



Analytics in Shared Services and GBS

Emerging as an engine room for insights

September 2016

1. Introduction

Over 65 per cent of SSCs said they are investing in building analytics capabilities and will offer Insight Services by 2018.

Deloitte's Global Shared Services Study, 2015

In today's world, it is no longer 'news' that information technology is permeating all areas of personal and business interaction. Organisations have long recognised the need to rise to the challenge of the Information Age and are exploring how to leverage the data both within and outside their organisation to enhance decision making, improve customer service, increase operational efficiency and develop new products and services.

But what do these changes in the way that businesses operate and interact mean for shared and global business services?

1.1 Using data to drive insights

Until recently, organisations have tended to develop business intelligence, management information and analytics capabilities in silos. Marketing departments have looked deeper into customer segmentation; finance departments have restructured financial forecasting and analysis; IT have invested in data lakes and visualisation licences: but these activities have been conducted largely in silos, with little consideration for how the different parts fit together.

More recently, organisations have begun to recognise that collecting, storing, analysing and driving insights from data should be a company-wide endeavour. Many have begun to integrate efforts across departments to scale and build enterprise-wide analytics capabilities able to support the business in a digital and data-driven world.

1.2 Analytics as an enabler of Shared Services and GBS

Now with initial savings from centralisation, labour arbitrage and process improvement often achieved, the demands on SSC and GBS leaders from the rest of the business have moved up a notch. The expectation has grown from operational efficiency and cost savings to driving more impact to the wider business.

Just as greater demands are being placed on the business to use data more effectively, Shared Services and GBS leaders are increasingly using analytics to optimise their workforces, processes and operational models, as well as to provide actionable insight back to the business.

All of this is collectively driving towards one end-goal: generating business value.

With more Shared Services and GBS leaders now ready to move to more value added activities, analytics can provide a springboard, helping SSCs to move away from simple processing of data to providing insights that help the business make better decisions.

As the 'engine room' of the organisation, Shared Services have access to much of the organisational data that is created. This puts Shared Services and GBS leaders in a prime position to harness organisational information and take ownership of progressing the organisation (and GBS itself) on a journey from a backward-looking function that reacts to historical data to one that uses predictive analysis requires careful navigation. In Deloitte's Global Shared Services Study of 2015, over 65 per cent of SSCs said they are investing in analytics capabilities and will offer Insight Services by 2018. The time to act is now.

"HR started correlating various data and visualising the trends and found that where a store had a vacancy for a store manager for more than 3 months, store performance dropped. We've since made changes to our recruitment processes to ensure we never have that gap"

UK retailer

2. SSC's role in analytics

It is becoming increasingly apparent that analytics is not just the latest buzzword for building on traditional business intelligence or improvements in reporting. If harnessed correctly, analytics can be transformative in nature offering Shared Services leaders a multi-faceted approach to providing measurable value to the business.

2.1 Using SSC and GBS to move up the analytics maturity curve

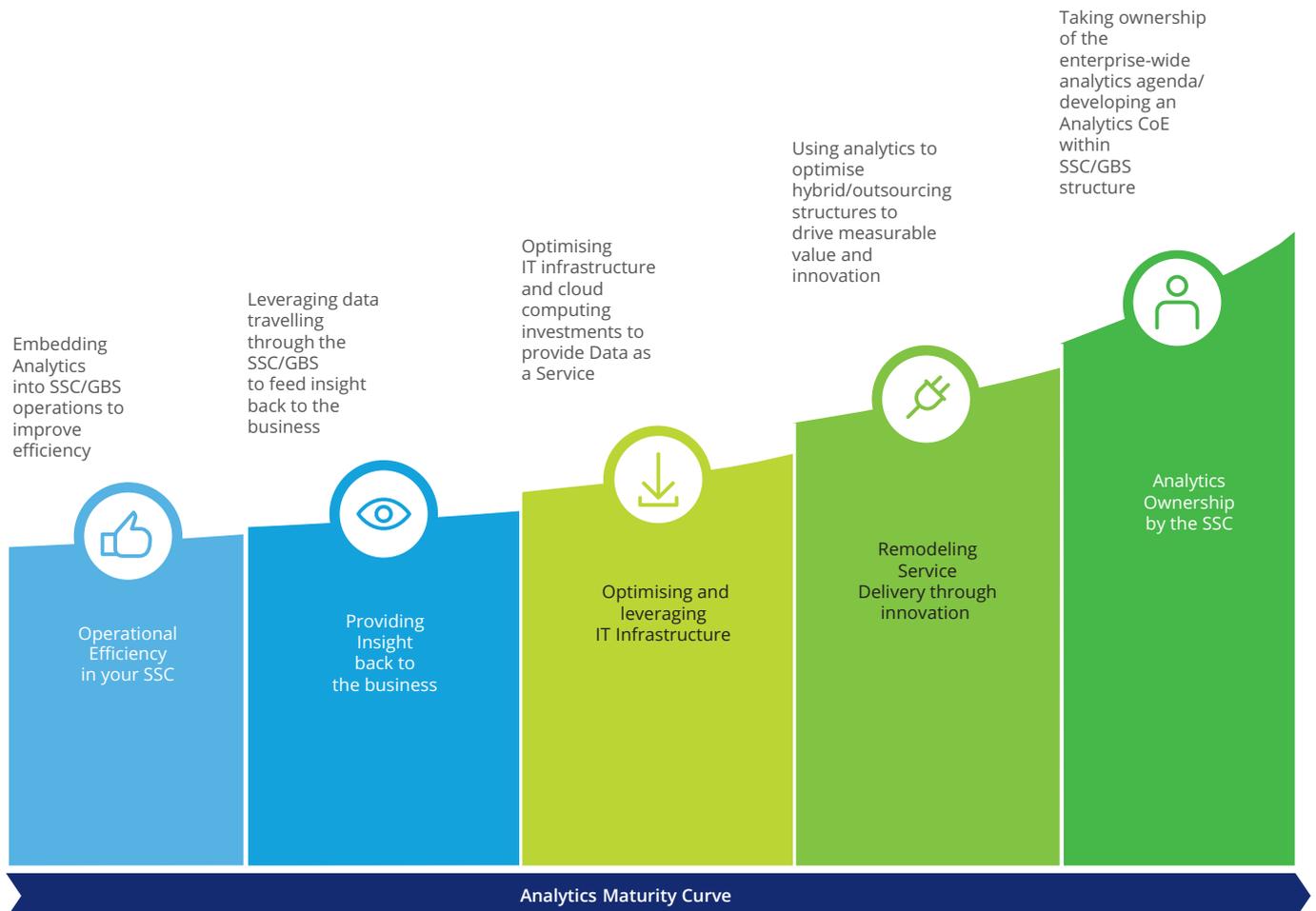
Organisations often fail to realise the full potential of analytics due to an assumption that successful analytics is IT-driven, involving the gathering of data from source systems into an analytics solution.

SSCs need to think about analytics as a service they can provide both within their own functional teams and to their internal business customers, in a similar way to finance or HR.

Analytics capabilities should support the overarching business strategy, embedding insight into the underlying drivers which move an organisation towards its goals.

Initiatives in analytics are deployed in different ways depending on factors such as ownership, organisational culture, structure and readiness, SSC maturity and/or outsource provider relationships, and geographic hubs. SSC and GBS leaders must first identify what will work for the organisation as a whole, and the role they can play in moving it up the analytics value chain.

Suggested SSC/GBS Analytics Maturity Curve



Here are some examples of the different stages of maturity we are seeing in our clients.

• **Analytics to drive Shared Services improvements**

There are a wide range of single-use projects, including applying process analytics to reduce process circumvention within T&E policies; conducting segment analysis to identify high performing employees; or monitoring working capital and cash flow in real time using data visualisation. Analytics can also be used to monitor the performance of outsourcing providers and minimise delivery risks.

• **Analytics as a Service to the business**

Providing advice to the business through a data and insights central service (e.g., an Analytics Centre of Excellence or Data Services function) positions SSC or GBS further up the value chain. The types of services provided in this model range from data scouting and extraction of data sources for the business to analyse itself, through delivering standardised dashboards and end to end execution of recurring analytics projects.

• **Analytics across multiple SSC or GBS towers**

For organisations with multiple SSC or GBS towers (e.g. finance, HR, procurement), combining data sets from across towers can deliver unique operational insights and reveal leading indicators for behavioural trends within the business. For example, mixing payroll data, recruitment records and performance reports can reveal correlations between best hires and attrition rates. Similarly, visualising supplier spend and A/R data together can uncover opportunities for better contract negotiations or vendor contagion risks.

• **Owning the Analytics agenda: Insight Driven Organisation**

Building on the experience of internal centralised service delivery, major change programmes and access to information on many aspects of the organisation, SSC and GBS Leaders are supporting C-Suite moves to combine front line and back office data for a clear view of how daily operations are impacting delivery of corporate strategy. More and more, shared services are leading the delivery of IDO projects to generate quantifiable savings – and revenue.

3. Beginning the journey

Before starting a programme to deliver a long term strategy and vision for analytics, it is important to build the credibility of the SSC and of analytics as a service which can be successfully offered back to the business. As with most transformation programmes, a 'big bang' approach to analytics is difficult to achieve. There is a considerable amount of upskilling, cultural shift and organisational reengineering that needs to take place to embed analytics.

3.1 So, where do you start?

There are various operating models an organisation can adopt when establishing an analytics function. There is no **'one size fits all'** approach. Much depends on the SSC's relationship with the business as to whether it has 'business permission' to centralise analytics capabilities and deliver some of the more advanced insight services.

It is therefore most important that analytics should be approached in an agile way. When looking for buy-in from the rest of the business, SSCs and GBS organisations should be prepared to answer the question: "What can you offer us?"

In the early days, the answer should be: "Quick wins with analytics".

Start by conducting development in bite-size pieces and executing niche 'proof of concept' projects that deliver value over the short term (say, six to eight weeks). There will be a considerable amount of trial and error, and learning as you go; so we recommend as a positive first step that you should begin by thinking about analytics internally within the SSC, building your knowledge and expertise in a 'safe environment'.

From a technology perspective, consider a small 'sandbox' or R&D environment, which would not disrupt IT service delivery but which has access to useful portions of business data, so that teams can explore various analytical techniques and identify new insights. This will help SSCs build credibility and 'prove the concept' of what they are setting out to achieve.

A tactical, project-driven approach will allow SSC and GBS teams to upskill on analytics implementation and project management, as well as building the foundations for future ownership of a wider analytics agenda. This approach can particularly help Shared Services organisations struggling to break out of the transactional mold and move into higher-value processes.

Once your SSC or GBS analytics team has started to gain confidence and has acquired a more thorough understanding of the process of developing insights, you can then turn your attention to executing analytics 'proofs of concept' for your supportive business customers.

A global oil and gas company began their journey by conducting process analytics on their finance function, resulting in substantial savings and highlighting the benefits of shared services analytics.

"It is easy to chase the project that will deliver the biggest benefit but you need to consider the cost, complexity and effort to deliver. Think of the opportunity cost: could you deliver ten alternative smaller projects with greater total value?"

Tom Bevan, Analytics Strategy, Deloitte

Top tips?

- Don't start with your most sceptical customer – you will need to work closely together, working on projects in an iterative manner to ensure success.
- Identify a niche but pressing business question or business issue that analytics can help answer. *(For example, how can I reduce attrition of my top graduate performers within the next 12 months?)*
- Define the potential value that answering this question can bring in a short time frame within a 'proof of concept' environment – and track its progress.
- Assemble a small team that can execute the project, whose members collectively understand both the business and SSC issues, and also the technical requirements.

4. What is the end goal?

In many ways, creating analytics capabilities is analogous to building a house: you need an owner who sets out a vision for the dwelling and who remains ultimately accountable for decision-making at every stage; a strategy in the form of an architect's drawing, which describes what the house will look like once built; an agreed set of processes, which take into account everything from the order in which the building goes up to the steps required to meet building regulations; a team of builders and project-managers to oversee the construction; as well as all the materials needed, many of which may have to be sourced separately, and the tools and equipment to slot them all together.

The scope and capabilities of any SSC or GBS analytics function need to be based on both the current and potential future needs of the organisation.

4.1 Creating a vision for the future

As with many other organisational functions, the analytics function benefits from having some standardisation. The development of repeatable processes and a centralised capability can help drive scale for the enterprise.

Analytics should not be conducted in isolation from the parts of the business for which the analytical insights are being produced. As a young and developing function, analytics – more so perhaps than any other support function – must be linked intrinsically to the needs of the business and show flexibility as these needs continue to change.

For SSCs, building and maintaining strong relationships with business customers has long been a priority. With the right governance and suitable skills in place, analytics teams can build on these relationships to offer advice and tailored solutions on specific business problems, as well encourage additional demand for analytics projects.

A challenge for SSC leaders is to decide which aspects of analytics to provide as a centralised function and how can that function be seamlessly linked with both IT and front line business services.

Bringing together key stakeholders to create a view of where efforts should be focused helps to ensure a holistic view of organisational requirements. This helps get the right balance between technical, organisational and people-led projects.

Developing an analytics operating model that meets the requirements of your organisation will help:

- Make better decisions, by analysing information across business silos
- Improve the speed and reliability, reducing the cost of decision making
- Enrich the depth of analysis and insight by including external data sources
- Drive innovation in products, services and internal operations
- Make learning and development and knowledge sharing easier

The scope, scale and level of influence of the analytics function will evolve over time as the perception of analytics by the business matures. Some organisations may switch from one type of operating model to another as they mature over time.

In order for SSCs to become responsible for more of the analytics agenda, they need to work with the rest of the business to decide what is best for the organisation (and how this may change over time). This is essential for SSCs becoming responsible for more of the analytics agenda.

Different operating models might be used.



Centralised: Analysts reside in one central group where they support a variety of functions and business units and work on diverse projects.



Factory: A model which leverages offshore or outsourced capability to provide an engine room for analytics that is focused on industrialising solutions.



Consulting: Analysts work together in a central group, but act as internal consultants and charge business units for their services.



Centre of Excellence: A central entity coordinates the activities of analysts across units throughout the organisation and builds a community to share knowledge and best practices.



Functional: Analysts are located in functions such as marketing and the supply chain, where most analytical activity occurs.

5. Purple people

Successfully embedding analytics into an organisation requires a rare blend of statistical and data management skills and business acumen. It requires people who can handle sophisticated data analysis (red skills), but who also have fluent communication skills, business acumen and political nous (blue skills).

When you have people with a mix of red and blue skills, you get **purple people**.

5.1 Building the right team

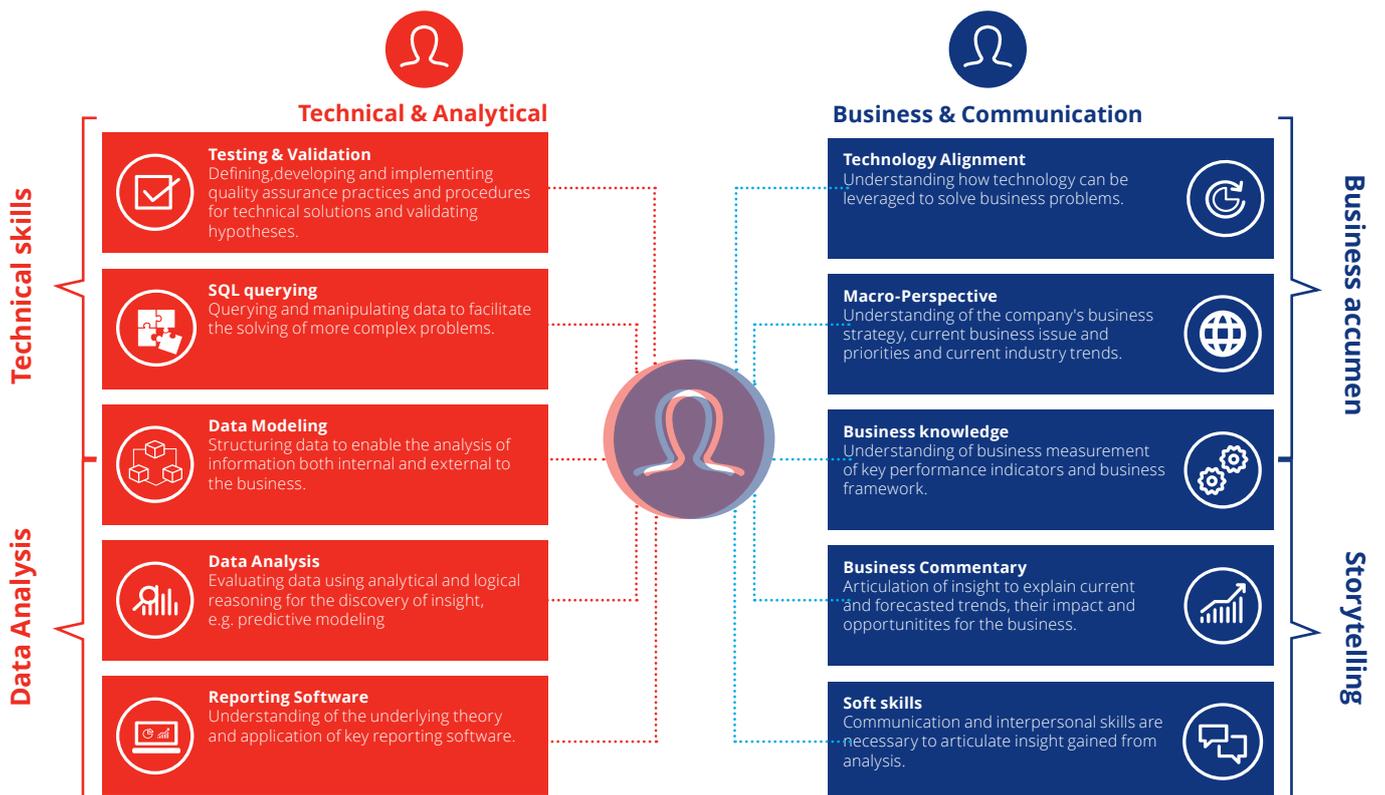
Good analytics depends on obtaining answers to good questions. It is therefore important to understand the right business question to ask of the data. Interrogation and modelling techniques can then be used to begin answering the questions. The insights gained must then be presented in a compelling way in order to influence business leaders. All these skills are important for successful analytics teams.

They may all be present in highly-skilled individuals, or they may be complementary skills of individuals within a team; however it comes together, this blend of skills within an analytics function is critical for success. It is important to create a 'purple team' for every analytics project you undertake.

In our experience, Shared Services and GBS organisations that have nurtured their own talent have been pleasantly surprised by the skills already available to them within their existing teams, especially in areas such as data analysis, change management and process re-engineering, as well as many of the soft skills and business partnering capabilities that are required to make analytics successful. An effective purple team can be created by complementing these existing skills with technical and mathematical capabilities from elsewhere in the business or through new hires.

“Good analytics uses data to deliver insights about the organisation and its environment. Successful analytics builds the mind-set and ability to make data-supported decisions.”

COO, Global Energy Company



Unearthing existing talent within Shared Services can be a benefit for everyone involved. Individuals can achieve new career ambitions within Shared Services, whilst the organisation can reduce the costs of resourcing highly-skilled positions and retain an employees who may otherwise leave the SSC to realise their potential elsewhere.

Developing and growing talent is important for improving analytical capabilities. Defining specialist learning and career pathways for your analytical teams will help you nurture talent.

Training for an analytics SSC or GBS team can be divided broadly into three areas:

Analytics strategy

- Transformation
- Programme management
- Planning
- Financial management.

Analytics organisation design

- Operating model design
- Human capital management
- Process re-engineering
- Change management.

Analytics project delivery

- Technical training
- Advanced analytical techniques
- Prioritisation
- Technology integration.

A well-known European airline established an Analytics CoE including insight processes across the analytics lifecycle, KPIs for the services provided by the CoE and career paths for analytics talent.



6. Organising for success

Going through the analytics journey in a GBS or SSC environment will be difficult. It must be supported by multiple layers of collaboration, communication, education and change management. Transformation of the analytics function cannot succeed without a plan and appropriate preparation.

6.1 What hurdles will you need to jump?

In order to win business permission for the necessary investment, it will be vital to present a compelling picture of the future for analytics. This will point people in the right direction, align them behind a common goal, and motivate them into action.

Relationships are important too. It will be necessary to win support from leaders across the businesses, who are advocates of the programme and who powerfully articulate the need for change and the direction it should take.

It can be easy to underestimate the need for education and training of your people. A wide range of technical and business skills are required to establish analytics successfully. Teams will need training in analytics storytelling and soft skills, as well as visualisation best practices, SQL Querying and the latest programming languages.

When considering embedding analytics in GBS or SSCs, organisations should take a measured and incremental approach. If you haven't got the basics right you are leaving a lot of quick wins on the table. The focus should be on things like integrating your finance data with your HR data and visualising some insights on a well-designed dashboard. The information environment is changing too rapidly and there are too many unknowns for organisations to navigate without first getting the basics right.

Embedding analytics within a SSC or GBS will work best if there is a focus on incremental adjustments, not major transformation. Organisations should take a measured approach and embed analytics progressively into everyday operations. You should start with small improvements that promote the strategic vision and realisation of value from analytics.

Delivering analytics through a GBS or SSC is a journey. No organisation has completed the transformation fully, and there will be problems and setbacks on the way. Not every analytics project will yield positive results and not every attempt to innovate will result in a jump in profits.

Making the journey from a backward-looking function that reacts to historical data to one that uses predictive analysis requires careful navigation. However it will help you construct an analytics capability that is innovative, agile and ready for more. Success will improve efficiency, drive operational effectiveness and re-model the role of the SSC in the business.

Making the journey from a backward-looking function that reacts to historical data to one that uses predictive analysis requires careful navigation

7. Next steps

Many organisations struggle to bring analytics down from the '40,000 foot view' to some tactical 'next steps' that will make a real difference in the short to medium term.

We set out below our top ten recommendations to get you thinking.

1. **Align on the vision:** Agree what you are aiming for with analytics, and why, and ensure that all stakeholders are aiming for the same set of objectives
2. **Executive sponsorship:** Find a senior executive sponsor for analytics who can champion the agenda in the boardroom
3. **Narrow not broad:** Focus on a small number of 'crunchy' questions that analytics might be able to help you answer. (For example, which customer microsegments have the greatest long-term growth potential?)
4. **Train people:** For the most part, analytics capabilities can be taught, but you need to make a conscious and concerted effort to teach your teams
5. **Get technical:** As leader, you don't have to be an expert, but make an effort to educate yourself in technical terminology – this will make things easier for everyone: IT, the business and you
6. **Create a sandbox:** Work collaboratively with IT to create an experimental environment outside of the standard IT production setting in which to execute 'proofs of concept'
7. **Practice makes perfect:** Start by delivering several analytics projects internally within the SSC or GBS, to refine the design and delivery process and build a library of examples to share
8. **Accept imperfect data:** At the beginning, you won't have perfect data – be vocal that analytics is a journey of continuous improvement and educate the business about the importance of data
9. **Manage demand:** Make sure you have thought about your priorities, governance and controls, and that you are ready for the flood of requests that could potentially flow in
10. **Promote your successes:** Driving demand for the right types of analytics projects into the SSC or GBS may prove challenging – use a defined value proposition, service catalogue and positive stakeholders to create momentum.

Developing the approach to analytics within your Shared Services and GBS environment can be tricky, but is absolutely essential for moving forwards. At Deloitte, we have found that a useful way of kick-starting the journey is to get analytics stakeholders together in a workshop to discuss key areas such as the analytics vision, how to generate and measure the value from analytics proofs of concepts, and agree on what the roadmap should look like.

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