The New Map of Work:

How GBS and GCCs are leveraging location strategies to evolve into agile value engines

How to rethink where work gets done as talent, risk, and agentic AI reshape the services map around the world.

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Where should your company's work get done?

The traditional offshore playbook is broken. Driven by sudden technological leaps in artificial intelligence (AI) and increasing global volatility, the calculus for location strategy has permanently shifted. Cost reduction remains necessary, but it is no longer sufficient. Organizations that fail to rapidly pivot their global business services (GBS) and capability centers from "labor arbitrage hubs" to "agile value engines" risk losing their competitive edge in talent, innovation, and operational resilience.

Today, leaders are juggling a far more complex mix of variables. The familiar playbook of moving repeatable activities to low-cost markets is being challenged by talent scarcity, regulatory demands, and geopolitical disruption. Delivery models traditionally built on offshore or nearshore advantages—such as GBS, global capability centers (GCCs), and business process outsourcing (BPO)—must evolve as organizations compete in this more complex environment.

Executives are under increasing pressure to show that their approach is creating tangible value, not just controlling cost. At a time when more locations than ever are competing for investment, organizations must acknowledge that yesterday's location strategy no longer matches today's business needs.

Here are five questions leaders need to ask as they rethink where work gets done—and how to build a location strategy that can keep pace with the growing complexity of business today.

What key factors are driving location decisions today?

Labor cost still matters, but it's only one part of a broader location calculus. Leaders must weigh talent depth and productivity along with infrastructure availability, regulatory exposure, and delivery risk. Location footprints are increasingly shaped by geopolitics, changing climate impacts, the rise of AI, and a tighter market for specialized talent. The task now is to build a mix of locations and delivery models that provides the business with the agility it needs as complexity continues to grow.

Key considerations

Look beyond labor rates. A lower-cost market can lose its edge quickly if productivity is lower, or if attrition, infrastructure gaps, tax, risk, and the time needed to stand up and stabilize operations do not align with the corporate strategy.

Risk must be a major focus. Geopolitical exposure, cyber readiness, data rules, and business continuity cannot be secondary—they need to be part of the location evaluation process from the start.

Talent depth now shapes the shortlist. The strongest locations combine scale, specialized skills, language capability, and a credible pipeline of future talent. For many organizations, that now matters more than co-locating delivery centers near plants, headquarters, or legacy operating sites.

Bottom line: The strongest location decisions now balance cost, talent, productivity, and resilience from the outset—instead of trying to fix those tradeoffs later.

How should leaders align work, models, and capabilities?

Set-and-forget service delivery is over, especially as companies evolve their focus beyond back-office processing into middle-office, analytical, and more specialized services. While some organizations historically prioritized co-location of their delivery centers with their manufacturing plants (or in close proximity), the benefits today are often overshadowed by resourcing concerns—and the need to go wherever the talent is. Most leaders now need a hybrid mix of delivery models. High-volume transactional work, strategically sensitive functions, and more complex services rarely belong in the same place. That's why more organizations are combining GBS, GCCs, outsourcing partners, and automation into an ecosystem to get the right mix of control, scale, speed, and flexibility.

As an example, one global life sciences company moved from a largely outsourced finance model to a more hybrid structure, using a GCC for judgment-intensive reporting and compliance work while retaining a provider for high-volume transactional processes. The shift gave the company greater control over critical work while preserving scale and flexibility.

As the work gets more specialized, the model—and the talent behind it—must get more sophisticated too.

Key considerations

More strategic work is moving in. Planning, analytics, compliance, and other functions now require stronger judgment and closer ties to the business.

Higher-value work raises the bar for location choices. These roles often need deeper talent pools, stronger collaboration, and a more mature local ecosystem.

Orchestration requires governance. When work is spread across internal teams, GCCs, providers, and automation, leaders need clear accountability, handoffs, decision rights, and performance measures.

Bottom line: The advantage now comes from orchestrating the right mix of models, refining it as business needs change, and building the capabilities to support more complex work over time.

How is AI changing the location equation?

AI is reshaping service delivery before location even enters the discussion. Some tasks that once moved to lower-cost markets can now be automated, redesigned, or eliminated altogether. That leaves a different mix of work to spread across in-house teams, GCCs, and outsourcing partners—work that often demands stronger judgment, oversight, and data discipline. It also raises the bar for where that work should live. This evolution is also giving rise to more AI-native operating models, including Agentic GBS and AI-enabled "model offices" that orchestrate work through intelligence rather than geography.

Key considerations

Automation is changing the math. Some work will still shift across locations, but more of it will be reduced, reconfigured, or removed from location considerations entirely.

The nature of the work is evolving. As AI takes on more routine tasks, the remaining work often requires more functional expertise.

AI raises the bar for location choices. The strongest locations need sound data practices, digital capability, and talent that can work effectively with AI.

New value-creation roles are emerging. Roles such as AI trainers and AI explainability specialists can help enterprises maximize the technology's impact and business value.

AI ecosystems are becoming part of the decision. The focus isn't just on where AI replaces humans, but where human-AI collaboration thrives. Leaders are looking for locations with the talent, infrastructure, and partner networks to support AI development and integration. Some leading organizations are exploring model office concepts that enable agentic AI and human experts to collaborate in new ways, regardless of location.

Bottom line: AI is reshaping both the work and the locations best equipped to support it.

What do leaders need to know about the changing location map?

An increased assortment of viable delivery locations is adding to the complexity. India remains a major hub for scale, digital talent, and GCC growth, while the Philippines continues to stand out for customer service and finance support. At the same time, more leaders are expanding the search to include nearshore markets, emerging talent centers, and tier-2 cities with different cost, infrastructure, and talent tradeoffs. Notable growth can be observed in countries like Poland, Costa Rica, Malaysia, Saudi Arabia, the United Arab Emirates, Egypt, and South Africa—as well as cities such as Coimbatore, India, and Guadalajara, Mexico. Poland, for example, has grown from 127,000 to over 457,000 business services employees in a decade, now hosting almost 2,000 centers with competitive costs at roughly half the European Union rates.[1]

Key considerations

Established hubs still matter. Mature locations remain important because they offer proven ecosystems, deeper talent pools, and the ability to scale. For context, India's ecosystem continues to produce over 1.5 million engineering graduates annually,[2] providing an unmatched pipeline for complex digital work.

Tier-2 cities deserve a closer look. Cities such as Coimbatore and Guadalajara can open up cost and talent advantages, but leaders need to weigh those gains against infrastructure, ramp-up speed, and ecosystem maturity.

Newer markets are offering targeted advantages. Nearshore access, specialized skills, resilience, and government-backed incentives are all reshaping the shortlist. Central and Eastern Europe leads this shift, with Poland alone hosting global centers for large companies that combine strong technical education with as much as a 50 percent cost advantage.[3]

Factor in the full tax and incentive landscape. Beyond labor and real estate, tax policy can materially change a location's long-term economics. This includes corporate income tax rates, but also considerations like research and development credits, tax holidays, and benefits available in special economic or free trade zones. Leaders need an integrated view of tax, talent, cost, risk, and operating realities.

Bottom line: The strongest location strategies use established hubs for scale, add emerging markets for targeted advantage, and treat the map as a portfolio—not a one-time bet.

What does a successful location strategy look like today?

Success is not only defined by the value that can be generated today, but also by the agility the model provides. Leaders want a footprint that can flex with demand, support higher-value work, hold up under disruption, and keep creating value as the business changes. Leading organizations are tracking measures such as innovation velocity, capability maturity, and total value of ownership alongside quality, automation, and stakeholder satisfaction. They are also changing how they buy services, with more contracts tied to measurable business results rather than hours, seats, or headcount.

Key considerations

Measure what the model enables. Leaders must evaluate their footprint against a clear maturity assessment—measuring the evolution from a transactional cost center to a strategic value creator. That means looking beyond cost to include metrics that help quantify progress, capabilities, and business outcomes over time.

Build resilience into the scorecard. Business continuity, flexibility, and the ability to ramp work up or down should all be part of how success is defined.

Pay for results, not just labor. More organizations are shifting toward contracts tied to performance indicators such as cycle time, service quality measures, and defined business outcomes.

Scale with purpose. The strongest location strategies expand into new markets when talent, skills, and ecosystem maturity justify it.

Establish a self-funding delivery model. Best-in-class organizations design their GCCs and global information technology (IT) functions to be self-funding, operating their centers as value-creating entities, where the combination of optimized global talent, maximized government incentives, and the value created from internal innovations generates enough economic benefit to offset their own operating costs.

Bottom line: A modern location strategy improves performance, expands capability, helps the business absorb disruption, and still keeps cost in focus.

How KPMG can help

Location strategies today demand broader criteria, new inputs and value calculations, and regular reviews. Leaders need to continuously reassess where work sits, who is doing it, what can be automated or eliminated, and where new work belongs as the model matures. Discipline, rigor, and dedicated focus are table stakes. Standing up a new GCC or materially reshaping a delivery footprint can take 10 to 18 months, from strategy through stabilization. At the same time, the pressure to demonstrate measurable value within the first 90 days is immense. The organizations that move most effectively treat location strategy as an ongoing effort to improve the mix of locations, delivery models, capabilities, and commercial structures as business needs change.

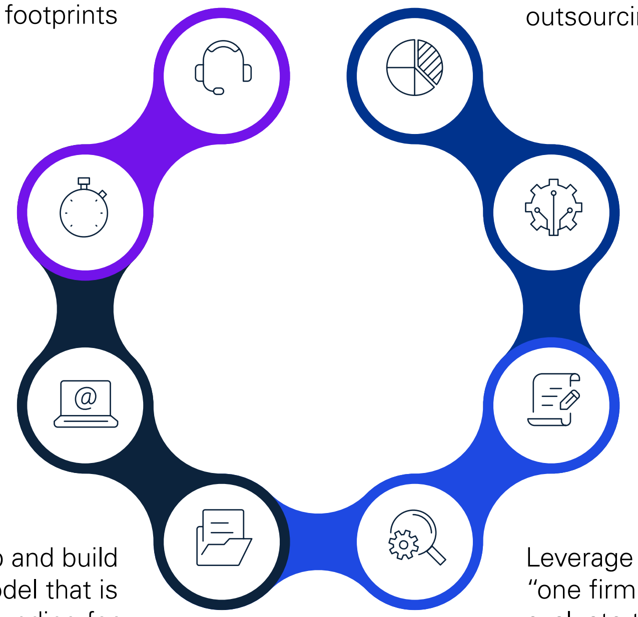
To find that optimal mix, KPMG LLP helps organizations

Plan and execute the modernization of GBS and global delivery footprints

Assess location strategy across GBS, GCC, and outsourcing models

Assess delivery-model maturity and define a roadmap for building capabilities over time

Understand how AI and automation are influencing location decisions



Support evolving service scope, including higher-value and capability-led operating models

Design delivery models across captive, outsourced, and hybrid environments

Develop and build a model that is self-funding for future enterprise investments

Leverage an integrated, "one firm" approach to evaluate talent, cost, risk, resilience, and the full tax and incentive landscape across candidate locations

Sources

1. Association of Business Service Leaders (ABSL), "Business Services Sector in Poland 2024," 2024.

2. Forbes India, "Why are so many of India's 1.5 million fresh engineers every year unemployable?" November 13, 2025.

3. Eurostat, "EU hourly labour costs ranged from €11 to €55 in 2024," March 28, 2025.

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