



2015 Global Shared Services Survey Executive summary

Deloitte Consulting LLP
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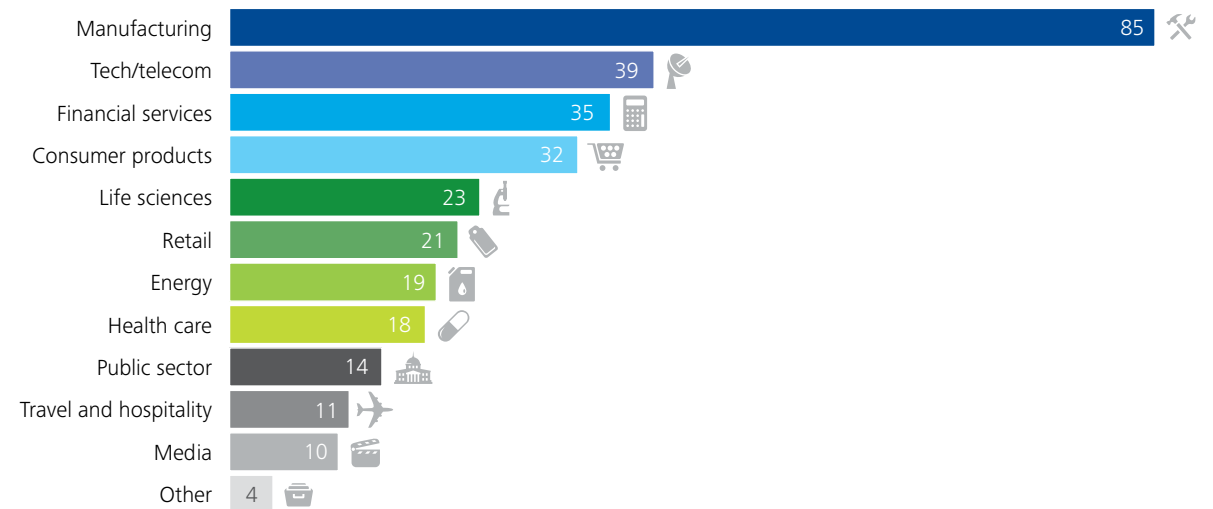
Survey overview

Since 1999, Deloitte has conducted a biennial survey on shared services organizations to explore the evolving concept and assess emerging trends.

Respondent profile

- The 2015 survey garnered **311** respondents headquartered in **35** countries consisting of **1,000+** Shared Service Centers (SSCs)
- Over **50%** of respondents had organizations over **10,000** full time equivalents (FTEs)
- Manufacturing is the top industry represented in the biennial survey, accounting for approximately **27%** of respondents
- Tech/Telecom, Financial Services, and Consumer Products are the next most represented industries accounting for **13%**, **11%**, and **10%** of respondents respectively
- **70%** of survey respondents are headquartered outside of the United States

What is your organization's primary industry sector?



What are the annual revenues of your organization?



Key findings of the 2015 Global Shared Services Survey

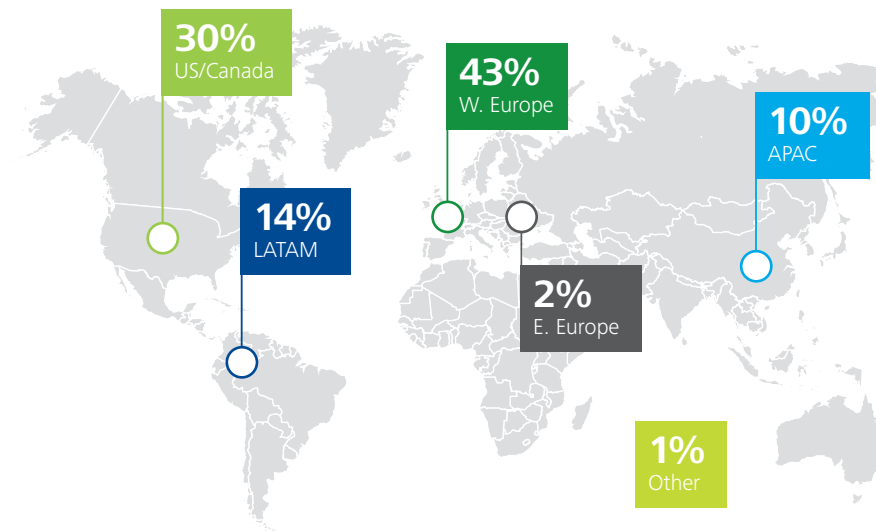
Geography

- Geographic barriers are decreasing as demonstrated by the increase in multi-regional SSCs indicating that organizations are finding ways to address concerns such as languages skills, time zone coverage, and regulatory requirements
- A strategic choice is being made to balance cost optimization and proximity when standing up operations. This likely suggests either greater comfort with enhanced connectivity or an increase in scope of higher value-add activities, which companies prefer to locate closer to existing operations
- Organizations' shared services geographic scope is expanding, as evidenced by the inclusion of markets such as Greece, Africa and the Middle East; demonstrating that virtually every country can be considered as a source of talent around the world

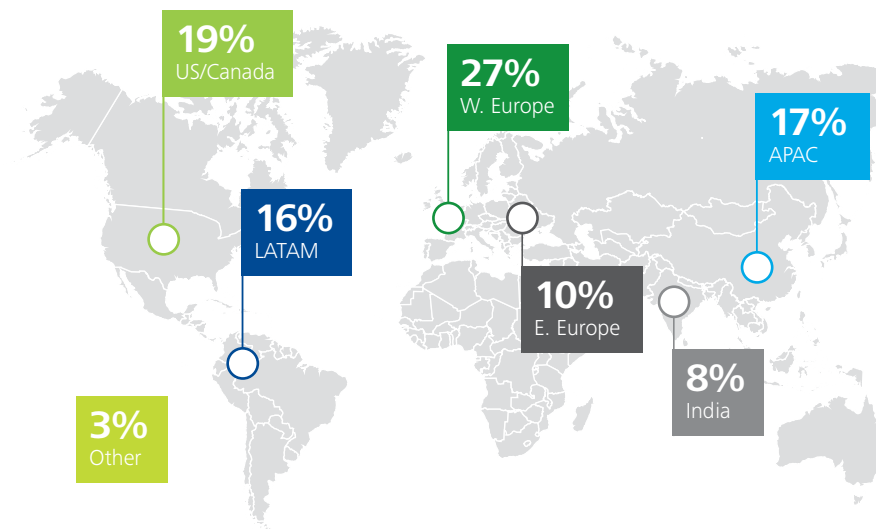
Scope

- Organizations are skipping the single-function concept and pursuing multi-function SSCs at the start of their shared services journey
- Organizations are adopting hybrid shared service models and customizing their service delivery models by function
- While some organizations are able to serve all of their business units or segments with traditional back office functions, they are still working toward a cross business unit or segment-wide strategy for functions from middle and front office functions

Where is your organization's headquarters located?



In which region are your organization's SSCs located?



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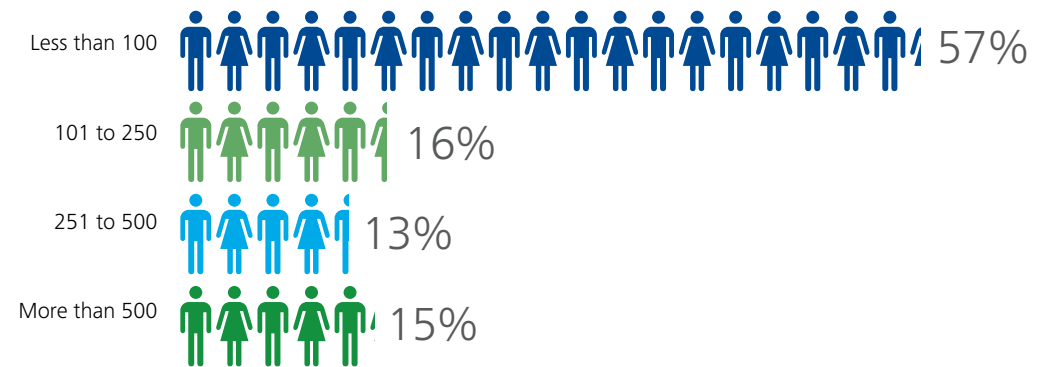
Organization

- By leveraging lessons learned from mature SSCs, new SSCs are more likely to start with an integrated Global Business Services (GBS) model, leapfrogging the mature single-function SSCs
- Although the definition of GBS varies in the marketplace, organizations are moving toward GBS and adopting models that incorporate a mix of multifunction, multi-location, multi-region, multi-business, and multi-sourced
- The GBS leader is becoming a confirmed and recognized role in organizations, with significant responsibility across multiple functions including continuous improvement and global process ownership
- GBS is becoming a true enabler of the end-to-end process view and is driving significant end-to-end process improvements

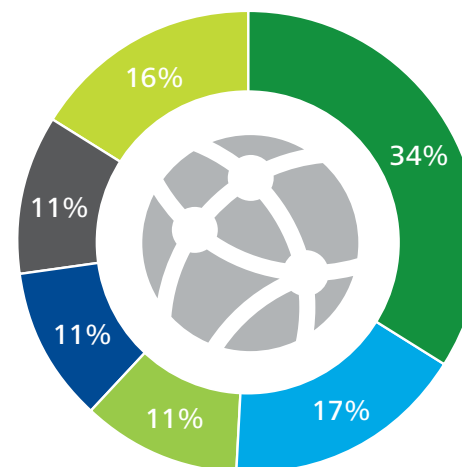
Operations and governance

- Although cost savings is a driver of SSC adoption, it should not be the sole focus as lack of service responsiveness could cause decreased adoption during a time when SSCs must use scale to remain competitive and relevant
- While business unit customers want SSCs to continue focusing on the basics, they are also asking for more — from response timeliness to cost of service — to facilitate the transition into higher value-added activities into existing centers
- Organizations are leveraging service level agreement (SLA) conversations and scorecards to focus time and energy on continuous improvement
- As SSCs become more global in nature, organizations will need to implement chargeback methodologies and leverage transfer pricing to effectively address tax implications and regulatory requirements

How many employees do your SSCs have?

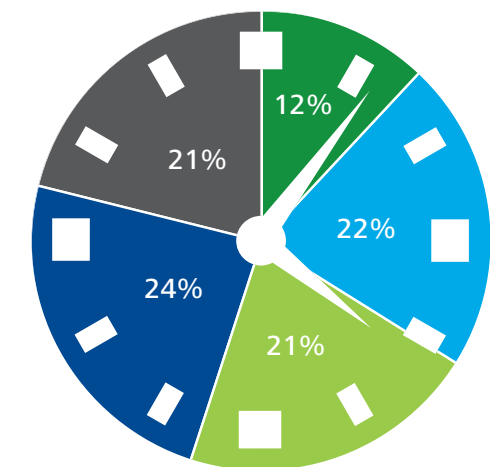


How many SSCs does your organization have across all functions?



- One SSC
- Two SSCs
- Three SSCs
- Four SSCs
- Five SSCs
- More than five SSCs

How long have your organization's SSCs been operating?



- Less than one year
- One year to less than three years
- Three years to less than five years
- Five years to less than ten years
- Longer than ten years

Survey overview

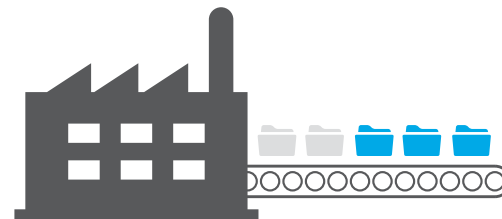
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61%

of respondents
standardized processes
after moving to an SSC



100%

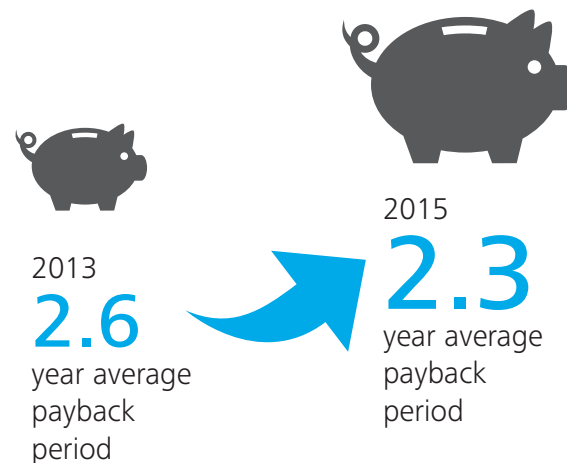
of respondents
indicated that shared
methods and tools
were the primary
benefits of a GBS model

Journey and value

- Although there is no right answer, there is a strong preference to 'lift and shift' processes to take advantage of the fact that the resources working on the processes are consolidated, and the resistance to change is much lower
- To achieve the average annual productivity targets, organizations are building continuous improvement into the culture of the SSC and leveraging methods like Lean and Six Sigma to realize those benefits
- As the focus on benefit realization increases, organizations are following very disciplined approaches to benefit identification and tracking, which is helping organizations to gain greater headcount savings and productivity improvements
- Some organizations are still not incorporating tax as a strategic element in their SSC decision making process, which could be leading them to leave money on the table

Future of shared services

- As SS/GBS organizations aspire to become advisors and collaborators to the business, they will be challenged to become more familiar with the business to be able to deliver higher value activities (e.g. predictive analytics)
- Given the potentially high value derived from continuous improvement activities, organizations are focusing on enhancing them by dedicating teams and training resources to find and implement more opportunities



26%

of respondents reported that they will
have a dedicated team to monitor the
SSCs continuous improvement

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The content of the complete survey results includes participant answers to the following questions:

Shared services organization and geography

- How many SSCs does your organization have across all functions?
- How many outsourced locations does your organization have across all functions?
- Where are your organization's SSCs located?
- Which functions are performed in each of your centers?
- What is your annual rate of employee turnover by center?
- Enter the number of SSCs that provide services in the geographic scope listed
- Enter the number of SSCs with the number of employees listed
- Enter the number of SSCs operational for the time listed
- Do any of your organization's SSCs provide services for the following countries/regions — Japan, China, Brazil, Russia, India, Greece Africa, and the Middle East?
- Are you considering opening a new SSC, moving an SSC, or consolidating SSCs?
- What are the top 3 locations you are considering or would consider for a new SSC location or SSC relocation?
- Does your organization mandate (require) participation in Shared Services or does it use an opt-in (voluntary participation) model? What are the reasons and/or perceptions that cause business units/ segments to choose to opt in or opt out?

Shared services scope

- What percentage of the total FTEs (approximately) are located in the local business, at Corporate, in transactional SSCs, in knowledge-based SSCs/COEs, or outsourced?
- What percentage of the organization is served by your SSCs/COEs?
- How do you expect your organization to change its use of Shared Services and Outsourcing in the next 3-5 years?

Shared services governance

- How would you describe the deployment of Shared Services across your organization?
- Do you consider your collection of SSCs and outsourcing to be a Global Business Services (GBS) Organization?
- In what year did you shift to GBS?
- Do you have an overall GBS leader or equivalent? To whom does your GBS leader report?
- To whom do the people performing the processes in your GBS organization report?

- What are the responsibilities of your GBS leader?
- Select characteristics that apply to your GBS organization.
- Did you prepare a business case before moving to GBS?
- What have been the benefits to your organization of moving to GBS?
- If you do not have a GBS organization, what is the predominant reporting relationship for your SSCs?
- Do you have plans to shift to a GBS model? If so, when?
- What is most important when making decisions regarding your SS/GBS strategy and related investments? Please rank.
- What roles do the following groups play in driving end-to-end process efficiency and effectiveness as part of your SS/GBS organization's governance structure?
- Does your SS/GBS organization leverage SLAs to drive governance?
- How complex are your SLAs?
- What is included in your SLAs?
- Do your SLAs help drive continuous improvement?
- Who is involved in creating/renegotiating SLAs?
- How are services primarily being charged back to the locations/ divisions serviced by your SS/GBS organization?

Shared services journey and value

- When creating a shared services organization when did you pursue process standardization?
- Has your organization typically moved processes to SSCs before or after technology change?
- How have you typically addressed the organization and talent changes needed at the local level when shifting work to SSCs/COEs?
- Which tax process considerations were taken into account prior to or in connection with the formation of an SSC?
- To what extent have your organization's SSCs had a positive or negative impact in specific areas?
- To what degree has your organization achieved its objectives for Shared Services implementation across specific areas?
- What changes would you have made along your Shared Services journey based upon your experience to date?
- What was the payback period for your last significant SSC implementation?
- What was the average headcount reduction achieved by your last significant SSC implementation over the first 12 months after full operations began?

- What has been the average annual productivity improvement (e.g., headcount reduction or hiring cost avoidance) achieved by your organization's SSCs?
- How do you use the savings generated by SSC productivity improvements?

Shared services operations

- What is important to your internal business unit customers? Please rank
- What best describes the technology platforms in your SSCs?
- How are you primarily allocating spend on technology for your SSCs?
- How significant do you anticipate the following people-related challenges becoming within your organization's SSC(s) over the next three years?
- How do you attract and retain talent in your Shared Services organization?
- What roles do your shared service center(s) play in management and oversight of internal controls?
- What is the scope of internal control activities within your SSC?
- What benefits has management and oversight of internal controls provided?
- What portion of your key business process control points are in your SSCs?

Future of shared services

- Please rank the strategic priorities for your SS/GBS organization today, five years from now, and ten years from now.
- What role(s) does your SS/GBS organization perform or anticipate performing in data analysis or analytics?
- Please identify the three greatest challenges to adding analytics as a capability within your SS/GBS organization?
- How do you plan to increase automation capabilities in the future?
- How do you drive continuous improvement within your SS/GBS organization?
- Do you provide continuous improvement services outside of your SS/GBS organization?

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To discuss the survey results and trends, contact:

Americas

Susan Hogan
Deloitte Consulting LLP
Atlanta
shogan@deloitte.com

Christine Ahn
Deloitte Consulting LLP
Los Angeles
chrisahn@deloitte.com

Beatriz Dager
Deloitte Colombia
Bogota
bhdager@deloitte.com

Andre Pienaar
Deloitte Canada
Toronto
apienaar@deloitte.ca

Noemie Tilghman
Deloitte Consulting LLP
Chicago
ntilghman@deloitte.com

Ulisses de Viveiros
Deloitte Brazil
Sao Paulo
uviveiros@deloitte.com

EMEA

Nicholas Prangnell
Deloitte UK
Nottingham
nprangnell@deloitte.com

Jorge Bagan
Deloitte Spain
Barcelona
jbagan@deloitte.es

Jean-Michel Demaison
Deloitte France
Paris
jdemaison@deloitte.fr

Rolf Driesen
Deloitte Belgium
Brussels
rodriesen@deloitte.com

Filip Gilbert
Deloitte Luxembourg
Luxembourg
fgilbert@deloitte.lu

Christoph Greving
Deloitte Germany
Frankfurt
cgreving@deloitte.de

Daan de Groodt
Deloitte Netherlands
Amsterdam
dadegroodt@deloitte.nl

Markus Kaihoniemi
Deloitte Finland
Helsinki
markus.kaihoniemi@deloitte.fi

Claus Thorne Madsen
Deloitte Denmark
Copenhagen
cmadsen@deloitte.dk

Shane Mohan
Deloitte Ireland
Dublin
smohan@deloitte.ie

Peter Moller
Deloitte UK
London
pmoller@deloitte.co.uk

Fabrizio Napolitano
Deloitte Switzerland
Zurich
fnapolitano@deloitte.ch

Krzysztof Pniewski
Deloitte Poland
Warsaw
kpniewski@deloittece.com

APAC

Paul Zanker
Deloitte China
Hong Kong
pzanker@deloitte.com

Sai Weng Ho
Deloitte Malaysia
Kuala Lumpur
swho@deloitte.com

Timothy Koh Wah Ho
Deloitte Singapore
Singapore
kwho@deloitte.com

Marco Liu
Deloitte China
Shanghai
marcoliu@deloitte.com.cn

Yasushi Nobukuni
Deloitte Japan
Tokyo
ynobukuni@tohatsu.co.jp

Paul Wensor
Deloitte Australia
Melbourne
pwensor@deloitte.com.au



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