2015 Global Shared Services survey
Survey results

Deloitte Consulting LLP
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About the survey
Deloitte’s 2015 Global Shared Services survey attracted 311 respondents

What is your organization’s primary industry sector?

- Manufacturing: 27%
- Tech/Telecomm: 13%
- Financial Services: 11%
- Consumer Products: 10%
- Other: 4%

Respondent information

- Manufacturing continues to be the top industry represented in the biennial survey, accounting for approximately 27% of respondents.
- Tech/Telecomm, Financial Services and Consumer Products are the next most represented industries accounting for 13%, 11% and 10% of respondents respectively.
- Average revenue of participant organizations was approximately $11 billion.
- Over 50% of respondents had organizations over 10,000 FTEs.

What are the annual revenues of your organization?

- Less than $1B: 27%
- $1B to less than $5B: 29%
- $5B to less than $15B: 17%
- $15B to less than $25B: 10%
- $25B+: 17%

What is the size of your total organization in FTEs?

- Less than 1,000: 13%
- 1,001 to 10,000: 35%
- 10,001 to 25,000: 19%
- 25,001 to 100,000: 23%
- 100,000+: 10%
Respondents represent organizations headquartered in 35 countries across the globe

Where is your organization’s HQ located?

- W Europe, 43%
- US/Canada, 30%
- LATAM, 14%
- APAC, 10%
- E Europe, 2%
- Other, 1%

In how many countries does your organization operate?

- 18% 1
- 18% 2–10
- 17% 11–20
- 18% 21–50
- 16% 51–100
- 16% 100+

Respondent information

- Similar to 2013, about 70% of this year’s survey respondents were headquartered outside of the United States
- Compared to 2013, representation from respondents within APAC increased while participation from LATAM respondents decreased
- Over half of the respondents operate in more than 20 countries
- As compared to 2013, there is an increase in the number of respondents’ Shared Services Centers (SSCs) located in APAC and LATAM, and a decrease in the number of SSCs located within Western Europe and US/Canada

In which region are your organization’s SSCs located?

- W Europe, 27%
- US/Canada, 19%
- APAC, 17%
- India, 8%
- E Europe, 10%
- Other, 3%

1 Headquarters is based on the country that the respondent provided
Participants provided data for over 1,000 Shared Services Centers (SSCs)

How many SSCs does your organization have across all functions?

- One SSC, 34%
- Two SSCs, 17%
- Three SSCs, 11%
- Four SSCs, 11%
- Five SSCs, 11%
- More than five SSCs, 16%
- None, 45%

How many Outsourced locations does your organization have across all functions?

- One, 19%
- Two, 11%
- Three, 8%
- Four, 4%
- Five, 4%
- More than 5, 9%
- None, 45%

SSCs and Outsourced locations

- Of the respondents who currently have Shared Services Centers, the average number of SSCs per company was 3.3 which is similar to 2013.
- As compared to 2013, there was a decrease in respondents who indicated they had one SSC, whereas there was an increase in respondents with two SSCs and five SSCs.
- Over half of all the respondents indicated that they had outsourced centers, with one vendor location being the largest configuration, with another 19% reporting two or three outsourced centers.
- Of the respondents who indicated they have Outsourced locations, the average number of Outsourced locations per respondent was 3.9.
SSCs represented in this survey have varying sizes and different levels of maturity

How many employees do your SSCs have?

- 57% have less than 100 employees
- 16% have 101 to 250 employees
- 13% have 251 to 500 employees
- 15% have more than 500 employees

How long have your organization’s SSCs been operating?

- 12% have been operating for less than one year
- 21% have been operating for one year to less than three years
- 21% have been operating for three years to less than five years
- 24% have been operating for five years to less than ten years
- 21% have been operating for longer than ten years

Employees and maturity

- Similar to previous years, smaller centers are the most common deployment method with 57% of the respondents indicating that they have less than 100 employees in their SSCs
- The average age of all shared services centers was 5.5 years
- Of the SSC organizations that have been operating for less than three years:
  - Over 70% have less than 100 employees
  - Over half have one SSC
  - Over 60% have multi-function SSCs
Geography
Where are your organization’s Shared Services centers located?

<table>
<thead>
<tr>
<th>Region</th>
<th>% of SSCs</th>
<th>No. of countries with SSCs</th>
</tr>
</thead>
<tbody>
<tr>
<td>W Europe</td>
<td>26%</td>
<td>16</td>
</tr>
<tr>
<td>US/Canada</td>
<td>18%</td>
<td>2</td>
</tr>
<tr>
<td>APAC</td>
<td>18%</td>
<td>11</td>
</tr>
<tr>
<td>LATAM</td>
<td>17%</td>
<td>13</td>
</tr>
<tr>
<td>E Europe</td>
<td>10%</td>
<td>13</td>
</tr>
<tr>
<td>India</td>
<td>8%</td>
<td>1</td>
</tr>
<tr>
<td>Other</td>
<td>3%</td>
<td>9</td>
</tr>
</tbody>
</table>

Legend:
- **40+ SSCs**
- **20–39 SSCs**
- **10–19 SSCs**
- **1–9 SSCs**
- No SSCs
What is the global reach of your centers?

What is the geographical coverage of your SSCs?

- **Global**: provide services to three or more continents, 19%
- **Regional**: provides services across countries but in a single continent only, 41%
- **Multi-Regional**: provide services to two continents, 18%
- **Local**: provide services for a single country only, 22%

Deployment and geography

- Regional centers continue to be the primary deployment model for respondents, with single-continent focused centers up from 34% in 2013 and centers serving two continents up from 13% in 2013
- There was a decrease in the number of SSCs that provide services for just a single country
- The United States was the predominant location for regional and global centers; of the respondents who indicated that the United States was a location for global services, over 50% only had SSCs in United States

What are the top five locations from where you provide services for each geographic scope?

- **Local**:
  - Brazil, 12%
  - Japan, 9%
  - US, 8%
  - China, 7%
  - India, 7%

- **Regional**:
  - US, 18%
  - Brazil, 7%
  - Argentina, 6%
  - China, 6%
  - UK, 5%

- **Multi-Regional**:
  - US, 17%
  - UK, 10%
  - India, 8%
  - Spain, 6%
  - Brazil, 5%

- **Global**:
  - US, 24%
  - India, 23%
  - Philippines, 6%
  - Poland, 6%
  - Malaysia, 5%
What locations are you considering or would consider for a new or relocated SSC?

Location of new centers

- Over 50% of the locations identified by respondents as potential SSC locations are countries within APAC and Western Europe
- The top countries identified as future SSC locations in Western Europe are the United Kingdom and Spain
- As compared to 2013, the number of respondents that identified APAC as a potential future location increased from 19% in 2013 to 38% in 2015
- Brazil, which was ranked as the top location in 2013, is currently ranked fourth, followed by United States, Philippines and Malaysia
Why are new SSCs being created, and what factors are most important in selecting a future location?

What are the primary reasons for opening a new SSC or relocating a SSC?

- Reduce cost: 34%
- Accommodate growth: 23%
- Consolidate into existing SSC: 17%
- Improve service: 11%
- Expand language skills: 6%
- Reduce risk: 6%
- Improve labor quality and retention: 2%
- Address tax/regulatory issues: 1%

What are the most important factors in selecting a future SSC location?

- Close proximity to current operations: 42%
- Labor cost: 24%
- Labor availability: 16%
- Labor quality: 7%
- Close proximity to HQ: 5%
- Cultural synergies (non-language): 2%
- Risk profile: 2%
- Tax impacts/advantages: 1%
- Regulatory/legal: 1%

Reasons for new centers and relocation

- The primary reasons for opening or relocating a new SSC are to reduce cost and to accommodate growth.
- Although labor factors such as cost, availability and quality continue to be some of the most important, close proximity to current operations increased in importance for respondents considering a new, future SSC location.
From where are your SSCs providing services for China, India, and Brazil?

What are the top countries from where you are serving China?
- China: 49%
- India: 11%
- Malaysia: 8%
- Philippines: 8%
- Singapore: 6%
- United States: 6%

What are the top countries from where you are serving Brazil?
- Brazil: 50%
- United States: 12%
- Argentina: 11%
- India: 5%
- Costa Rica: 4%
- Mexico: 4%

What are the top countries from where you are serving India?
- India: 54%
- Philippines: 7%
- Finland: 5%
- Malaysia: 5%
- Denmark: 4%
- Singapore: 4%

Top countries serving China, India, and Brazil
- 59% of the respondents have SSCs that service China, India, Brazil, Japan, Russia, Greece, Africa and the Middle East
- China, India and Brazil are similarly serviced by SSCs within the country and outside the country
- There was a significant increase in the percentage of companies serving India from outside of the country. India emerged this year as a location from which to serve China.
- Top cities serving China in China are Shanghai, Suzhou, Hong Kong, and Chengdu
- Top cities serving Brazil in Brazil are Sao Paulo, Sao Jose de Campos, and Sorocaba
- Top cities serving India in India are Gurgaon, Bangalore, and Pune
From where are your SSCs providing services for Japan and Russia?

What are the top countries from where you are serving Japan?

- Japan: 17%
- China: 15%
- India: 12%
- Philippines: 12%
- Malaysia: 11%
- Singapore: 9%

What are the top countries from where you are serving Russia?

- Russia: 13%
- United States: 13%
- Finland: 8%
- India: 8%
- Poland: 8%
- Austria: 6%

Top countries serving Japan and Russia

- Respondents indicated that they primarily serve Japan and Russia with SSCs outside of the country
- Japan is primarily serviced by SSCs in APAC
- Russia is primarily serviced by SSCs in Europe with an increased role in the US
- Top cities serving Japan in Japan are Tokyo and Osaka
- Top cities serving Russia in Russia are Moscow, St. Petersburg and Voronezh
- India plays a role in servicing both Japan and Russia
From where are your SSCs providing services for Greece, Africa, and the Middle East?

What are the top countries from where you are serving Greece?
- Poland: 17%
- Spain: 12%
- Hungary: 10%
- United States: 10%
- India: 7%
- Ireland: 7%

What are the top countries from where you are serving Africa?
- India: 15%
- Ireland: 10%
- United States: 10%
- Poland: 8%
- United Kingdom: 8%
- Finland: 6%

What are the top countries from where you are serving the Middle East?
- India: 20%
- United States: 12%
- Egypt: 6%
- Finland: 6%
- Ireland: 6%
- Poland: 6%

Top countries serving Greece, Africa, and the Middle East
- Greece, Africa and the Middle East are primarily serviced by SSCs in EMEA, United States and India
- Top cities with SSCs in Poland that are serving Greece are Krakow and Lodz
- Top countries serving Africa in Africa are South Africa and Egypt
- Top cities with SSCs in India that are serving Africa and the Middle East are Bangalore, Chennai and Gurgaon
Deloitte’s Point of View on Geography

- Geographic barriers are decreasing as demonstrated by the increase in multi-regional SSCs; organizations are finding ways to address prior concerns such as languages skills, time zone coverage, and regulatory requirements.

- In addition to cost optimization, organizations are now also considering proximity of their existing operations when standing up new centers suggesting either a greater need for enhanced connectivity or a change in scope.

- A significant increase in APAC centers along with a continued growth in LATAM, combined with the continued decrease in Western Europe and North American centers, are further evidence of continued movement to lower cost locations.

- Although the United States and North America’s share of global SSC activity is decreasing over time, the US continues to be a predominant location for regional and global delivery, suggesting that some North American based organizations are hesitant to move entirely off-shore or that the role of these centers is changing within the global network of centers.

- Organizations’ shared services geographic scope is expanding as evidenced by the inclusion of markets such as Greece, Africa and the Middle East, which were once considered ‘riskier’ transitions; this further demonstrates that virtually every country can be considered as a source of talent around the world.

- India, counter to common fears of rapidly increasing costs is still a relatively low-cost location; it continues to serve as a global and multi-continent delivery location.

- In addition to South Africa and Egypt, other countries in Africa are being positioned for shared services investments to service Africa and other regions with the potential that they become alternatives to some ‘in-demand’ APAC locations.

- Although organizations continue to leverage some of the more common LATAM locations, non-traditional markets, such as Venezuela, Ecuador and Colombia, are now being considered viable SSC locations within the LATAM region.
Scope
What is the scope of your Shared Services organization?

Overall scope
- Traditional back office functions such as Finance, Human Resources and Information Technology continue to be those most often included in Shared Services
- As compared to 2013, single function SSCs have declined by 30% whereas SSCs with more than three functions have increased by over 40%
- When organizations employ single-function stand alone SSCs, they typically implement them within Finance, Human Resources, Information Technology, or Customer Service/Contact Center

Which functions are performed in your organization’s SSCs?

- Finance: 66%
- Human Resources: 52%
- Information Technology: 39%
- Tax: 39%
- Procurement: 39%
- Customer Service/Contact Center: 34%
- Legal: 20%
- Real Estate/Facilities Management: 20%
- Sales Administration: 18%
- Supply Chain/Manufacturing Support: 15%
- Marketing Insight & Support: 14%
- R&D: 9%
- Engineering: 8%

What percentage of the SSCs are single function?

- Single function: 40%
- > Three functions: 31%
- Three functions: 12%
- Two functions: 17%
- One function: 91%

Scope
When a function is consolidated, how are the full-time equivalents (FTEs) distributed?

FTE distribution

- When some form of consolidation is leveraged, less than 40% of the work remains local across the spectrum of functions
- For the top five functions which have been consolidated, less than 25% of the work is delivered locally
- Similar to 2013, Tax is the highest consolidated process across all functions
Outside of the local business, how are FTEs distributed?

<table>
<thead>
<tr>
<th>Function</th>
<th>Local</th>
<th>Corporate</th>
<th>KnowledgeBased SSCs/ COEs</th>
<th>Transactional SSCs</th>
<th>Outsourced</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax</td>
<td>17%</td>
<td>34%</td>
<td>16%</td>
<td>30%</td>
<td>3%</td>
</tr>
<tr>
<td>Information Technology</td>
<td>21%</td>
<td>21%</td>
<td>13%</td>
<td>33%</td>
<td>12%</td>
</tr>
<tr>
<td>Engineering</td>
<td>25%</td>
<td>3%</td>
<td>54%</td>
<td>13%</td>
<td>5%</td>
</tr>
<tr>
<td>Customer Service/Contact Center</td>
<td>24%</td>
<td>9%</td>
<td>13%</td>
<td>42%</td>
<td>12%</td>
</tr>
<tr>
<td>Legal</td>
<td>21%</td>
<td>32%</td>
<td>22%</td>
<td>15%</td>
<td>10%</td>
</tr>
<tr>
<td>Finance</td>
<td>30%</td>
<td>29%</td>
<td>6%</td>
<td>27%</td>
<td>8%</td>
</tr>
<tr>
<td>Procurement</td>
<td>31%</td>
<td>25%</td>
<td>14%</td>
<td>30%</td>
<td>7%</td>
</tr>
<tr>
<td>Supply Chain/Manufacturing Support</td>
<td>32%</td>
<td>16%</td>
<td>13%</td>
<td>32%</td>
<td>7%</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>33%</td>
<td>33%</td>
<td>16%</td>
<td>34%</td>
<td>5%</td>
</tr>
<tr>
<td>Marketing Insight &amp; Support</td>
<td>33%</td>
<td>38%</td>
<td>12%</td>
<td>12%</td>
<td>5%</td>
</tr>
<tr>
<td>Human Resources</td>
<td>38%</td>
<td>20%</td>
<td>8%</td>
<td>30%</td>
<td>4%</td>
</tr>
<tr>
<td>Sales Administration</td>
<td>39%</td>
<td>24%</td>
<td>9%</td>
<td>24%</td>
<td>4%</td>
</tr>
</tbody>
</table>

**FTE distribution**

- Knowledge-based SSCs or Centers of Excellence (COEs) are mostly leveraged for non-traditional functions such as Engineering and R&D
- Customer Service/Contact Center, Finance, and Information Technology have the largest percentage of FTEs within transactional SSCs
- Information Technology, Customer Service/Contact Center and Legal have the highest percentage of outsourced FTEs
What percentage of the organization’s business units/segments are served by your SSCs/COEs by function?

### Serving the organization
- The survey indicates that nine functions have been consolidated over 75%; this is led by Information Technology, Legal, Tax, and Finance
- The least consolidated functions are Marketing Insight & Support, R&D, Supply Chain/Manufacturing Support, and Sales Administration
- Over a third of the respondents indicated that they serve 100% of their organization’s business units/segments through Information Technology and Legal SSCs/COEs
How do you expect your organization to change their use of Shared Services and Outsourcing in the next three to five years?

Future direction for Shared Services
- Majority of the respondents are planning to increase the number of transactional and knowledge-based processes
- 71% of the respondents want to increase the number of functions within their SSCs
- 8% of the respondents indicated that they expect to decrease the number of transactional processes in SSCs

Future direction for Outsourcing
- Similar to 2013, respondents indicated that they primarily planned to expand the number of transactional processes
- More respondents indicated decreasing their use of Outsourcing versus their use of SSCs/COEs
- Respectively 9% and 8% of the respondents expect to reduce the number of transactional processes and the number knowledge-based processes moving to an outsourcer
Deloitte’s Point of View on Scope

• Organizations are skipping the single-function concept and pursuing multi-function SSCs at the start of their shared services journey

• There is a drastic increase in the number of SSCs with more than three functions creating a greater need for centers to be located in areas which can support multi-function work

• Organizations are adopting hybrid shared service models and customizing their delivery models by function

• Organizations that are pursuing new SSCs are more aggressive about including a broad scope of functions in their SSCs and are working to consolidate that work more quickly

• The role of the Corporate function is growing in importance as organizations centralize more higher value activities in Corporate

• While some organizations are able to serve all of their business units or segments with traditional functions such as Information Technology, they are still working towards a cross BU or segment-wide strategy for functions such as Engineering or Sales Administration

• Although Marketing Insight & Support continues to be consolidated within organizations, it is only serving limited portions of the organization. As a result, an opportunity exists to drive effectiveness and improve investment levels when this capability becomes more shared enterprise-wide
Organization
How is Shared Services organized and managed across your organization?

**How would you describe the deployment of Shared Services across your organization?**

- Multiple functions, physically combined, and managed as a single SS org: 32%
- Multiple functions, physically co-located: 18%
- Multiple functions, physically separate, and separately managed and controlled: 27%
- SS for one function only: 23%

**Shared Services organization**

- Over 50% of the respondents deploy Shared Services across multiple functions that are physically co-located
- 32% of the respondents consider their collection of SSCs and Outsourcing to be a GBS organization and half of them indicated they made the transition to GBS in the last 5 years
- Of the respondents who have not yet transitioned to a GBS model, 26% indicated plans to do so in the next few years

**Do you consider your collection of SSCs and Outsourcing to be a Global Business Services (GBS) organization? If yes, when did you shift to GBS?**

- Yes, 32%
- After 2010: 51%
- After 2000 and before 2010: 41%
- After 1990 and before 2000: 8%
- No, 68%

**If you do not have a GBS organization, do you plan to shift to a GBS model and if yes, when?**

- Yes, we plan to shift to GBS in the next 3–5 years, 12%
- Yes, we plan to shift to GBS in the next 1–2 years, 14%
- No, we do not plan to shift to a GBS model, 74%
What is the predominant reporting relationship for your SSCs/GBS organizations?

If you have a GBS organization, do you have a GBS leader or equivalent, and if yes, to whom do they report?

- Yes, 74%
- No, 26%

If you have a GBS organization, to whom do the people performing the processes in your GBS organization report?

- GBS Leader, 50%
- Individual SS site leader, 15%
- Functional leader, 17%
- Varies by function, 6%
- Matrix structure, 10%
- Other, 2%

If you do not have a GBS organization, what is the predominant reporting relationship for your SSCs?

- Primary ownership by function, 35%
- Independent Shared Services organization, 26%
- Primary ownership by in-country leadership, 17%
- Primary ownership by in-region leadership, 16%
- Primary ownership by one of the business units/segments, 6%

Reporting relationship:

- Of the respondents who had a GBS organization, a majority of them indicated having a GBS leader that reports to the CFO.
- Half of the organizations which leverage GBS have resources reporting directly to the GBS leader.
- Of the respondents who do not have a GBS organization, the predominant reporting relationship for SSCs is primary ownership by function which is similar to the 2013 survey.
- Compared to 2013, there is an increase in the number of independent Shared Services Organizations; these independent SS Organizations do not consider themselves to be GBS organizations.
What are the characteristics of a GBS organization, and its leadership’s major responsibilities?

If you have a GBS organization, what are the characteristics of your GBS organization?

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multi-function (serving multiple functions in scope, e.g. Finance, HR, IT, etc.)</td>
<td>81%</td>
</tr>
<tr>
<td>Multi-region (serving multiple regions in an organization)</td>
<td>76%</td>
</tr>
<tr>
<td>Multi-business (serving more than one business unit)</td>
<td>69%</td>
</tr>
<tr>
<td>Multi-location (multiple locations in footprint, likely with regional delivery model or hub and spoke approach)</td>
<td>67%</td>
</tr>
<tr>
<td>Multi-sourced (relatively agnostic in regards to outsourcing)</td>
<td>28%</td>
</tr>
</tbody>
</table>

If you have a GBS organization, what are the responsibilities of your GBS leader?

<table>
<thead>
<tr>
<th>Responsibility</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continuous improvement</td>
<td>88%</td>
</tr>
<tr>
<td>Management of SSC sites</td>
<td>73%</td>
</tr>
<tr>
<td>Talent management and development</td>
<td>67%</td>
</tr>
<tr>
<td>Global process ownership</td>
<td>67%</td>
</tr>
<tr>
<td>Service management</td>
<td>65%</td>
</tr>
<tr>
<td>Customer service</td>
<td>61%</td>
</tr>
<tr>
<td>Global program management</td>
<td>51%</td>
</tr>
<tr>
<td>Vendor/Outsourcing management</td>
<td>49%</td>
</tr>
</tbody>
</table>

GBS characteristics and leadership responsibilities

- Over 50% of the respondents characterize GBS as multi-function, multi-region and multi-business, whereas only 20% of the respondents characterize GBS as a multi-function, multi-region, multi-business, multi-location and multi-sourced organization.
- The primary responsibility of a GBS leader is continuous improvement followed by management of SSC sites, talent management and development, and global process ownership.
- Approximately 17% of the respondents indicated that their GBS leaders are responsible across all eight areas from continuous improvement to vendor/outsourcing management.
How did you prepare to move to GBS, and how are future strategy and investment decisions made?

If you have a GBS organization, did you prepare a business case before moving to GBS?

- **We conducted a feasibility study, 8%**
- **No, GBS was an obvious next step for our organization, 24%**
- **We prepared a detailed business case, 44%**
- **Somewhat, most leadership was aligned prior to analyzing the numbers, 21%**
- **Other, 3%**

Which factors are most important when making decisions regarding your SS/GBS strategy and related investments?

- **Being cost efficient**
- **Driving business value**
- **Developing capabilities**
- **Achieving speed**

GBS Financials

- Of the respondents who have a GBS organization, almost half of them indicated that their leadership was aligned prior to developing a business case; almost a quarter did not prepare any business case financials prior to the transition to a GBS organization.
- When making strategy and investment decisions for their SSCs/GBS, organizations prioritize investments that drive cost efficiencies and business value.
If you have a GBS organization, what have been the benefits of moving to GBS?

GBS benefits

- Of the respondents who have GBS organizations, 100% indicated that shared method and tools and a common approach to continuous improvement were the primary benefits of moving to GBS, closely followed by a shared governance structure and improved controls.
- 60% of the respondents indicated at least some if not significant benefit from improved vendor management capabilities.
- Over 17% of respondents who moved to GBS indicated ten or more significant benefits.
Deloitte’s Point of View on Organization

• By leveraging lessons learned of mature SSCs, new SSCs are more likely to start with GBS, leapfrogging the mature SSCs; mature SSCs are facing resistance to shift towards a GBS model—similar to the resistance originally faced during initial SSC transitions.

• Although the definition of GBS varies in the marketplace, organizations are moving towards GBS and adopting models that incorporate a mix of multi function, multi-location, multi-region, multi-business, and multi-sourced.

• Hybrid service delivery is a typical tenant of GBS however few organizations are co-managing the Shared Services and Outsourcing platforms.

• Independent GBS organizations are not yet directly reporting into the CEO but rather continue to be managed by functional leaders such as the CFO.

• The GBS leader is becoming a confirmed and recognized role in organizations with significant responsibility across a multitude of areas such as continuous improvement and global process ownership.

• Continuous improvement should be considered an important tenant of a GBS organization because of its proven benefits.

• GBS is becoming a true enabler of the end-to-end process view and is driving significant end-to-end process improvements.

• Business leaders intrinsically understand the value of shifting to GBS and are pushing their organizations to expand its usage.

• There is a tradeoff between location and infrastructure savings, and a functional shared services strategy where the number of centers may be higher. This tradeoff, however, requires foresight when making location decisions to ensure the vision can ultimately support multi-function SSCs and/or GBS.
Operations and governance
Does your organization mandate Shared Services?

Mandate vs. opt-in

- Over 70% of the organizations mandate participation within Shared Services—consistent with the 2011 and 2013 surveys
- The top five reasons why business units/segments choose to opt-in remains consistent from 2013
- Businesses are primarily opting out due to a lack of service responsiveness, whereas in 2013 the primary concern was that SSCs would not be able to support the business remotely

Why do business units/segments choose to opt in?

- Lower costs: 74%
- Expertise: 60%
- Flexibility in Staffing: 47%
- Higher Quality: 42%
- Internal/political pressure: 29%
- Access to technology: 27%
- Infrastructure/larger scale: 26%
- Higher caliber talent: 16%
- Greater geographic reach: 10%

Why do business units/segments choose to opt out?

- Lack of service responsiveness: 40%
- Not being able to support the business remotely (from a SSC): 32%
- Poor quality: 31%
- Higher costs: 29%
- Lack of flexibility: 28%
- Not being able to drive/contribute to mandate/scope/budget allocation process of SSC: 17%
**Internal controls**

What role does your SSC play in management and oversight of internal controls?

- **Monitoring controls**: 70%
- **Owns controls activities**: 64%
- **Risk assessment**: 39%
- **Management evaluation and reporting**: 38%
- **Communication**: 32%
- **No role**: 7%

What is the scope of internal control activities within your SSC?

- **Financial reporting**: 74%
- **Operational**: 70%
- **Regulatory compliance**: 51%

**Controls**

- The number of SSCs that played a role in monitoring controls increased by 16% since 2013 whereas the other roles remained relatively constant.
- For the respondents whose SSCs play a role in internal controls, financial reporting and operational were the primary roles.
- The survey indicated that the primary benefit for the management and oversight of internal controls was the ability to comply with financial regulations followed by improved operations.

Management and oversight of internal controls has provided the following benefits:

- **Improved ability to comply with financial regulations**: 69%
- **Improved operations**: 53%
- **Improved ability to comply with non-financial regulations**: 45%
- **Lowered costs of internal controls**: 43%
What is your technology landscape and investment strategy?

What is your SSC technology platform?

- Multiple ERP and non-ERP systems (not integrated), 20%
- Multiple ERP and non-ERP systems (integrated), 8%
- Multiple ERP systems, 14%
- Multiple instances of single ERP system, 17%
- Single instance of single ERP system, 41%

How are you allocating spend on technology for your SSCs?

- Improve productivity of center operations, 69%
- Improve interaction/service with customers, 18%
- Enhancing analytic capabilities, 7%
- Other, 6%

Technology spend

- SSCs are operating with a variety of technology strategies with over 40% operating with multiple ERP systems
- A majority of the respondents indicated that they are investing their technology related spend to improve productivity of their centers
What is important to your business unit customers?

**SSC customer needs**
- Respondents indicated that timeliness of response is the most important factor for business unit customers, consistent since the 2007 survey.
- Since 2011, cost of services has increased in importance for business unit customers whereas staff knowledge of business unit objectives has decreased.
- Ad-hoc and non-standardized requests, such as providing non-routine services and anticipating unidentified business unit needs, continue to be of least importance to business unit customers.
What people-related challenges do you anticipate within your organization's SSC(s) over the next three years?

Challenges

- Overall, all surveyed anticipated people-related challenges have decreased since 2013
- Maintaining high customer service levels became the primary challenge respondents now anticipate. This is in line with the trend previously seen where organizations are opting-out of a SSC model primarily due to the lack of service responsiveness
How do you attract and retain talent in your Shared Services organization?

What is your annual percent in employee turnover by center?

<table>
<thead>
<tr>
<th>Category</th>
<th>Actual Turnover</th>
<th>Target Turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 5%</td>
<td>42%</td>
<td>41%</td>
</tr>
<tr>
<td>5% to less than 10%</td>
<td>28%</td>
<td>32%</td>
</tr>
<tr>
<td>10% to less than 15%</td>
<td>15%</td>
<td>20%</td>
</tr>
<tr>
<td>15% to less than 20%</td>
<td>9%</td>
<td>6%</td>
</tr>
<tr>
<td>Greater than 20%</td>
<td>1%</td>
<td>7%</td>
</tr>
</tbody>
</table>

Methods used to motivate employees

- Respondents indicated their SSCs faced an average actual turnover of 8.3% which is higher than their average target of 7.2%
- Organizations attract and retain talent by focusing on their organizations’ strong culture and company brand/reputation
- 40% or more respondents also indicated leveraging job sharing/flexible work practices, job rotation outside of the SSC, and financial support for continuing education as tools to attract and retain talent

What do you use to attract and retain talent?

- Focus on strong culture: 66%
- Company brand/reputation: 60%
- Job sharing/flexible work practices: 45%
- Job rotation outside of an SSC into other areas of the business: 45%
- Multi-function opportunities: 44%
- Performance based pay (e.g. variable bonuses): 42%
- Financial support for continuing education: 40%
Are Service Level Agreements (SLAs) a common and effective tool for governance?

Does your SS/GBS organization leverage SLAs to drive governance?

- Yes, 77%
- No, 23%

Do your SLA's help drive continuous improvement?

- Yes, 63%
- No, 37%

SLAs

- Almost two-thirds of the respondents indicated that their SLAs assist in driving continuous improvement
- Of the respondents who indicated their SLAs were too simple, over 70% of them did indicate that their SLAs help drive continuous improvement
- Of the respondents whose SLAs were too complex, only 40% of them indicated their SLAs help drive continuous improvement

How complex are your SLAs?

- 1 - Too Simple: 9%
- 2: 19%
- 3 - Just Right: 52%
- 4: 14%
- 5 - Too Complex: 6%
Who designs SLAs, and what is included in those agreements?

Who is involved in creating/renegotiating SLAs?

- Service provider leadership: 78%
- SSC/outsourcer staff: 47%
- End-users/customers: 43%
- Attorney(s): 12%
- Consultants: 7%

What is included in your SLAs?

- Services provided: 91%
- Timing of services: 87%
- Parties involved: 80%
- Process metrics: 72%
- Roles and responsibilities: 65%
- Customer service metrics: 49%
- Pricing: 45%
- Dispute resolution: 43%
- Continuous improvement commitments: 24%
- Constraints (e.g. corporate mandates): 13%

SLA design

- Over 75% of the respondents indicated that the SSC leadership team is the primary group involved in creating/renegotiating SLAs.
- Less than half of the respondents indicated that end-users/customers were involved in the design.
- The top three items included within an SLA are the services provided, timing of services and the parties included.
- Only 45% of the organizations indicated that their SLAs include transfer pricing.
- Less than a quarter of the SLAs include continuous improvement commitments.
Who is driving end-to-end process efficiency and effectiveness for your GBS/SSCs?

**Governance roles**

- As compared to 2013, this year’s survey indicates that responsibilities for driving end-to-end process efficiency and effectiveness are shifting from global process owners to regional process owners.
- Global process owners play the biggest role in owning and updating policies, redesigning processes and continuous improvement, and requesting changes to technology configuration.
- Regional process owners play the biggest role in resolving issues, monitoring performance metrics and managing relationships with business units/functions.
How are services primarily being charged back to the locations/divisions serviced by the Shared Services organization?

Chargeback models
- The chargeback methodologies did not materially change since 2013
- Compared to 2013, there is an increase in the chargeback methodologies that allocate costs based on revenue and headcount
- Allocating costs based on performance and penalty pricing/charges decreased from 2013
Deloitte’s Point of View on Operations and Governance

• Although cost savings is a driver of SSC adoption, it should not be the sole focus of organizations as lack of service responsiveness causes decreased adoption during a time when SSCs want to share infrastructure costs, optimize leverage ratios, and drive continuous improvement

• Organizations are becoming better at managing resources in SSC environments; therefore they are expecting fewer people-related challenges

• Business unit customers want SSCs to continue focusing on the basics such as timeliness of responses and cost of service; however staff knowledge of business unit objectives is becoming increasingly important to facilitate the movement of SSCs into higher value add activities

• Organizations are still struggling with technology but are finding ways to overcome those challenges; SSCs are operating across a variety of technology platforms

• Organizations are leveraging SLA conversations and scorecards to focus time and energy on continuous improvement; scorecards should include metrics for both the retained and SSC portions of the process

• The inclusion of end users in the creation of SLAs can facilitate the development of understandable and achievable measures; documenting continuous improvements targets and/or penalties is critical in an SLA

• As SSCs become more global in nature, organizations should implement chargeback methodologies and leverage transfer pricing to effectively address tax implications and regulatory requirements
Journey and value
How has process standardization and technology impacted your move to Shared Services?

Did you standardize processes before, during, or after the move to Shared Services?

- Standardized processes prior to move to SSC, 17%
- Standardized processes and moved to shared services at the same time, 22%
- Standardized processes after move to SSC, 61%

Did you move processes before, during, or after technology change?

- Moved processes after technology change, 21%
- Moved processes at the same time as the technology change, 34%
- Moved processes before technology change, 45%

Process migration

- Respondents’ preference for moving processes via the ‘lift and shift’ method has increased since 2013
- In comparison to 2013, there was a reduction in the number of respondents who followed the ‘big bang’ approach
- Moving processes prior to standardization and technology changes continues to be the most popular approach – it is actually gaining popularity since previous surveys

<table>
<thead>
<tr>
<th>Timing of process move to SSC</th>
<th>Prior to technology change</th>
<th>During technology change</th>
<th>After technology change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Timing of process standardization</td>
<td>Prior to move to SSC</td>
<td>5%</td>
<td>7%</td>
</tr>
<tr>
<td></td>
<td>During move to SSC</td>
<td>6%</td>
<td>13%</td>
</tr>
<tr>
<td></td>
<td>After move to SSC</td>
<td>34%</td>
<td>14%</td>
</tr>
</tbody>
</table>
How have you typically addressed the organization and talent changes needed at the local level when shifting to SSCs/COEs?

**Retained organization**
- 68% of the respondents addressed the retained organization by providing new organizational charts and job descriptions
- As opposed to 2013, more respondents provided target headcount reductions to the retained organization during a SSC transition
- This year, 21% of the respondents indicated that associates were required to reapply for remaining positions, which is a decrease from 2013 where 29% of the respondents indicated they used this technique
- On average, each respondent focused on at least three of the aforementioned strategies to address changes to the retained organization
Where has Shared Services had a positive impact?

Positive impacts of SSCs

- The top three benefits remain consistent since the 2011 survey with cost reduction being the top benefit
- Compared to 2013, significant positive impact increased in areas including compliance with regulatory requirements, internal controls, and effective tax rate
- In comparison to 2013, areas such as working capital and support of growth/scalability decreased in the level of significant positive impact
Which of the following tax considerations were taken into account with the formation of the SSC?

- Impacts of tax
  - Since 2011, location of the center and legal entity type are the primary considerations taken into account
  - 30% of respondents did not take tax considerations into account as part of the formation of their SSCs
  - As compared to 2013, more respondents are taking into account VAT considerations and reduction in the global tax burden
  - For those respondents who indicated a positive impact due to tax considerations, location of the SSC, legal entity type, and the reduction of the global tax burden drove the largest benefits
What is the financial impact of Shared Services?

- **Financial impact**
  - Average headcount reduction increased to 15% from 13% in the 2013 survey
  - Average annual increase in productivity is 8% which has been consistent since 2009
  - As compared to 2013, more respondents indicated at least some headcount reductions or average annual productivity improvement
  - The average payback period indicated was 2.3 years

What was the average headcount reduction achieved by your last significant SSC implementation over the first 12 months after full operations began?

- No reduction: 12%
- 0% to 10%: 28%
- 10% to 20%: 29%
- 20% to 30%: 21%
- 30% to 40%: 7%
- More than 40%: 3%

What has been the average annual productivity improvement achieved by your organization’s SSCs?

- None: 8%
- Less than 5%: 22%
- 5% to 10%: 42%
- 10% to 15%: 20%
- More than 15%: 8%

What was the payback period of your Shared Services implementation?

- Less than one year after implementation: 16%
- Between one and two years after implementation: 34%
- Between two and three years after implementation: 30%
- Between three and four years after implementation: 11%
- Over four years after implementation: 9%
To what degree has your organization achieved its objectives for Shared Services?

<table>
<thead>
<tr>
<th>Short of meeting objectives</th>
<th>Exceeded objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology automation</td>
<td>19%</td>
</tr>
<tr>
<td>Size of retained organization</td>
<td>13%</td>
</tr>
<tr>
<td>Technology standardization</td>
<td>19%</td>
</tr>
<tr>
<td>Time to implement—fully deployed</td>
<td>19%</td>
</tr>
<tr>
<td>One-time costs</td>
<td>14%</td>
</tr>
<tr>
<td>Time to implement—center set up</td>
<td>20%</td>
</tr>
<tr>
<td>Headcount reduction</td>
<td>29%</td>
</tr>
<tr>
<td>Number of geographies served</td>
<td>17%</td>
</tr>
<tr>
<td>Number of business units served</td>
<td>19%</td>
</tr>
<tr>
<td>Types of processes in scope</td>
<td>23%</td>
</tr>
<tr>
<td>Number of processes in scope</td>
<td>24%</td>
</tr>
<tr>
<td>Service quality</td>
<td>29%</td>
</tr>
</tbody>
</table>

40% achieved objectives
26% short of meeting objectives
28% exceeded objectives

Achieving objectives

- Technology automation and size of the retained organization have the largest variance between being short of objectives and meeting objectives. Setting up the center, however, was equally short of meeting objectives and exceeding objectives.
- Technology-related areas such as automation and standardization were identified as two areas where more organizations missed objectives than exceeded them.
- More organizations indicated that the overall scope of their SSCs exceeded objectives than missed them.
- Over 30% of the respondents met or exceeded all of their objectives for their Shared Services organizations.
How could you have improved your Shared Services journey?

What changes would you have made along your SS journey?

- Better change management: 52%
- Better alignment between process change and technology change: 44%
- Stronger executive support/alignment: 44%
- Stronger governance: 43%
- Better team/resources: 36%
- Faster decision making/issue resolution: 32%
- Better reporting: 26%
- Faster transition to GBS: 18%

How do you use the savings generated by SSC productivity improvements?

- Pass lower costs onto the business: 54%
- Invest in technology: 13%
- Invest in process improvement: 12%
- Invest in talent development: 6%
- Improve facilities: 3%

Shared Services improvements

- Since 2011, better change management continues to be the primary improvement respondents would make to their SS journey.
- Although the top three changes remain consistent since 2013, fewer respondents are indicating that they would have made those changes.
- 18% of the respondents indicated that their SS journey would have improved with a faster transition to GBS.
- Over half of the respondents indicated that the savings generated by SSC productivity improvements are passed onto the business.
Deloitte’s Point of View on Journey and Value

- Organizations are moving away from the ‘big bang’ approach to SSC migrations
- Although there is no right answer, there is a strong preference to ‘lift and shift’ processes; by consolidating first, organizations take advantage of resources working together to enable changes and lower levels of resistance
- To achieve the average annual productivity targets, organizations are building continuous improvement into the culture of the SSC and leveraging methods like lean and six sigma to realize those benefits.
- To sustain productivity/cost improvements as the SSCs mature, organizations should take integrated steps such as investing in technology, increasing scope, and exploring new locations
- Organizations are getting quicker paybacks from their SSC investments because they are leveraging existing platforms and are no longer starting from scratch
- As the focus on benefits realization increases, organizations are following very disciplined approaches to benefit identification and tracking which allows them to gain greater headcount savings/productivity improvements
- Some organizations are still not incorporating tax as a strategic element in their SSC decision making process which is often leading them to leave money on the table
- In addition to cost reduction, SSCs are expected to deliver additional benefits such as improving data visibility, assimilating acquisitions, and supporting their business’ growth objectives
- Technology automation continues to be short of meeting objectives which indicates that organizations are still struggling with effectively incorporating technology improvements during their SSC transitions
Future of Shared Services
How will the strategic priorities for SS/GBS organizations shift?

**Shift in priorities**

- Continuous improvement will continue to be top priority of the SS/GBS organizations over the next ten years
- Although increasing the level of automation is a major focus for organizations today, developing analytics capabilities becomes a larger priority ten years out
- Over time, the SS/GBS organizations will shift their focus from increasing geographic and functional scope towards developing a GBS model
What will be the role of analytics within a SS/GBS organization?

What role does your SS/GBS organization perform or anticipate performing in data analysis or analytics?

- Provide requested reports to the enterprise: 76% currently, 11% anticipate
- Gather and aggregate enterprise data: 71% currently, 0% anticipate
- Analyze historical data to discover trends: 49% currently, 20% anticipate
- Develop and deliver business insights to help enterprise leaders run the business more effectively: 32% currently, 31% anticipate
- Perform predictive analytics and/or optimization: 23% currently, 34% anticipate

How do you plan to increase automation capabilities in the future?

- Use our current ERP system: 71%
- Use bolt-on tools: 44%
- Leverage cloud computing: 36%
- Leverage outsourced technology capabilities: 32%
- Invest in robotics: 13%

What are the top challenges of adding analytics as a capability within your SS/GBS organizations?

- Data reliability and consistency: 53%
- Supporting technology platform: 52%
- Understanding of business background: 42%
- Access to skilled talent: 40%
- Securing financial resources for required investment: 28%
- Data availability: 26%
- Absence of leadership focus: 22%

Analytics and automation

- Currently, SS/GBS is primarily focused on providing reports to the enterprise
- SS/GBS organizations are planning to double their role in performing higher value activities such as providing business insight and performing predictive analytics
- Data reliability/consistency and supporting technology platform are the top two challenges to adding analytics capabilities
- Organizations are looking beyond their ERPs to increase automation capabilities and are focusing on gaining additional capabilities such as cloud computing and robotics
How do you drive continuous improvement across the organization?

How do you drive continuous improvement within your SS/GBS organization?

<table>
<thead>
<tr>
<th>Option</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>SS/GBS site leaders/managers are responsible for continuous improvement</td>
<td>39%</td>
</tr>
<tr>
<td>We have a dedicated continuous improvement team within our SS/GBS organization</td>
<td>26%</td>
</tr>
<tr>
<td>Our SS/GBS resources are trained in a continuous improvement methodology and are incentivized to identify opportunities on a daily basis</td>
<td>24%</td>
</tr>
<tr>
<td>We do not currently have a focus on continuous improvement</td>
<td>8%</td>
</tr>
<tr>
<td>We look to outside vendors to support our continuous improvement</td>
<td>4%</td>
</tr>
</tbody>
</table>

Do you provide continuous improvement services outside of your GBS organization?

- We provide continuous improvement services to functions outside of our SS/GBS organization, 24%
- We provide continuous improvement services to other companies, 2%
- No we only focus on continuous improvement within our SS/GBS organization, 74%

Continuous improvement

- Over 35% of the respondents indicated that their SS/GBS site leaders or managers are responsible for continuous improvement
- Almost a quarter of the respondents indicated that they have dedicated teams focused on continuous improvements or they had resources who were trained in continuous improvement and incentivized to identify those opportunities
- While the majority of the organizations focus on continuous improvement within their organization, 24% provide continuous improvement services to business units outside of their SS/GBs organizations
Deloitte’s Point of View on Future of Shared Services

- There is an increase in growth of SS/GBS organizations because its benefits as a delivery model have been tested over time.
- There are now a myriad of successful examples of SS/GBS models in the marketplace for organizations to follow or adopt as they pursue their SSC journeys.
- As SS/GBS organizations aspire to become advisors and collaborators to the business, they will be challenged to become more familiar with the business to be able to deliver higher value activities (e.g. predictive analytics).
- Intimate knowledge of the business, which is required to become an ‘true’ advisor, is often better facilitated via a GBS model because it enables cross-functional visibility and end-to-end process ownership, both of which allow for better information gathering and insight development.
- Given the high value derived from continuous improvement activities, organizations are focusing on enhancing continuous improvement in their organizations by dedicating teams and training resources to find and implement such opportunities.
- Although challenges in driving greater analytics remain, organizations are prioritizing and shifting their focus towards growing these types of analytic capabilities.
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