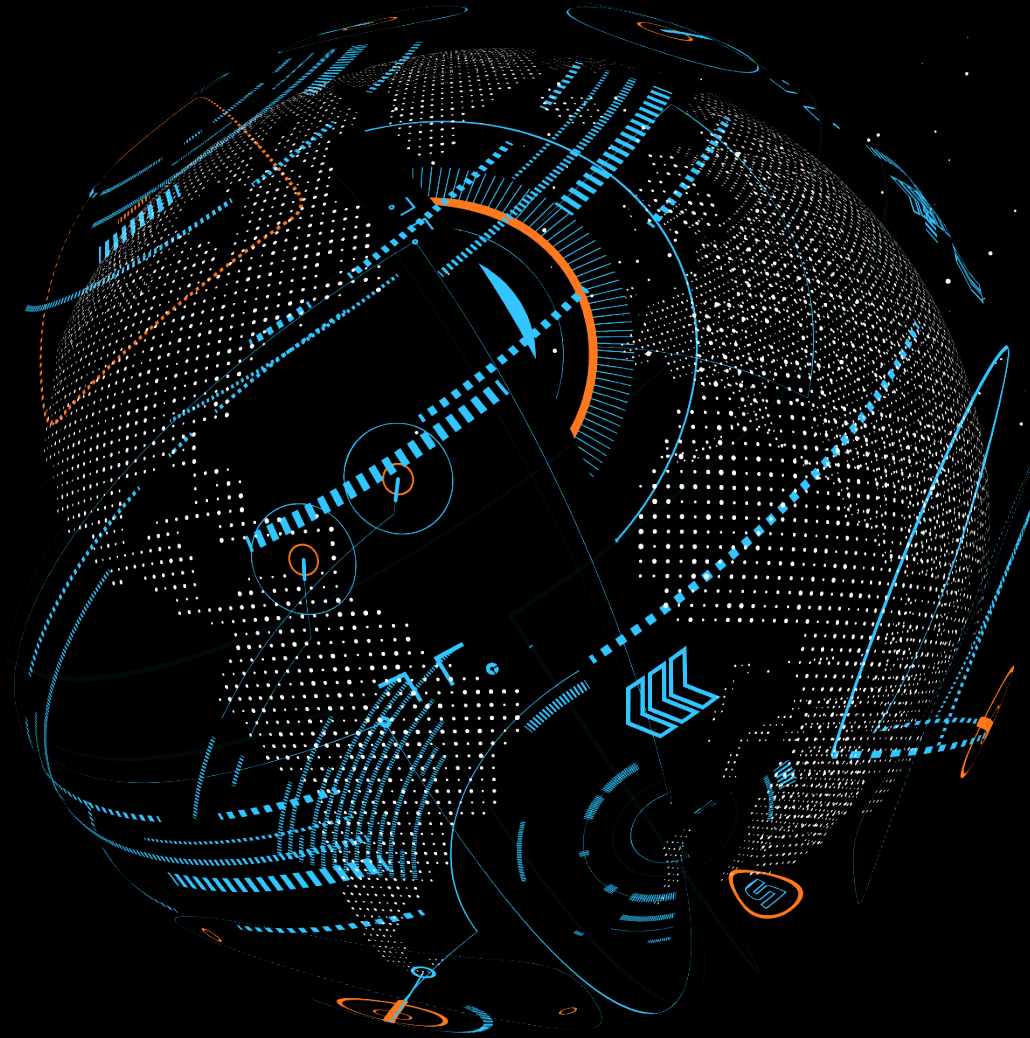


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Future of Global Business Services: Catalyst for enterprise digital transformation

Introduction

Can cross-functional, cross-regional models such as Global Business Services (GBS)—serving multiple business units, with access to wide swaths of data and talent—be catalysts for enterprise-wide digital transformation?

To answer this question, we need to first define “digital,” a ubiquitous term in business today. What, exactly, does it mean? Are we referring to machine learning or robotic process automation (RPA)? Mobile? Social? Artificial intelligence (AI)? What’s truly required to become digital? Who should drive it?

Business leaders are grappling with these questions in the face of unprecedented change—growing connectivity, competition, and consumer power. This calls for new methods of engagement, new products, new operating models, new organizations, and new ecosystems. Becoming digital is at the heart of it all. Yet, frequently, the first things that come to our mind are tools and devices.

We make the classic mistake of focusing on the “what” before answering the “why.” If we ask ourselves “why digital?,” the answer becomes clearer. The secret is to *not* think of it as a device. Rather, it’s about becoming connected, integrated, and efficient. It’s about fueling growth and continuous innovation through real-time customized **experiences** with predictive **insights** at unparalleled **speeds**.



Digital is a means to achieving these goals. Digital isn’t a technology but a strategy, a new era of business, to fuel cost-efficient growth.

Cross-functional and global organizational models such as GBS are becoming increasingly relevant in driving and enabling this kind of enterprise-wide change. GBS provides access to cross-functional data and talent from various business units and regions along with a focus on customer service and continuous improvement. This is a truly unique and ideal position from which to incubate new ideas and implement digital innovation.

Digital transformation requires a different way of thinking and operating. It’s about having:

- the right strategy
- appropriate processes and governance
- a different kind of talent and culture to support becoming digital
- and, of course, technology



Let’s examine this more closely.

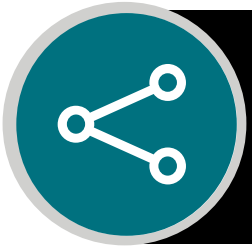


Why digital?



Experience

- Personalization
- Accessibility
- Collaboration and engagement



Insights

- Data and information availability
- Proactive decision making
- Creativity and innovation



Speed

- Agility
- Standardization and integration
- Automation

The world around us is changing so dramatically that real-time customized **experiences** with predictive **insights** at unparalleled **speed** are becoming the norm. To what end? **Ultimately, the goal is to drive operating costs down to better fuel and sustain growth.** Today, winners and losers are differentiated by their ability to thrive in uncertainty by balancing costs and growth.

As humans we've been generating **insights** from our experiences and information throughout our history. What has changed is the **speed** at which the underlying assumptions of businesses are being threatened—creating a need for agility and decision making at speeds like never before. For example, a global beverage company reduced \$300 million in deductions through a machine-learning algorithm that analyzed **10,000 deductions** within just eight hours. This is one illustration of gaining real-time insights from the depths of unstructured data to help make rapid, reactive decisions and well-informed proactive ones as well. It's about creating capabilities to connect, automate, and integrate.

Product-based advantages have been eroded by increasing competition and consumer knowledge. These and other factors force companies to shift to a new battlefield: **experience.**

A global retailer doubled its revenues in six years by fundamentally embracing digital and transforming its end-customer experience. This required integration across the enterprise to demonstrate value for employees and customers at every touchpoint. The goal was to deliver a personalized and consistent experience to every customer no matter where or how they accessed it.

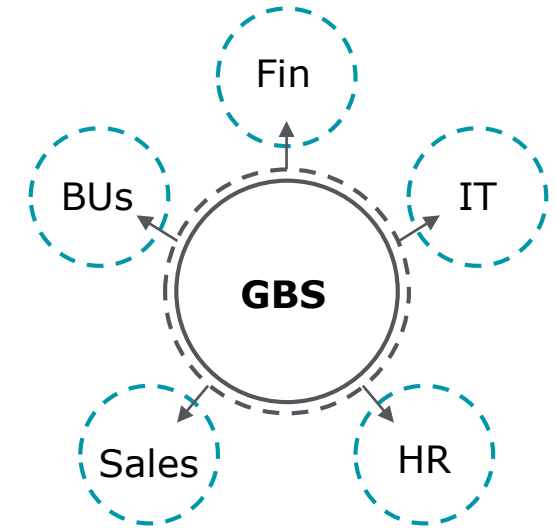
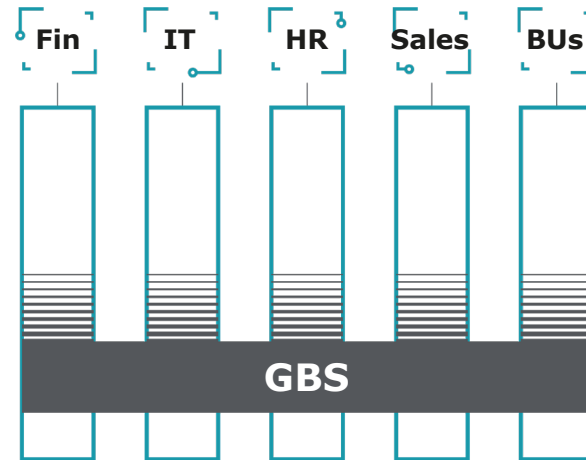
Who can “make digital happen” for the enterprise?

The world around us is becoming more intuitive. Yet many organizations continue to be burdened by infrastructure and practices that were developed more than 100 years ago. Deloitte, in cooperation with *MIT Sloan Management Review*, conducted a study on [digital maturity](#), in which almost 50 percent of the executives interviewed felt they didn’t have the right structure or practices to achieve digital maturity.

How does an organization take steps toward attaining digital maturity? What data is needed to effect change? Where is that data? Who in the organization, or outside of it, has the vision and capabilities to engineer a drive toward digital maturity? The answers are out there.

- Can GBS—a cross-functional, cross-regional, and multi-business structure—be the catalyst for transforming our operating models?
- Could GBS evolve from simply supporting transactions in functions and businesses?
- Might GBS grow from “providing them what they ask for” to being the central hub, delivering proactive insights, enabling consistent experience for end customers, providing a testing ground for innovation, and being a strategic asset to enable the digital ecosystem?
- Could GBS truly be at center stage in enabling a digital ecosystem and operating model?

The short answer is: Yes! Many organizations successfully pursuing digital maturity leverage GBS and GBS-like models.



From Back Office...

- Transaction processor
- Support
- Headcount focus
- Administrative

to Center Office...

- Insight generator
- Strategic asset to the ecosystem
- Innovation and integration focus
- Cool career

Experience, insights, and speed in practice...for bottom-line and top-line impacts



One global medical devices company is leveraging its GBS organization to “lead digital by example.” It demonstrates **customer centricity** in the way it interacts with and delivers to its customers. These efforts have reduced costs, increased productivity, and enhanced service.

The effort began by surveying customers about their top issues, priorities, and experiences with the company. Industry experts were brought in to reimagine practices and recommend **value-driven projects** to address customer concerns and priorities with measurable effects (e.g., stranded cash recovery, claims recovery, collections effectiveness, etc.).

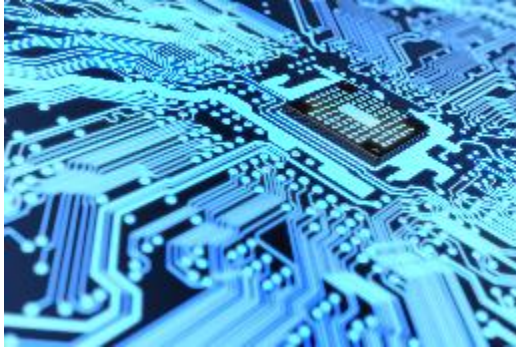
For day-to-day interactions, the company constructed a comprehensive and intuitive GBS portal with an associated mobile app that mirrored real-time experiences as the “go-to” platform for service. This helped eliminate inefficient emails, shrink phone contacts down to 30 percent, and create capacity for value-added services with improved customer satisfaction scores.



The GBS organization at a financial services firm operating across 25 countries looked to lead innovation with a singular vision of co-creating the future of operations for itself and the larger enterprise. Disrupting itself to remain relevant in the future, the GBS organization decided to collaborate with external startup ecosystems in India, China, and Israel. GBS was an ideal test bed to ramp up a **sandbox environment for innovation** while housing significant amounts of data.

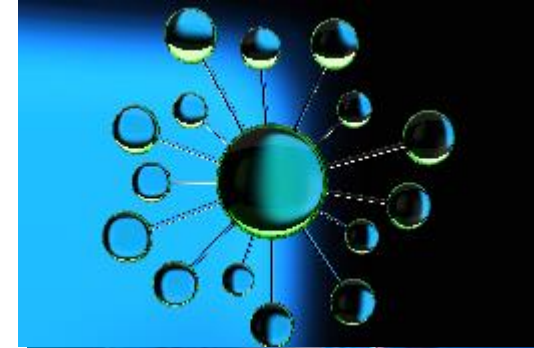
The organization decided to use an inside-out as well as an outside-in approach to triangulate use cases and **shortlist startups to co-develop Proof of Concepts** in focus areas. The inside-out approach involved the GBS analyzing internal burning platforms and then going to the market to look for a solution. The outside-in approach involved the GBS analyzing the various ideas, technologies, and offerings that existed in the marketplace, narrowing down to disruptors that were best suited for rapid internalization with agility. While they understand the innate DNA constraints in achieving this, such as housing a “doer” population, it is now wearing a “thinker” and “collaborator” hat to accelerate the process.

Experience, insights, and speed in practice...for bottom-line and top-line impacts



A global life sciences organization with more than 50,000 employees in over 60 countries has embarked on digital enterprise-wide initiatives related to the future of work, AI and analytics, and automation, all under a GBS umbrella, proving **GBS can take center stage as the digital transformation engine.**

GBS provides insights needed on patient information from the company's locations globally and is actively freeing up five percent of additional capability through automation, accelerating year after year. This amounts to an ambitious **\$350 million savings vision and a \$4 billion value-add vision**, all being driven via GBS. The organization views GBS as being in a unique position—with visibility and data from across the organization, functions, business units, and geographies—to be in the driver's seat and add value at an enterprise level.



One global organization with more than \$60 billion in revenues embarked on its digital transformation journey a few years ago, while it had been on a path of continuous productivity improvements over decades. It used its mature GBS and shared services as a key enabler, starting with **defining a holistic digital strategy** that included automation as one element.

Cognitive computing, AI, and RPA helped **eliminate 40 percent of outsourced labor costs.** The hallmark of success has been the tight partnership between IT and GBS and a relentless focus on **strong central governance**, with GBS playing the central demand management role.

How to make it happen?

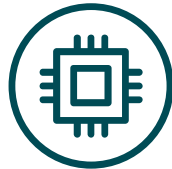
It's hard to enable digital for the enterprise without embracing digital within GBS. Traditional investments in technology have focused on solving specific problems or enhancing a given function. Since digital is about looking at the big picture and embracing the chance to rethink everything, it's vital to assess and understand your GBS as well as the broader organization's digital maturity and readiness for taking the next steps.

It's important to carefully assess maturity across four key elements to determine where you are today, where you want to be, and the actions needed to get there. Reflecting on and placing your "today" and "tomorrow" on the maturity spectrum is critical in determining the kind of journey to undertake and the role GBS could play—incubator, center of excellence (CoE), or full service provider. The four key areas to assess are:



Vision & strategy

Embracing digital is an opportunity for accelerated performance with a new way of thinking. This can't be achieved without widespread adoption and openness to change. Most GBS organizations successfully driving enterprise-wide digital transformation are the ones that have defined **digital enablement as a critical element of their vision**. They align to a broader organizational vision with a clear strategy for enablement that is communicated and understood, typically driven top down and supported by grassroots campaigns with clear measures of success.



Technology

Leading GBS organizations are able to employ technology to enhance customer experience and provide real-time insights with speed on a consistent basis. These GBS organizations need to have strategic **alignment and partnership with the IT function** to jointly determine viability of various technology solutions and weigh risks and benefits. Customers want multiple options and channels available to interact with GBS, including social media, mobile, apps, and tablet devices. Intuitive customer interfaces, powered by the latest in artificial intelligence as well as structured and quality data, can quickly and visually showcase business performance.



Talent & culture

What should the GBS talent pool and culture of tomorrow look like to reimagine new operating models? It starts with a culture that fosters and **rewards innovation and experimentation**, puts the customer at the heart of design, and rewards team and individual performance. The GBS workforce of the future will be trained and **skilled in deriving insights** from data versus transaction processing. At **predicting customer needs** versus waiting to be told. At changing the "hearts and minds" of its customers (internal and external). These GBS organizations are building **highly collaborative and cross-functional groups** that can deploy or redeploy talent irrespective of location and business. These groups serve as SWAT teams that can address key issues and implement change, which makes them the obvious hotbed for incubation of digital innovation.



Process & governance

Leading GBS organizations at the forefront of driving digital transformation have formal mechanisms in place to **engage users and customers frequently** in jointly identifying and validating business issues and priorities. They have formal mechanisms for governing their augmented human-digital workforce with near real-time performance measurement capabilities. They have tightly aligned partnerships between GBS, IT, and individual business units, with clear decision rights. They have a broad view of their end-to-end processes, which are highly automated and standardized with rigorous continuous improvement and integration capabilities. It's also worth noticing that governance in high-performing organizations is **breaking traditional silos, with joint or matrix ownership of decisions** and tighter cross-functional teaming becoming the norm. This requires a fundamentally different talent and rewards model.



One size doesn't fit all. Finding out what's right for your organization must be the goal. Simply getting to the highest level of maturity on every single dimension may be unwise and costly.

What does the journey look like?

Becoming “digital” is about achieving a level of exponential connection that can shape or reshape every aspect of business and operations. It is both a challenge and an opportunity. **Leading GBS organizations embrace the challenge as an opportunity.** They’re clear about the characteristics of the digital impact they need to create. By establishing the right enablers at the right level of maturity, they are ultimately **creating capacity to do “more with less” and shift capacity from transactions to innovation and growth.**

Executives in many companies are recognizing the unique value successful GBS models can bring in driving digital transformation across the enterprise. They’re making fuller use of the breadth of data, talent, and processes that are already operating across functions, regions, and businesses—becoming either a service provider or a central incubator of digital innovation to serve multiple parts of the enterprise.

Digitally fueled operating models can become a reality by high-performing GBS organizations lowering operating costs to fuel and sustain growth. It’s a journey that requires answering some hard questions up front. You must consider **where you are today and where you’d like to go**; and this must align with your overall vision and strategy.

Contact us to learn how Deloitte’s comprehensive Digital GBS/Operating Model Maturity Assessment and in-person labs can help you understand, identify, and plan your digital journey.

Sample questions to consider as you define your GBS journey to drive digital operating models:





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