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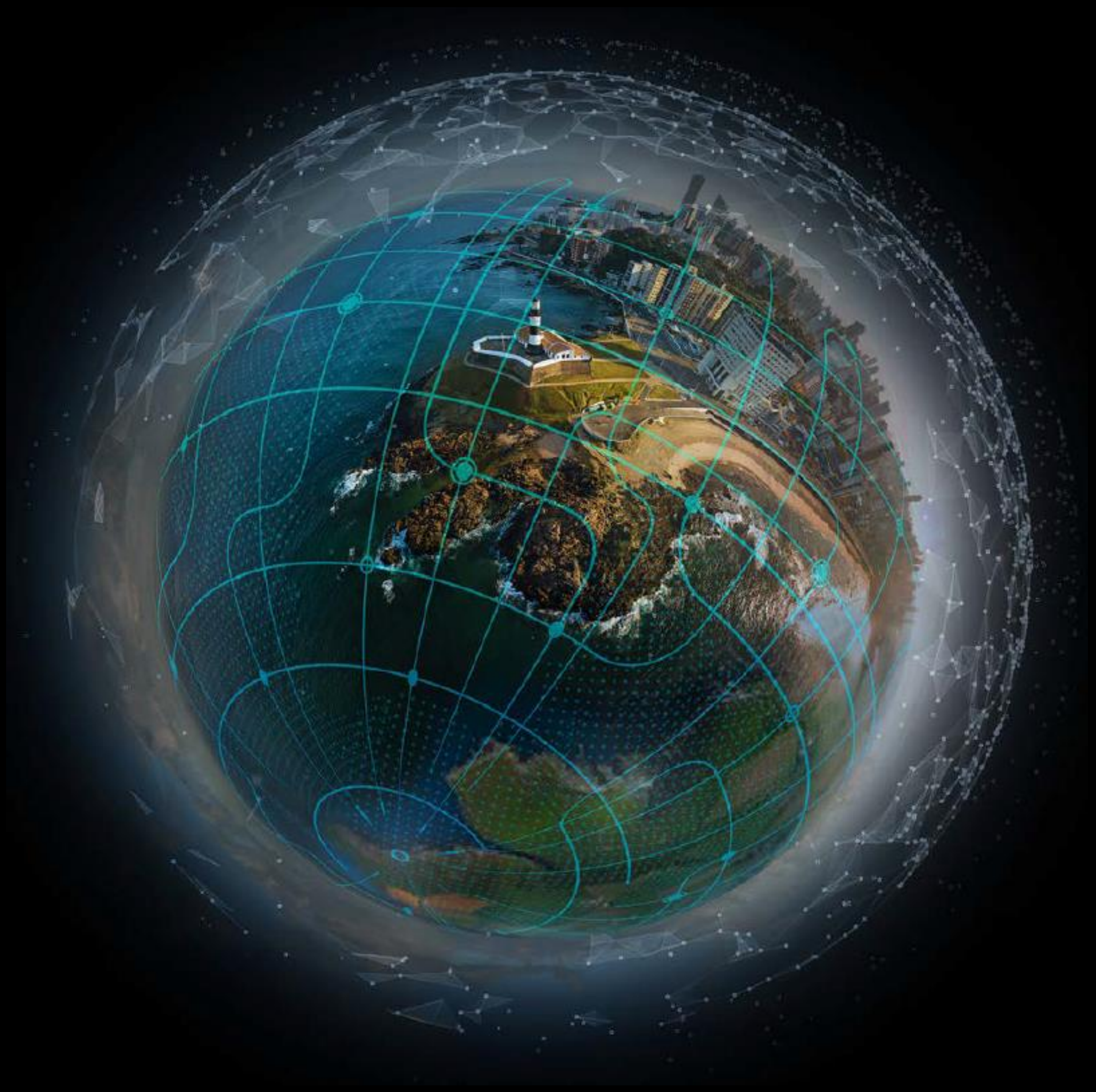


2021 Global Shared Services and Outsourcing Survey Report

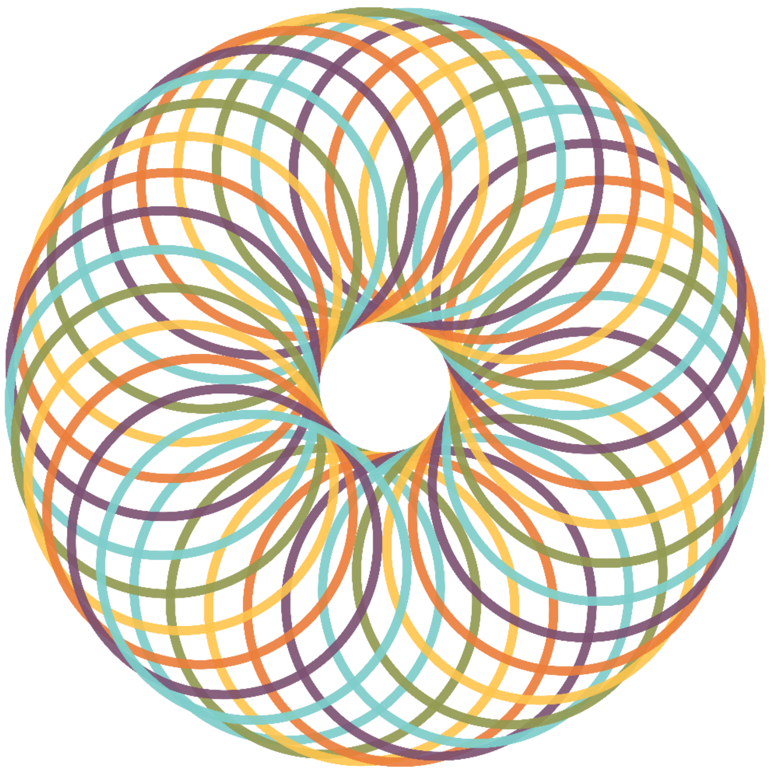
Contents

Foreword

Service delivery models are always evolving. For the world's largest companies, there's an increasing shift to leverage global, multifunctional, and virtual or remote models, especially driven by learnings from COVID-19. These organizations are prioritizing areas across work, workforce, and workplace to be successful in furthering the value which shared services and outsourcing models bring: increasing efficiency, reducing costs, and driving greater business value. Apart from expanding the traditional functional scope, they are developing specialized capabilities such as analytics, reporting, digital, and enhancing the customer experience. These shared and global business services (GBS) constructs are creating an environment where new capabilities can be rapidly adopted to position their customers for success.

Organizations are changing the way they look at talent, incorporating diversity within their leadership, driving better employee experience and culture, and focusing on work/life balance and flexible practices as key strategies for retaining talent.

Overall, what's clear is that shared services centers (SSCs) and GBS models are increasingly evolving and adapting effectively to rapidly changing geopolitical conditions (e.g., COVID-19 and Brexit) as they seek to provide nimble and value-added services, a better customer experience, and high-impact business outcomes.



2021 Survey witnessed record participation!

~600 Respondents - a 58% increase from 2019

Survey had responses from leaders in **45 countries**, with SSC locations across **~75 different countries**

Survey included leaders based not only in **parent organizations**, but also in **SSC organizations** across global center

About **56%** of the respondents represented companies that had at least **$5B in revenue**

Consumer and **energy, resources, and industrial products** showed leading participation, contributing more than **50%** of respondents

Industry	Sub-sectors		
Consumer *29%*	*Retail & Consumer Products, 15%*	*Hospitality, 10%*	*Automotive, 4%*
Energy, Resources & Industrials *29%*	*Industrials, 15%*	*Oil & Gas, 10%*	*Power, 4%*
Technology, Media & Telecom *13%*	*Technology, 9%*	*Telecom & Media, 4%*	
Life Sciences & Health Care *13%*	*Life Sciences, 9%*	*Health Care, 4%*	
Financial Services *11%*	*Banking, 5%*	*Insurance, 3%*	*Real Estate, 3%*
Government & Public Services *4%*	*Government, incl. higher education, 4%*		

Key themes from this year's survey

Functions & Capabilities Scope

Finance, HR and IT remain as the top 3 functions performed in SSCs across industries and continue to **grow "upstream"**… they have moved beyond the back office to include more specialized industry areas

GBS footprint for **procurement and customer service and call centers** has increased the most since 2019

GBS Organizations are looking at implementing capabilities such as **analytics, process excellence, program management, reporting and RPA**

SSC

1. Finance
2. HR
3. IT

Outsourcing

1. IT
2. Finance
3. Payroll

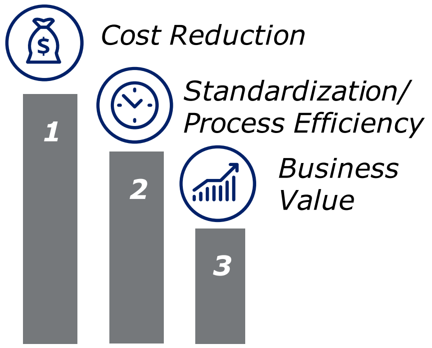
Benefits

Organizations are beginning to realize greater benefits from **RPA implementation** with **20%** realizing between 20-40% savings (up from 9% in 2019)

Process efficiency and standardization have overtaken cost reduction as a primary objective for investing in GBS, and more organizations have adopted the digital agenda

Cost reduction and **process efficiency and standardization** have been the most tangible and attainable benefits achieved

Objectives Achieved



GBS Organization Structure and Talent

Multi-functional (more than three functions) SSCs continue to be most prevalent across industries

Organizations are increasingly emphasizing development of **strong culture, well-being and flexible work practices** as key talent retention strategies, with financials being table stakes

Contingent workforce, part time employees and **remote work practices** remain top 3 non-traditional talent models with SSCs

Future of GBS

Building **analytics and reporting capabilities** to position GBS to drive higher value

Enhancing the focus on **better customer experience** with user-centric design and self-service capabilities

Further savings achieved through RPA and automation by employing more coordinated approaches

Shifting workplace and workforce strategy to more hybrid delivery models with a focus on developing virtual/remote work strategies and leveraging location agnostic hiring

1. Automation
2. Single Instance ERP
3. Case / Service Management
4. Cloud

Key attributes of successful GBS organizations

More than 50% of organizations are achieving their objectives. These successful GBS organizations are:

Implementing both **Shared Services and Outsourcing Models**

~65% of successful organizations include outsourcers in their delivery model

Multi-functional in scope, with Finance the most commonly implemented in SSCs

Finance (94%), HR (57%), Procurement (54%), IT (52%)

Embracing **Digital Transformation** as a strategic agenda

72% of SSCs have implemented RPA, 55% have a single instance ERP, and 53% have Cloud / AWS

Incorporating **Diversity** into their leadership roles

More than 80% have about a third of their leadership team composed of minorities and women

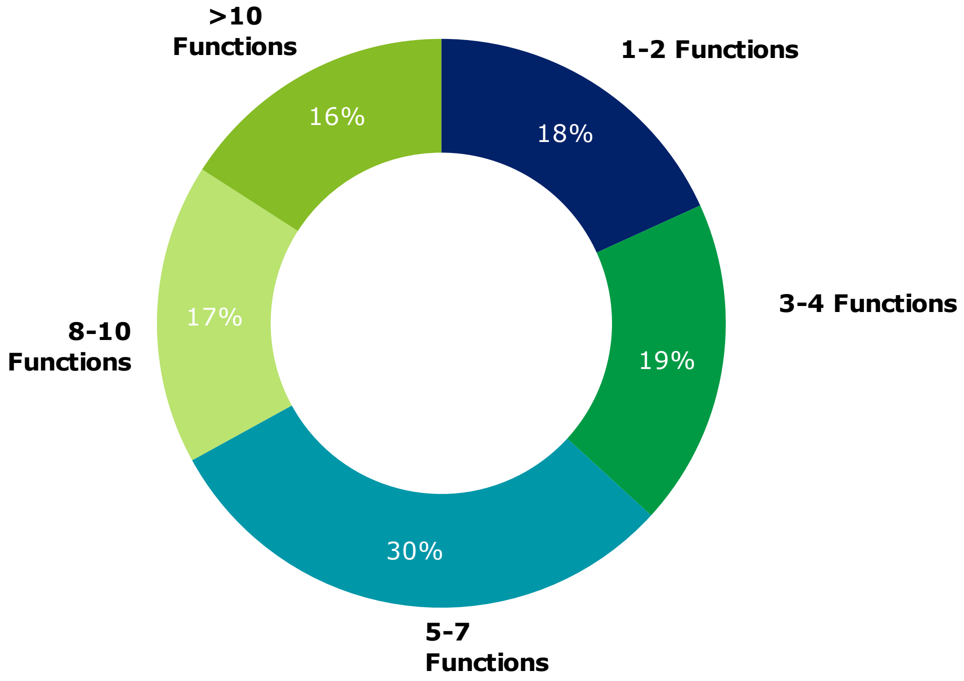
Adopting new approaches to **Talent**

67% are building CI & innovation into talent programs. 59% are leveraging contingent workers

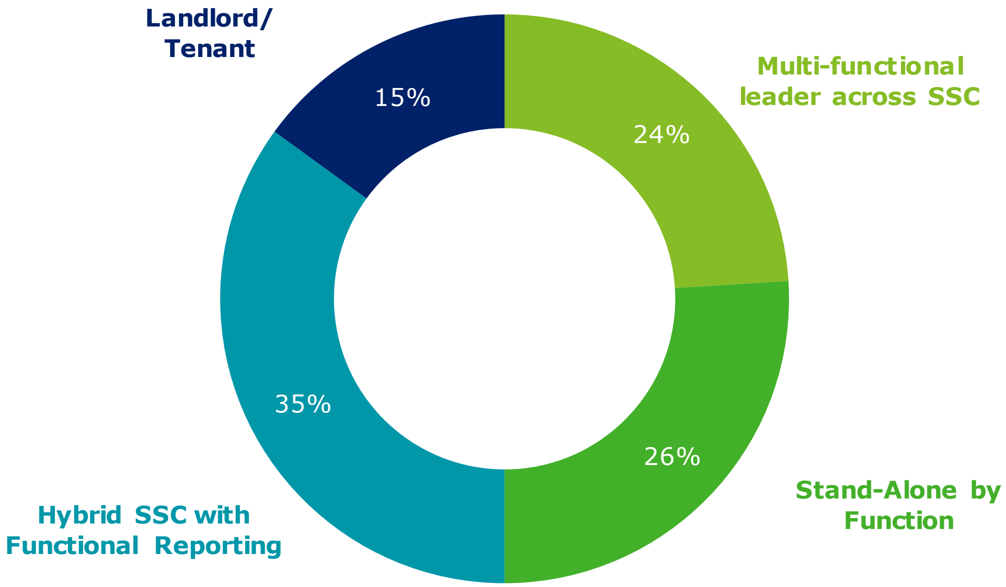
Scope and Capabilities

How many functions are performed and what is the preferred governance model?

How many functions are performed in your SSC?

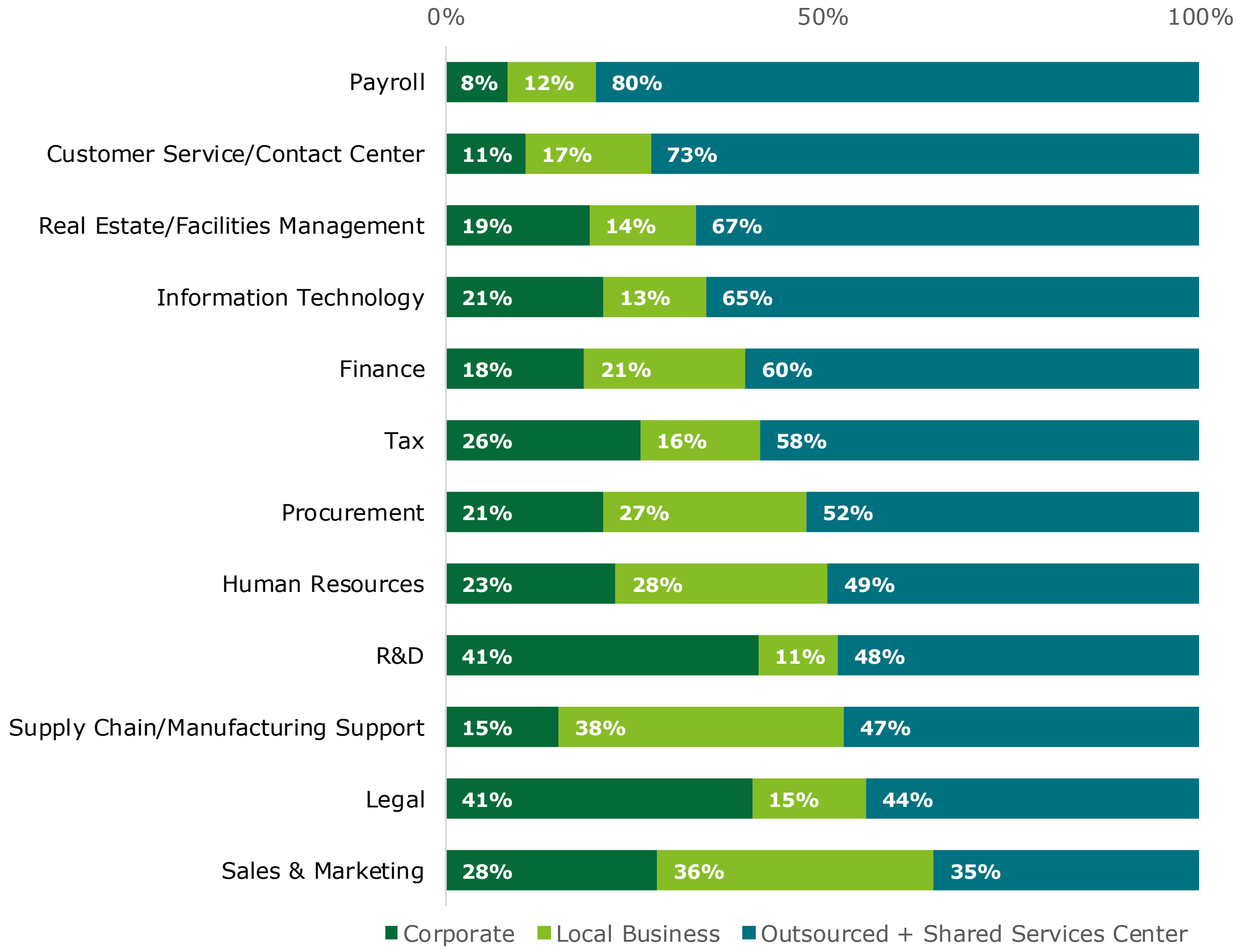


What is the governance model in your SSC or GBS?



- **Multifunctional organization** continue to be **most prevalent** within the survey, with **~82%** of total SSCs supporting three or more functions; this trend remains consistent for all organizations, irrespective of revenue size
- Organizations that established their SSCs in earlier years (1991–2000) prefer a **hybrid governance model,** which has remained a preferred model, while other models like **multifunctional leader across SSC** and **landlord-tenant model** have also gained traction in organizations that established SSCs in later years (2001 onward)

What percentage of the total FTEs (approximately) are located in the local business, at corporate, or in a GBS model?



2021		2019*
80%	+	N/A
73%	↑	64%
67%	↑	52%
65%	↑	58%
60%	↑	55%
58%	↑	55%
52%	↑	42%
49%	↑	42%
48%	↓	52%
47%	↑	40%
44%	=	44%
35%	↓	60%

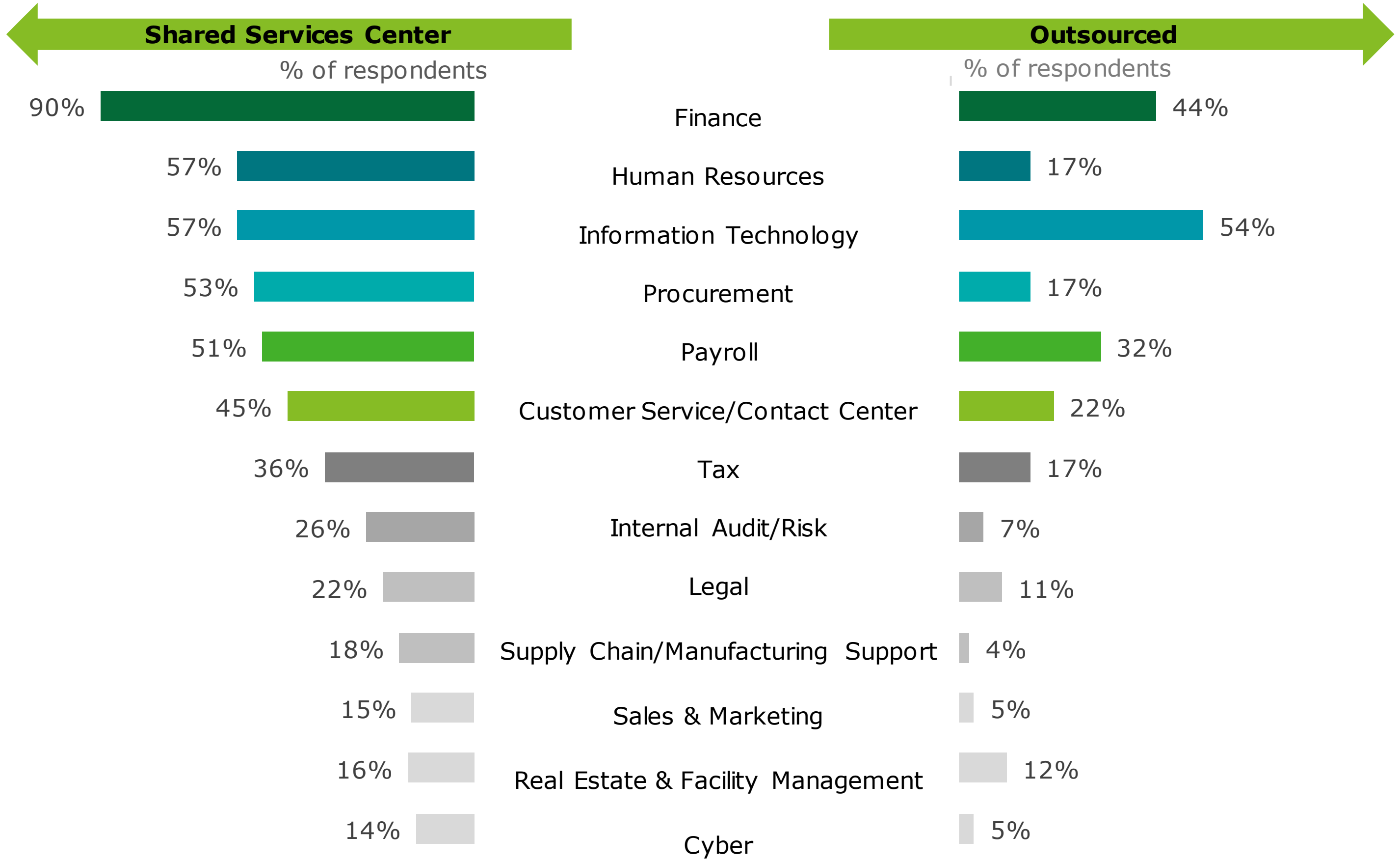
** Includes FTEs located in COEs*

- **SSCs/Outsourcing** is most leveraged by the **Payroll function** followed by **Customer Service/Contact Center function** which was the highest in 2019
- **Customer service / contact centers and Procurement** have each increased about 10% from 2019
- Usual suspects **of IT, Finance, Tax, and HR** continue to grow year over year

↑ *Improvement*
↓ *Reduction*
\+ *New addition from 2019 survey*
= *Minimal change*

What functions are performed by both SSCs and Outsourcing Providers?

If your organization has an outsourcing service provider, then which of the following functions are performed via both shared services and outsourcers (including both transactional and knowledge-based centers (COEs))?[1]



Different industries are also delivering specialized focused capabilities from their GBS centers. Examples include:

Consumer
- Manufacturing and Plant Accounting
- Asset Protection/Retail Loss Intelligence

Energy, Resources & Industrials
- Product Engineering
- Health, Security, Environment & Quality

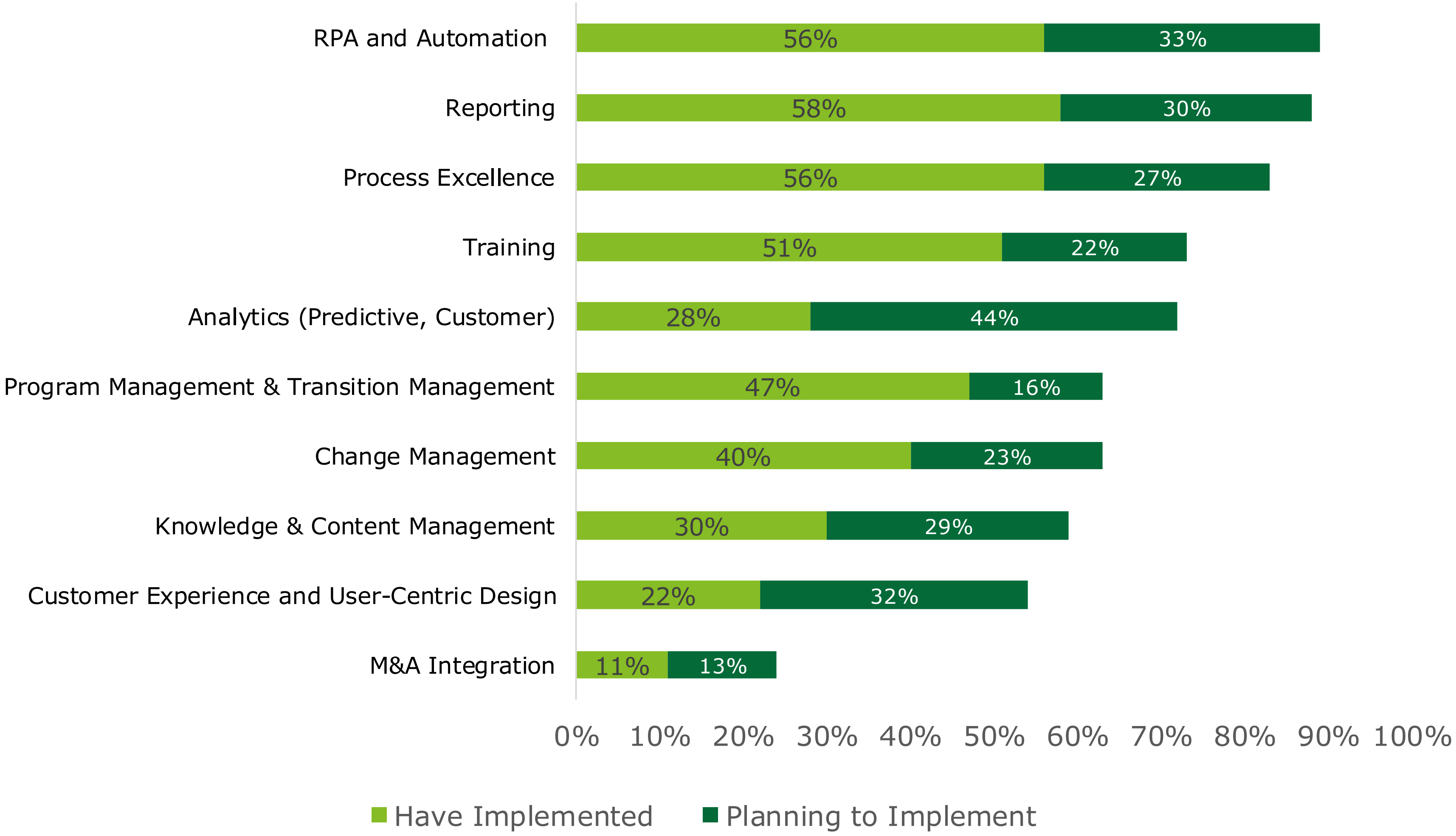
Financial Services
- Claims
- Anti-money laundering

Life Sciences & Health Care
- Clinical Trails
- Medical Management

Technology, Media & Telecom
- Manufacturing/Plant Accounting
- Operationalized Transfer Pricing

[1]Organizations responding to this question are primarily Shared Service Center focused

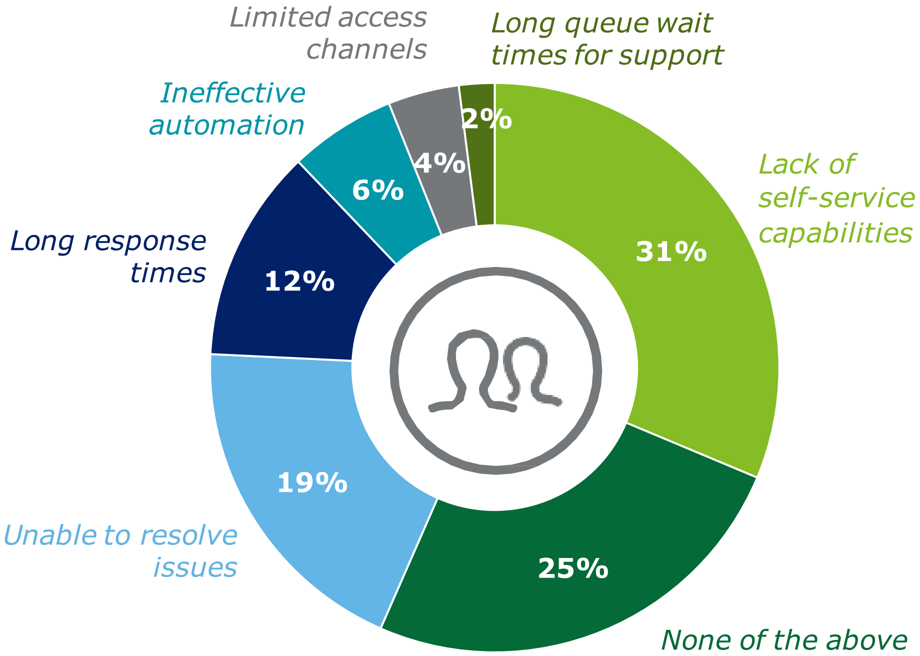
What are the capabilities implemented or planned to be implemented in GBS organizations?



- **RPA and Automation, Reporting, Process Excellence** are now part of at least 50% of GBS organizations
- **Reporting & Analytics and Customer Experience and User-Centric Design** are the top capabilities that GBS organizations are looking to invest in

How are you driving a 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?

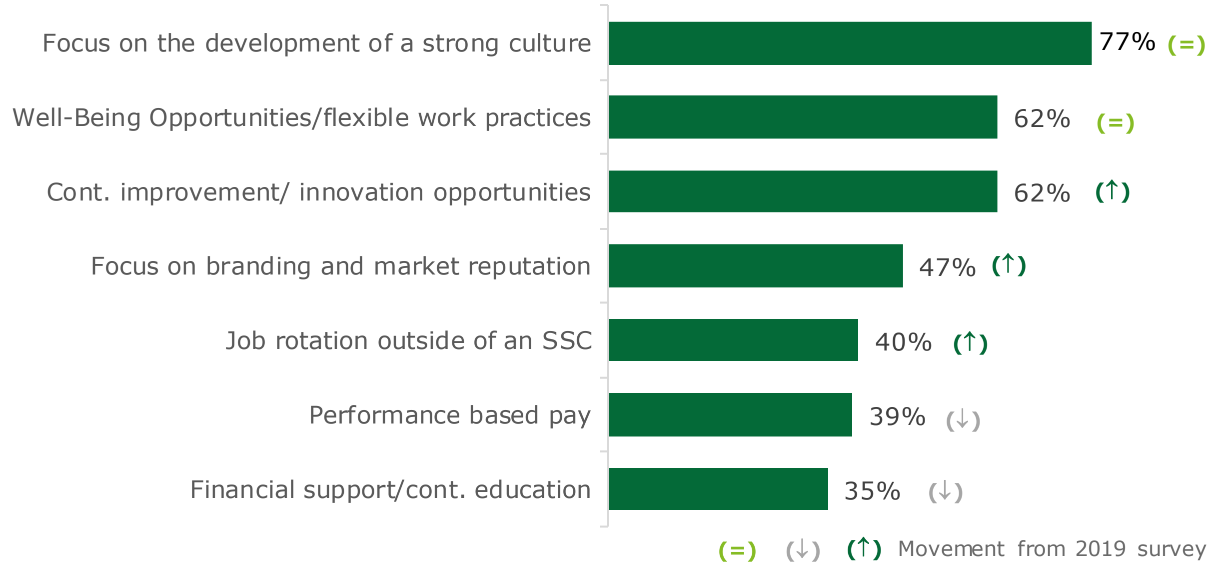
- More than 50% of GBS organizations have either implemented or are planning to implement **customer experience** and **user-centric design** as a capability
- Of the 31% respondents who indicated "lack of self-service" as a top challenge, only **29% listed "self-service" as a solution that they have employed in their organizations**
- Organizations are proactively taking steps to drive a better customer experience through customer surveys, alignment of service levels to goals, and increased visibility from SSC to business
- A quarter of organizations did not identify any challenges for their end users in interacting with their centers

Talent Models

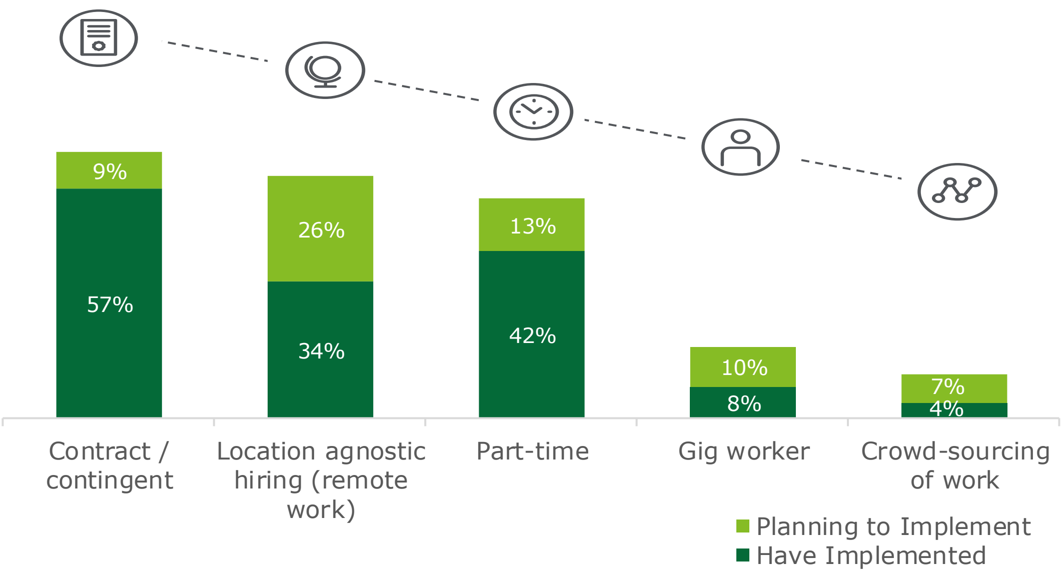
How do you attract and retain talent in SSCs and GBS, and what nontraditional talent models have you considered?

Talent Models

What are the approaches you have used in the past to try and retain your shared services employees?



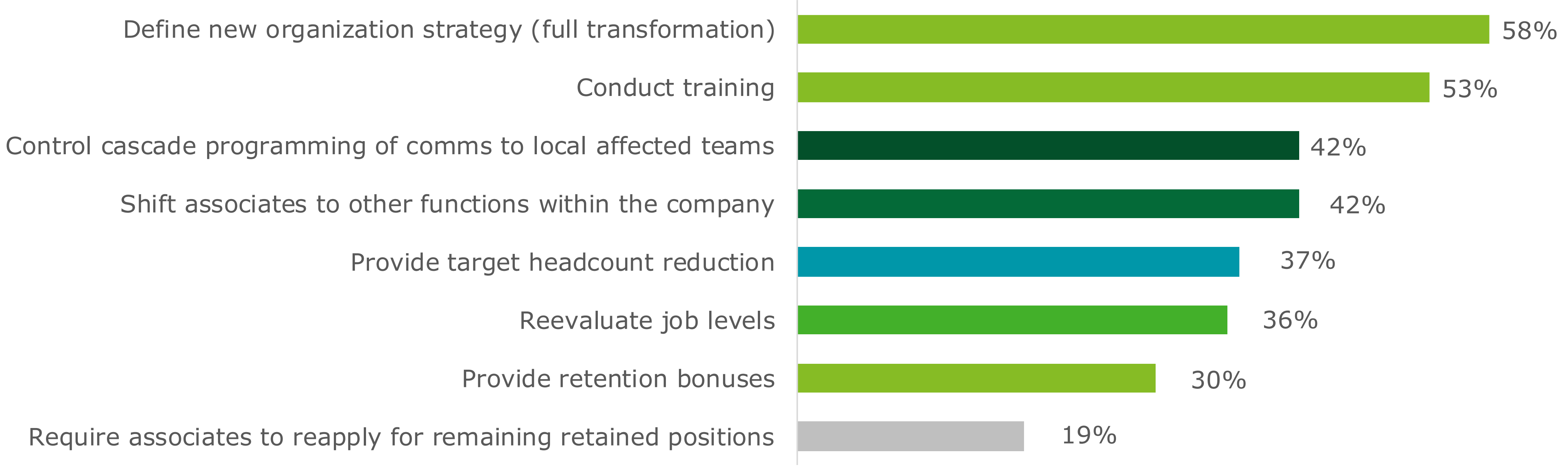
What are the non-traditional talent models within shared services?



- **Development of strong culture, well-being,** and **flexible work practices** continue to be top priorities in talent strategies, with financial incentives being table stakes
- Respondents also reported practices like **job rotation outside of SSC, job-sharing,** and **multifunction opportunities** to retain talent

- Most of respondents (in line with 2019 survey) have considered **alternative talent models**
- Most of respondents indicated that they have already implemented **contract and contingent workers in their organization**, an increase from 2019 survey, where 42% of respondents indicated that it was a preferred model

How have you prepared the retained organization for talent and management changes when shifting work to a GBS model?



- A **clearly defined organization strategy, trainings for upskilling and monetary incentives** are some of the leading methods implemented by organizations to retain talent in the retained organization
- Some of the other methods used by organizations to retain talent by balancing workload & providing more value-add activities, providing international assignments, career progressing, developing backup roles etc.

Geography

What are preferred locations for SSCs (based on Industry)?

Geography

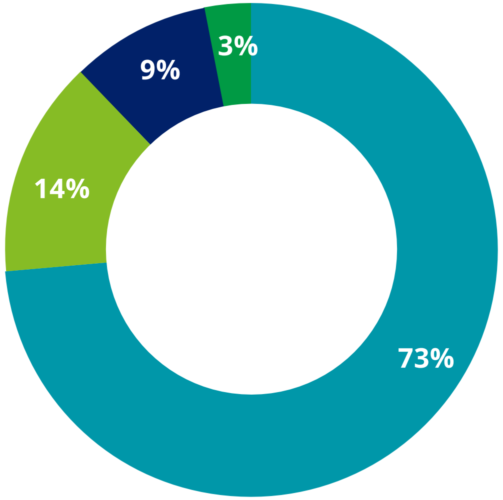
Number 1 location

Industry	Number 1 location
Consumer	**India**
Energy, Resources & Industrials	**India**
Financial Services	**India**
Life Sciences & Health Care	**USA**
Telecom, Media & Entertainment	**India**

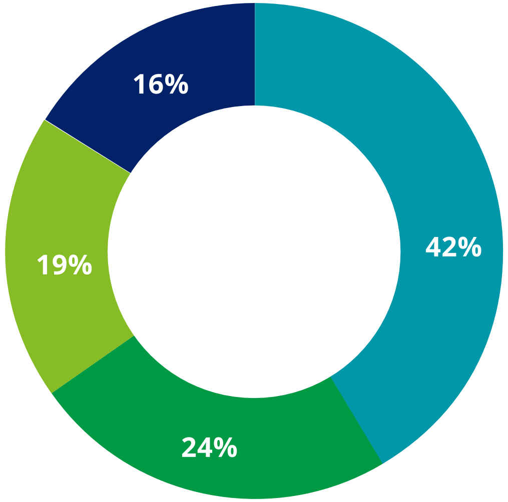
- **India** continues to be the **top preferred global location** across most industries
- **Poland, Mexico, Spain, Costa Rica and Philippines** remain in the **Top 10 locations**
- **US is a valued location** for SSCs in the region, especially in the industry of **Life Sciences & Health Care**

What role will remote or hybrid models play in the future of GBS location strategy?

Which model is being considered for your <u>Shared Services</u> organization for the next 3-5 years as we emerge from COVID-19?



Which model is being considered by <u>your Outsourcing</u> organization for the next 3-5 years as we emerge from COVID-19?



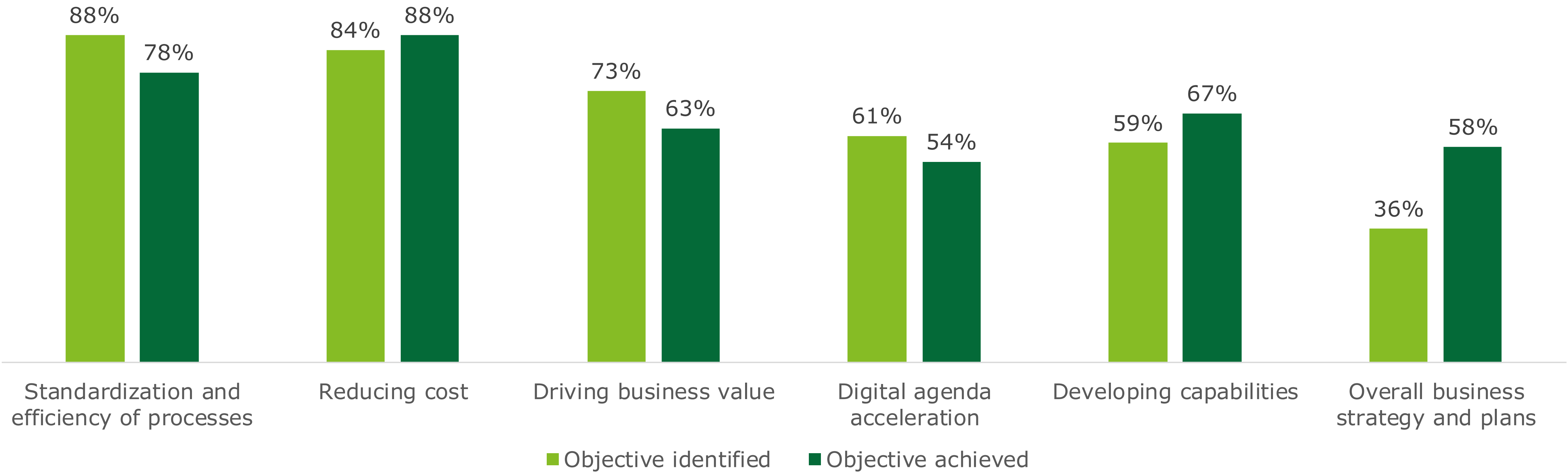
Hybrid | Mostly remote | Brick-and-mortar | Unknown

Definitions

- **Brick-and-mortar** – organization working in physical buildings four to five days a week
- **Hybrid** – organization centered around an office or hub and required to come in two to three days a week
- **Mostly remote** – In-office only a few days a month (predominantly work from home)

Future of GBS

What are the objectives of investing in GBS and SSC capabilities, and what has been achieved?



- Standardization and efficiency of processes jumped ahead of reducing costs as an objective this year
- Respondents considered **standardization and efficiency of processes** as the top factor, compared with **achieving speed** from previous iterations of the survey
- **"Reducing cost"** and **"driving business value"** follow closely and have remained immediate and tangible benefits from establishing an SSC

What are the key enablers employed by GBS organizations?

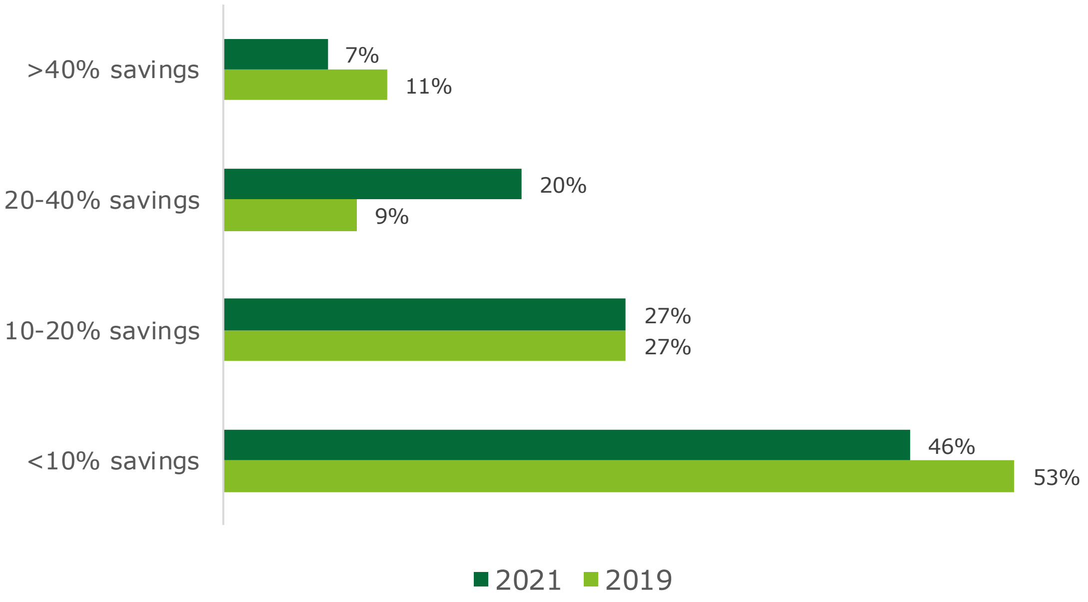
↑ *Improvement in rank*
↓ *Reduction in rank*
= *No change in rank*
+ *Option new addition to the list, not available in last survey*

2019 Ranking	2021 Ranking	Key Enablers		Areas in next 1-3
2	↑ 1	Robotic process automation	69%	1
4	↑ 2	Global standard processes	59%	2
3	= 3	Single instance ERP	54%	3
1	↓ 4	Cloud / AWS	51%	7
-	+ 5	Service enablement for case management (e.g. Service Now)	47%	8
7	↑ 6	Agile	41%	10
6	↓ 7	Instilling a culture of innovation	36%	5
-	+ 8	Self service	35%	6
5	↓ 9	Centralized analytics reporting	31%	4
-	+ 10	Virtual Assistant (chat bots, conversational AI, etc.)	24%	9

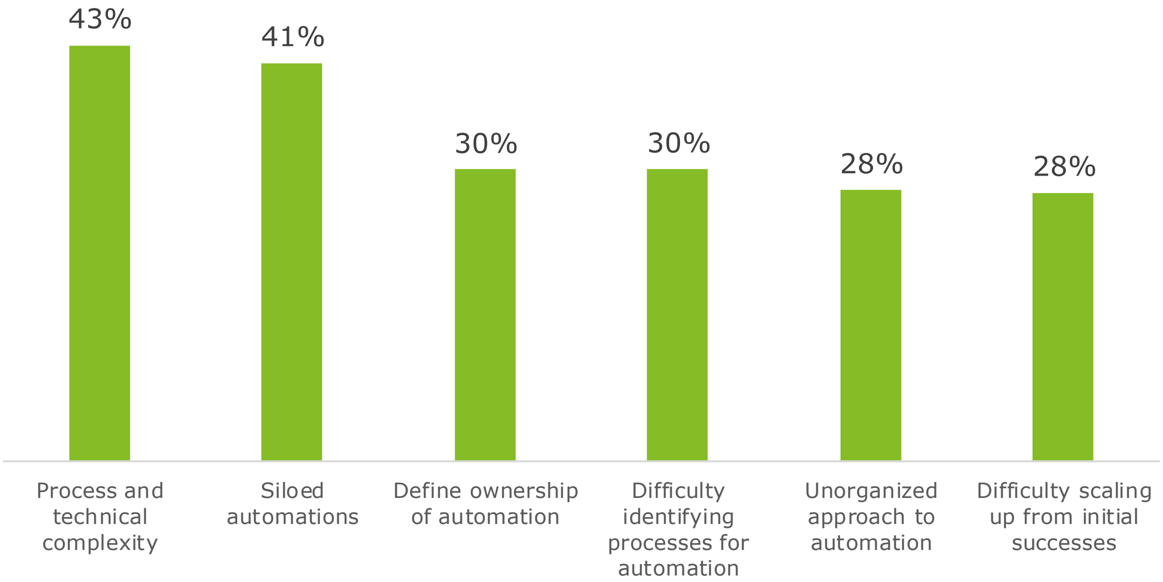
- Over the years, **RPA has remained the most desirable digital enabler** for GBS organizations and is expected to be the key focus area in next one to three years
- **Cloud as an enabler** has moved from first position in 2019 to fourth position in 2021; **47% of respondents whose No. 1 focus area is RPA already have cloud**
- Innovation, self-service, and analytics and reporting have risen as focus areas in the next one to three years

What are the savings and challenges of RPA implementation?

Based on your Robotics Process Automation (RPA) experience thus far, what level (%) of savings have been achieved?



What are the biggest challenges you face today with deploying automation?



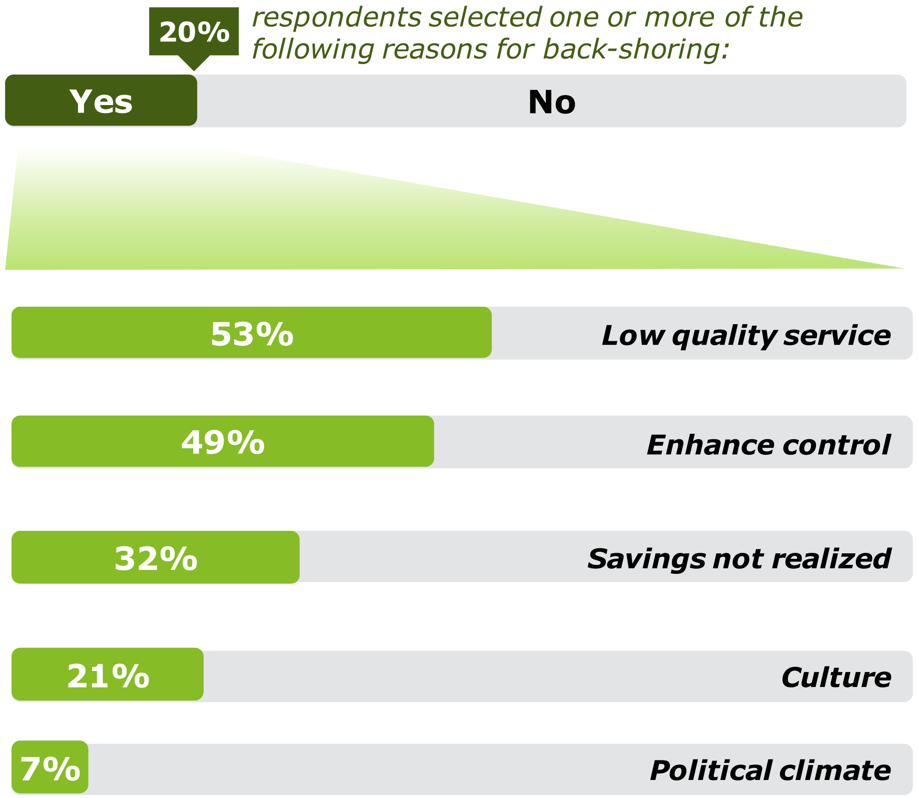
- **70%** of respondents who have achieved >40% savings through RPA have also **employed single instance ERP**
- For respondents who achieved <10% savings, their biggest challenges were **siloed automation** and **process/technical complexity**

- Most respondents (62%) stated that RPA capabilities are **owned either by IT** or the **SSCs**; **15%** state that **RPA ownership is fragmented** across business units
- RPA is owned by IT for **~34% of candidates** who face challenges in defining ownership & accountability of automation, while 29% have ownership across **fragmented business units**

How are current geopolitical events affecting the path forward for organizations?

As a result of COVID-19, what's been the greatest impact to your plans for the next two to five years?

Are you planning to backshore in the next one to three years, and if yes, why?



- Due to the impact of COVID-19, a majority (87%) of organizations are focusing on expanding remote working capabilities to ensure business process continuity
- Accelerating digital agenda (61%) and increasing virtual practices (59%) are other key areas of focus

Contact Us

GBS organizations are prioritizing areas across work, workforce and workplace to drive impact and value

Build Analytics and Reporting Capabilities

A significant proportion of organizations plan to ***increase traction in reporting and analytics (including predictive, customer, regulatory, and stress testing)***, where GBS is well-positioned to drive value

Enhance focus on better customer experience

With more expectations on providing better customer experience, GBS organizations will be looking to build ***user-centric design and self-service capabilities***

Further savings achieved through RPA and Automation

As RPA and automation remains a priority, GBS organizations can increase savings by ***simplifying the processes and technology and employing a more coordinated, less siloed approach***

Incorporate flexibility and well-being practices in the fight for talent

In a competitive talent environment, retention strategies are emphasizing ***development of strong culture, well-being, and flexible work practices***, with financials being table stakes

Shift delivery models to be more remote and virtual

As model shifts to be less focused on location, organizations plan to ***develop more virtual and remote work strategies and leverage location-agnostic hiring*** to get the benefits of increased productivity and reduced costs

Contact us to learn more

Contact Us

Americas

Kort Syverson
Principal
San Diego
ksyverson@deloitte.com

Brad Podraza
Managing Director
Atlanta
bpodraza@deloitte.com

Sonal Bhagia
Senior Manager
Houston
sbhagia@deloitte.com

EMEA

Punit Bhatia
Partner
United Kingdom
punbhatia@deloitte.co.uk

Dorthe Keliberg
Partner
Netherlands
dorkeilberg@deloitte.nl

APAC

Parag Saigaonkar
Partner
Mumbai
psaigaonkar@deloitte.com

Viral Thakkar
Partner
Mumbai
vthakker@deloitte.com

Contacts in Spain

Sergi Lemus
Partner
Barcelona
slemus@deloitte.es

Lidia Gonzalez
Partner
Madrid
lidgonzalez@deloitte.es

Eduard Martin
Partner
Barcelona
emartinruiz@deloitte.es

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