

The Intelligent Automation Imperative for Shared Services and Outsourcing Providers

Back-office operating models are at an inflection point. For over two decades, shared services and outsourcing providers have leaned on centralized, labor-intensive, offshore talent to deliver financial benefits. Over the last decade, this model has been facing mounting challenges. Client expectations are evolving as advancements in automation technology and artificial intelligence (AI) are reshaping operational possibilities. A push toward achieving greater return on assets, improved scalability and the ability to deliver higher-value services is redefining the offshoring/outsourcing industry.

The race is on in the business process outsourcing (BPO) industry, with leaders merging deep back-office process knowledge with proprietary or acquired scalable automation platforms, typical of Software as a Service (SaaS) firms. Companies mastering this synergy consistently deliver superior outcomes: higher quality delivery, improved scalability, greater access to talent, enhanced compliance and significantly lower cost of delivery. Competitors which are slow to adapt risk being outpaced in a rapidly evolving market.

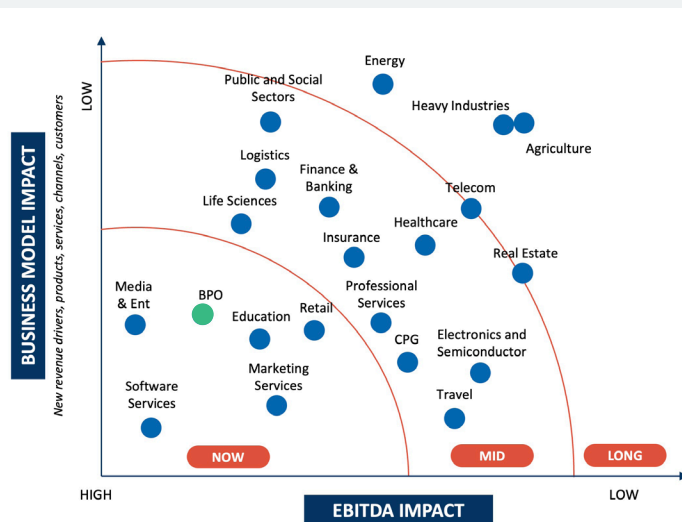
1 The Shifting Landscape: Technology Trends Reshaping Back-office Operating Models

Historically, BPO has been a relatively low-margin industry with gross margins of 20-30% and revenue per head of \$35K-\$44K, with firms relying on volume to drive profitability.¹ Yet more recently, companies investing in digital and automation platforms are consistently outperforming their competitors, achieving gross margins over 35% and revenue per head of \$80K-\$90K.² As the transformation of the BPO market continues, financial metrics such as EBITDA, will be insightful on the level of a firm's intelligent automation-based delivery.

While this has clearly benefited those market leaders and allowed them to distance themselves from the offshore transaction processors, a key challenge has always been that every client's technology environment is unique. A myriad of business rules, inconsistent data structures, multitudes of system interfaces and exception handling will always present challenges. Back-office delivery is hard work. Implementing and operating rules-based automation requires deep expertise and significant oversight, mandating significant configuration, customization and, inevitably, significant levels of human involvement. This semi-automated delivery model is clearly an improvement over a labor-intensive delivery, but it's still a stepping stone toward a more straight-through processing model where process exceptions truly are exceptions.

We are in the midst of a fundamental change in technology capabilities: the concurrent advancements in automation technologies, including business process management (BPM), robotic process automation (RPA) and rules engines, as well as AI — both machine learning and GenAI — are converging to facilitate a vision and eventual reality of [more comprehensive and seamless delivery of end-to-end processes](#).³ While still early in its maturation, Agentic AI holds significant promise for both back-office and front-office processes alike. Its ability to not only ingest and comprehend vast amounts of structured and unstructured data, combined with human natural language input, to develop sophisticated insights, orchestrate/execute tasks and incorporate feedback will likely be a game-changer for back-office service delivery.

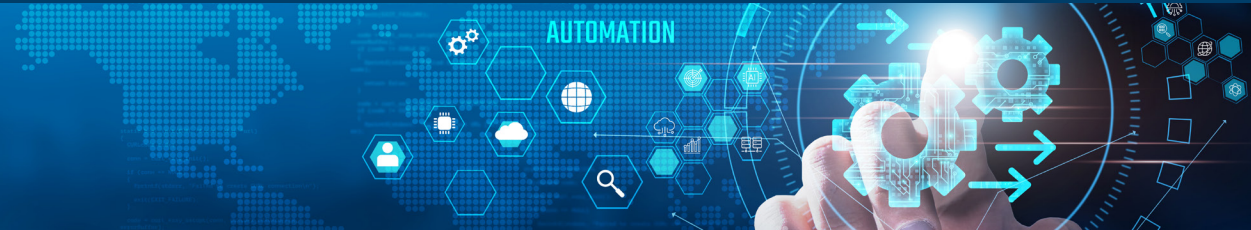
Artificial intelligence impact on industries



2 Competitive Set

The global BPO and intelligent automation market, projected to exceed \$302 billion by 2030, is fiercely competitive and encompasses global outsourcing providers, software firms, intelligent automation providers and a wave of innovative start-ups.⁴ This dynamic landscape is fracturing into two camps: the firms that are aggressively investing in intelligent automation platforms through the building of proprietary solutions, acquiring cutting-edge technologies or forming strategic alliances — and those lagging behind.

At the same time, industry demand is expanding toward higher-value services. Some BPO providers now blend BPO with analytics and automation to serve sectors like healthcare and financial services, reimagining process execution, although there are some obvious constraints in highly regulated industries. More broadly, many clients now demand partners which can optimize revenue cycles, reduce risks or unlock operational agility — all capabilities that are dependent on digital and automation innovation, not centralized headcount. These clients should purposefully and explicitly contract with progressive BPO providers based on value delivered, finally breaking free from the inertia of headcount-based or fixed priced contracts.



3 The Platform Advantage: Lessons from the BPO Leaders

The leading BPO firms highlight a key lesson: automation platforms do not just improve efficiency and reduce costs, they can redefine a BPO provider's value proposition. BPOs lagging in this space risk losing ground to tech-savvy competitors who can deliver faster, smarter outcomes with leaner operations. Outsourcing providers with a human-centric delivery model will be in a fight for their survival between now and 2030.

Their clients should take note.

Can the stragglers catch up through partnerships, acquisitions or rapid tech adoption? Or will their valuable client contracts become prime targets for acquisition in an industry that will likely experience consolidation around automation leaders?



4 The BPO Provider Path Forward

For BPOs, staying competitive demands certain strategic considerations and necessary actions:

- The back-office delivery competitive set is expanding and BPOs should shift from cost-centric to value-centric business models.
- The nature of competition is shifting. Innovation and investment in automation platforms will become mandatory to compete effectively.
- Start-ups with deep automation, AI and business process knowledge will present a threat to incumbent BPO providers.
- Agentic AI will create a step-change improvement in the ability to deliver back-office services over the next 3-5 years.
- Offshore delivery centers and capabilities will remain valuable, but they will likely be smaller and focused on managing higher-end activities.
- Strategic partnerships with technology innovators offers an avenue to fast-track BPO evolution by merging their scale with cutting-edge capabilities.



5 Implications for CFOs and Shared Services Leaders

Companies operating captive shared services organizations face significant hurdles to digitize and embed automation, including limited access to specialized talent and constrained budgets for developing or acquiring automation platforms.

These organizations increasingly rely on system integrators and BPO partners to support them in their build vs. buy efforts.

With this in mind, in an effort to optimize shared services, CFOs and shared services leaders should:

- Conduct an inventory of their current digital and automation skills.
- Identify key partner(s) which can provide a build vs. buy roadmap and solutions to digitize and automate back-office processes.
- Establish an Intelligent Automation Center of Excellence, embedded within the existing shared services organization.
- Set optimization targets with clear ROI.
- Prioritize use cases and conduct a few pilots. Pragmatically select pilot use cases which are low complexity (process, systems, data) yet will provide positive ROI in order to prove/refine your approach to intelligent automation-enabled process redesign and deployment.

FTI Consulting's 5C model can also be instructive [here](#).

- Incorporate lessons learned and scale the effort across the back-office operating model.
- Establish AI policies, governance, risk and security management to prove appropriate guardrails.



The Time to Act Is Now

The BPO industry faces a defining moment: intelligent automation is no longer optional but a strategic imperative. Firms that seamlessly integrate AI and process automation will redefine their value propositions, unlock superior financial performance and gain a lasting competitive edge. Conversely, BPO providers which are slow to adapt risk becoming obsolete or even irrelevant in a consolidating market.

For CFOs and GBS leaders, the path forward is clear: prioritize and develop partnerships with AI and automation-focused providers and build internal capabilities to optimize shared services.

Endnotes

¹ Average gross margin and average revenue per head is based on an analysis completed by FTI Consulting on global, publicly-traded, BPO players. Analysis provided by Michael Ovalles.

² Id.

³ Sumeet Gupta, "The Shape of the Fourth AI Inflection in 2025," FTI Consulting (January 27, 2025), <https://www.fticonsulting.com/insights/articles/shape-fourth-ai-inflection-2025>.

⁴ Grand View Research, "Business Process Outsourcing Market Size, Share & Trends Analysis Report by Service Type (Customer Services, Finance & Accounting), by Outsourcing Type, by Deployment, by End Use, by Region, and Segment Forecasts, 2025-2030," Grand View Research (April 2025), <https://www.grandviewresearch.com/industry-analysis/business-process-outsourcing-bpo-market>.

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