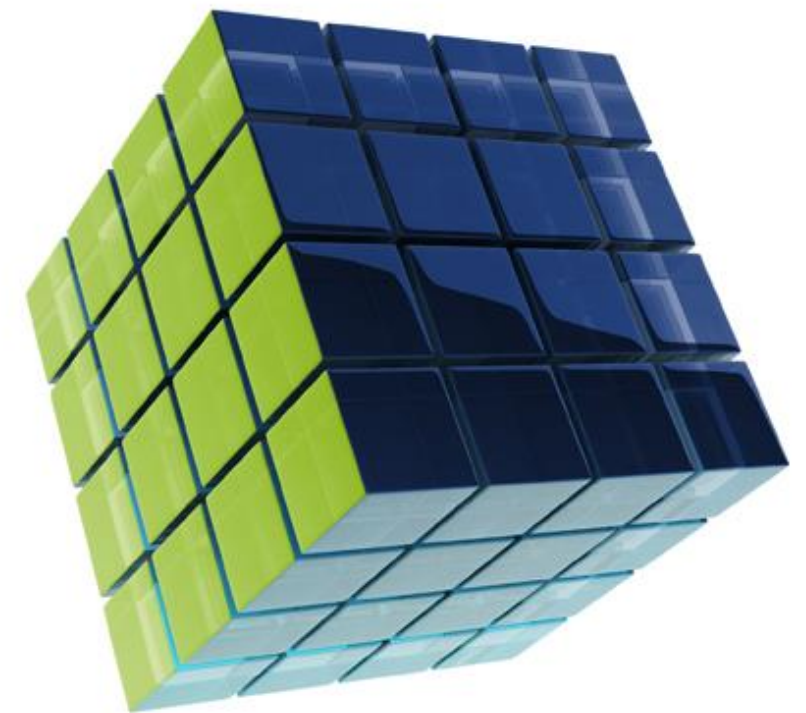# Deloitte.

Annual Shared Services and BPO Conference 2013

Shared services from feasibility through to implementation
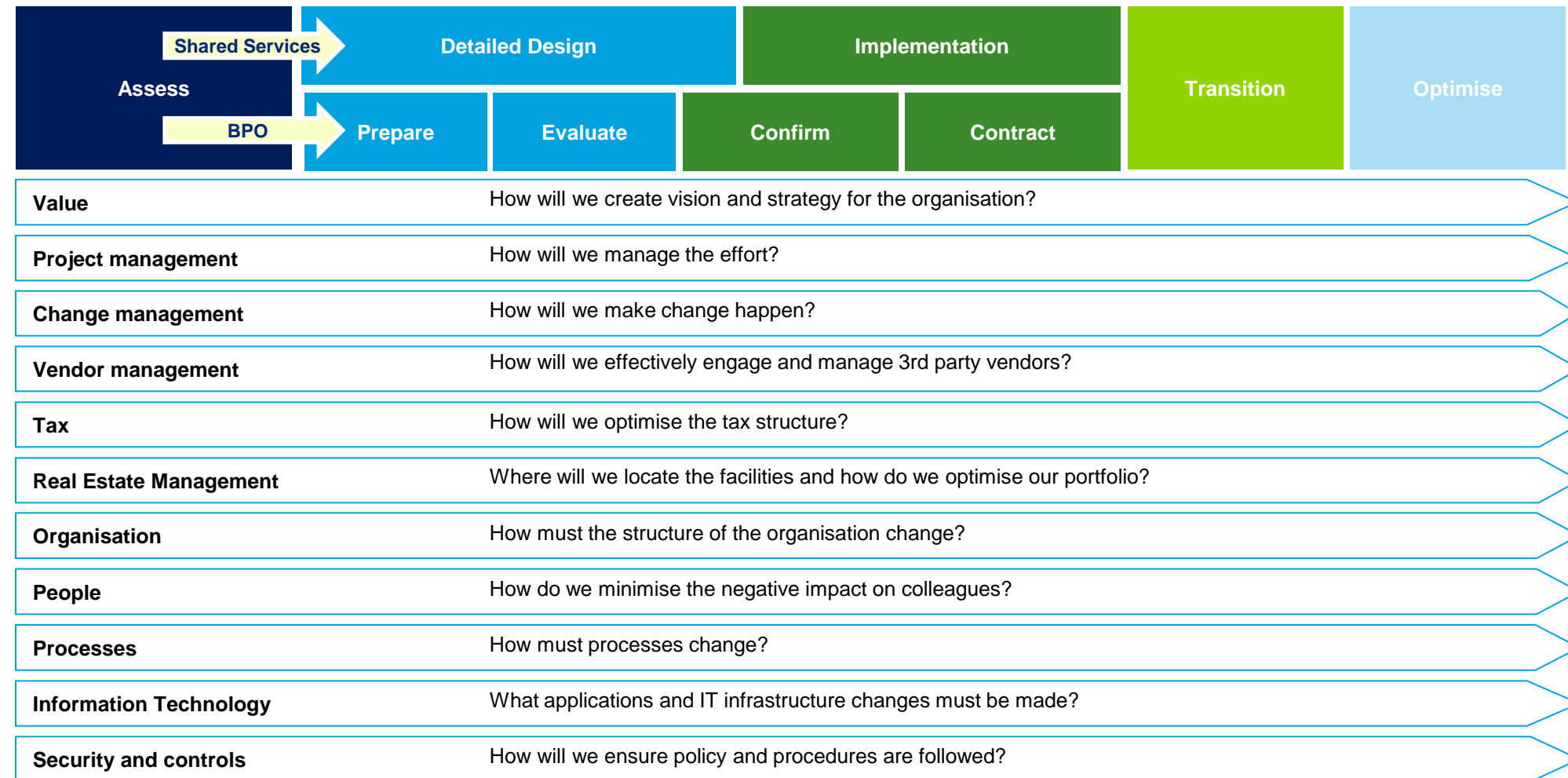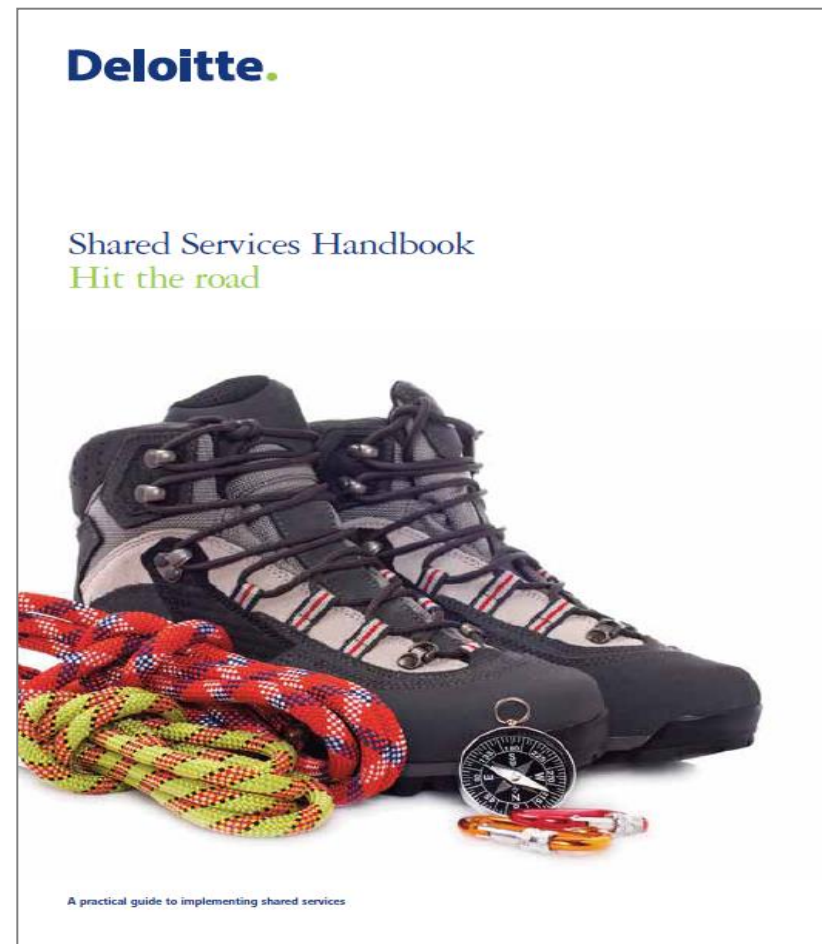
Tibor Nagy & Jeppe Larsen

Key considerations

- Will the corporate vision and goals be reached by implementing a shared services strategy?
- What functional activities can be transferred to a SSC?
- What would be the impacts on the current structure?
- Captive vs. Outsourcing?
- Standardisation first and then shared services?
- What is a realistic timetable to have the program implemented?
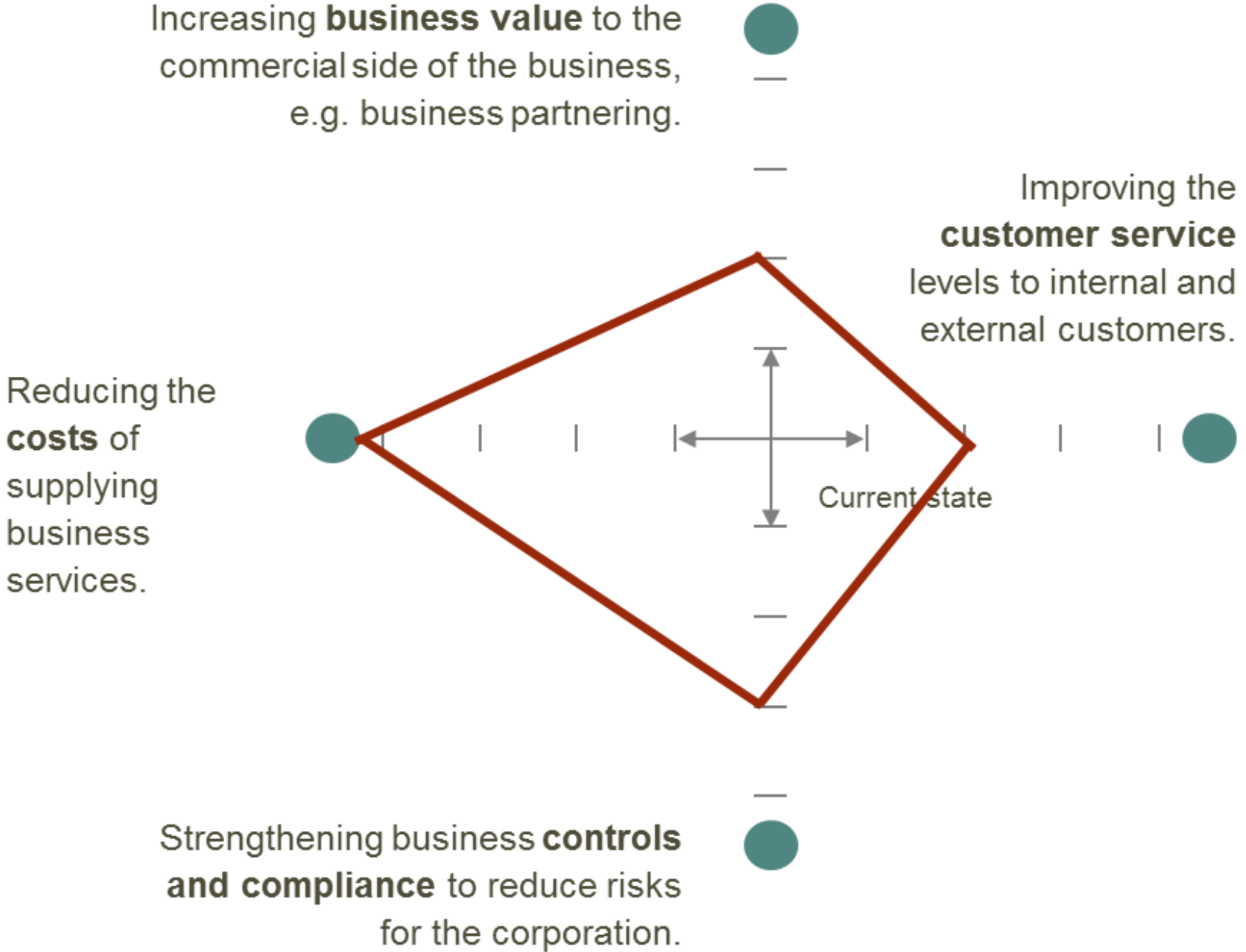- What will be the implementation costs and ROI?

Themes to be considered

Deloitte utilises a proven five-phase methodology with all critical work streams necessary to plan, design and implement shared services organisations and optimise the performance of existing SSC operations.

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Shared Services Handbook
Hit the road

A practical guide to implementing shared services

Assess	Shared Services	Detailed Design		Implementation		Transition	Optimise
	BPO	Prepare	Evaluate	Confirm	Contract		

Value	How will we create vision and strategy for the organisation?
Project management	How will we manage the effort?
Change management	How will we make change happen?
Vendor management	How will we effectively engage and manage 3rd party vendors?
Tax	How will we optimise the tax structure?
Real Estate Management	Where will we locate the facilities and how do we optimise our portfolio?
Organisation	How must the structure of the organisation change?
People	How do we minimise the negative impact on colleagues?
Processes	How must processes change?
Information Technology	What applications and IT infrastructure changes must be made?
Security and controls	How will we ensure policy and procedures are followed?

# Will the corporate vision and goals be reached by implementing a shared services strategy?

Increasing **business value** to the commercial side of the business, e.g. business partnering.

Improving the **customer service** levels to internal and external customers.

Reducing the **costs** of supplying business services.

Current state

Strengthening business **controls and compliance** to reduce risks for the corporation.

What functions/activities can be transferred to a SSC?

	Financial	Procurement	HR	Sales	Other admin.	Information systems
High-volume	• Accounts payable • Accounts receivable • Travel and expense • Fixed assets • General ledger • Financial controlling • Reporting	• Transactional procurement • Order tracking • E-catalogue • Compliance management • Contract management	• Payroll • Benefits • Employee records • Pension admin. • HR Master data	• Customer service • Call centre • Order management • Complaint management	• Claims admin. • Document services	• Tele-communications • PC/desktop support • Help desks • Data centre
High-value	• Cost accounting • Treasury • Tax • Internal audit • Budgeting	• Material specification • Inventory management • Category management	• Training design and delivery • Recruiting • Relocation	• Nielsen analytics • Sales force efficiency • Competitor monitoring • Social media analytics	• Legal • Corporate affairs • Security • Facilities	• Application development • Infrastructure development and maintenance

Functional Shared Services vs Global Business Services (GBS)?

Most common situation
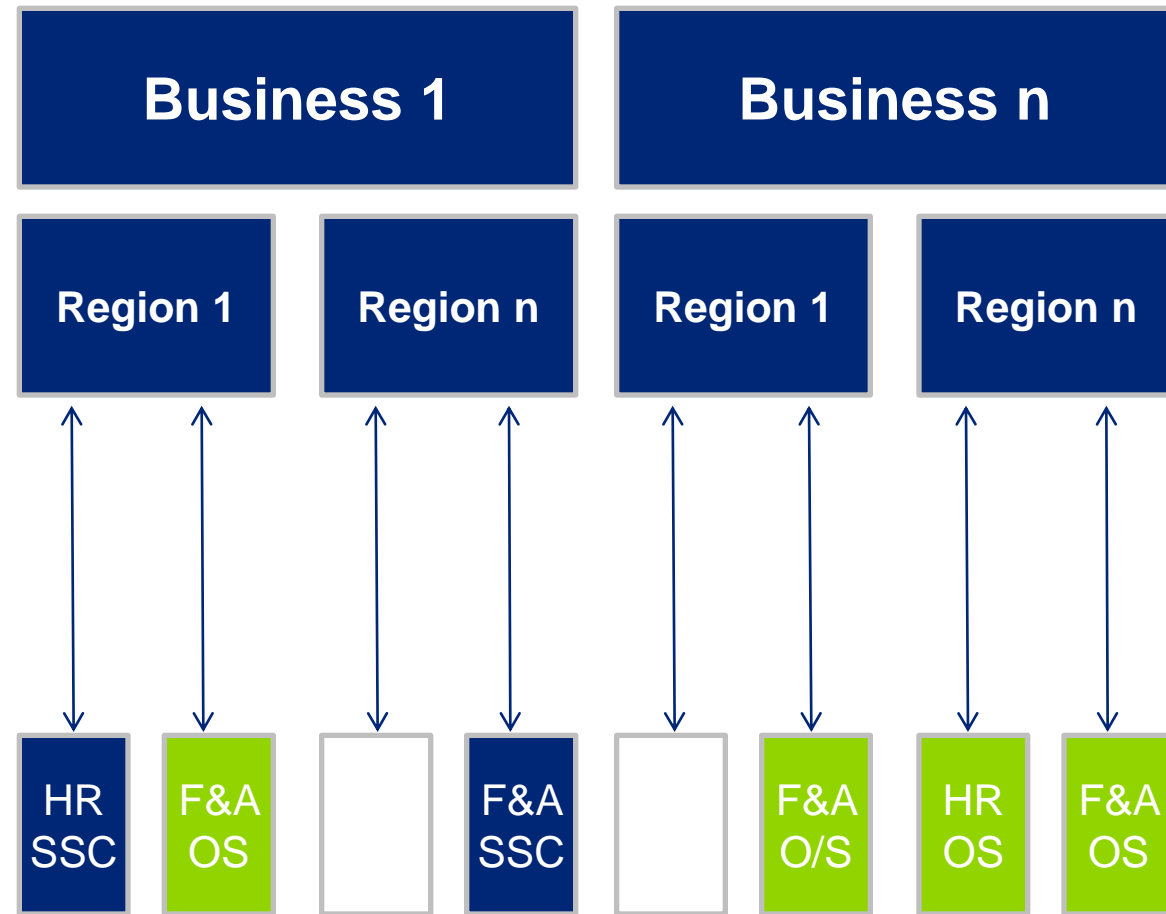
Global business services
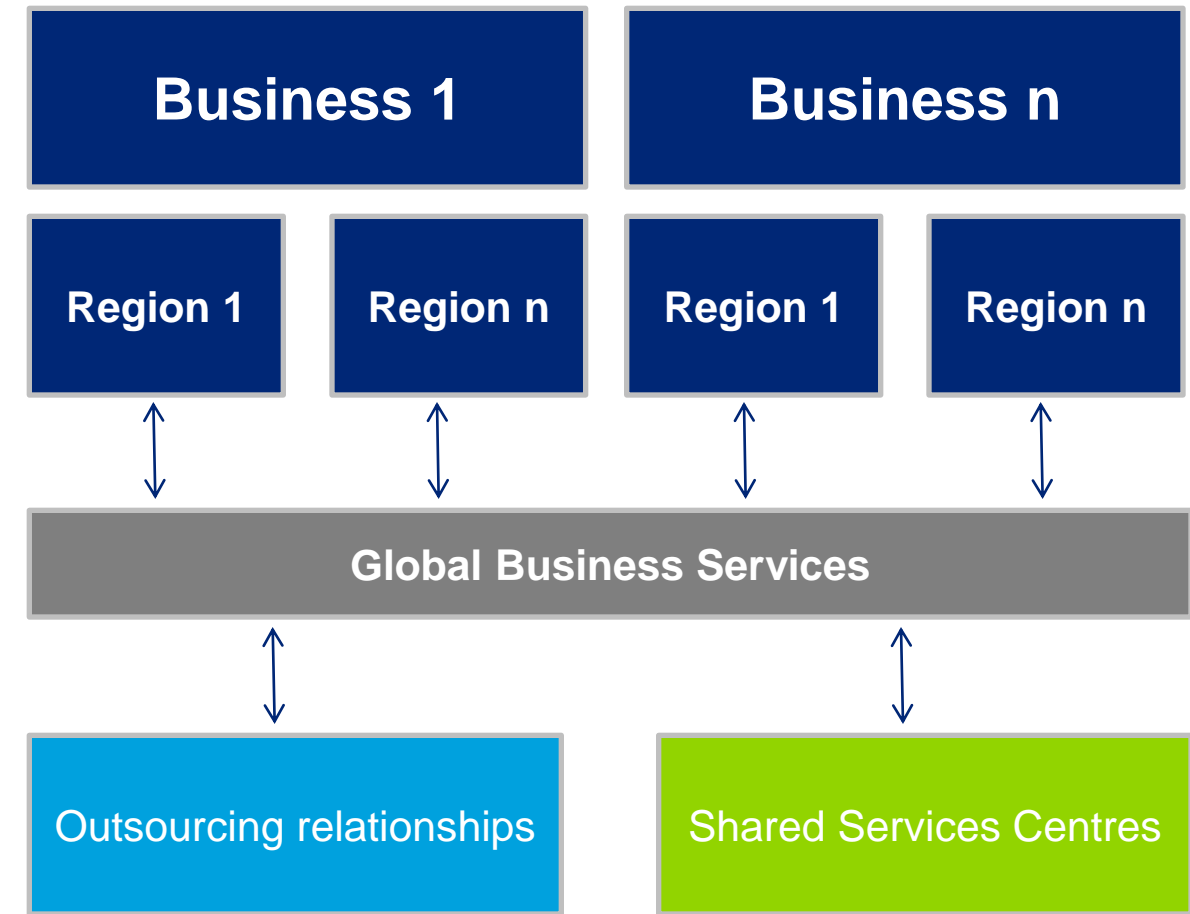
What would be the impacts on the current structure?

Degree of functional integration	Little sharing	Sharing of tools and processes	Sharing of locations	Full integration
Governance	Governance by/in function			Single over-arching governance with one GBS lead, often C-level
Leadership	Functional leaders per location			Global leadership across functions
Process ownership	Informal process networks			End-to-end global process owners
Continuous improvement	CI specific to function/BU			Enterprise-wide CI with common budget and tools
Service management	Different models per function/BU			Consistent service management framework
Customer interaction	Myriad of customer interaction tools			Universal customer interface supported by standard toolset
People development	Specific to centre and/or function			GBS competency model and training curriculum
Culture	Different culture at each centre			Strong GBS culture and brand
Systems and master data	Multiple systems and decentralised master data			One integrated platform, centralised master data management
Location	Many sites not integrated			Integrated global footprint best placed for labour, cost and expertise
Sourcing	In-house and outsourcing, not aligned			Managed Services blending captive and outsourcing solutions

The culture aspect and why it is difficult to get right?
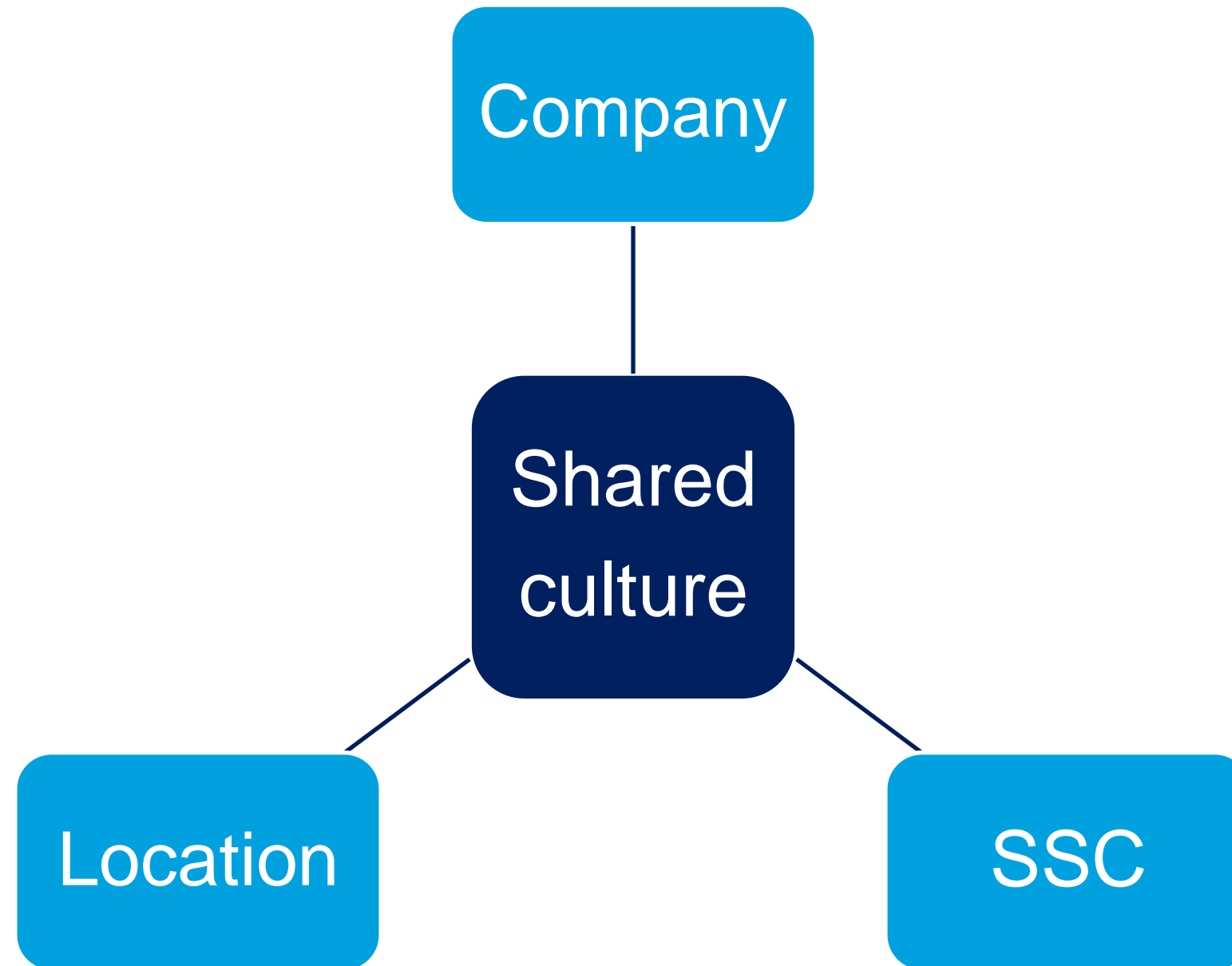
Outsourcing vs Shared Services

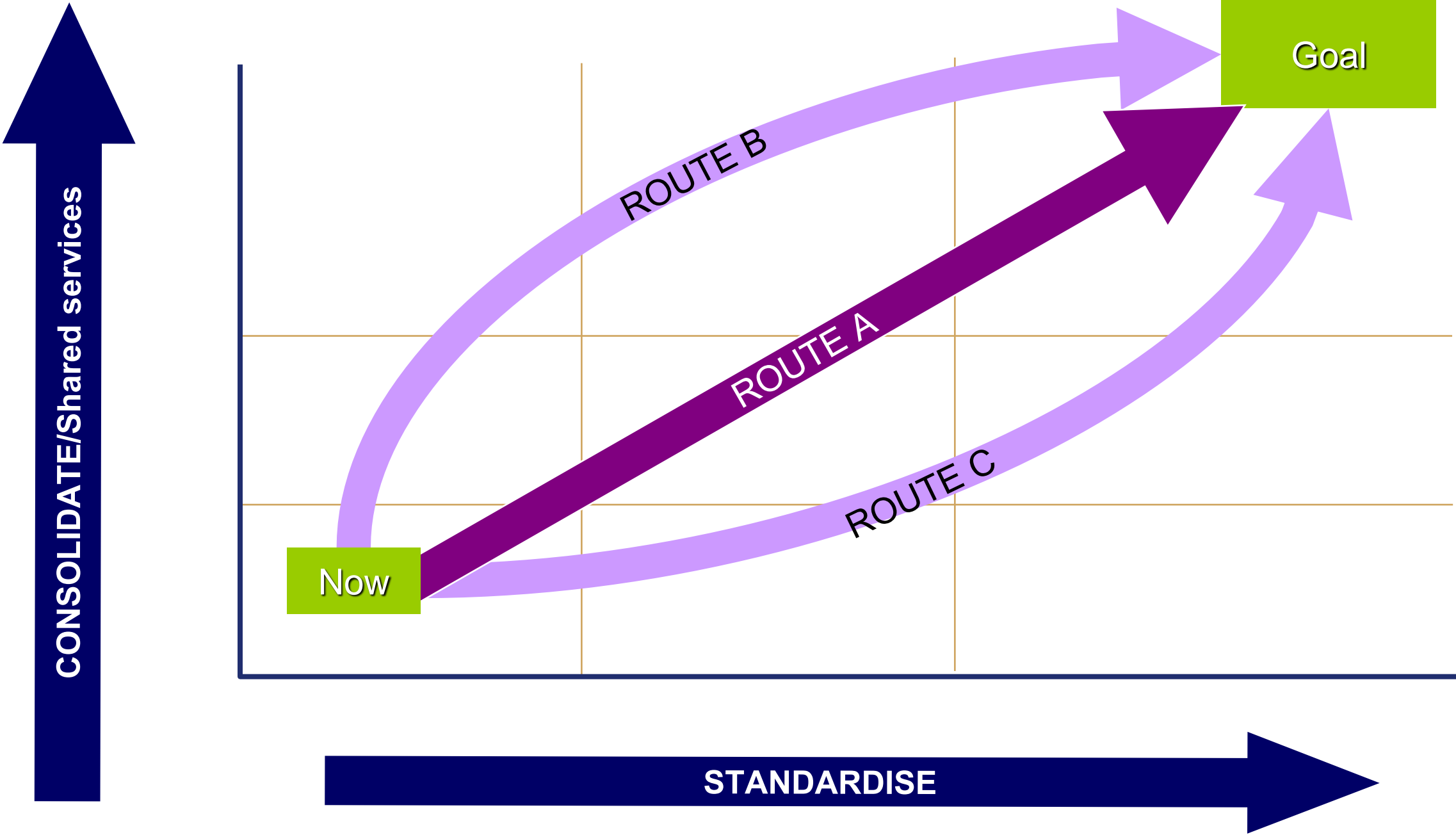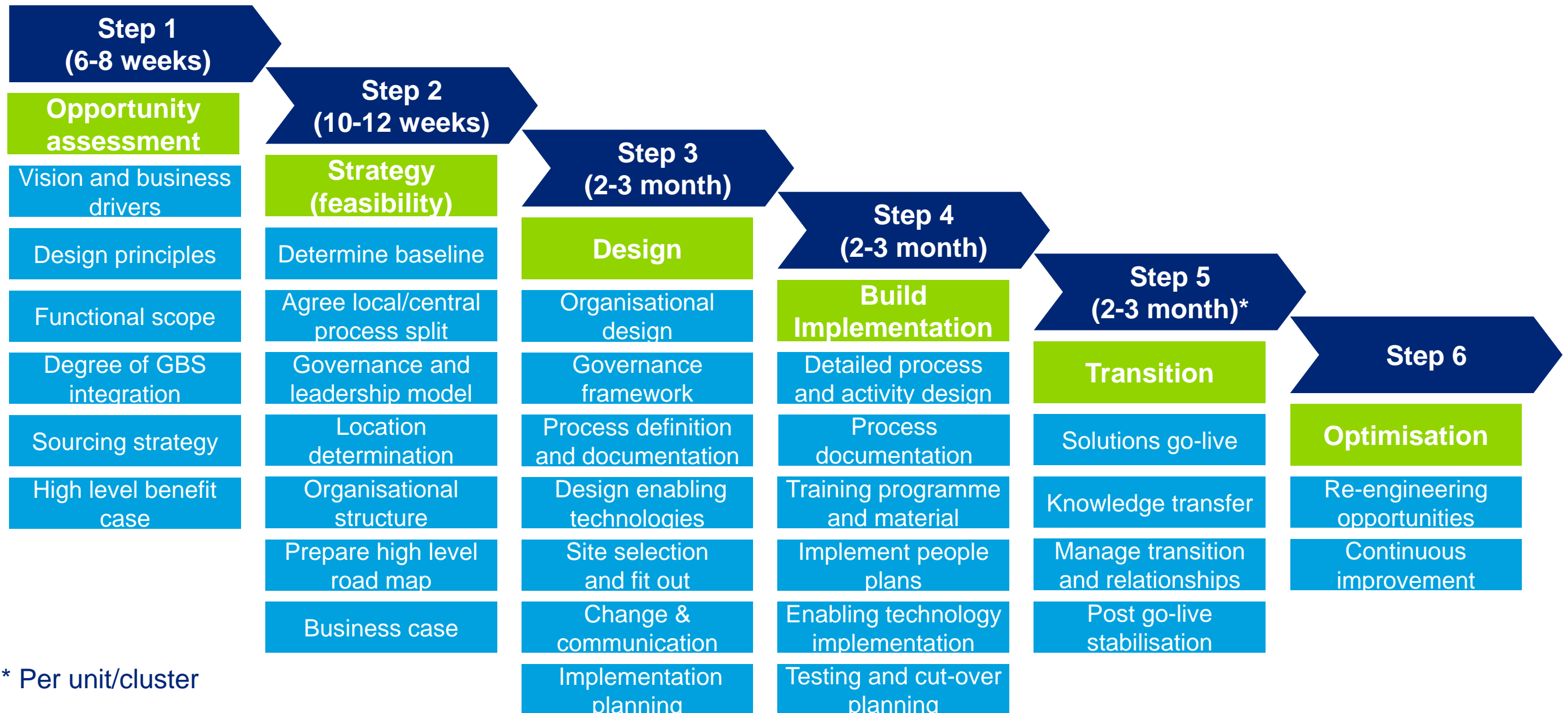| Pro	Con
Supplier maturity	Flexibility
Access to best practice	Management of risk
Focus on core competence	Breadth of services
Economies of scale	Managing attrition
Competition for talent	Competitive advantage

Captive vs Outsourcing
The reality: More and more organisations are adopting hybrid models using both options

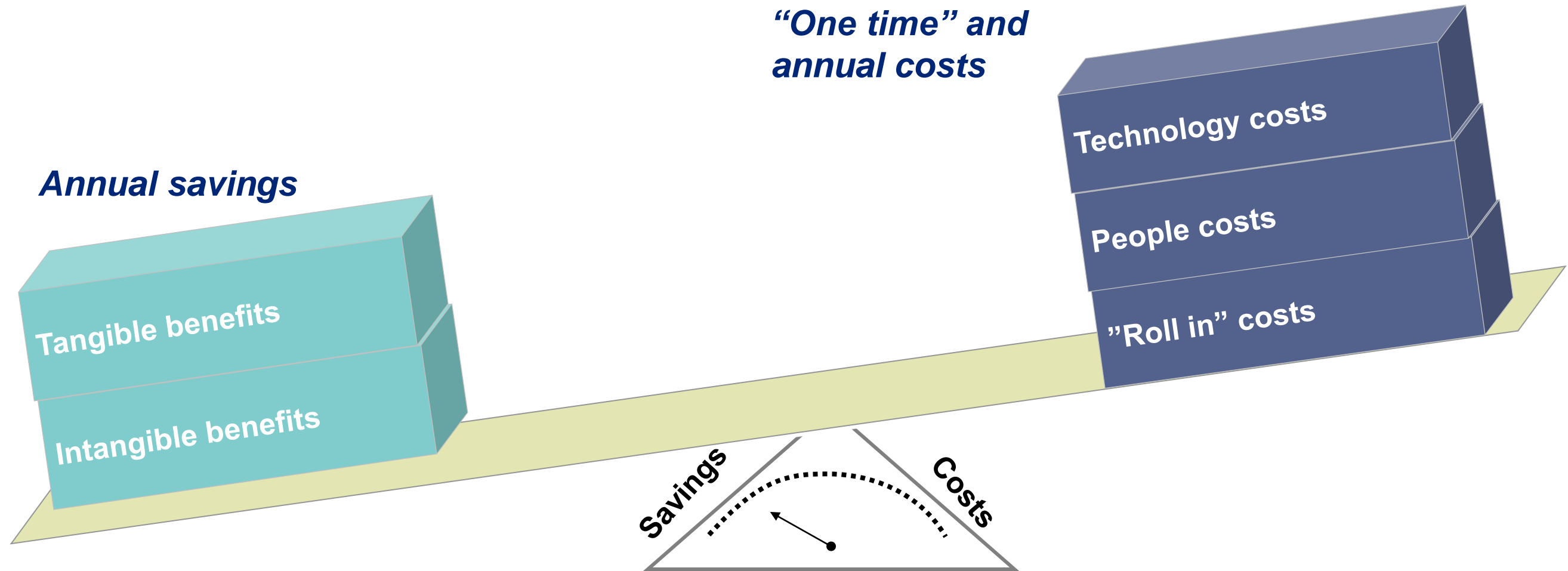| Model	Description	Rationale	Example
Segmentation	• Usage of both in-house as well as outsourced models – each in a clearly defined area	• Desire to hold complex or high-end or sensitive activities in-house • Sometimes, inability to get business buy-in to outsource • Commonly, IT is outsourced	• Axa • Prudential • BP
Competition	• Usage of both in-house as well as outsourced models – in overlapping areas	• Create competitive tension to improve performance • Reducing risk • Cater to variable demand	• American Express • Dell
Management	• In-house entity manages relationship with outsourcers	• Leverage local knowledge and local presence to best manage outsourcers	• Ameriprise Financial

Standardisation first and then shared services?

What is a realistic timetable to have the program implemented?

Step 1 (6-8 weeks)	Step 2 (10-12 weeks)	Step 3 (2-3 month)	Step 4 (2-3 month)	Step 5 (2-3 month)*	Step 6
Opportunity assessment	**Strategy (feasibility)**	**Design**	**Build Implementation**	**Transition**	**Optimisation**
Vision and business drivers	Determine baseline	Organisational design	Detailed process and activity design	Solutions go-live	Re-engineering opportunities
Design principles	Agree local/central process split	Governance framework	Process documentation	Knowledge transfer	Continuous improvement
Functional scope	Governance and leadership model	Process definition and documentation	Training programme and material	Manage transition and relationships	
Degree of GBS integration	Location determination	Design enabling technologies	Implement people plans	Post go-live stabilisation	
Sourcing strategy	Organisational structure	Site selection and fit out	Enabling technology implementation		
High level benefit case	Prepare high level road map	Change & communication	Testing and cut-over planning		
	Business case	Implementation planning			

* Per unit/cluster

What will be the implementation costs and ROI?

"One time" and annual costs

Technology costs

People costs

"Roll in" costs

Annual savings

Tangible benefits

Intangible benefits

Savings

Costs

Experience tells us:
- Labour arbitrage is the key driver
- Do not include more then 5% efficiency YoY when implemented
- Multiple functions adds complexity but drives additional benefit

Experience tells us:
- Payback time of 2.5-3.5 years
- Single biggest cost is the organisational transformation

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