared frameworks through industry consortiums or global accords. Whether leaders will unify around standard-setting or continue to operate in isolation remains to be seen—but those who act early to create robust, adaptive governance models will gain a competitive edge.

Environmental Impact and AI

Artificial intelligence requires immense computational power—training large language models and supporting inference workloads across enterprise systems. According to the International Energy Agency (IEA), electricity demand from data centers could more than double between 2022 and 2026, primarily due to AI workloads ([time.com](https://www.time.com)).

AI models also consume water for cooling and generate significant carbon emissions. For example, training GPT-3 emitted over 550 metric tons of CO₂ and consumed the equivalent water needs of entire towns. The OECD and Greenly report that AI's environmental cost extends across energy, water, and e-waste—posing a significant concern for ESG strategies ([oecd.org](https://www.oecd.org), [greenly.earth](https://www.greenly.earth)).

As AI becomes core to service delivery, energy transparency and sustainable model design must become part of ESG reporting. Leaders should evaluate how AI deployment affects energy costs, emissions targets, and infrastructure choices. This transition presents not just a financial impact—but a reputational one too.

AI demands substantial computational power, and with it, energy. As organizations scale their use of AI models, energy consumption—and its financial and environmental cost—will grow. Leaders should begin factoring AI-related energy demands into ESG reporting, infrastructure planning, and carbon reduction strategies.

Expect sustainability to become a core design consideration in AI deployment decisions, influencing vendor selection, cloud architecture, and data strategy. What was once seen as purely an innovation cost may soon be viewed as both a financial and reputational imperative.

Case for Action: Modernizing SS/GBS Models

1. **Adopt AI-Powered Solutions:** Leverage AI and automation to enhance—not just replace—human work in service delivery.
2. **Embrace Employee-Centric Design:** Integrate HR, IT, and Finance processes around the employee journey.
3. **Leverage EOR Models for Talent Access:** Use EOR providers to expand global reach without entity setup.

4. **Position SS/GBS as a Capability Center:** Shift internal narratives from cost-center to value-driver.
5. **Benchmark Against Experience Metrics:** Move beyond traditional SLAs and KPIs to include EX measures.

Conclusion

The future of SS/GBS belongs to companies willing to rethink service delivery as an experience—not just a function. Mid-sized businesses, often underestimated, are positioned to lead this shift. In a market shaped by AI, experience, and global talent strategies, their agility and scalability are their advantage.

By embracing modern service delivery models now, mid-sized businesses can set the standard for larger enterprises to follow.

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