

## Leading GBS through a time of uncertainty

Response and recovery actions taken by Danish GBS and their plans to thrive in the new normal

# Danish GBS response to the pandemic – Key observations

The COVID-19 pandemic has greatly impacted the world and disrupted business operations, but it has also been a myth buster and is presenting many opportunities for those willing to see them. This paper shares how GBS organizations headquartered in Denmark have responded in the first months of this unprecedented situation. Although GBS operating models differ significantly in size, scope, and location, the response and recovery actions are strikingly similar. The evaluation of these responses leads to five main observations.

## Response to the COVID-19-crisis by GBS organizations

**Lack of readiness:** Even with Business Continuity Plans (BCP) in place, organizations have not felt properly prepared for the events that unfolded due to the global pandemic. In fact, most organizations report that their BCPs have been found to be completely inadequate. A priority has therefore been to update BCPs ensuring that the response by the organization meets the actual needs created by the crisis.

**Quick enablement of work from home solutions:** The implementation of work from home solutions for all employees has been crucial but challenging for GBS organizations. The supply of personal devices and

the implementation or expansion of a corresponding IT infrastructure has been a key factor for effective crisis response. Despite the immense efforts needed and the short timespan to act, most organizations were able to quickly get their workforce up and running. Companies and 3rd party BPOs that have a footprint in China were able to initiate actions faster and leverage early learnings when the virus started spreading globally.

**Timely regulatory support:** The regulatory response of most countries has been supportive of businesses in their need for innovative and flexible work solutions. Relaxation of some regulations and data security related actions were taken swiftly in ensuring business continuity.

**Migration and improvement projects:** The importance of increasing productivity for support processes has become an even more pressing issue. Efficiency has become the foremost priority for many companies –

Danish GBS leaders\* agree that no decreases in productivity due to COVID-19 occurred regardless of business model

\* Based on a poll with members of Deloitte's GBS network

ensuring business as usual to the extent possible. Hence, many companies are continuing full speed with their optimization agenda to make their organizations and service delivery model more robust.

**Level playing field:** As communication channels assimilate for all employees regardless of location, near and offshore centers for the first time ever became equidistant from onshore locations. This enhanced collaboration and made GBS contribution more visible on the organizational playing field.

**Key learnings for GBS leaders:** COVID-19 can be considered a myth-buster in many ways – making organizations rethink traditional approaches and identify new opportunities to managing the day-to-day operations. This experience could lead to long-term paradigm-shifts in ways of working for their organizations.

## GBS leaders emerge as empowered decision makers

Decision makers at GBS centers have shown to thrive when working more independently while most onshore leaders are preoccupied with activities directly linked to the COVID-19 response like contingency planning, forecasting, and external reporting. Leaders at service centers have been compelled to take on the role of keeping business processes under control and services stable with less oversight. This decrease of control had previously not been



The impact of the current crisis on GBS operations has been great but, in most cases, not severe – with GBS organizations acting quickly to turnaround their service delivery models with a flexible and adaptable approach.

expected to work, hence many onshore leaders hesitated to loosen control.

## Complexity of processes has been overestimated

Throughout the last months, the realization has been made that no process requires physical presence for its successful completion. Employees have proven that processes can be adequately performed from home and some companies even report better process performance than in the traditional work setting.

**Work from home is a viable solution** Working from home – a practice previ-

ously met with some reluctance by many organizations – has proven a viable option to not only keep the business running but even thriving in most cases. There is no productivity dip to be recorded and employees display the same enthusiasm for their work. Many companies are now considering implementing work from home solutions also in the mid- to long-term. For one, this is driven by the need to accommodate the more immediate needs of their employees for safety and flexibility.

Secondly, there is a clear consideration to implementing it as a standard



Lack of readiness



Quick enablement of WFH



Timely regulatory support



Migration projects and improvements continued



Level playing field for service center employees

Christian Balmer Hansen,  
Senior Group Director,  
Operational Excellence and  
Health & Safety Ramboll

*“We always believed that engineering work in India required high level of bandwidth to support our specialized softwares which wouldn’t be easily supported from home offices and also oversight was required to ensure quality of our complex services. But the COVID response by our Engineering centers in India has been working really well. It has changed our perception significantly. We are now looking at the opportunities that this presents.”*

offering given the many advantages currently observed.

**There are three clear arising opportunities that have been identified through the success of the initial response measures:**

- Reduction of need for real-estate expansion
- Reduction in facility management costs
- Reduction of carbon footprint

The success of the new ways of working implemented throughout the past months opens exciting opportunities for GBS organizations and companies. With viable work from home models the need for expansion in office space can be reduced. In the same way, facility management costs are impacted positively. **This in turn enables GBS leaders to pass on more savings to the business and to make a clear case for the value proposition of GBS.**

### Case Study: COVID-19 response Arla Food – Global Shared Services

*“If you would look at the Performance data of the past two months, you would not notice that there was a pandemic ongoing”*  
- Artur Swieton, Director Global Shared Services at Arla Food

In their initial response, Arla Shared Services could rely on their stable operations and experience with LEAN to quickly adapt an output focused performance management approach increasing flexibility while always putting the safety of employees first. The needed home office infrastructure was implemented swiftly with digital collaboration tools made available. Working hours are flexible to accommodate employees’ commitments.

Instrumental in keeping the performance at a high-level is a clear communication chain, daily briefings on the performance status, and resource planning across teams. The main focus is on keeping a high level of liquidity and updating the contingency plans for all areas continuously.

The response measures have shown that a rapid shift in service delivery towards working from home is possible with individual productivity remaining high. Moreover, much more seems possible on an individual and company level – ranging from receiving all customer invoices digitally to managing approval in time.

### Long-term prospects and solutions for GBS organizations

The lessons learned from the current crisis will have long-lasting impact on the way GBS organizations approach service delivery. There already is a new workplace model emerging and its long-term viability is dependent on technological and service delivery model adaptations. Five key requirements are identified in order to harness the full potential of the new workspaces operating model:

- Productivity and capacity management tools
- Legal readiness
- Renegotiation of vendor contracts
- Diversification of vendor base
- Carve-outs of non-strategic services

**Productivity and capacity management:** For the work from home model to fully arrive in post COVID-19 world, real-time productivity and capacity management tools will play an important role to solidify the practice long-term.

**Legal readiness:** With a larger part of the workforce working from home or in more flexible setups, service management will be challenged by risks related to GDPR and information security. It is crucial that organizations prepare and implement adequate security measures once the regulatory framework tightens again

**Renegotiating of vendor contracts:** As companies reshape their delivery models as a result of the current learnings, the service centers should seek to renegotiate vendor contract terms

affecting costs related to services like canteen, cab services and more.

**Diversification of vendor base:** For many industries the crisis has shown the advantages of a more diversified supply chain and vendor setup. This also holds true for GBS setups as organizations with a more diverse vendor base and hybrid models of captive and outsourced service delivery were able to adapt more flexibly to the rapidly changing macro environment. There is a case to be made to diversify operational risk with a multi-site and multi-vendor strategy in the future.

**Carve-outs of non-strategic services:** Should services delivered from your GBS organization not be strategic differentiators for the business, a carveout and use of third-party vendors can be used to mitigate risk and realign focus on core operations.

### Conclusions

Organizations and GBS centers have the option of returning to BC (Before COVID-19) ways of working once the world opens up again. But the winners will be those centers who chose to see the opportunity that the pandemic has uniquely presented and pivot on it to take their GBS to never before levels.

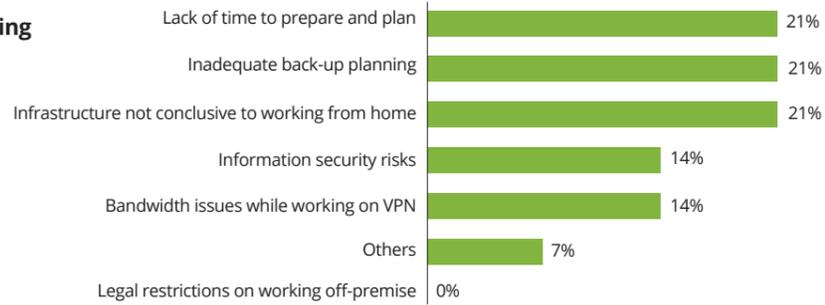
Leading GBS organizations will know to leverage the lessons learned from their COVID-19 responses and implement new solutions for service delivery.



## Insights from Deloitte Denmark's GBS network

The GBS network has been established in 2012 and facilitates professional interaction for leading GBS organizations of Danish companies. The presented polling results present a snapshot of current sentiment towards the initial responses to the COVID-19 situation.

### What were your main challenges in adapting to remote working during COVID-19?



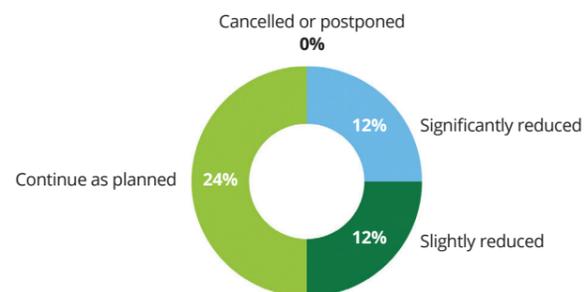
### What were your key mitigation actions to ensure service delivery?



### What changes do you envisage will be made to your global delivery network when the pandemic is over as a result of lessons learnt?



### To what extent are you able to continue non-business critical projects under lockdown?



## Key Contacts

To learn more on the topic, please get in touch with the GBS & BPO advisory practice contacts below.



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