Deloitte.

Global Shared Services
2017 Survey Report

Contents

Overview

Since 1999, Deloitte has been conducting biennial surveys to understand how shared services organizations are capitalizing on leading practices and trends to address their business challenges and better meet their customers' needs.

Top highlights from Deloitte's 2017 Global Shared Services Survey

- **Shared services centers (SSCs) deliver greater value year after year.** This year, **73%** of respondents reported shared services productivity increases of **5%** or higher, up from 70% in 2015

- **Knowledge-based processes are on the rise.** Although transactional processes remain predominant at SSCs, adoption of more complex, knowledge-based processes has doubled, or in some cases tripled, since 2013

- **Functional scope continues to expand.** The number of SSCs with more than three functions continues to rise dramatically, from 20% in 2013, to 31% in 2015, and now **53%** in 2017

- **Here come the robots.** Robotic process automation (RPA) is a rapidly emerging technology that will fundamentally change how SSCs operate, slashing the effort for routine tasks and enabling advanced cognitive applications that augment or replace human judgment in knowledge-based processes

- **Proximity matters more than ever.** While cost remains a top priority when establishing or relocating SSCs, organizations are increasingly emphasizing proximity to existing operations or headquarters

- **Lift-and-shift is the favored migration approach.** Most organizations opt for higher speed and lower risk by moving activities to an SSC as is, rather than simultaneously trying to standardize processes and implement new systems

- **Global business services face pushback.** While there is still significant movement toward a global business services (GBS) model, **72%** of organizations not currently using GBS do not plan to make the shift, and **4%** tried GBS but switched back
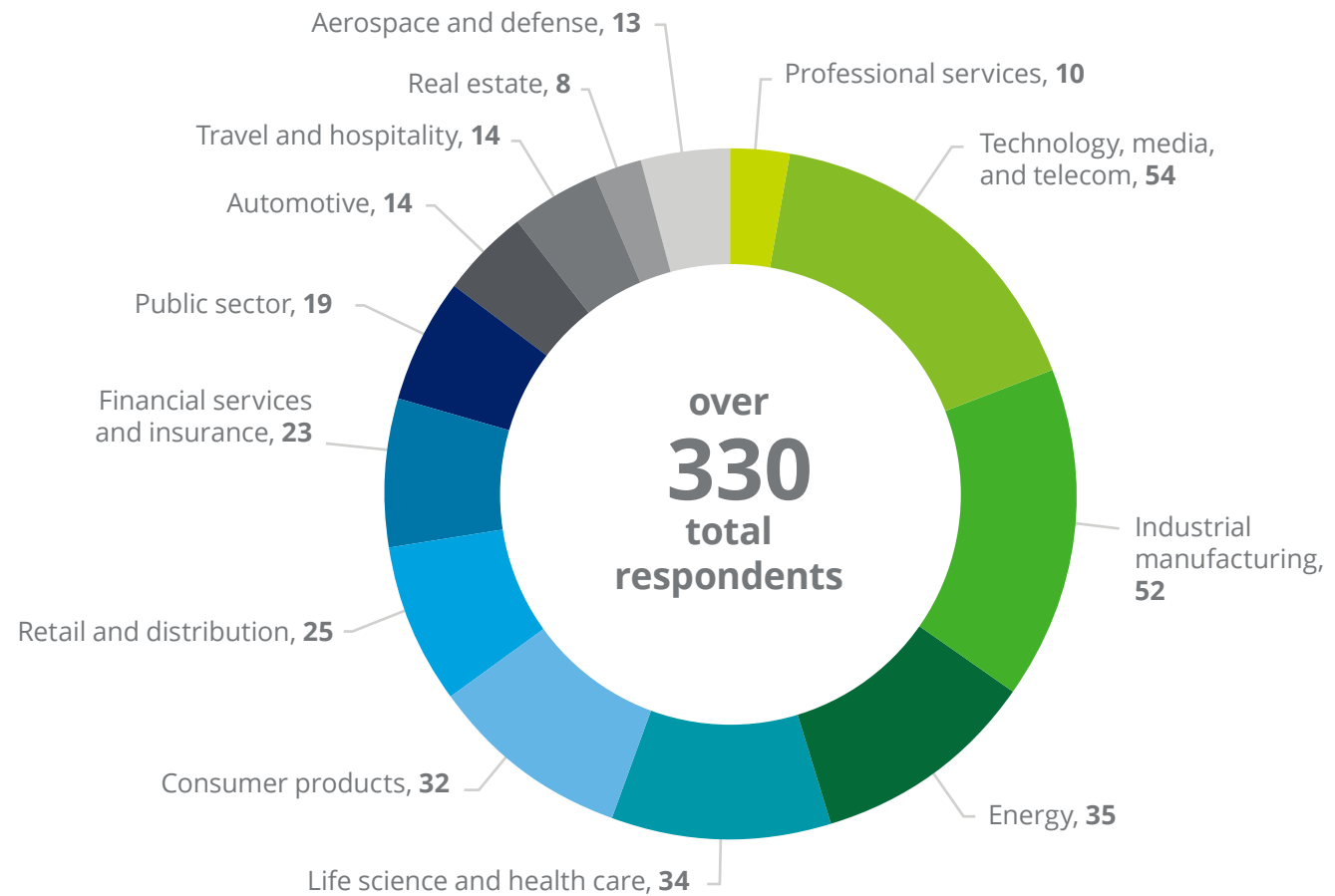
About the survey

- This year's survey included over **330** respondents from a wide range of industries, representing more than **1,100** SSCs [Figure 1]

- Technology, media and telecom had the greatest representation, accounting for more than **16%** of the sample set [Figure 1]

- Industrial manufacturing was close behind at **15%**, followed by energy at **10%** [Figure 1]

FIGURE 1 What is your organization's primary industry sector?

over **330** total respondents

- Aerospace and defense, **13**
- Real estate, **8**
- Professional services, **10**
- Technology, media, and telecom, **54**
- Travel and hospitality, **14**
- Automotive, **14**
- Public sector, **19**
- Financial services and insurance, **23**
- Industrial manufacturing, **52**
- Retail and distribution, **25**
- Consumer products, **32**
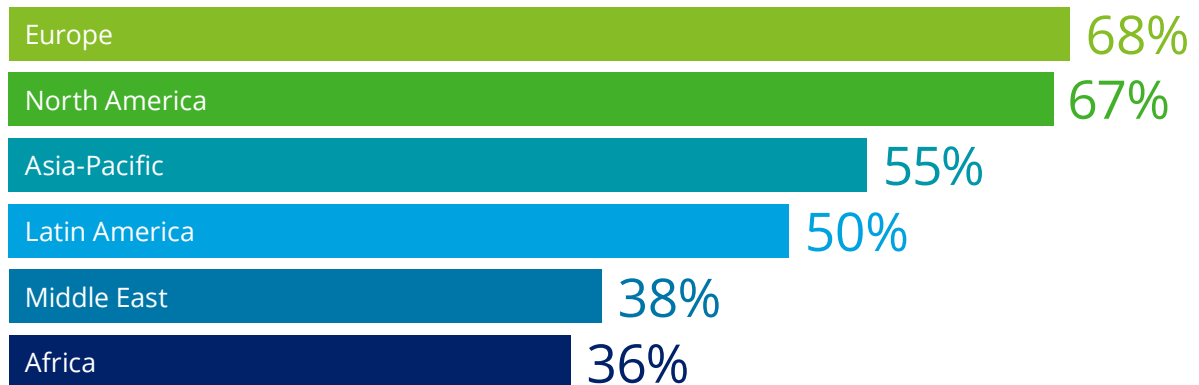- Energy, **35**
- Life science and health care, **34**

About the survey

- Companies of all sizes are well represented, with **44%** of respondents having at least $5 billion in revenues and **16%** having at least $25 billion in revenues [Figure 2]

- **28%** of respondents have less than $1 billion in annual revenue, highlighting that the shared services concept can be applied successfully to organizations of all sizes [Figure 2]

- Respondents represent organizations headquartered in **37** countries across the globe

- Most respondents are from global organizations, with approximately two-thirds having operations in Europe and North America and approximately half having operations in Asia-Pacific and Latin America [Figure 3]

FIGURE 2 **What are the annual revenues of your organization?**

Less than $1B	28%
$1B to less than $5B	28%
$5B to less than $15B	19%
$15B+	25%

FIGURE 3 **In what regions does your organization operate?**

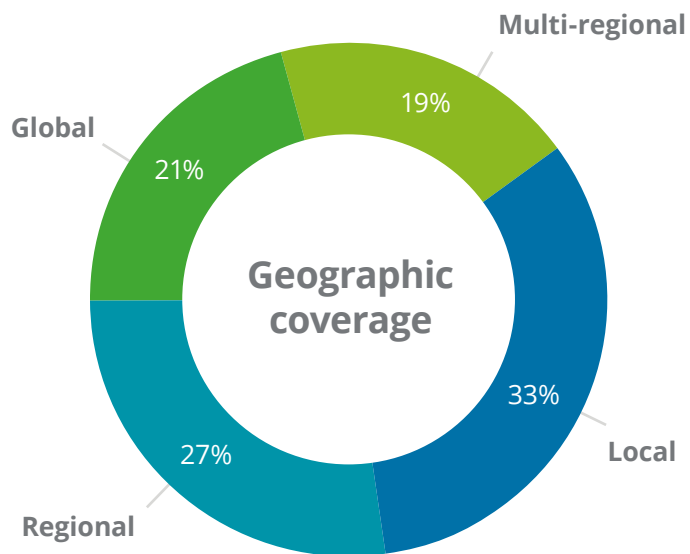|	
Europe	68%
North America	67%
Asia-Pacific	55%
Latin America	50%
Middle East	38%
Africa	36%

Key findings

Geography and organization

- Compared to 2015, more respondents employ local, multi-regional, and global geographic models while fewer have a regional SSC model [Figure 4]
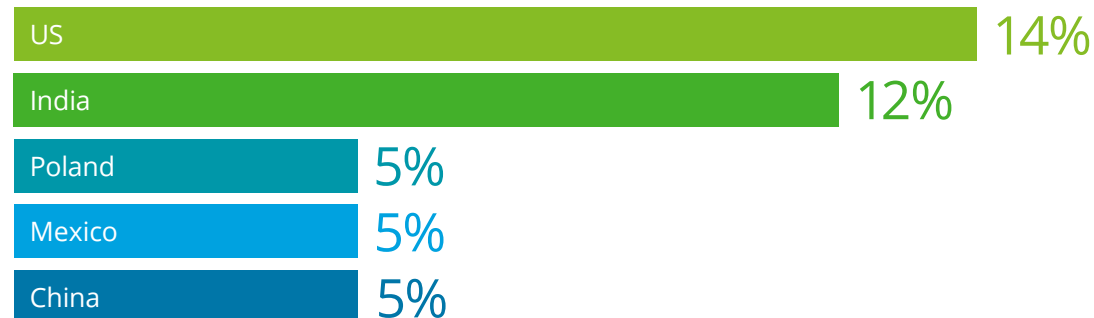
- **44%** of respondents indicate plans to establish new shared service centers— or consolidate existing ones—to further enhance their geographic footprint

- While cost remains a top consideration when choosing a location, organizations are increasingly placing a high priority on proximity to their existing operations or headquarters

- India remains a relatively low-cost option and continues to be one of the more popular SSC locations.

- The top five locations companies are considering for a new or relocated center are mostly consistent with the 2015 survey— the US unseated India for the **No. 1** spot, and Mexico replaced Brazil in the top five (with Brazil dropping from No. 5 to No. 16) [Figure 5]

FIGURE 4 **What is the geographic coverage of your SSCs?**

Geographic coverage

Multi-regional 19%
Global 21%
Regional 27%
Local 33%

FIGURE 5 **What are the top locations you would consider for a new SSC location or relocation?**


US 14%
India 12%
Poland 5%
Mexico 5%
China 5%

Key findings

Scope of shared services

- Organizations continue to adopt multi-functional centers, with respondents reporting an average of three functions within their SSC [Figure 6]

- The number of SSCs with more than three functions continues to rise dramatically, from 20% in 2013, to 31% in 2015, and now **53%** in 2017—new SSCs tend to include a broader scope and greater number of functions [Figure 6]

FIGURE 6 How many functions (such as HR, Finance, etc.) are performed in your largest SSC?

Number of functions performed
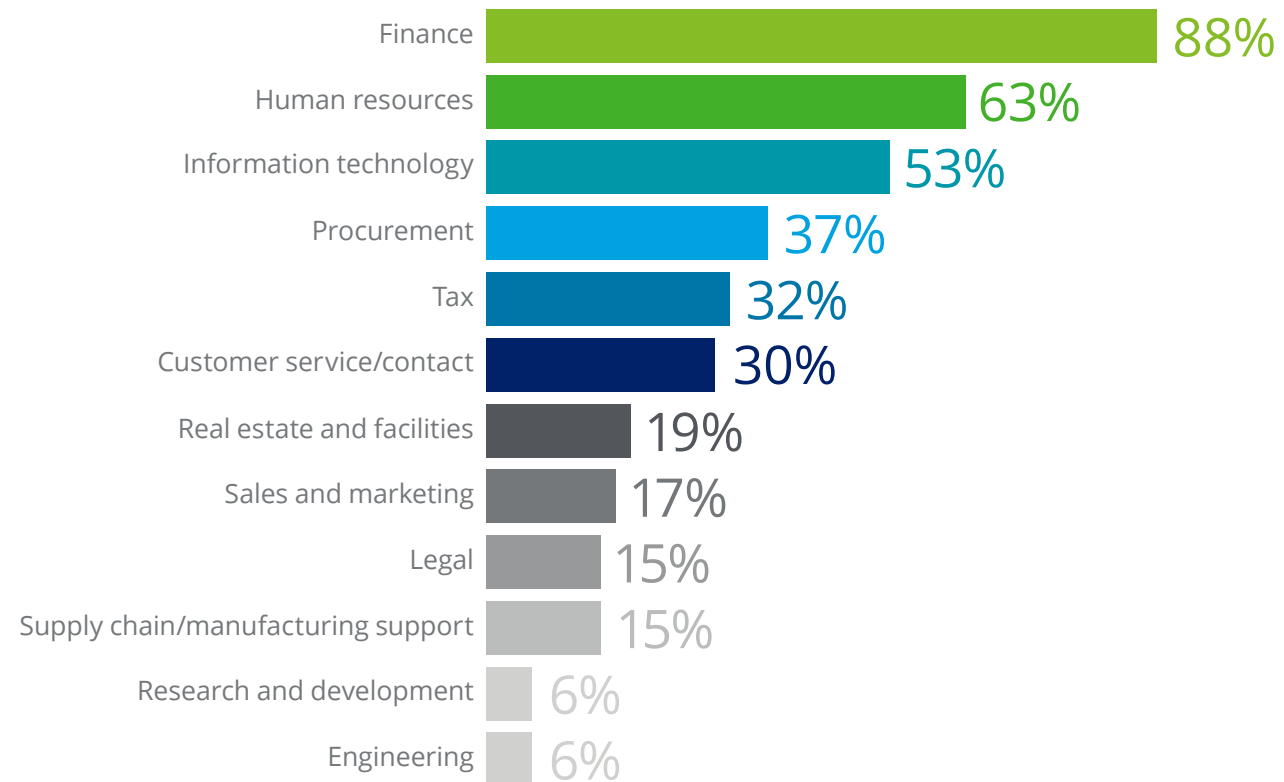
- 3% >10
- 12% 6–10
- 31% 1
- 38% 3–5
- 16% 2
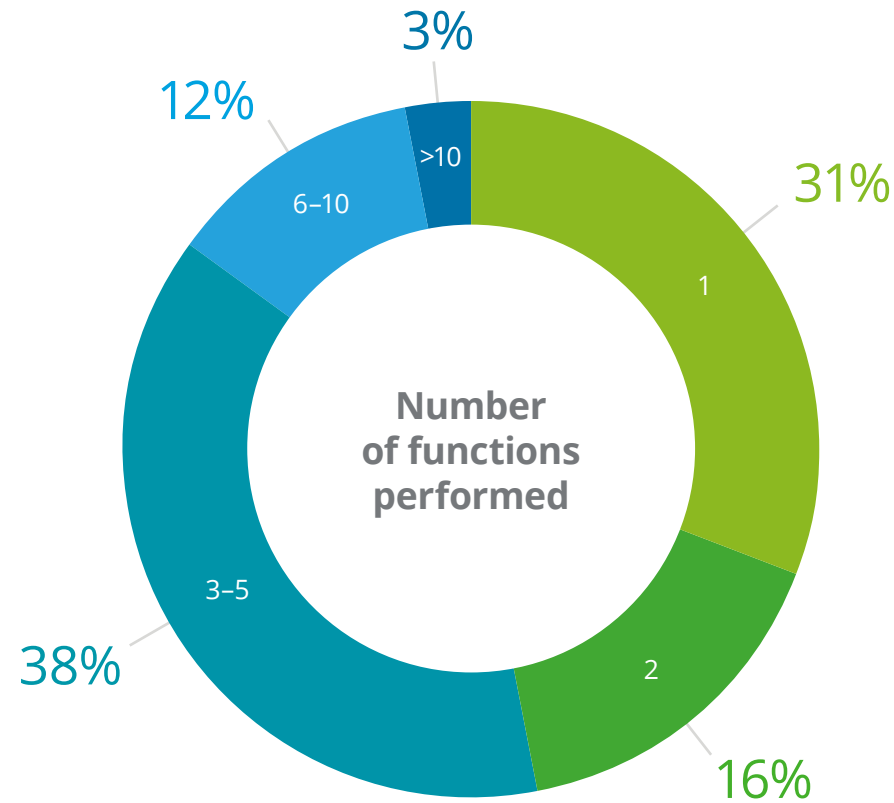
Key findings

Scope of shared services

- Although finance has consistently been the most popular function for SSCs, interest in other functions has been rising sharply—in this year's survey, supply chain and manufacturing experienced one of the largest increases in adoption [Figure 7]

- Transactional processes remain the predominant type of work performed by SSCs; however, adoption of more complex, knowledge-based processes has doubled, or in some cases even tripled, since 2013—this trend likely reflects SSCs' increasingly sophisticated capabilities, as well as the need to find new ways for SSCs to create value beyond transactional processes

- Organizations that are pursuing new SSCs are most aggressive about including a broader scope of functions in their SSCs and are aiming to consolidate that work more quickly

FIGURE 7 **Which functions are performed in your SSCs, including transactional and knowledge-based centers?**

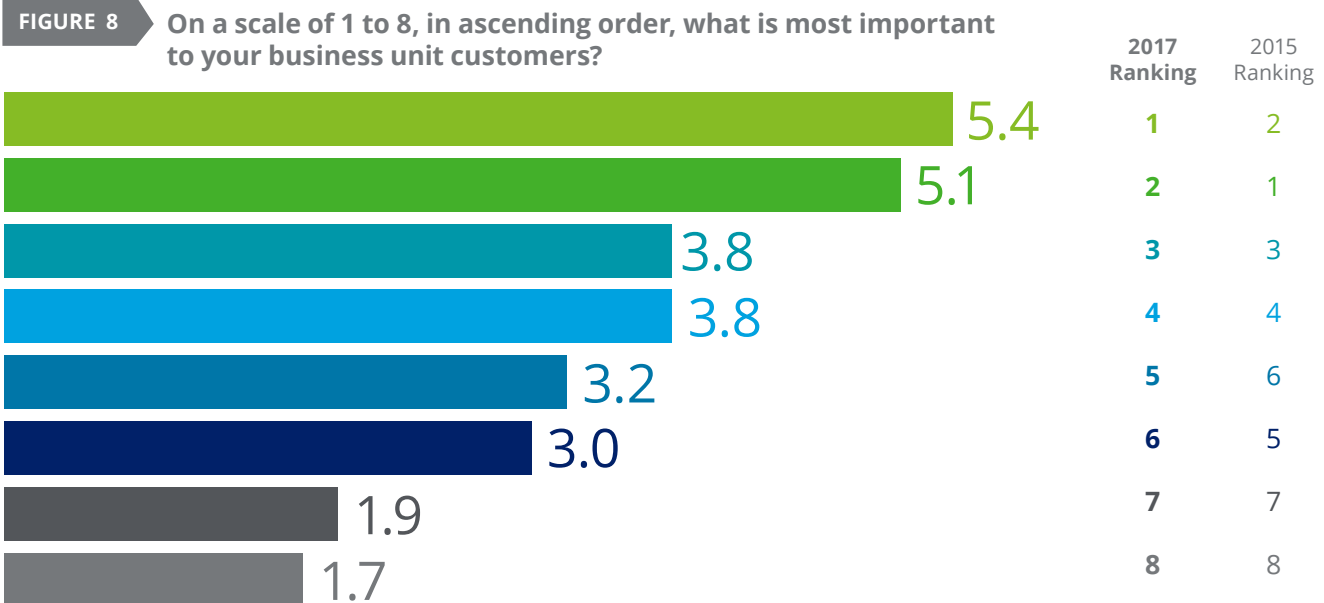| Function	Percentage
Finance	88%
Human resources	63%
Information technology	53%
Procurement	37%
Tax	32%
Customer service/contact	30%
Real estate and facilities	19%
Sales and marketing	17%
Legal	15%
Supply chain/manufacturing support	15%
Research and development	6%
Engineering	6%

Key findings

Operations and governance

- A growing number of organizations are employing an opt-in model, with cost effectiveness being the primary way SSCs drive adoption

- **69%** of companies continue to use a mandated model, making it the more common approach

- Cost of services is now viewed as the top priority for SSCs' business unit customers, overtaking timeliness of response, which was the top priority in 2015; however, both of these priorities remain far ahead of all others [Figure 8]

FIGURE 8 **On a scale of 1 to 8, in ascending order, what is most important to your business unit customers?**

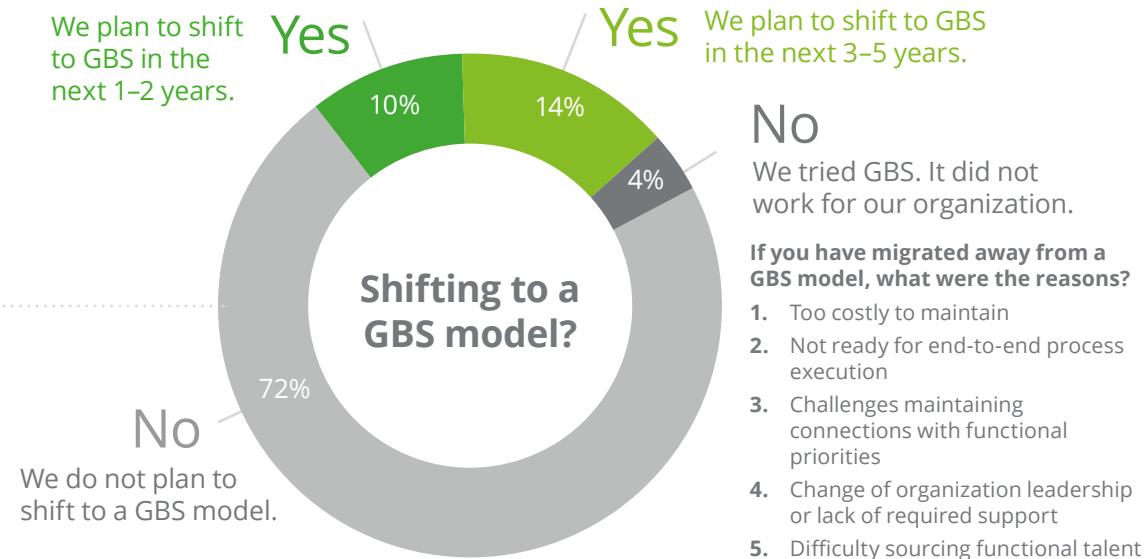|	5.4	**2017 Ranking**	2015 Ranking
Cost of services	5.4	**1**	2
Timeliness of response	5.1	**2**	1
Reacting to business unit requests	3.8	**3**	3
Providing routine services	3.8	**4**	4
Staff knowledge of multiple shared services processes	3.2	**5**	6
Staff knowledge of business unit objectives	3.0	**6**	5
Providing non-routine services	1.9	**7**	7
Anticipating unidentified business unit needs	1.7	**8**	8

Operations and governance

- **61%** of respondents consider their collection of SSCs and outsourcing to be a GBS organization, of which over half indicate a reporting line to the head of GBS [Figure 9]

- Although the GBS model remains popular, **72%** of organizations that do not currently use such a model do not plan to make the shift, and **4%** say they tried GBS but it did not work for them [Figure 10]

- Of the respondents that have GBS organizations, **96%** indicated shared methods and tools as a significant benefit of moving to GBS, closely followed by an optimized labor pool (**94%**), a lower-cost labor pool (**93%**), and a shared governance structure (**93%**)

FIGURE 9 **Do you consider your collection of SSCs and outsourcing to be a GBS organization?**
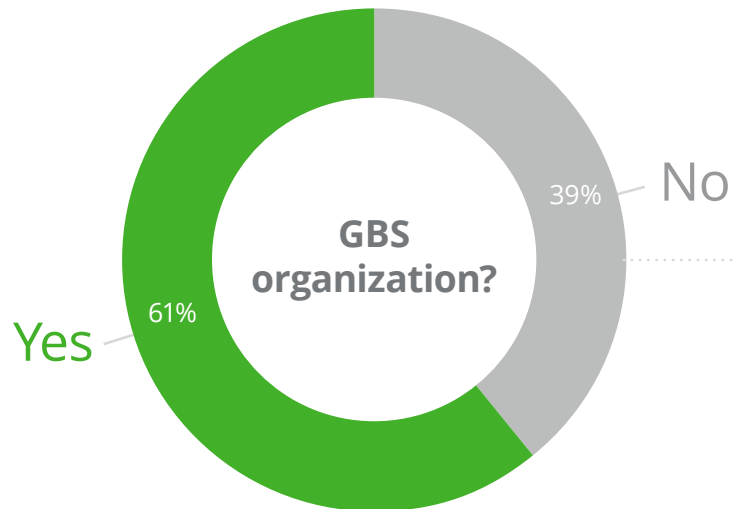
FIGURE 10 **If you do not have a GBS organization, do you plan to shift to a GBS model and if yes, when?**

GBS organization?

No 39%

Yes 61%

We plan to shift to GBS in the next 1–2 years.

Yes 10%

Yes 14%

We plan to shift to GBS in the next 3–5 years.

No 4%

We tried GBS. It did not work for our organization.

Shifting to a GBS model?

No 72%

We do not plan to shift to a GBS model.

If you have migrated away from a GBS model, what were the reasons?

1. Too costly to maintain
2. Not ready for end-to-end process execution
3. Challenges maintaining connections with functional priorities
4. Change of organization leadership or lack of required support
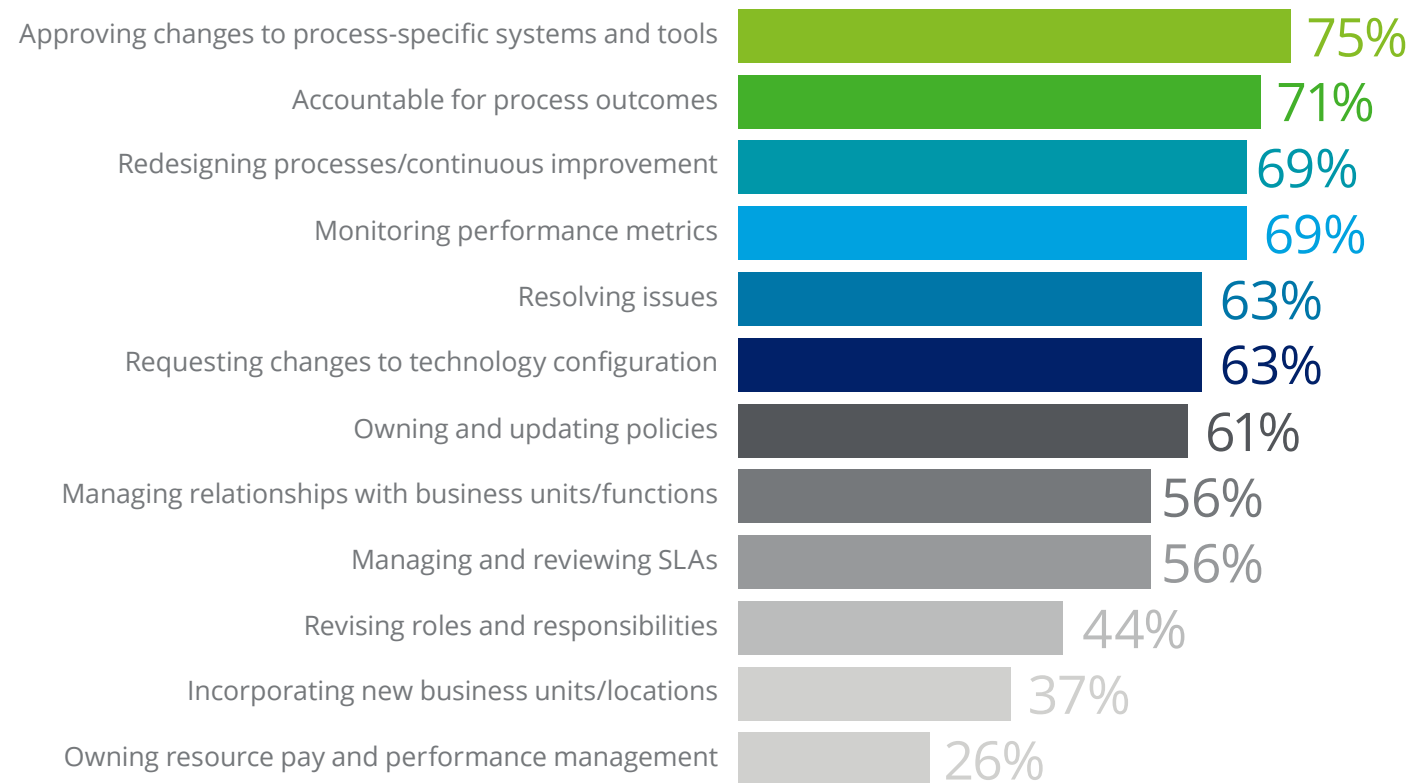5. Difficulty sourcing functional talent

Key findings

Operations and governance

- Over half of respondents (**52%**) have established regional or global process owners as part of their governance model

- These process owners are expected to play a wide variety of roles; however, finding talent with the skills to meet all of the disparate requirements could be a challenge [Figure 11]

FIGURE 11 **What roles do these regional/global process owners play in driving end-to-end efficiency and effectiveness?**

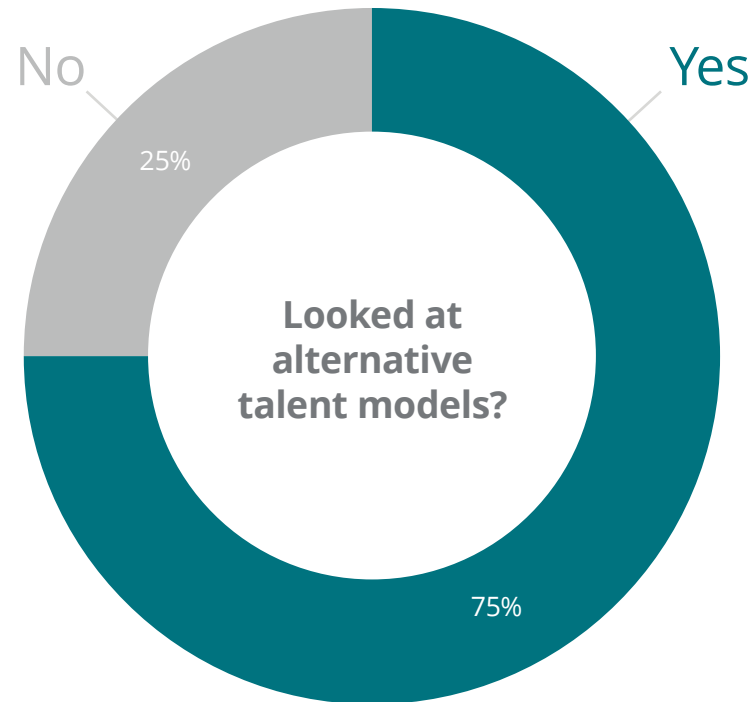| Role	Percentage
Approving changes to process-specific systems and tools	75%
Accountable for process outcomes	71%
Redesigning processes/continuous improvement	69%
Monitoring performance metrics	69%
Resolving issues	63%
Requesting changes to technology configuration	63%
Owning and updating policies	61%
Managing relationships with business units/functions	56%
Managing and reviewing SLAs	56%
Revising roles and responsibilities	44%
Incorporating new business units/locations	37%
Owning resource pay and performance management	26%

Key findings

Operations and governance

- Staffing is an increasing challenge as the war for talent heats up

- The median SSC turnover for respondents is **10%**, with **57%** of centers sustaining turnover of **10%** or greater, slightly higher than 2015

- Centers experiencing turnover of **20%** or more has more than tripled since 2015

- In addition to traditional retention methods, such as developing a strong culture and offering multi-functional opportunities, **75%** of respondents have looked at alternative talent models, including part-time and virtual options as well as use of contract/contingent workers [Figure 12]

- Over **40%** of respondents indicated job sharing/flexible work practices, job rotations into other business areas, performance-based pay, and financial support for continuing education as key retention tools

FIGURE 12 **Have you considered the use of the following non-traditional talent models within shared services?**

Which models have you considered?

Looked at alternative talent models?

No 25%

Yes

75%

44% Part-time

40% Virtual work practices

36% Contract/contingent

4% Crowd-sourcing of work
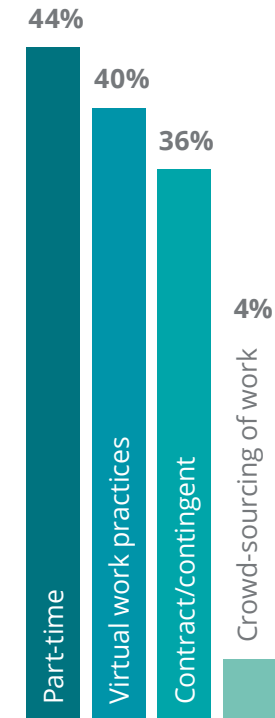
Key findings

Shared services journey and value

- Shared services continue to deliver increased value year after year, with organizations around the world constantly refining and enhancing their SSC delivery models

- This year, **73%** of respondents reported shared services productivity increases of 5% or higher, up from 70% in 2015

- Average annual savings is approximately **8%**, which is consistent with what we have seen since our surveys began [Figure 13]

- This year, the average initial savings from significant new SSC implementations is approximately **15%**, up from 10% to 13% in previous years [Figure 14]

- The most common benefits of SSCs continue to be improved process efficiencies and reduced costs (while maintaining work quality and internal controls)

FIGURE 13 **What has been the average annual productivity improvement achieved by your organization's SSCs?**

None	9%
Less than 5%	17%
5% to 10%	44%
10% to 15%	20%
More than 15%	9%
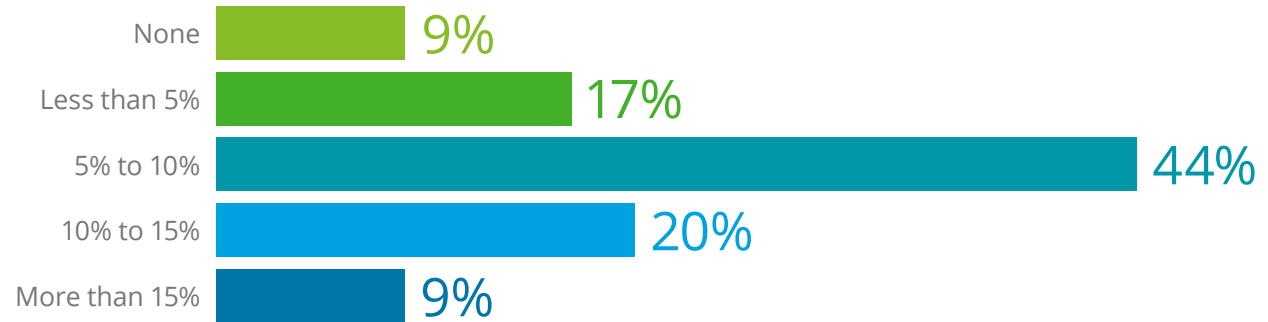
FIGURE 14 **What was the average headcount reduction achieved by your last significant SSC implementation over the first 12 months after full operations began?**

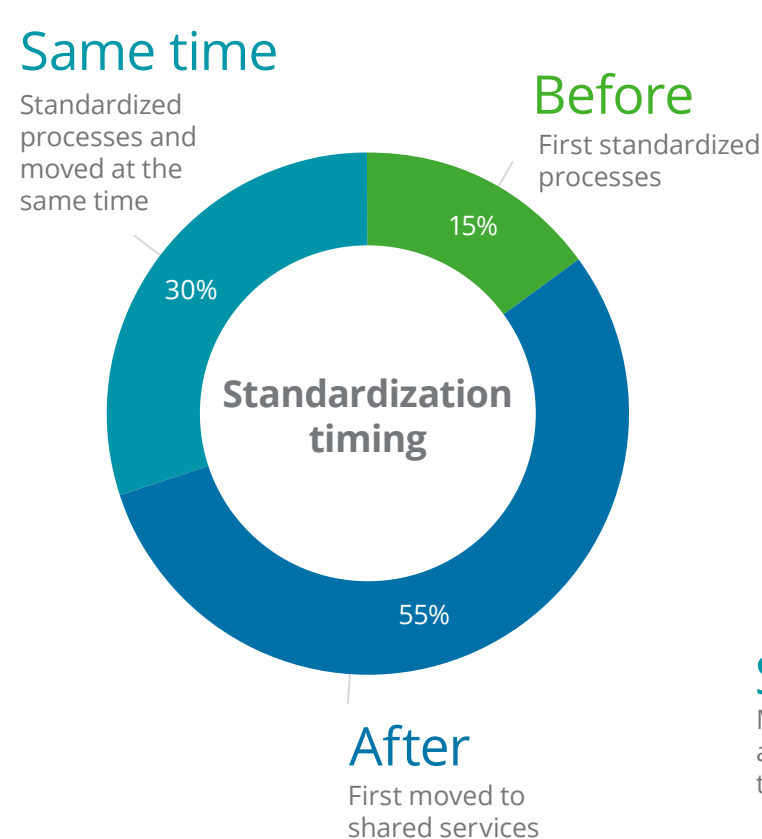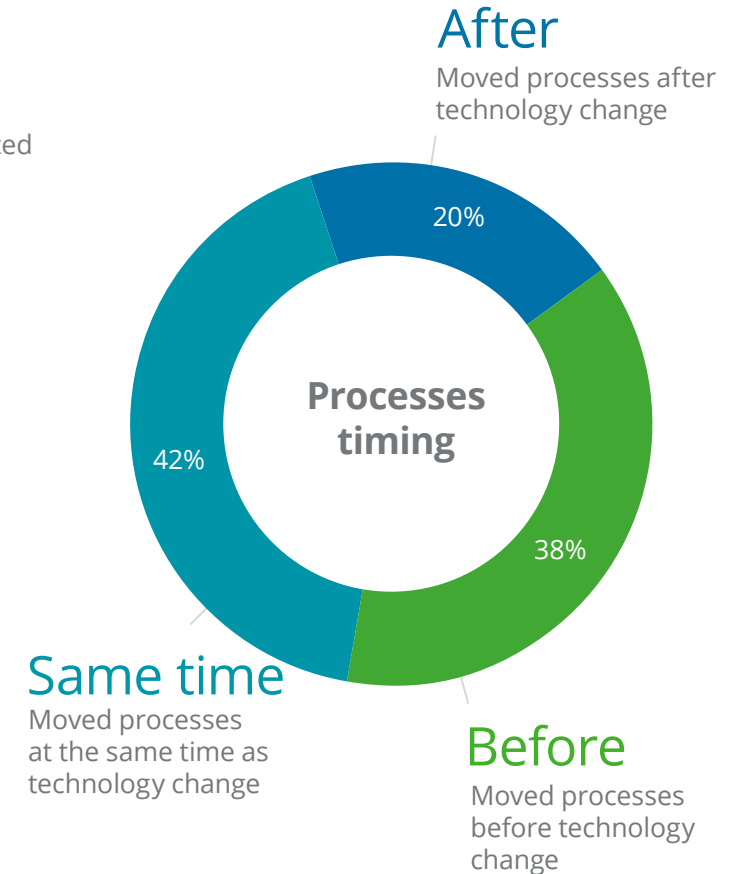|	
No reduction	15%
Less than 10%	21%
10% to less than 20%	36%
20% to less than 30%	19%
40% or more	3%
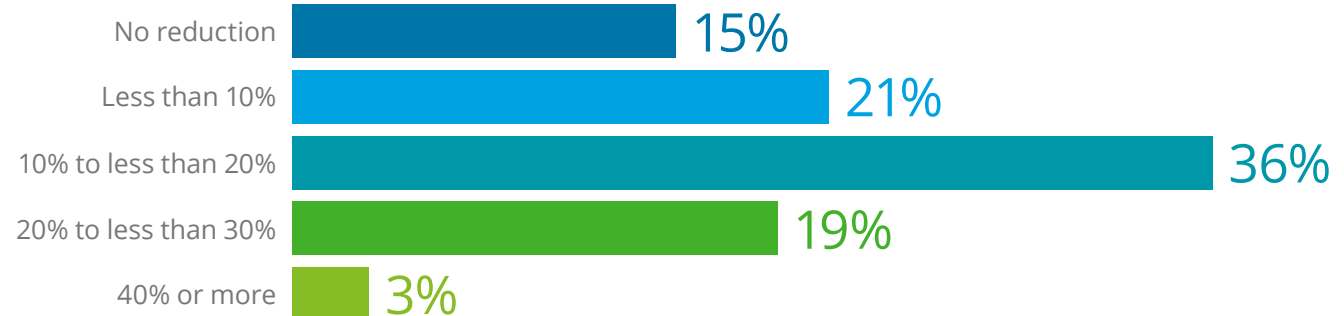
Key findings

Shared services journey and value

- Fewer organizations are using a "big bang" approach that involves standardizing processes and implementing new technologies while making the move to shared services

- Instead, most organizations surveyed relied on a "lift-and-shift" approach that moves activities to a SSC as is—saving process and technology improvements for later—this approach tends to speed up the transition and reduce risk [Figures 15, 16]

FIGURE 15 **Did you standardize processes before, during, or after the move to shared services?**

Same time
Standardized processes and moved at the same time

Before
First standardized processes

Standardization timing

15%
30%
55%

After
First moved to shared services

FIGURE 16 **Did you move processes before, during, or after technology change?**

After
Moved processes after technology change

Processes timing

20%
42%
38%

Same time
Moved processes at the same time as technology change

Before
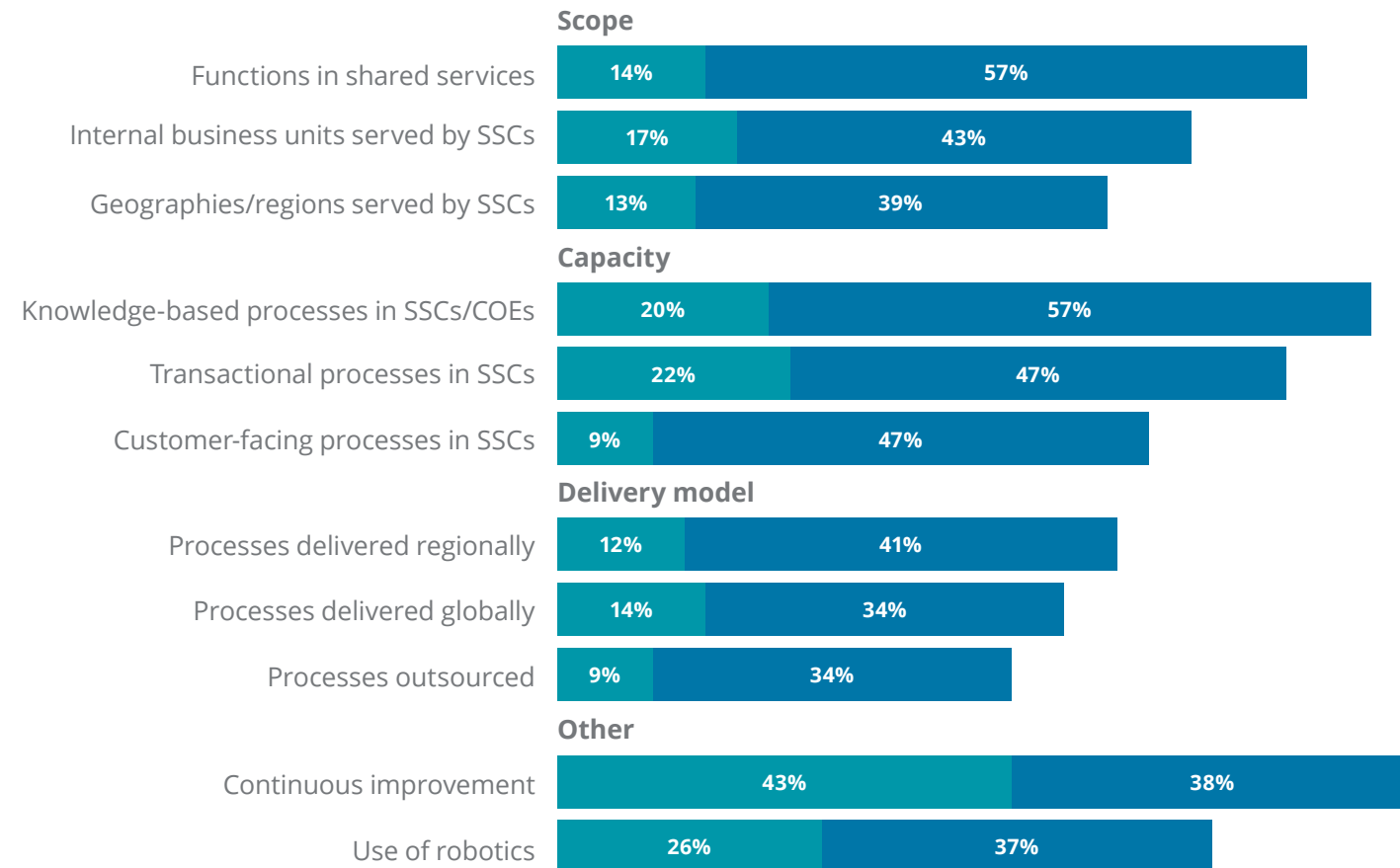Moved processes before technology change

Key findings

Shared services journey and value

- SSCs continue to focus on moving up the process value chain, with over three-quarters of respondents planning to increase the number of knowledge-based SSC processes [Figure 17]

- A small percentage of organizations have found alternate ways to monetize their shared services assets, either by providing services to other organizations (**13%**) or selling the assets to an outsourcing service provider (**8%**)

- Key focus areas over the next three to five years are expected to include: continuous improvement, use of robotics, and expanding the scope of functions and processes in SSCs (particularly knowledge-based processes)

FIGURE 17 | **How do you expect your organization to change its use of shared services in the next three to five years?**

● Increase significantly   ● Increase somewhat

Scope

	Increase significantly	Increase somewhat
Functions in shared services	14%	57%
Internal business units served by SSCs	17%	43%
Geographies/regions served by SSCs	13%	39%

Capacity

	Increase significantly	Increase somewhat
Knowledge-based processes in SSCs/COEs	20%	57%
Transactional processes in SSCs	22%	47%
Customer-facing processes in SSCs	9%	47%

Delivery model

	Increase significantly	Increase somewhat
Processes delivered regionally	12%	41%
Processes delivered globally	14%	34%
Processes outsourced	9%	34%

Other

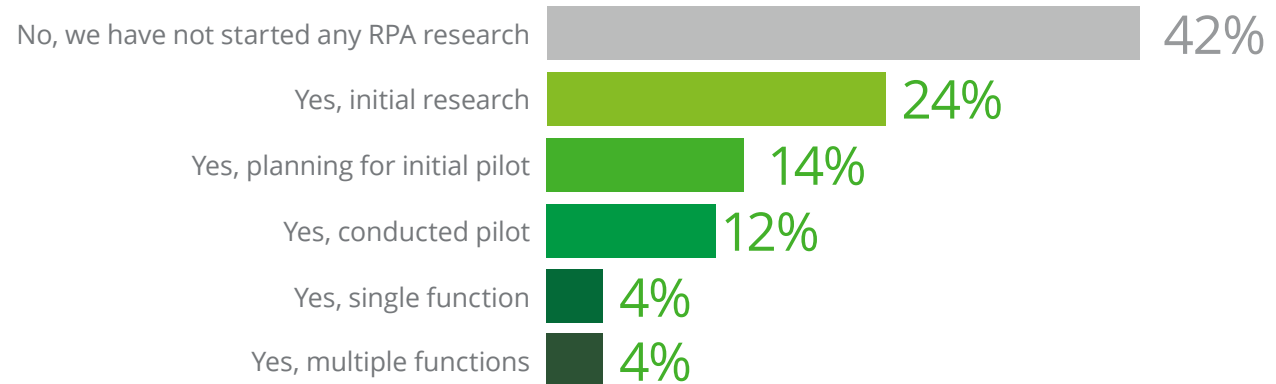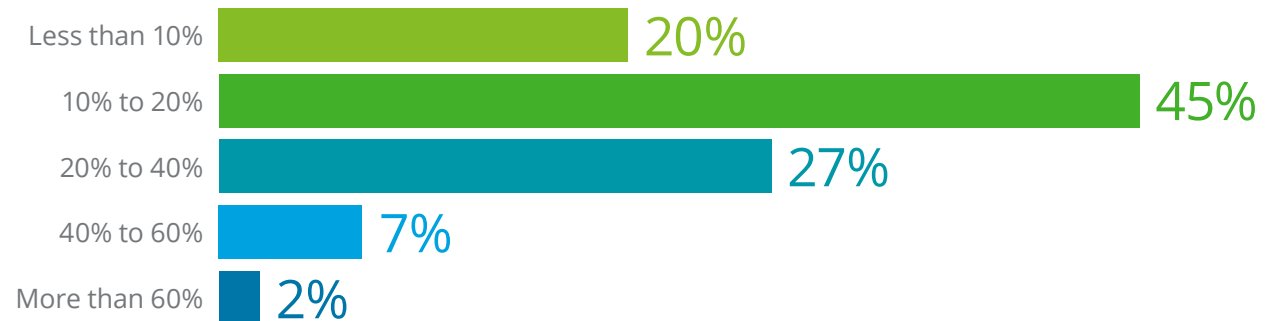|	Increase significantly	Increase somewhat
Continuous improvement	43%	38%
Use of robotics	26%	37%

Key findings

Future of shared services and robotic process automation

- RPA is a rapidly emerging disruptive technology that dramatically reduces the effort required for routine, labor-intensive tasks

- According to the survey, **8%** of organizations are already harnessing the power of RPA; **26%** are conducting or planning a pilot; and **24%** have begun initial research [Figure 18]

- Over a third of respondents (**36%**) believe RPA will deliver savings of **20%** or more, while **9%** expect savings of **40%** or more [Figure 19]

- By driving data standards and consistency, RPA could also lay the groundwork for more advanced cognitive technologies that augment or replace the need for human judgment in complex, knowledge-based processes, enabling SSCs to efficiently perform higher value tasks and analysis—such technologies could lead to fundamental changes in how SSCs operate and deliver service to customers

FIGURE 18 **Is your SSC or GBS organization actively exploring RPA activities?**

No, we have not started any RPA research	42%
Yes, initial research	24%
Yes, planning for initial pilot	14%
Yes, conducted pilot	12%
Yes, single function	4%
Yes, multiple functions	4%

FIGURE 19 **What level of savings do you anticipate achieving through RPA?**

Less than 10%	20%
10% to 20%	45%
20% to 40%	27%
40% to 60%	7%
More than 60%	2%

Index of survey questions

Shared services organization and geography

1. How many SSCs does your organization have across all functions?

2. Where are your organization's largest (up to 5) SSCs located?

3. Are you considering opening a new SSC, moving an SSC, or consolidating SSCs within the next 3 years?

4. What are the top 3 locations you are considering or would consider for a new SSC location or SSC relocation?

5. Does your organization mandate (require) participation in shared services or does it use an opt-in (voluntary participation) model?

6. What are the reasons and/or perceptions that cause business units/segments to choose to opt in?

7. What are the reasons and/or perceptions that lead to business units/segments choosing to opt out?

Shared services scope

8. Which of the following functions (and related subprocesses) are performed via shared services in your organization—including both transactional and knowledge-based centers (COEs)?
   - Finance
   - Human resources
   - Information technology
   - Customer service/contact center
   - Legal
   - Procurement
   - Real estate/facilities management
   - Marketing insight and support
   - Sales administration
   - Supply chain/manufacturing support
   - Tax
   - Engineering
   - R&D

Global shared services governance

9. How would you describe the deployment of shared services (SS) across your organization?

10. Do you consider your collection of SSCs and outsourcing to be a GBS (or similar) organization?

11. Do the resources within your GBS organization report to the head of GBS or their respective functions?

12. What have been the benefits to your organization of moving to GBS?

13. Do you have plans to shift to a GBS model? If so, when?

14. Why have you migrated away from a GBS model?

15. Please rank the following in terms of their importance when making decisions regarding your SS/GBS strategy and related investments.

16. Have you adopted Regional or global process owners as part of your SS/GBS organization's governance structure?

17. What roles do your regional or global process owners play in driving end-to-end process efficiency and effectiveness as part of your SS/GBS organization's governance structure?

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

19. How are services primarily being charged back to the locations/divisions serviced by your SS/GBS organization?

Shared services journey and value

20. When shifting processes to shared services, when did you typically pursue process standardization?

21. When shifting to shared services, how did your organization typically time the move of processes to SSCs with major technology changes?

22. How have you typically addressed the organization and talent changes needed at the local level (retained organization) when shifting work to SSCs/COEs?

23. To what extent have your organization's SSCs had a positive or negative impact in the following areas?

24. To what degree has your organization achieved its objectives for shared services implementation across the following areas?

25. What changes would you have made along your shared services journey based upon your experience to date?

26. What was the payback period for your last significant SSC implementation?

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

28. What has been the average annual productivity improvement achieved by your organization's SSCs?

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

30. Have you ever leveraged your shared service assets to generate incremental revenue for your organization?

31. Has your organization ever sold an SSC to an outsourcing provider?

Shared services operations

32. How important is each of the following to your internal business unit customers?

33. What approaches have you used to retain your shared services employees?

34. Have you considered the use of the following non-traditional talent models within your shared service organization?

Future of shared services

35. How do you expect your organization to change its use of Shared Services in the next 3–5 years?

36. What role(s) does your SS/GBS organization perform or anticipate performing in data analysis or analytics?

37. What methods are you likely to use over the next 12 months to increase automation in your GBS/SSCs, where 1 means very unlikely and 7 means very likely?

38. Is your GBS/SS organization actively exploring RPA activities?

39. Based on your RPA experience thus far, what level of process-specific savings do you anticipate achieving through process automation and robotics?

40. If yes, to what extent do you expect your investments in RPA to impact your offshore shared services investments?

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