The Year
Ahead

The big themes and models shaping the companies want to outsource

2026

Old assumptions and operating models about business process outsourcing won't survive 2026.

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Dear reader,

As we look ahead to 2026, many of the themes shaping the Business Process Outsourcing industry may sound familiar: cost pressure, talent scarcity, digital acceleration, and rising client expectations. Yet, as with any evolving system, no two years are ever the same.

In Year Ahead 2026, we revisit these familiar themes but ask new questions. Traditional outsourcing models built purely on labour arbitrage are giving way to outcome-driven partnerships. Organisations are no longer looking simply to move work offshore; they are seeking to redesign how work gets done by combining the right people, the right processes, and the right technology.

At the same time, CEOs and CFOs are under growing pressure to adopt AI and advanced automation. The ambition is clear, but the challenge is equally visible. Many leaders recognise that their existing back-office process architectures are fragmented, manual, or inconsistently applied. No system, AI or otherwise can be successfully implemented on a broken process. Transformation must begin with clarity, standardisation, and control before intelligence can truly be embedded.

People remain at the centre of this shift. Access to skilled, digitally literate talent supported by strong governance and continuous improvement is becoming a decisive advantage. Processes must be simplified, standardised, and resilient, while systems evolve from basic enablers into integrated platforms that drive insight, efficiency, and scale.

Economic uncertainty, regulatory scrutiny, and geopolitical change continue to influence how organisations structure their operations. These forces are reshaping expectations around resilience, security, and long-term value. For business leaders, the question is no longer whether to outsource, but how to build operating models that are robust enough to support innovation and flexible enough to evolve.

At H Connect International, we are not observers of this change we are active participants. We work alongside our clients to stabilise and redesign back-office processes, embed capable offshore teams, and then layer in digital and AI-enabled solutions where they genuinely add value. Our focus on people, process, and systems ensures transformation is sustainable.

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The End of Traditional
BPO MODELS

For more than two decades, Business Process Outsourcing was primarily driven by labor arbitrage moving work to lower-cost locations to reduce operating expenses. While this model delivered immediate savings, it was built on assumptions that no longer hold true in 2026.

Globally, wage inflation in traditional outsourcing hubs, increasing attrition, and rising client expectations have fundamentally altered the value equation. At the same time, boards and investors now demand resilience, control, and transparency not just lower costs. As a result, BPO models that rely purely on volume and headcount are increasingly fragile

A new paradigm is emerging value-led outsourcing. In this model, success is measured through outcomes such as cycle-time reduction, improved controls, scalability, and insight generation. Providers are expected to understand the client's business model, regulatory environment, and growth strategy not just execute tasks.

GLOBAL TREND

- Shift from "lift and shift" to "operate, optimise, and transform"

- Decline of transactional vendor relationships

- Rise of long-term strategic partnerships confidence.

- Greater focus on business outcomes such as speed, accuracy, and insight

Key takeaway:

Traditional BPO reduces cost. Modern BPO reduces complexity and risk while enabling growth. And become a trusted partner

The CEO & CFO Challenge
AI Ambition vs Operational Reality

AI has become a boardroom priority. Investors, boards, and regulators increasingly expect organisations to demonstrate how automation and AI are improving productivity and decision-making.

Yet many CEOs and CFOs face a fundamental tension: ambition is high, but operational readiness is not.

Across finance, legal, and operational back offices, processes remain fragmented, manually intensive, and poorly documented. Leaders are acutely aware that implementing AI on top of unstable processes does not create efficiency, it creates risk. AI systems rely on clean data, repeatable rules, and consistent execution. Without these foundations, automation simply accelerates errors.

As a result, many organisations are pausing large-scale AI rollouts and refocusing on AI readiness ensuring processes, data, and controls are fit for purpose before deploying advanced tools.

GLOBAL TRENDS SHAPING THIS CHALLENGE

- Shift from AI experimentation to disciplined AI roadmaps
- CFO-led focus on data quality and process maturity
- Growing recognition that AI amplifies existing strengths and weaknesses
- CFOs are shifting from "AI deployment" to AI readiness assessments, prioritising process maturity and data governance.

KEY TAKEAWAY

AI is not a starting point, it is an outcome of operational maturity.

Why Broken Processes Block
Digital Transformation

Digital transformation programmes often struggle because they focus on technology before addressing how work actually gets done. Broken processes characterised by inconsistency, manual workarounds, and unclear ownership create friction that no system can resolve.

When the same activity is performed differently across teams, automation becomes complex and fragile. When approvals rely on individuals rather than defined controls, risk increases. When exceptions dominate workflows, scale becomes impossible.

Leading organisations are reversing this approach by investing time in process clarity and architecture before introducing new platforms or automation.

GLOBAL TRENDS REINFORCING THIS SHIFT

- Use of process mapping and process mining tools

- Renewed focus on standard operating procedures (SOPs)

- Integration of process design into transformation governance

REAL WORLD EXAMPLE

Two teams using the same ERP system produced different financial outcomes due to inconsistent revenue recognition processes not a system failure, but a process failure.

KEY TAKEAWAY

Technology exposes process weakness it does not fix it.

Fixing the Foundations
PEOPLE, PROCESS, AND CONTROL

Sustainable operating models are built on three interdependent pillars: people, process, and control. When any one of these is weak, scale introduces risk rather than efficiency.

PEOPLE

People need clear roles, appropriate skills, and accountability.

PROCESS

Processes must be simple, standardised, and well documented.

CONTROL

Controls must be embedded into workflows, providing transparency and auditability without slowing delivery.

Together, these foundations create operational stability and provide the platform for automation, AI, and growth.

GLOBAL TREND

- Increased board focus on operational maturity
- Closer alignment between finance, risk, and operations
- Demand for control-by-design rather than control-by-review

Real world example

A multinational organisation standardised journal entry processes and approvals across regions before automation, reducing close time and audit issues simultaneously.

Key takeaway:

Strong foundations reduce cost, risk, and leadership effort.

Building **Digitally Capable Offshore Teams**

Offshore delivery has evolved significantly. Today's high-performing offshore teams are not simply executing tasks they are contributing to operational excellence and transformation.

Digitally capable offshore teams understand systems, work confidently with data, and actively identify process improvement opportunities. Time-zone alignment, professional qualifications, and cultural integration are now critical success factors.

Markets such as Sri Lanka are increasingly recognised for their ability to deliver knowledge-led, digitally enabled offshore services, particularly for UK, US, and Australian clients.

Global trends shaping offshore delivery

- Shift from task execution to analytical and supervisory roles
- Investment in digital literacy and automation skills
- Offshore teams embedded into governance and transformation forums

REAL WORLD EXAMPLE

An offshore finance team identified opportunities to streamline reconciliations, reducing manual effort even before automation tools were introduced.

KEY TAKEAWAY

Offshore value is driven by capability, not geography.

PROCESS
Redesign Before Platform Implementation

Many transformation programmes fail because systems are selected before processes are understood. This leads to over customisation, higher costs, and poor adoption.

A disciplined approach starts with simplifying workflows, removing unnecessary approvals, and standardising execution. Only then should technology be introduced to automate and scale the redesigned process.
This approach reduces implementation risk and accelerates return on investment.

GLOBAL TREND

- "Lean before digital" methodologies

- Reduced tolerance for system customisation

- Phased transformation roadmaps

Key takeaway

Well-designed processes make technology simpler and cheaper.

Real world example

A procurement team reduced approval layers before implementing automation, cutting cycle time and technology costs.

Using Systems to Enable
Scale, Not Complexity

As organisations grow, systems often proliferate. Multiple tools performing similar functions create data inconsistencies, training challenges, and control gaps.
Leading organisations are actively rationalising their technology landscapes focusing on fewer, better-integrated platforms that support scale and insight.

GLOBAL TRENDS DRIVING SYSTEM RATIONALISATION

CFO-led platform consolidation

Increased focus on data governance

Emphasis on user adoption and usability

Real world example

A mid-sized business consolidated five reporting tools into one integrated platform, improving data confidence and audit readiness.

Key takeaway

Scale is achieved through simplicity, not tool accumulation.

Managing
Risk, Compliance, and Operational Resilience

Operational risk is no longer confined to compliance teams. Economic uncertainty, geopolitical disruption, and regulatory scrutiny mean resilience is now a board-level priority.

Outsourced operating models must demonstrate strong data security, governance, and business continuity. Dual-shore delivery, robust controls, and transparent reporting are increasingly expected.

GLOBAL TRENDS SHAPING RESILIENCE EXPECTATIONS

- Increased regulatory scrutiny of outsourced operations
- Focus on data protection and privacy
- Demand for visible resilience planning

Real world example

A dual-location offshore model ensured uninterrupted service during regional disruptions without impacting operations

Key takeaway

Disaster recovery and planning is essential

The Next Generation of
Outcome-Driven BPO Models

Modern BPO models are increasingly outcome-driven, aligning incentives with business performance rather than effort.

Instead of paying for headcount, organisations define success through measurable outcomes such as accuracy, turnaround time, cash flow improvement, and insight generation. Continuous improvement is built into delivery models rather than treated as an add-on.

GLOBAL TRENDS INFLUENCING THIS SHIFT

- Evolution of SLAs toward outcome-based metrics
- Growth of co-sourcing and hybrid models
- Longer-term, value-based partnerships

KEY TAKEAWAY

Outsourcing succeeds when incentives reflect business priorities.

From Outsourcing to Transformation
What Success Looks Like in 2026

By 2026, success will no longer be measured by the extent to which organisations outsource, but by how effectively they design, govern, and continuously evolve.

Leading organisations will move beyond cost-driven outsourcing toward capability-led operating models. Outsourcing will be used as a strategic enabler to stabilise operations, build scalable teams, and embed best-practice processes creating a strong foundation for technology adoption and AI-driven change.

- When outsourcing is executed as a true partnership, it accelerates transformation by:
- Stabilising core finance and operational processes, reducing risk and variability
- Providing access to deep, specialised talent without long ramp-up cycles
- Embedding standardisation, governance, and performance discipline
- Freeing leadership capacity to focus on insight, growth, and innovation
- Creating the readiness required for AI, automation, and advanced analytics

In this model, transformation is no longer a one-off programme. It becomes continuous, with outsourced operations acting as a living platform that adapts to regulatory change, technology evolution, and business growth.

GLOBAL TRENDS SHAPING THIS FUTURE

- Operating model agility becoming a leadership KPI, not just an operational concern
- AI adoption accelerating where processes, data, and controls are mature
- Strategic partnerships replacing transactional outsourcing, with shared accountability for outcomes
- Finance and back-office functions evolving from service centres to value engines`

KEY TAKEAWAY

- Outsourcing done well enables transformation, it doesn't delay it
- Strong operational foundations are the prerequisite for AI and digital scale
- The future belongs to organisations that build operations designed for change, not stability alone
- By 2026, the winners will be those who use outsourcing not just to run the business but to continuously reinvent how the business operates.

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