Integrated Business Services (IBS)
Next generation of high performance
Shared Services
June 2016
What is Integrated Business Services?

Business leaders are recognizing the benefits of leveraging Shared Services and outsourcing consistently across multiple functions and regions.

Organizations have been using Shared Services and outsourcing to improve service delivery and reduce costs within defined parts of their businesses for more than two decades. Now, many business leaders are beginning to recognize that wider benefits can be achieved by leveraging Shared Services and Outsourcing consistently across multiple functions and regions, and in some cases moving all elements of this into a single organization or governance framework. This concept is Integrated Business Services (IBS). A move to Integrated Business Services requires much more than simply asking shared service centers to co-operate. It represents a fundamental change in how businesses utilize global assets and capabilities to most effectively deliver multiple functions, including Finance, HR, Procurement and IT.

Business Service Types Maturity

- SSC
- Multi-Function SSC
- Global Business Services (GBS)
- Service and product lines
- Integrated Service Management
- Global service owners
- Integrated network

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What is Integrated Business Services?

Throughout the evolution to Integrated Business Services, function-oriented structures were growingly replaced by service-oriented structures.

IBS is organized by services or products and no longer by multiple functions. Delivered services and products are fully integrated into enterprise processes and the business lead is part of the C-Suite.

Evolution of Shared Services organizational structures
What is driving the trend?

Our market research* and client experience has highlighted three key trends driving the shift to a Integrated Business Services approach.

- **Increased global operations**
  - Solutions to address prior concerns such as language skills, time zone coverage, and regulatory requirements
  - Strategic choice to balance cost optimization and proximity when standing up operations

- **Leverage lessons learned**
  - Skipping single-function concept and pursuing multi-function SSCs at the start based on lessons learned from mature SSCs
  - Adopting hybrid Shared Services models and customizing service delivery models by function

- **Focus on continuous improvement**
  - IBS as enabler of end-to-end process view is driving continuous improvement
  - SLAs and scorecards are leveraged to focus time and energy on continuous improvement
  - Continuous improvement as part of the culture of SSCs leveraging methods such as Lean and Six Sigma

* Deloitte 2015 Global Shared Services Survey
Integrated Business Services can be implemented to varying degrees, from pure co-location to a fully integrated single enterprise.

### What does it look like?

<table>
<thead>
<tr>
<th>Geographical scope</th>
<th>Local/ regional</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Degree of value-add</td>
<td>Transactional</td>
<td>Process improvement and advisory</td>
</tr>
<tr>
<td>Functional scope</td>
<td>One function</td>
<td>Multi-function</td>
</tr>
<tr>
<td>Governance</td>
<td>By/ In function</td>
<td>Single over-arching governance with one IBS Lead, often C-level</td>
</tr>
<tr>
<td>Continuous improvement</td>
<td>Specific to function/ business unit</td>
<td>Enterprise-wide with common budget and tools</td>
</tr>
<tr>
<td>Process ownership</td>
<td>Informal process networks</td>
<td>End-to-end Global Process Owners</td>
</tr>
<tr>
<td>Customer interaction</td>
<td>Myriad of customer interaction tools</td>
<td>Universal customer interface supported by standard toolset</td>
</tr>
<tr>
<td>Systems &amp; master data</td>
<td>Multiple systems and decentralized master data</td>
<td>One integrated platform, centralized master data management</td>
</tr>
<tr>
<td>Sourcing</td>
<td>In-house and outsourcing not aligned</td>
<td>Managed services blending captive and outsourcing solutions</td>
</tr>
<tr>
<td>People development</td>
<td>Specific to center and/ or function</td>
<td>IBS competency model and training curriculum</td>
</tr>
<tr>
<td>Location</td>
<td>Separate functional centers</td>
<td>Co-location into multi-functional centers</td>
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</tbody>
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How can it support key business priorities?

Integrated Business Services can deliver business value beyond the traditional cost and operational efficiencies associated with Shared Services.

- **Service Excellence**
  - Cutting-edge **Customer Experience** (service-based not function-based)
  - **Service simplification** on all levels of the enterprise organization

- **Process Excellence**
  - Global end2end (supporting) process landscape with shared responsibility
  - **Global process owners** for process enhancements and securing enterprise compliance

- **Governance uplift**
  - Independent IBS organization operating as a business and owning the strategic decision on how to deliver services
  - **Responsibility** for entire business support process and human capital

- **Service shift**
  - Proactive development of **new service products** dependent on business needs
  - Moving from cost efficiency to **value-add** and knowledge based service offerings

- **Globalization gain**
  - **Local, regional and global** service delivery
  - Use of a **global talent pools** and adoption of **global technologies** to support company expansions

- **Sourcing flexibility**
  - Use of **multi-tier service models**
  - Mix of **captive centers** and **strategic outsourcing partners**
Is it right for my organization?

Adopting an Integrated Business Services model can produce significant benefits – but making it work is easier said than done. Here are some practical tips for implementing Integrated Business Services that might help you decide whether it is right for your organization:

Decide how far to go – There are three primary stages of Integrated Business Services: Sharing between support services operations without co-location, sharing with co-location, and sharing with co-location and enterprise-wide Integrated Business Services governance.

Establish sponsorship at the highest executive levels – Although an Integrated Business Services initiative might be rooted in a single silo, it requires enterprise-level sponsorship from the board, CEO or COO.

Define an effective leadership structure – Many Integrated Business Services leaders report to someone in the C-Suite, which is likely to ensure appropriate senior executive sponsorship.

Choose an organization structure that promotes global integration – Different companies use different organizational structures for support services, often based on the extent to which they employ Integrated Business Services.

Establish ongoing process leadership – A key enabler for Integrated Business Services effectiveness is having process owners who control how a process is run throughout the organization.

Aggressively manage change – It is important to develop a structured change and communications plan well in advance that can help deliver clear and consistent messages to all functions and stakeholders involved in the process.
Why Deloitte?

Our experience, market reputation and global network of experts means best-in-class service delivery model design and implementation.

**Our market reputation** Ranked #1 globally in Consulting based on revenue* and named global leader in Business Transformation Consulting based on strategy and current offering.**

**Our breadth of expertise** 1,000 Integrated Business Services professionals across every function and specialism, including Tax and Technology. Plus a dedicated Outsourcing Advisory practice of over 200 experts.

**Our global network** A network of more than 200,000 professionals in independent firms around the globe, covering 100 languages, enabling global, national and local delivery.

**Our independence** Thorough and impartial overview of the supplier marketplace and objective recommendations on what's right for your business.

**Our acclaimed leadership forums** Our industry events are renowned in the marketplace for quality insights and access to the leading organizations in Integrated Business Services.

* Gartner, Market Share Analysis: Consulting Services Worldwide, 2014
** Forrester Research, Forrester Wave™: Business Transformation Consultancies Q3 2015
Why Deloitte?

We are the market leader in management consulting, Integrated Business Services and Shared Services providing thought leadership in all areas relevant to you.

**HR**
- Market-leading in Human Capital Consulting as well as HR Transformation & Technology
- Comprehensive method and set of proven tools available for HR SSC projects

**Finance**
- Over 500 SSC projects, Outsourcing Advisory Services strongly growing
- Global Finance Transformation as well as Shared Services methodology covering Finance organization, Performance Management and Risk & Regulation
- Development of world class solutions for strategic, tactical and operational procurement
- Procurement diagnostic, best practice database, score model, Industry Print, Category Sourcing Prints, strategic sourcing & Procurement guide
- Over 500 IT projects, from strategy through implementation/ stabilization, over 50 IT transitions
- Comprehensive methodology and supporting analysis tools for IT sourcing and IT transformation projects

**Procurement**
- Extensive experience in providing legal advice (labor law, corporate law, commercial law and data security) for reorganization projects
- Compliance, reporting and risk management for direct and indirect taxes

**IT**
- Extensive experience in providing legal advice (labor law, corporate law, commercial law and data security) for reorganization projects
- Compliance, reporting and risk management for direct and indirect taxes

**Tax | Legal**
- Extensive experience in providing legal advice (labor law, corporate law, commercial law and data security) for reorganization projects
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Why Deloitte?

As a firm, we draw on the experience of numerous Integrated Business Services and Shared Services projects across all industries.

<table>
<thead>
<tr>
<th>Industry</th>
<th>Functional Scope</th>
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<tbody>
<tr>
<td>Manufacturing</td>
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<tr>
<td>Caterpillar</td>
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<td>Chevron</td>
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<td>Energizer</td>
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<td>Fiat</td>
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<td>Ford</td>
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<td>Johnson &amp; Johnson</td>
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<td>Johnson Controls</td>
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<td>Financial Services</td>
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<td>Citi</td>
<td>● ●</td>
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<tr>
<td>Consumer Business &amp; Transportation</td>
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<td>Carlsberg</td>
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<td>Coca-Cola</td>
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<td>FedEx</td>
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<td>McDonald’s</td>
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<td>Apple</td>
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<td>Cisco System</td>
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<td>Facebook</td>
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<td>Google</td>
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<td>HP</td>
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<td>TOSHIBA</td>
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<td>Yahoo!</td>
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<tr>
<td>Life Sciences &amp; Healthcare</td>
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<td>Merck</td>
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<td>Energy &amp; Resources</td>
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<td>BP</td>
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<td>Du Pont</td>
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<tr>
<td>ExxonMobil</td>
<td>● ●</td>
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How can it support key business priorities?

Is it right for my organization?

Why Deloitte?

Key contacts

Our practitioners have extensive experience in the areas of Integrated Business Services, HR Shared Services and HR Outsourcing Advisory.

Frank Schäfer
Partner
Human Capital Advisory Services
HR Transformation - Service Line Leader

Matthias Thalmann
Partner
Human Capital Advisory Services
HR Transformation

Sascha Brockmann
Manager
Human Capital Advisory Services
HR Transformation

Anika Ahrenhold
Senior Consultant
Human Capital Advisory Services
HR Transformation

Find out more

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Our latest publications are designed to address the key issues and market trends driving Integrated Business Services.

Points of View

- HR goes global
- Global Business Services Better Together
- 10 ways to get more from your Service Delivery Organization
- Analytics for Shared Services Three-Minute Guide
- A Portfolio Approach for Shared Services Optimization
- Beyond Consolidation: Unlocking value from Shared Services
- Case Studies in G&A Complexity Reduction and Shared Services
Find out more

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### Points of View

- **Technology-Enabled Shared Services Centers**
- **Where will Shared Services go next?**
- **SSCs in Latin America – Aligning tax structuring considerations with the business agenda**
- **Optimize your Shared Services Organization**
- **The value of global process owners in global business services Part 1 & 2**
- **IBS - Taking Shared Services to the Next Level of Peak Performance**

### Publications

- **Our Book – Shared Services handbook: Hit the road**
  A practical guide to implementing Shared Services
- **Our Study – Deloitte’s 2015 Global Shared Services Survey Results**
  Deloitte’s 2015 Global Shared Services Survey Results
Find out more

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Events

**Annual Shared Services & Business Process Outsourcing Conference**
Attracting over 500 visitors from across Europe, this is a must attend event for Shared Services, Finance, HR and IT leaders either just starting out or running mature Shared Service centers.

**Find out more at** [www.deloitte.co.uk/beinspired](http://www.deloitte.co.uk/beinspired)

**Annual Shared Services & Outsourcing Week**
Gathering of the German speaking Shared Services Community to discuss trends and to shape the future of the industry.

**Find out more at** [http://www.sharedserviceswoche.de/](http://www.sharedserviceswoche.de/)
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