

## **Shared Services – have you optimised your investment?**

**Do you know if you are getting maximum value from your investment?  
Do you have issues and challenges? Do you want to understand which best practices are appropriate for you, and develop focused action plans to move forward?**

### **High or low performing?**

Shared Services is a well established approach for the provision of high quality, cost-effective business support processes. However not all Shared Services do well. There is evidence that best practice Shared Services organisations do provide significant benefits, but poorer performers struggle to do better than the traditional “back office” model.

Best practice Shared Services ensure that benefits accrue through continuous improvement and new ways of adding value. Poorer performing organisations fail to realise their full potential and have to grapple with issues such as:

- » Customer service complaints
- » Process failure
- » Poor morale
- » High staff turnover
- » Ineffective technology
- » Cost savings behind target

Also, unless the “art of the possible” is understood, the potential for additional value added is missed.

Take the case of a mature Shared Services organisation which is performing relatively well but is faced with a variety of pressures. Senior executives may be constantly pressing for additional savings. The Shared Services leader has heard of others who seem to have done well. How should he or she choose what to do next on the development path for Shared Services?

What should Shared Services do to move forward?

### **A range of options**

The range of options for Shared Services has significantly evolved over the past few years (figure 1).

Many organisations have realised that to sustain the Shared Services model, it is not enough to focus on the mere centralisation of transaction processing activities. Shared Service Centres have worked best when they are “business-focused” and have put the business units they serve in prime position as a customer – developing a high performance service culture and establishing best practice processes.

## Shared Services trends continue to evolve

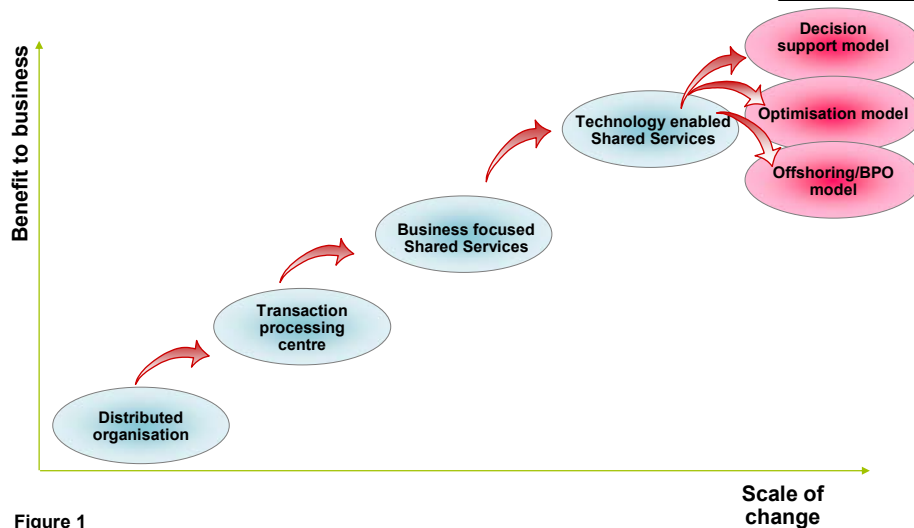


Figure 1

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For those Shared Services organisations that have not yet managed to get the basics in place, focus needs to remain in finding the solutions to these challenges. Our experience is that attempting to solve the problem by leapfrogging to more advanced options such as outsourcing will create as many headaches as it will resolve and value is more likely to be passed to the outsourcer in the process.

Solutions for optimising Shared Services typically fall into the following categories:

- » **Customer service improvement** – Shared Services customer service management solutions ensure that customer service is embedded in everything the Shared Service Centre does, from its Vision, through to process and organisation design, to recruitment and training. The customer ethos is accompanied by formal processes such as governance, customer relationship management, issue resolution, service level agreements and key performance indicators to provide a sustainable platform of an embedded customer service focus.
- » **Process improvement and Six Sigma** - Business process re-engineering, process design and implementation (including Sarbanes-Oxley and other compliance) approaches have been around for a long time and are well proven. However increasingly a full range of Six Sigma solutions including Lean is being applied in Shared Service environments as Shared Services processes lend themselves well to the approach. Six Sigma is focused on measurement and the diagnosis and resolution of the root cause of process errors. The analysis provides an objective assessment of whether errors are within quality standards or not and Lean techniques can reveal areas where the time taken to carry out multi-step processes can be dramatically improved
- » **Process automation** - Process automation tools such as optical character recognition (“OCR”) can deliver benefits over and above those delivered by standard ERP systems and can be designed to achieve a step change in performance. Implementation enables staff to focus on process and exception management instead of data entry. Atos Origin have implemented many “ePayables” and automated purchase to pay solutions over the years with the

result that service levels are significantly enhanced while headcount savings of over 50% become a reality. This begs the question – if I can optimise Shared Services to operate on minimum staffing – do I need to go offshore or to BPO for labour cost arbitrage?

- » **Technology deployment** - Shared Services implementation often coincides with an ERP implementation. This provides mutual benefits – Shared Services is more efficient as it can operate on the basis of integrated end to end processes, and the ERP implementation cost is reduced because of the Shared Services drive for standardisation. However for those that have not yet moved to ERP or those that have, but still have legacy feeder systems or have multiple ERP platforms, the focus enabled by Shared Services may be a catalyst to review the next steps. A Service Oriented Architecture (“SOA”) approach could be deployed to make integration more cost-effective whilst creating a single interface for the business making transaction processing simpler. If multiple systems are a barrier to optimising Shared Services, SOA can overcome some of the issues associated with a patchwork legacy system.
- » **Culture and people development** - The key to this challenge is to lead from the top – only by creating the right environment will your people deliver “high performance”. There are techniques to achieve this including cultural assessment and development, Shared Services Vision, mission and goal development, HR strategy and organisational development, leadership coaching and performance Management

Once the foundation of high performance culture and best practice process excellence is achieved, where can additional value be obtained? One possibility is to extend into “expertise” services. One client I worked with was able to utilise the benefits of having easier access to global standardised data on customer debtors outstanding to significantly reduce working capital requirements – it is in areas like this that Shared Services can realise true value – far in excess of initial headcount savings included in the original business case which supported their development.

### **What about BPO?**

Can these benefits be realised in-house with a “captive” Shared Services model – or do you need to partner with a BPO provider to gain access to the required capabilities? Indeed, should BPO be considered as a goal in its own right to gain the benefits from the significantly larger economies of scale that a BPO provider can generate and the labour arbitrage benefits from staff in cheaper locations? If such a path is taken, what implications are there for the future strategic capability of the remaining support function?

It is possible to move straight from decentralised processing to BPO – but most organisations take the Shared Services route first. Today, there are many different options and sophisticated models are required to analyse the best fit and develop the business case. BPO for the functions typically within the domain of Shared Services – Finance, HR, IT and Procurement – is growing very fast. Indeed at this time its growth is probably limited by the ability of supply-side organisations to respond in terms of the capabilities and capacity required. So selection of the right partner is paramount, and significant value can be obtained by using an intermediary with experience of all aspects of BPO – from scoping through to partner selection, transition and governance.

### **Making the right decision**

The challenge for Shared Services leaders is how to assess what is possible and make the optimal decisions for your own organisation from the myriad of options available. What should the next step be – more of the same or evolution? How will you understand what the options are, evaluate them, and decide what is right for you?

Atos Consulting have developed an approach to this dilemma which starts with an assessment of the current situation against Shared Services best practice, enabling issues and opportunities to be identified, in the context of realistic, personalised goals. The approach is based on over 200 best practices from over 100 man-years of Shared Services experience in industry (figure 2).

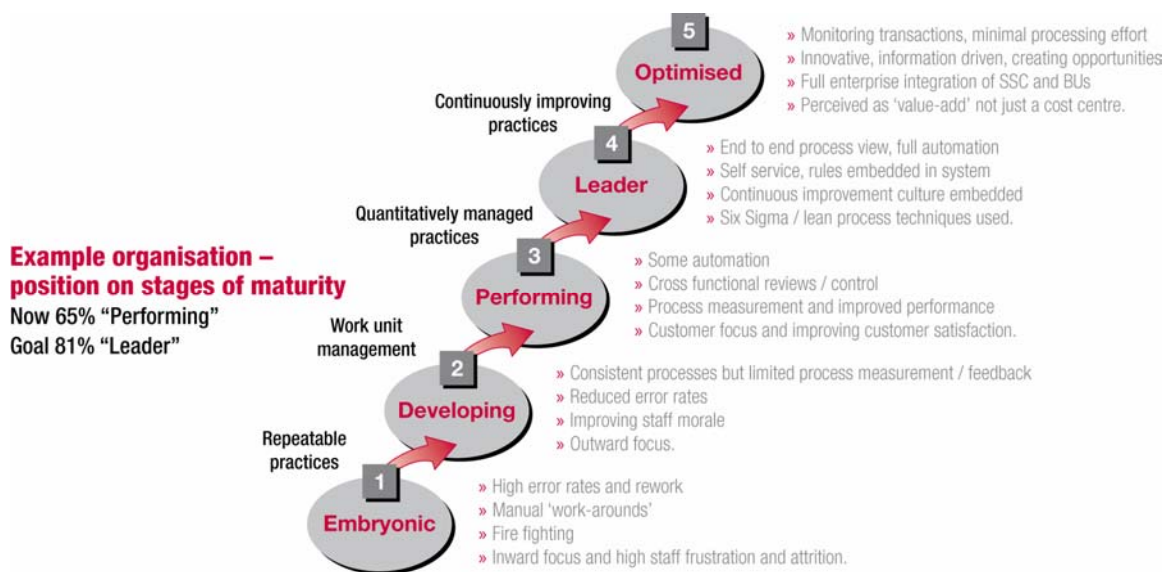


Figure 2.

The analysis facilitates decision making about the future and generates an action plan. By comparing current performance against researched Shared Services best practices, the organisation can identify its position on the maturity curve and identify areas of poor performance. Transparency of the situation helps provide clarity of improvement options and the directions available. This is given added realism by allowing the user to choose goals that are sensible for its own organisation.

Organisations are often wary of the effort that may be required to perform such an analysis. With full benchmarking significant effort is often necessary to collect the data. However Atos Consulting's Shared Services diagnostic tool is easy to use and can be completed in a half day meeting. Alternatively the tool can also be used in an online format and completed in a series of shorter sessions. The workshop format is better because benefit can be gained from personal interaction with an experienced consultant, but again, this can be done on-line using web seminar technologies (with the benefit of a reduced carbon footprint!)

The tool will enable the user to understand the areas within the Shared Services organisation that require further attention. This could pave the way for a more detailed assessment which includes individual detailed process diagnostics and diagnostic reports (figure 3).

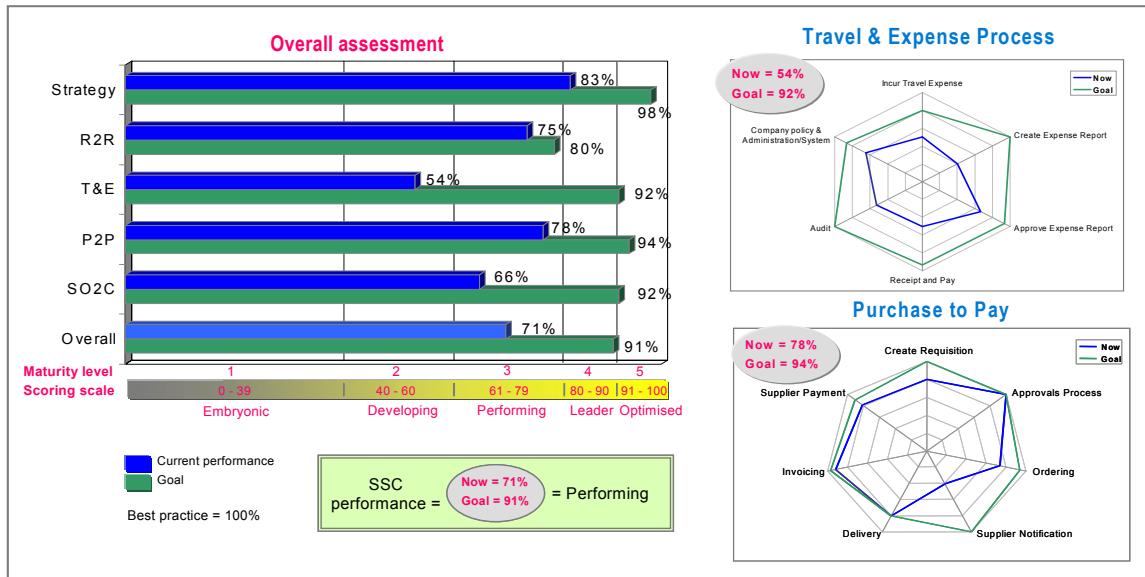


Figure 3.

## In conclusion

We always understood that implementing Shared Services was just the start of a journey. It was a means to an end, not an end in itself. For those Shared Services leaders who are buried under the most recent customer complaints or process breakdowns, or grappling with poor staff morale and high turnover, doing nothing may not be an option. But even those who have passed this stabilisation phase will leave undiscovered value on the table if they choose to ignore the various optimisation options available today.

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## About Atos Origin

Atos Origin is an international information technology services company. Its business is turning client vision into results through the application of consulting, systems integration and managed operations. The company's annual revenues are EUR 5.4 billion and it employs over 50,000 people in 40 countries. Atos Origin is the Worldwide Information Technology Partner for the Olympic Games and has a client base of international blue-chip companies across all sectors. Atos Origin is quoted on the Paris Eurolist Market and trades as Atos Origin, Atos Euronext Market Solutions, Atos Worldline and Atos Consulting.

## About Atos Consulting

Atos Consulting, the global consulting practice of Atos Origin, is a leading provider of business, process and technology consulting services. With more than 2,500 staff globally, it focuses on delivering proven, pragmatic solutions to the telecom, manufacturing, financial services and public sectors.