Shared Services – Digitalise Your Services

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By Michael Suska and Arne Weuster

With contributions from Florian Müller, Serhan Duman and Nadine Schad

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Preface

Nowadays, shared service centres (SSCs) are vital to every business strategy. The question of whether an SSC should be implemented has turned into a question of how to implement it in the best possible way. SSCs have a long history of development. They evolved from providers of transactional, highly repetitive accounting activities into multifunctional organisations with a global focus and additional functions, and are now shifting towards global business services (GBS), which involves the full integration of non-core business activities into one consistent and independent service organisation, with a specific focus on end-to-end processes. Now they are also expected to carry out not only transactional but also knowledge-intensive and highly sophisticated activities in order to create more value for the business.

However, this requires comprehensive use of the capacities available within the organisation. Therefore, SSCs are focusing more and more on digitalising their processes in order to free up capacities that are currently tied to transactional processes. The digitalisation of processes, which is supported by the continuous advances in automation and artificial intelligence (AI) technologies, enables SSCs to increase the efficiency, quality and control of their processes. But the trend of digitalisation and the movement towards GBS also entails new challenges in governance models and human resources in terms of the skills required from employees.

Accordingly, the focus of this study is not only on how SSCs operate, but also on how to tackle the existing and upcoming challenges faced by shared service centres so that they can become highly efficient and digitalised organisations. In addition, we will show the implications on the staff and the skills required for providing complex services supported by digital solutions. We will give you substantiated benchmarks that are based on the large number of responses to our survey and that are underpinned by a number of profound opinion pieces written by the respective PwC experts.

This study is the fifth in a series of biennial publications. The underlying survey was conducted from April to August 2018 and included respondents from a wide range of industries, collectively representing over 160 SSCs across the globe. This has enabled us to provide detailed information about the status quo and future developments of shared service centres and to evaluate their performance.

We would like to thank all of the companies, organisations and individuals, who took the time and effort to provide their extremely valuable input, as well as our global PwC network, who assisted our team in producing the survey.

We hope that you enjoy reading this report and gain insights that will be useful to you for the further development of your organisation.

Stuttgart, April 2019

Michael Suska
Partner
Stuttgart

Arne Weuster
Senior Manager
Essen

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List of Abbreviations

AI	Artificial intelligence
APAC	Asia Pacific
BPMS	Business process management system
CIP	Continuous improvement process
CoC	Centre of competence
ERP	Enterprise resource planning
F&A	Finance and accounting
FTE	Full-time equivalent
GBS	Global business services
GPO	Global process owner
HR	Human resources
KPI	Key performance indicator
OCR	Optical character recognition
PaaS	Platform as a service
R&D	Research and development
RPA	Robotic process automation
SaaS	Software as a service
SG&A	Selling, general and administrative expense
SLA	Service level agreement
SMAC	Social, mobile, analytics and the cloud
SSC	Shared service centre
TQM	Total quality management

A   Key findings

10 key findings from PwC's 2019 Global Survey *Shared Services – Digitalise Your Services*:

Knowledge-based processes are on the rise. Although transactional processes still reign supreme in shared service centres (SSCs), the adoption of more complex, knowledge-based processes has tended to increase over the years.

Functional scope continues to expand. In addition to standardisation and automation, the activities carried out by SSCs will continue to grow in number and complexity. The scope of SSCs is gradually shifting from traditional, single-function centres towards the GBS model. GBS are more than just a multifunctional shared service centre – it involves the full integration of non-core business activities into one consistent and independent service organisation, with a specific focus on end-to-end processes.

Lift-drop-change is the preferred migration approach. Statistically, most organisations opt for higher speed and lower risk by moving activities into an SSC as is, rather than trying to standardise processes and implement new systems at the same time. However, over the course of day-to-day business, we see that there is a tendency towards simultaneous implementation of systems, processes and SSCs.

Implementation of global business services (GBS) remains a strongly pursued target. While more and more organisations are establishing global shared service centres, digitalisation is a major obstacle. Dealing with two initiatives at the same time can be exhausting and therefore it is not surprising that exploiting their full potential poses a challenge for such organisations.

Automated processes. Shorter cycle times, higher quality and lower labour costs enable employees to focus on more value-adding and complex tasks. Automation results in enhanced productivity, service quality and customer satisfaction.

Robotic process automation (RPA) is a rapidly emerging technology that will make it possible to fully automate highly transactional tasks, reducing human interference and thus headcount and associated cost. RPA will create a fundamental shift in the operating models of SSCs, further increasing the potential for cost reduction and efficiency and creating a higher return on investment, while redefining the role of "humans" in routine transaction processing with a transition towards more strategic areas of the business.

Artificial intelligence (AI) is emerging further. A broader automation spectrum will enable automation of more complex activities via machine learning algorithms.

Increasing tendency for high labour-cost locations that are able to provide skilled labour for complex knowledge-based tasks.

Standardisation of processes, IT and organisational structures is essential for the success of a shared service organisation. The harmonisation of processes and the IT landscape is considered to be one of the biggest challenges when setting up an SSC. During the process of standardisation, embryonic SSCs focus on highly transactional and repetitive tasks, while mature SSCs seek to develop more advanced services that create more value.

Shared services go beyond cost reduction – they are increasingly taking on process management roles as they move towards GBS. As they become more sophisticated, they move away from traditional transactional tasks and towards innovation management and competence centres, providing more complex services for all headquarter functions, while the headquarter is becoming smaller and less focused on daily operations.

B Status quo and recent developments in shared services

1 Strategy

For the successful establishment of a shared service organisation, a solid strategy for transferring processes and services needs to be in place. The question of how to approach this transfer is a major issue and should be given due consideration, as it has a significant influence on the development of the future shared service organisation and its underlying service delivery model. In practice, we distinguish between the three most prominent implementation strategies. Organisations need to weigh up the advantages and disadvantages of each strategy in accordance with their respective targets.

Route 1 (lift-change-drop) – Non-standardised processes are standardised in one go and transferred at the same time into the SSC.

Route 2 (lift-drop-change) – Non-standardised processes are first transferred into the SSC before being standardised.

Route 3 (change-lift-drop) – Non-standardised processes are first standardised at the "old" locations before being transferred into the SSC.

Fig. 1 Implementation Strategy
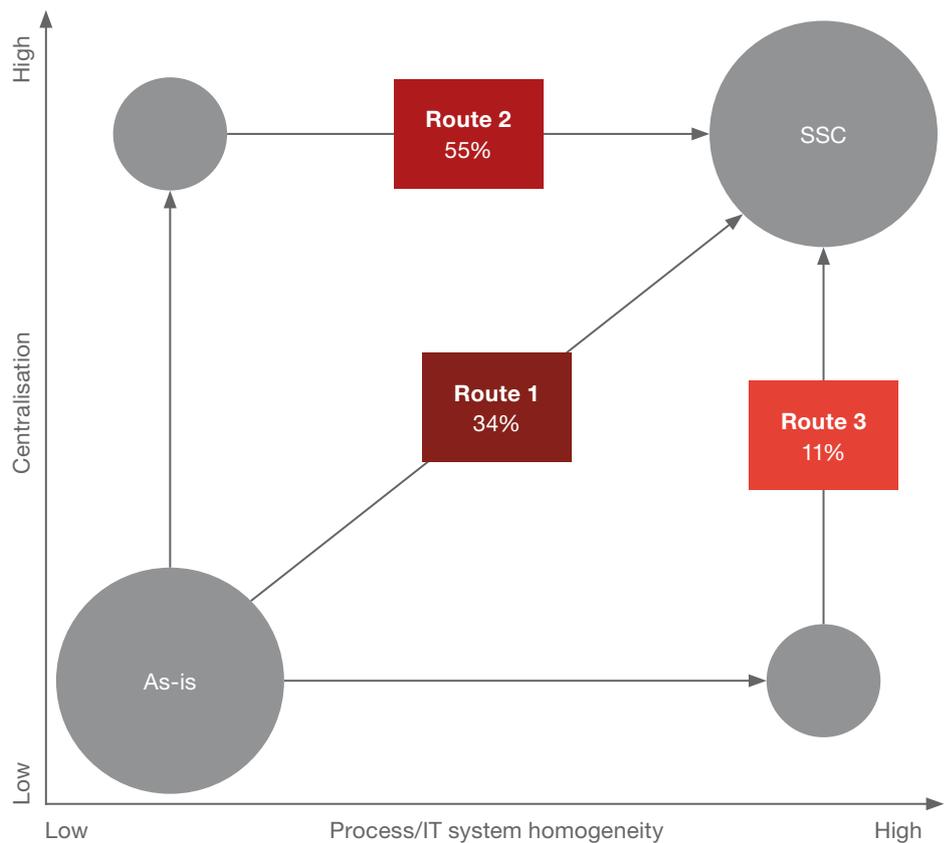
Fig. 2 Implementation Strategy by business function

	Accounting	Controlling	HR	Procurement	Sales	IT
Route 1	45%	18%	33%	31%	25%	33%
Route 2	45%	76%	50%	56%	58%	54%
Route 3	10%	6%	17%	13%	17%	13%

While there is no "right" or "wrong" strategy, this year's responses indicated a strong preference for route 2 – lift-drop-change – across all functions (Figure 1 & 2), reflecting the findings of our previous survey. Few organisations have adopted a radical approach that involves implementing new technologies and standardising processes at the same time during the transfer to SSCs.

Although standardised processes will reduce the overall transition time, initial efforts to perform these tasks in advance require a great deal of resources and effort, in particular when it comes to digitalisation services. However, route 2 allows organisations to move activities to SSCs as they are, while process and technology improvements are tackled later from a central perspective, which saves time and resources. Consequently, a dedicated team is able to increase automation and digitisation at a faster pace.

The survey reveals that organisations are expanding their SSCs in both width and depth, meaning that they are offering a broader scope of services and not only focusing on transactional activities but also knowledge-intensive tasks. However, this requires finding and training skilled employees. In order to attract suitable candidates and help staff meet the more stringent requirements, organisations are starting to build strong employer brands and identifying the required skillset in order to provide the appropriate training. However, retaining people can be far more challenging. Therefore, SSCs are offering clear career paths and flexible work arrangements.

Another important challenge is that of realising further efficiency potential. In order to achieve this, SSCs are implementing new and more efficient IT tools. Furthermore, by establishing and standardising end-to-end processes, they are paving the way for one of the most frequently mentioned initiatives for the upcoming years – digitalisation. Both standardisation and digitalisation play an important role in building global business services and in countering the rising cost and efficiency pressure. Streamlined and automated processes require less manual intervention. This frees up capacities so that employees can focus on knowledge-intensive processes in order to bring more value to the business.

Fig. 3   Most important initiatives for SSC in the next two years

Developing the organisation	• Establishing centres of expertise • Implementing a global business services
Building a powerful workforce	• Identifying required skills and providing appropriate training • Offering clear career paths • Providing flexible work arrangements • Creating a strong employer brand
Unlocking efficiency potentials	• Implementing new digitalisation and automation tools • Standardising and harmonising • Digitalising/automating processes and creating a digital culture

2 Movement towards GBS

Global business services or GBS – the integrated collation of service offerings for multiple back-office functions within an organisation on a global scale – is the most widely pursued of all service delivery models. However, this model is achievable only over a period of time.

Figure 4 shows organisations' strategy for the next five years. The results also reflect our previous findings and hypothesis. Outsourcing, insourcing and relocation of the SSC are given less importance, while standardisation, digitalisation and global business services are high on the agenda of SSCs today and in the near future.

According to our survey, with an average of 2%, insourcing has least significance in the upcoming years. With an average of 5%, businesses are more in favour of outsourcing them to a third party rather than performing them in the respective entity by insourcing. Organisations realise that providing a service in one location leads to better performance and higher quality due to the economies of scale and specialisation achieved. However, it appears that the decision on a location of an SSC once it is established does not last forever. On average, 6% of the responds consider relocating an SSC.

The figure also shows that organisations are much more interested in the enormous benefits that can be gained by focusing on standardisation, automation and GBS. According to the survey's results, standardisation is especially prominent in highly transactional tasks such as accounting, procurement and IT support. In order to further increase efficiency, organisations will focus on digitalisation initiatives in the next five years. Firms are also recognising that the traditional single-tower concept is becoming obsolete and that the multi-tower approach will eventually reach its limits, leading to an increased focus on GBS.

Fig. 4   SSC strategy for the next five years
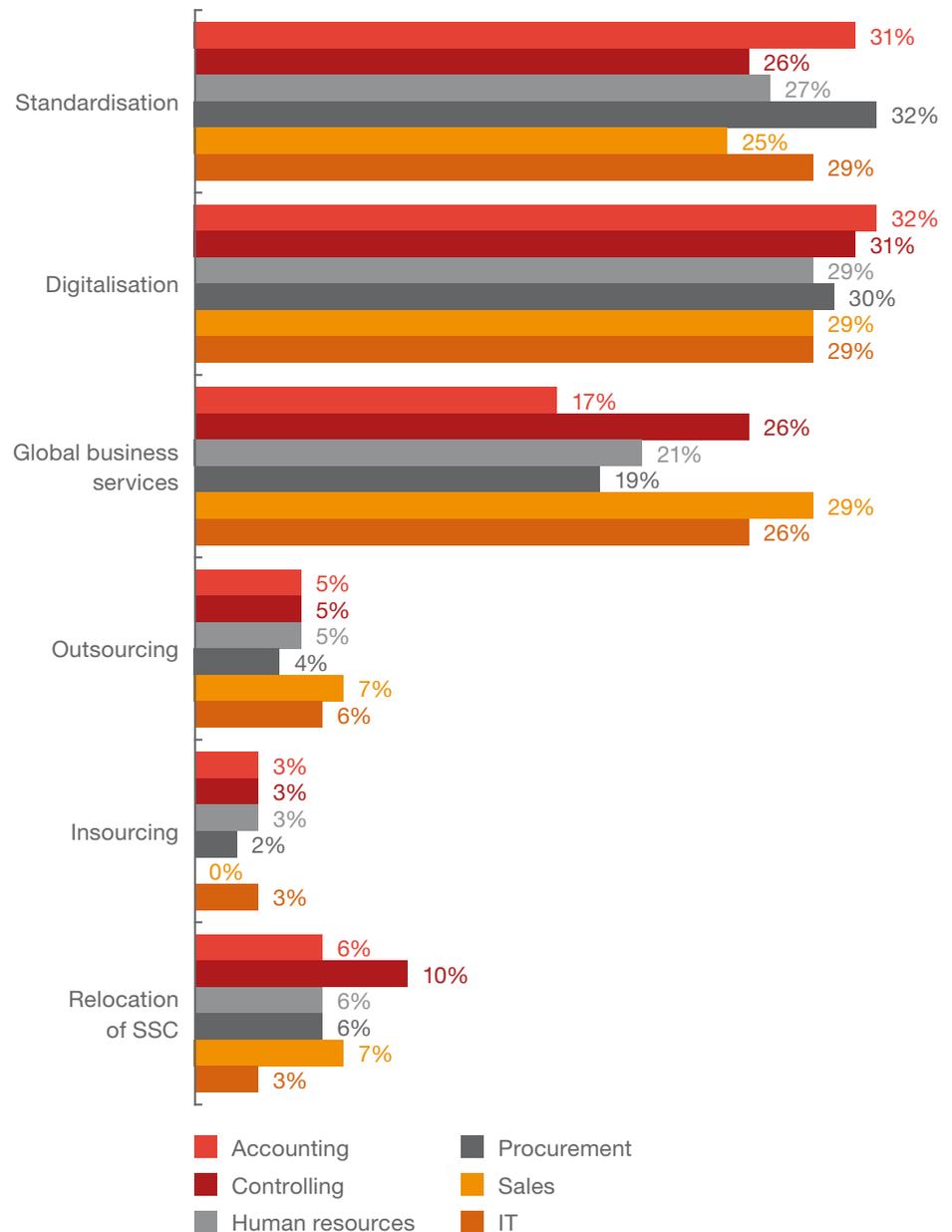
As more and more sophisticated services are being handled by SSCs, firms must rethink their organisational structure, aim for value creation beyond labour arbitrage and provide knowledge-based services by moving towards fully integrated global business services. With globally standardised end-to-end processes and governance models as well as a common IT infrastructure, GBS are able to provide high-quality services with unparalleled efficiency. In addition, designated global process owners with authority are able to push forward further standardisation, digitalisation and continuous improvement programmes.

The Global Business Services (GBS) Evolution

Overview

With the prospect of a weaker global economy, organisations are continuing to look for ways to reduce operating expenses, with many companies opting for shared services and outsourcing as solutions for achieving this. Even more conservative organisations have become more comfortable with offshoring transactional activities and outsourcing in order to become more efficient, and we have also seen an increase in near-shore centres of excellence for more complex areas of analytics. Traditional global business services (GBS) have used a lift-and-shift approach to achieve labour arbitrage in lower-cost locations (GBS 1.0). As organisations have matured, we have seen a move from multifunctional activities to today's more holistic end-to-end process lifecycle (GBS 2.0). As technology advances, the environment will quickly migrate towards GBS, which will become a true value-add business partner requiring more analytical as opposed to transactional skills (GBS 3.0).

End-to-end ownership

What the study highlights is that most leading organisations have some type of functional shared services or outsourcing in place, but many have yet to achieve the full end-to-end process lifecycle seen within a GBS organisation. While organisations have centralised activities, they have not fully standardised or optimised their respective processes or supporting systems, resulting in less than optimal performance in the centres. The study also highlights that most organisations have achieved their initial cost savings goal through labour arbitrage, but that many are not achieving optimal performance levels on account of disparate processes, systems and the underlying data. A GBS structure can help coordinate disparate efforts across an organisation better than the traditional lift-and-shift of multiple subfunctions (ie, supporting the end-to-end procure-to-pay cycle vs. mere vendor payments). Using new technologies such as Blockchain can facilitate the adoption of a centralised GBS structure in areas such as inter-company and maximises the benefits this brings. In addition, a broader GBS structure can help produce greater benefits across the organisation than individual functional silos using reporting and analytics. This starts with harnessing insights from cross-functional data in order to embed artificial intelligence into the organisation.

Digital talent pool

Trends show that tangible efforts are being made to shift from transactional processing to more value-add analytical areas, where digital upskilling is becoming pervasive across the organisation, including in GBS centres. Studies show that approximately 45% of today's workforce are millennials, who are incorporating automation into every aspect of their daily lives. However, studies also show that approximately 20% of the workforce are baby-boomers who are close to retirement. When combined with the higher rate of turnover among millennials, this could mean that approximately two-thirds of an organisation's resources may not be the same in two or three years' time. One way to mitigate the risk to business continuity is through automation. GBS organisations in many regions have leveraged these digital skills in order to survive, becoming a pool of talent to support the broader enterprise. Leading companies are increasingly recognising GBS as an integrated business partner and seeing the results through increased productivity in these centres.

Governance

Almost all organisations have embarked on some type of automation journey. However, what has become clear is that most choose speed over quality. Automation is occurring in multiple functions, often without a coordinated effort. In addition, many organisations have jumped in with both feet before testing the waters and have automated many activities that are not producing the predicted results. Given its core DNA, a GBS structure can help provide a foundational governance structure to help steer the organisation through this journey – supported by skilled talent on demand.

Performance measures

There is still a lack of performance measures tied to the right incentives for empowering individuals within GBS. In order to go beyond standard processes and common platforms for achieving greater automation, more than just digital skills and additional capacity are needed. The workforce of the future must have the talent to take an organisation to the next level of GBS, but a strong operating model between GBS and the business is also required to achieve optimal performance. GBS should be viewed as an internal outsource provider, with similar performance measures you would expect from any vendor an organisation would pay money to hire. Just as you need the skill and confidence to drive a race car, if employees are not engaged and rewarded for improving service levels, the GBS organisation you have invested significantly in will never get out of first gear.

Fig. 5   GBS operating model of the future

GBS **1.0** = Lift-and-shift for labour arbitrage

GBS **2.0** = Move from multi-functional to end-to-end processes

GBS **3.0** = Transformation into digital business partners

Create capacity in lower-cost locations to support additional areas

New focus on value-add activities from availability and granularity of data

Transformational

Talent on demand

Business partnering and analytics

GBS

Capacity

Upskilling

Digitised/outsourced transactional processing
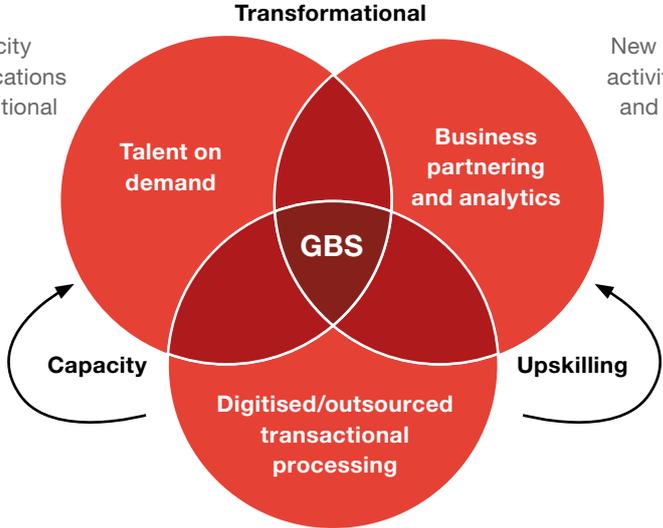
Traditional

Many traditional backoffice processes are now outsourced and/or automated

Why PwC
PwC provides comprehensive support through the entire GBS strategy-through-execution lifecycle. Our hope is that by helping create new digital skills and freeing up capacity, we can not only improve an organisation's bottom line, we can also improve the employee's work-life balance, so that society as a whole benefits.

William Gilet
Partner
Global Shared Services &
Outsourcing Network Leader
Boston MA, USA
Tel: +1 617 530-6298
Mobile: +1 978 8570555
william.gilet@pwc.com

3 Processes/services

Although accounting has consistently been the most prominent function of SSCs, interest in other functions has been rising: human resources (60%) and treasury/cash management (58%) have moved into the spotlight alongside IT, procurement and controlling compared to previous studies (Figure 6). This indicates that transactional processes remain the predominant type of work performed by SSCs.

In addition, two more SSC trends have emerged: services are becoming more sophisticated and the scope is expanding. As SSCs develop towards GBS, while at the same time digitalising their services, the number of complex, knowledge-based processes is rapidly increasing. This reflects the ever more sophisticated capabilities of today's shared service organisations.

SSCs must explore new options beyond transactional services, broadening their scope in order to create greater value. At the same time, they will become a valuable partner for decision-makers who are increasingly incorporating decision-support functions such as controlling and treasury, as shown in Figure 6. It is not surprising that organisations who are seeking to establish new SSCs are planning to include a broader scope of functions in their SSCs, aiming to transfer tasks more quickly, while providing the most sophisticated services.

Fig. 6   Overview of functions provided by SSC
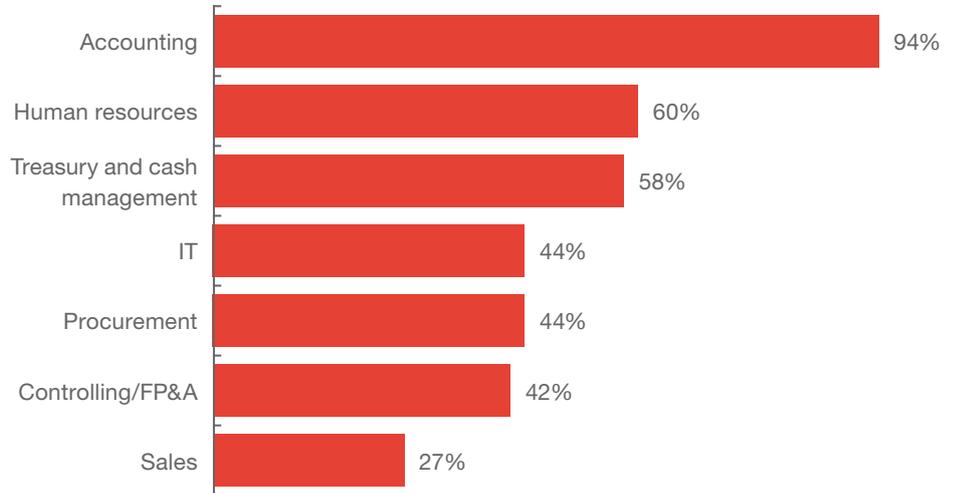
The survey asked all participants about the proportion of processes covered by SSC and those covered by the retained organisation for individual departments (Figure 7). Generally, the findings show that accounting and IT had the highest involvement of SSCs, with values of 71% and 55%, respectively. An equally high proportion of 55% for treasury indicates that some organisations have shifted their focus to more specialist services.

Fig. 7   Activity Split of processes covered by SSC
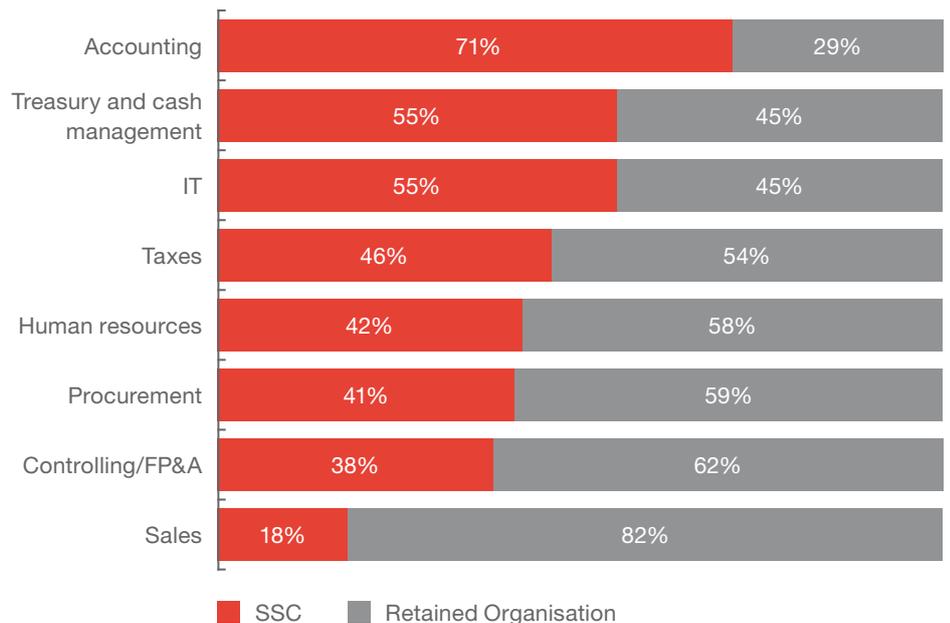
Organisations are increasingly adopting multifunctional centres: 75% of respondents report having an SSC providing more than two functions (Figure 8). The majority of organisations tend to include a broader scope and greater number of functions within their SSC, compared to a relatively small share of 25% with single functions.

Fig. 8   Number of functions provided by SSC

% of organisations

Functions	%
>3	56%
3	13%
2	6%
1	25%
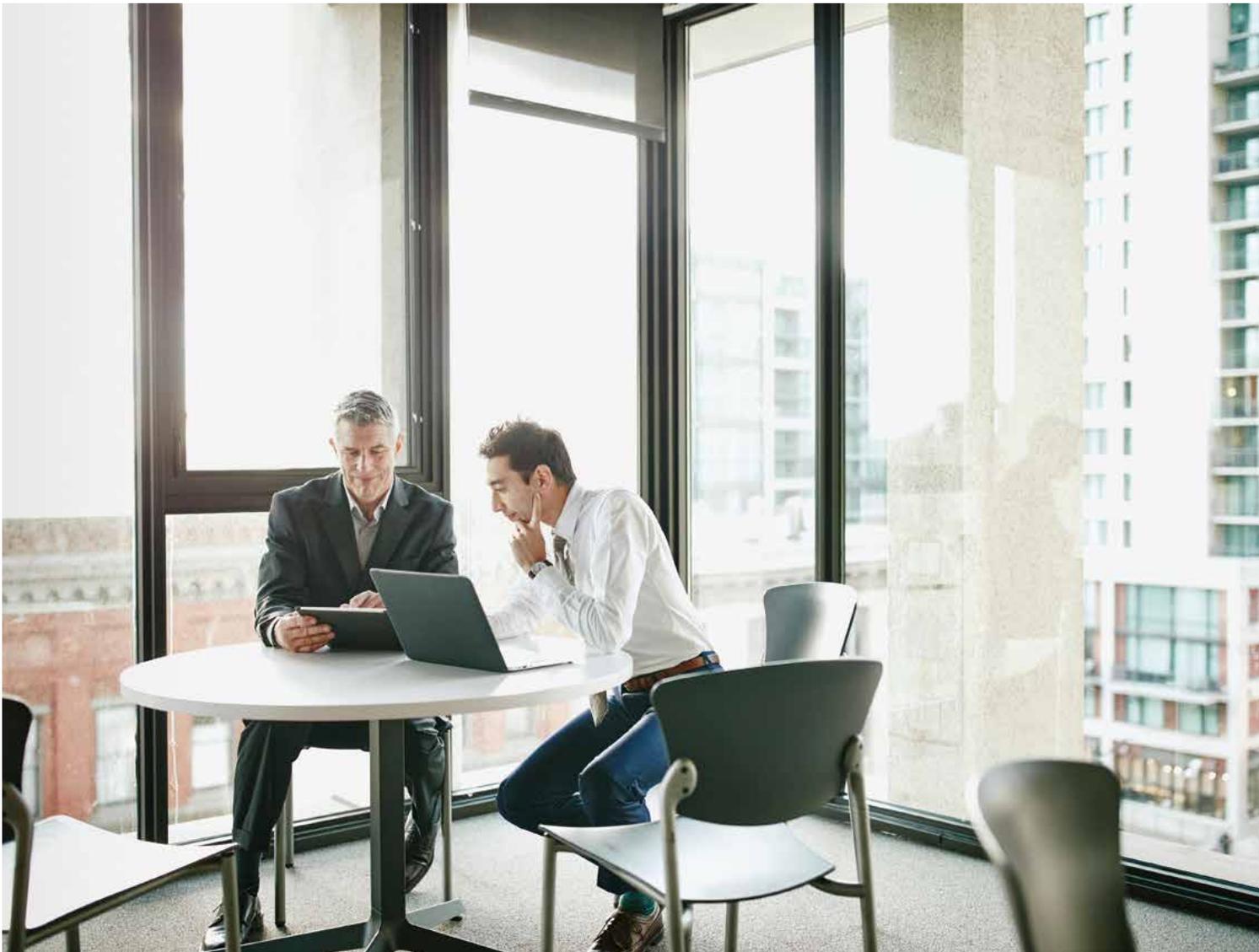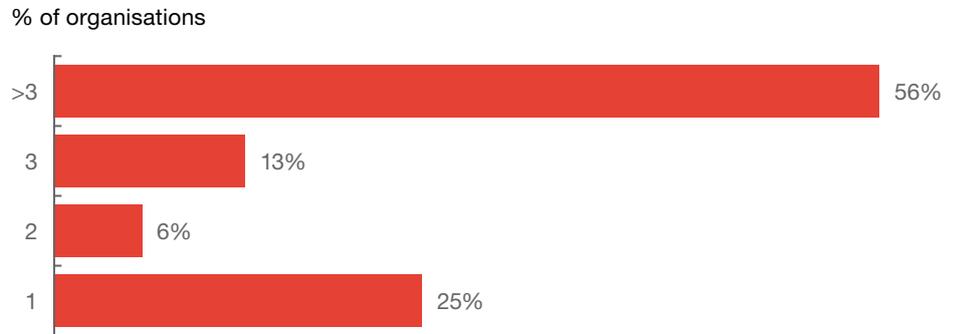
Why is procurement still reluctant about SSCs?

The fear of losing contact with the business

The standard operational buyer finds their day-to-day satisfaction in the way their firefighting "saves the company". This attitude largely stems from the lack of communication all the way from the requisitioner to the supplier. Procurement is usually asked to step in when things go wrong and especially when the needed goods and services are not delivered on time and in full. Of course, this attitude also stems from the fact that procurement is an easy scapegoat and sits just around the corner.

Although this is clearly not the right attitude, operational procurement very often admits to this and uses it as an excuse not to push for SSC concepts and requires very close connections with the requisitioner. And, in fact, off- and nearshore SSCs very often lose proximity to the customer because they are inflexible and opaque. Actual innovation is very hard to achieve due to the dependence on internal departments. Although procurement – with its repetitive, standardised and rules-based processes – is the perfect fit for SSCs, the scalability is often limited.

A standardised SSC requires a very structured approach in order to define each process step as well as the SLAs that are required to enhance the quality. The leading structural element for procurement is the product and service category. For each element, a very specific "plan for every part" needs to be outlined in detail. Only then will the SSC be able to evolve beyond firefighting mode and earn the right to be near- or offshored.

Once this has been established, the likelihood of actually losing contact with the business is very small and the SSC can become a real success.

Just waiting for technology to take over?

The words "repetitive", "standardised" and "rules-based" not only perfectly describe the processes that are ideal for SSCs, they would also appear in the ideal job description for RPA. The right approach is therefore to explore the possibility of moving directly along the automation path.

Although RPA solutions are still far from ideal, they are clearly a highly cost-efficient bridge technology that can be used until fully automated end-to-end solutions have been put in place. Very often, RPA can even substitute costly implementations of large-scale software solutions. RPA is already capable of providing effective help in managing a large number of interfaces that require manual work. However, in most cases, this only makes sense if most of this manual work is standardised and described in detail. The interim step of the SSC is a solid foundation to build on.

So, just waiting for the new digital tools to take over is not an option. Clearly the best and only option is to integrate procurement into the SSC landscape and start the implementation of RPA and other digital solutions – eg, AI and big data – in parallel.

Procurement will change significantly once certain functions have been transferred into an SSC, but it will not disappear. It still needs an internal overhaul to be ready for the digital transformation. If the bot-human relationship can be realised in the best possible way, the SSC will create fantastic new opportunities and enable procurement to focus on value creation.

Dr. Norbert F. Fischer
Partner
Frankfurt am Main, Germany
Mobile: +49 173 6872872
norbert-f.fischer@pwc.com

The following figures provide an
overview of the percentage of activity
share by each function.

Fig. 9   Activity Split – Accounting

% of companies
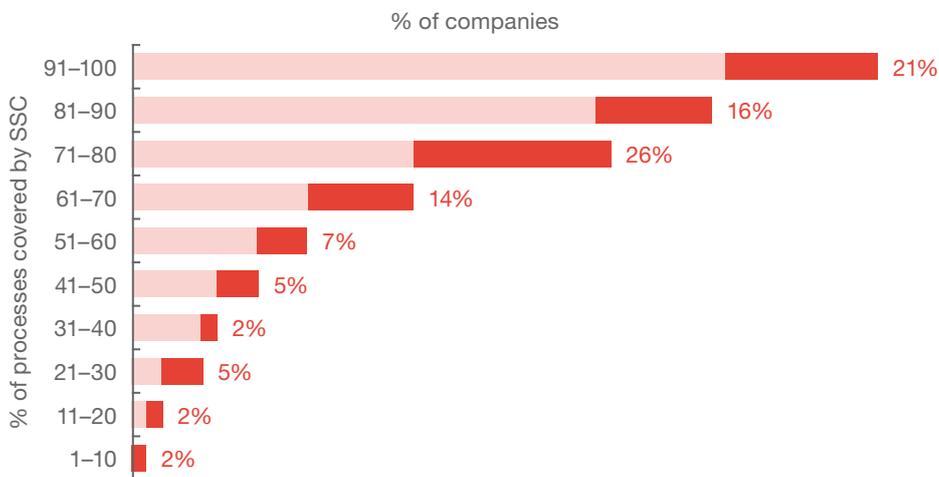
Fig. 10   Activity Split – Treasury and Cash Management

% of companies
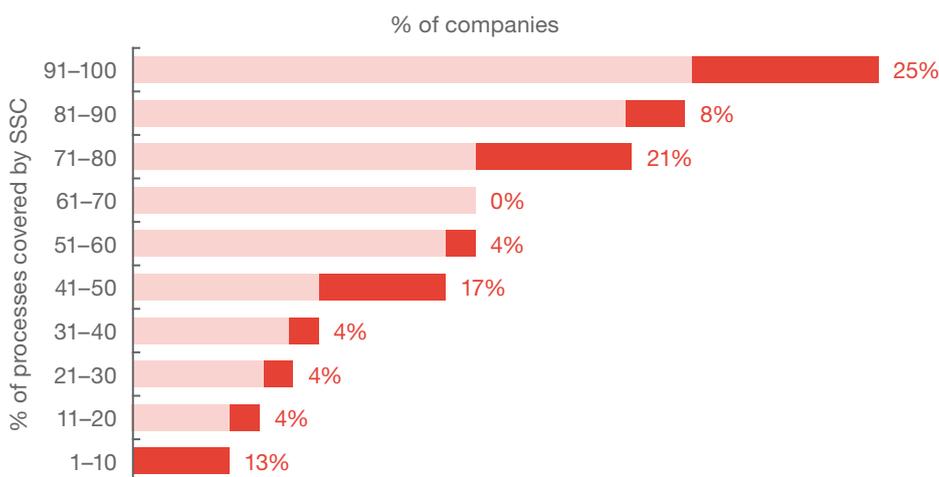
Fig. 11   Activity Split – IT

% of companies
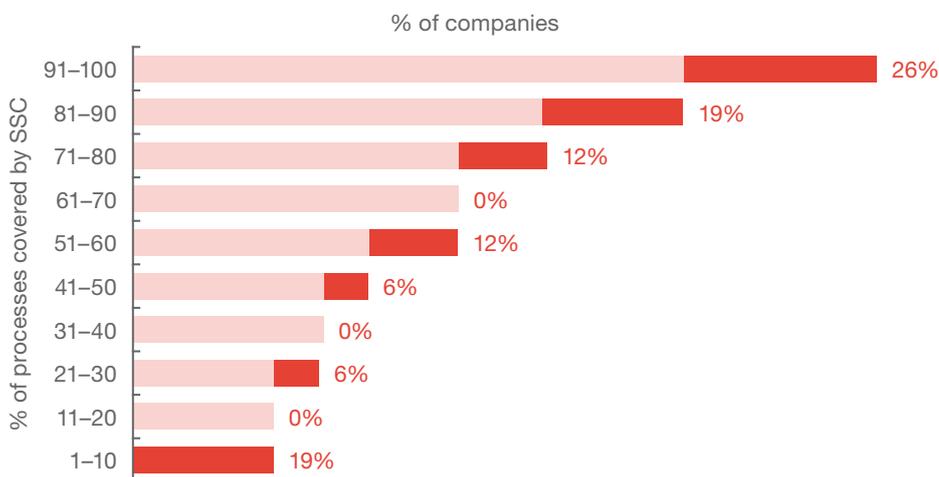
As shown in Figure 9, accounting is at an advanced stage in terms of bundling, as the majority of services have already been transferred to SSCs. ~80% of respondents indicate a share of higher than 60%. Figure 10 shows that half of the participants have moved more than half of treasury and cash management activities to an SSC to varying degrees. Instead of focusing on purely transactional tasks, shared service organisations are increasingly providing specialist services and exploring new ways to create more value for customers. Like accounting, IT services were among the first to be adopted by shared service organisations. Figure 11 indicates that the ~70% of participants have moved more than 50% of their IT services into SSCs. We expect this figure to increase in the future as more and more organisations adopt the GBS model, resulting in homogeneous IT landscapes that make it easier for SSCs to provide such services. Figure 12 shows the activity shares for tax, with organisations increasingly shifting transactional tasks into an SSC.

Fig. 12   Activity Split – Taxes

% of companies

% of processes covered by SSC

91–100	25%
81–90	0%
71–80	10%
61–70	0%
51–60	15%
41–50	20%
31–40	0%
21–30	5%
11–20	5%
1–10	20%
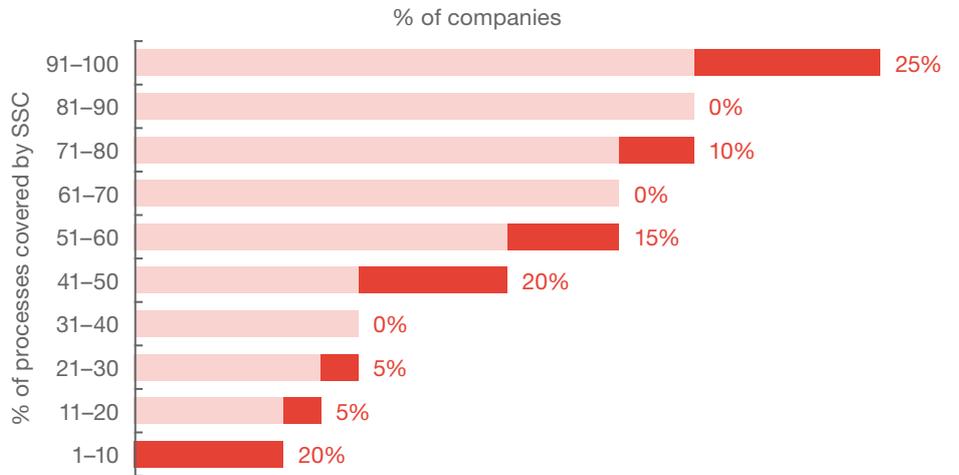
Fig. 13   Activity Split – Human Resources

% of companies

% of processes covered by SSC

91–100	8%
81–90	4%
71–80	4%
61–70	4%
51–60	16%
41–50	28%
31–40	4%
21–30	8%
11–20	4%
1–10	20%
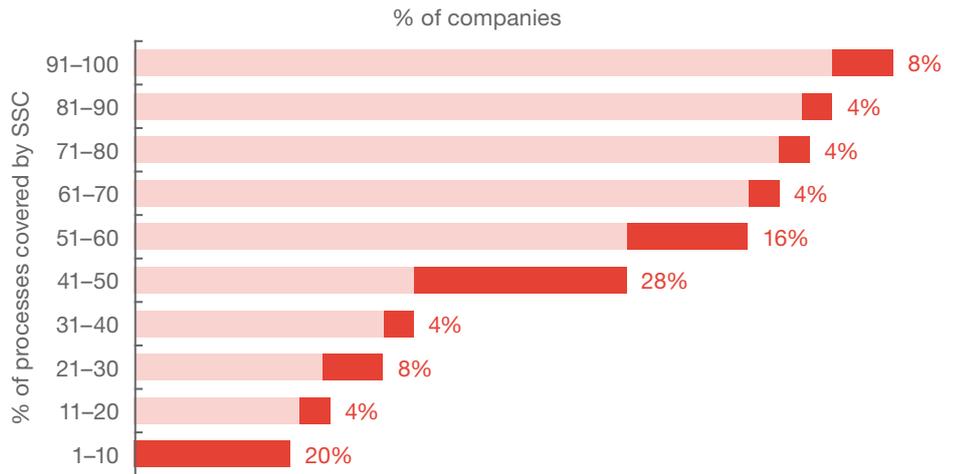
Fig. 14   Activity Split – Procurement

% of companies

% of processes covered by SSC

91–100	13%
81–90	0%
71–80	9%
61–70	9%
51–60	4%
41–50	13%
31–40	13%
21–30	9%
11–20	13%
1–10	17%
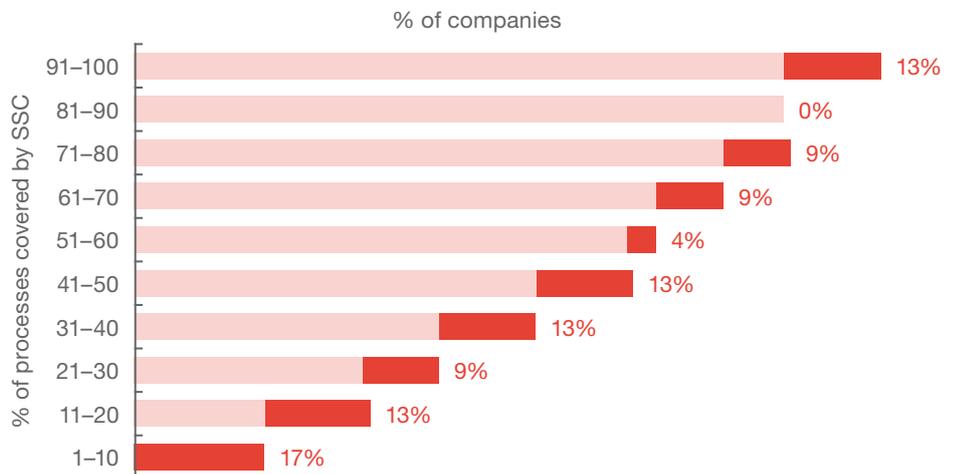
Fig. 15   Activity Split – Controlling/FP&A

% of companies

% of processes covered by SSC	% of companies
91–100	15%
81–90	5%
71–80	0%
61–70	5%
51–60	10%
41–50	30%
31–40	0%
21–30	0%
11–20	20%
1–10	15%
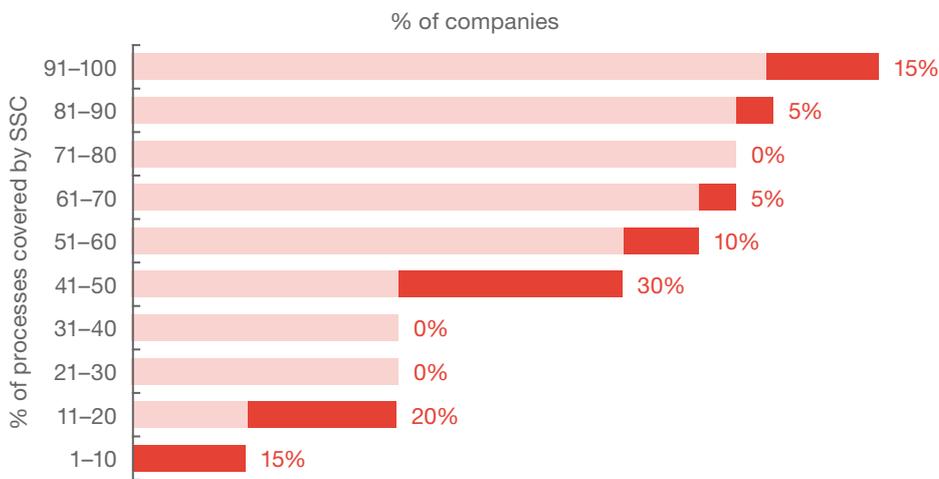
Fig. 16   Activity Split – Sales

% of companies

% of processes covered by SSC	% of companies
91–100	17%
81–90	0%
71–80	0%
61–70	0%
51–60	8%
41–50	0%
31–40	8%
21–30	8%
11–20	0%
1–10	59%
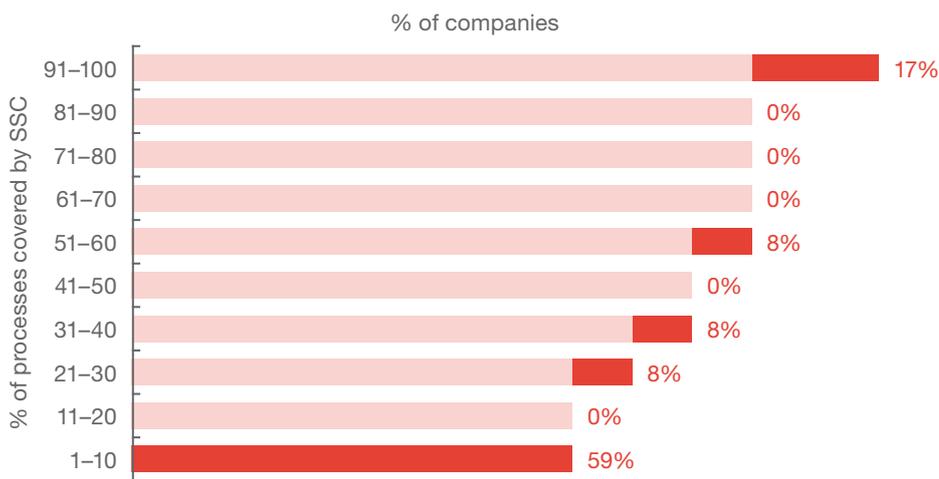
As shown in Figure 13, the majority of the respondents moved more than 40% of the HR tasks into SSCs. This share is expected to rise in the future with the increasing digitisation of services that do not require proximity to customers. In particular, shared services are increasingly taking over tasks that create more value, such as recruiting or talent management. Figure 14 shows a fairly even distribution of companies in terms of the level of SSC involvement in procurement activities. Most strategic activities remain within the local entities to varying extents, as core business tasks require immediate proximity. However, procurement offers high potential for SSCs as it involves a lot of repetitive tasks that can be standardised. Figure 15 shows the SSC activity shares for controlling. The findings indicate that about one third of the respondents have moved at least 50% of their activities to their shared service organisations. Figure 16 provides insights into current activity shares in sales. Overall, sales shares are very low with more than 59% of organisations indicating that only 0 to 10% of tasks are currently performed by an SSC.

Shared services purchasing – key to operational efficiency and procurement excellence

Purchasing functions are in the middle of a major transformation phase. While digitisation and lean operations strive for greater efficiency, current market conditions and the pace of innovation require new procurement strategies with integrated supplier networks. In order to fulfil these requirements and speed up the transformation process, procurement SSCs could be implemented, as they are a powerful tool for driving change in both dimensions – operational efficiency and procurement excellence.

Operational efficiency

Current technology-driven trends such as RPA and AI are already transforming today's operations and make it easy to automate standardised and repetitive processes. Although the potential of these solutions is enormous, purchasing functions struggle to identify the right processes for automation, as commodity specifics seem to jeopardise standardisation and with it automation options.

Through bundling of administrative tasks in an SSC, commodity specifics take a back seat as the focus shifts to specialised, task-oriented teams. In addition, the level of documentation needed for a successful transition breaks down process steps and outlines subjacent rules for decision-making within the purchasing processes. With the "lift-drop-change" approach, the as-is processes are transferred into the SSC including all commodity specifics and can be analysed from an overall perspective within the specialised teams. They can then decide whether a task truly needs to follow a commodity specific approach or is eligible for standardisation. The transparency gained is key to boosting digitisation and operational efficiency within purchasing processes.

Procurement excellence

Besides the administrational burden, purchasing agents currently face volatile and uncertain market conditions and have to keep up with rapid innovation cycles. In order to navigate through the complex procurement environment, they have to focus on a strong supplier network with a shift from a buyer-centric to a collaborative relationship, not only focusing on price but also on overall capabilities and co-creation opportunities. With the rapid innovation cycles, access to innovations can become a critical success factor for the entire company. Price-driven, tier-one supplier relations will not be sufficient for ensuring future prosperity.

Purchasing agents have to identify key commodities and partners and become relationship managers that strike a balance between internal and external needs while driving collaboration in these areas. Internal networks with business partners help to focus on the holistic value chain and define a common strategy for demands with the potential for differentiation or purely cost-driven parts. In addition to internal collaboration, purchasing agents can only be sure that they are working with leading suppliers and benefitting from their capabilities, innovations and networks beyond tier one if they have established a strong supplier relationship. With this transformation, procurement management becomes much more than "just" a means for ensuring supply of goods and services.

However, most purchasing organisations are not ready for this transformation – yet. Purchasing agents are stuck in operational tasks and firefighting when responding to market developments. Besides reducing the number of operational tasks by bundling them in an SSC in the interests of automation, establishing a centre of excellence (CoE) can help transform the entire purchasing function.

Within a CoE, highly skilled and experienced purchasing agents can handle complete commodities or end-to-end processes. All commodities and processes that do not require close collaboration with other business partners – such as engineering – are suitable candidates for a CoE. For example, indirect procurement – including the functional responsibility aspect thereof – can be handled entirely by a centralised CoE. CoEs are able to take over the entire function, not just administrative support and automated processes. In addition, data analytics tasks that use predictive analytics and market screening for new suppliers, innovations and technologies are other excellent examples of activities that can be done by a CoE.

CoEs help free up capacities so that local purchasing agents can focus on new projects, supplier relations and providing valuable insights for future purchasing developments.

Procurement target operating model

Bringing both dimensions together, the procurement target operating model will include core services within the local entities responsible for strategic purchasing and regional hubs as well as shared services for administrative support, monitoring of automated processes and centres of excellence.

Depending on the corporate structure, the core services are classified under strategic purchasing or regional hubs. Strategic purchasing is a central function which defines the long-term supplier and commodity strategy. Regional hubs are centrally steered on the basis of a lead-buying concept and mostly focus on securing production through cost and capacity management and developing future business through involvement in new projects and managing supplier relations.

Shared services can be subdivided into three focus areas:

1. **Administrative support**
   Administrative support covers all transactional and rule-based tasks and should include automation experts such as an RPA architect, as it holds the most potential for automation. Master data management is a typical example of an activity within administrative support.

2. **Monitoring of automated processes**
   Already established ERP solutions or individual add-ons offer a wide range of automated processes such as contract and catalogue call-offs or automated C-part orders. Nevertheless, these processes still have to be monitored to cover non-automatable transactions (exceptions) and prevent misuse.

3. **Centres of excellence**
   Within the CoE, specialised teams take over entire functions such as indirect purchasing or complete processes, eg, tooling management. They are not involved in a mere selection of subtasks, but are self-contained and responsible for the entire function or process.

The heads of core services and shared services are of equal ranking and both report to the chief procurement officer, reflecting the strong focus and increased functional responsibility of future shared services as a combination of administrative support, monitoring of automated processes and centres of excellence.

Fig. 17   Distribution of Procurement tasks between local function and SSC

Chief procurement officer			

Core services			Shared services			

Core services

Strategic purchasing		
Long-term supplier strategy	Strategic partnering	Commodity management

Regional hubs		
Strategic sourcing	New projects	Managing supplier relations
Change management	Capacity management	Cost management

Shared services

Administrative support			
Supplier onboarding	Master data management	Negotation support	Standard reporting

Monitor automated processes			
Contract call-Off	Catalogue call-Off	C-part management	Order distribution and archiving

Center of excellence			
B-part management	Tooling management	Indirect procurement	Analytics and market screening

Successful procurement SSCs are proof of the evolution from transactional to rule-based and knowledge-driven operations. Nevertheless, combining existing SSCs with centres of excellence and initiating the overall change process towards the procurement target operating model still offers huge potential.

Kristina Kompalla
Manager
Munich, Germany
Tel: +49 895790-6530
Mobile: +49 151 10473251
kristina.kompalla@pwc.com

Why not transfer some front office and commercial functions into a shared service centre?

Sales people, service managers and marketeers maintain a somewhat pointless distinction in many companies. Their functions are now so similar that the time is ripe for a radical solution: front office and commercial functions should merged under the responsibility of a "chief commercial officer". In addition, ongoing digitalisation creates opportunities to "shift and lift" sales, service and marketing processes into shared service centres or even outsource them.

Call for a chief commercial officer
The Bermuda Triangle is the fabled sea between Bermuda, Puerto Rico and Florida. Many salespeople from the construction industry, however, also know the term in a different context – namely as a triangle between architect, installer and distributor. In this Bermuda Triangle, as in the other, you can easily get lost – all know this from painful past experience.

For manufacturers of roof tiles, stoneware, doors, windows, gypsum boards, boilers, bathtubs, or the like, it is not enough to convince just an architect. Or just the craftsman. Or just the distributor. To be success, they need all three: the architect, who considers the products in his tenders; the installer, who will have to install them; and the distributor, who stocks them and supplies them at the right time. Sales associates may become desperate, because – even if the new high-gloss brochure from the marketing department appeals to the architect's taste – the requirements of the installer are very different. And the customer service team runs off their feet with all types of service requests.

A well-known leading German manufacturer of electronic installations has recently responded to this fundamental problem with remarkable determination – and the short-term view on sales, service requests and marketing tools has ended. Instead, the larger, but still medium-sized company simply consolidated the functional units and made four teams that are strictly geared towards the needs of individual customer groups: private end customers, residential construction, o commercial and industrial buildings and public buildings and infrastructure. So far, management çhas not regretted the decision – quite the opposite.

In fact, this example could become best practice far beyond the construction industry. After all, the commercial functions of sales, service and marketing have in recent years evolved in such a way that it becomes harder and harder to justify allowing them to continue as independent units (Figure 18). This is most definitely true in the B2C sector – and in e-commerce in particular. Because, if an online provider uses the bulk of his market information to achieve the best possible Google placement so that potential customers come to his site and shop there, is that still marketing? Or sales? Or service? Ultimately, it is all three.

Fig. 18   Commercial functions all centered around a unique customer experience

The logic of the internet does also apply to classic "offline companies". Even if you sell your products through a global sales network, digital channels today are major customer touch points of contact. The time of mass mailing and electronic product brochures is coming to an end. Algorithms now allow for a completely personalised approach to each individual customer – and that, too, is efficient and automated. Marketing is now taking place on the same level as sales. As a result, the most important structural boundary between sales, service and marketing begins to blur in all sectors, including B2B. My recommendation is therefore this: instead of artificially maintaining the separation, companies should finally do away with it.

Digitalisation and standardisation – drivers for commercial consolidation
For many firms, the uncoordinated cooperation between marketing, service and sales is a problem – especially as external forces are acting on them more than ever before. On the one hand, there is the digital revolution, which not only leads to a shift in purchasing behaviour to digital channels, but also an increase in automation of the sales network. On top of that is the growing gap between the requirements for modern sales and marketing staff and the qualifications and demands of many aspirants (key words "Generation Y" and "Generation Z") drive the wedge even deeper. At the same time, the traditionally distinct B2B and B2C models are merging as their customers are becoming more and more similar and increasingly digital professional.

Also, the need for digital interaction is quite different from what it was ten years ago. According to a PwC survey, as early as 2015, 73% of customers wanted a combination of traditional and digital communication channels for getting in touch with a company. It is thus not enough to be reachable by telephone, e-mail or live chat – the customer expects to be able to freely choose between all channels at any time and to switch back and forth seamlessly. It is becoming more and more important for companies to make the most of all customer contact. For example, search engines such as Google are now the first source of information for almost all end users and professional buyers. And about nine out of ten B2B buyers state that social media influences their buying behaviour and consult an internet forum before making a purchase decision – and increasingly share the experiences that they have had as a customer or buyer with a particular company. Just to make it absolutely clear, these figures apply to both private and professional buyers.

To meet the expectations of the modern customer, marketers, service and sales people must reorganise themselves around personas, customer journeys, and touchpoints operated via a contact centre and run centrally by a single Chief Sales, Chief Commercial, or Chief Sales & Marketing Officer (CSO, CCO, CSMO). This calls for standardisation, centralisation and harmonisation – trends which we have seen over the last three years at almost every company. And it pays off: in our last PwC Sales Radar survey from mid 2018, we analysed more than 1,500 German companies, and the results were very clear: companies that bundle their commercial operations under a CSO, CCO or CSMO have 8% more revenue and a 3% higher market share than their peer companies in the same industry and company size class (Figure 19).

Fig. 19   **Companies with one CSO, CCO or CSMO with higher revenue and market share**

CSO, CCO or CSMO

+8%
higher revenues

+3%-points
higher market share

Why not use a shared service centre?

The new commercial employees need new skills for the future. Ie, companies must constantly monitor their communities in social media in order to be able to respond to customer concerns at an early stage (social knowledge) and disseminate relevant content on a regular basis in order to influence potential customers proactively in their purchasing decision (knowledge exchange). Other important core themes are flexibility and customer experience. It is thus important to either directly help a customer, who voices a concern to the company, or at least convey said concern to the relevant department without delay. However, this requires sophisticated internal IT systems and excellently maintained customer data lakes, which employees need to have direct access to. As a result, the dialogue – and thus also the sale – is an integral part of the product (in-product communication). Only then can companies make the necessary transformation away from one-time general product advice to constant, personalised communication.

In fact, the individual, cross-channel customer approach is the benchmark against which sales and marketing must be measured. Many companies still have far to go in this respect, because CRM and ERP systems are only omnichannel-capable in a few companies. The majority of companies still struggles to move customer data through sales channels, in particular online and offline. Also, individual channels are often managed separately and pursue different objectives. There is a lack of technology and employee expertise for comprehensive customer consultation and a targeted conclusion of sales.

We do not believe that this problem will be remedied by further differentiating and redefining the roles of marketers and sales people, we rather need new methods that can be used as enablers for innovative and efficient solutions. These include, among other things, innovative tools and algorithms to predict customer behaviour. Another example are remote diagnostics tools, which signal a manufacturer issues with a product before the customer has it. We also need a

new type of employee, which we call the "commercial employee". In the medium term, she will replace classic marketing specialists as well as the traditional salesmen. The commercial employee combines big-data expertise with business knowledge and social-selling with value-selling skills. She is digitally and technically versed, a good multitasker, fast learner and team player.

Since most companies have issues integrating these people into their traditional sales organisation, they are shifting these employees to e-business units or new digital units. These units are expected to grow over the next three years. While the 1,500+ companies surveyed expect to grow by more than 3% p.a., all of them expect their sales rep, inside sales and customer service workforce to decrease by 1%. We think this figure is still too conservative – we expect a much stronger decrease in spite of growing revenues.

Fig. 20   Planned development in sales units

Percentage of sales staff around 12% on average – employee growth only in e-commerce with decrease of sales reps and inside sales

Distribution of sales staff

Ø percentage of overall employees

12%

23%	Customer service/inside sales
40%	Sales reps
6%	E-commerce
17%	Product and technical tpecialists
14%	Other

1,500+ companies

Function	Expected 3Y change
Customer service/inside sales	–1%
Sales reps	–1%
E-commerce	+8%
Product and technical specialists	+1%
Other	0%
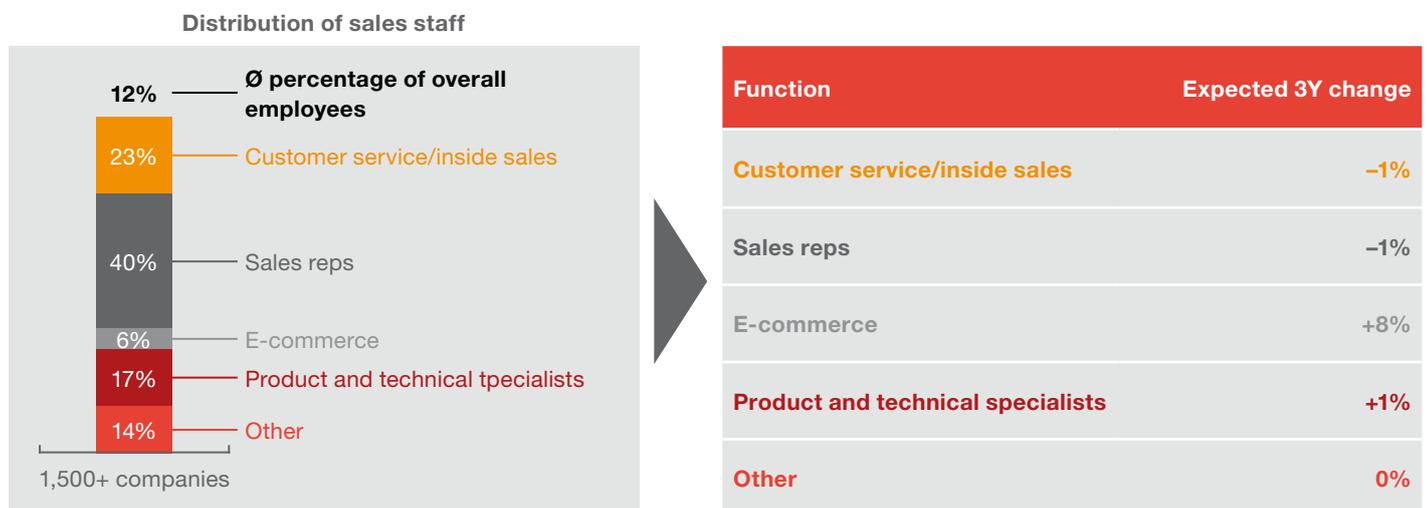
Commercial employees are increasingly hard to find, especially in Western countries. Solutions are:
• Harmonisation
• Centralisation
• Automation
• Centres of excellence
• Shared service centres
• Outsourcing

Unfortunately, none of these solutions are today really welcome in sales, service and marketing. Whereas customer service functions in more B2C areas such as airlines, banks, insurances, etc., have for a long time been concentrated in call and shared service centres, traditional and industrial, companies still have major issues with this. As our shared service centre study has shown, at least 20% of all sales, service and marketing activities could be done via a shared service centre. The status quo in Germany holds firm, with only 10% of 1,500+ companies polled having centralised inside sales and customer service activities in a shared service centre, and only 1% having outsourced some of the activities (Figure 21).

Conclusion
Companies whose success depends on sales, service and marketing should not delay in implementing the transformation outlined above – otherwise they will be overtaken by cheaper, faster and more digitalised competitors. So now, instead of giving you a ready-to-use roadmap, we would like to give you what we consider to be the most important advices:

Fig. 21   Insides sales/customer service organisation

Customer service and inside sales today are still mainly organised by product – and almost never outsourced

Customer service/inside sales

By product/categorie	35%
By country	29%
Globally centralised	29%
By regions	28%
In SSCs	10%
Oursourced	1%

How is your customer service/inside sales organised?

1. Focus more on customer segments and applications instead of products or regions
2. Analyse your customer base using "personas", "touchpoints" and "customer journeys"
3. Define activities for sales, service and marketing
4. Attract required commercial employees based on activities and frequency with which they are carried out
5. Analyse each activity in terms of its suitability for harmonisation, centralisation, automation, centres of excellence, shared service centres and outsourcing
6. Calculate business case

Prof. Dr. Nikolas Beutin
Partner
Customer Practice Leader Europe
Nuremberg, Germany
Tel: +49 89 5790-5926
Mobile: +49 151 62459745
nikolas.beutin@pwc.com

4 Process standardisation

Over the last couple of decades, organisations have implemented shared services and embraced outsourcing as operating models for reducing costs and enhancing customer experience. As already mentioned above, the standardisation of processes is a main element of the strategy when setting up an SSC. Since the very beginning, shared service organisations have been focusing on transactional processes with high potential for standardisation, such as accounting. These promise high efficiency gains and help to exploit the full potential of traditional single-tower SSCs. Nevertheless, with an average degree of standardisation of 61%, SSCs have not yet reached the threshold of optimisation potential, meaning that organisations today still have some way to go in terms of business process optimisation.

Due to the persistent pressure to increase efficiency and save costs, in particular, SSCs are taking steps towards digitalisation and artificial intelligence. Conventional front and back office employees still need to

perform many mundane, role-based and repetitive tasks in their day-to-day work. RPA involves deploying a virtual workforce that executes these defined tasks 24/7 without needing to change existing systems. Implemented within one or two months, RPA offers dramatic cost savings of up to 75% thanks to increased efficiency, quality and control of processes. Its investment recovery period is as short as six to nine months and provides reasons for SSCs to reach higher levels of cost and FTE saving targets, as shown in Figures 24 and 25.

However, it is important to bear in mind that saving costs by reducing the number of FTEs is not the sole purpose of automation. Robots are not only programmed to operate independently to execute end-to-end transactions, but also to work alongside employees to expedite processes and ensure compliance. In particular, as shared service centres move towards fully integrated GBS, automation is gaining a lot of traction. Global shared services are required to provide a greater range of functions

in their services than traditional shared service centres and in so doing deliver more value for the core business. Hence, process automation means that human capacities can be diverted from transactional activities to activities that add value. However, in spite of the necessity and obvious benefits of RPA, the implementation process appears to be lengthy. Participants in this year's survey aim to implement automated processes to an average degree of 64%, while only reaching an actual average degree of 35%, which means that there is still plenty of room for further efficiency improvements.

Nevertheless, the importance of standardisation cannot be understated. Besides artificial intelligence, RPA is most effective at performing definable, rule-based and highly repetitive tasks that are labour-intensive. Therefore, a high level of process standardisation with little variability as well as clearly defined rules and strategies is essential for exploiting the full potential of RPA.

Fig. 22   Degree of standardisation and automation

	actual degree	target degree
61%	**35%**	**64%**
degree of standardisation	degree of automation	
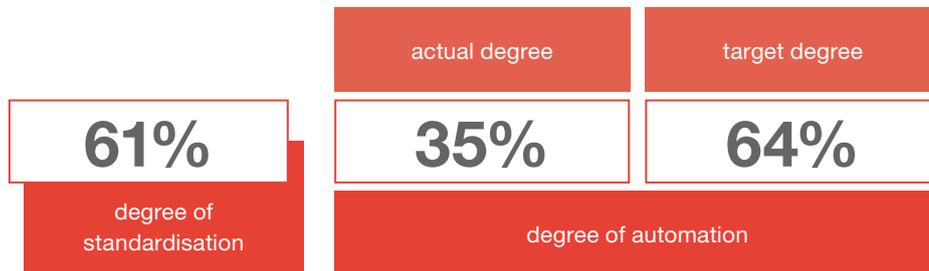
However, an important prerequisite for standardisation initiatives is the comprehensive documentation of processes. By doing this, processes can be analysed in detail and streamlined. In addition, documentation can serve as a guideline for preventing human errors during process handling. Our survey shows that only small investments for specific tools are required in order to effectively document processes. 75% of the respondents indicated that they are using Microsoft Word, making it the leading tool for documenting processes. Another common tool is Microsoft Visio. In general, the survey's findings show that firms often choose a combination of Microsoft programmes to document their processes – ie, one tool is used to document the processes and a different tool serves to describe the processes.

5 Transition time

The strategy chosen for transferring processes and services to the SSC has a great impact on the overall transition time. Figure 23 shows the transition time of this year's survey in months.

The results show that for 56% of participants, the transition takes between two and six months, while 23% stated that it can take more than six months and 21% indicated that they needed less time to transfer their processes. Further investigation reveals that organisations using the "lift-drop-change" approach, in particular, achieve shorter transition periods. Organisations using either of the other two strategies are spread across all time ranges. It is important to note that the results do not provide any indication of a desired target transition time. The duration of transfer of services and processes to an SSC is very much dependent on various factors, such as size of the respective entity, complexity of services and required inputs/resources.

**Fig. 23   Average duration of transition to SSC measured in months**
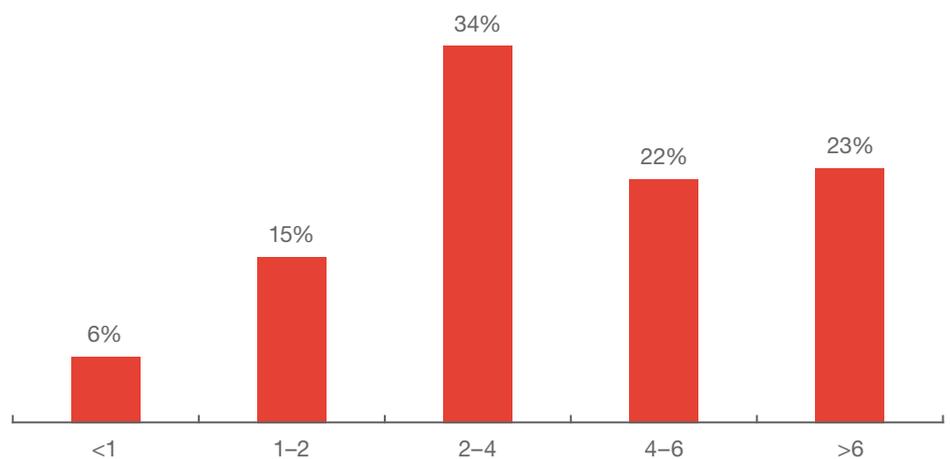
6 Efficiency

Organisations' main motivation for implementing shared service organisations is FTE reduction and the corresponding cost savings. We asked the participants of this year's study to provide details about their anticipated savings in the initial business case (Figure 24).

Fig. 24   Comparison of planned and actual FTE reduction in the initial business case

- Anticipated   Actual
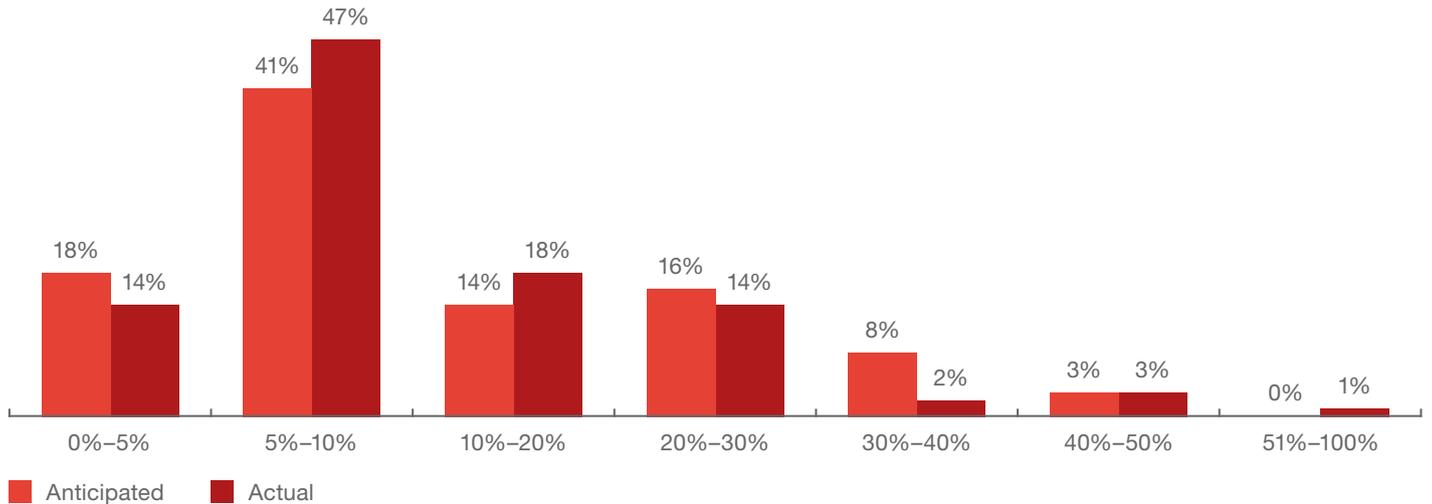
Bundling services into an SSC produces synergistic effects, including capacity reductions and thus further cost advantages. Figure 24 reveals three interesting facts. Firstly, it shows that participants have realistic expectations regarding FTE savings. Secondly, the results demonstrate that savings of up to 30% are achievable, with some participants achieving even higher savings. Thirdly, with the increasing digitisation of services, one would expect this year's figures to be higher compared to our previous study. However, this year's results show only slight improvements, indicating that the positive effects of digitalisation will take more time to become fully visible due to the required standardisation of services. Because digitalisation is gathering momentum, SSCs can provide more complex and sophisticated services. As such, the high levels of investment required for technology and for hiring skilled staff explains why a small share of participants were not able to meet their anticipated targets (Figure 24).

Fig. 25   Share of individual FTE reduction target achievement

Figure 25 shows that 93% of organisations were able to achieve their individual FTE targets, and 3% were even able to exceed their anticipated business case targets, which proves that organisations set achievable FTE targets.

Benchmarking shared services

Just as athletes competing for gold compare each other's track record, companies also find themselves in a position of rivalry and want to know who the reigning champion is and how they measure up against their peers. The desire to do so is hardwired in our DNA and, in this regard, benchmarking is nothing new. However, what is new is the importance attached to it and the sophistication of methods and tools with which it is conducted. While many organisations are seeking publicly available information in order to compare themselves with others, the importance of understanding where they are ahead or lag behind compared to their peers is leading to a rapidly growing demand for customised information and professional benchmarking services. The increasing pace of change in the organisation's environment – such as the digital transformation, regulatory pronouncements and new industry standards – further reinforce this development.

What is benchmarking really for?
Benchmarking creates a deeper understanding of an industry environment and helps gain important insights with data-driven performance metrics. These insights provide organisations with data on how they measure up against their peers in key performance metrics across such areas as operational and process excellence, product innovation and workforce planning.

With the digital era blazing its trail, the application of analytics technologies, tools, techniques and talent to evaluate benchmark data, dry facts and figures can be used to gain strategic insights that solve complex business problems.

What is important to organisations?
Although every organisation is unique, on an aggregated level, they all share certain characteristics (eg, organisational structure, processes, costs, etc.) that make them comparable. And the comparison yields a greater wealth of insights the more similar the subjects of comparison are. As such, organisations require benchmarking that consists of a peer group within the same industry and in the same weight category as well as up-to-date data in order to:

In so doing, firms are not only recognising that their circle of immediate peers is of major importance, but also that there are clusters around those immediate peers, with firms that share similar strategies or product segments from which they can learn.

What is PwC's point of view?
Benchmarking is a strategic review that uses data and qualitative evidence (eg, selected interviews) to identify current performance and opportunities whilst giving a preliminary answer to questions such as:
- How can we align ourselves with the business to provide an effective performance management and challenge mechanism?
- What initiatives should be undertaken to improve the efficiency and effectiveness of the function processes?
- How can we ensure an appropriate balance of robust controls without constraining the business?

Fig. 26   What organisations expect from customised benchmarks

… review competitive-ness to evaluate their service offerings with a focus on cost comparison	… enable a data-driven identification of processes and areas with optimisation potentials	… formulate relevant measures as an answer to those optimisation potentials

The assessment is aimed at comparing one's current performance with that of peers and highlighting improvement opportunities, and can be conducted to a high standard for all functions and/or within the scope of a more detailed "deep dive" into a particular function. In so doing, it is advisable to consider all relevant components of a process, ie, organisation, people and technology (Figure 27). As such, benchmarking makes it possible to come to a fact-based and meaningful conclusion relatively quickly about whether or not an organisation is efficient in certain areas or procedures. Following this, recommendations are drawn up based on the leading practices observed in top performers.

Notably, in the context of an increasing focus on benchmarking, organisations have a growing interest in national and international support for specific benchmarking projects, among other things, in order to gain an initial and very broad overview of their performance compared to their peers.

What does PwC recommend?
It is important to acknowledge that there is no "one-size-fits-all" solution. The metrics used for the benchmark, ie, volumes, costs and cost drivers, are merely starting points for determining optimisation potential. Quantitative benchmarking results should always be validated and investigated using selected structured qualitative interviews based on standardised guidelines. With this approach, an unfair "apples vs oranges" comparison can be prevented and the reasons for deviations in performance relative to peers can be identified – it can usually be attributed to the absence of best practices already established by competitors. The results of the assessment can then be used to help define the future operating model and the appropriate roadmap.

Fig. 27   PwC's financial assessment triangle

Business insight
How can we align ourselves with the business to provide an effective performance management and challenge mechanism?

Do we have the right operating model to partner with the business?

Do we have the right mix of talent and capabilities?

How well do I leverage technology?

Compliance and control
How can we ensure an appropriate balance of robust controls without constraining the business?

Efficiency
What initiatives should be undertaken to improve the efficiency and effectiveness of the function processes?

Fig. 28   Volumes, costs and cost drivers are starting points for optimisation

Quantitative benchmarking

Clearly defined and structured benchmarking – keeping the data gathering effort to a minimum

How much – Volumes and cost comparison – Where do I stand in perspective?

What – KPIs that offer valuable business insights

Where – Concrete hints regarding cost drivers/unused automation etc.

Qualitative benchmarking

Structured approach to undestand the organisational setup and design of procedures through selective interviews

Who is responsible for what (organisational integration)?

How are the processes set-up?

Which initiatives will have an impact on the current accounting function?

The benefit of benchmarking – learning from best practices – is its ability to support businesses by helping them to investigate and outline their organisational performance. Besides purely financial information, benchmarking can also put business processes such as production workflows, management techniques and products under the spotlight. In doing so, it helps organisations not only to identify their weak points but also to reveal their blind spots. However, benchmarking is not a one-time event! Just like athletes who have to keep themselves fit and strong to compete successfully, organisations must continuously improve their processes on the basis of a holistic benchmark approach in order to transform a business sustainably – because only when you know where you stand in relation to your peers can you know what to do in order to get there!

Christiane Mänz
Senior Manager
Dusseldorf, Germany
Tel: +49 211 981-5256
Mobile: +49 160 97297913
christiane.maenz@pwc.com

C Digitalisation

Automation lessons from the journey

Automation in shared services has become a very popular topic, with most shared services in the Australia/ New Zealand region having undergone some form of automation, mostly starting with RPA. The following list expounds the top five lessons learned from our automation journey with clients over the last few years:

1. RPA is the entry point not the end game
The many organisations that have implemented RPA have seen that the power of automation lies in its ability to combine automation technologies. RPA helps them achieve task-based automation of repeatable processes, but being able to combine it with natural language processing, handwriting recognition or chatbots is where the value of automation becomes exponential.

2. The need for a proof of concept is dead – the concept has been proven
Few organisations now using RPA are exploring proofs of concept. The concept of RPA has been proven, the technology works and it is capable of automating processes. The key point to be proven is value. How do you use automation to generate value for the organisation, be it financial, customer, assurance or other?

3. Scaling is still a challenge for many
Moving beyond a pilot or automation within a certain area is still a challenge for many organisations. How do you move from automation of a few processes to automation on a shared-service or enterprise scale? Greater investment is required, as is capability building. Is the appetite there to go two feet in and invest in the infrastructure and training to make this a core capability and way of working? For many, it is a more gradual process of automating smaller parts and building up the book of work, capability and learnings.

4. Developing good operational disciplines is still one of the biggest challenges for automation
Automation works well on standardised, well documented processes. However, many shared services or organisations do not have these operational disciplines in place to the level where automation thrives. This means many RPA programmes can very quickly turn into a lean or operational excellence exercises. This can increase timelines and costs as focus is diverted to creating an environment that is ready for automation rather than the automation itself.

5. The need for methodology and capability is important
In the earlier days of RPA when proofs of concept were being developed, proving that the technology works and that a process can be automated often involved little methodology or structure. Development skills was all that was required. Now, however, in order to bring the organisation up to speed, automation disciplines must be put in place using methodologies and frameworks. These are usually developed or implemented with contributions from IT, risk, change and HR. Once in place, they ensure that the automation process works with the organisation rather than against it.

Paul Jasniach
Director
Finance & Business Transformation Leader
Melbourne, Australia
Mobile: +61 429 071255
paul.jasniach@pwc.com

As evidenced throughout this study, many organisations have established various forms of shared service organisation, ranging from single-tower to multi-tower SSCs, with an increasing number pursuing the GBS model. This allows them to achieve their cost saving targets and drive forward any standardisation and corresponding digitalisation initiatives, while improving the overall quality of services.

Digitalising their services and technologies allows organisations to accelerate towards their ultimate target. Exploring emerging digital technologies enables SSCs to deliver more complex, value-adding activities and at the same time enhance relationships with

suppliers and customers, which was also identified as a top challenge for the next two years to "gain trust and acceptance throughout the organisation", while increasing "transparency between business and SSC" as well as collaboration and communication.

Fig. 29   Tools in use for process automation in SSC
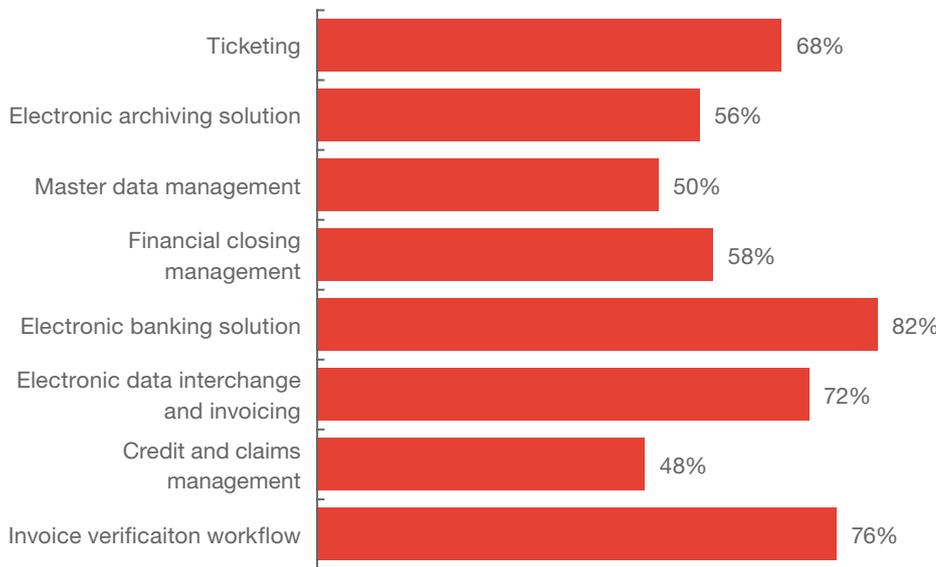
We therefore asked the participants of this year's study to identify the tools they prefer to use for digitalising their services. Generally, the results of SSC respondents indicate that a wide range of tools are used to varying extents when automating services. The electronic banking solution was perceived to be of significant importance by 82% of SSC respondents, while over 76% of participants indicated invoice verification workflow and electronic data interchange as valuable tools. 68% of SSC respondents also consider ticketing, followed by master data and financial closing management, as important initiatives. Overall, the findings indicate that all participants are in the process of digitalising their services.

**Fig. 30   Digitalisation initiatives implemented in SSC organisation**
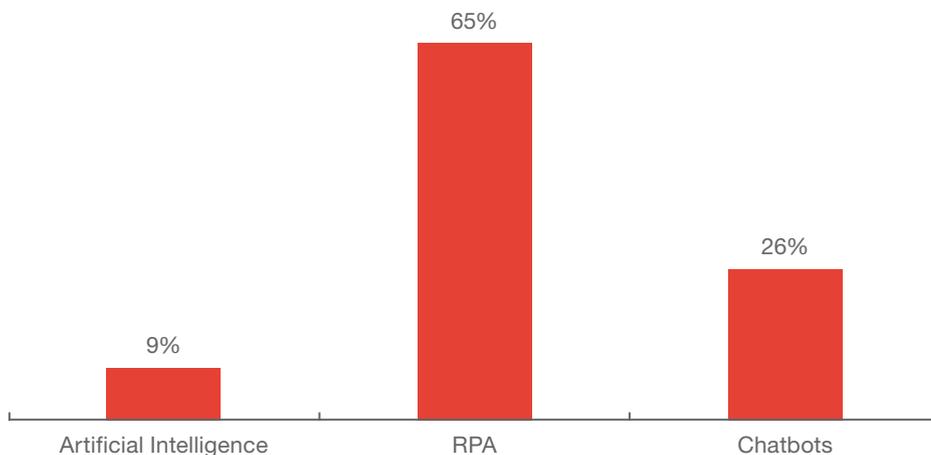
Figure 30 shows which emerging digitalisation initiatives are currently most widely used in the shared services industry to leverage automation potential. 65% of our participants indicated that they use RPA, while 26% claimed to use chatbots and 9% of respondents indicated that they adopted AI to automate their services.

Fig. 31   Artificial Intelligence

Cost
17%

Quality
33%

Time
50%
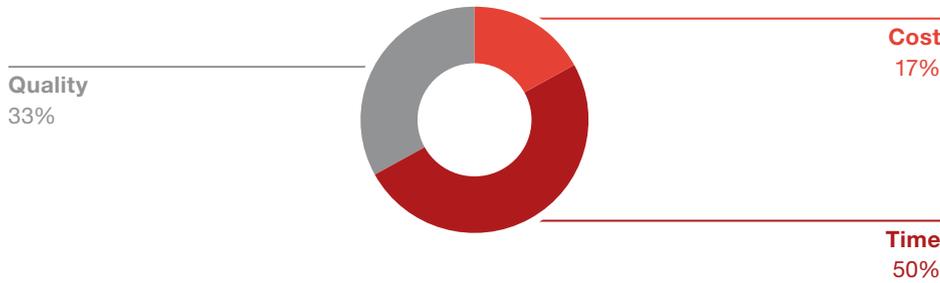
As a cognitive framework used to develop insights, applying learning from experience based on digital algorithms to execute processes and provide guidance for human interaction, AI is perceived to be at the top of the automation spectrum. It takes over certain tasks traditionally performed by humans or assists them in their existing tasks, leveraging overall process efficiency, helping to do them faster, better and cheaper using machine learning algorithms. These algorithms have the capability to transform detailed data into predictive models that provide new insights, while speeding up the decision-making process. The survey asked our respondents what benefits they obtained from AI: 50% noted a significant time reduction, 33% identified increased quality of services and 17% reported cost reductions (Figure 31).

Fig. 32   Robotic Process Automation

Quality
27%

Cost
33%

Time
40%

RPA is a type of software that works at the user interface level by replicating the actions a human user would take without changing any underlying systems or technologies. It is programmed to perform previously manual, time-consuming, rule-based and repetitive tasks at a lower cost than any other automation solution. The key benefit of RPA is an increase in quality and compliance, as the quality of outputs is increased without any need for rework due to lack of human error. 27% of organisations that deployed RPA to automate their services experienced similar benefits (Figure 32).

Furthermore, employee satisfaction is increased as they can focus on tasks like reviews, exception management and analysis. Another benefit of RPA is the shift to tasks that create more value, as high-volume, repetitive and manual tasks are replaced by analysis tasks. In general, time and thus cost reductions are seen as the main benefit, as overall operating costs are a fraction of those of an offshore full-time equivalent (Figure 32).
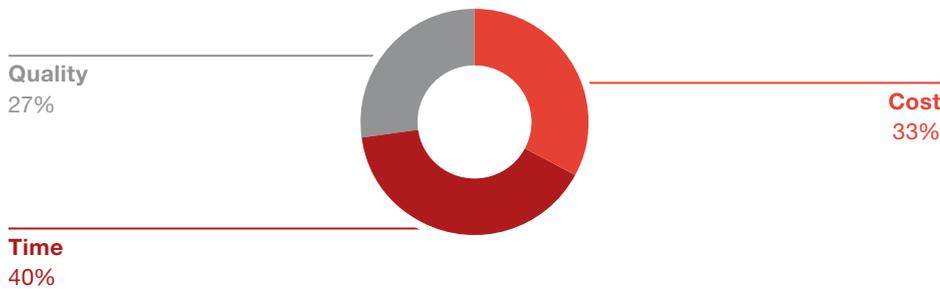
It is difficult to apply RPA in a non-standardised process landscape, as it is not easy to establish and maintain complex heterogeneous processing rules. Implementing and running such robots would initially require a great deal of time and effort. However, SSCs are becoming more mature and thus increasingly standardised, and, with RPA, we expect the next big thing for shared services to be the rise of 'bots'.

PwC's Accounts Payable 4.0

Companies continue to struggle with high workloads and limited automation in transactional processes such as purchase-to-pay. Although e-invoicing, optical character recognition (OCR), workflow tools and use of three-way matching for purchase order invoices helped to improve invoice handling in the past, there is still plenty of room for improvement, especially for non-purchase order (non-PO) invoices. Benchmarks show that 40–60% of all invoices received are non-PO and processing costs per invoice may be as high as €70 per invoice. This often results in handling costs exceeding the invoice amount.

PwC Accounts Payables 4.0 (AP 4.0) utilises artificial neural networks (AI) to further automise the handling of non-PO invoices, cutting costs by up to 90% while significantly improving data quality and execution speed.

PwC's AP 4.0 uses historic ERP data to train an artificial neural network, which is in turn able to automatically generate posting information for new incoming (non-PO) invoices. Historic data required for training includes original invoice images converted into a machine-readable format such as XML via OCR, corresponding ERP (FI and CO) posting information and data from the workflow tools, such as the invoice approver.

For each new non-PO invoice, the AI-based system provides an account recommendation (FI and CO) along with a confidence level regarding the correctness of its prediction. The system can be configured to automatically post invoices above a certain confidence threshold – eg, 98% – or send them for quality check if the confidence level is not reached. AP 4.0 thereby continuously improves itself by learning from human interaction. Figure 33 shows the five-step process of invoice recognition (based on existing OCR solutions) (1), data aggregation (2) and automated prediction (3), followed by the decision of the accountant (see Figure 34 as an example) and feedback loop to the algorithm in case of a correction or if confidence levels were too low (4). In cases where the predefined confidence levels were met and after sufficient training, automatic invoice postings in the ERP system are possible (5).

The solution can be seamlessly integrated into ERP systems and can improve existing workflow tools, for example by automatically identifying the approver in the organisation based on historic data. This shortens implementation time, reduces the impact of organisational change, and at the same time improves the end-user experience. Automated

quality and compliance checks – such as IBAN bank account checks or VAT checks – are made possible by applying anomaly detection algorithms, which further improves posting quality.

By leveraging AI to automate transactional tasks, accountants can focus on value-generating, high-quality oversight activities such as posting and master data quality management, creditor discounting, fraud prevention, and ensuring tax, legal and internal controls compliance.

The changes in today's accounting organisations, roles and qualifications need to be carefully managed, well planned and communicated to existing staff in order to reap the technological rewards. It is vital to involve staff early on in the project, starting with POCs and pilots, and making sure that AI algorithms are thoroughly taught in order to prevent errors. During this process, existing staff familiarise themselves with the new technology and break down barriers.

Fig. 33 Five-step process for accounting automation with AI solutions
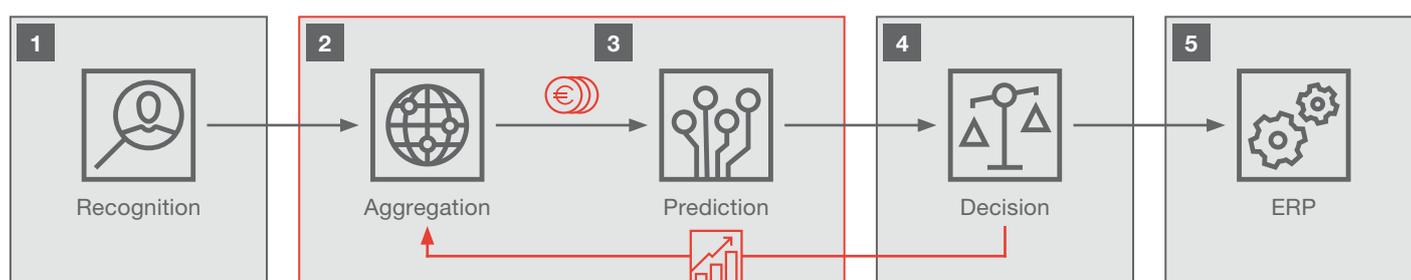
**Fig. 34   Example account recommendation per invoice line item with confidence level**

Source: XAIN/Intac.

Jonathan Dienlin
Director
Frankfurt, Germany
Tel: +49 69 9585-3914
Mobile: +49 174 3009166
jonathan.dienlin@pwc.com

Quality
27%

Cost
37%

Time
36%
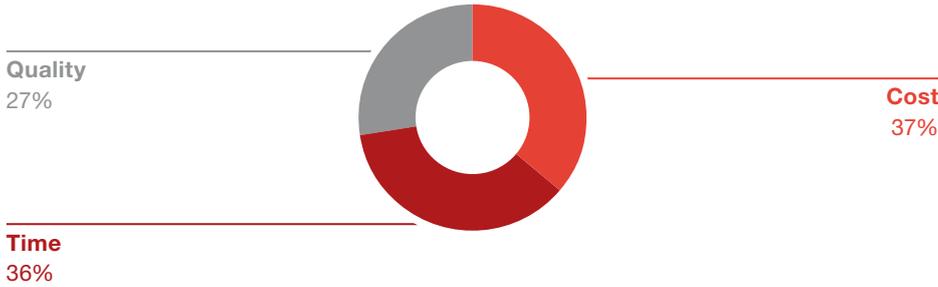
A chatbot is a computer-generated virtual assistant that simulates conversation and replicates automated self-service customer interaction based on AI. In the shared services industry, chatbots are increasingly being deployed to break down language barriers between employees, thus increasing the overall quality of communication and reducing translation time (Figure 35). Furthermore, in mature SSC markets,

finding and attracting employees with specific language skills can be tough. As chatbots become increasingly sophisticated, language skills are no longer the decisive factor when employing new colleagues, thus reducing overall cost. Therefore, it is not surprising that 36% of respondents who have implemented chatbots in their SSC see cost efficiencies as one of the main benefits.

The findings of this year's survey confirm previously mentioned hypotheses. Disruptive technologies such as RPA and AI are seen as the fastest growing digitalisation initiatives in the future due to the benefits they bring in terms of reducing the effort required for routine, labour-intensive tasks (Figure 36). According to the survey, 53% of respondents see RPA as the main digital initiative in the near future for improving data standards and quality, one which lays the foundations for more advanced cognitive technologies such as AI.

Almost one third of organisations surveyed believe that AI will have the biggest impact in the future, delivering savings and efficiency gains that complement or substitute human involvement in complex, knowledge-based processes, enabling SSCs to perform higher-value tasks and analysis (Figure 36). This includes increasingly sophisticated chatbots, which in the near future will be able to communicate flawlessly with customers while delivering the same standard as a human being would do. Therefore, it is not surprising that 15% of respondents indicated that chatbots will have the biggest impact on the shared services industry.

Fig. 36   Digitalisation initiatives with highest impact in the future

Chatbots
15%

Artificial Intelligence
32%

RPA
53%
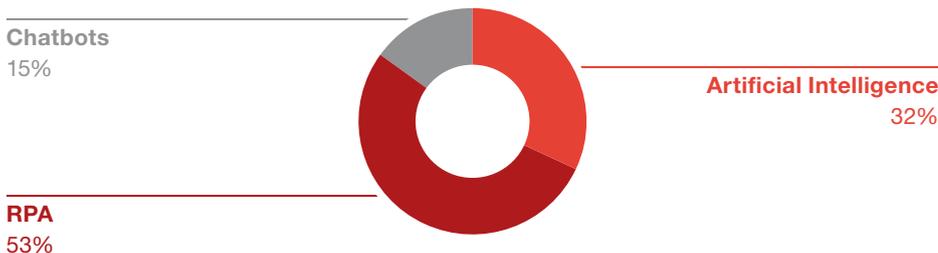
D   People

Motivated employees are the key to an organisation achieving its strategic objectives. Acquisition, development and retention of talent are vital elements for transforming shared service organisations. With the right mix of talent, SSCs become essential partners for the business and a value-adding element in the delivery of services.

As evidenced throughout this study, SSCs are evolving from a transactional service provider into a provider of more knowledge-based services. However, these types of services depend largely on staff operational expertise – not just function and process familiarity. Moreover, such existing business relationships are an important lever for SSCs to enhance their customer understanding and service.

The most common consequence of staff turnover is that these relationships are being lost. For the predominant transactional tasks, this proves less significant as they can be easily performed by staff replacements. Conversely, with automation initiatives such as AI or RPA taking over a significant proportion of transactional work, services are inevitably shifting towards business insight, knowledge-oriented services that to a great extent depend on understanding of and exposure to operations and the organisation as a whole.

Fig. 37   Average annual staff turnover over the last three years

>20%
16%

<5%
16%

11%–20%
37%

5%–10%
31%
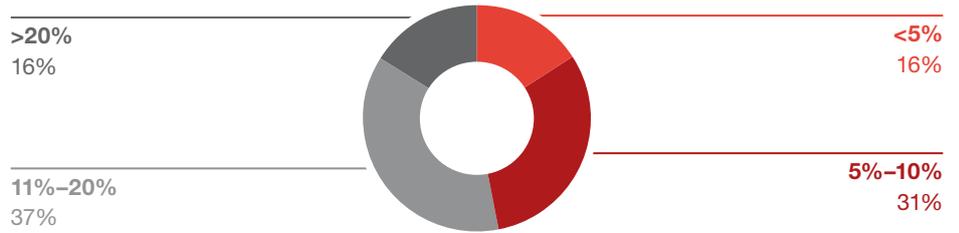
Figure 37 shows annual staff turnover rates over the last three years in percent. The majority of firms reported that their annual staff turnover rates range between 11% and 20%. Figures below 5% or above 20% are less common, yet significant in terms of the overall picture.

Fig. 38 Incentives to reduce staff turnover

Reduced costs for insurances/gym membership/etc.: 88% | 3 | 9%
Personal development/ training: 86% | 9% | 5
Higher salary than market average of respective SSC region: 29% | 4 | 67%
Bonus: 80% | 9% | 11%

- Incentives in place
- Incentives not in place but planned
- Incentives not in place, not planned
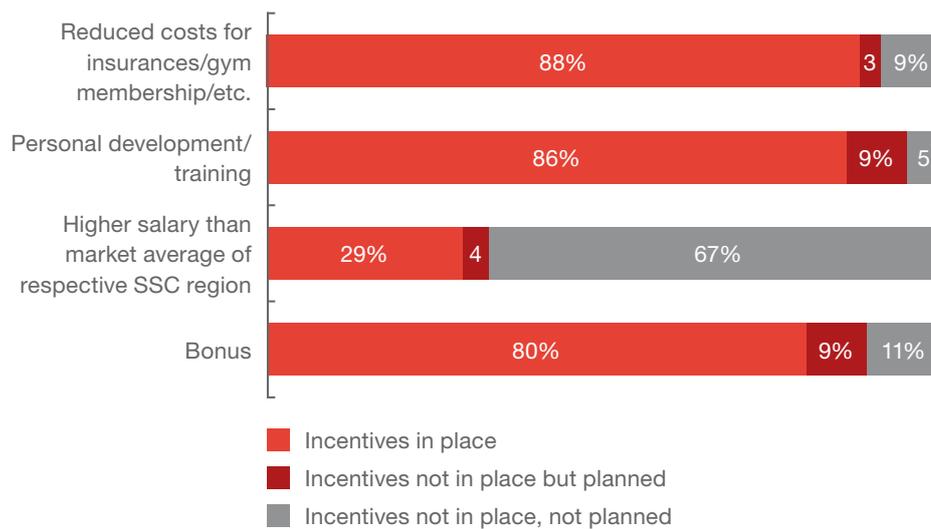
do not have incentives in place yet, but they are planning to do so. The survey revealed a figure of 20% for "Incentives not in place, but planned". A deeper look at the firms with incentives in place shows that both bonuses and personal development are the main strategies employed. Looking at this figure, the question that one might ask is whether employees prefer monetary incentives or incentives in respect to personal development, which would be more beneficial in the long term. Both the group that indicated already having incentives in place and the group that is planning to implement incentives agree that personal development is the leading factor. A minor proportion of companies in both camps have opted for higher salary than the market average.

The right balance of financial and non-financial methods must be applied in order to reward both individual and team performance appropriately. Financial rewards include base pay and bonuses, incentive plans or company-specific rewards. Non-financial rewards include training opportunities or corporate benefits such as reduced fees for insurances or allowances for gym memberships.

As for the question regarding incentives for reducing staff turnover rates, the survey has yielded the following findings. Most of the firms who participated do have incentives in place to retain their employees. A detailed analysis shows that 92% of organisations that provided information on this question have incentives in some form or another. Some firms

Rewarding and recognising performance has clear benefits not only for the individual but also for the entire organisation and should be adopted flexibly, as needed. Individual employees want to feel that their work is appreciated and therefore need help understanding when they are on the right track, which in return will increase their work motivation and commitment. A team needs to understand the performance and behaviour desired and expected of them. The relevant team manager should make them feel as if their actions are fairly recognised in order to increase overall team performance. If such basics principles are followed, this will increase the overall performance of the SSC and thus strengthen commitment, with a corresponding positive effect on employee retention.

All-digital HR shared services on the rise

With efficiency high on chief HR officers' agendas – albeit with great reluctance in some cases – automating HR SSCs has long been the driving force in HR strategies. Unsurprisingly, PwC's 2019 SSC survey identifies digitalisation as the most important strategic priority for HR SSCs.

However, HR SSC digitisation will no longer be serving the sole purpose of increasing efficiency. Now, there is more of a need than ever before to serve HR's customers in an intuitive and simple way. Balancing the breadth of a value-adding service portfolio with customer-centric delivery and process

standardisation is the obstacle SSCs have to overcome when creating a compelling vision (Figure 39). (Emerging) technologies are becoming the main enabler for SSC evolution and digital user journeys designed with a demanding customer in mind.

Fig. 39   A coherent and inspiring vision will define the future target space for HRS and align stakeholders on the overarching direction and goal achievement

HRS vision space
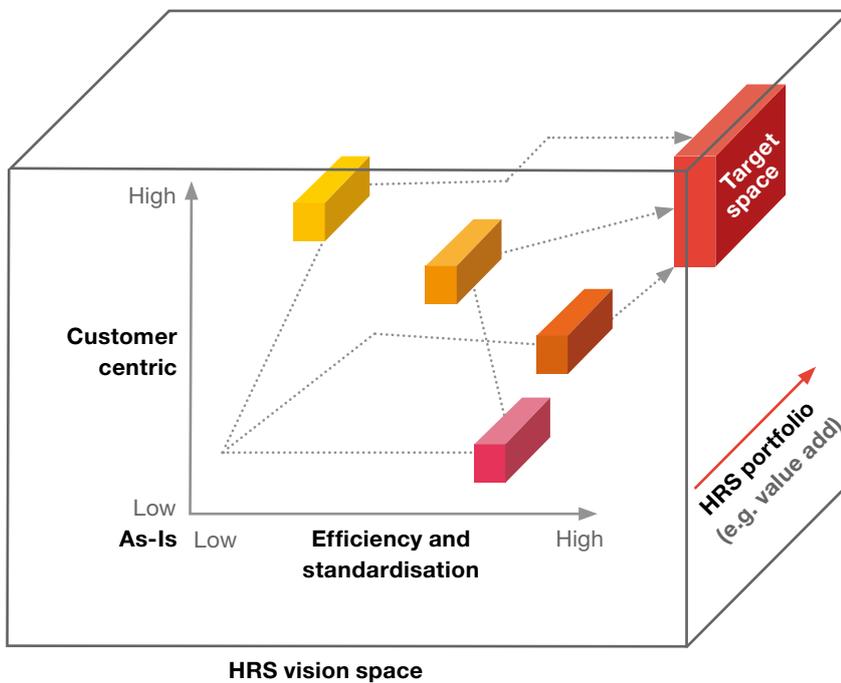
Relevance for Global Steering
- Design criteria for global steering organisation (functional tasks, governance framework, sizing)
- Alignment of stakeholders to embark on global steering
- Transparency of evolution and agile development

Relevance for "Way Forward"
- Design criteria for optimisation activities
- Transparency on journey and related milestones and business case effects
- Indications for improvement potentials for business case
- Alignment of stakeholders to embark on optimisation story

As customer expectations go up, SSCs are watching out for solutions such as Virtual Reality or AI to enhance customer experience, while at the same time continuing to push for further efficiency gains. RPA plays a major role in achieving the latter, thus breaking the trend of nearshoring and offshoring – just as platform as a service (PaaS) technologies are going against the established paradigm of spatially consolidating SSC structures.

From standardisation through the cloud to RPA – the revolution is coming
Looking back on the past decade, the transition from on-site HR IT to software as a service (SaaS) marked a big step forward for HR SSCs. Module-based cloud solutions such as SAP SuccessFactors and Workday revolutionised self-services, integrated dispersed IT solutions and upgraded data quality for HR analytics. Cloud solutions are the main driver for establishing highly standardised process templates and achieving a high level of efficiency.

Standardising HR processes through the cloud paves the way for RPA. As is the case in many sectors in today's job market, machines will soon replace many HR and administration functions. We consider repetitive and high-volume core processes and inquiry management to offer the highest potential for RPA deployment. Software robots can take over tasks within time and attendance management, travel and expenses, and employee data administration. Within HR SSCs, the prime candidates for robotisation are the travel cost reimbursement process and timesheet process, to name just a couple.

Just like the fields of application, the benefits of RPA are manifold. Besides cost reduction and 24/7 availability, quick piloting and scalability are the most convincing arguments in its favour. With robots on the rise, HR outsourcing and complex offshoring initiatives are becoming a less attractive cost reduction measure.

Planning for fully digitised and integrated customer journeys

Mature SSCs, which have achieved a high level of standardisation and automation, are reaching a turning point in their strategic orientation and are increasingly taking into account the importance of delivering excellent customer value. Planning integrated user journeys designed for customers to easily access and retrieve HR SSC services has become a major priority.

These journeys capitalise on opportunities delivered by intelligent self-services and AI. A popular way to enhance digital customer experience is to use AI-powered chatbots. HR SSCs receive high volumes of questions and inquiries. In order to tackle this challenge, virtual customer assistants are being deployed to help increase the speed and availability of HR SSCs. Personalised chatbots welcome candidates on the career page and answer simple questions, eg, regarding the recruiting process. New colleagues are assisted by a virtual mentor, which replies to questions concerning policies or refers them to the right go-to-persons within the company.

Customer journeys are also used to guide the HR customer through various software solutions. The emergence of platform functionalities provided by SaaS solutions allows HR cloud app start-ups to offer highly individualised HR applications and therefore reflects the change in HR customer preferences. There is an app for virtually every HR activity and every

specific customer need in the SSC sphere – be it appraisals, analytics, recruiting, learning or employee engagement management.

Running these apps in cloud environments makes it possible to use a broad set of emerging technologies, eg, AR for enhancing virtual classroom settings and AI for early identification of SSC customer complaints through social media analytics or for enhancing HR data analytics and creating insight for farsighted management decisions, eg, in strategic workforce management.

From centres to platforms – open and versatile HR SSC ecosystems

In light of the re-diversification of the SSC IT template, there is a need for re-integrating various technology solutions. We expect open cloud environments such as Microsoft Azure to fulfil this task. Such a PaaS environment will be at the heart of the SSC ecosystem, marking the paradigm shift from monolithic cloud suites to open and diversified software platforms. Complemented by case management solutions that bridge gaps between different applications, PaaS is the lever to pull when it comes to balancing IT diversity with solution integration.

PaaS needs to provide the flexibility to easily ramp services up and down and incorporate new customer entities into the SSC network on a "plug-and-play" basis, not least due to the rise of the "platform economy", a tremendous increase in fast-paced transactions, the emergence of fluid and agile enterprise structures and inorganic growth. As a result, cloud solutions will remain a fundamental technology that lays the foundation for a wide range of technologies and fosters the transformation of monocentric SSC structures into open and flexible ecosystems.

Till R. Lohmann
Partner
Hamburg, Germany
Tel: +49 40 6378-8835
Mobile: +49 151 17463260
till.r.lohmann@pwc.com

Sebastian Gemeinhardt
Manager
Nuremberg, Germany
Tel: +49 911 94985-386
Mobile: +49 151 54382598
sebastian.gemeinhardt@pwc.com

Fig. 40   Average time needed in months to recruit skilled employees

Accounting: Junior 4,2 · Senior 5,4 · Management 7,6
Human Resources: Junior 4,8 · Senior 5,3 · Management 6,3
Procurement: Junior 2,6 · Senior 2,9 · Management 4,1
IT: Junior 5,6 · Senior 6,4 · Management 8,1

■ Junior   ■ Senior   ■ Management
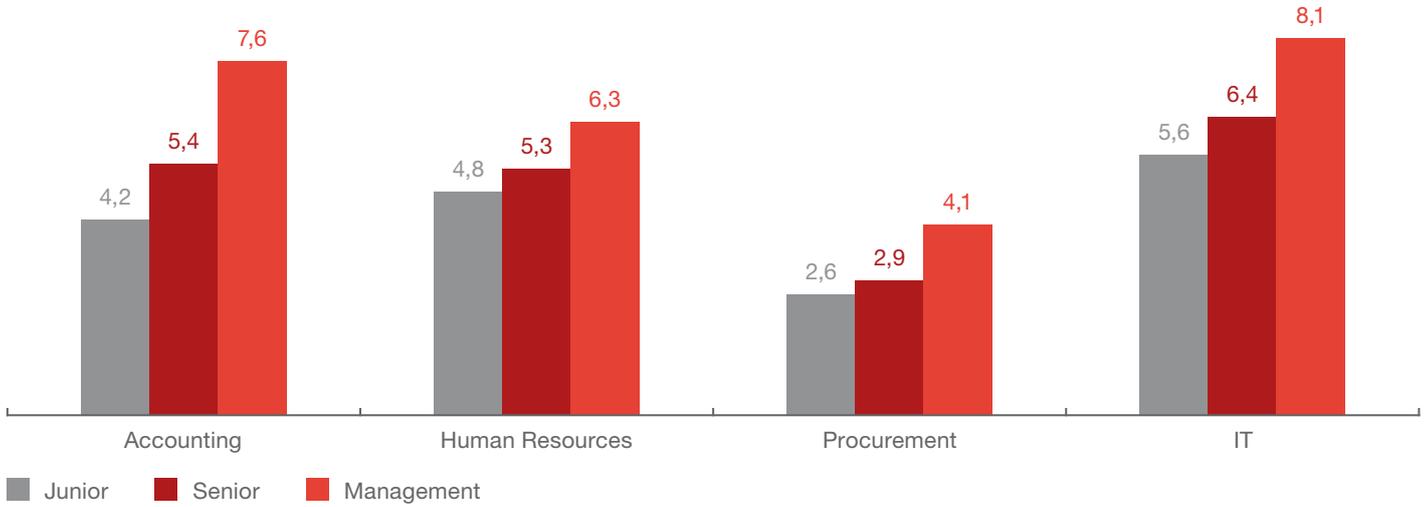
Figure 40 shows the average time needed in months to recruit skilled employees ranging from junior level to management positions. While all functions show a similar pattern – ie, that junior roles are quicker to fill than senior roles – IT and accounting generally take more time to fill open positions compared to procurement and HR (Figure 40). Since accounting and IT adopted shared services early on, they have the highest maturity level (Figure 7). Consequently, these services are also the most sought after and sophisticated and as such need more time to fill their roles due to scarcity of skilled employees.

The results of this year's survey yield similar weightings for criteria in the selection process of group leads and managers. In Figure 41, the scale constitutes a rating of importance of the respective criteria, where 0 stands for "not important" and 4 represents "very important". The factor "service orientation" is, generally speaking, the most valuable driver. Within a single staff grade, the ratings do not show significant differences. From senior level onwards, comprehensive mastery of all skills becomes very important. Solely on junior level is process knowledge clearly less important, as knowledge of transactional processes, which are still the main focus of today's

SSCs, can be quickly acquired with appropriate training of newcomers.

Besides these three criteria, firms provided further information on factors that influence the selection of new employees. The right attitude and motivation at the workplace appear to be just as important, no matter what their grade. In addition to that, every employee should have the desire to constantly learn new things and have a distinct SSC experience. Moreover, the higher the grade, the more important it is to have the ability to lead. Since most companies are operating worldwide, the important role of a good cultural fit should not be neglected either.

Fig. 41   Criteria in the selection of new employees

Process knowledge: Junior 1,3 · Senior 2,9 · Group Lead 3,2 · Management 3,0
Language capabilities: Junior 2,4 · Senior 2,7 · Group Lead 2,9 · Management 3,1
Service orientation: Junior 2,6 · Senior 3,0 · Group Lead 3,4 · Management 3,4

■ Junior   ■ Senior   ■ Group Lead   ■ Management
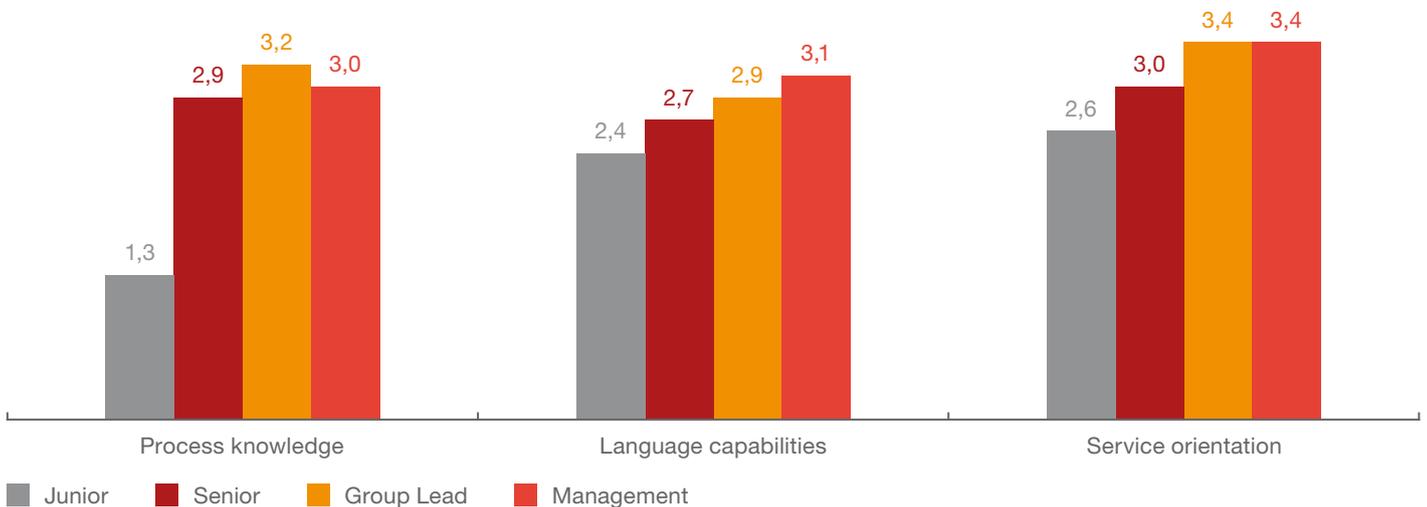
Digital shared services – future skills and capabilities

Over the last few decades, the focus of shared services has been on executing transactional tasks, driving efficiency and generating economies of scale. What happens to the SSC workforce if all these transactional processes become fully automated? Advanced technologies like RPA and AI are major efficiency boosters: they perform repetitive, rule-based tasks with greater accuracy, compliance and efficiency at a significantly lower cost level and without the risk of losing expertise in case of personnel changes.

Due to the continuous replacement of the human workforce through trends such as RPA and AI, some may raise the question of whether the concept of shared services still fits into our digital age. Our answer is a clear yes, but the traditional SSC organisations need to reinvent themselves to weather the storm. This transformation requires an enhanced workforce with the digital skills and capabilities demanded by the digital age.

Future workforce of shared services
Core competencies in shared service organisations must be redefined from transactional process expertise to digital capabilities. Many roles will become obsolete due to the full automation of administrative and rule-based processes. For example, accounts payable clerks will continue to be made obsolete in favour of the RPA developers configuring robots to replace them.

Overall, future SSCs will require expertise in two major fields:

1. **Advanced technical skills** in technologies which enable fully automated and highly efficient processes, such as RPA, AI and cloud-based solutions. These technologies lay the foundations for operational excellence and efficiency.

2. **Strong analytical skills** for improved customer experience and enhanced decision-making processes. Additional value is created by evaluating large amounts of data generated by advanced technologies with a focus on customer-centric services and real business insights.

The figure below provides examples of new job profiles made possible by advanced technologies arising in a digital shared service organisation.

Fig. 42   Emerging technologies create innovative job profiles with a focus on digital capabilities

| Technologies	Core business value		Exemplary job profile
Cloud-based infrastructure	End-to-end process integration	→	Digital Process Manager
Robotic process automation	Process efficiency	→	RPA Solution Architect
Process mining	Lean and streamlined processes	→	Process Mining Expert
Advanced data analytics	Better decision making	→	Data Scientist/Data Analyst
Artifical Intelligence	Improved customer experience	→	AI Engineer/Developer

This does not necessarily mean that all traditional shared service roles will be replaced in the near future, but the transformation has already begun.

The greatest challenge shared service organisations will face in this transformation process is that of attracting and retaining employees with the required digital capabilities within an overheated labour market for technology experts. This also requires the adaptation of HR and talent management. New ways of attracting, hiring and retraining staff need to be established. SSCs should put more emphasis on attractive career paths and new training opportunities to gain personnel with enhanced digital skills, but they should also look outside of the traditional recruiting pools for hiring opportunities.

Required adaptation of organisational structure
The traditional organisational structure of shared services is simple: one person steering a handful of team leaders, who each manage a group of senior and junior clerks. The future model requires a new setup. Digital ways of working will replace this hierarchical shared service structure. Teams will become more agile, with team members rotating based on the capabilities currently required. One possible setup is to form teams around end-to-end processes, combining the forces of process, technology and analytics experts, eg, process manager, RPA architect and customer experience specialist working together to optimise the purchase-to-pay process.

Fig. 43   Digital ways of working will replace traditional SSC hierarchical structures

Traditional	Digital
Functional lead	End-to-end process lead
Team leads	Process e.g. digital process manager/expert — Technology e.g. RPA architect, data engineer — Analytics e.g. data analyst, data scientist
Senior and junior clerks	
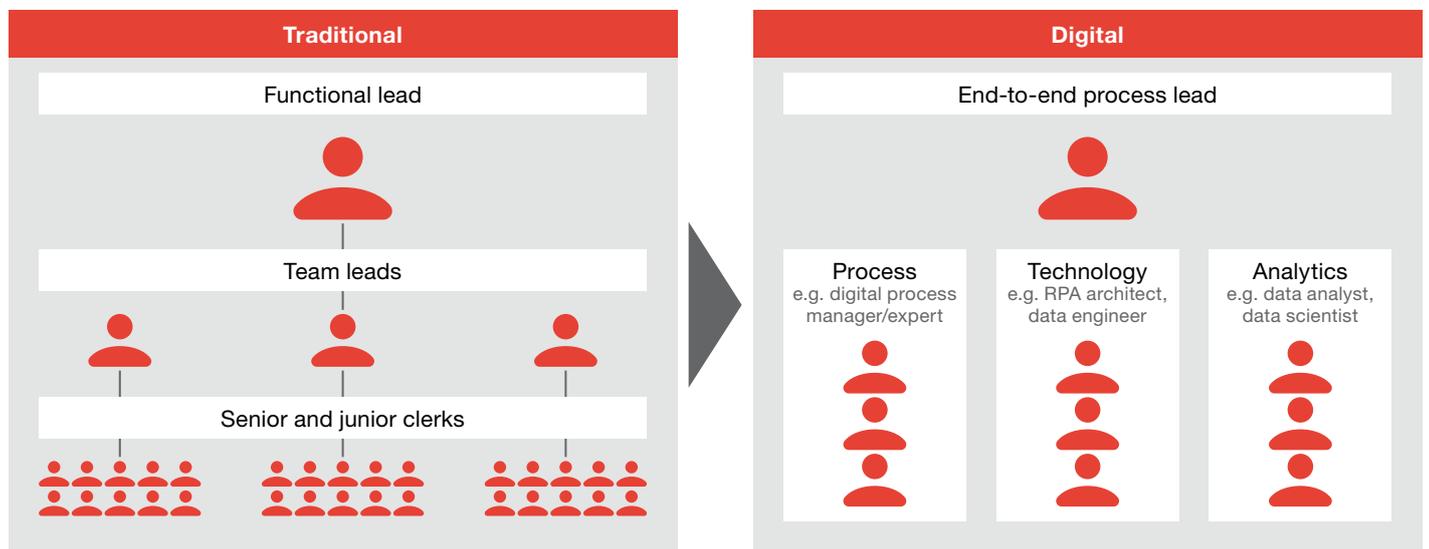
Digitalisation is boosting the importance of shared services

Global, cross-functional shared service organisations now have a unique opportunity to become the excellence hub for data and analytics. Diverse data lakes from various functions are bundled within SSC organisations. However, as it stands, only a few of these organisations have started to take advantage of this situation. Cross-functional analyses of data available in SSC locations can provide strategic and real-time insights for the businesses across entities, divisions, functions and regions. This unique position has the potential to make shared service organisations and their corporate owners true strategic partners of the business.

Shared services of the future

The future best practice SSC is an expertise- and technology-driven organisation that actively contributes to a organisation's digitalisation strategy. It not only bundles transactional processes, but also drives forward advanced technologies like RPA, data analytics and AI. The key to its success is the people: a digital workforce with advanced technology skills and a customer-oriented mindset.

Barbara Major
Senior Manager
Munich, Germany
Tel: +49 89 5790-5449
Mobile: +49 160 5363925
barbara.major@pwc.com

E   Continuous improvement

A digitalised continuous improvement process makes it possible to identify and abolish process inefficiencies and to react to business changes in real time. Therefore, having a thorough continuous improvement process (CIP) strategy in place is vital for any shared service business.

The findings regarding the average savings over the last three financial years show very satisfying results from the application of CIP. The CIP method pays off by reducing costs in most cases by up to 4%. A large share of 45% had average savings of 2% to 4% over the last three financial years. A group of the same size reported having average savings of 0% to 2%. These results can be seen as significant. Only a minor proportion of 2% has not achieved any improvement. Meanwhile, a share of 10% reported outstanding results. These firms succeeded in reducing costs by more than 4%. This confirms our hypothesis regarding the implementation of process automation. Firms that succeeded in doing so have a higher potential for major improvements with regard to cost savings.

Figure 45 indicates that firms either have a CIP approach in place that is equipped with a full management function and targets or they have a CIP in place, but without any type of standard roles or templates behind it. About one fourth of all organisations use the CIP approach but do not have a dedicated CIP management function. The remaining group, representing 6% of the total, has no CIP in place. A comparison of these findings and the average savings over the last three financial years showed that organisations that have adopted a thorough CIP approach achieved higher savings than those that have not.

Fig. 44   Average savings over the last 3 financial years

Major improvement (>4%) 10%

No improvement (0%) 2%

Slight improvement (0–2%) 43%

Some improvement (2–4%) 45%
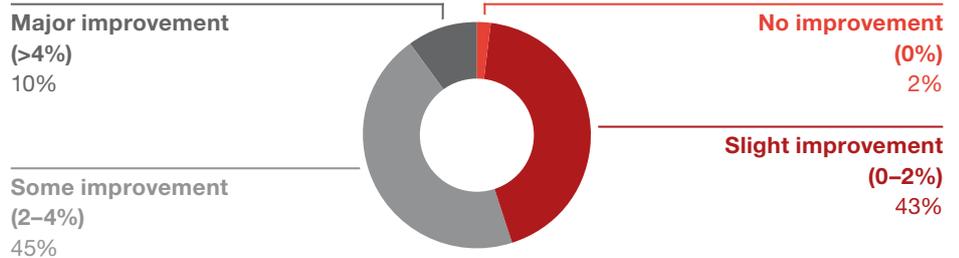
Fig. 45   Status of CIP in the SSC

How would you describe the CIP approach of the SSC?

CIP in place (clearly-defined standards, roles and templates) with dedicated CIP management and targets — 35%

CIP in place (clearly-defined standards, roles and templates) without dedicated CIP management — 24%

CIP in place (but no standard roles and templates) — 35%

No CIP in place — 6%
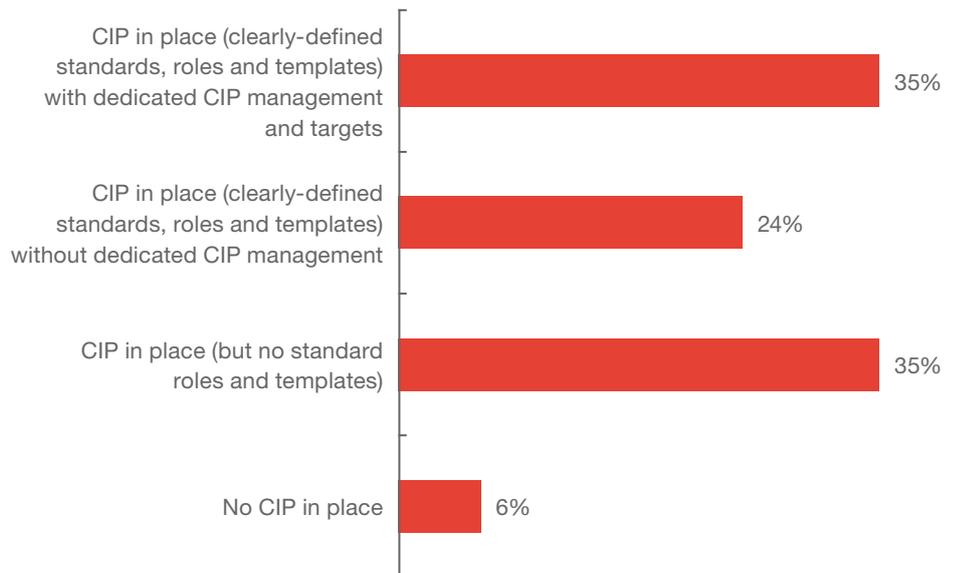
Fig. 46   CIP method used in SSC

Self-developed CIP method 38%

Six Sigma 53%

Mixture of different approaches 45%

Total quality management 12%
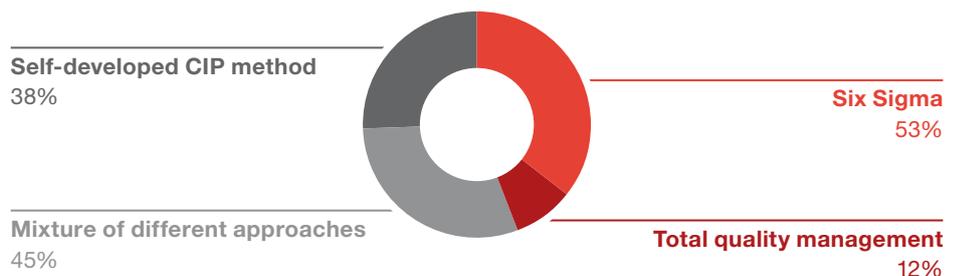
In the past, total quality management was the main CIP approach adopted by SSCs as it offered a comprehensive method for improving individual processes. This year's survey shows an interesting shift: only 13% of organisations stated that they use TQM and, compared with last year, adoption of the Six Sigma approach has increased significantly. In addition, as shown in previous analyses, firms tend to combine different approaches.

In this case, 45% of all participating firms reported doing so, whereas 38% stated that they use their own CIP approach. It is interesting to see that the group that claimed to use a mixture of different CIP approaches applies both Six Sigma and TQM.

In order to measure continuous improvement and overall performance, key performance indicators are used to evaluate operations of the shared service centre. Generally, KPIs aid management in determining the overall effectiveness/quality of services as well as the time and cost needed to deliver a service and the efficiency with which this is done.

Figure 47 shows some examples of KPIs provided by participants in the survey for all functions that are used for measuring the overall performance of shared service centres.

KPIs should be meaningful and reported with sufficient frequency in order to be insightful and reliable such that SSC management can make decisions effectively. Good KPIs are:
• granular
• relevant
• standardised
• target-oriented
• measurable

Fig. 47   Most common KPIs in place

| Quality	Time	Cost
Accuracy (%)	Cycle time per invoice	Cost per invoice
Error rate (%)	Response time	Cost per FTE
Customer satisfaction (%)	Pending workflow	FTE rate per SSC
Employee satisfaction (%)	Average time per ticket processing	Cost reduction

F   Scope of the survey

Across the world, organisations continue to establish new shared service centres year after year. In order to remain competitive in the global market, they aim to benefit from increased economies of scale, while at the same time enhancing the quality of their services by constantly adapting and broadening the scope of their SSC delivery models.

This year's survey includes over 160 SSCs from organisations with operations across the globe. Figure 48 shows that the majority of participating SSCs are located within Europe, while the other half is spread across Asia-Pacific, South and North America, with a small fraction in Africa.

It has been a long-standing paradigm that organisations establish shared services for two reasons: cost reduction and quality improvements. This survey reveals a noteworthy development in the market, namely the sharp increase in the number of SSCs in countries with high labour costs. 44% of all European participants of this study have established or moved their shared services to countries with high labour costs as a result of overheated labour markets or newly required skillsets (Figure 49).

The shift of SSCs towards global business services explains this movement. While transactional processes remain the predominant type of work in the shared services sector, the functional scope has continued to expand over the years and now includes multifaceted, knowledge-based processes. Therefore, organisations trying to find and attract employees with the right skillset who are capable of digitalising services and delivering greater value has become a challenge at typical low-cost SSC locations.

Fig. 48   SSC location per region

South America
9%

North America
12%

APAC
26%

Africa
1%
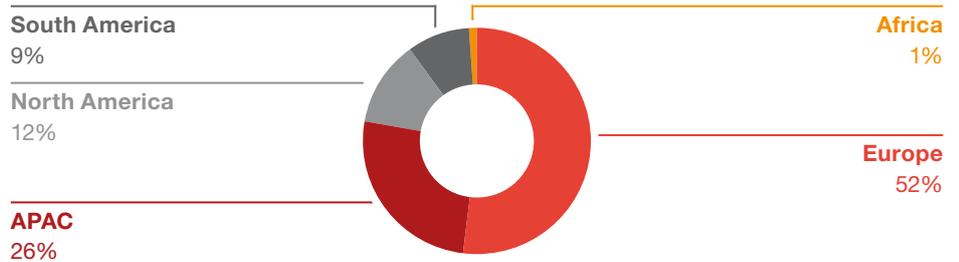
Europe
52%

Fig. 49   SSC locations within Europe

Austria
Belgium
Finland
France
Germany
United Kingdom
Ireland
Italy
Netherlands
Norway
Sweden
Switzerland

Czech Republic
Estonia
Hungary
Lithuania
Poland
Portugal
Romania
Russia
Slovakia
Spain

European high-cost countries
44%

European low-cost countries
56%
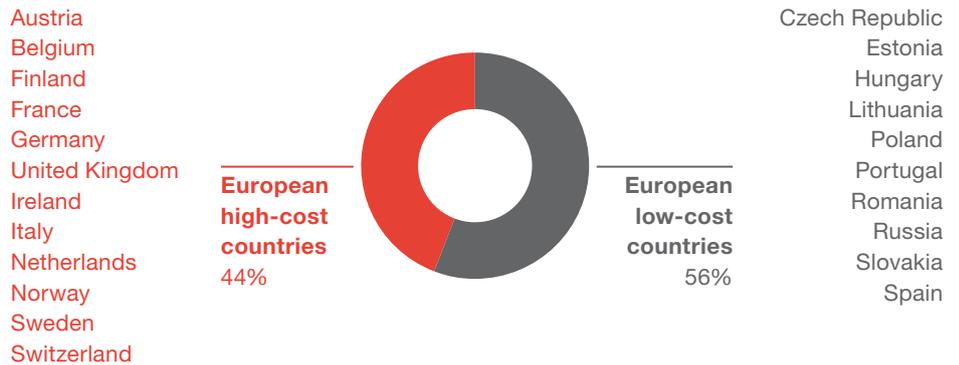
Fig. 50   Participation by industry

Industrial production — 40%
Technology, media and telecommunications — 18%
Automotive — 10%
Financial services — 8%
Retail and consumer — 6%
Healthcare and pharmaceutical — 6%
Transportation and logistics — 4%
Energy — 4%
Public sector — 2%
Other — 2%
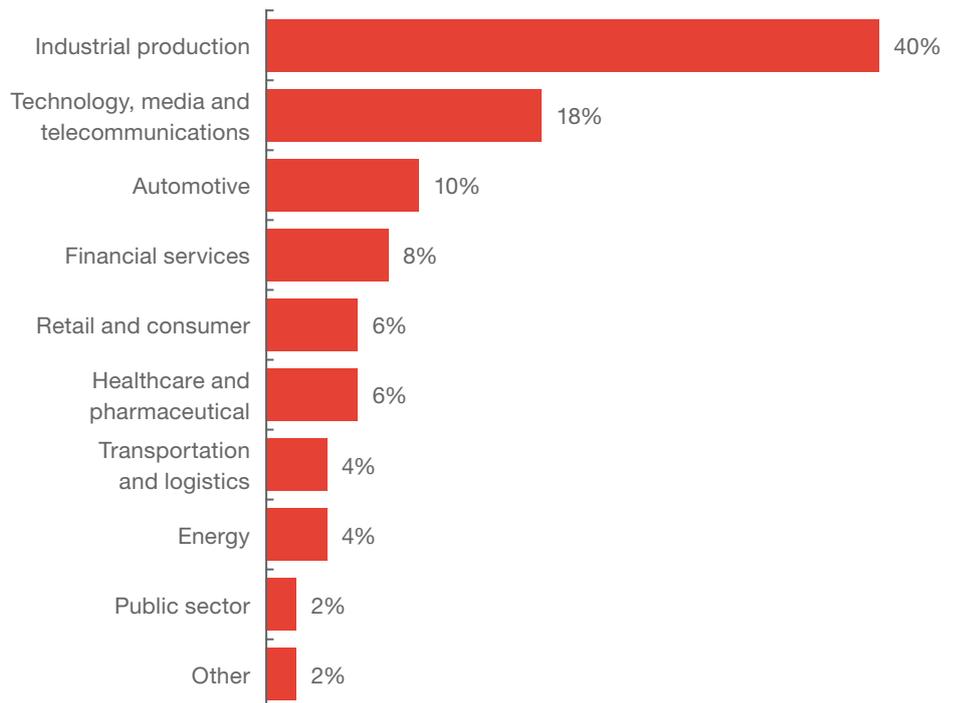
Respondents of this year's survey stem from a wide range of industries. The industrial production sector has by far the greatest representation, accounting for more than 40%, followed by the technology, media and telecommunications sector and automotive sector. These three industries represent more than two thirds of participants (Figure 50).

As shown in Figure 51, most participating organisations established their first SSC between the years of 2006 and 2018, with few establishments doing so beforehand. At the same time, this year's study and our previous studies reveal that the "SSC boom" is ongoing as the drive to increase efficiency and effectiveness continues. Rapidly growing economies, accelerated by globalisation and trends such as digitalisation, put pressure on today's organisations. While increasing sales has proven insufficient for outperforming competitors, establishing new SSCs to reduce costs has taken centre stage in the pursuit to stay ahead of the competition without sacrificing quality.

Organisations with SSCs of all sizes participated in this survey (Figure 52). Approximately half of the participants have well established shared service organisations ranging from 1 to 500 FTEs, while the other half ranges from 500 to more than 15,000 FTEs, demonstrating that the shared services concept can be applied successfully to organisations of all sizes.

Fig. 51   Year of establishment of first SSC

Year	%
Before 1995	0%
1996–2000	8%
2001–2005	6%
2006–2010	26%
2011–2015	33%
2016–2018	27%
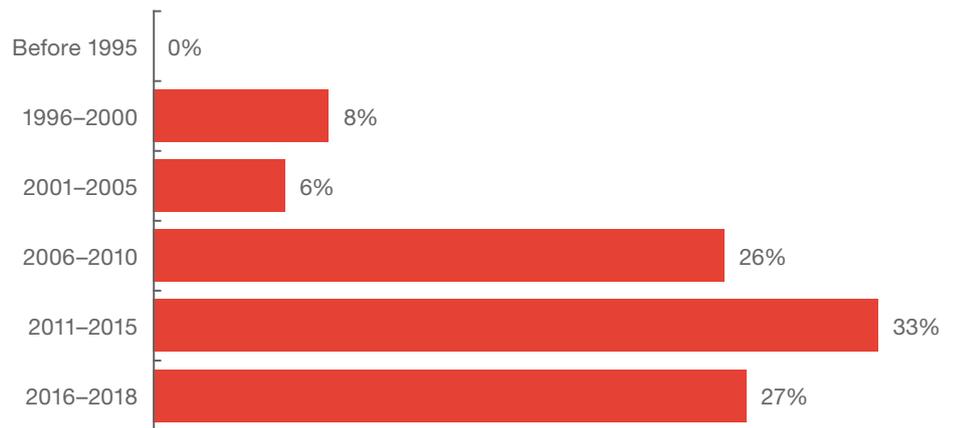
Fig. 52   Number of FTE in the SSC organisation

FTE	%
1–500	52%
500–1,000	17%
1,000–5,000	22%
5,000–15,000	7%
>15,000	2%
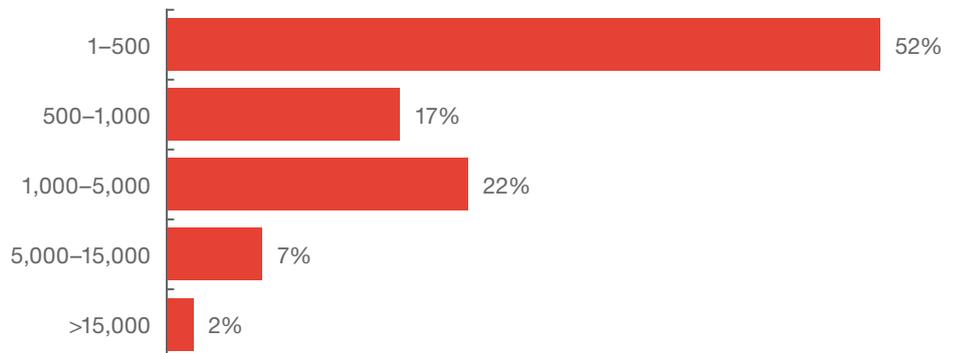
The growth of SSCs is an interesting development compared to our previous shared service studies. As mentioned previously, the scope of SSCs is gradually shifting from traditional single- or multi-function centres towards GBS. Besides standardisation and automation, the scope of functions provided by SSCs will continue to rise quantitatively and in terms of complexity due to the increasing adoption of complex knowledge-based tasks.

Contacts

Germany

Michael Suska
Stuttgart
Tel: +49 711 25034-3250
michael.suska@pwc.com

Asia Pacific

Mark Gilbraith
Shanghai
Tel: +86 21 2323-2898
mark.gilbraith@cn.pwc.com

US

William Gilet
Global Shared Services &
Outsourcing Network Leader
Boston
Tel: +1 617 530-6298
william.gilet@pwc.com

Central and Eastern Europe

Finbarr McCloskey
Krakow
Tel: +48 519 507-506
finbarr.mccloskey@pwc.com

Western Europe

Garrett Cronin
Dublin
Tel: +353 1 792-8807
garrett.cronin@pwc.com

Australia

Paul Jasniach
Melbourne
Tel: +61 3 8603 2505
paul.jasniach@pwc.com

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