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 Worldwide

- 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
Systemax Europe

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.
Systemax Phase 1: Marketing, IT & HR

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 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 managing 170 general ledgers

24x5 operational support

supporting more than 30 languages

100+ million transactions per year

17,780 employees in 13 global centers and 58 country front offices
<table>
<thead>
<tr>
<th>Finance &amp; accounting</th>
<th>Sales support</th>
<th>Supply chain</th>
<th>Marketing</th>
<th>Human resources</th>
<th>Procurement</th>
<th>Other functions</th>
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<tbody>
<tr>
<td>Accounts payable</td>
<td>Configure and quote support</td>
<td>Customer data management</td>
<td>Marketing analytics</td>
<td>HR operations</td>
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<td>Accounts receivable</td>
<td>Bid desk and sales support</td>
<td>Product data management</td>
<td>Lead generation support</td>
<td>Employee Lifecycle data</td>
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<td>Cash application</td>
<td>Sales forecasting and reporting</td>
<td>Order processing</td>
<td>Channel partner training</td>
<td>HR help desk</td>
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<td>Payroll</td>
<td>Product pricing support</td>
<td>Physical and financial claims</td>
<td>Promotions administration</td>
<td>HR reporting</td>
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<tr>
<td>T&amp;E expense management</td>
<td>Partner compensation and rewards administration</td>
<td>Partner payments</td>
<td>Marketing campaign program support</td>
<td>Learning</td>
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<td>Fixed assets</td>
<td>Order management</td>
<td>Product pricing support</td>
<td>Content and creative services</td>
<td>Event Management</td>
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<td>Intercompany accounting</td>
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<td>Web maintenance services</td>
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<td>General ledger</td>
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<td>Sales compensation</td>
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- **Operate**
- **Manage**
- **Own**
- **Transform**

- **Other functions**
  - Service request management
  - Catalog management
  - Lease asset management
  - Procurement request management
  - Contract accounting
  - Contingent workforce management
  - 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
- Back office cost savings
- New labour pools talent
- Data analytics
- Business growth platform
- Process performance
- Specialisation (centres / local)
- Supporting innovation

Costs + Risks
- Project investment
- Political resistance
- Global co-ordination
- Aligning functional, E2E process and service organisation ownership and delivery
HP Benefits – driving down Finance Costs

Finance Spend, % Revenue


(*) as of third quarter of fiscal year 2013

(* as of third quarter of fiscal year 2013)

Total HP World Class
Systemax Benefits

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

<table>
<thead>
<tr>
<th>SHARED SERVICES MODEL</th>
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<tbody>
<tr>
<td>Enabling technologies</td>
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<td>Self service functionality</td>
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<td>Single point of Contact</td>
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<td>Clearly defined processes</td>
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<td>Economies of scale</td>
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<td>Focused responsibilities and specialist expertise</td>
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<td>Streamlined policies</td>
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<td>Document Management and Workflow</td>
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<td>Efficient approval mechanisms</td>
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<td>Value added analysis</td>
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<td>Performance based feedback</td>
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</table>
4. GBS models and enablers
# GBS Integration Framework

<table>
<thead>
<tr>
<th>Geographical Scope</th>
<th>Local</th>
<th>Regional</th>
<th>Global</th>
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</thead>
<tbody>
<tr>
<td>Degree of Automation</td>
<td>Limited automation</td>
<td>Medium automation</td>
<td>Maximum automation</td>
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<tr>
<td>Degree of Value Add</td>
<td>Transactional</td>
<td></td>
<td>Transactional and Advisory</td>
</tr>
<tr>
<td>Functional Scope</td>
<td>One Function</td>
<td>2–3 Functions</td>
<td>Multi-Function</td>
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<table>
<thead>
<tr>
<th>Functional Integration</th>
<th>Limited sharing</th>
<th>Sharing of tools/processes</th>
<th>Co-location</th>
<th>Full Integration</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Customers</strong></td>
<td>Little sharing</td>
<td>Sharing of tools/processes</td>
<td>Co-location</td>
<td>Full Integration</td>
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<tr>
<td>Governance</td>
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<tr>
<td>Service Management</td>
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<tr>
<td>Continuous Improvement</td>
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<td>People Development</td>
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<tr>
<td>Culture</td>
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<tr>
<td><strong>Operations</strong></td>
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<tr>
<td>Systems &amp; Master Data</td>
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<tr>
<td>Location</td>
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<tr>
<td>Sourcing</td>
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- **Customer Interaction**: Myriad of customer interaction tools, Universal customer interface supported by standard toolset.
- **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.
- **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

<table>
<thead>
<tr>
<th>DEMAND</th>
<th>Supply</th>
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<tbody>
<tr>
<td>Business Units / Geos</td>
<td>Captive operations</td>
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<tr>
<td>Business functions</td>
<td>Outsourced operations</td>
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<tr>
<td>Internal Users</td>
<td>Contract</td>
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<tr>
<td>External Users</td>
<td>Scope</td>
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<tr>
<td>Customer Interaction</td>
<td>SLAs</td>
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<tr>
<td>Customer relationship management</td>
<td>Pricing</td>
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<td>Customer Interface management</td>
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<td>Strategy &amp; Planning</td>
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<tr>
<td>Service, sourcing and location strategy</td>
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<tr>
<td>Design &amp; Transition</td>
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<tr>
<td>Service design and Transition</td>
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<td>Govern &amp; Manage</td>
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<td>HR for GBS</td>
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<td>Finance for GBS</td>
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<td>IT for GBS</td>
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<td>RE/FM for GBS</td>
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<tr>
<td>Communication for GBS</td>
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<td>Process Ownership</td>
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<tr>
<td>Service perform. management / CI</td>
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<tr>
<td>Security and Contingency Mgmt.</td>
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<td>Risk and compliance Mgmt.</td>
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<td>Supplier Management</td>
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<td>Service Mgmt. committees</td>
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<tr>
<td>Enterprise Data Governance</td>
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Key Enablers: Systems & Interfaces

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

**Principles – Community Tool:**
- Enable direct communication, no buffers in the way
- Avoid duplication in the countries
- Reduce delays and miscommunication

**Ticketing System:**
- Operational reviews, performance reporting

**Dotted-line reporting**

![Diagram showing SBS Corporate, SBS Operations, and In-country users/process owners with communication principles and ticketing system.]
5. Implementing GBS
Implementing GBS typically requires much more programme-level co-ordination than a traditional Shared Service Approach.
Systemax Approach

- 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

Scope

With all the pre-requisites in place, it's possible to go a more direct route

Finance
Transaction
Regional SSC

Fully Integrated GBS

Add/join major functions
Finance, HR, & Procurement

Add 'adjacent' functions
Multi Fnc Transaction Centres, Hubs & COEs

Move up the value chain
Mix of transactional SSCs and Centres of Expertise

Expand Geographically
Global Finance Hub and Regional Trans. centres

Integration and optimisation
End to end processing and full sharing of infrastructure

GBS / SSC Global Leadership

Influence

Guiding / co-ordinating

Time

Accountable & with clear mandate

1. Delivery maturity
2. Aligned governance

1. End to end governance
2. Standard systems & processes

1. Meeting KPIs & expectations
2. Customers can see benefit & have need

1. Standard ERP / Processes
2. Global Functional Governance
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

GBS Delivery Model

Technology Systems
- Multiple systems with limited standardisation
- Independent solutions & common data model
- Single global ERP suite

Scope
- Single function
- Multi-functional, transactional
- Multi-functional, transactional & value-add
- Multi-service end-to-end offering

Processes
- Standardised non-transformational processes
- Transformed processes
- Functional management

Location Footprint
- Multiple local / regional centres
- Increasingly connected regional centres
- One global hub & regional centres
- Hybrid model increasingly with single source global OSP

Organization
- Global process owners
- Regional process owners
- Local informal process owners
- New organisation structure in place: retained & GBS org
- GBS regional management in place
- GBS leadership announced and in place

Sourcing
- Selection & vendor management best practices & knowledge shared
- Global x-functional sourcing & contracting of providers
- Sourcing determined by each function independently

Process Ownership
- 1 recharge model, 1 online portal & contact centre
- Consistent recharge models across regions & functions, no sharing of customer interaction
- Different recharge models per function, no sharing of customer interaction
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