

Global Business Services: Catalyst for Enterprise Digital Transformation
October 2018

Introduction

"Digital" is an often used term in the world of business today, yet confusion abounds. Are we referring to Machine Learning? Robotic Process Automation (RPA)? Mobile? Social? Artificial Intelligence (AI)? What's truly required to become Digital? Who should drive it?

Can cross-functional, cross-regional models such as Global Business Services (GBS) — serving multiple business units, with access to wide swaths of data and talent — be catalysts for enterprise-wide Digital Transformation?

Before we answer this question, it's important to answer the first few and define "digital." Business leaders are grappling with these questions in the face of unprecedented change — growing connectivity, competition, and consumer power. It means new methods of engagement, new products, new operating models, new organizations, and new ecosystems...and becoming digital is at the heart of it all. Yet, most often the first thing that comes to our minds is tools and devices.

We make the classic mistake of focusing on the "what" before answering the "why." If we ask ourselves "why digital?", the answer becomes clearer. The secret is to NOT think of it as a device but, rather, about becoming connected, integrated, and efficient.

It is about fueling growth and continuous innovation through real time customized **experience** with predictive **insights** at unparalleled **speeds**.



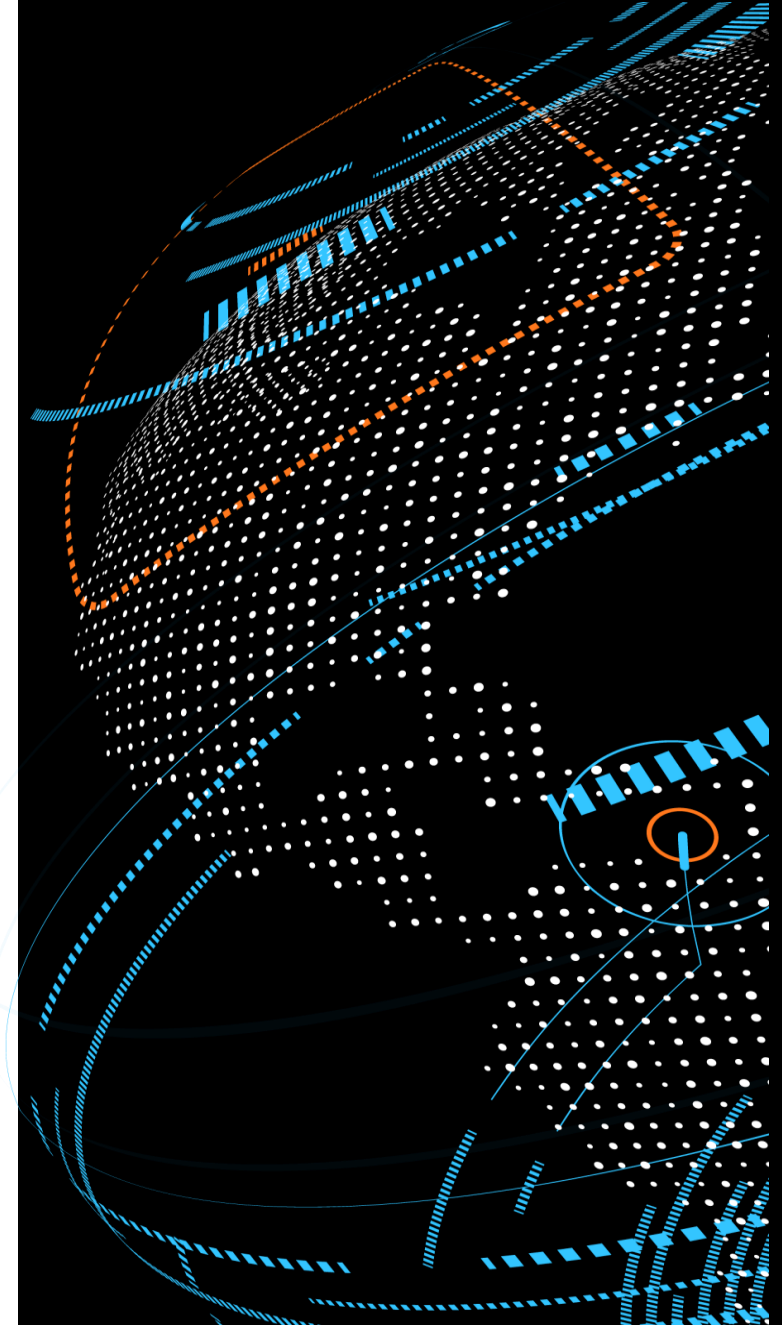
Digital is a means to achieving these impacts. It is not a technology but a strategy... a new era of business.

Cross-functional and global organizations and models such as Global Business Services are becoming increasingly relevant in driving and enabling this kind of enterprise-wide change. This makes sense given the access GBS provides to cross-functional data and talent from various business units and regions along with a focus on customer service and continuous improvement. This is a truly unique position from which to incubate new ideas and implement digital innovation.

Making it happen requires a different way of thinking and operating. It's about having 1) the right strategy, 2) appropriate processes and governance, and 3) a different kind of talent and culture to support becoming digital...in addition to 4) technology.



Let's break this down and dive deeper.

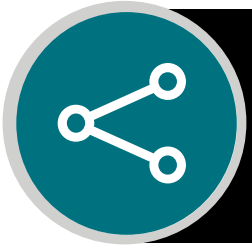


Why Digital?



Experience

- Personalization
- Accessibility
- Collaboration/engagement



Insights

- Data/information availability
- Proactive decision making
- Creativity/innovation



Speed

- Agility
- Standardization & integration
- Automation

The world around us is changing so dramatically that real time customized **experiences** with predictive **insights** at unparalleled **speed** is becoming the norm. To what end? **Ultimately, it boils down to driving operating costs down to better fuel and sustain growth.** Today, what differentiates winners and losers is the ability to thrive in uncertainty by balancing costs and growth.

As humans we have been generating **insights** from our experiences and information throughout our history. What has changed is the **speed** at which the underlying assumptions of businesses are being threatened...creating a need for agility and decision making at speeds like never before. A global beverage company reduced \$300 million in deductions through a machine learning algorithm that analyzed 10,000 within just eight hours. Hence, the importance of gaining real-time insights from the depths of unstructured data to help make rapid, reactive decisions and well-informed proactive ones, too. It's about creating capabilities to connect, automate, and integrate.

Growing competition and consumer power have eroded traditional product-based advantages, forcing companies to shift to a new battlefield: **experience**. A global retailer doubled its revenues in six years by fundamentally embracing digital and transforming its end-customer experience. This requires integration across the enterprise to demonstrate value at every touchpoint with both customers and employees; delivering an experience that is personalized yet consistent — no matter where or how we access it.

Who can “make Digital happen” for the enterprise?

The world around us is becoming more intuitive. Yet most organizations still carry the burden of infrastructure and practices that have been in place for a hundred years. Deloitte, in cooperation with MIT Sloan Management Review, published a study on [digital maturity](#), where almost 50 percent of the executives interviewed felt they didn't yet have the right structure or practices for achieving digital maturity.

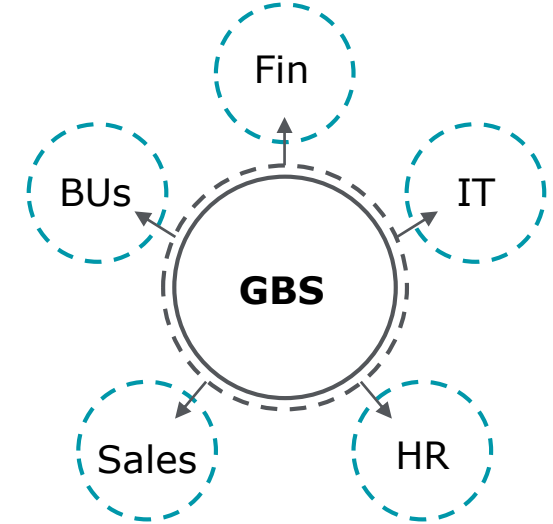
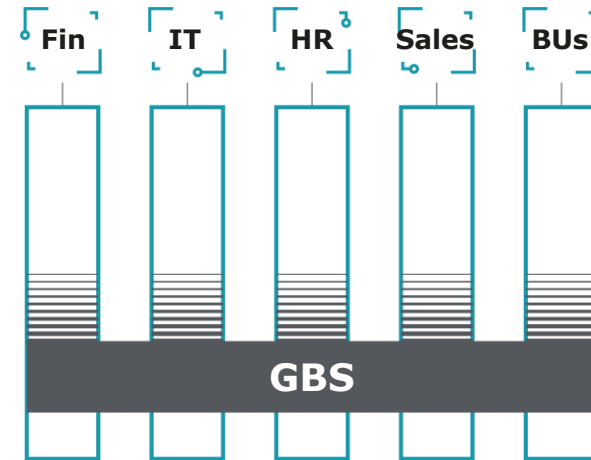
If we stop for a moment and ask how we could tackle this, where the heart of the change — the data — sits or could sit, or where the obvious capabilities and talent lie, the answer begins to emerge.

- Could we not reimagine GBS — a cross-functional, cross-regional, and multi-business structure — as the catalyst for transforming our operating models?
- Could GBS evolve from simply supporting transactions in functions/businesses and “providing them what they ask for” to being the central hub, delivering proactive insights, enabling consistent experience for end customers, providing a testing ground for innovation, and being a strategic asset to enable the digital ecosystem?

Could GBS truly be at center stage in enabling a digital eco-system and operating model?

The short answer is: Yes!

Many who are succeeding in embracing this change are leveraging GBS and GBS-like organizations.



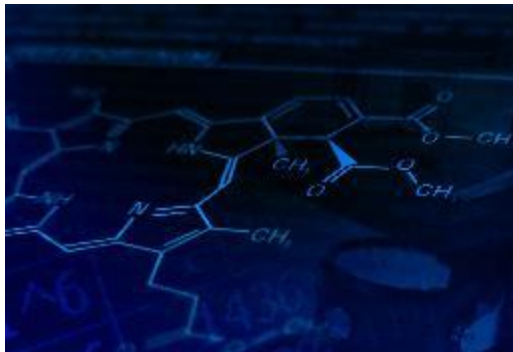
From Back Office...

- Transaction processor
- Support
- Headcount focus
- Administrative

to Center Office...

- Insight generator
- Strategic asset to the ecosystem
- Innovation and integration focus
- Cool career

Experience, insights, and speed in practice...for bottom-line and top-line impacts



One global medical devices company is leveraging its GBS organization to “lead digital by example” by demonstrating **customer centricity** in how it interacts with and delivers to its customers — reducing costs and increasing productivity while enhancing service. How’s that possible? By first engaging with its customers to gather feedback on the experience of its users and their top priorities/issues, engaging industry experts to reimagine practices, and constructing value-driven projects to address customer priorities with measurable impacts (e.g., stranded cash recovery, claims recovery, collections effectiveness).

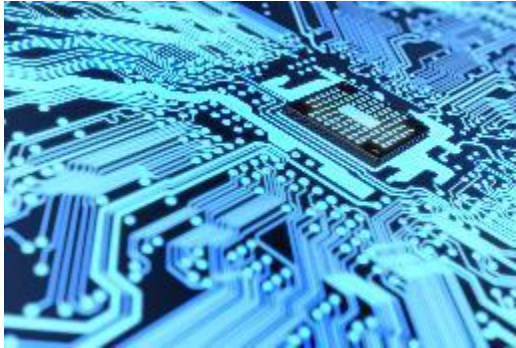
For day-to-day interactions, they have incorporated a comprehensive and intuitive GBS Portal. This is enabled with a mobile app that mirrors real-time experience as the “go-to” platform for service, eliminating inefficient emails, phone contacts down to 30 percent, and creating capacity for value-added services with improved customer satisfaction scores.



The GBS organization at a financial services firm operating across 25 countries looked to lead innovation with a singular vision of co-creating the future of operations, not only for itself but also for the larger enterprise. Disrupting itself to remain relevant in the future, the GBS decided to collaborate with external startup ecosystems in India and with ecosystems in China and Israel. The GBS was an ideal test bed to ramp up a **sandbox environment for innovation** while housing significant amounts of data.

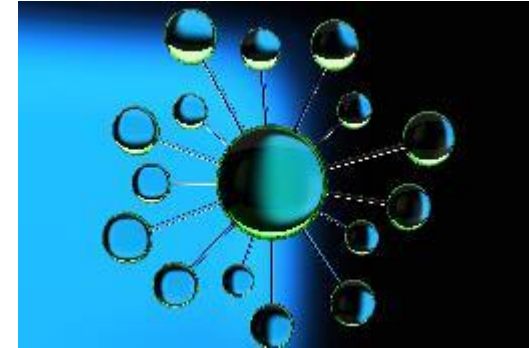
The GBS decided to use an inside-out as well as an outside-in approach to triangulate use cases and shortlist startups to co-develop PoCs in that focus area. The inside-out approach involved the GBS analyzing internal burning platforms and then going to the market to look for a solution. The outside-in approach involved the GBS analyzing the various ideas, technologies, and offerings that existed in the marketplace, narrowing down to disruptors that were best suited for internalization. While the GBS understands the innate DNA constraints it faces in achieving this, such as housing a “doer” population, it needs to now wear a “thinker hat” to accelerate the process.

Experience, insights, and speed in practice...for bottom-line and top-line impacts



A global life sciences organization with more than 50,000 employees in 60+ countries, has embarked on digital enterprise-wide initiatives on the future of work, AI and analytics, and automation — all under a GBS umbrella; proving that **GBS can take center stage** as the digital transformation engine.

GBS provides insights needed on patient information from 60+ countries and is actively freeing up five percent in additional capability through automation, accelerating year after year. This amounts to an ambitious \$350 million savings vision and a \$4 billion value-add vision all being driven via GBS. The organization views GBS as being in a unique position with visibility and data from across the organization, across functions, business units, and geographies, to be in the driver's seat and add value at an enterprise level.



One global organization with over \$60 billion in revenues, that has been on a path of continuous productivity improvements over decades, embarked on its digital transformation journey a few years ago. It used its mature GBS/shared services as a key enabler, starting with **defining a holistic digital strategy** that included automation as an element.

Cognitive computing, AI, and RPA helped eliminate the need for 40 percent of outsourced labor costs. The hallmark of success has been the tight partnership between IT and GBS and their relentless focus on strong central governance, with GBS playing the central demand management role.

How to make it happen?

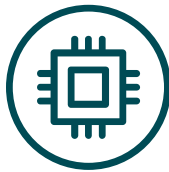
It's hard to enable digital for the enterprise without embracing digital within GBS. Traditional investments in technology have focused on solving specific problems or enhancing a given function. Since digital is about looking at the big picture and embracing the chance to rethink everything, it's vital to assess and understand your GBS as well as the broader organization's digital maturity and readiness for taking the next steps.

It's important to carefully assess maturity across four key elements, as each relates to the three impact areas, to determine where you are today, where you want to be, and the actions needed to get there. Reflecting on and placing your 'today' and 'tomorrow' on the maturity spectrum is critical in determining the kind of journey to undertake and the role GBS could play — incubator, center of excellence (CoE), or full service provider.



Vision & strategy

Embracing digital is an opportunity for accelerated performance with a new way of thinking, which cannot be achieved without widespread adoption and openness to change. Most leading GBS organizations driving enterprise-wide digital transformation are the ones that have defined digital enablement as a critical element of their vision. They align to the broader organization's vision with a clear strategy for enablement that is communicated and understood, typically driven top down and supported by grassroots campaigns with clear measures of success



Technology

Leading GBS organizations are able to leverage technology as an enabler to enhance experience, and provide real-time insights and speed on a consistent basis. These GBS organizations need to have strategic alignment and partnership with the IT function to jointly determine viability of various technology solutions, and weigh risks and benefits. Customers have multiple options and channels available to interact with GBS, including social media, mobile, apps, and tablet devices. Intuitive customer interfaces, powered by the latest in artificial intelligence and having structured and quality data, can quickly and visually assess business performance.



Talent & culture

So, what should the GBS talent and culture of tomorrow look like to enable reimaging of new operating models? A culture that fosters and rewards innovation and experimentation and one that puts the customer at the heart of any design and rewards team performance — in addition to individual performance — is a good start. It takes a different kind of talent, trained and skilled in deriving insights from data vs. transaction processing, predicting customer needs vs. waiting to be told, and changing the "hearts and minds" of its customers (internal and external). These GBS organizations are building highly collaborative and cross-functional groups teaming to deploy or redeploy talent irrespective of location and business. These groups serve as SWAT teams that can address key issues and implement change, which makes them the obvious hotbed for incubation of digital innovation.



Process & governance

Leading GBS organizations at the forefront of driving digital transformation have formal mechanisms in place to engage users/customers frequently in jointly identifying and validating business issues and priorities. They have formal mechanisms for governing their augmented human-digital workforce with near real-time performance measurement capabilities. And, they have tightly aligned partnerships between GBS, IT and the business units, with clear decision rights, enabling a remarkable view of their end-to-end processes, which are highly automated and standardized with rigorous continuous improvement and integration capabilities. It's also worth noticing that governance in high performing organizations is breaking traditional silos — with joint/matrix ownership of decisions and tighter cross-functional teaming becoming the norm — which in turn requires a fundamentally different talent and rewards model.



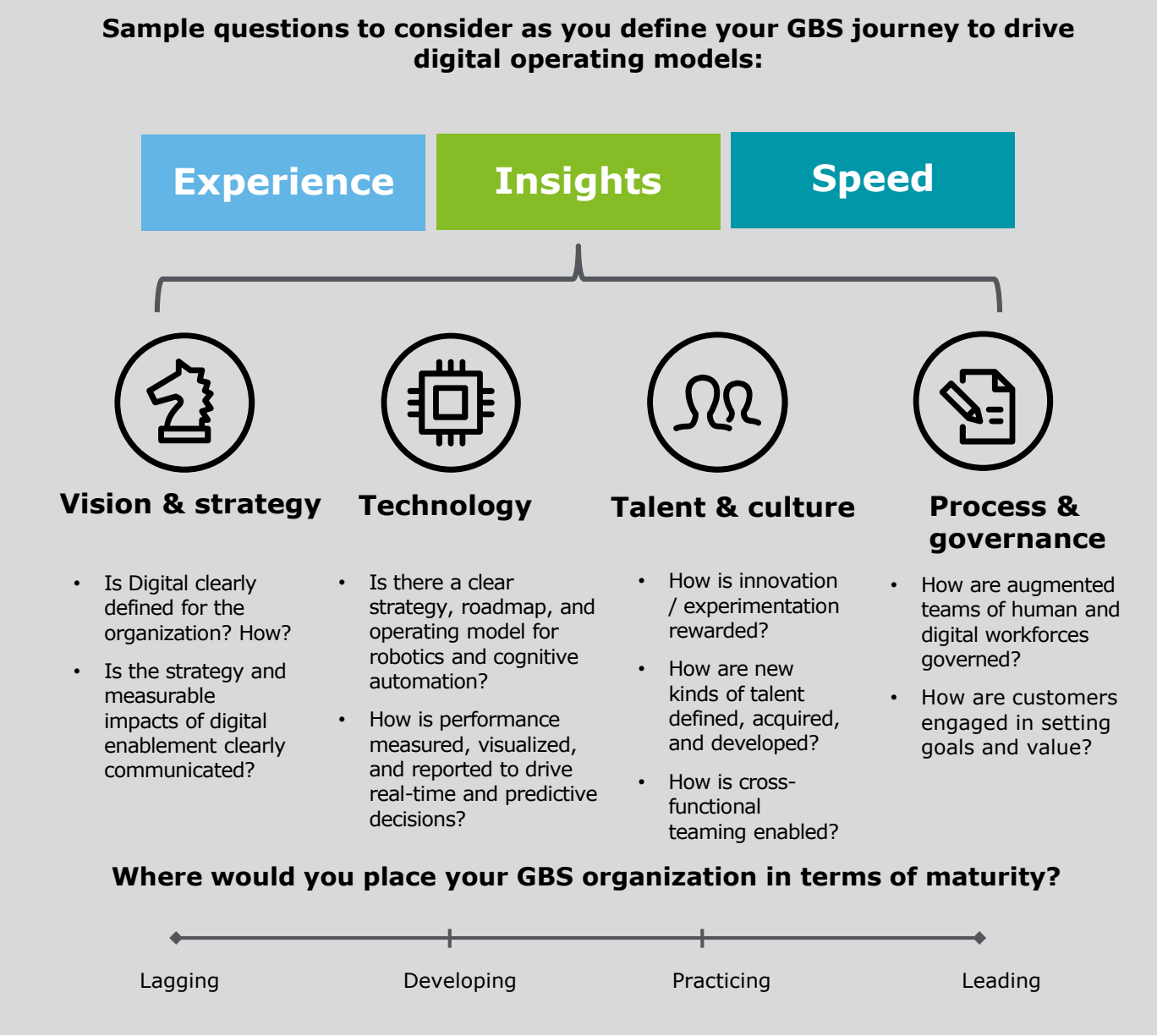
One size doesn't fit all. Finding out what's right for your organization must be the goal. Simply getting to the highest level of maturity on every single dimension may be unwise and costly.

What does the journey look like?

Becoming “digital” is about achieving a level of exponential connection that can shape or reshape every aspect of business and operations. It is both a challenge and an opportunity. **Leading GBS organizations are embracing the challenge as an opportunity.** They are being clear about the characteristics of the digital impact they need to create. By establishing the right enablers at the right level of maturity they will **ultimately create capacity to do “more with less,” and drive down operating costs to reinvest in growth.** Many are increasingly recognizing the unique value successful GBS models can bring in driving digital transformation across the enterprise. They are making fuller use of the breadth of data, talent, and processes they are already operating across multiple functions, regions, and businesses — becoming either a service provider or a central incubator of digital innovation to serve multiple parts of the enterprise.

Digitally-fueled operating models of the future can be made possible by high performing GBS organizations lowering operating costs to fuel and sustain growth. It’s a journey that requires answering some hard questions up front as part of a deliberate self-reflection. You must consider **where you are today and where you’d like to go across the four enablers of the three impact areas**, and this must align with your overall vision and strategy.

Contact us to learn how Deloitte’s comprehensive Digital GBS/Operating Model Maturity Assessment and in-person Labs can help you understand, identify, and plan your digital journey.



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