



UNLOCKING MORE VALUE FROM SHARED SERVICES

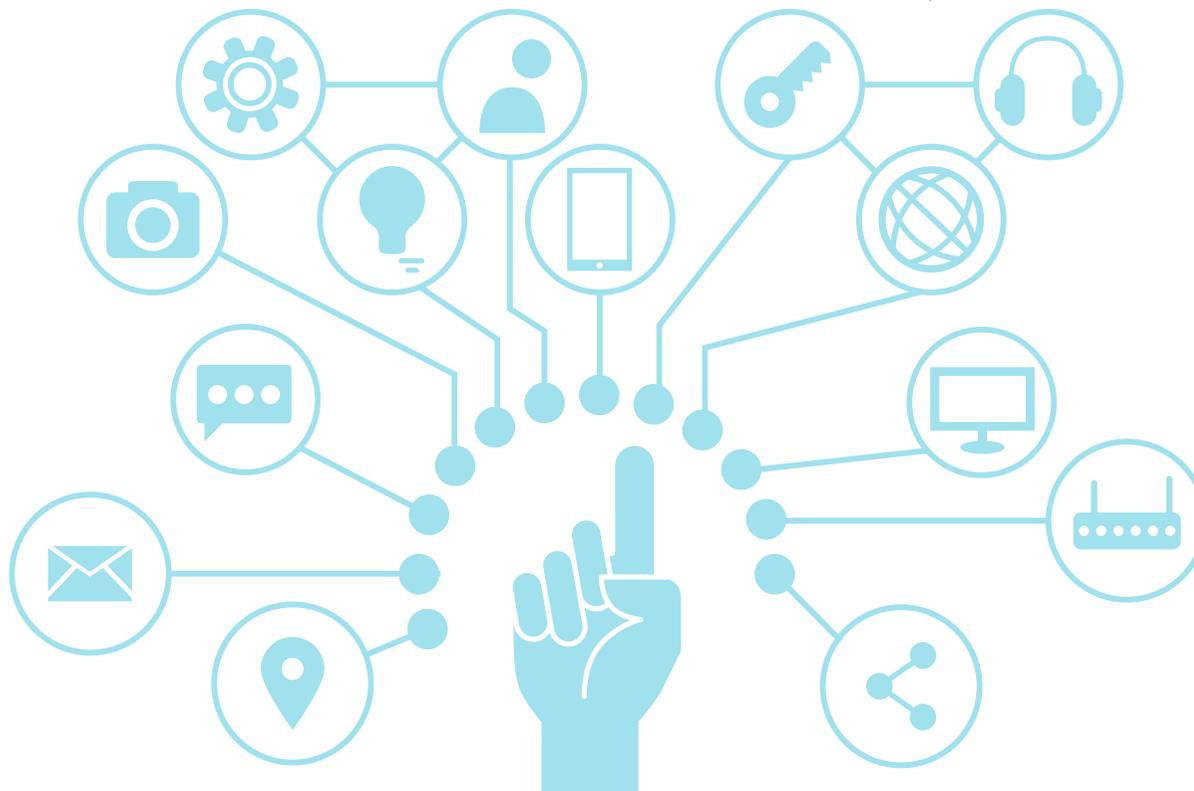


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DRIVING PROCESS TRANSFORMATION THROUGH A MIX OF TECHNOLOGIES

The optimisation of business performance is a goal shared by many organisations today. One approach is to bundle selected operations into a shared services centre (SSC). This enables the enterprise to consolidate resources and standardise processes across several functions, with the aim of cutting costs and facilitating a leaner, more efficient operating model.

By shifting the management of back office – and increasingly, front office – processes to the SSC, business units have more freedom to focus on core activities or strategic projects. Simultaneously, with centralised control and visibility over many processes that add value to the business, the SSC plays a critical role in controlling operational costs, performance and profitability.



THE GROWTH OF SHARED SERVICES

Research shows that SSCs are evolving to deliver more value. In Deloitte's 2017 Global Shared Services Survey, for example, 73% of respondents reported a 5% or higher growth in shared services productivity, increasing from 70% in 2015.[1]

When their SSCs prove to be a success, organisations often roll more functions into their shared services strategies. Recently, there's been a shift to include more knowledge-based processes. In its annual European state-of-the-industry report for 2018, SSON (the world's largest shared services and outsourcing network) found that 85% of SSCs are involved in some form of knowledge-based work. This signals a move away from a pure transactional SSC model to a knowledge management model, with 66% of SSCs surveyed saying that a greater use of intelligent or robotic process automation is driving this evolution.[2]

Of course, this development requires change management on many levels, from organisational culture through to technology strategy.

[1] <https://www2.deloitte.com/content/dam/Deloitte/ar/Documents/strategy/us-global-shared-services-report.pdf>

[2] <https://www.ssonetwork.com/vertical-industry-insight/white-papers/european-state-of-the-shared-services-and>

TECHNOLOGY'S ROLE IN THE MODERN SSC

Traditionally, IT resources have been expensive to procure and maintain. Training employees to use these systems adds to this cost. By folding the IT function into the SSC, companies can control these expenditures.

At the same time, technology is a critical tool within the SSC environment, due to its ability to drive process improvements and increase productivity. This comes at a time when digital transformation is a focus area for many businesses; and advancements in digital technologies are providing companies with new ways of working. Developments in the fields of automation, rapid application development, artificial intelligence and enterprise-wide information management are transforming the scope of knowledge-based processes and re-defining the goals of shared services.

Before exploring how organisations can digitise their shared services to deliver greater value, it's important to understand the challenges faced and the types of solutions that are required to address these.

COMMON STUMBLING BLOCKS

A reliance on manual processes

In many organisations today, manual workloads erode productivity. There is still a lot of paper involved, often coming into the business from suppliers and customers. For example, when a finance process must work around paper invoices, statements and purchase orders that flow into the organisation from multiple routes in different formats, there are so many additional steps required to record, standardise and manage this information.

Dealing with all this manually is time-consuming and labour-intensive. It also exposes the company to a greater risk of redundancy and human error, as tasks are unwittingly repeated and lapses of concentration lead to typos or misfiled documents. Another area of concern is the fact that manual information management can lead to processes operating in silos, which makes cross-functional collaboration and data-sharing very difficult.

Process complexity

When processes are complicated and illogical, with too many unnecessary steps, these can be slow to execute and difficult to learn. Process inconsistencies also lead to output that varies in quality, and workloads that are difficult to manage. Process complexity is increasingly becoming a problem for SSCs to solve. According to the Deloitte study mentioned earlier, 85% of companies shift processes to their SSCs as they are – with standardisation happening during or after this migration.

A lack of collaboration

As organisations grow more globalised and deal with growing volumes of information, there's a greater need for document and information sharing tools that are easy to access and use. For SSCs to manage knowledge-based processes, they'll need to have robust content collaboration systems in place, so employees can collaborate across business units and geographical locations, both within and beyond the workplace.

Outdated systems

As the shared services model evolves, there's a need for technology that supports flexibility and scalability, so that it's easier to ramp shared services up (or down) in response to business fluctuations. A key challenge that many organisations face is how to achieve this agility when the legacy systems that underpin their processes are rigid and expensive to update.

HOW TO NAVIGATE THESE OBSTACLES

To address these multiple challenges, a mix of technologies may be required to digitise and streamline processes, break through departmental silos, enhance information management, and support systems integration.

Fortunately, meeting unique shared services requirements and business goals through technology does not have to be as complicated as it used to be. With the right digitisation strategies, organisations may be surprised at how rapidly and securely they can implement new technologies without disrupting business or tying up the IT team for months on end.

It is possible for organisations to continue to gain value from their existing systems and procedures, while also introducing innovation and agility where needed.



PROCESS AUTOMATION

Automation technology has the potential to take shared services to the next level. Through automation tools, organisations can digitise manual, paper-based business processes; and execute these with minimal human intervention. This does not only boost resource efficiency, but also increases process accuracy and speed – because automation can happen around the clock and carries a reduced risk of human error.

There are many ways to approach automation. Because every business is different, with processes and underlying systems at various stages of maturity, there is no one-size-fits-all solution.

Here are two of the most promising avenues:



[3] <https://www.cio.com/article/3269442/software/rpa-is-poised-for-a-big-business-break-out.html>

Robotic process automation (RPA)

Currently, RPA solutions are ideal for automating repetitive, high-volume, rules-driven tasks and processes. A software robot (or “bot”) is configured to execute digital workloads as a human would, operating on the user interface of applications and mimicking the same keystrokes and mouse clicks, only much faster and without needing a break.

RPA solutions can be scaled to cut labour costs and produce swift efficiency gains. At the same time, skilled employees are freed from burdensome tasks, enabling them to redefine their roles and add more value to the business.

Due to these and other business advantages, more organisations are investing in RPA software, with RPA spend expected to reach USD 1 billion by 2020, according to Gartner. [3] By then, 40% of large enterprises will be using RPA technologies, up from less than 10% currently.

In many ways, RPA has the potential to increase SSC success. However, it's important to understand that this type of automation technology is not suited to every business case. Firstly, bots are not yet able to power intelligent automation on their own. This means they can't handle unstructured data or complex cases without human intervention or the addition of other, often more expensive, technologies.

Secondly, the success of any RPA solution relies heavily on the state of the underlying processes and systems. Before introducing RPA, it's essential for organisations to assess whether their processes are ready. Are they fully digitised, optimised and scalable?

It's also important to evaluate the lifespan of the systems that the bots will be configured to use. If these are a little long in the tooth, the lifespan of the RPA configuration will be limited. Will the consequent updates and maintenance eat into ROI?

Low-code business process automation (BPA)

There are BPA solutions available on the market that allow organisations to build a range of digital assets in-house, including business process applications, digital forms, workflows and mobile working solutions – all deployed on the same automation platform to centralise maintenance and security.

These BPA engines offer a rapid application development environment, where both developers and end users can design their own custom solutions, without wasting time coding these from the ground up. Importantly, this approach makes it possible for SSCs to streamline processes as they're being automated, as well as effortlessly adjust assets as business needs change.

A well-chosen BPA system can integrate easily with ERP and other systems, making process transformation possible without having to replace business-critical software. This also means that new technologies and optimisation tools can be incorporated into the platform as these become available.

This approach is ideal for companies that want to automate both simple and complex processes, while bridging gaps between data and systems.

INTELLIGENT TECHNOLOGIES

Artificial intelligence (AI) technologies such as machine learning (ML) are becoming more accessible and applicable as the years go by, with major process automation vendors beginning to integrate some AI capabilities into their solutions. The International Data Corporation predicts that by 2019, 40% of all digital transformation initiatives will be supported by cognitive/AI capabilities. [4]

When these smart technologies become more usable and cost-effective, they are expected to create exciting opportunities within the shared services environment. These include the ability to:

- *Incorporate unstructured data into automated processes without intervention.*
- *Automatically detect patterns in data to flag trends and predict outcomes, as well as iteratively learn from past actions.*
- *Drive efficiencies in customer services processes with smart assistants or “chatbots” that can handle customer queries 24/7, drawing answers from and improving on a comprehensive Q&A information source. Issues that are too complex could be intelligently routed to the relevant human (with the requisite skills set and expertise).*

The internet of things (IoT) is emerging as a highly valuable source of data that can be fed into AI technologies, or analysed using existing tools,

to inform business optimisation decisions. For example, Deloitte Canada gave a group of volunteer employees sociometric badges to measure their location, tone of voice and movement. These made it possible for the organisation to identify aspects of work that were causing stress and others that were supporting positive outcomes. Insights gained through this study were used to inform decisions around team structure and work space design. [5]

Simultaneously, IoT technology architectures also help to connect an organisation’s physical and virtual assets to create processes that are seamlessly digital and thus more efficient. For example, companies can monitor stock levels virtually or digitally predict equipment failures to prevent major business disruptions down the line.

These capabilities, among others, can help to augment and accelerate process transformation and business optimisation efforts in the SSC and beyond.

Some organisations may feel that it’s too early to invest in intelligent technologies; and often, RPA can meet requirements for the short- to medium-term. However, it’s well worth laying the groundwork now for future AI and IoT integration. To this end, BPM platforms that provide easy-to-use connectors for new AI or IoT tool-sets are smart SSC technology investments.

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[4] <https://www.idc.com/getdoc.jsp?containerId=prUS41888916>

[5] <https://www2.deloitte.com/insights/us/en/focus/internet-of-things/people-analytics-iot-human-resources.html>

CONTENT COLLABORATION

Content collaboration solutions can be used to surface content related to processes much more efficiently. Dropbox, for example, offers organisations flexible file sharing, document collaboration and cloud storage solutions that boost productivity in the workplace and beyond.

However, it's important to use these systems in a way that separates corporate and personal use, in order to meet strict security, compliance and privacy requirements. With a well-designed and professionally-implemented content collaboration platform that integrates with third-party solutions, SSCs can carefully control the content that feeds into shared services processes, including information from legacy systems, departmental repositories and external sources.

When collaboration technologies integrate smoothly with BPA platforms, this:

- *Improves content quality through access and version control*
- *Supports teamwork and productivity*
- *Improves information governance*
- *Fosters compliance with data regulations*

TECHNOLOGY CHOICES AND STRATEGIES

Considering the multiple functions that are consolidating their processes in the SSC, a combination of technologies and delivery strategies is often the smartest choice. One possible approach to optimising business while ensuring ongoing innovation is to adopt a bi-modal IT framework.

According to the Gartner definition, this is “the practice of managing two separate, coherent modes of IT delivery, one focused on stability and the other agility.”[6]

This strategy allows organisations to meet their process optimisation goals without having to replace legacy systems and disrupt business. These companies can continue to gain value from existing IT investments after they've introduced new tools and technologies.

Legacy IT can – and should be – viewed as part of the transformation journey. With one tier for maintaining core systems and another tier for rolling out business innovation projects, the enterprise can focus the right resources on the right initiatives. In other words: IT teams have more flexibility to focus on work that needs their specialised skills, while business units such as the SSC can benefit from fast, easy application development and swift workflow automation.

[6] <https://www.gartner.com/it-glossary/bimodal/>

THE VALUE OF EXPERT GUIDANCE AND SUPPORT

For SSCs to achieve sustainable savings and productivity gains, it's essential to make the right technology choices from the beginning – and to implement these in a way that maximises ROI.

A business performance optimisation specialist with expertise across a range of technologies can help organisations to choose the best suite of technologies for their SSCs, while supporting stakeholders through process transformation, technology implementation and more. Through training and skills development, experts in this area can teach SSC teams to become self-sufficient and gain the most from their technology investments.

