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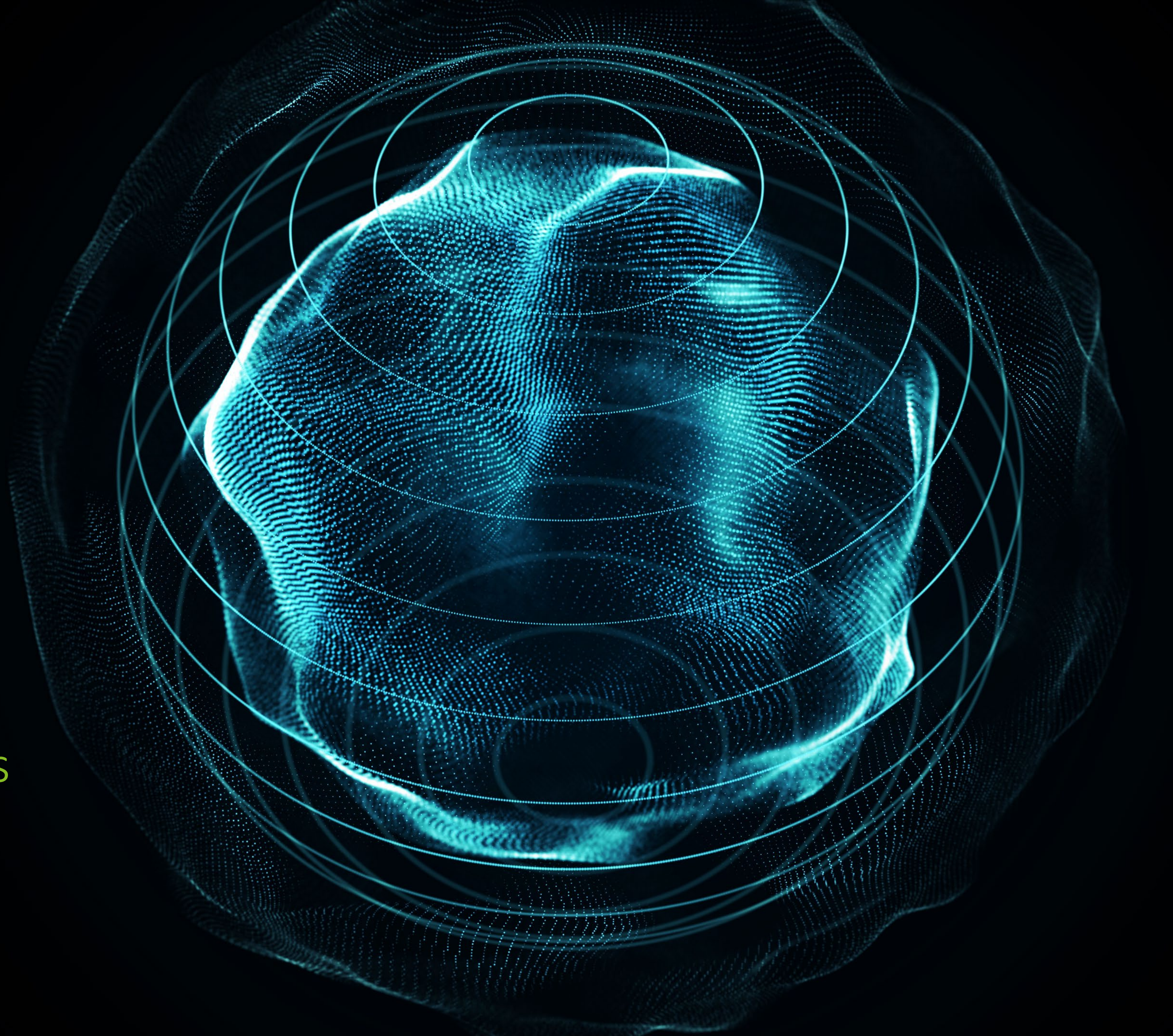

2023 Global Shared Services and Outsourcing Survey

Executive Summary

JULY 2023

Foreword

Service delivery models are always evolving. World's largest companies are transforming to leverage global, multifunctional, and hybrid working models with tightening economic conditions. These organisations are prioritising areas across work, workforce, and workplace to be successful. Apart from expanding the traditional functional scope, they are accelerating digital capabilities like automation, analytics, and reporting to become more customer-centric. These GBS organisations are also promoting the social responsibility & diversity agenda and supporting a range of ESG processes.

GBS organisations are taking the drivers' seat in delivering transformational capabilities to the organisation and are becoming more closely aligned to the C-suite. **Overall, what's clear is that shared services centres (SSCs) and GBS models are becoming more agile, digital, and cost efficient, as they seek to provide a better customer and employee experience.**

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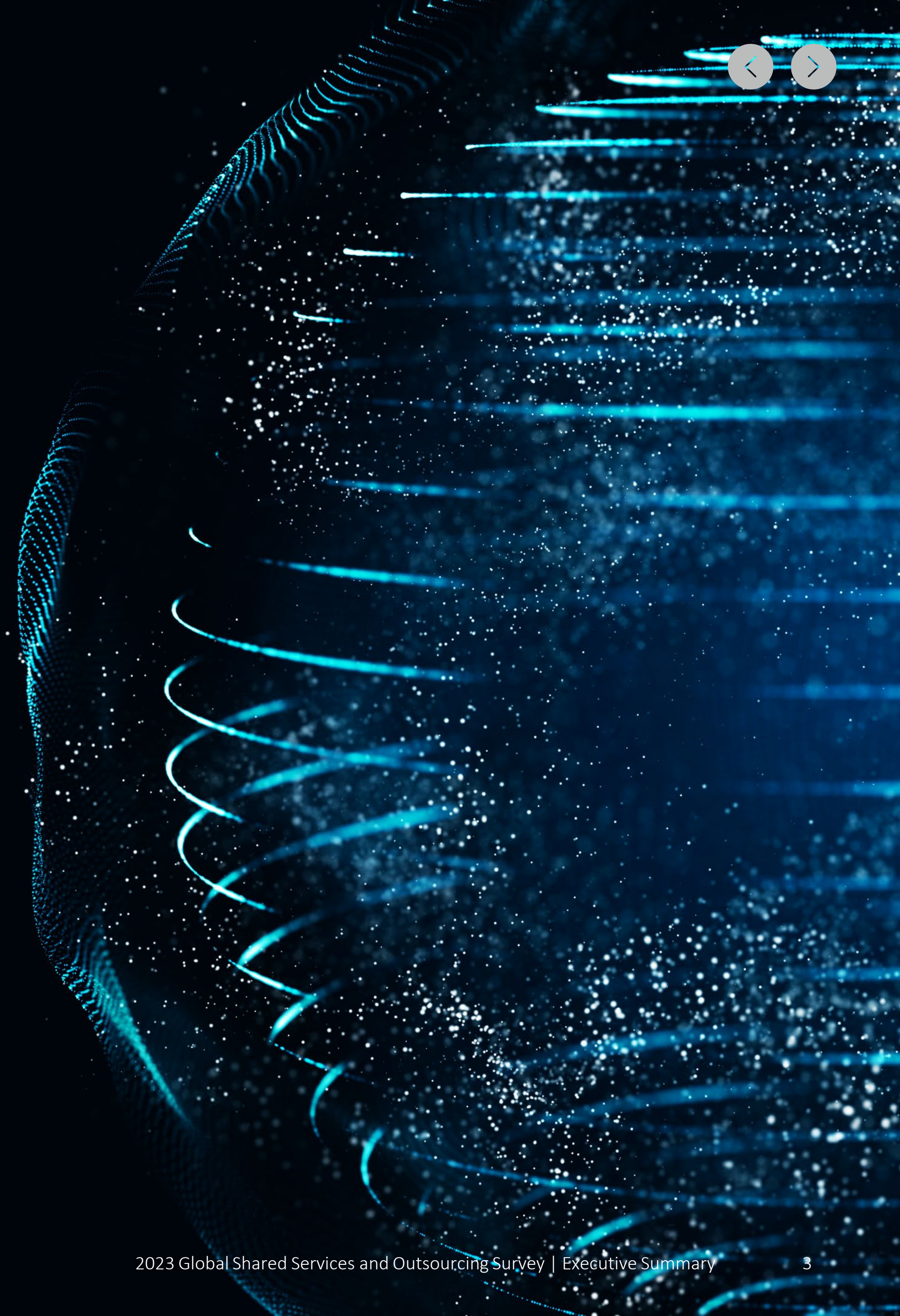


Deloitte's 2023 Global Shared Services Survey received ~500 responses across 6 industries and 12 sectors

Consumer 31%	Energy, Resources & Industrials 25%	Technology, Media & Telecom 21%	Life Sciences & Health Care 10%	Financial Services 9%	Government & Public Services 4%
Retail & Consumer Products, **21%**	Industry Products, **19%**	Technology, **17%**	Life Sciences, **6%**	Banking, **3%**	Government, incl. higher education, **4%**
Automotive, Transportation, Logistics & Services, **10%**	Oil, Gas and Power, **6%**	Telecom & Media, **4%**	Health Care, **4%**	Insurance, **3%**	
				Investment Management & Real Estate, **3%**	

Survey had responses from leaders in **40 countries**, with top SSC locations across **~57 different countries**

Survey included leaders based not only in **parent organisations**, but also in their **SSC organisations**

14% of the respondents represented companies that had an **annual revenue of over $50B**

Key themes for this year’s survey

GBS continues to focus on cost reduction as a priority

- GBS organisations are focused on **cost reduction** as the #1 objective, as they look to combat changing global economic dynamics
- Organisations are refining their SSC footprint by moving more work **to cost-efficient locations**
- **Tight labour markets and cost pressures** are primary factors impacting the footprint strategies of GBS organisations

Objectives achieved
1. Cost reduction
2. Standardisation and efficiency of processes
3. Developing capabilities

GBS continues to adopt key enablers to drive value

- **Automation, single instance ERP, and workflow tool** are being heavily adopted across GBS
- There is an increased interest in **global standard processes, centralised analytics and self-service** for the next 1-3 years
- GBS have **increasingly adopted E2E process ownership model** as they mature (> 3 years)

Capabilities implemented
1. Automation
2. Single instance ERP
3. Workflow tool

GBS is playing a key role in ESG

- GBS is playing a **key role in ESG**, with **~50% of GBS organisations** reporting **ESG as a focus area**
- **Promoting social responsibility & diversity** is the top ESG focus area for GBBs. **~60%** of these organisations are also supporting a broad range of **ESG goals such as ESG reporting**

Role in implementing ESG	
67%	Promote social responsibility & diversity
59%	Support ESG processes

Key themes for this year's survey

GBS is getting more closely aligned to the C-suite

- **Mature GBS organisations** (>7 years) are reporting primarily into a **GBS leader**[1]
- **A third of newer GBS organisations** (1-3 years) are reporting into a **CXO**
- **CFOs are the most common leaders** for GBS out of the C-Suite

39%	Head of GBS
36%	Respective Functional Leader
25%	CXOs

GBS providing value as business partners

- GBS organisations are shifting from transaction-processing back-offices to business partners through a hyper-focus on **customer and user experience, not just on efficiency**
- **Over 50%** GBS organisations have deployed capabilities of **automation, reporting & analytics, process excellence, E2E process ownership & business continuity planning**

Customer experience & user centric design	
31%	Have implemented
37%	Planning to implement

GBS is building agile and resilient talent models

- GBS is expanding **work-from home, accelerating digital agenda** and **implementing flexible work hours** to retain talent in challenging environments
- **Well-being opportunities, upskilling, and market-based compensation** are key retention strategies employed by GBS organisations

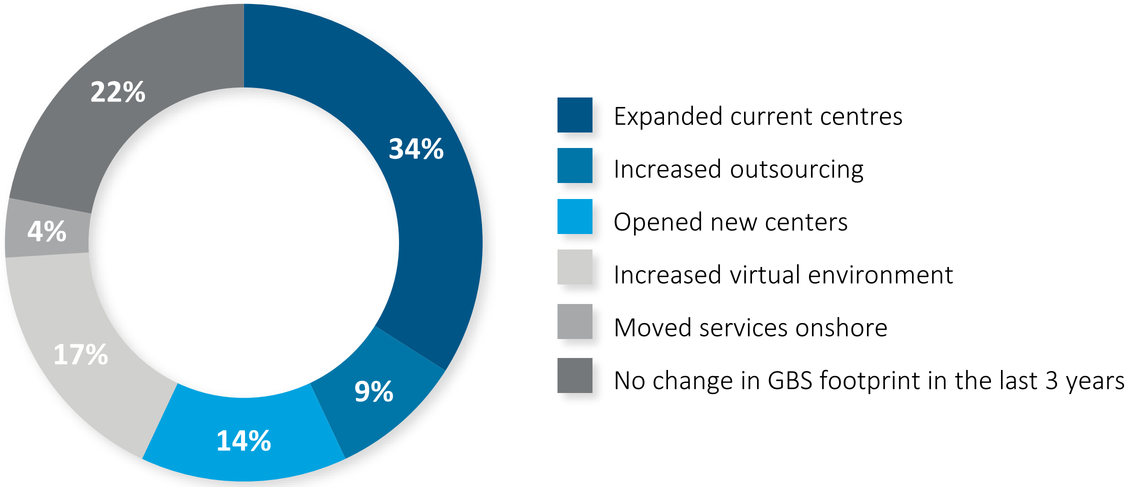
52%	Moving to hybrid work models
44%	Flexible work hours

[1]Head of GBS may be reporting directly into the C-suite

Geography & Organisation

How has your GBS footprint changed over last 3 years? What are the preferred locations for SSCs?

How has your GBS footprint changed in the last 3 years?



- Remote and hybrid work is here to stay - 17% of GBS organisations are **continuing to invest in enabling virtual** work environment, compared to **14% in 2021**
- **60%** of organisations have **increased the scope of their existing SSCs or the extent of outsourcing** instead of changing GBS footprint
- **Fewer organisations (4%)** are looking to **back-shore their services** now than in 2021 (20%)

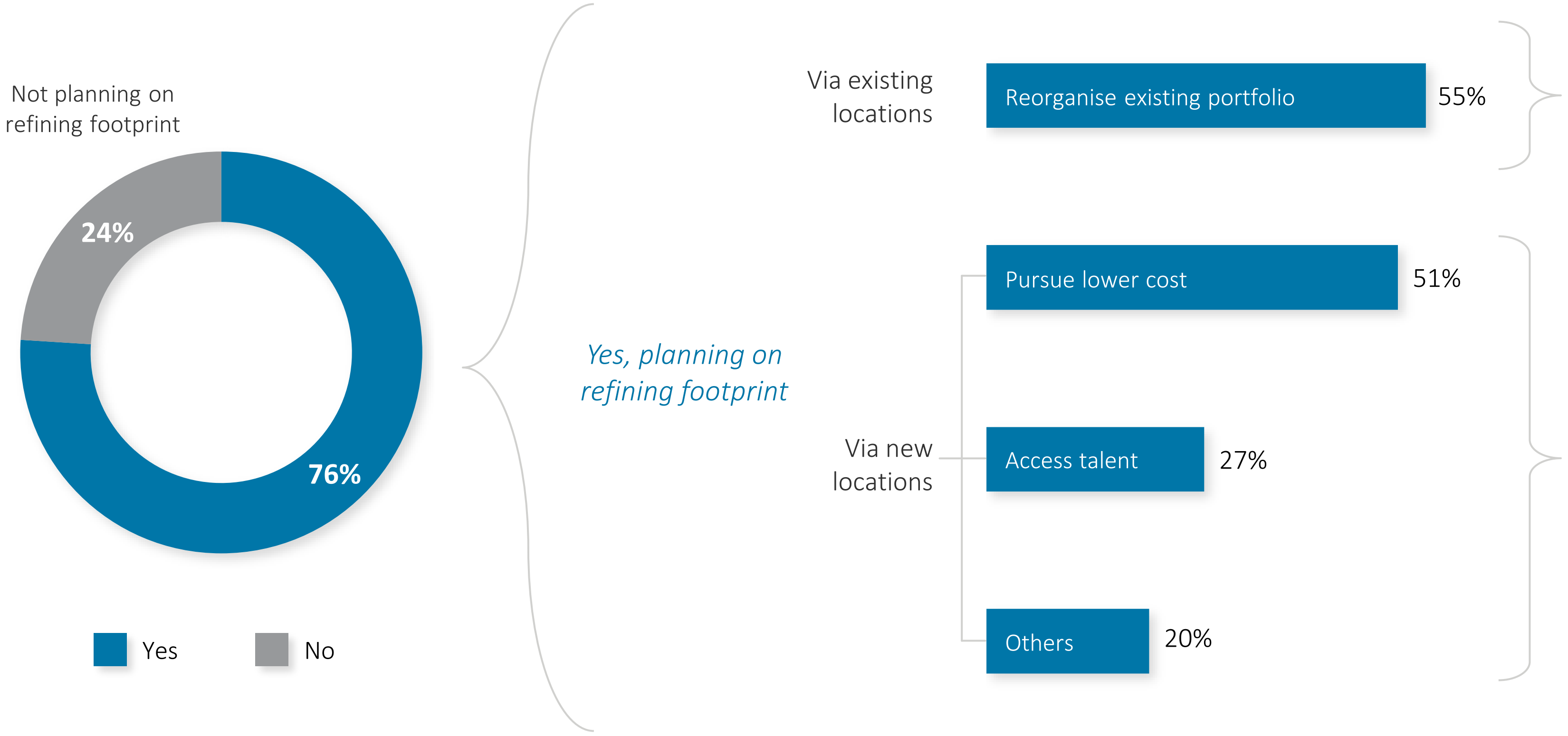
What are the most preferred SSC locations?

TOP PREFERRED LOCATIONS

- **India, Poland and Mexico** are the top 3 locations followed by **USA** with largest shared services centres
- **Malaysia** is a new entrant to the top 5, closely followed by **China**
- **Bulgaria, Ireland, Mexico, Malaysia and Poland** have seen the biggest % increases since 2021

How are organisations refining their SSC footprint?

Are you considering refining your SSC (Shared Services Centre) footprint in the next three years?



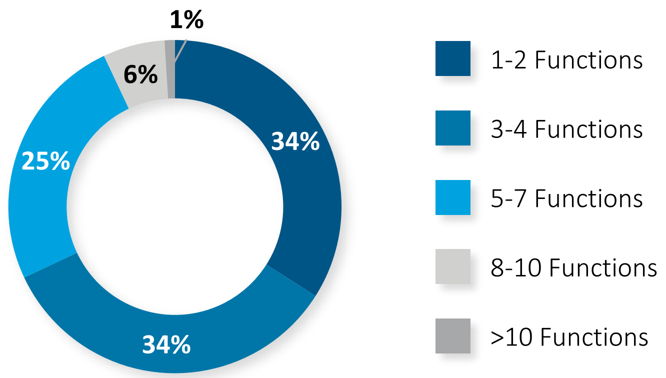
~70% of organisations **planning to reorganise** their portfolio have already diversified delivery locations and are looking to modernise their capabilities

Majority of the respondents stated moving to a new location to **pursue lower costs (51%)** and **gain better access to talent pool (27%)**

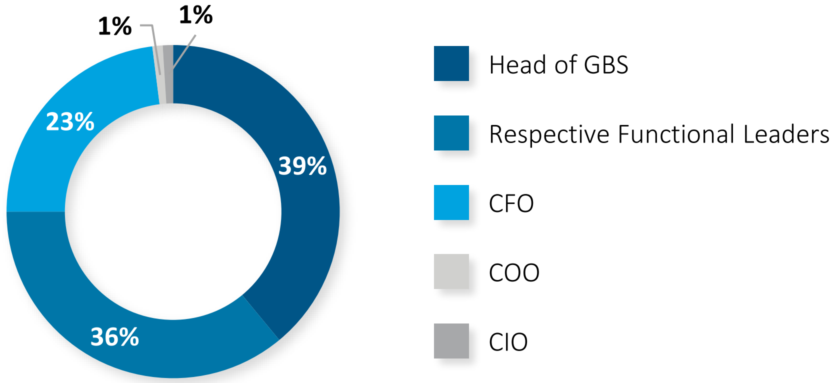
Strategy & Scope

What is the maturity, scope and reporting structure of your GBS organisation?

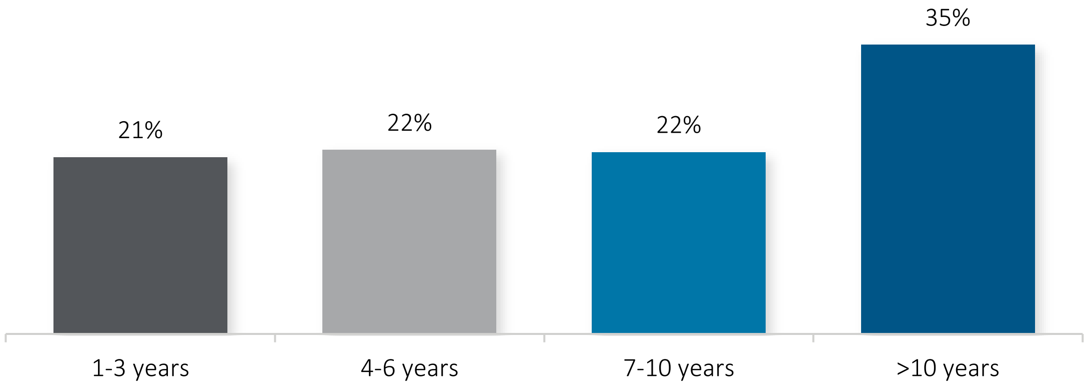
How many functions does your shared services organisation perform?



Who do resources within your GBS organisation report to?

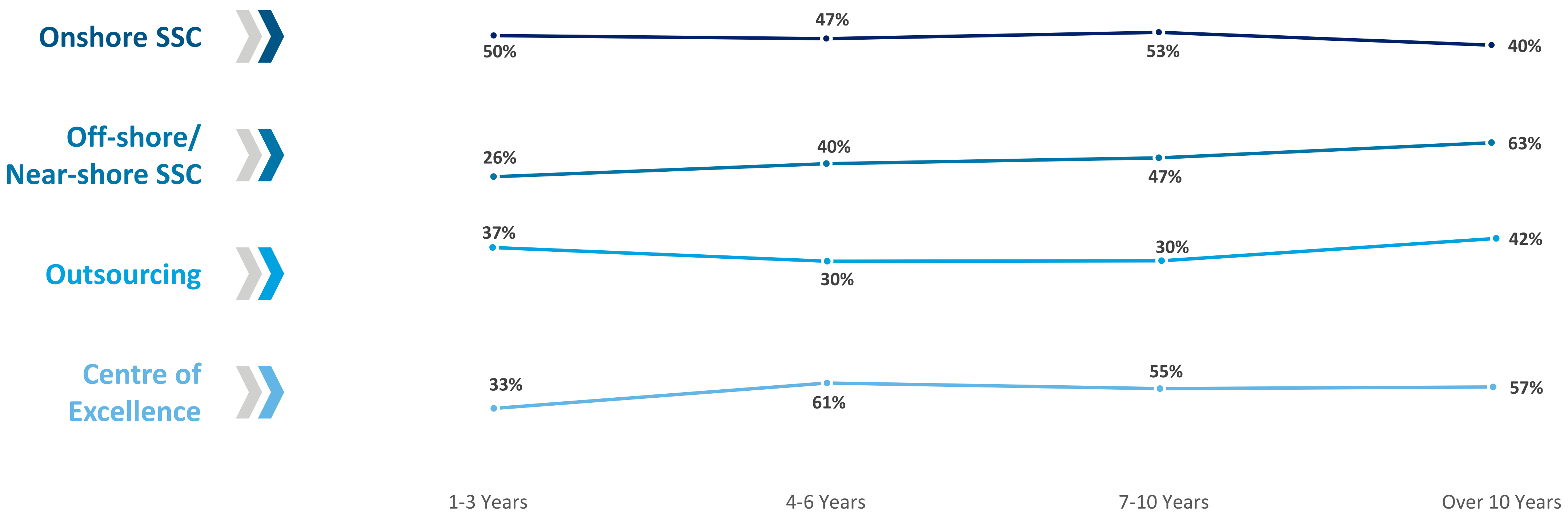


How long ago did your organisation begin leveraging shared services and/or outsourcing?



- **40%** of organisations who had begun leveraging GBS over **7 years** ago are primarily being led by a dedicated GBS Leader (increased from 21% in 2021)
- **Over one-third** of organisations which have begun their GBS journey in the **last 1-3 years** are employing a **CXO-led reporting model** in their SSCs
- Among C-Suite, **CFO** is becoming the most popular role to lead GBS organisations, with **over 80%** of CFO led GBS organisations having a **multi-functional scope**
- **62%** of SSCs with only **1-2 functions** in their scope are relying on **on-shore shared service centres** and/or **outsourcing** service providers
- As GBS organisations move towards a **multi-functional scope**, adoption of **off-shore SSCs** increases from **13% to 33%**

Preferred service delivery model by maturity of GBS organisations



- Adoption of **off-shore/near-shore SSCs increases while on-shore SSCs witness a reduction** as organisations mature in their GBS journey
- Centre of Excellence models are **leveraged early** by organisations and **consistently through their GBS journey**

What functions are performed by GBS organisations?

% of respondents

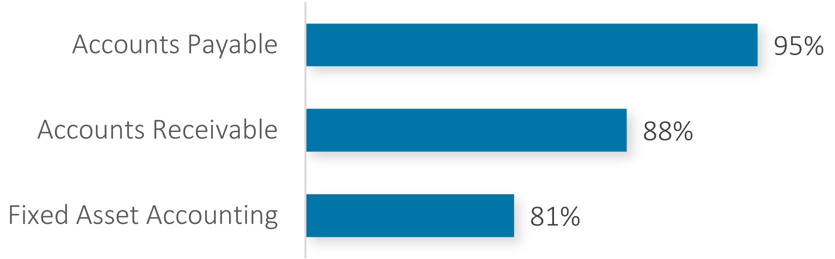
Function	Global Business Services (2023)	2021	2019
Finance	91%	90%	89%
Human Resources	62%	56%	63%
Information Technology	57%	54%	47%
Procurement	48%	52%	42%
Tax	43%	36%	34%
Customer Service	29%	43%	40%
Supply Chain/ Manufacturing Support	19%	18%	20%
Legal	18%	14%	16%
Real Estate/ Facilities Management	18%	21%	16%
Sales & Marketing	13%	14%	23%
Engineering/R&D*	10%	NA	9%

**Option not available in 2021 Survey*

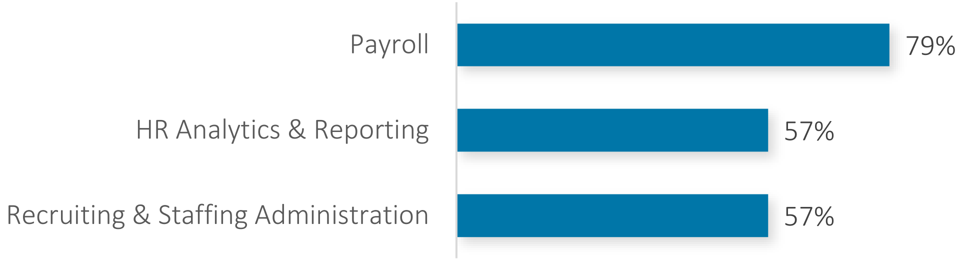
- The traditional **big three GBS functions**—Finance, HR, and IT—are still the most predominant across all industries
- Deployment of **interaction-heavy functions** such as Engineering and R&D continues to receive attention, indicating that GBS is transitioning from “labour arbitrage back-office centre” to a “strategic partner and central business organisation”
- Functions requiring increased presence near client/corporate such as procurement, supply chain and tax are also receiving higher traction in GBS

Among key functions, what are the top processes performed via SSCs?

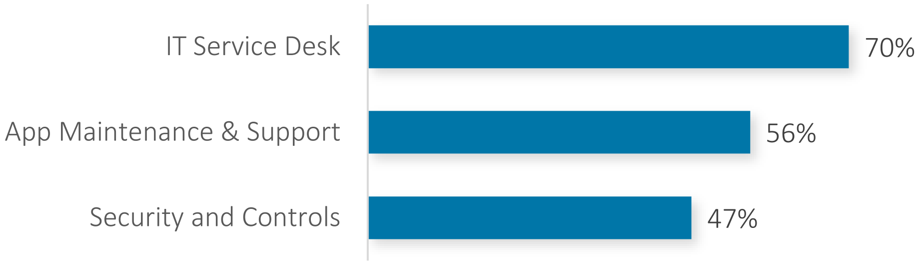
Finance



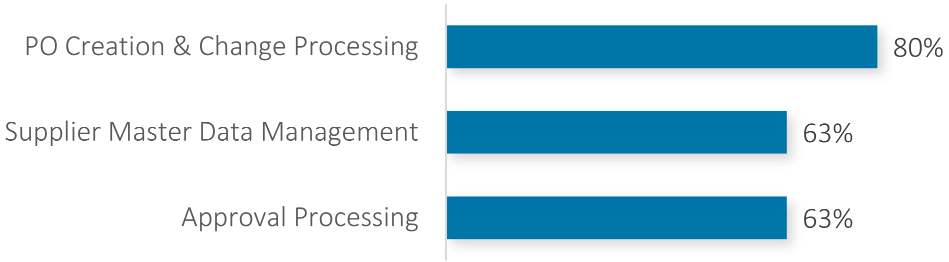
Human Resources



Information Technology



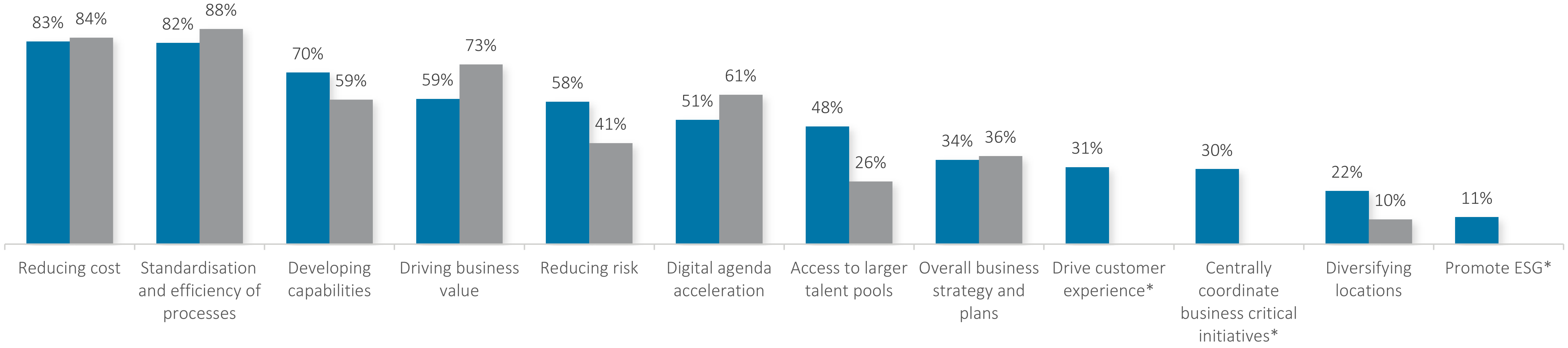
Procurement



2023

- Organisations that **leverage SSCs also outsource** work to deliver parts of the process
- **Accounts payable, accounts receivable, and fixed asset accounting** remain top Finance processes carried out within SSCs, in line with the trends seen previously
- **67%** of organisations are providing **decision support (FP&A) via SSCs**, indicating an uptick since 2017 which is also being seen in majority of the finance processes
- Delivery of **payroll, and recruiting & staffing administration** through SSCs has increased compared to 2017
- **IT service desk** continues to remain the top IT process performed via SSC
- **Supplier master data management** is seeing increased traction for delivery via SSCs

Which of the objectives have you achieved from your GBS organisation?



**Option not available in previous surveys*

Objectives identified in 2021 | Objectives achieved by 2023

2023 Rank	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**
2021 Rank	**2**	**1**	**5**	**3**	**6**	**4**	**8**	**7**	**-**	**-**	**9**	**-**

- **Cost reduction** is the **top** objective achieved from GBS organisations, and companies continue to focus on it
- **Standardisation & efficiency of processes, developing capabilities** follow closely and have remained immediate & tangible objectives for a GBS organisation
- Organisations are using GBS as a tool to **reduce operational risk** by implementing BCP plans and diversifying their service delivery models
- In the **fight for talent**, GBS is providing a strong capability in **accessing large and diverse talent pools**

Enabling Technology & ESG

What are the key enablers employed by GBS organisations?

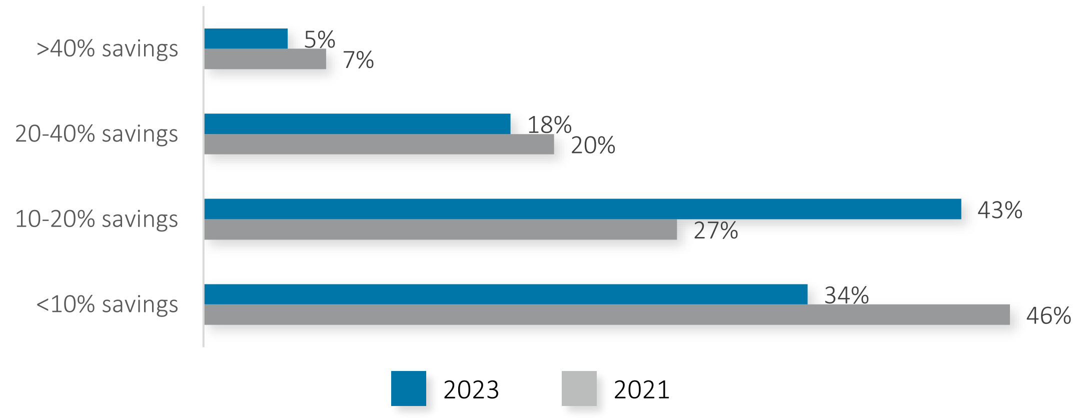
2021 Ranking		2023 Ranking	Key Enablers		Focus Areas in next 1-3 Years
1	=	1	Automation	59%	1
3	↑	2	Single instance ERP	47%	4
5	↑	3	Case Management /Workflow tool	45%	5
9	↑	4	Centralised analytics reporting (insights) & Performance Dashboards	28%	3
2	↓	5	Global standard processes	28%	2
8	↑	6	Self service (quick search, transactions, report access etc.)	18%	6
4	↓	7	Cloud	15%	10
7	↓	8	Instilling a culture of innovation in the workforce	11%	7
11	↑	9	Data lake	8%	12
6	↓	10	Agile	8%	11

↑ Improvement in rank ↓ Reduction in rank = No change in rank

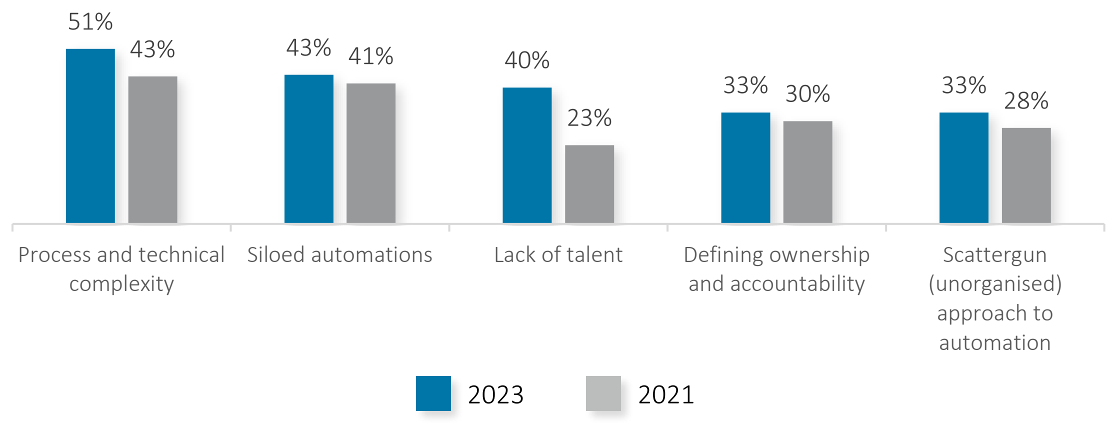
- Over the years, **automation** has remained the **most desirable digital enabler** for GBS organisations & is expected to be a key focus area in next 1-3 years
- **Centralised analytics reporting & performance dashboards** has jumped sharply from ninth position in 2021 to fourth position in 2023; 29% of respondents whose focus area is automation already **have centralised analytics reporting & performance dashboards as an enabler**
- Companies are evolving in their digital journey through **persona-based performance dashboards** linked to **leadership goals and objectives**
- **Global standard processes and self-service capabilities** are seeing increased traction as top focus areas for companies in the next 1-3 years, in line with trends seen in the last few years
- While **cloud capability has become table stakes for many organisations**, GBS are increasingly leveraging cloud as an enabler for their **tools and capabilities such as, but not limited to, automation, ERP, workflow tool and analytics**

What are the savings and challenges of automation implementation?

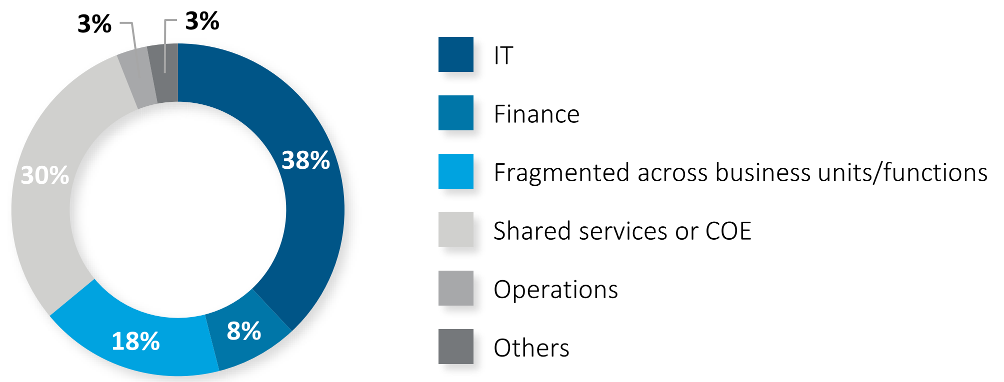
What level (%) of savings have been achieved through automation?



What are the key challenges you've faced while implementing automation and you wish have known before?

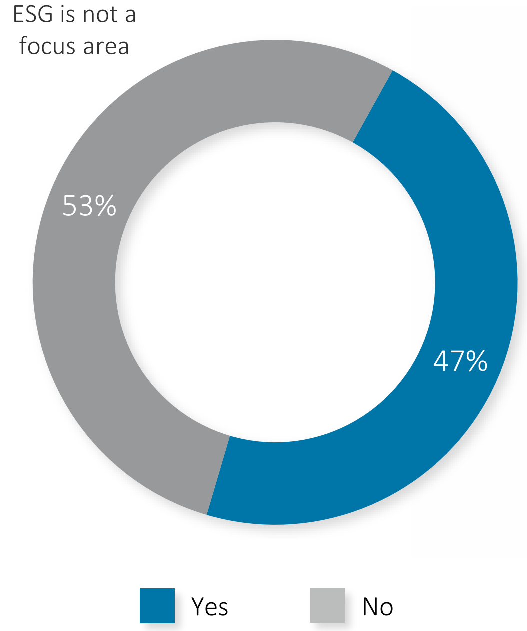


Who owns the Automation capability within your organisation?

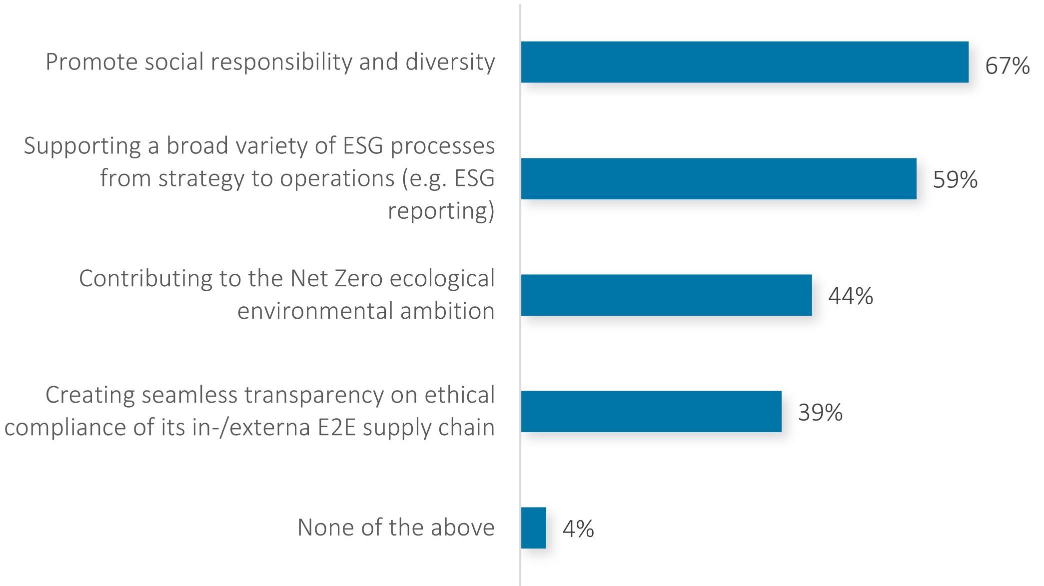


- For respondents who achieved <10% savings from automation, their biggest challenges were **siloed automations followed by process and technical complexity**
- **41%** of respondents who have achieved >20% savings through automation have also employed **single instance ERP**
- Most respondents **(68%)** stated that automation capabilities are **owned either by IT** or **SSCs; 18%** state that **automation ownership is fragmented** across business units
- **Talent shortage** is seen as an **implementation barrier by 40%** of GBS organisations, increased from **23% in 2021**

Has Environmental, Social, Governance (ESG) been a focus area for your GBS organisation?



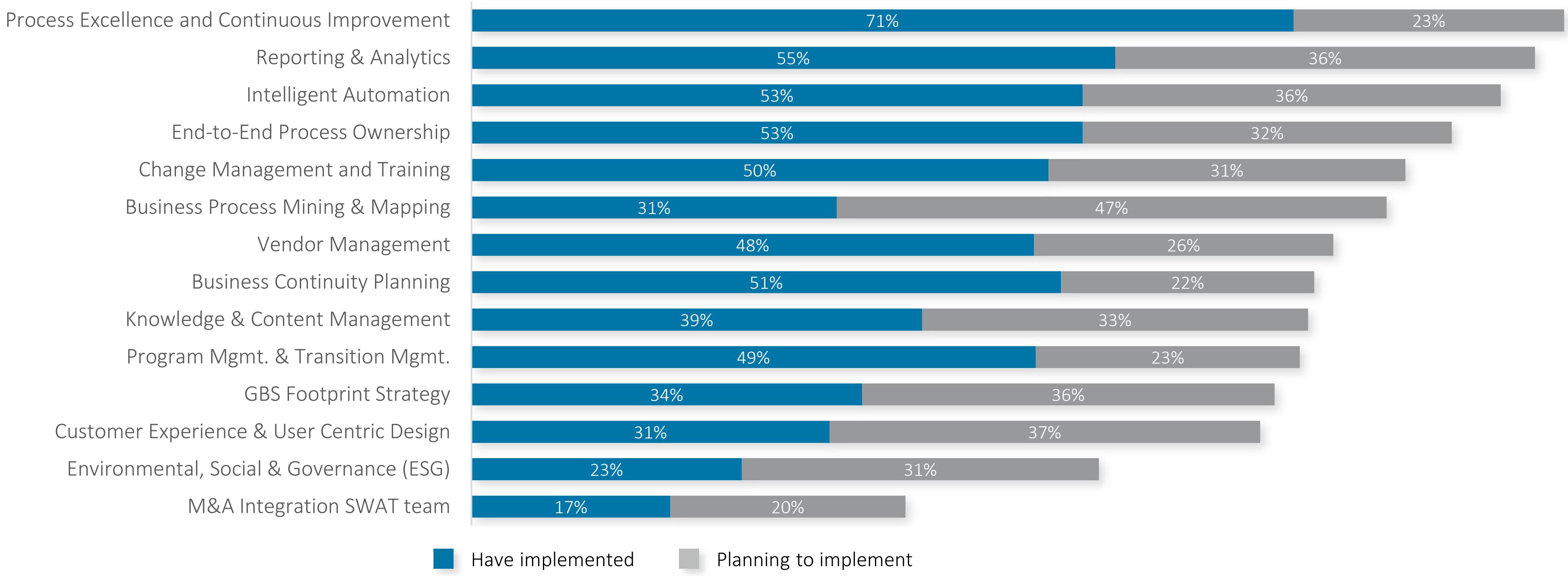
If yes, what role has your GBS organisation been playing?



- GBS is playing a critical role in driving ESG outcomes by supporting a variety of ESG processes and contributing to **Net Zero** aspirations
- **ESG adoption** is broadly **industry-agnostic**, with majority of the industry areas reporting **45-55% focus on ESG**

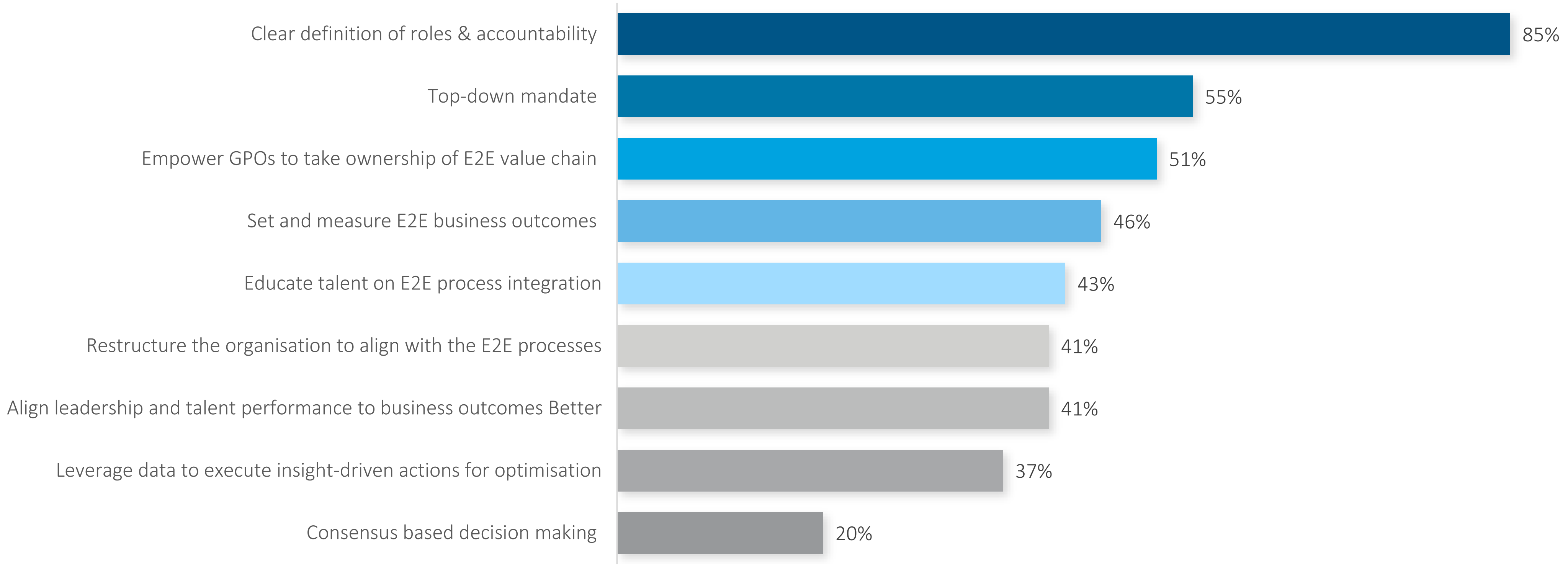
Centre Office

What are the capabilities implemented or planned to be implemented in GBS organisations?



- Intelligent Automation, Reporting & Analytics, Process Excellence, End-to-End Process Ownership, Change Management, and Business Continuity Planning are now part of **at least 50%** of GBS organisations
- **Process Excellence & Continuous Improvement** climbed to the **top spot** of focus areas for GBS organisations in 2023, partly attributed to organisations' focus on developing **RPA, automation and reporting** capabilities since 2021

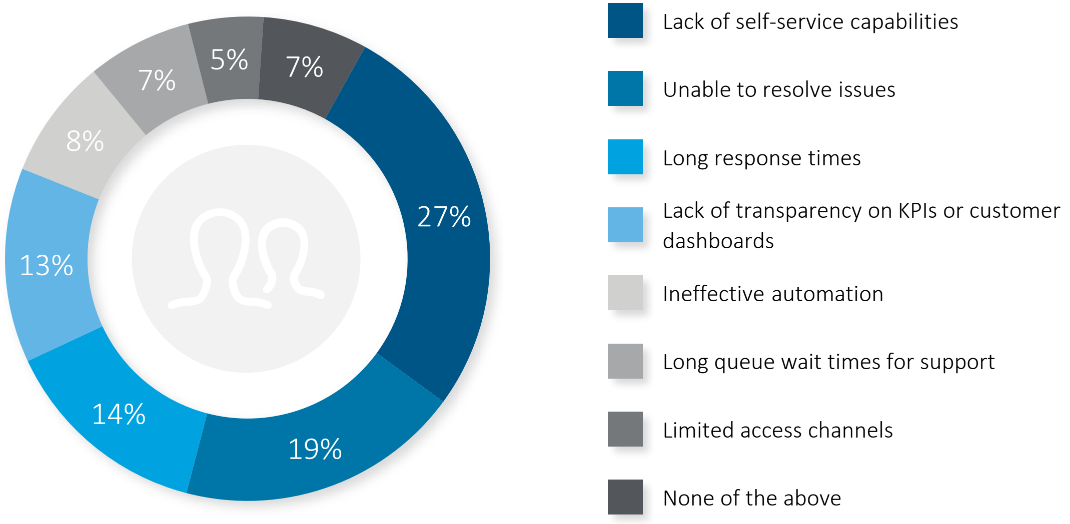
What are the critical success factors in achieving End-to-End processes?



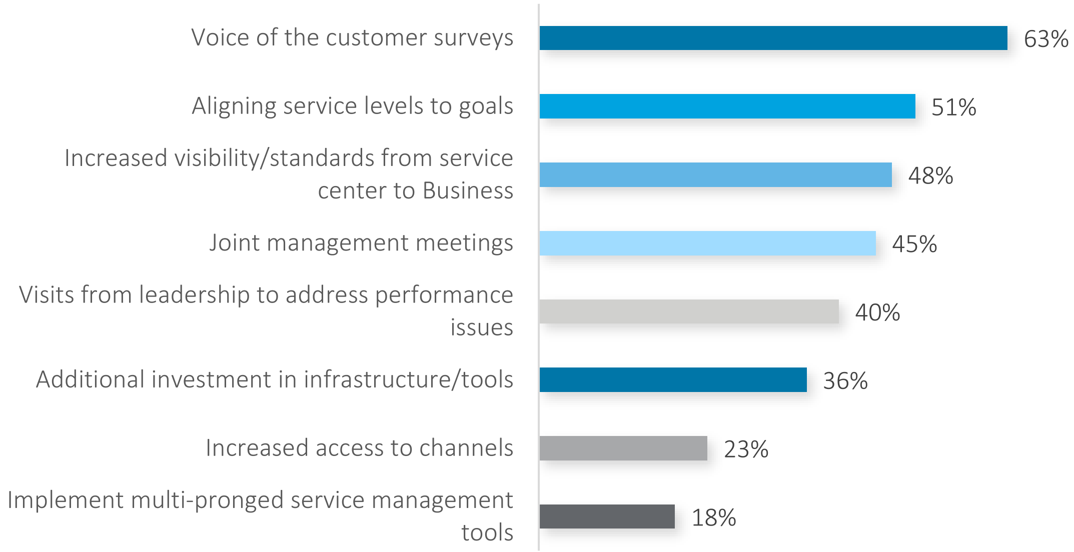
- **53%** of organisations have already implemented End-to-End processes, and **32% are planning to implement** in the next 3 years
- **85%** of organisations have **clear definition of roles & accountability** as their top-most critical success factor
- **Top-down mandate and empowering GPOs** to take ownership of E2E value chain are key success factors for **over 50%** of organisations

How are you driving better customer experience?

Which of the following is the most challenging for your end users/customers when interacting with your GBS centre?



What steps is your organisation currently taking to drive a better customer experience?

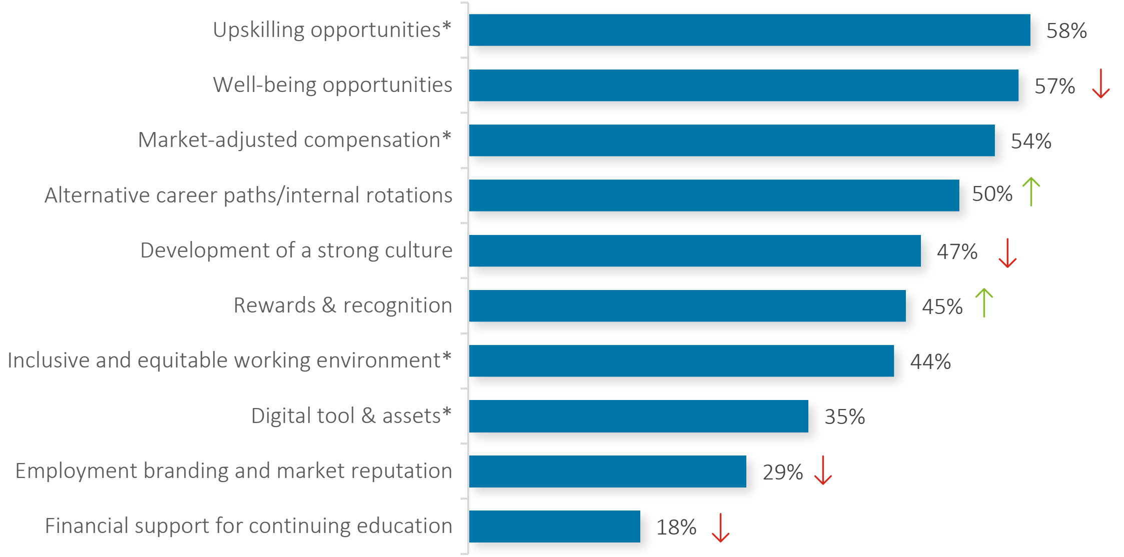


- **~70% of GBS organisations** have either implemented or are planning to implement **customer experience and user-centric design** as a capability
- Organisations are proactively taking steps to drive a better customer experience through customer surveys, alignment of service levels to goals, and increased standards from SSC to business
- GBS are facing high demand on **self-service** capability and are driving **more visibility & transparency** to improve customer experience

Talent Strategy

How do you manage talent within GBS?

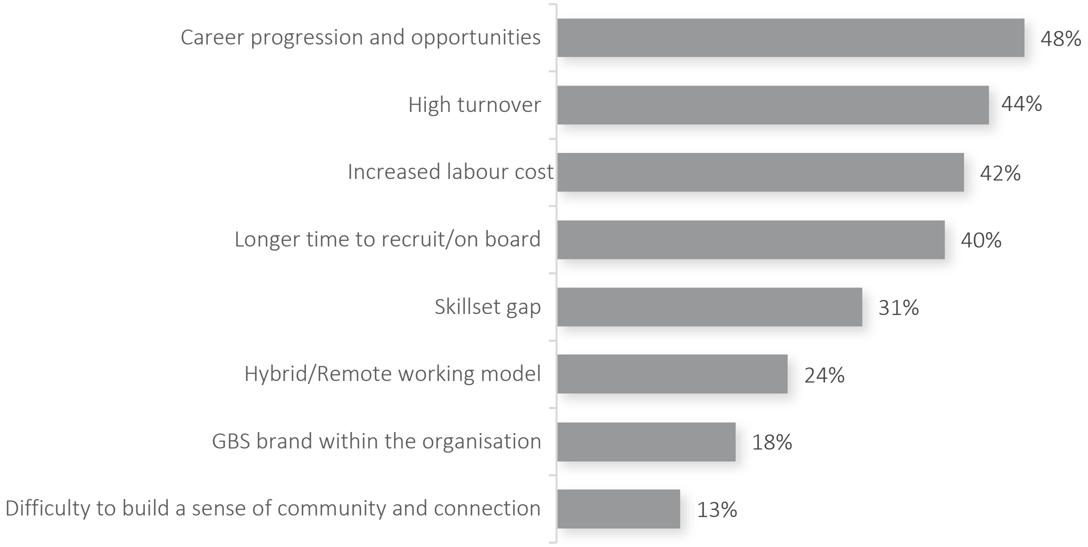
What are the key initiatives that you are undertaking to attract and retain talent?



** New addition after 2021 survey*

= ↑ ↓ Movement from 2021 survey

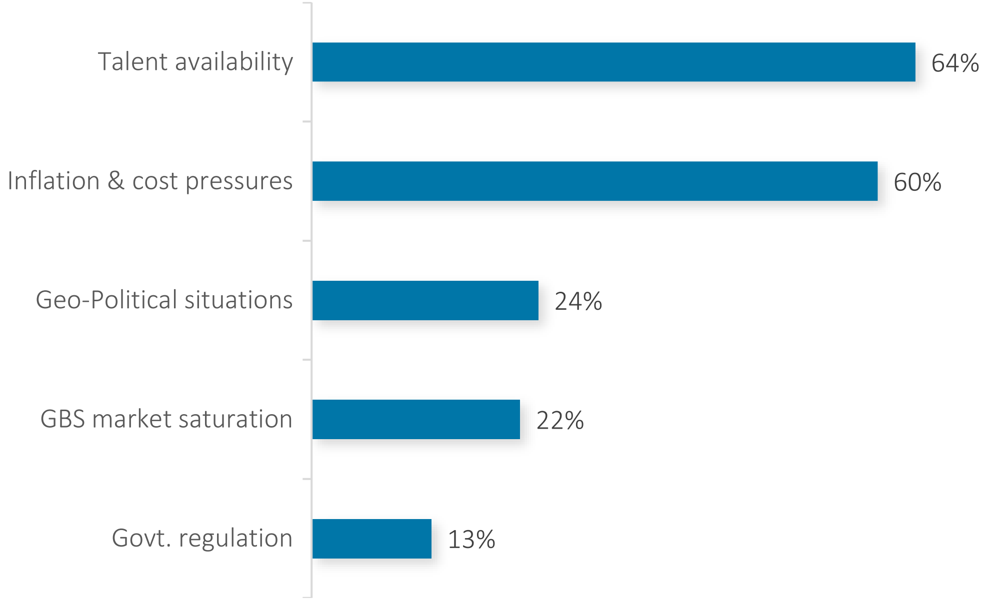
What are key challenges you are facing with talent?



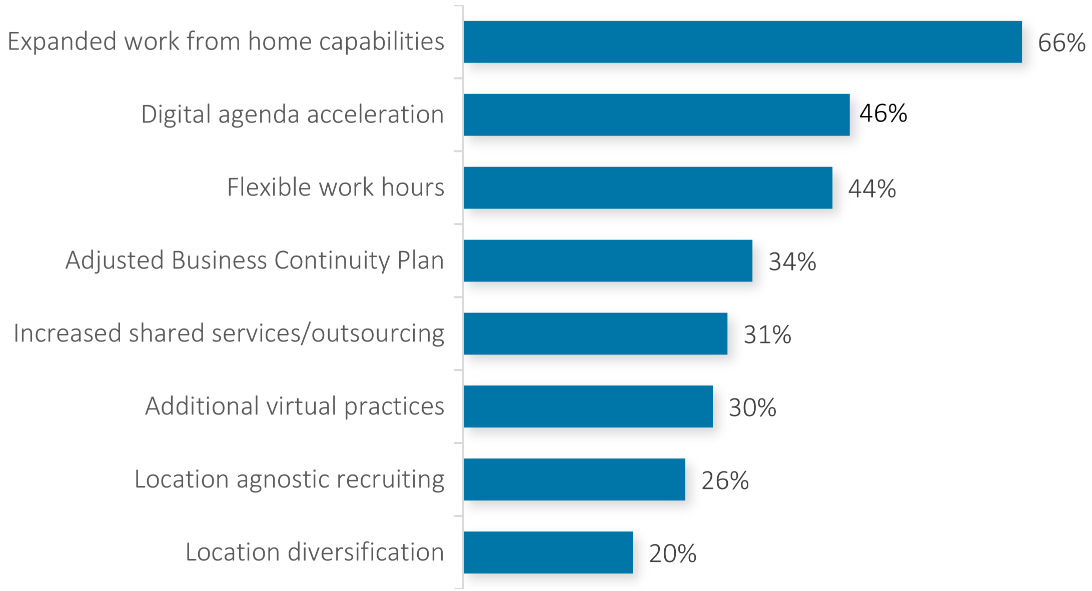
- Post-COVID trends in GBS suggest that organisations are reprioritising their talent strategy to focus on **well-being opportunities, upskilling talent, and market-based compensation** over **development of strong culture**, which was the top choice for several years
- **Building employment branding** and **education support** have moved down in preference as compared to prior surveys
- Organisations facing **career progression** challenge are actively focusing on **well being opportunities (46%) and job rotations (46%)**, whereas those having high turnover are using **market adjusted compensation (58%)** to attract and retain talent
- Organisations are leveraging **well being opportunities (66%)** and **upskilling talent (63%)** to retain talent

How have organisations added agility and resilience to their business models?

What are the key factors that are impacting your GBS footprint strategy?



How have organisations added agility and resilience to their business models?



- GBS organisations are **more resilient** to **geo-political factors** and government regulations, while **talent, inflation and cost pressures** are the biggest drivers of footprint strategy
- GBS organisations are increasingly adopting multiple strategies to ensure preparedness of their talent in a hybrid model (including **work from home, digital agenda acceleration, flexible work hours** etc.)

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