

Changing Labor Markets: The Impact on Offshoring Strategies

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LEA GLOBAL WORLD CONFERENCE 2024



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Today's Agenda

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Trends in Finance & Accounting

02

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03

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04

AI-Driven Offshoring Strategies

CHANGING LABOR MARKETS

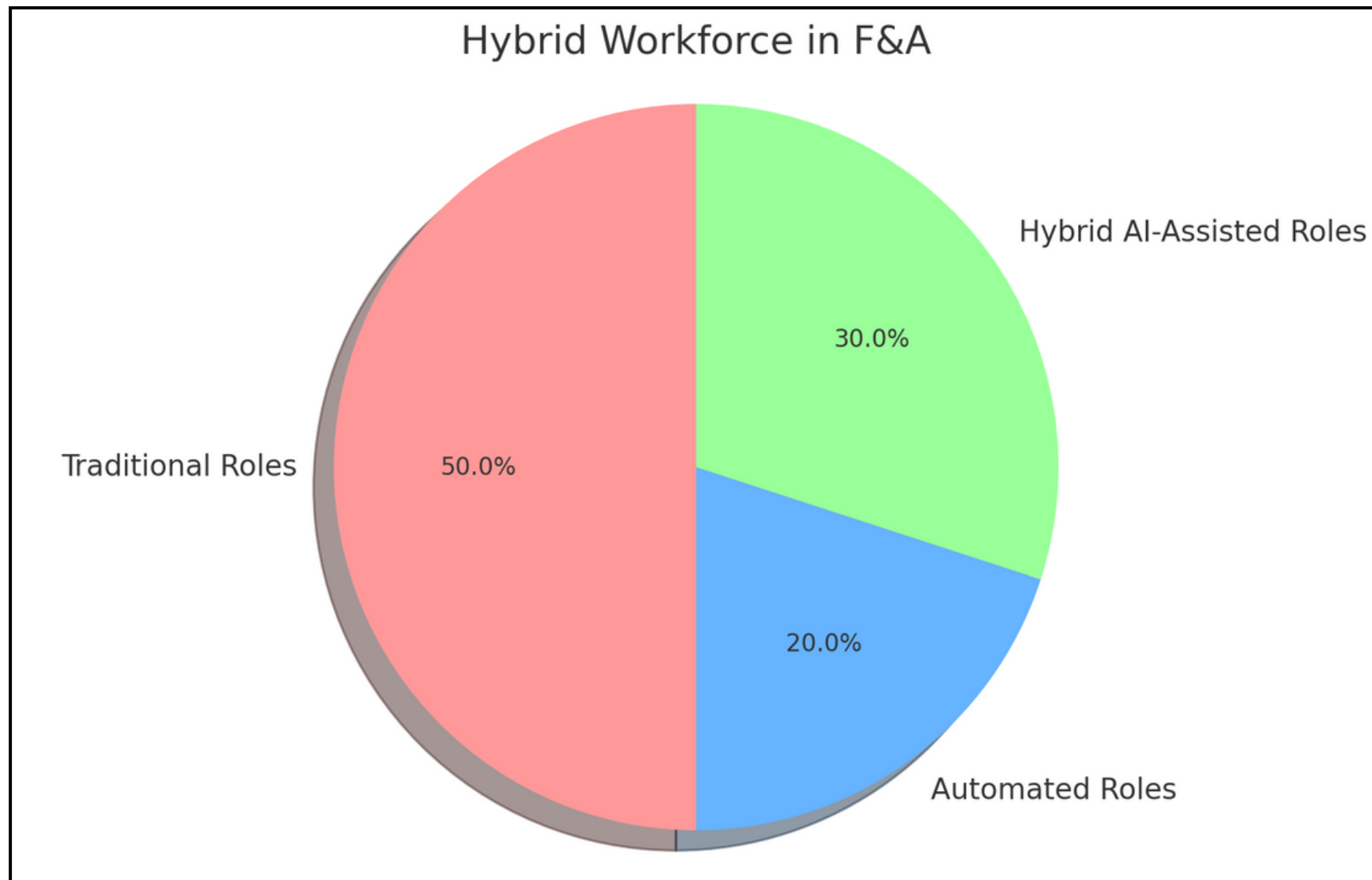
THE IMPACT ON OFFSHORING STRATEGIES

INTRODUCTION

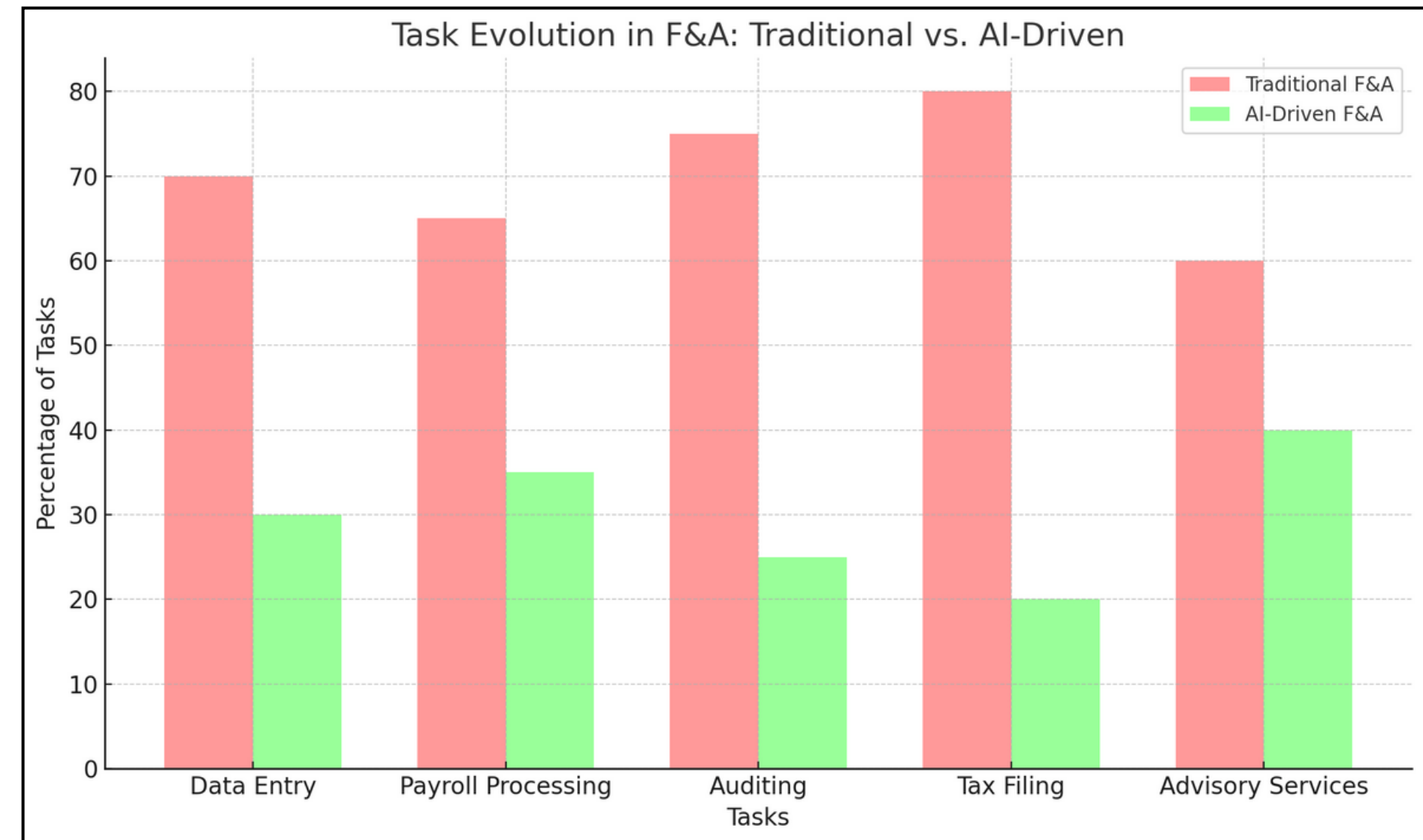
In today's rapidly evolving business landscape, the integration of Artificial Intelligence (AI) is fundamentally reshaping industries, particularly **Finance and Accounting (F&A)**. AI and automation are no longer just trends but core drivers of efficiency, leading to significant shifts in workforce dynamics and operational strategies. Offshoring, once a cost-saving tactic, has transformed into a value-driven strategy enabled by technology, with **Global Capability Centers (GCCs)** playing an increasingly critical role. This presentation will explore the evolving role of AI in reshaping the F&A workforce, examine new offshoring trends, and highlight the post-COVID rise of GCCs as key hubs for global operations.



AI'S RESHAPING OF FINANCE & ACCOUNTING WORKFORCE

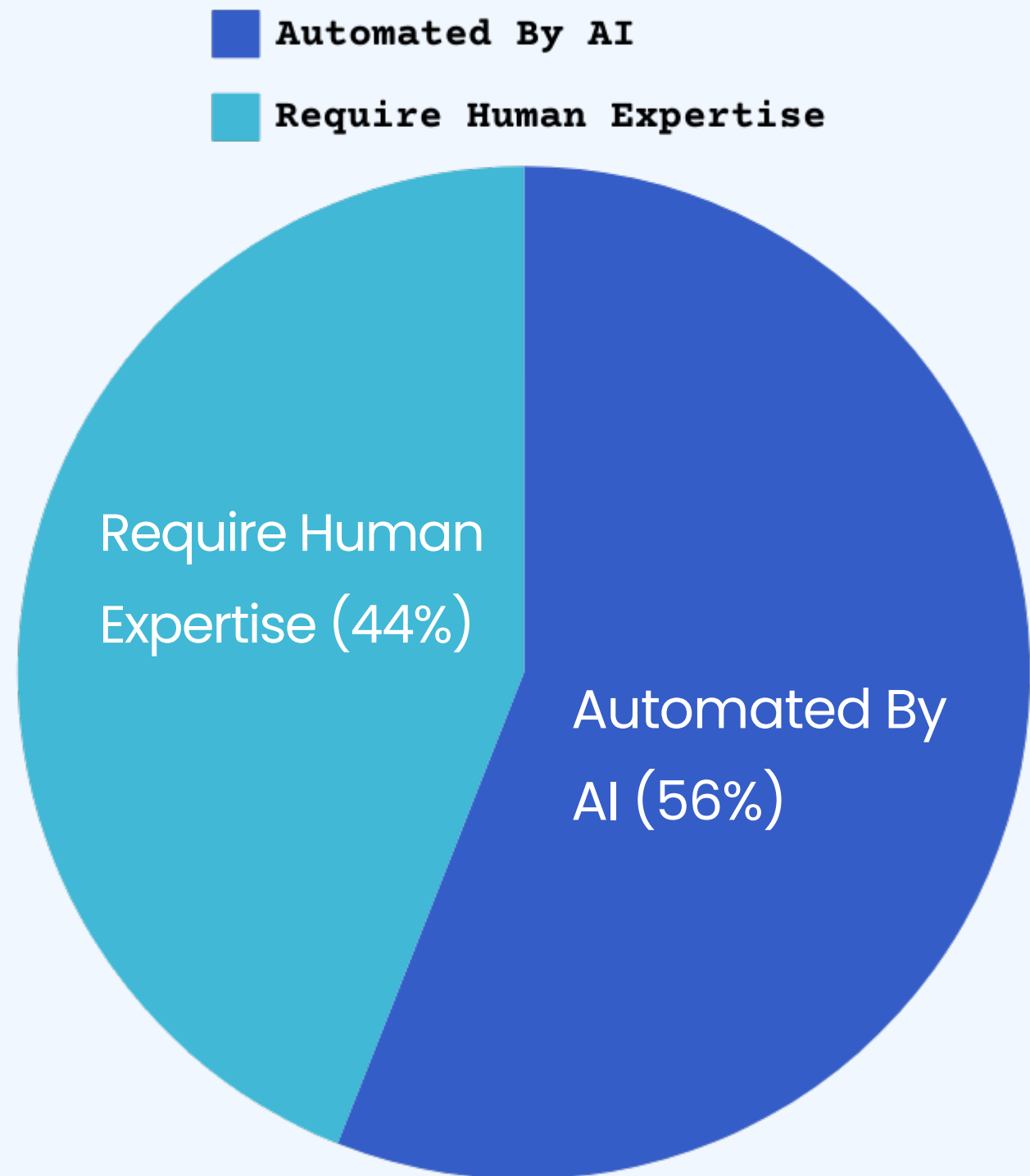


The split between traditional roles, automated roles, and hybrid AI-assisted roles.



Compare growth in demand for analytical/AI-related skills vs. traditional bookkeeping.

AI'S RESHAPING OF FINANCE & ACCOUNTING WORKFORCE



Proportion of Tasks Automated by AI

Automated by AI: 56%

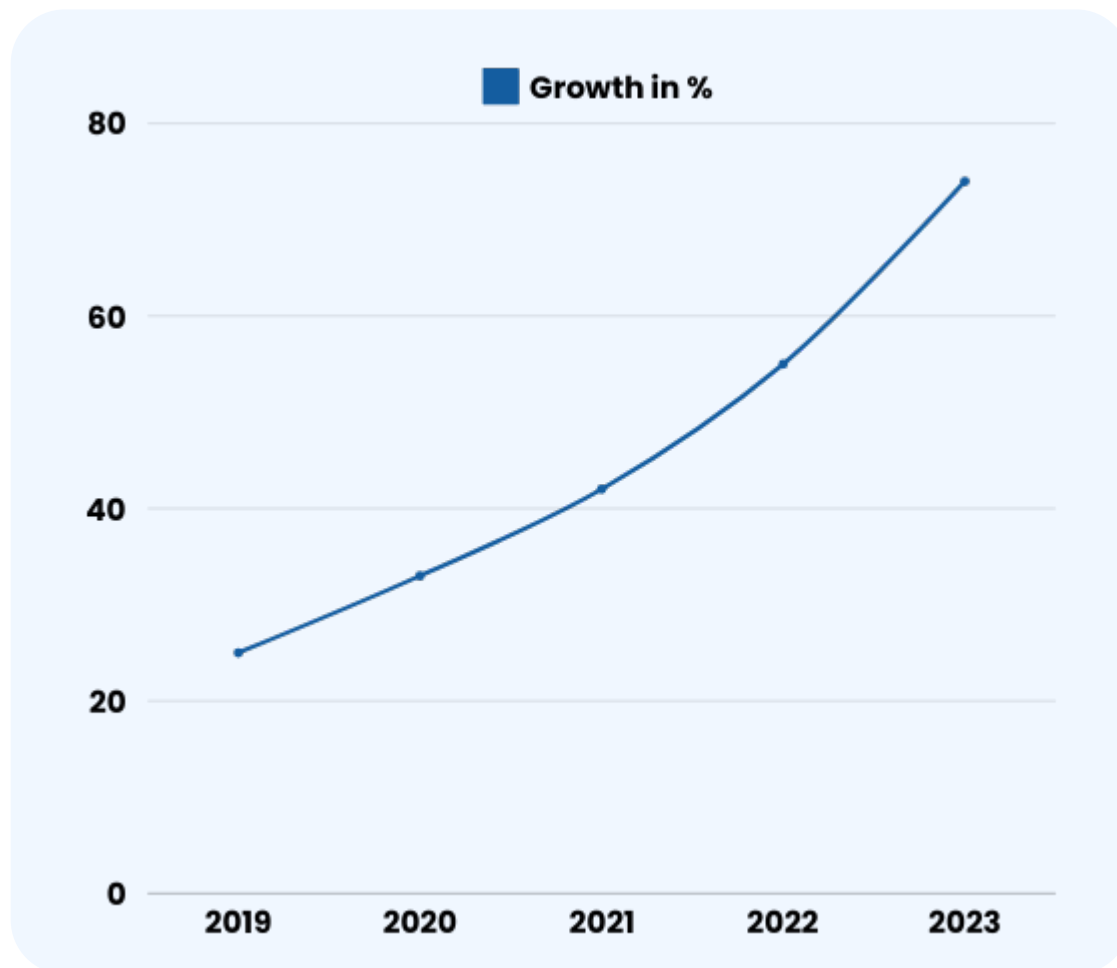
- Routine tasks such as data entry, transaction processing, payroll management, and basic bookkeeping.
- Source: [McKinsey Global Institute](#)

Require Human Expertise: 44%

- Complex tasks including financial forecasting, strategic decision-making, data interpretation, and advanced financial analysis.
- Source: [McKinsey Global Institute](#)

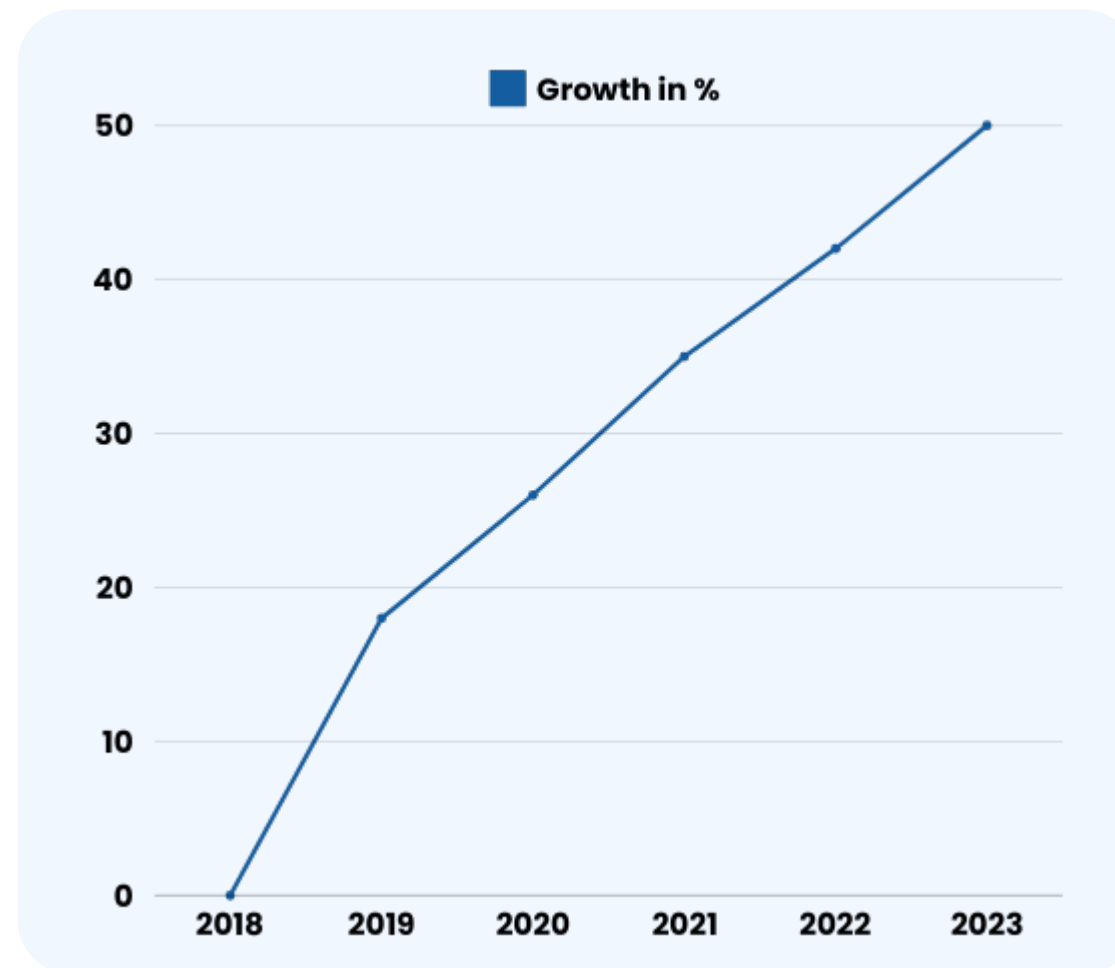
The extent of automation possible in finance and accounting roles, emphasizing the growing influence of AI in handling repetitive tasks while highlighting the importance of human expertise in decision-making and complex processes.

NEW ROLES & RESPONSIBILITIES POST-AI



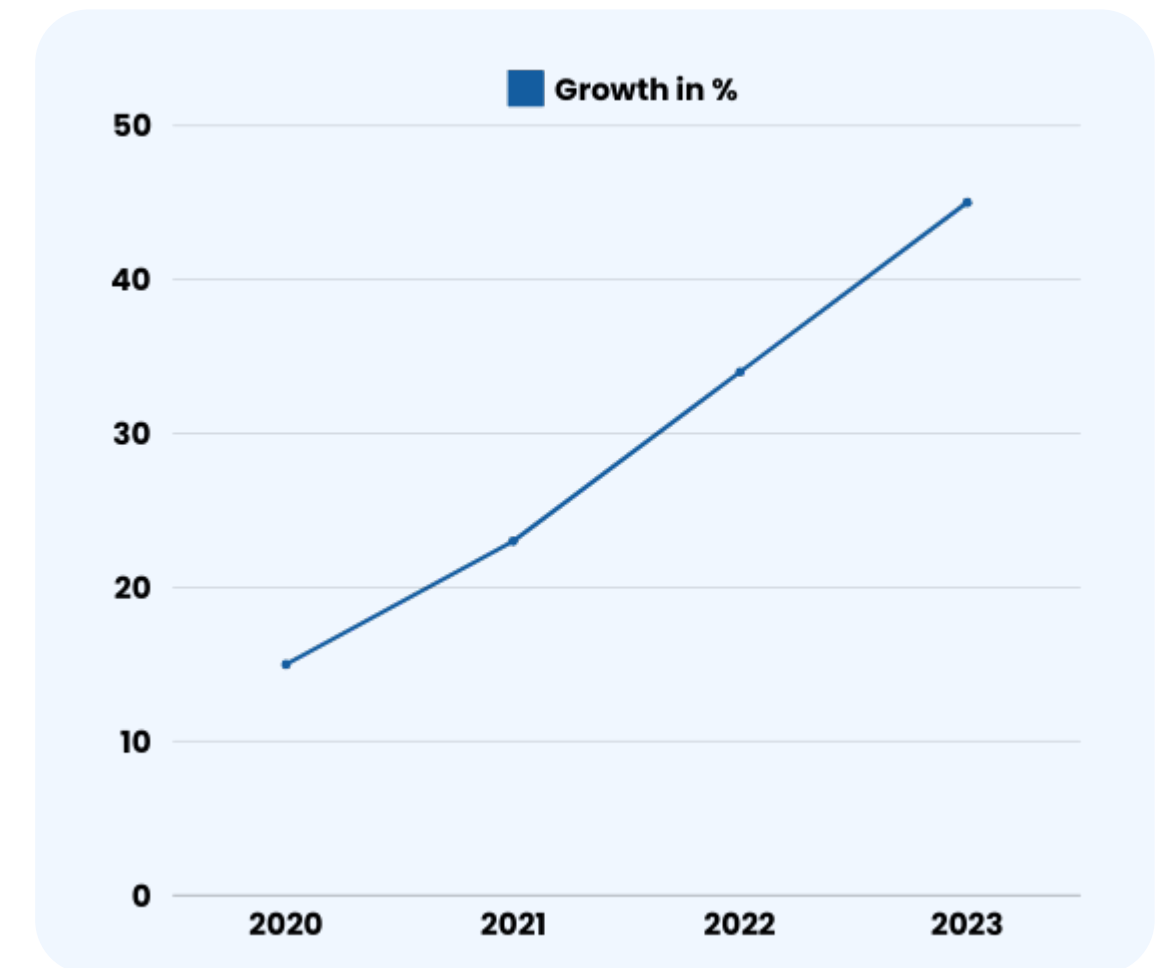
AI Specialists Growth

Source: World Economic Forum



Data Analysts/Scientists Demand Growth

Source: World Economic Forum



AI Auditors Projected Growth

Source: PWC

AI Specialists: Design and implement AI systems to streamline financial processes.

Data Analysts: Analyze large volumes of data produced by AI to guide decision-making.

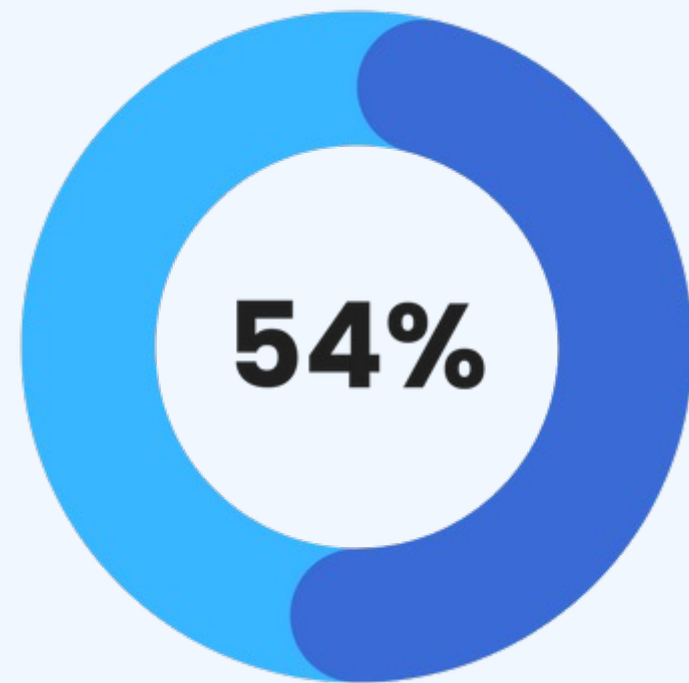
AI Auditors: Assess AI systems for accuracy, compliance, and ethical performance.

Upskilling & Reskilling in F&A:



Upskilling Initiatives and Impact:

- 76% of organizations are investing in upskilling initiatives for their employees to integrate AI technologies ([Source: PwC](#)).
- Employees who engage in continuous learning see a 15% increase in job satisfaction and performance (Source: LinkedIn Learning).
- 40% of financial professionals believe they need to upskill in AI and data analytics to remain relevant by 2025 (Source: Deloitte).



Reskilling for AI Competencies

- The World Economic Forum estimates that 54% of all employees will need reskilling by 2025 due to AI.
- EY has invested over \$1 billion in reskilling and upskilling initiatives, focusing on AI and data literacy ([Source: EY Global Review](#)).

AI'S INFLUENCE ON OFFSHORING



AI is reshaping offshoring by automating repetitive tasks, driving efficiency gains, and reducing labor costs. As AI handles routine processes like data entry and reconciliations, offshoring strategies are shifting from cost-saving to value-driven models, allowing offshore teams to focus on specialized roles such as AI monitoring and data analysis.

Strategic Shift in Offshoring

- Offshoring has evolved from being purely cost-driven to being focused on delivering higher value.
- 40% of offshored tasks involve automation in companies that have implemented AI solutions, compared to 60% which are still human-driven but increasingly require higher levels of expertise.

Cost Reductions Through AI

- AI automation is leading to a 20% reduction in labor costs by handling repetitive tasks more efficiently in offshoring processes (Source: Accenture).

Efficiency Gains from AI in Offshoring

- 80% of global companies outsourcing services expect AI-driven efficiencies in their operations by 2025 (Source: Deloitte).

STRATEGIC OFFSHORING DECISIONS WITH AI



01 Task Prioritization

Offshoring now focuses on AI-enhanced tasks, such as data analysis, model training, and automation management, rather than just cost-saving through manual processes.

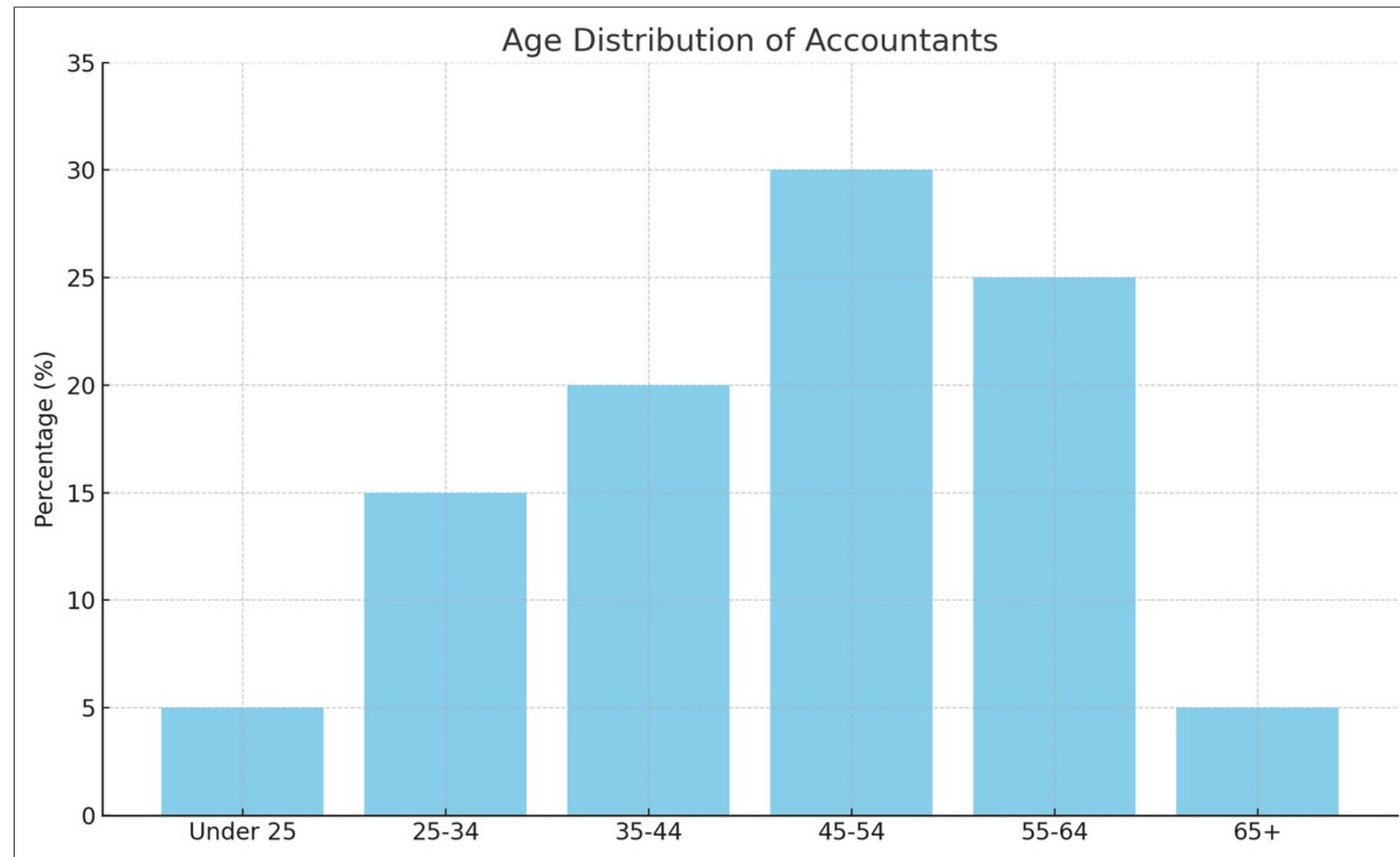
02 Enhanced Efficiency

AI-driven automation significantly reduces errors, increases speed, and improves the overall efficiency of offshored operations.

03 Hybrid Models

Companies are adopting hybrid offshoring models where AI handles routine tasks, while human expertise is retained for complex decision-making and client-facing roles.

AGING WORKFORCE IN ACCOUNTING & ADAPTATION TO AI

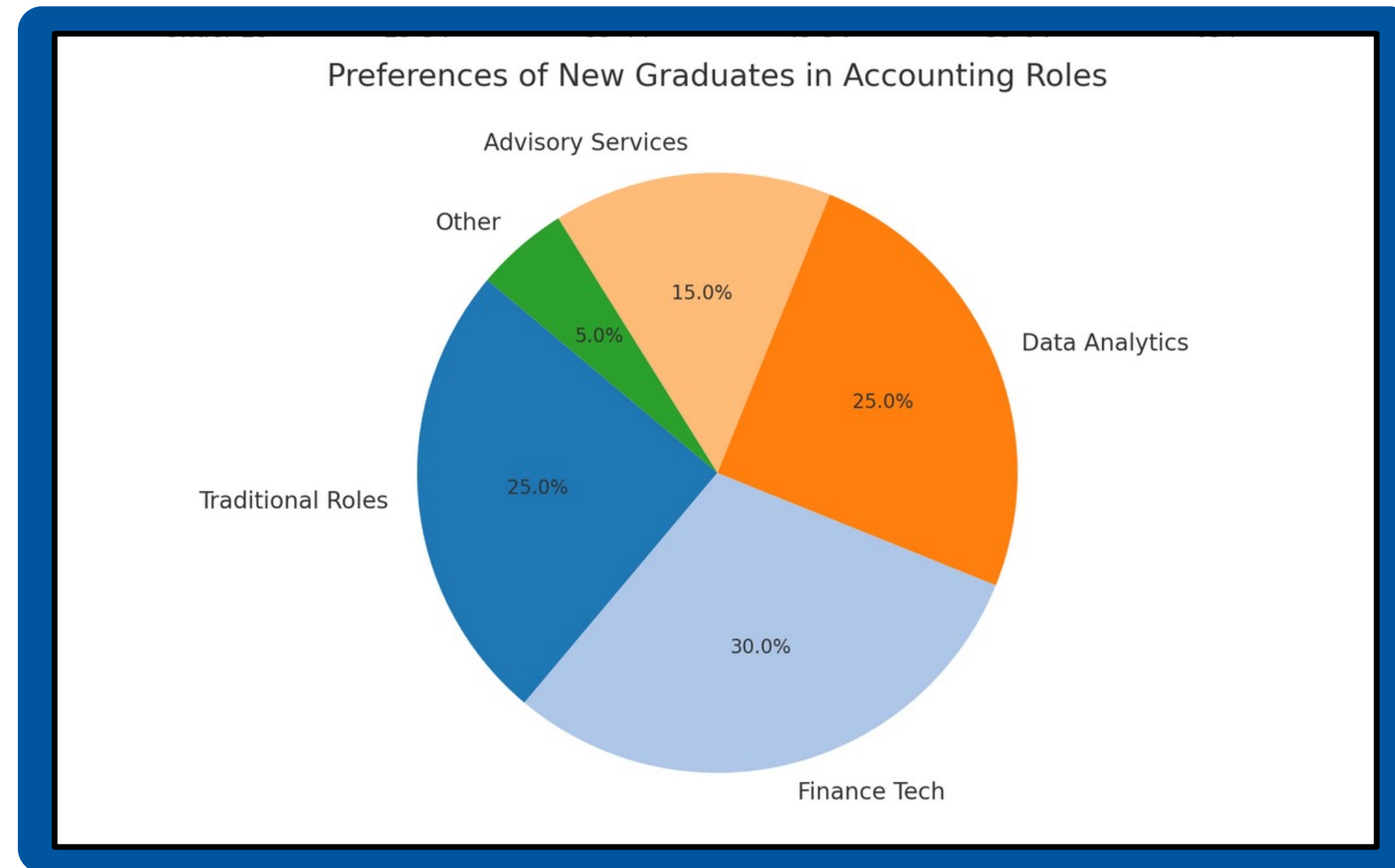


Region	% of Workforce Aged 50+	Preference for Non-Traditional Roles
North America	35%	60% (e.g., data analytics)
Europe	40%	55% (e.g., consulting)
Asia	30%	50% (e.g., fintech)
South America	25%	45% (e.g., risk management)

- **Age Distribution:** According to the **AICPA's 2020** Trends Report, approximately **75%** of accountants are over the age of **45**, with a significant percentage nearing retirement age. This indicates a potential talent shortage in the coming years.

AGING WORKFORCE IN ACCOUNTING & ADAPTATION TO AI

- **Work Preferences:** A survey conducted by **Robert Half in 2023** found that only **25%** of recent accounting graduates prefer traditional roles in accounting and audit. The majority are leaning towards roles in areas such as finance technology, data analytics, and advisory services.
- **Desire for Flexibility:** According to **Deloitte's 2023 Global Millennial Survey**, **70%** of millennials and Gen Z workers expressed a preference for flexible working conditions, indicating that traditional in-office accounting roles may be less attractive.

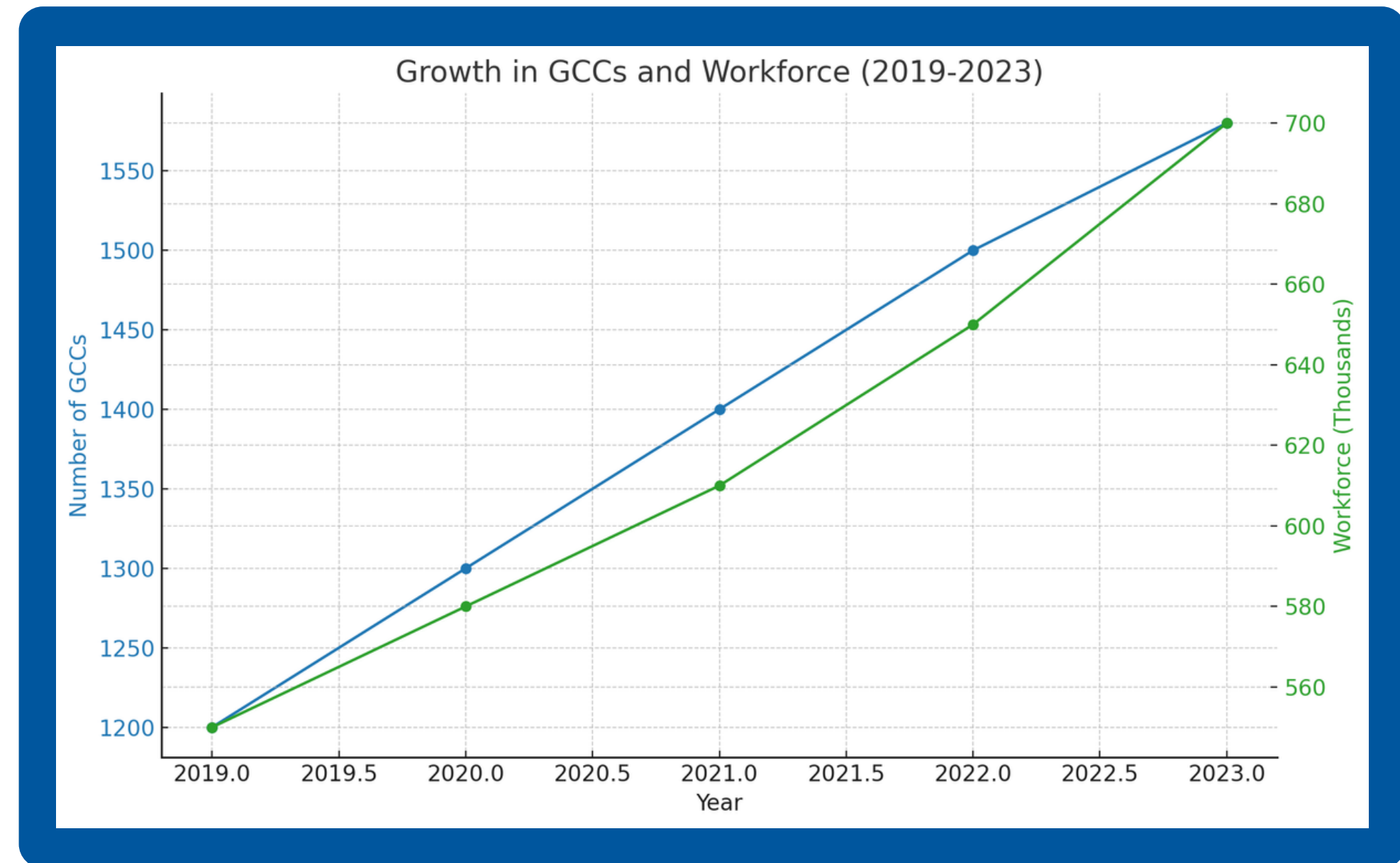


Global Capability Centers (GCCs) Post-COVID

- **Growth:** GCCs increased from 1,200 in 2019 to 1,580 in 2023.
- **Workforce Expansion:** Employment rose from 800,000 to over 1.3 million.
- **Strategic Shift:** Focus on centralizing key functions for efficiency.
- **Value Creation:** Emphasis on AI and data analytics for enhanced operations.
- **India's Dominance:** India remains the top GCC destination.

Sources:

- **Knight Frank India** - 2023 reports on GCC growth and real estate trends.
- **NASSCOM** - India's leading body for IT and BPO services.
- **McKinsey & Company** - Research on the rise of GCCs and workforce trends post-COVID.



NEXT: PANEL DISCUSSION ON CHANGING LABOUR MARKETS



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