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Managing capacity variability in business services



HCL Nippon

A telemetry-driven approach to workforce and capacity orchestration

Executive Summary

Global Business Services (GBS) organizations operate in an environment of continuous demand variability. Work volumes fluctuate due to business growth, economic cycles, seasonal peaks and day-to-day operational volatility. Traditional workforce planning approaches rely heavily on periodic headcount planning and often struggle to respond effectively to changing demand conditions.

As organizations increasingly adopt automation and AI, capacity management can no longer be viewed solely as a workforce planning exercise. Capacity must be managed as an integrated combination of human resources, flexible workforce models and digital capacity.

This paper proposes a Capacity Variability Management Framework that combine workforce telemetry, workload analytics and management interventions to improve service levels, optimize costs and enhance operational resilience.

The capacity management challenge

Most GBS organizations experience four distinct forms of demand variability:

Structural trends

Long-term increases or decreases in workload resulting from business growth, new services, regulatory requirements or operating model changes.

Examples:

- Expansion into new markets
- New client onboarding
- Regulatory reporting requirements

Cyclical

Demand fluctuations driven by broader business or economic cycles.

Examples:

- Insurance renewal cycles
- Lending market fluctuations
- Consumer demand cycles

Seasonality

Predictable recurring peaks and troughs occurring monthly, quarterly or annually.

Examples:

- Financial close activities
- Benefits enrollment periods
- Tax processing seasons

Operational Volatility

Daily and intra-day fluctuations resulting from unplanned events.

Examples:

- System outages
- Queue buildups
- Unexpected transaction spikes
- Employee absenteeism

While each source of variability impacts service delivery, they require fundamentally different management responses.

From workforce planning to capacity orchestration

Traditional workforce planning primarily focuses on staffing levels. However, modern operations require management of a broader capacity ecosystem.

Enterprise capacity

Enterprise Capacity consists of three components:

Human capacity • Permanent workforce • Shared service teams • Cross-skilled resources	Flexible capacity • Vendors • Contractors • Temporary workforce • Managed service partners	Digital capacity • Automation • AI Agents • Agentic workflows • Digital workers
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The objective is not simply to increase workforce capacity but to optimize the deployment of all available capacity sources.

Role of workforce analytics

Workforce analytics platforms such as **Nippon by HCL** provide the telemetry required to understand capacity consumption and workload behavior.

Key telemetry includes:

- Effort deployment
- Throughput levels
- Bottleneck identification
- Resource utilization
- Queue volumes
- Capacity consumption trends

Rather than acting as a reporting tool, workforce analytics becomes the telemetry layer that supports capacity planning and orchestration decisions.

Capacity variability management framework

The framework combines workload intelligence with management interventions across different planning horizons.

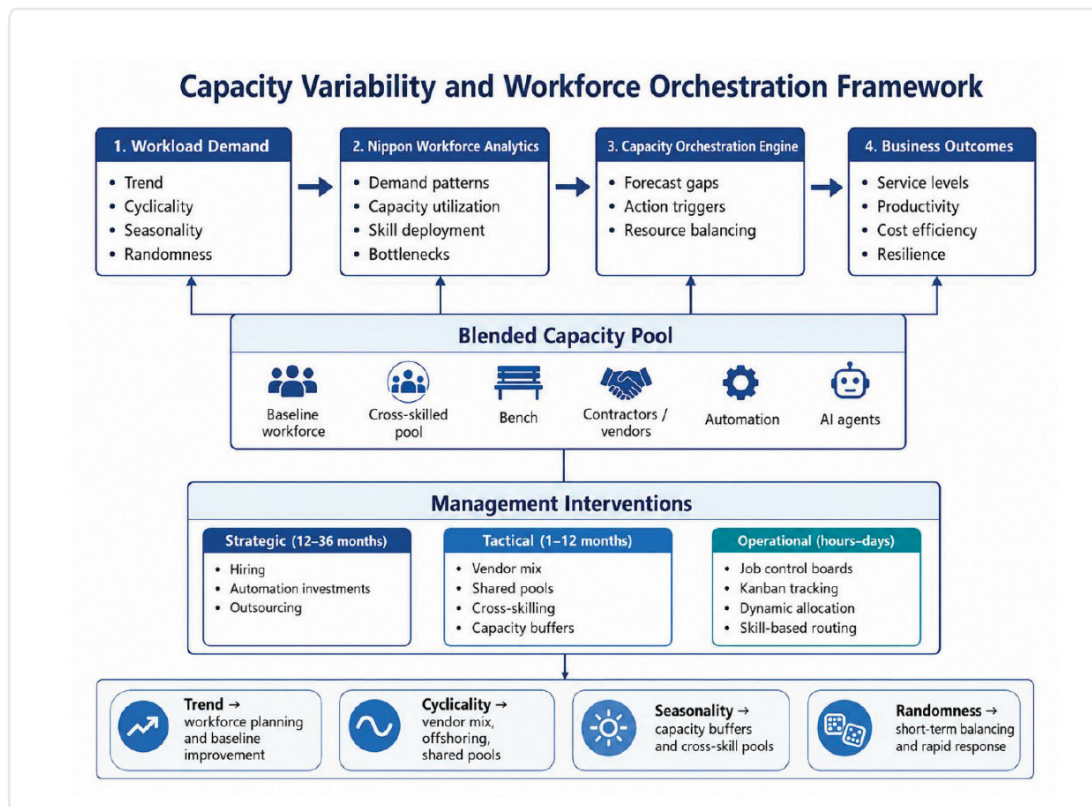
Demand pattern	Planning horizon	Management objective	Typical Interventions
Structural trends	12–36 months	Align long-term capacity with business growth	Hiring, automation investments, outsourcing strategy
Cyclical	3–12 months	Manage predictable business cycles	Vendor capacity, offshoring, shared pools
Seasonality	1–12 months	Absorb recurring demand peaks	Cross-skilling, flexible pools, temporary staffing
Operational volatility	Daily / Weekly	Maintain service continuity	Dynamic allocation, queue management, workload

Closed-Loop capacity orchestration

The proposed operating model follows a continuous feedback loop:

1. Monitor workload demand and capacity consumption.
2. Identify emerging bottlenecks and capacity risks.
3. Recommend management interventions.
4. Execute workforce, process or operating model changes.
5. Measure outcomes and continuously refine planning assumptions

This transforms capacity management from a periodic planning activity into an ongoing operational discipline.



Workforce Analytics Maturity Model

Organizations typically evolve through five stages of maturity:

Level 1 – Reactive Staffing

Capacity decisions made after service levels deteriorate.

Level 2 – Forecast-Based Planning

Periodic forecasting used for workforce planning.

Level 3 – Workforce Planning

Systematic management of workforce supply and demand.

Level 4 – Capacity Orchestration

Integrated management of workforce, vendors and automation capacity.

Level 5 – Autonomous Operations

AI-assisted orchestration of workload allocation, capacity balancing and operational decision-making.

Most organizations currently operate between **Levels 1 and 3**.

The future state is Levels **4 and 5**.

Organizations adopting a telemetry-driven capacity management approach can achieve:

- Improved service levels
- Reduced cost-to-serve
- Higher workforce utilization
- Better capacity forecasting

Most importantly, they gain the ability to balance human, flexible and digital capacity as a unified operating model.

Conclusion

The future of Global Business Services is not workforce management alone. It is enterprise capacity orchestration.

By combining workload telemetry, workforce analytics and structured management interventions, organizations can move from reactive staffing decisions toward predictive and adaptive operating models.

Workforce analytics therefore becomes more than a productivity measurement capability. It becomes the telemetry foundation for intelligent capacity management and operational transformation.

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Nippon by HCL:

Nippon by HCL is an enterprise grade, scalable and automated solution that accurately captures work effort and output data, offering visibility into employee work patterns. Backed by extensive research around the challenges that employees and organizations face regarding productivity, wellness, and engagement, Nippon has evolved into an effective tool delivering data-driven, deep insights to end users and decision makers.

Nippon automatically and accurately tracks knowledge workers' work time and categorizes it into core, collaborative, and non-productive. It provides dashboards for reviewing capacities, productivity, and leveraging data for team coaching. Nippon helps identify effort leakage across locations, project teams, and vendors, enabling data-driven decisions with verifiable evidence of actual effort and capacities.

About HCLSoftware

HCLSoftware is a global leader in software innovation, dedicated to powering the Digital+ Economy. We develop, market, sell and support transformative solutions that combine and integrate experience, data, and operations, delivering on a bold, AI-driven vision of the Digital+ future. Built on a rich heritage of pioneering spirit and unwavering commitment to customer success, we deliver best-in-class software products that empower organizations to achieve their goals. Our core values of integrity, inclusion, value creation, people-centricity and social responsibility guide everything we do. HCLSoftware serves more than 20,000 organizations, including a majority of the Fortune 100 and almost half of the Fortune 500.

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