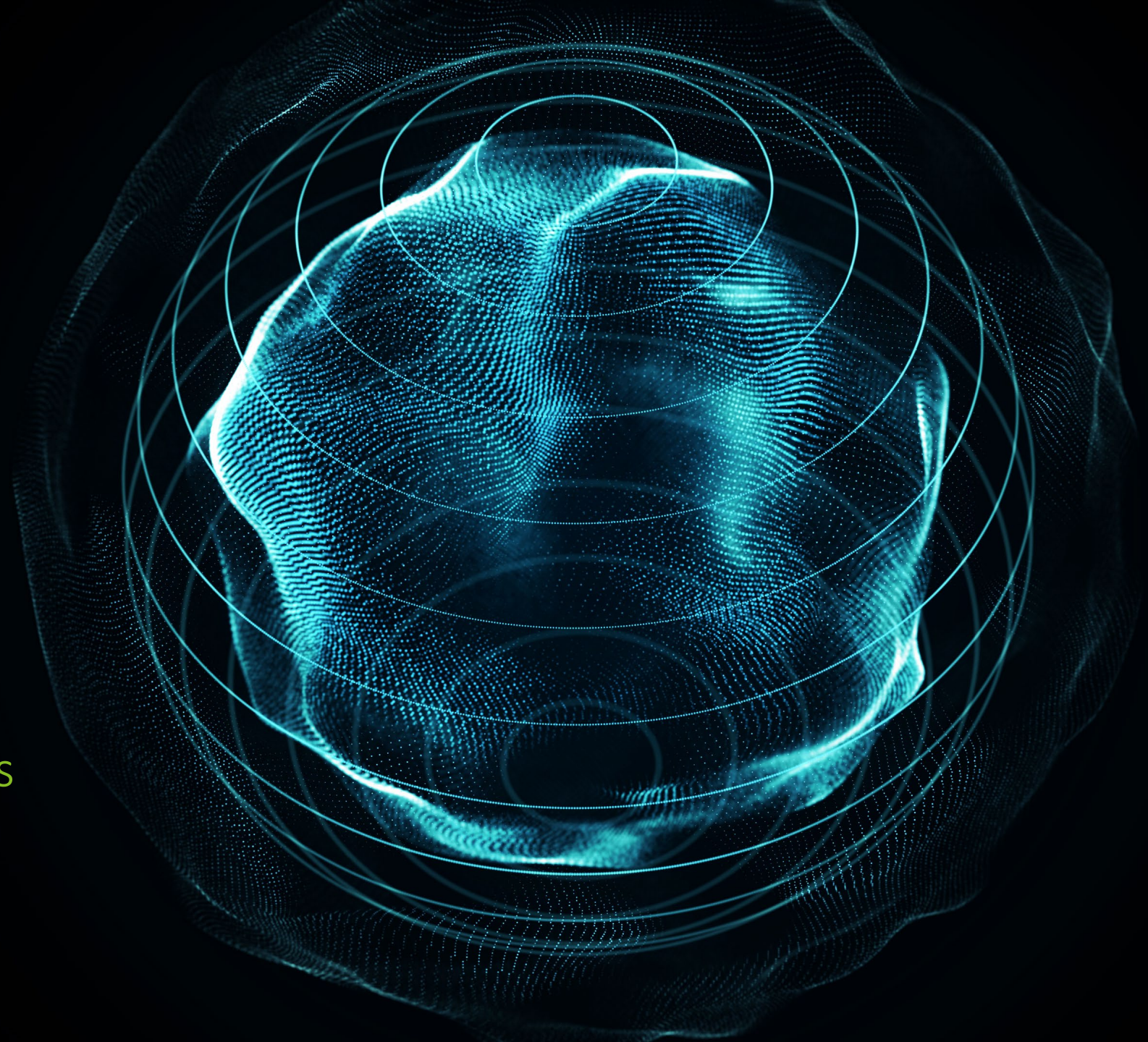




2023 Global Shared Services and Outsourcing Survey Executive Summary

JULY 2023



Foreword

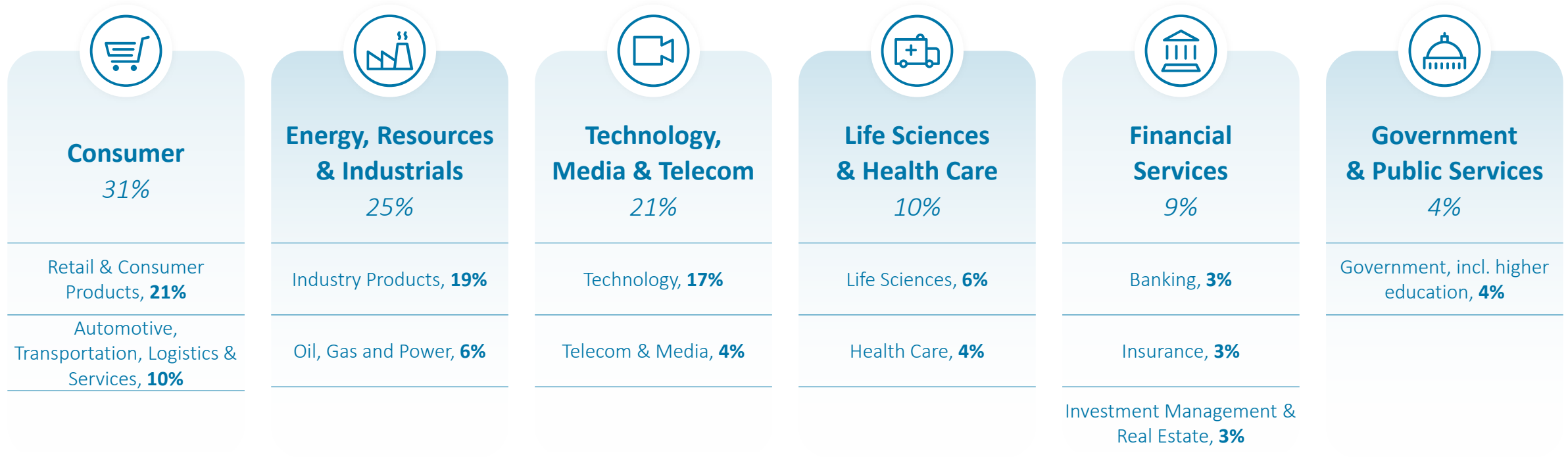
Service delivery models are always evolving. World's largest companies are transforming to leverage global, multifunctional, and hybrid working models with tightening economic conditions. These organizations are prioritizing areas across work, workforce, and workplace to be successful. Apart from expanding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

GBS organizations are taking the drivers' seat in delivering transformational capabilities to the organization and are becoming more closely aligned to the C-suite. Overall, what's clear is that shared services centers (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



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



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



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




Objectives achieved

-  1. Cost reduction
-  2. Standardization 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, centralized 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 organizations** reporting **ESG as a focus area**
- **Promoting social responsibility & diversity** is the top ESG focus area for GBS. **~60%** of these organizations 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 organizations** (>7 years) are reporting primarily into a **GBS leader**¹
- **A third of newer GBS organizations** (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

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

GBS providing value as business partners

- GBS organizations 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 organizations 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 organizations

52% Moving to hybrid work models

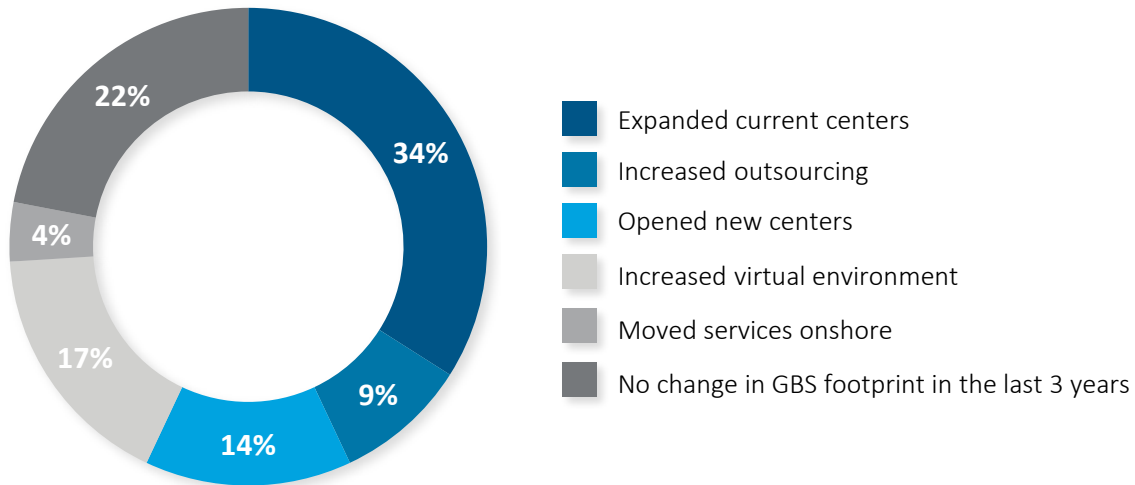
44% Flexible work hours



Geography & Organization

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

What are the most preferred SSC locations?

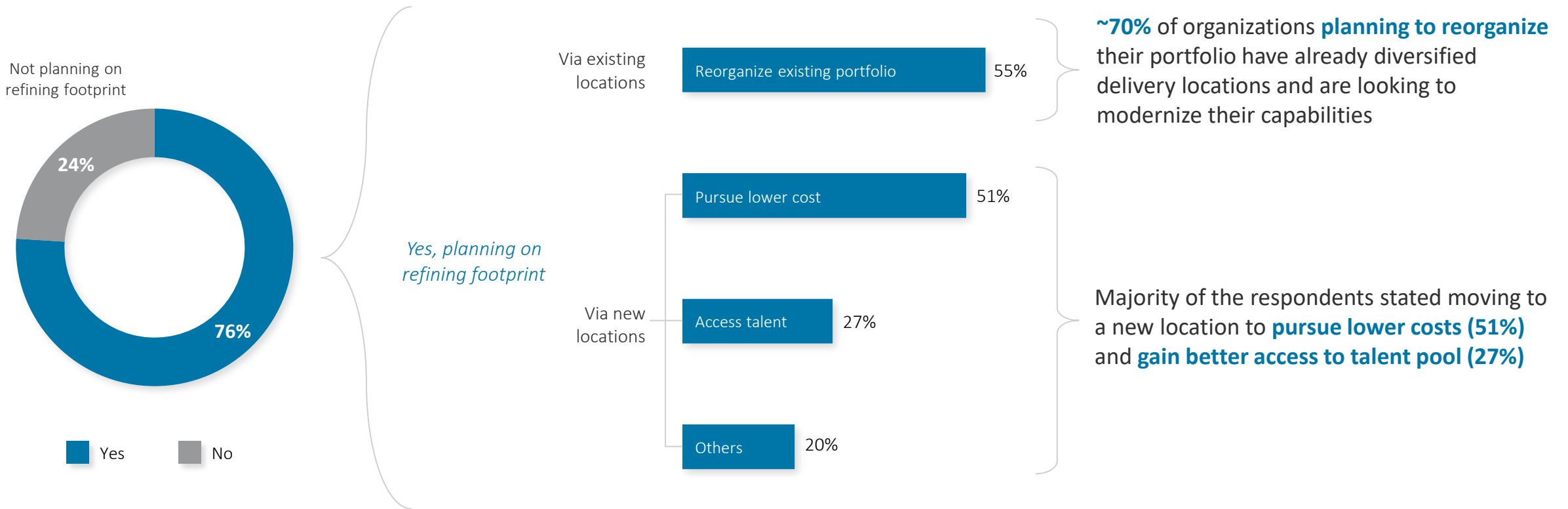


TOP PREFERRED LOCATIONS

- **India, Poland and Mexico** are the top 3 locations followed by **USA** with largest shared services centers
- **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 organizations refining their SSC footprint?

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

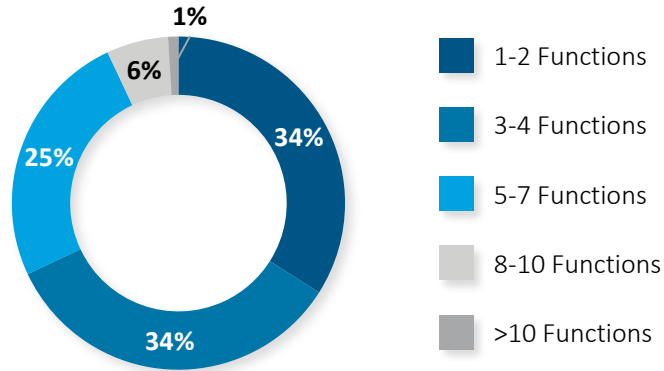




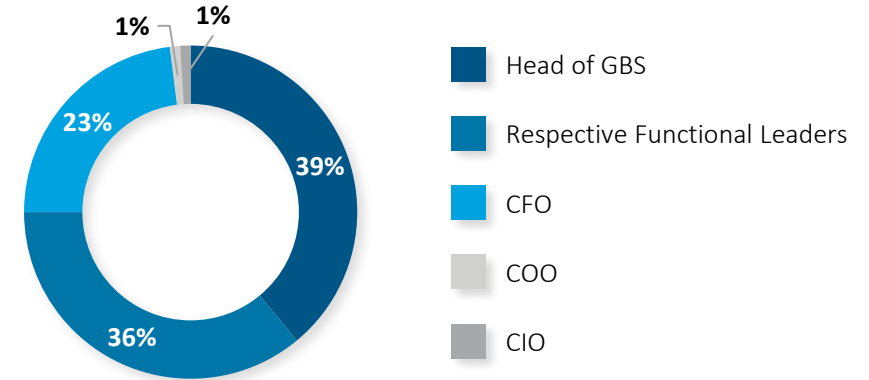
Strategy & Scope

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

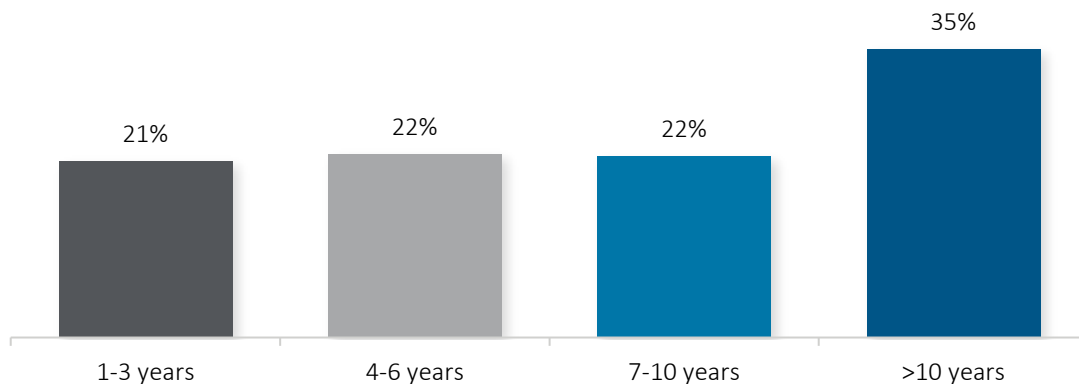
How many functions does your shared services organization perform?



Who do resources within your GBS organization report to?

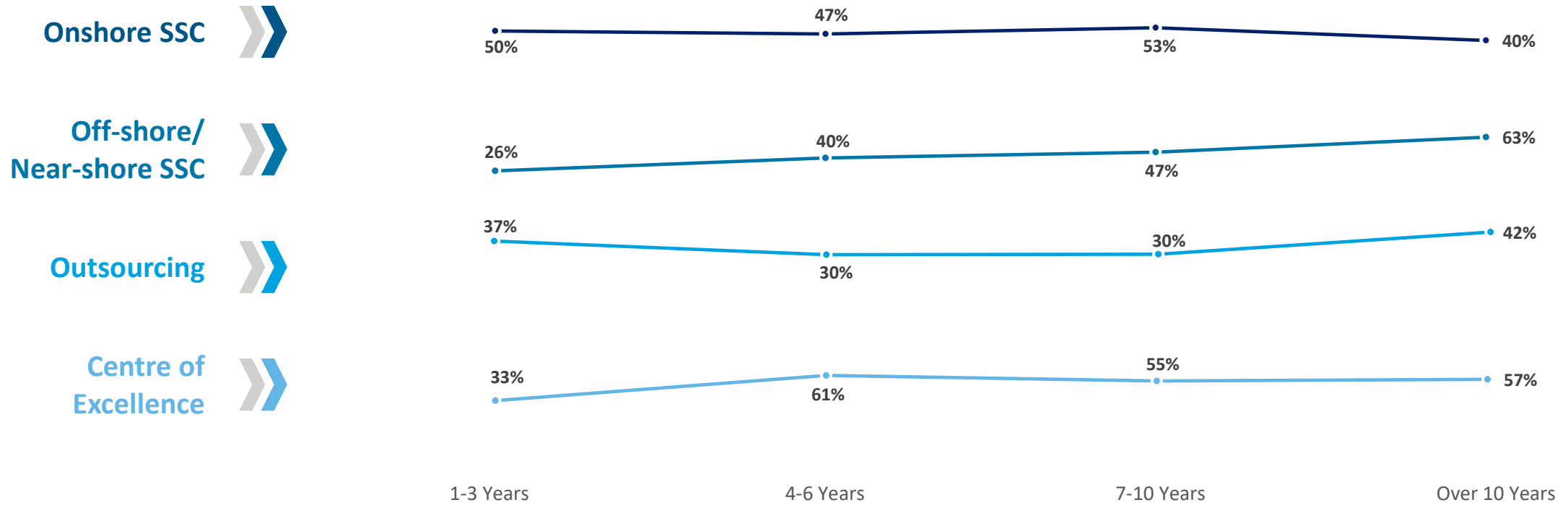


How long ago did your organization begin leveraging shared services and/or outsourcing?



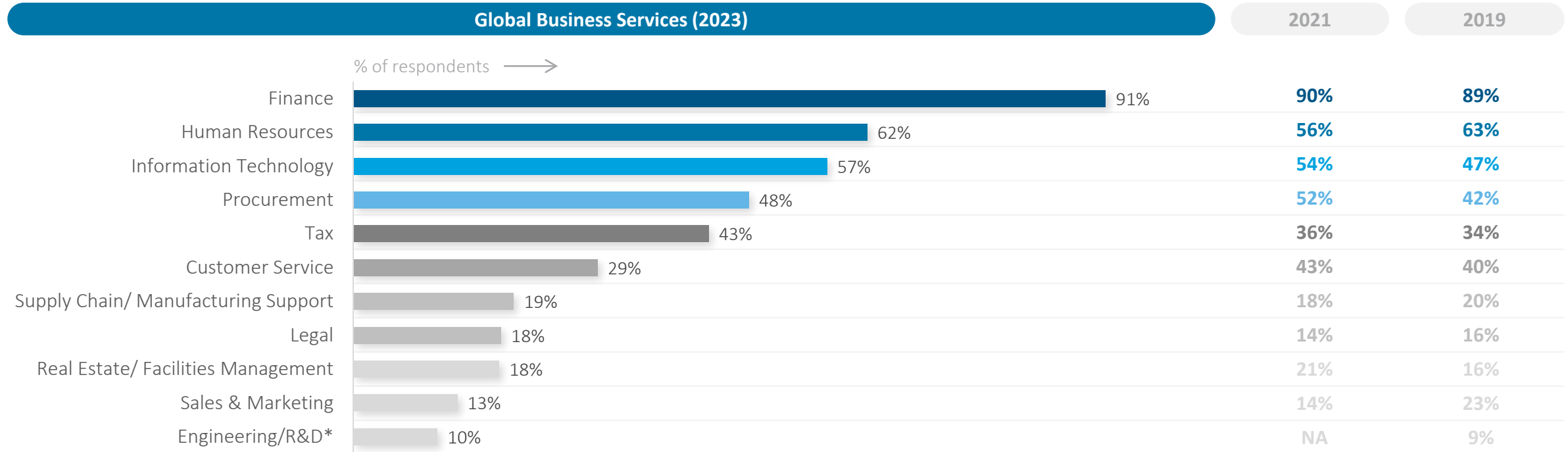
- **40%** of organizations who had begun leveraging GBS over **7 years** ago are primarily being led by a dedicated GBS Leader (increased from 21% in 2021)
- **Over one-third** of organizations which have begun their GBS journey in the **last 1-3 years** are employing a **CXO-led reporting model** in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

Preferred service delivery model by maturity of GBS organizations



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

What functions are performed by GBS organizations?



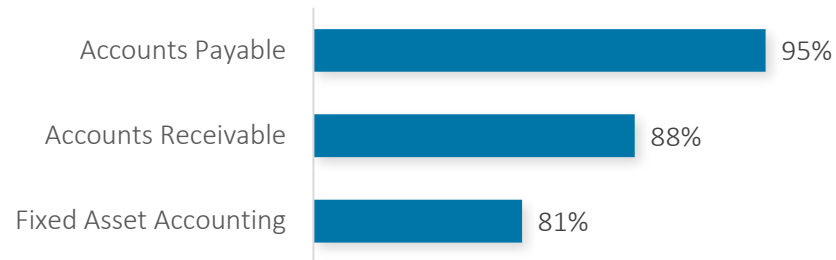
*Option not available in 2021 Survey



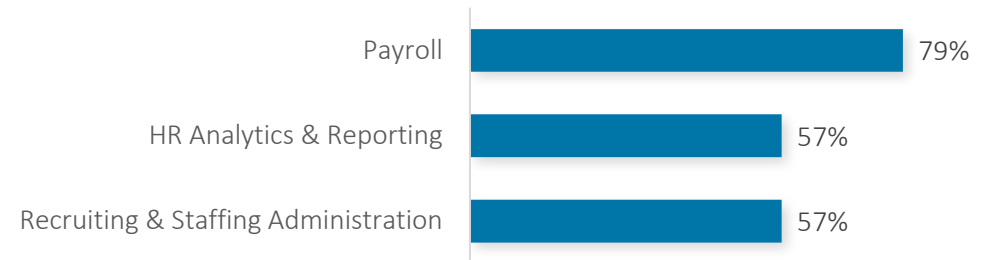
- The traditional **big three GBS functions**—Finance, HR, and IT—are still the most predominant across all industries
- Deployment of **interaction-heavy functions** such as Engineering and R&D continues to receive attention, indicating that GBS is transitioning from “labor arbitrage back-office center” to a “strategic partner and central business organization”
- 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?

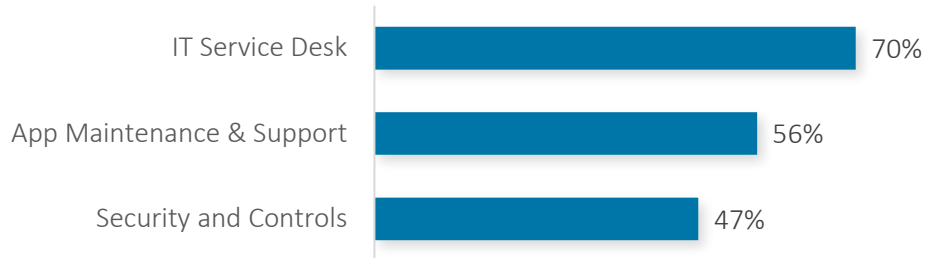
Finance



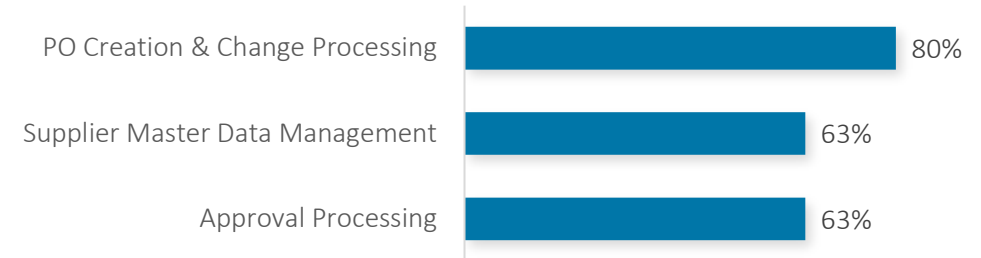
Human Resources



Information Technology



Procurement

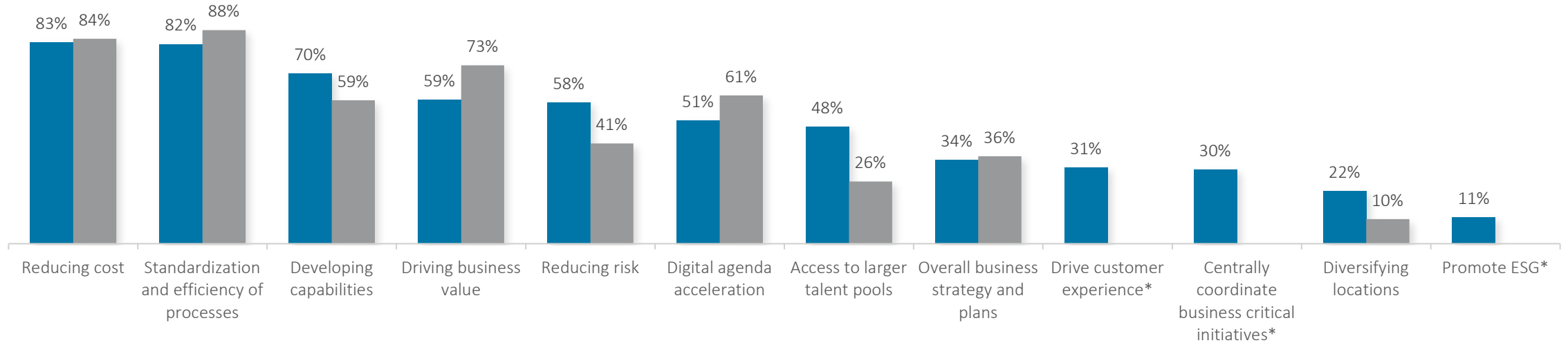


2023



- Organizations 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 organizations 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 organization?



*Option not available in previous surveys

Legend: ■ Objectives identified in 2021 ■ Objectives achieved by 2023

	1	2	3	4	5	6	7	8	9	10	11	12
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	-

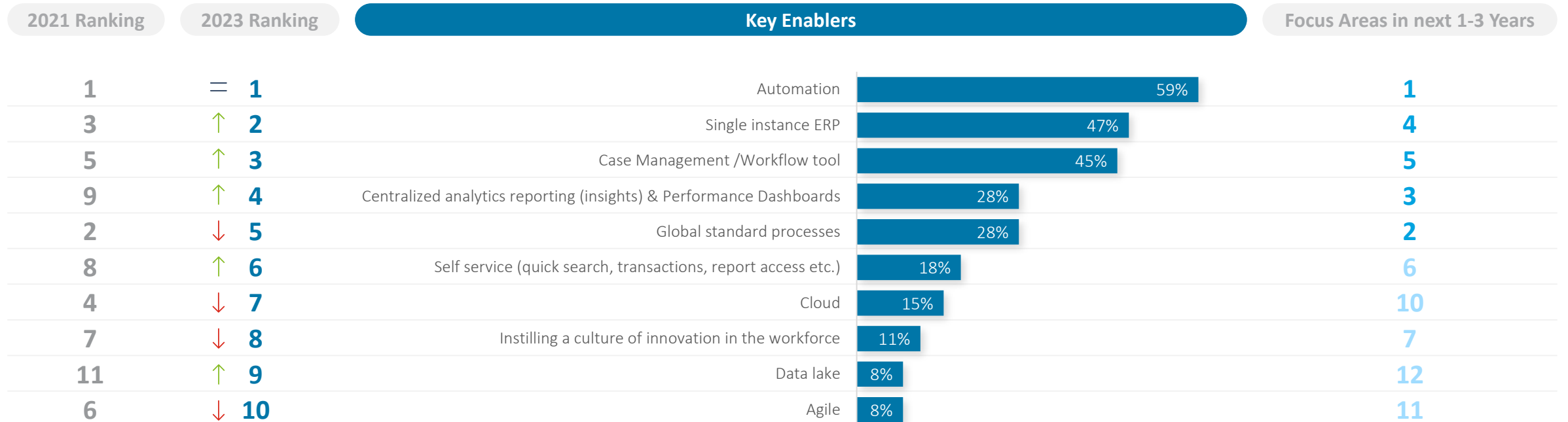


- **Cost reduction** is the **top** objective achieved from GBS organizations, and companies continue to focus on it
- **Standardization & efficiency of processes, developing capabilities** follow closely and have remained immediate & tangible objectives for a GBS organization
- Organizations are using 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 organizations?



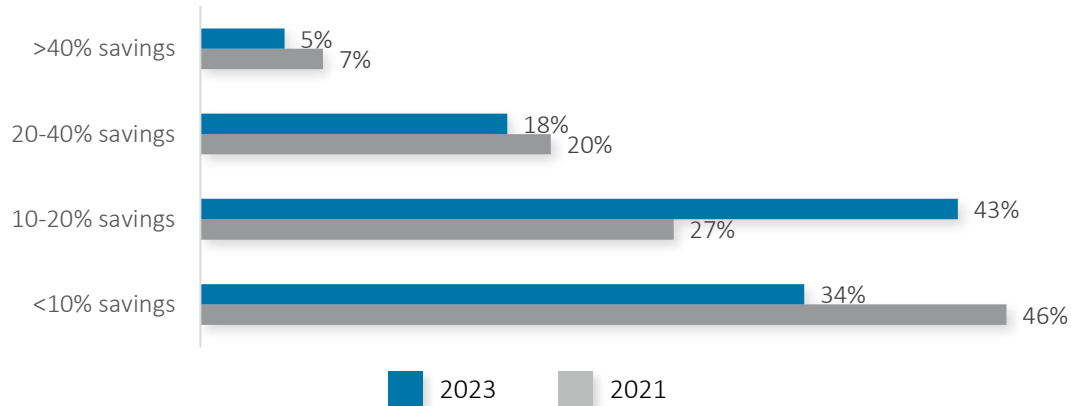
↑ Improvement in rank ↓ Reduction in rank = No change in rank



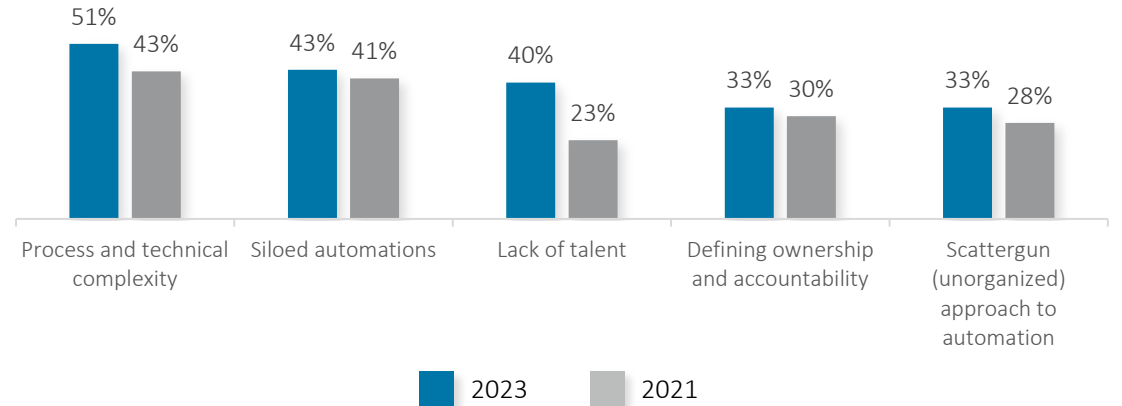
- Over the years, **automation** has remained the **most desirable digital enabler** for GBS organizations & is expected to be a key focus area in next 1-3 years
- Centralized analytics reporting & performance dashboards** has jumped sharply from ninth position in 2021 to fourth position in 2023; 29% of respondents whose focus area is automation already **have centralized 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 organizations**, 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?

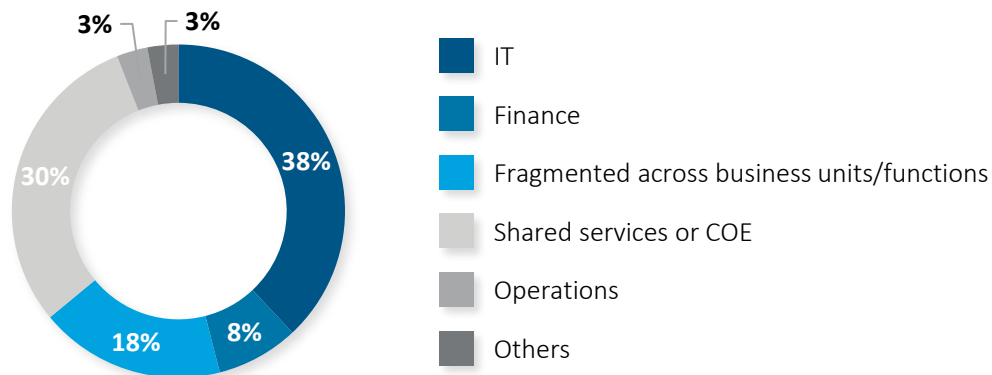
What level (%) of savings have been achieved through automation?



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

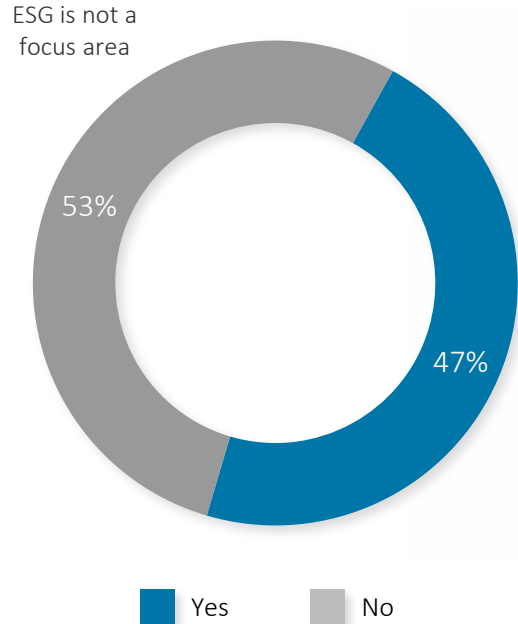


Who owns the Automation capability within your organization?

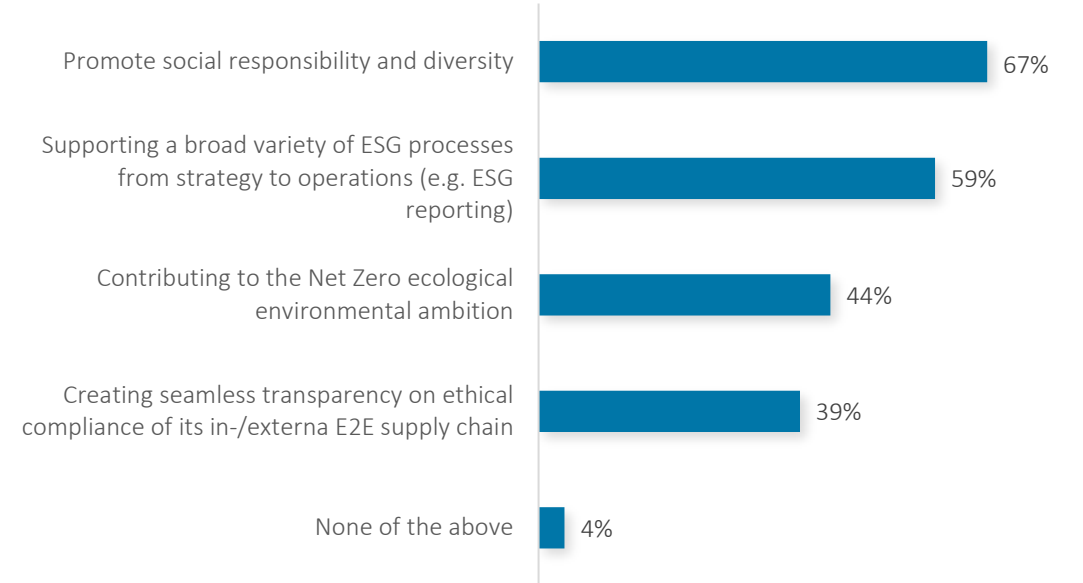


- For respondents who achieved <10% savings from automation, their biggest challenges were **siloed automations followed by process and technical complexity**
- **41%** of respondents who have achieved >20% savings through automation have also employed **single instance ERP**
- Most respondents (**68%**) 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 organizations, increased from **23% in 2021**

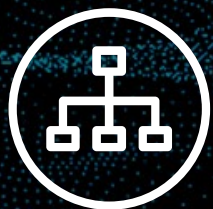
Has Environmental, Social, Governance (ESG) been a focus area for your GBS organization?



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

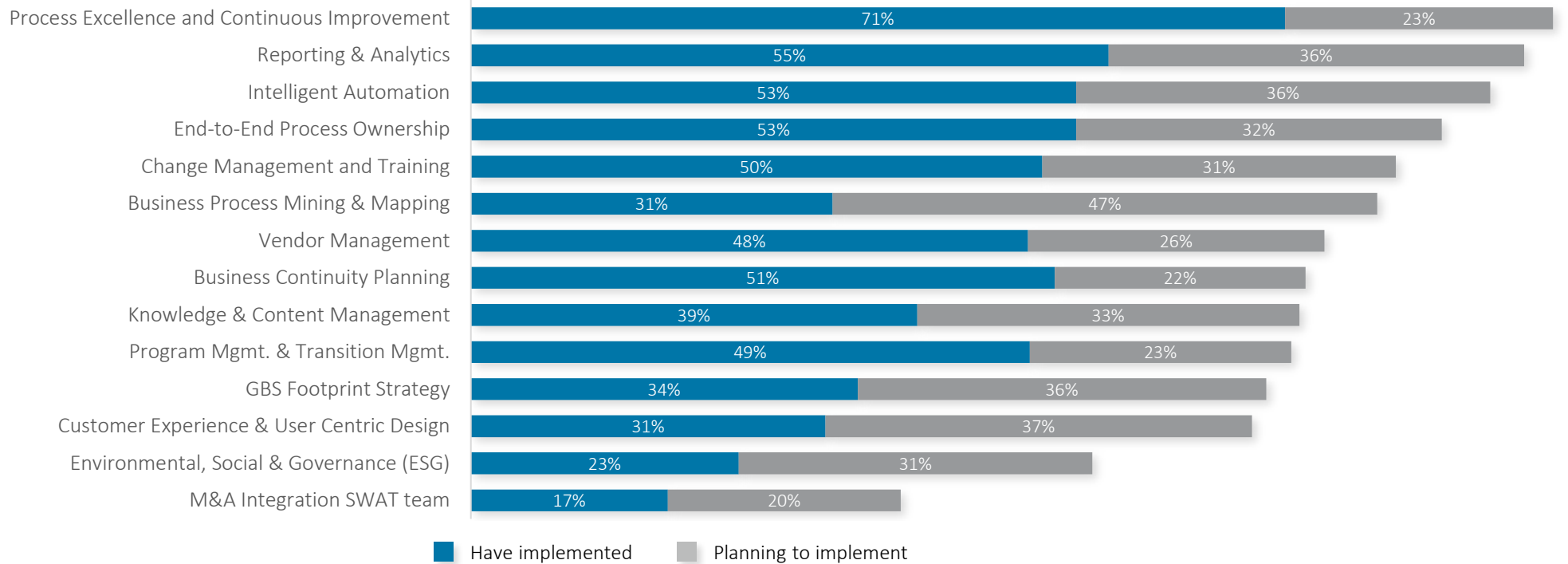


- GBS is playing a critical role in driving ESG outcomes by supporting a variety of ESG processes and contributing to **Net Zero** aspirations
- **ESG adoption** is broadly **industry-agnostic**, with majority of the industry areas reporting **45-55% focus on ESG**



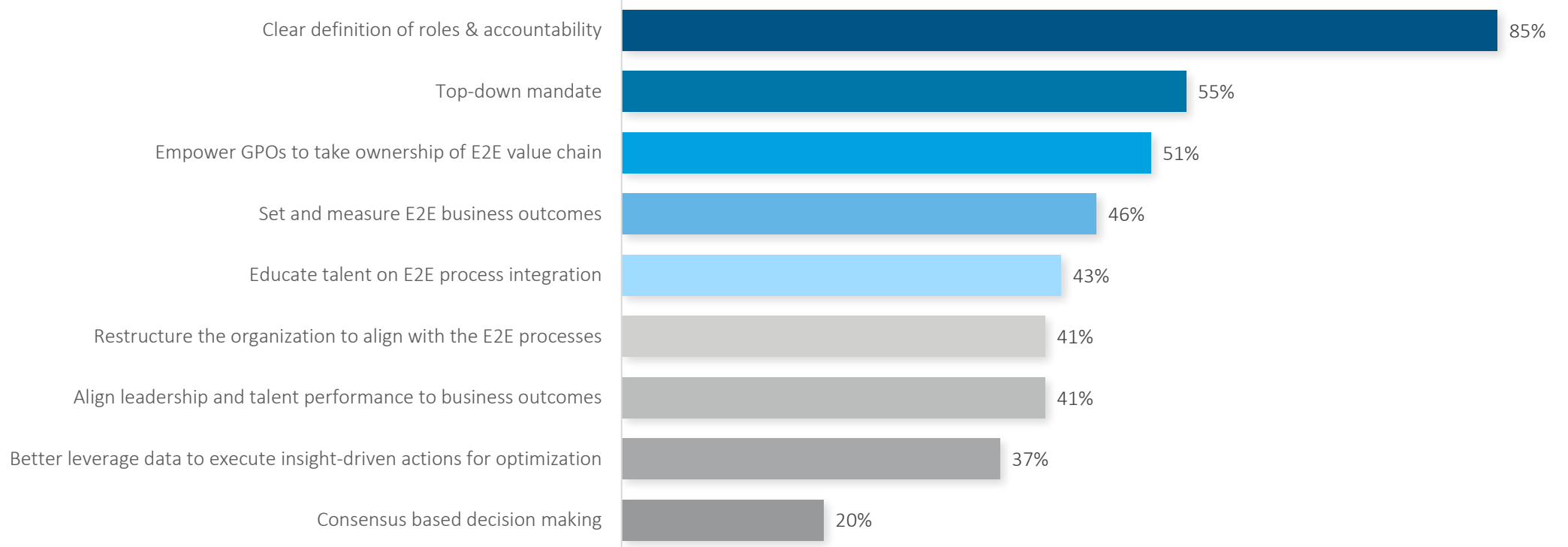
Center Office

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



- 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 organizations
- **Process Excellence & Continuous Improvement** climbed to the **top spot** of focus areas for GBS organizations in 2023, partly attributed to organizations' focus on developing **RPA, automation and reporting** capabilities since 2021

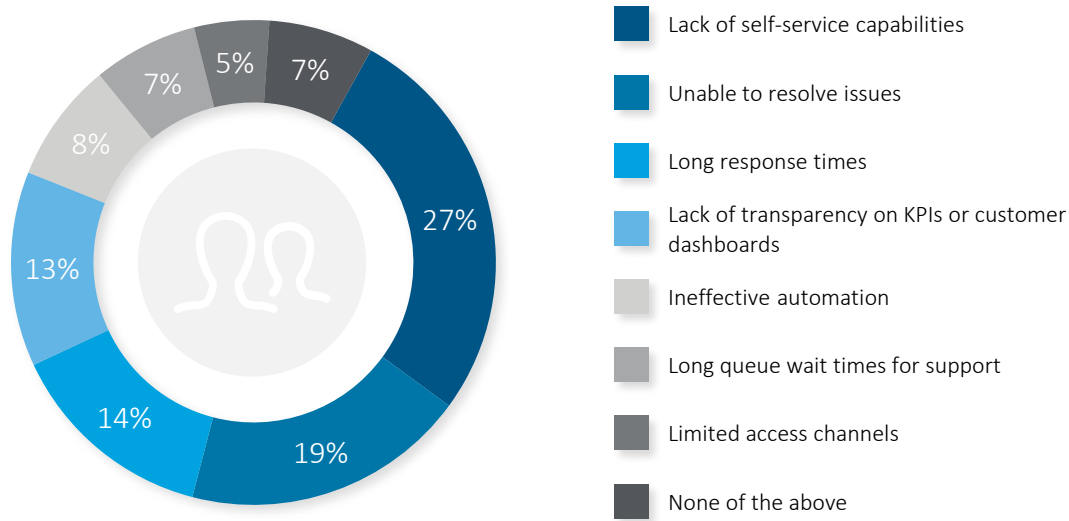
What are the critical success factors in achieving End-to-End processes?



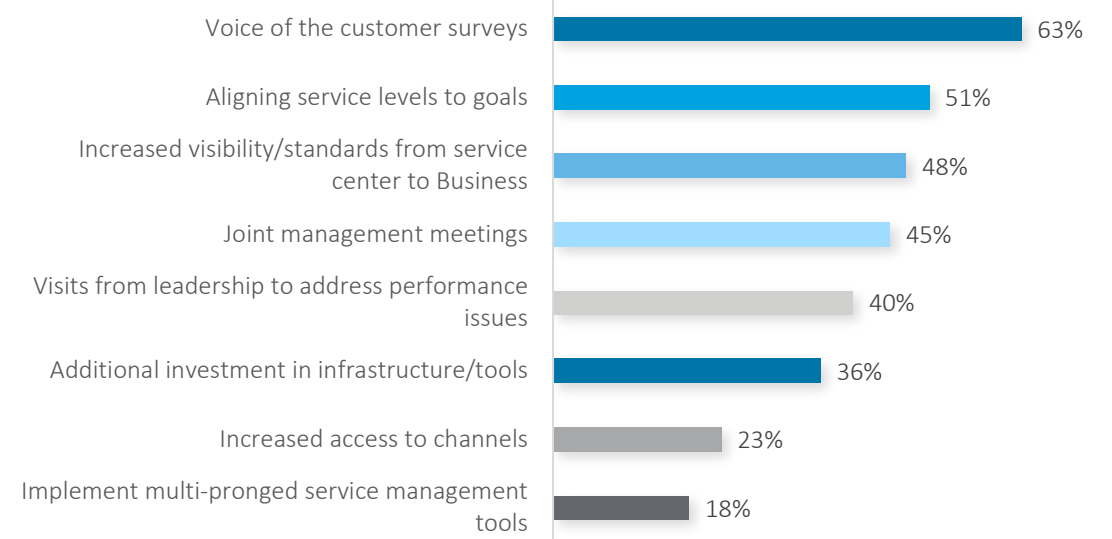
- **53%** of organizations have already implemented End-to-End processes, and **32%** are **planning to implement** in the next 3 years
- **85%** of organizations have **clear definition of roles & accountability** as their top-most critical success factor
- **Top-down mandate and empowering GPOs** to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

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 center?



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



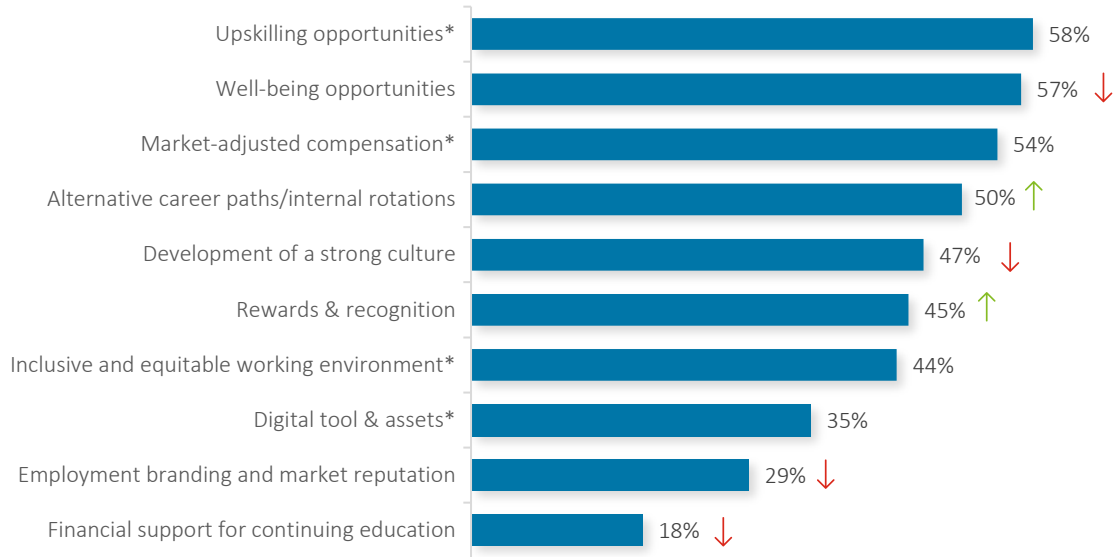
- **~70% of GBS organizations** have either implemented or are planning to implement **customer experience and user-centric design** as a capability
- Organizations are proactively taking steps to drive a better customer experience through customer surveys, alignment of service levels to goals, and increased 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

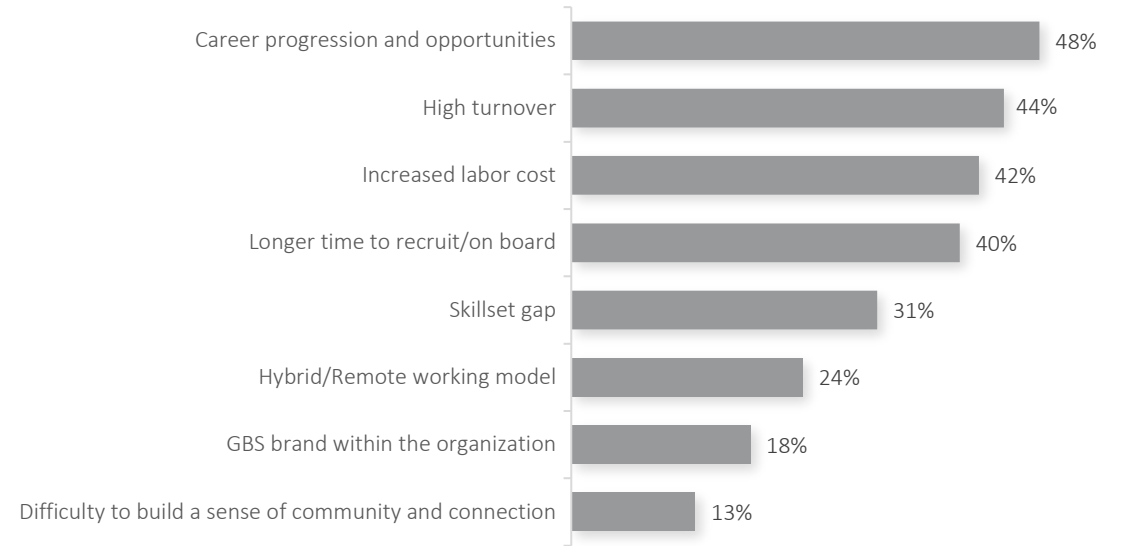
How do you manage talent within GBS?

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?

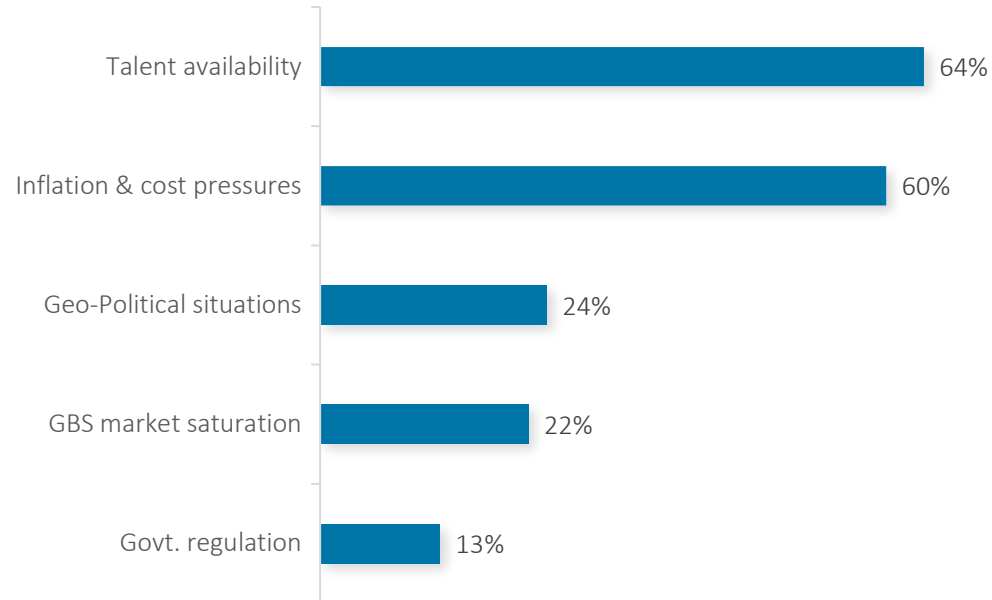


- Post-COVID trends in GBS suggest that organizations are reprioritizing their talent strategy to focus on **well-being opportunities, upskilling talent, and market-based compensation** over **development of strong culture**, which was the top choice for several years
- **Building employment branding** and **education support** have moved down in preference as compared to prior surveys

- Organizations 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
- Organizations are leveraging **well being opportunities (66%)** and **upskilling talent (63%)** to retain talent

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

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



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



- GBS organizations are **more resilient** to **geo-political factors** and government regulations, while **talent, inflation and cost pressures** are the biggest drivers of footprint strategy
- GBS organizations 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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