

# The 2021 Kearney Global Services Location Index

Toward a global network  
of digital hubs

Photo by Rachael Rinchiuso  
Kearney, Chicago



KEARNEY

## A new wave of service-delivery model disruption has arrived with the prominence of a global network of digital hubs.

These nodes of highly skilled digital practitioners are increasingly serving as “one-stop shops” for organizations seeking nimble, readily scalable business services to keep pace with ever-accelerating change. The move toward work-from-anywhere arrangements is only intensifying this shift. In the coming years, we predict cost competitiveness will no longer be the driving factor when making decisions on location strategies.

The Global Services Location Index (GSLI) has identified three major evolutions in service-delivery models over the past 30 years. In the first of these, the 1990s and early 2000s saw an offshoring wave in which multinationals engaged in geographic arbitrage to identify low-cost production centers. The second major phase took place from the mid-2000s to the early 2010s, as the model shifted toward outsourcing and the spin-off of non-core operations. Then, within the past decade, a third model has centered on “no-shoring” and the automation of high-volume, repetitive activities.

Within the past few years, a fourth wave has emerged. Even as automation has transformed service operations, human capability has remained a central factor: the presence of concentrated, digital-savvy talent has become a potent differentiator between nations, regions, and cities vying for consideration as business-service locations.

In recognition of this emergent model, the 2019 GSLI report introduced digital resonance as a new dimension within the Index, scoring countries on digital skills of the labor force, digital outputs, the amount of corporate activity, legal protections of intellectual property, and other elements of business activity. These factors are likely to become even more determinative over the remainder of this decade, with location strategies driven by “highly networked” digital hubs.

This paper analyzes three key elements in this evolution:

- First is a growing demand for digital capabilities to respond to rapidly changing customer needs. Some industries such as agriculture, healthcare, and manufacturing are witnessing an especially pronounced surge during the pandemic.
- Second is the emergence of identifiable digital hubs serving this growing demand, with increased start-up activities, government interventions, and abundant human talent.
- Third is a forward-looking shift in the ranking of most favorable locations, based on our projection of a pivot in business decision-maker preferences toward digital resonance and away from more traditional cost considerations.

**Digital hubs of highly skilled digital practitioners are increasingly serving as “one-stop shops” for organizations seeking nimble, readily scalable business services.**

# Growing demand for digital capabilities, accelerated by the pandemic

It would be a mistake to assume that the growth in demand for digital services is limited only to the realms of the telecom and high-tech industries. While these more technologically mature industries have seen consistent digital demand growth at around 30 to 50 percent, there have been even larger upticks in such sectors as agriculture, energy, health, and manufacturing, with a pandemic-driven surge in 2020 (100 percent+) (see figure 1). We expect an accelerated pace of growth in agriculture, health, and manufacturing over the next three to five years.

Below is a summary of the situation in some of these industries.

**Agriculture.** The coronavirus has pressured nations to become more self-reliant in agriculture, not only to prepare for future crises but also to address worsening food insecurity. As a result, private-sector investment in ag-related technologies (“agri-tech”) is booming. The value of agri-tech and food-tech start-up deals hit a record \$45 billion in 2020—nearly double 2019’s tally of \$24 billion. This development is expected to mature further in the coming years, especially with innovations such as automated and vertical farming. We also anticipate continued investment in sustainability-related tech (as seen in regenerative agriculture), as the food value chain has an enormous impact on the environment.

Figure 1  
**Selective technology and industry areas have seen further investment acceleration**

Digital investment growth rate 2017–2020

Not exhaustive

Technology trend	Agriculture	Auto/transport	Energy	Finance	Health	Manufacturing	Media	Retail/CPG	High tech/telecom
AI/ML	50–100% growth	100%+ growth	50–100% growth	50–100% growth	Accelerated growth 2019–2020	50–100% growth	50–100% growth	50–100% growth	50–100% growth
AR/VR	50–100% growth	50–100% growth	50–100% growth	50–100% growth	100%+ growth	50–100% growth	50–100% growth	50–100% growth	50–100% growth
Big data	50–100% growth	100%+ growth	100%+ growth	100%+ growth	50–100% growth	Accelerated growth 2019–2020	50–100% growth	100%+ growth	50–100% growth
Blockchain	50–100% growth	50–100% growth	100%+ growth	100%+ growth	50–100% growth	50–100% growth	100%+ growth	100%+ growth	100%+ growth
Cybersecurity	50–100% growth	100%+ growth	50–100% growth	100%+ growth	50–100% growth	50–100% growth	50–100% growth	50–100% growth	50–100% growth
E-mobility	50–100% growth	50–100% growth	50–100% growth	50–100% growth	50–100% growth	Accelerated growth 2019–2020	50–100% growth	50–100% growth	50–100% growth
Internet of Things	Accelerated growth 2019–2020	50–100% growth	50–100% growth	50–100% growth	50–100% growth	50–100% growth	50–100% growth	50–100% growth	50–100% growth
Robotics/drones	100%+ growth	100%+ growth	50–100% growth	50–100% growth	100%+ growth	50–100% growth	50–100% growth	50–100% growth	50–100% growth
SaaS/cloud	100%+ growth	50–100% growth	50–100% growth	50–100% growth	50–100% growth	50–100% growth	50–100% growth	50–100% growth	50–100% growth

● 100%+ growth    ● 50–100% growth    ● <50% growth    ▲ Accelerated growth 2019–2020

Notes: AI is artificial intelligence. ML is machine learning. AR is augmented reality. VR is virtual reality.

Sources: Pitchbook; Kearney analysis

**Health.** Companies spanning multiple specialties and practice areas are ramping up their use of robots, chatbots, and drones to provide contactless care to patients. There have been advances in artificial intelligence (AI) across healthcare such as Novartis’s development of an AI-powered central command center for global clinical trials. Hospitals and clinics are developing a wide range of uses for augmented reality and virtual reality, in areas as diverse as telemedicine, in-patient care, and hospital operations. The continued rise in the adoption of telemedicine, and in the demand for medical devices ranging from Fitbits to ventilators, is giving healthcare providers new options for reducing costs—and for generating data to improve patient outcomes.

**Manufacturing.** As we’ve written in our State of Industry 4.0 report, digital is reshaping the manufacturing sector, portending the much-discussed Fourth Industrial Revolution. For example, Japan is seeking to maintain its longtime leadership in robotics by increasing its robot-related annual budget to \$351 million. Looking to establish its own primacy, the European Union announced in 2020 that it would invest \$780 million in manufacturing-related digital innovation over the next seven years. Digital transformation of heavy industries may also be seen in the expanded use and applicability of next-generation materials such as aerographite. Breakthroughs in this area could make it possible to digitalize entire processes and product lines, through the addition of sensors and monitors that generate data on everything from product performance to sustainability.

This increasing demand for digital—and the growing competitiveness within specific sectors highlighted above—is forcing providers to expand their service offerings, with some of the more sophisticated providers setting up industry-specific practice groups to facilitate market outreach.

## Mature and emerging digital hubs serving the growing demand

Select countries have already distinguished themselves as attractive digital hubs. With this year’s GSLI, our digital resonance score has begun to add a crucial dimension in analyzing the mature and emerging digital hubs.

### The top five hubs

If we look purely at the start-up activity and investments of the past three years, the US, the UK, China/Hong Kong, France, and India are consistently placed within the top five across several industries (see figure 2 on page 4).

**The United States** continues to dominate across all industries and maintains its top rank in our digital resonance score (see figure 3 on page 5).

**The United Kingdom**—with a ranking of three in the world for digital resonance—has witnessed a “start-up revolution” in recent years, as strong investment networks developed to facilitate the initial stages of start-up launches. New business formations in the first nine months of 2020 were 9.5 percent higher than the same period in 2019. Owing to the COVID pandemic, the health, pharma, and manufacturing sectors have seen a huge spike in number of companies, and increase in demand for technology to support remote working. There is a greater need for digital entertainment, an area that plays to the UK’s longstanding strength as a producer and exporter of film, music, TV, literature, and sports programming.

Even with the inclusion of digital resonance, **China** continues to rank very high in the GSLI. In fact, on the digital-resonance score itself, the nation comes in at a strong 7th place. This is because it offers not only cost-competitive services but also high degrees of labor skill and corporate output—both of which buoy the nation’s digital-resonance score. Based on its success in attracting companies such as Accenture and BASF to set up digital hubs, China is aiming at establishing larger tech nodes in such regions as the Southern Pearl River Delta.

Figure 2

**While the United States has invested in technology the most over the past five years, other nations have accelerated their rate of digital investment**

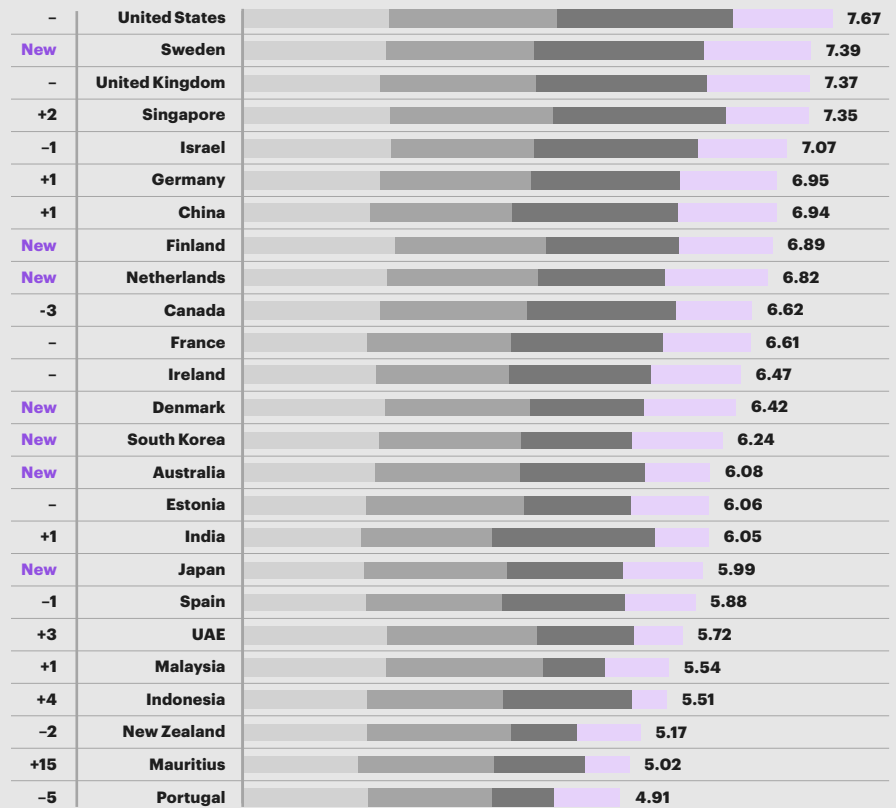
	Agri tech	Auto/transport tech	Energy tech	Finance tech
<b>Top five by digital investment</b> (2017-2020) Average digital investment \$201 bn	US Germany Canada France UK	US China Israel UK France	US Canada China India UK	US China UK Thailand Australia
<b>Fastest growing five countries*</b> (2017-2020) Average growth rate ~120%	Germany Israel Denmark Canada Australia	Israel South Korea Germany Sweden France	Israel Singapore Germany Denmark South Korea	Denmark Singapore South Korea Ireland France
<b>Expected pace of future growth</b>				

	Health tech	Manufacturing tech	Media tech	Retail/CPG tech	High tech/telecom tech
<b>Top five by digital investment</b> (2017-2020) Average digital investment \$201 bn	US Ireland UK China France	US Sweden Denmark China Germany	US UK China India Netherlands	US China India UK France	US China UK Japan France
<b>Fastest growing five countries*</b> (2017-2020) Average growth rate ~120%	Denmark South Korea UK Australia Canada	Sweden Singapore Israel UK Finland	Netherlands Finland Israel UK Ireland	Finland Denmark Canada Germany France	Denmark Sweden Ireland Australia Singapore
<b>Expected pace of future growth</b>					

\*Within top 15 rank of GSLLI Digital Resonance score  
 Sources: Pitchbook; Kearney analysis

Figure 3  
**Digital resonance top 25**

- Digital skills
- Legal adaptability
- Corporate activity
- Outputs



Source: Kearney analysis

**India**, which has long held a top-tier position in the overall GSLI, comes in at a more modest 17th place in the digital-resonance ranking. India falls short on expectations across several dimensions of digital resonance, particularly on digital skills and digital outputs. Although India has made huge technology investments (and experienced heavy start-up activity) in such vital areas as energy, media, and retail, it faces a severe skills shortage. This shortage needs to be understood in the context of India's remarkable recent advances. India was one of the first countries to successfully tap into the first IT and BPO outsourcing demand wave and has been consistent in developing low-skilled workforces to meet traditional demand. However, with digital transformation constantly changing the way we work, a gap has emerged between the demand for digitally savvy professionals and the talent pool that India is producing. The National Skill Development Corporation is approaching the skill gaps by expanding public-private collaboration, initiating pathways for international mobility, and increasing women's participation in the labor force. In parallel, leading India-based IT organizations have started focusing on skill-development programs to meet the demands of the digital era.

Some countries in the matrix appear in the top five for select industries only, including Japan in high tech, Denmark in manufacturing tech, and Australia and Thailand in fintech. However, not all these nations feature in the top 10 on our digital-resonance score, primarily due to total size of investment activity.

Countries such as **Japan** (which ranks 18th on digital resonance) and **Thailand** (32nd for digital resonance) fall behind due to lack of availability of digital skills, with language barriers adding to this deficit. To prepare for a more automated future and compete in the digital age, there is a need for all company levels to be equipped with skills training and innovation on cutting-edge digital technologies and best practices. The Thai government launched the Accelerated Work Achievement and Readiness for Employment 2 (AWARE 2) project to help youth in Thailand gain technical and employability skills that are in growing demand throughout the region's digital economy.

## The fastest-growing hubs

Several countries have advanced rapidly in the past three years, emerging as magnets for digital investment and start-up activity. Below are some especially interesting examples (see figure 2 on page 4).

**Sweden** (digital resonance ranking: 2). With its start-up-friendly business climate, high levels of cultural tolerance and diversity, targeted corporate tax cuts, and a broadly popular social safety net that facilitates entrepreneurial risk-taking, Sweden has established itself not only as a home to Europe's largest tech companies, but also as a fertile incubator of up-and-coming entrepreneurs. Stockholm produces the second-highest number of tech unicorns per capita, behind only Silicon Valley. Spotify, Klarna, and Bloglovin are the most popular start-ups from Sweden.

**Singapore** (digital resonance ranking: 4). The city-state continues to punch far above its weight. The government diligently hones new initiatives that make it attractive for tech companies and entrepreneurs, paving the way for Singapore to become Asia's leading tech hotspot. Tencent, ByteDance, and Alibaba are planning to start regional hubs next to the tech majors (Google, Facebook, Amazon, Salesforce) that have already established operations there. Such a strong multinational presence, coupled with favorable government policies, has made Singapore an attractive base for start-ups. The US-PRC trade war has prompted some Chinese firms to move their operations to Singapore, further boosting its profile as a tech destination.

**Israel** (digital resonance ranking: 5). Another geographically small nation that stands tall on the global tech scene. Investments in Israeli start-ups spiked to \$1.44 billion in January 2021, a whopping 50 percent increase over the previous year. This is just the latest sign of the increasing maturity of Israel's tech sector. Microsoft, Google, and Samsung have R&D centers here, and the presence of scrappy tech accelerators has engendered a start-up cluster referred to as the "Silicon Wadi." It helps that Israel is actually backing up its slogan with seriously world-class tech assets.

**Germany** (digital resonance ranking: 6). While start-up ecosystems across the globe have taken a hit during the pandemic, Germany is already seeing signs of recovery from the creation of new accelerators and venture-capital firms. As a part of an initiative to create partnerships by connecting corporations with the newest innovators from the start-up scene, 12 flourishing digital hubs have popped up across the country, attracting international VCs looking for specialized talent profiles.

**Finland** (digital resonance ranking: 8). Nearly 4,000 start-up companies begin operating in Finland each year, and the Helsinki area alone is home to nearly 500 tech start-ups. The Impact StartUp acceleration will provide Nordic enterprises with intensive coaching on business development, funding, and networking. Clearly, the land that gave the world Nokia and Rovio (the folks behind Angry Birds) is gearing up to launch its next generation of digital superstars.

**Netherlands** (digital resonance ranking: 9). Amsterdam has been recognized as the second-best start-up city and third-best scale-up city by the European Digital City Index (EDCI). Over the past few years, the Netherlands has made a real push to promote its value as a location for start-ups, and to coordinate its innovation efforts across government, the private sector, academia, and a feisty pack of start-up incubators and accelerators such as Rockstart and Startupbootcamp.

**Canada** (digital resonance ranking: 10). With a semi-privatized and semi-federalized approach to agricultural development, Canada presents excellent ag-tech opportunities for start-ups and private projects. An example of this is the Canadian Agri-Food Automation and Intelligence Network (CAAIN), which is working to accelerate the automation and digitization of Canada's agricultural sector with funding of \$49.5 million from the federal government.

**Ireland** (digital resonance ranking: 12). Call it the "luck of the Irish" if you want, but there's no mistaking this nation's trajectory as a bona-fide player in tech and digital services. Eire boasts the European HQs of eight of the world's top 10 software companies and is home base to more than 250 leading financial-services firms. Dublin is one of the top 10 fintech hubs globally and is a playground for innovative start-ups in several fintech categories.

**Denmark** (digital resonance ranking: 13). While Denmark features in the top five only in manufacturing, we see fast growth across agriculture, energy, finance, health, retail, and high tech. Tech giants such as Microsoft, Nokia, and Google have chosen Denmark to set up international research and development centers, and the national government has an aggressive digital growth strategy aimed at establishing Denmark as a digital hub. Denmark falls short of the top 10 on our digital resonance scoreboard primarily due to its heavy focus on a single vertical. However, with fast-growing investments in other areas, Denmark is expected to move up in future rankings.

**South Korea** (digital resonance ranking: 14). South Korea has transformed into an economic heavyweight, having systematically applied substantial resources to research and development. As a result, South Korea has become a world leader in patent activity, and in various sectors of information and communication technology. The country has the highest broadband penetration in the world (at 97 percent) and is a leader in broadband speed with an average peak connection of close to 50 megabits per second. As of November 2020, South Korea had no fewer than 12 active start-up unicorns. Given the growth and sheer quantity of start-up activity, no one will be surprised to see it break into the top 10 very soon.

**Australia** (digital resonance ranking: 15). The Land Down Under is up top in fintech—top five to be more precise. Australia is showcasing tremendous growth with formation of Tenacious Ventures, a dedicated VC fund in ag and food tech. Organizations such as the Australian Agtech Association and a budding assortment of various ag-tech hubs, accelerators, and incubators are yielding a bumper crop of start-up activity. (When it comes to farm-related tech, the metaphors practically write themselves.)

While these countries are gaining prominence as digital hubs globally, the widespread shift to home-based work is another market development transforming the landscape. Working from home will remain a viable option post-pandemic, as will the “digital nomad” (working from anywhere). We see many countries—such as Antigua, Croatia, and Greece, to name but a few—offering incentives for nomads to locate within their borders, even if only temporarily.

More and more firms are allowing extended work-from-home options. For example, Google has decided to continue to grant this option at least through September 2021. Square and Twitter are permitting staff to work remotely on a permanent basis, if desired. Slack has no timetable to return to work; Dell expects more than half its employees to permanently work off-site. Atlassian is letting its employees work from anywhere in the world, declaring a new commitment to focus on “outcomes, not clock hours,” and to hire talent wherever it resides, anywhere on the planet.

One result of this work-from-home revolution is that talent becomes simultaneously more **globally dispersed** and more **globally connected**.

As a result of this change, improved network infrastructure becomes a crucial component in the attractiveness of digital-hub destinations, to allow providers to maintain continuity of services—even when those hubs are on separate continents. Rapid improvements to collaboration tools are transforming our very sense of what a meeting is, and of what even constitutes proximity in the digital age. The entire concept of location is changing for the providers of technology services—and for the organizations they are serving.

**Improved network infrastructure becomes a crucial component in the attractiveness of digital-hub destinations.**



# Forward outlook: digital resonance as a deciding factor for location strategies

Given the accelerated pace of technology investments by corporations across industries, we expect to see digital resonance scores become more prominent in business decision-making (and in our own index) relative to such traditional outsourcing parameters as labor-cost considerations.

Interestingly, in the scenario where the index weightage shifts significantly toward digital resonance, we see several nations that have traditionally ranked high in the GSLI—such as India, Malaysia, Indonesia, and Vietnam—each move down in the rank by more than 10 spots (see figure 4). At the same time, several affluent nations that had formerly lagged a bit in the GSLI saw their rankings rise once digital resonance was taken into account. With this adjustment, Singapore, Germany, Sweden, Netherlands, France, Canada, and Israel all rise into the top 10. The US and UK would remain in the top 10, and rise a bit closer to the top.

Such higher-cost, digitally advanced countries will remain prominent in any multinational’s consideration of digital hubs. While these countries may not “win” from a pure financial perspective, we expect increased government intervention to enable these locations to thrive as centers of advanced-R&D, enabling them to reach the next level of innovation.

By contrast, this should be a moment of reflection for countries such as India, Malaysia, Indonesia, the Philippines, and Vietnam. Traditionally they have led the GSLI pack, with financial attractiveness as their ace in the hole. None of these countries are in the top 15 with respect to digital resonance today. While each country has a fair level of start-up activity, this will not be enough to remain competitive in a digital-first world. These nations will need to make progress in other areas to improve their digital resonance scores. This could include the enhancement of their legal systems’ adaptability to digital models, as well as improvements to the digital skills of their workforces.

Figure 4  
GSLI top 25—digital-centric scenario

**Digital resonance is the central selection criteria**

- Digital resonance is 60%
- Financial attractiveness and people and skills 10% each
- Business environment 20%

- Rank increase
- New entrant—top 25
- Rank decrease

Rank	Current methodology (2021 rankings)	Digital-centric scenario	
1	India	<b>United States</b>	<b>+6</b>
2	China	<b>United Kingdom</b>	<b>+6</b>
3	Malaysia	<b>Singapore</b>	<b>+35</b>
4	Indonesia	<b>China</b>	<b>-2</b>
5	Brazil	<b>Germany</b>	<b>+11</b>
6	Vietnam	<b>Sweden</b>	<b>+44</b>
7	United States	<b>Netherlands</b>	<b>+40</b>
8	United Kingdom	<b>France</b>	<b>+21</b>
9	Philippines	<b>Canada</b>	<b>+37</b>
10	Thailand	<b>Israel</b>	<b>+43</b>
11	Mexico	<b>India</b>	<b>-10</b>
12	Estonia	<b>Finland</b>	<b>+46</b>
13	Colombia	<b>Ireland</b>	<b>+38</b>
14	Poland	<b>Japan</b>	<b>+8</b>
15	Egypt	<b>Estonia</b>	<b>-3</b>
16	Germany	<b>South Korea</b>	<b>+25</b>
17	Bulgaria	<b>Spain</b>	<b>+11</b>
18	Portugal	<b>Denmark</b>	<b>+42</b>
19	Georgia	<b>Malaysia</b>	<b>-16</b>
20	Latvia	<b>Australia</b>	<b>+39</b>
21	Russia	<b>UAE</b>	<b>+4</b>
22	Japan	<b>Indonesia</b>	<b>-18</b>
23	Sri Lanka	<b>Portugal</b>	<b>-5</b>
24	Chile	<b>New Zealand</b>	<b>+28</b>
25	UAE	<b>Mauritius</b>	<b>+2</b>

Source: Kearney analysis

## 2021 location assessment

The GSLI continues to track the contours of the global landscape across 60 countries (including 10 nations that are new to the Index) across four major categories: financial attractiveness, people skills and availability, business environment, and the new digital resonance category that we introduced in 2019 (see figure 5 on page 10 and figure 6 on page 11). The GSLI assesses countries' capacity to deliver services based on 47 different metrics (see Appendix for methodological details of the study). This year's GSLI scores further validate the emergence of select countries as digital hubs.

Asian economies continue to represent seven spots in the top 10. India, China, Malaysia, and Indonesia hold the first four spots in the global services value chain again this year; Vietnam, Philippines, and Thailand continue to hold their spots in the top 10 with minor changes in rank.

The **United States** broke into the top 10 for the first time in 2019 but has slipped from 6th to 7th in the 2021 study; the **United Kingdom** remains stable at 8th.

**Latin America** remains a strong regional contender, with Brazil, Mexico, Colombia, and Chile taking 5th, 11th, 13th, and 24th place, respectively. Brazil showed a jump of four points to enter the top 5 in 2021. São Paulo is rapidly becoming the digital hub of Latin America, attracting more tech start-up investment than Chile, Colombia, Argentina, and Mexico combined.

Some countries, such as Panama and Argentina, were adversely affected by the recent debt-related downgrades to their political and business ratings. Lithuania, Trinidad and Tobago, and Ukraine experienced sharp rank decrease due to increases in their cost of labor since 2019.

Israel was not the only **Middle Eastern** nation in the top 25. Egypt and UAE also made a showing as financially attractive locations with competitive compensation and infrastructure costs, strong entrepreneurial cultures, and public sectors willing to make strategic investments. For example, the Egyptian government is ramping up its "Digital Egypt" initiative, which has yielded such gains as an Ericsson digital hub in Cairo to produce cognitive software for global markets.

**Eastern European** countries continue to enjoy a strong presence on the GSLI. Estonia, Bulgaria, and Latvia maintained their stable perches in the top 25. Poland saw an increase in its ranking (by 10 points) primarily due to its financial attractiveness and start-up activity. Both Warsaw and Krakow are emerging as regional start-up hubs, and global titans such as Google and Microsoft are planning billion-dollar investments to develop the digital economy and cloud services in the country.

New countries debuting on the index in 2021:

- **Georgia** at 19. Georgia is at the crossroads of Europe and Asia, and posts competitive rankings on financial attractiveness, workforce skills, and business environment. It is ranked 7th in ease of doing business. Its labor market is flexible, with literacy rates close to 100 percent and about 60 percent of the population living in metropolitan areas. Georgia has the third-lowest tax burden in the world (9.9 percent total tax rate). There is no corporate income tax on reinvested profit. However, taxes are levied on distributed earnings (for example, dividends).
- **Japan** at 22 and **Australia** at 59. Both Australia and Japan exhibit strong digital-skill availability and conducive environments for doing business. They are ranked within the top 10 in terms of business environment, and in the top 20 on digital resonance.
- **Kazakhstan** at 39 and **Paraguay** at 56. Both countries are financially attractive destinations, with a focus on IT outsourcing. Their financial attractiveness scores rank in the top 25.
- **South Korea** at 41, **Netherlands** at 47, **Sweden** at 50, and **Finland** at 58. All these countries rank high on their digital score, with impressive levels of investment and start-up activity. However, they fall short of expectations to at least some degree, particularly on such metrics as financial attractiveness and availability to handle a sufficiently broad range of IT and BPO services.

Figure 5  
GSLI 1-60

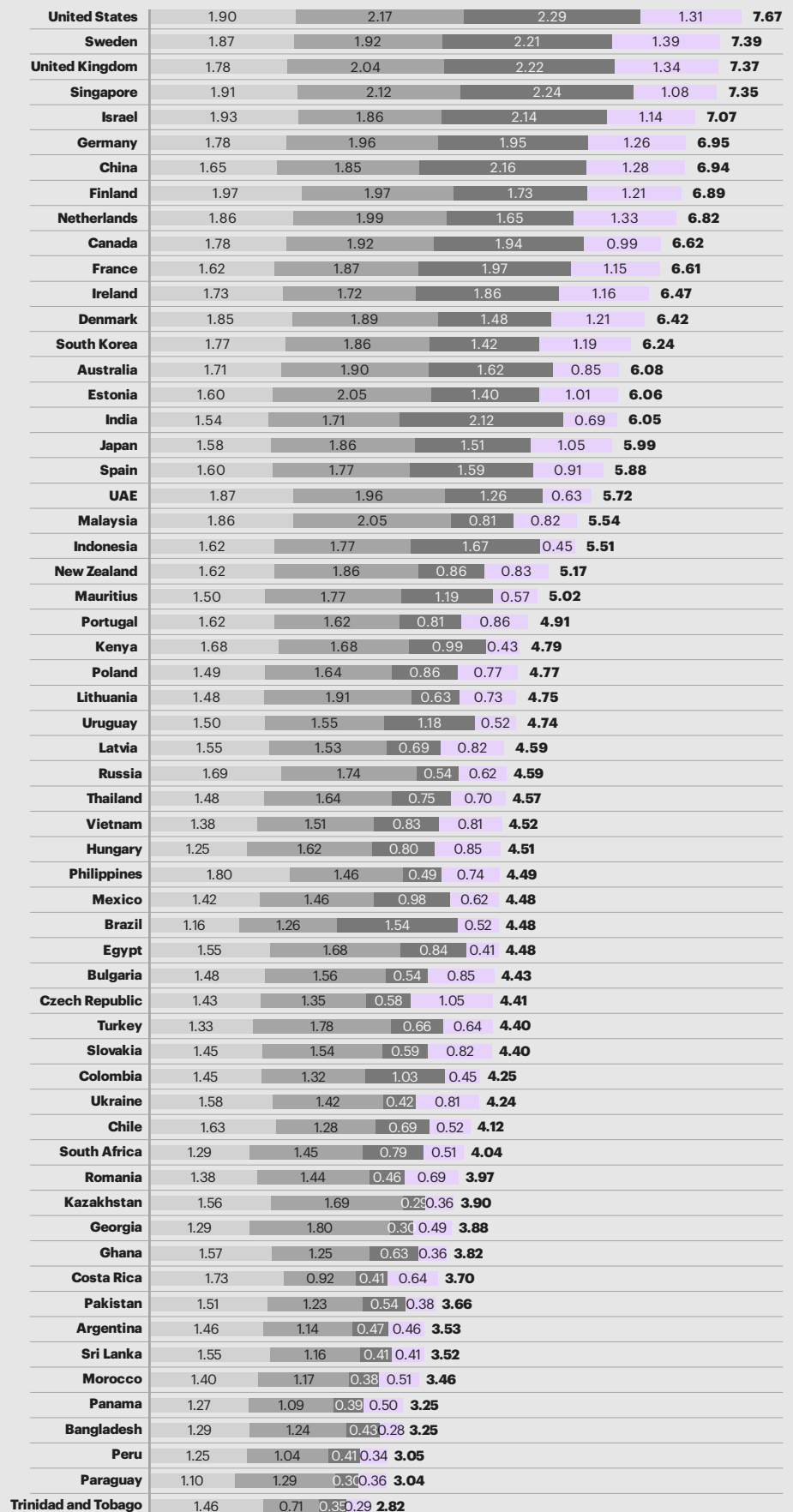
- Financial attractiveness
- People skills and availability
- Business environment
- Digital resonance



Source: Kearney analysis

Figure 6  
Digital resonance 1-60

- Digital skills
- Legal adaptability
- Corporate activity
- Outputs



Source: Kearney analysis

## Conclusion

The largest sectors of the global economy—from agriculture to manufacturing to healthcare—are investing enormous sums in digital services of all kinds. The nations that have enjoyed the most success with a lower-cost business model may continue to attract a high share of the services from increased investments in these sectors. However, the expectations may be shifting. Our digital-resonance ranking was created to capture the essence of this shift: an increasing emphasis on deep and varied digital skills within the workforce; a proven capability to nurture and support digital outputs and related business activities of all kinds, from start-up incubations to the expansion plans of Fortune 50 tech giants; a legal framework that protects intellectual property and enables entrepreneurship.

We expect that such considerations will become even more important in the years to come. The nations that have led our rankings in years past continue to do so now. Whether they will do what it takes to stay there will depend on whether they can broaden their appeal by embracing the expectations of an increasingly dynamic digital-services marketplace.

**The nations that  
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# Appendix

## About the study and country ranking methodology

The 60 countries in the 2021 Global Services Location Index were selected based on corporate input, current remote services activity, and government initiatives to promote the sector. They were evaluated against 47 measurements across four major categories: financial attractiveness, people skills and availability, business environment, and digital resonance (see figure).

The metrics used to evaluate location attractiveness were determined from responses to Kearney surveys, other industry questionnaires, and knowledge obtained in client engagements over the past five years. The compensation costs component of the financial attractiveness category is based on data from the Mercer Global Pay Summary. The relative weights of each metric are based on their importance to the location decision, again derived from client experience and industry surveys. Because cost advantage is typically the primary driver behind location decisions, financial factors constitute 35 percent of the total weight in the published Index. People skills and availability and business environment each constitute 25 percent of the total weight, and digital resonance—the new category to the Index this year—comprises 15 percent.

Figure  
**Global Services Location Index (GSLI)**

### GSLI components and framework

<b>Financial attractiveness (35%)</b>	<b>People skills and availability (25%)</b>	<b>Business environment (25%)</b>	<b>Digital resonance (15%)</b>
Compensation costs	ITO/BPO experience and skills	Country environment	Digital skills
Infrastructure costs	Labor force availability	Country infrastructure	Legal and cybersecurity
Tax and regulatory costs	Educational skills	Cultural adaptability	Corporate activity
	Language skills	Security of IP	Outputs

Notes: ITO is information technology outsourcing. BPO is business process outsourcing. IP is intellectual property.

Source: Kearney analysis

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