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Efficiency in an
Operate Center

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Introduction

Traditional operate services typically combine an outsourced workforce with leading practice processes and technology to manage and optimize business operations. However, the landscape of operate centers is rapidly evolving. At Deloitte, we envision the modern operate center as an adaptive and continuously improving model, driven by specialized, service-focused talent and enhanced by advanced automation and real-time data intelligence.

Efficiency in this context is multidimensional, playing a critical role in the success of the model. It extends beyond process optimization and cost cutting, encompassing a comprehensive approach to achieving operational excellence.

This white paper outlines targeted strategies, robust governance frameworks, and strategic technological investments that organization should leverage to drive efficiency. By adopting these approaches, organizations can achieve outcome-based solutions and sustained operational performance.

Efficiency Scopes & Attributes

Efficiency can be framed in terms of what is inside and outside of the "four walls" of the center. This helps distinguish between changes within the center's control and those outside of it.

Inside the Four Walls

Inside the four walls, we have Continuous Improvement as well as Operations (Ops) Innovation. These are largely within the center's control to execute. While these initiatives may appear similar even to experienced operations leaders, there are some notable differences.

Continuous Improvement

Primarily significant changes early in the lifecycle of the center to maximize savings over time. These changes may require more specialization, longer execution time, and/or involve higher risk than continuous improvement efforts. They are typically driven by center leadership and a specialized team embedded in operations. These initiatives may require more participation from the client to help minimize any potential risk on upstream or downstream activities.

Ops Innovation

Primarily smaller, day-to-day improvements which compound over time and are critical to maintaining efficient operations. The changes are often driven and implemented by the main operations team, ensuring seamless and efficient service delivery to the client without requiring their direct involvement.

Transformation

Transformation: Involves significantly changing processes and often impacts a larger group of stakeholders. The changes are driven and approved by the leadership between Deloitte and the client and may require a project team to execute.

Outside the Four Walls

Summary of
Key Attributes

Category	Continuous Improvement	Operations Innovation	Transformation
Scope	Inside the Four Walls	Inside the Four Walls	Outside the Four Walls
Operational Impacts	• Smaller savings, typically 3-5% • Creates more capacity for activities • Lower risk • Quick implementation • Steady progress, incremental	• More complex changes, higher savings (15-30%) • Focuses on early Implementation to drive more savings • May entail some risk • Requires more specialized skills	• Significant changes impacting a larger group of stakeholders • Client alignment and approval required • Longer time horizon • Change management strategies may be required • Higher costs & risks
Operational Characteristics	• Operates with little to no input or support from stakeholders • Processors and process leads • Leadership fostering a culture of improvement • Leadership encouraging submission of ideas	• Operates somewhat autonomously but may require some input or support from stakeholders • Requires higher and broader levels of leadership than Continuous Improvement • Leadership involvement • Specialized Skills • · Small, specialized team is embedded to drive change	• Joint committee established as part of governance • Broad range of stakeholders and alignment required • Effective stakeholder management • Careful planning
Scope of Communication	• Amongst team	• May require going outside four walls	• Full change management
Examples	• Macros • Attended BOTs (RPA) • Small, internal process changes • GenAI for communications	• Complex macros • Complex and/or unattended BOTs (RPA) • Process redesigns • Enterprise tools • GenAI for onboarding and reference materials • GenAI for chatbots	• Technology upgrades • Innovative automations • System enhancements • Process redesigns with upstream / downstream impacts • GenAI for processing ERP data (AIOPS.D)

By breaking down efficiency into specific dimensions, organizations can better identify opportunities, allocate resources effectively, and establish accountability. This approach can help ensure that efficiency initiatives are being pursued at all levels of the organization, requiring each group to understand their role and the tools available to them while aligning with the overall objectives of the organization.

Let's examine some client examples and see how they interact with this model.

- **Continuous Improvement:** A processor on one of our Finance & Accounting teams developed spreadsheet macros that allow files to be formatted quickly. They also worked with the other members of the team to automate similar processes. The macros were demonstrated to the client in a functional connect. The resulting time savings each month has allowed them to take additional work.

- **Ops Innovation:** A processor on one of our Receivables teams brought an opportunity to the lead for the center to create an unattended BOT to log into multiple websites, download data based on criteria from the user, process the data in spreadsheet, and upload the results into the ERP. The automation was created by the embedded Ops Innovation team with the input of the processor, and the resulting time savings generated enough capacity to take on new work from the client without an increase in FTEs.

- **Transformation:** The innovation council for a client identified an opportunity to implement AIOPS.D to process invoices. The system can read the invoices, extract the data, process into account coding, and process through the ERP. The timeline to implement is 6 months and includes impacts to those that submit the invoices as well as the teams processing. Comprehensive change management was utilized to inform and coordinate across stakeholders. The savings generated results in a reduction to FTEs.

Now that we have established the differences between these three scopes, let's consider each as we move through the key strategies for driving efficiency.

Governance and Impact

Instead of viewing governance as a box to tick for compliance, modern operate centers recognize its value as a strategic enabler. Embedding governance in day-to-day operations accelerates improvements by providing a framework for making informed, efficient decisions aligned with strategic outcomes.

Understanding the client's objectives and unique challenges should be a priority at the beginning of an engagement, as it will feed into the framework that informs all decisions going forward. Deloitte, for example, undertakes several key activities at the start of an engagement:

- **Facilitating assessment and alignment workshops:** These workshops drive understanding and alignment around priorities and opportunities, including those for transformation.
- **Interviewing stakeholders:** Gather insights into objectives, opportunities, threats, and key issues.
- **Gathering detailed information:** Collecting data on the client's culture, focus, industry trends, and other relevant factors.

Once this foundation has been established, it should be periodically revisited and adjusted through the governance framework as variables change.

Deloitte will also establish an Innovation Council early on to leverage expertise from Deloitte and the client, identify and champion opportunities, and drive value through technology and industry insights. Depending on the maturity of their operations, a client could expect to identify 5 to 15 high level opportunities during these initial assessments.

Now that we understand the foundation, let's take a closer look at the key components and potential benefits.

Key Components

Accountability and Oversight
Clearly defined roles and responsibilities promote clarity of objectives and rapid, effective decision-making by stakeholders.

Performance Metrics
Processes are established to track business cases, create and forecast budgets, and measure KPIs. Tools like Tableau are used to efficiently track and report. Efficiency metrics are regularly measured and reported.

Leadership and Sponsorship
Strong executive leadership and sponsorship are essential. An Innovation Council is established before transition to drive initiative and ensure alignment with strategic goals.

Communication Plan
Communication of changes is transparent. For larger changes, an effective communication plan ensures that all stakeholders are informed and engaged throughout the process.

Policies and Procedures
Clearly defined policies and procedures provide a roadmap for implementation and compliance. Platforms such as ServiceNow are utilized to track, reduce risk, and provide real-time visibility

Potential Benefits

Strategic Alignment
Helps ensures that all initiatives are aligned with the organization's strategic goals. Workshops are facilitated and stakeholders are engaged to understand industry trends and ensure company objectives are met.

Resource Allocation
Facilitates allocation of resources to help ensure efficient and effective implementation of initiatives. Staffing models like PODS are utilized to enable a flexible and scalable organization.

Risk Management
Provides mechanisms to identify, assess, and mitigate risks associated with various initiatives. Risks are proactively identified and brought to the client with a plan to address.

Stakeholder Engagement
Facilitates continuous engagement with stakeholders to manage expectations and address concerns. Tools are leveraged to provide efficient, self-service data, such as Power BI and Tableau reporting for quality, volume, and performance.

Embedding a strong governance framework into the organization from the start instills the necessary oversight, accountability, and strategic alignment to ensure that Continuous Improvement, Operations Innovation, and Transformation initiatives are executed effectively.

Digital and Operational Excellence

Organizations that leverage technology while simultaneously enhancing operations will have an advantage to driving efficiency at all dimensions.

Deloitte, for example, is utilizing various levels of technology, including Generative Artificial (GenAI), machine learning, RPA, and macros, as well as software as a service and other platforms to move toward digital transformation. The use case for each technology varies; for example, RPAs are best for repetitive, rule-based tasks, while AI is best suited for tasks that require insights or unstructured data. Evaluating the true requirements will ensure the most cost-effective solution is chosen; for example, attended RPAs can be used when some data input or decisions are needed from a user and will have a different cost structure than deploying a fully autonomous RPA.

Here are a few examples of technology driven tools and platforms we are utilizing to achieve efficiency outcomes for our clients, many of which are the result of Deloitte's investment in 3rd party relationships.

- **GenAI:** Deloitte's workforce was trained early on GenAI and has access to tools to harness its power both internally and to deploy for clients.
- **Process Bionics:** Analytical tool that accelerates re-engineering and executes process transformation initiatives.
- **AIOPS.D:** AI-fueled (GenAI + machine learning), plug-and-play modular microservices platform to autonomize Finance operations.
- **OperateEdge:** Project management suite used to manage ongoing innovation programs.
- **Control Tower** - Top down, persona-based custom analytics solution with insights for data driven operations governance within F&A Operate.
- **UiPath:** Alliance for robotic process automation.

New technology is a hammer, but not all problems are nails, so a focus on operations and process flows should be front and center. Operationally, from the beginning of any client engagement, all parties should understand the requirements to tailor a solution in terms of location, language, hours, and capabilities that best serve the client's needs as well as local and regulatory requirements. We look at end-to-end processes and leverage our broad insights across industries into leading practices to identify opportunities to streamline and reengineer workflows. As work is transitioned, it should be evaluated in terms of fit for the center. For example, is the process 80% like an existing process in the center? Should it be lifted, sifted, or shifted before moving? How does it impact scalability?

Overall, technology and operational changes should be scalable. Efficiency gains from smaller changes will reflect in reduction to average handling times and capacity, while those that are more transformational in nature could have a larger impact at a single point in time. And while benefits can be purely financial, they can also be in terms of quality, impact to the client, and reduction of risk.

Collaborative and Adaptive Workforce

Organizations should prioritize empowering employees through upskilling, reskilling, and cultivating a culture of collaboration, innovation, and adaptability. It's important to help ensure the human element is not overlooked in the rapid advancement and deployment of technology. Identifying impacts to the workforce and integrating change management from the beginning is crucial.

Within the center, efforts should be focused on developing and training employees, creating an environment where they can continue to advance and contribute to the organization as their roles evolve due to efficiency. Training the operations team in the fundamentals of Kaizen, Lean, Six Sigma, Total Quality Management, and other efficiency frameworks integrates these methodologies into the everyday culture. Employees are encouraged to identify and execute changes that enhance efficiency, and as their roles evolve, they can transfer laterally or be promoted into new roles. This experience within the center further promotes standardization and efficiency. Engaged and empowered employees are more likely to stay and grow with the organization, reducing turnover and further developing their teams and processes.

Within the client organization, impacted employees are supported through the journey and can develop new skills as their roles change. Adaptability becomes the new norm, with communication front and center throughout the process. Supporting the retained client organization is critical to their investment back into the center. As more opportunities are transitioned to the center, new, often higher-value opportunities become available.

Between the service operator and client, both parties should be fully invested and committed to seeing efficiency gains. Gain sharing can be used as a tool to demonstrate this commitment and allow both parties to benefit from increased efficiency. Additionally, some clients choose the BOTT (Build Operate Transform Transfer) approach in which the center is ultimately transferred back as a captive organization after being transformed.
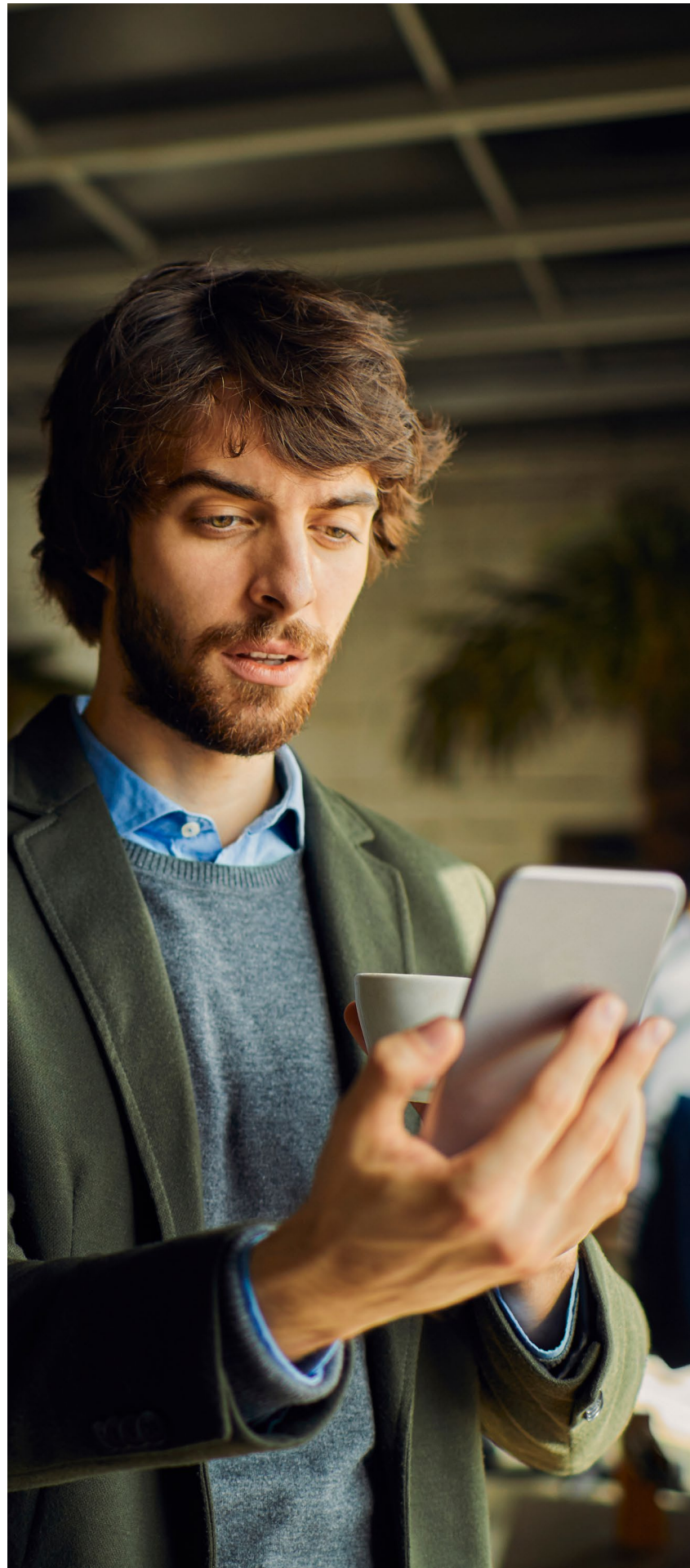
Tying It All Together

As efficiency opportunities are identified, they should be prioritized, approved, executed, operationalized, measured, and reported.

For prioritization and approval, the process should be defined early on and shared with the appropriate stakeholders. It will be subject to whether the change falls within the four walls or not. The frequency of reviews should be built into the governance framework. Leadership should help stakeholders avoid bias when prioritizing related to their areas versus others and the impact to the organization. Key decisions, assumptions, and expected benefits for proposed changes should be captured, even if the change is not approved, as it will be useful to the organization in the future should the question arise again.

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As efficiency gains are made, day to day operations may need to adjust accordingly. Establish processes and controls to help ensure standard operating procedures (SOPs) are updated and done so in a timely basis. Reduce risk of technology failure by capturing the manual steps to perform a process if an automation is unavailable or fails. For technology changes, ensure the team has access to test and document early on.

The impact to operations should be measured and reported on to capture the effectiveness of the change and monitor the ever-changing capacity of the organization. Develop dashboards to provide real-time insights into processing times. Report out on the results monthly with forecasted volumes factored in to demonstrate any impact to capacity. Continuous Improvement efforts are expected to generate capacity that can be utilized to take additional tasks into the center. Major efficiency gains will be reflected in reductions of full-time equivalents (FTEs).

Throughout this process, change management and communication should be utilized depending on the scope of changes to ensure the appropriate parties are consulted and informed.

Collaborating for Sustained Operational Efficiency and Transformation

Today's businesses are looking for more than just one-time labor arbitrage savings. They seek an organization willing to invest in their transformation journey toward sustained savings and operational excellence. For organizations aiming to transform their operations and achieve sustained efficiency, look for a service provider that can offer comprehensive experience, a holistic approach, outcome-based solutions, sustained efficiency, and effective risk management.

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