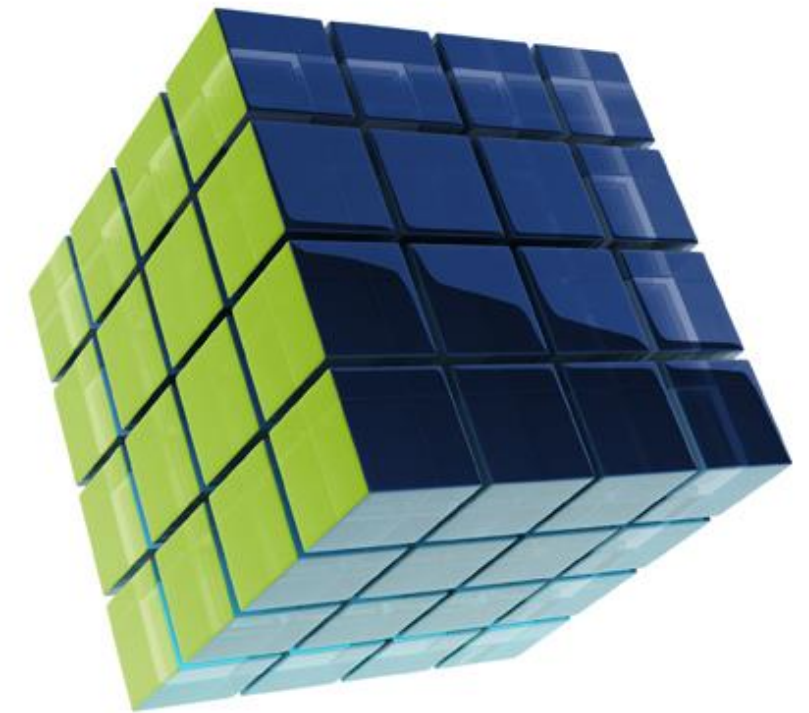


Annual Shared Services and BPO Conference 2013

Design and building a multi-function
global business services
organisation



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Designing and building a multi-function Global Business Services organisation

Objectives

During this session, we will discuss how to set up a GBS organisation and how Systemax and HP have developed their models.

- What are the challenges?
- What kind of benefits can you expect to unlock?
- How far should you take the concept - from little sharing to full integration?
- How do you decide scope and what are the options to evolve GBS?
- How do you build a case for GBS, including getting buy-in from executive sponsors?



Agenda

1. Systemax and HP: GBS overview
2. Key challenges
3. The benefit equation
4. GBS models & enablers
5. Implementing GBS
6. Evolving GBS – paths for success and value
7. Key takeaways

- Systemax Group – sales of \$3.7 billion in 2011
- Established 1949
- A Fortune 1000 Company (NYSE:SYX)
- 5,600 employees worldwide
- A global presence – North America, Canada and Europe
- E-commerce, distribution, retail and B2B
- Brands include TigerDirect, CompUSA, CircuitCity & Misco



Present in 9 countries:

- France
- Germany
- Hungary
- Ireland
- Italy
- Netherlands
- Spain
- Sweden
- United Kingdom

Service to a further 8 countries:

- Austria, Belgium, Denmark, Finland, Norway, Portugal, Poland, Switzerland



Background – Why Move to GBS?

Europe operates 7 back offices with no process consistencies. This limits scaling on efficiencies and represent a challenge to manage over multiple locations and execute a European strategy.

Work was very decentralized and manual resulting in additional staffing to accomplish functions that significantly exceeds median staffing and cost benchmarks

Many systems are not integrated contributing significantly to manual data collection, transcription of data, high error rates, and significant rework

There are no customers, vendors or product master data / standards. There are multiple databases, no consistent governance and no *single version of the truth*

The previous approach where markets were supported by their own local service organizations resulted in:

No brand consistency or single marketing vision results in multiple identities, websites and faces.

The lack of an European IT strategy leading to inconsistent technology infrastructure and applications, which results in duplication and higher costs.

Employee Satisfaction Surveys showed poor communication, low levels of engagement and indications of ineffective leadership. Management focus is local and tactical with no integrated EMEA strategy.

HP GBS Overview

A mature GBS, going beyond Shared Services

HP GBS supports nearly every administrative process in HP: F&A, Sales Support, Supply Chain, Marketing, HR, and Procurement

Activities are grouped on an end-to-end process basis to as opposed to individual business units or regions

HP GBS Scope has expanded to more strategic and value-adding services, including relationship-management activities, moving beyond simple scale and labour arbitrage

GBS delivers results not only to the cost base but also by increasing sales opportunities, optimizing cash flow, and enhancing customer satisfaction.



Leveraging Global Presence for Local Needs

500+ distinct processes

100+ million transactions per year

managing **170** general ledgers

24x5

operational support

supporting more than **30** languages

17,780 employees in **13** global centers and **58** country front offices

Pontiac

Guadalajara

San Jose

Cordoba

Buenos Aries

Wroclaw

Bucharest

Sofia

Beijing

Dalian

Wuhan

Chennai

Bangalore



HP Integrated GBS



Finance & accounting	Sales support	Supply chain	Marketing	Human resources	Procurement	Other functions
<ul style="list-style-type: none"> • Accounts payable • Accounts receivable • Cash application • Payroll • T&E expense management • Fixed assets • Intercompany accounting • General ledger • Sales compensation 	<ul style="list-style-type: none"> • Configure and quote support • Bid desk and sales support • Sales forecasting and reporting • Product pricing support • Partner compensation and rewards administration • Order management 	<ul style="list-style-type: none"> • Customer data management • Product data management • Order processing • Physical and financial claims • Partner payments 	<ul style="list-style-type: none"> • Marketing analytics • Lead generation support • Channel partner training • Promotions administration • Marketing campaign program support • Content and creative services • Web maintenance services 	<ul style="list-style-type: none"> • HR operations • Employee Lifecycle data • HR help desk • HR reporting • Learning • Event Management 	<ul style="list-style-type: none"> • Service request management • Catalog management • Lease asset management • Procurement request management • Contract accounting • Contingent workforce management 	<ul style="list-style-type: none"> • IT asset management • Business unit performance reporting • Master data management



2. Key challenges

“Do not underestimate the change management challenge that you will face when implementing a GBS. If implementing finance Shared Services is like herding cats; then implementing GBS will be like herding cats, dogs, sheep and cows at the same time.”

Peter Moller, European Shared Services and Business Process Outsourcing Leader, Deloitte

Key Challenges

Moving to Global Business Services can be a significant undertaking, not without big challenges

- Political minefield with **different agendas** from respective functions and businesses
- Reluctance owing to **eroding influence** from old (functional) powers
- Different levels of **shared services maturity** across functions and regions
- **Additional design elements and considerations** are needed above that of a normal Shared Services Centre projects. This itself is a significant piece
- **Massive scope** / boiling the ocean
- **Lots and lots of stakeholders** – decisions take longer than you think to agree!!



Key Learning

- Invest in understanding your future org structure
 - Do not assume you can replicate current structure
 - Language needs may drive your org chart
 - Big bang was good but practically consultation was the driver
-

Pros/Cons

- Implementation approach can be complex due to diverging priorities
 - Requires a high level of governance to control (i.e. what is implemented when)
 - Roll out can lose momentum on critical-last to move processes/countries
 - + Flexible approach
 - + Allow small countries to focus on the business
 - + Quick wins
 - + Proof of concept on a process by country basis
 - + Realise process efficiencies and quick ROI
-

3. The benefit equation

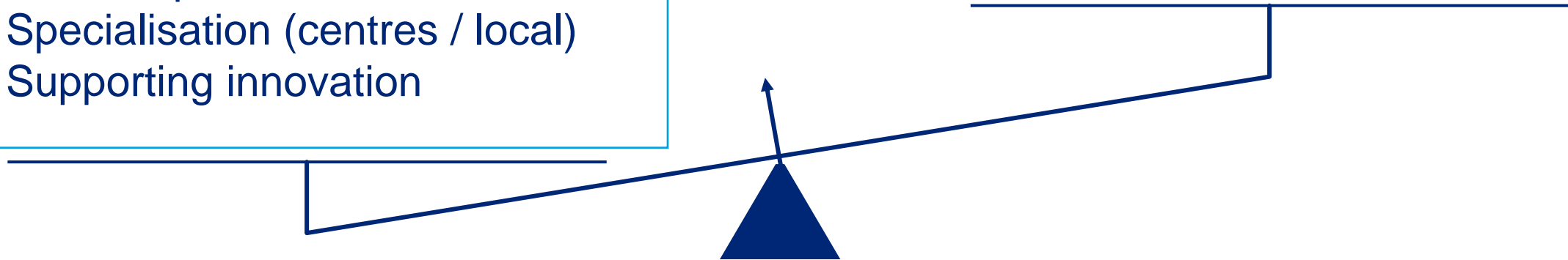
How GBS delivers value

There is always a balance on how far GBS is deployed, the challenges this creates and the potential benefits unlocked

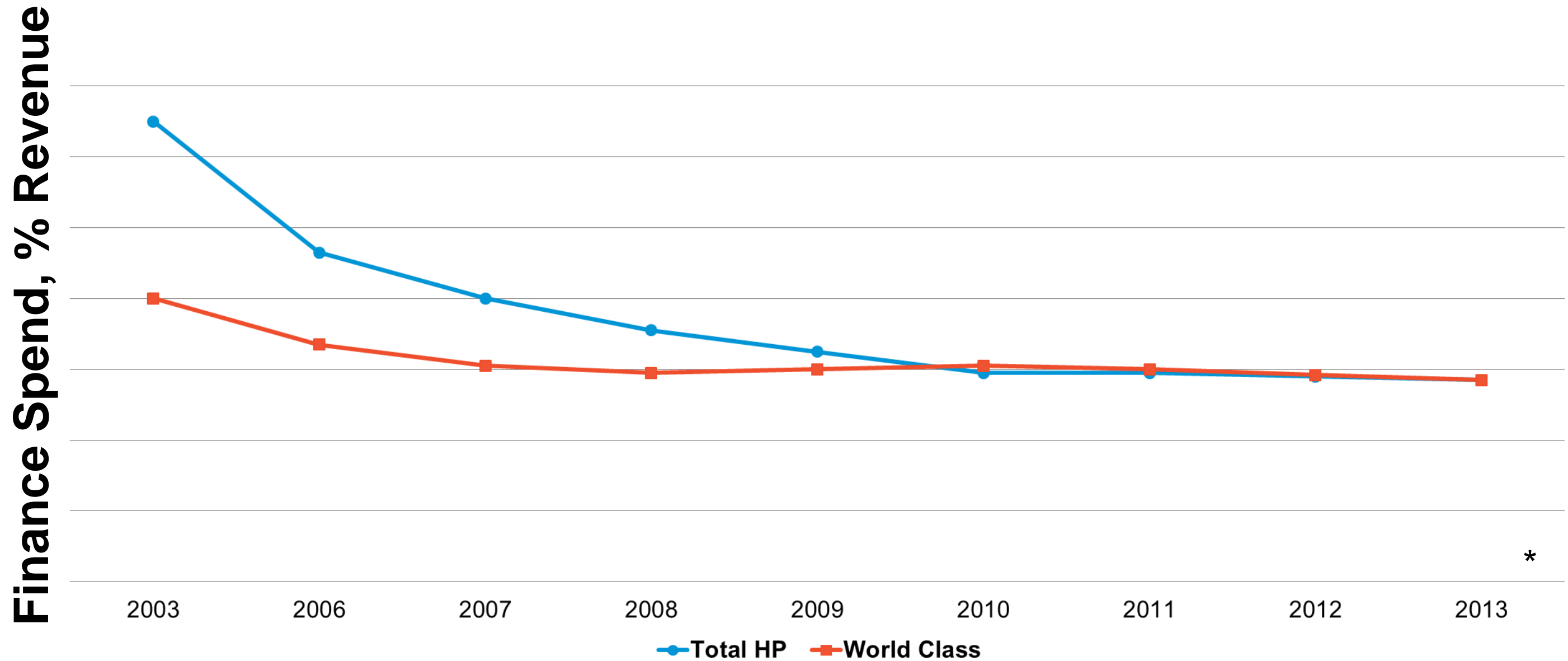
BENEFITS > (COSTS + RISK) = do GBS

- | Benefits |
|---|
| <ul style="list-style-type: none">• Back office cost savings• New labour pools talent• Data analytics• Business growth platform• Process performance• Specialisation (centres / local)• Supporting innovation |

- | Costs + Risks |
|---|
| <ul style="list-style-type: none">• Project investment• Political resistance• Global co-ordination• Aligning functional, E2E process and service organisation ownership and delivery |



HP Benefits – driving down Finance Costs



(*) as of third quarter of fiscal year 2013



Organic growth, new services business line and acquisition activity is further increasing the pressure on current infrastructure, business processes and people.

SHARED SERVICES MODEL

Enabling technologies

Self service functionality

Single point of Contact

Clearly defined processes

Economies of scale

Focused responsibilities and specialist expertise

Streamlined policies

Document Management and Workflow




Efficient approval mechanisms

Value added analysis

Performance based feedback

4. GBS models and enablers

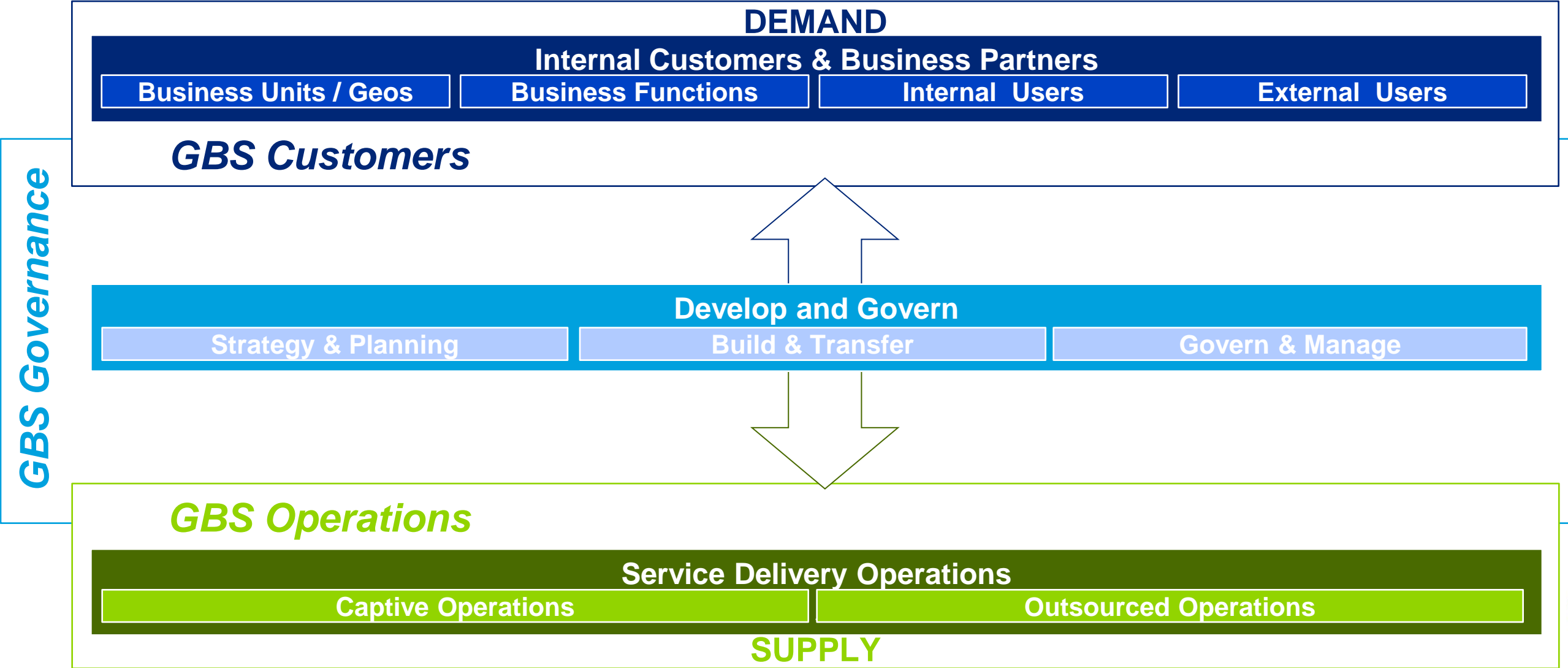
GBS Integration Framework

Geographical Scope	Local 		Regional 		Global 	
Degree of Automation	Limited automation		Medium automation		Maximum automation	
Degree of Value Add	Transactional			Transactional and Advisory		
Functional Scope	One Function		2–3 Functions		Multi-Function	
Functional Integration	Little sharing		Sharing of tools/processes		Co-location	
Full Integration						
Customers	Customer Interaction	Myriad of customer interaction tools		Universal customer interface supported by standard toolset		
Governance	Governance	Governance by/in function		Single over-arching governance with one GBS lead, often C-level		
	Service Management	Different models per function/BU		Consistent Service Management Framework		
	Continuous Improvement	CI specific to function / BU		Enterprise-wide CI with common budget & tools		
	People Development	Specific to centre and/or function		GBS competency model & training curriculum		
	Culture	Different culture at each centre		Strong GBS culture & brand		
Operations	Systems & Master Data	Multiple systems & decentralised master data		One integrated platform, centralised Master Data Management		
	Location	Separate functional centres		Co-location into multi-functional centres		
	Sourcing	In-house and outsourcing, not aligned		Managed Services blending captive and outsourcing solutions		

Capability framework

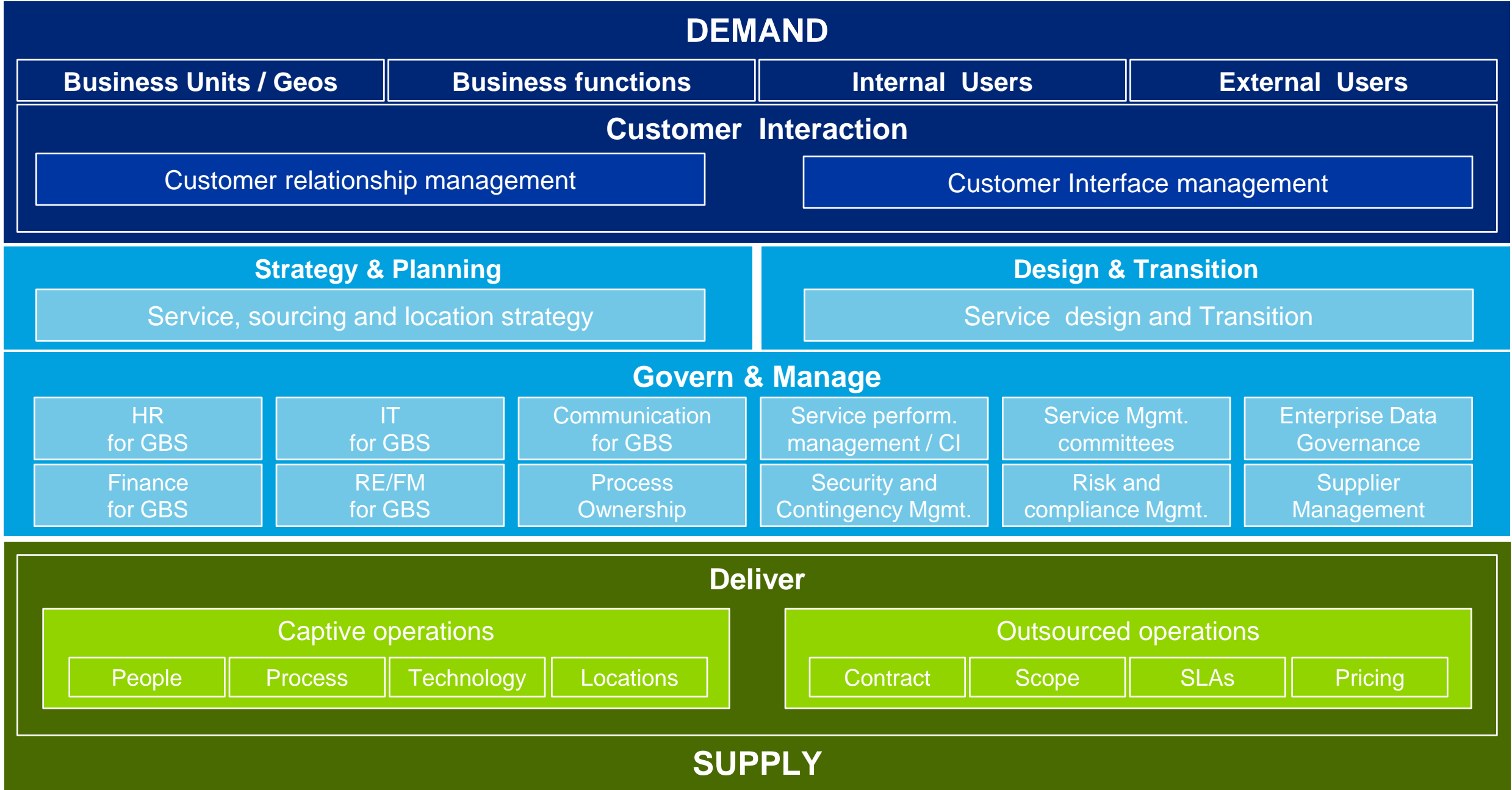
High level overview

Organisations' focus is shifting from solely improving delivery operations, to a better balanced approach including service management, governance and customer alignment



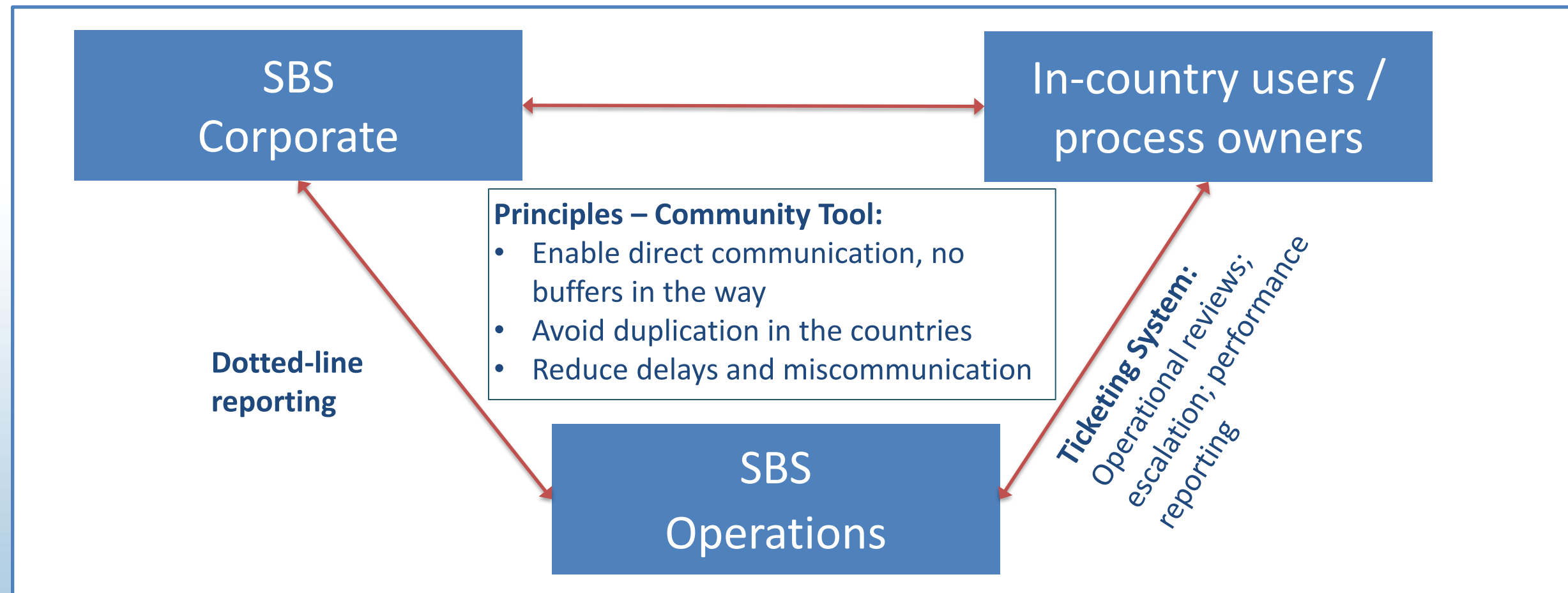
Capability framework

18 capability domains for best in class GBS



Key Enablers: Systems & Interfaces

- Understand Software, Hardware & Network requirements
- Find ways for common communication
- Reporting is key

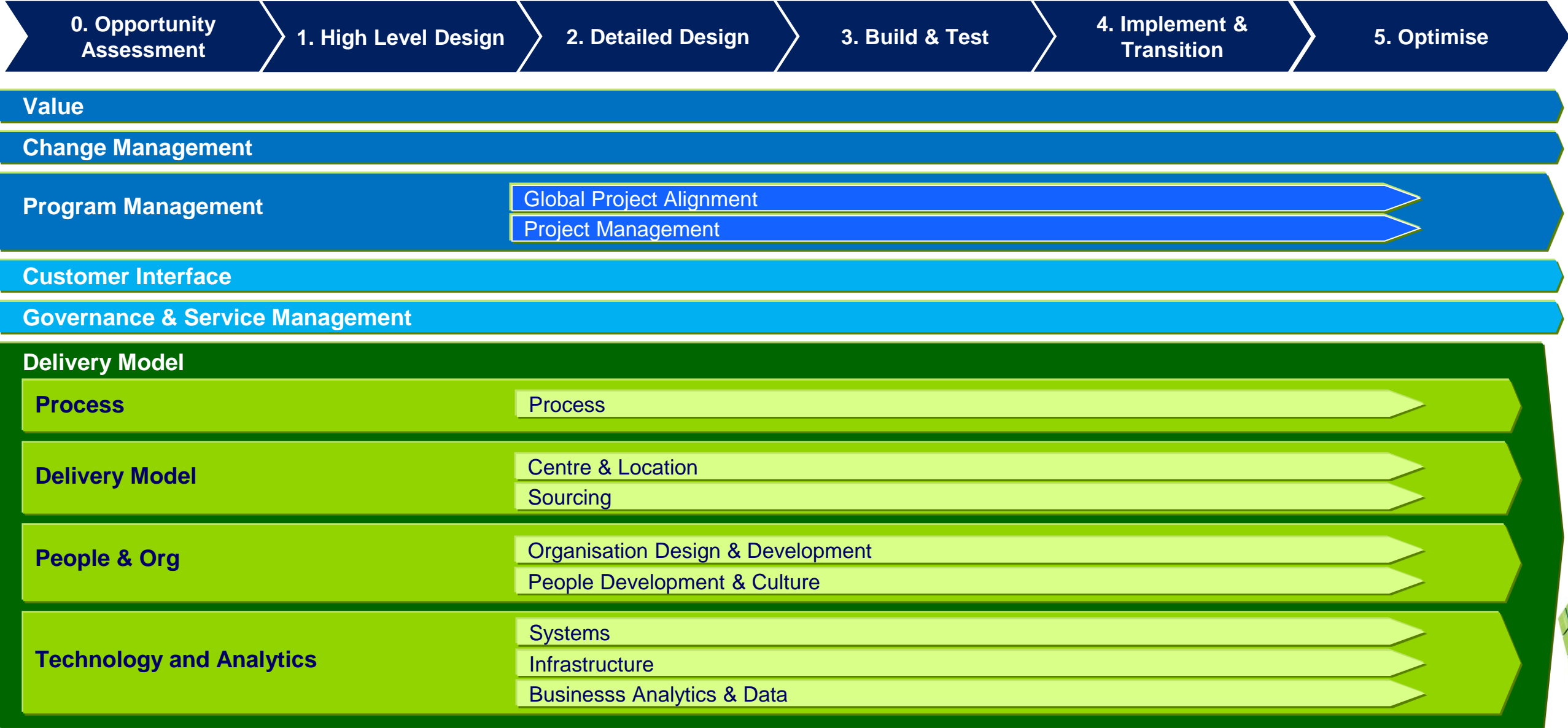


5. Implementing GBS

Methodology

Implementing GBS typically requires much more programme-level co-ordination than a traditional Shared Service Approach

Deloitte's Global Business Services Methodology



Bringing in people that have done it, strong project management

Infrastructure in people, HR, recruiter to help

Sign off at each stage

Focus on large country – replicate for small

6. Evolving GBS – paths for success and value

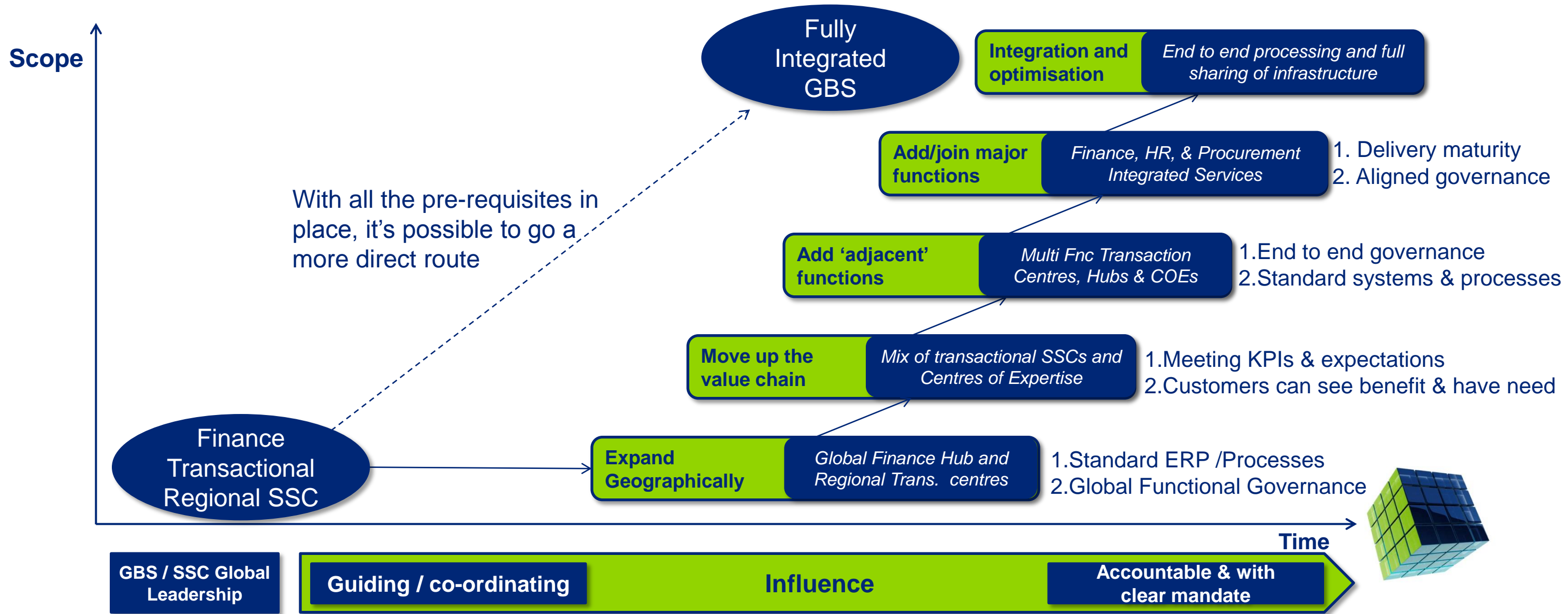
Example evolution

From a Single Function Centre to a Global Business Service Operation

Key:

Transition step

Example



HP GBS Implementation Approach

Two decades of process and productivity improvements

Consolidation of business activities in GBS Centres

Initially near-shore regional, then global offshore

All Finance now offshore, except for Controllership

Common Platforms and Standard Processes

Single SAP instance for Finance, HR and Payroll

Automated Workflow: elimination of paper

Common 'superstructure' across functional towers

Standardised formal governance

Global Process Ownership

Progressive language neutralisation



Transition Levers

There are multiple paths to achieve GBS



Systemax GBS Evolution: Phase 2

- Systemax announced next phase
- Adoption by markets increasing
- Scope widening
- Focus of process improvement



7. Key takeaways

Key takeaways

To make a Global Business Services project successful, some key factors need to be considered

- **Align Senior Leadership**
- Agree **overall GBS model and governance** upfront
- Be clear on what is a **GBS-wide design vs. functionally specific**
- **Run GBS projects in conjunction** with any enterprise wide **TOM project**
- **Agree the scope of end to end processes** to be reviewed
- **Plan** realistically and understand the **critical path**
- Factor in **sufficient resource / time** to obtain cross-function and cross geography elements



Any further questions?

Global Business Services drop-in

Interested in finding out more? Drop by the Deloitte iSpace today and chat to a Deloitte Global Business Services Consultant:



When: Between 1pm-2pm today

Where: The Deloitte iSpace, 1st floor

Chat to us about...

- GBS opportunities for your organisation
- Your GBS challenges
- What leading GBS organisations are doing
- Deloitte's GBS Lab for executives





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