

Supply Chain and GBS: Leveraging Hybrid Delivery Models

Sam Pearson, Nima Rahnama & Steven Murray

Session Objectives and Agenda

Objective: Share Deloitte's perspective on hybrid delivery models and relevance to GBS

Agenda:

- Trends
- Operating Models: Advantages and Disadvantages
- Open Discussion



About the Speakers



Sam Pearson *Principal, Minneapolis*

- 25 years of experience in operational, technology, and strategy roles, across consumer and industrial products manufacturing, retail, oil and gas, and defense.
- Specializes in leading large, complex, global supply chain transformations that lower costs and improve service.
- 5 years leading Deloitte Supply Chain Analytics offering and now leads Deloitte's Supply Chain Managed Services offering, including Spend Management as a Service (SMaaS).



Nima Rahnama *Managing Director, Costa Mesa*

- Over 25 years of experience in Supply Chain, Procurement and Business Process Outsourcing across various industries including technology, financial services, manufacturing and retail.
- Extensive experience in all aspects of Source-to-Pay, designing and managing numerous transformational procurement programs for Fortune 500 companies.
- Deloitte's Global Spend Management as a Service Leader.



Steven Murray *Senior Manager, Chicago*

- Over 20 years of experience in Procurement, Supply Chain and Business Process Outsourcing across various industries including consumer goods, financial services, manufacturing and technology.
- Extensive experience in all aspects of Source-to-Pay, designing and leading transformational procurement programs for numerous Fortune 500 and FTSE 100 companies.
- Senior Manager within Deloitte's Spend Management as a Service practice.

Leveraging hybrid delivery models in a GBS environment

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

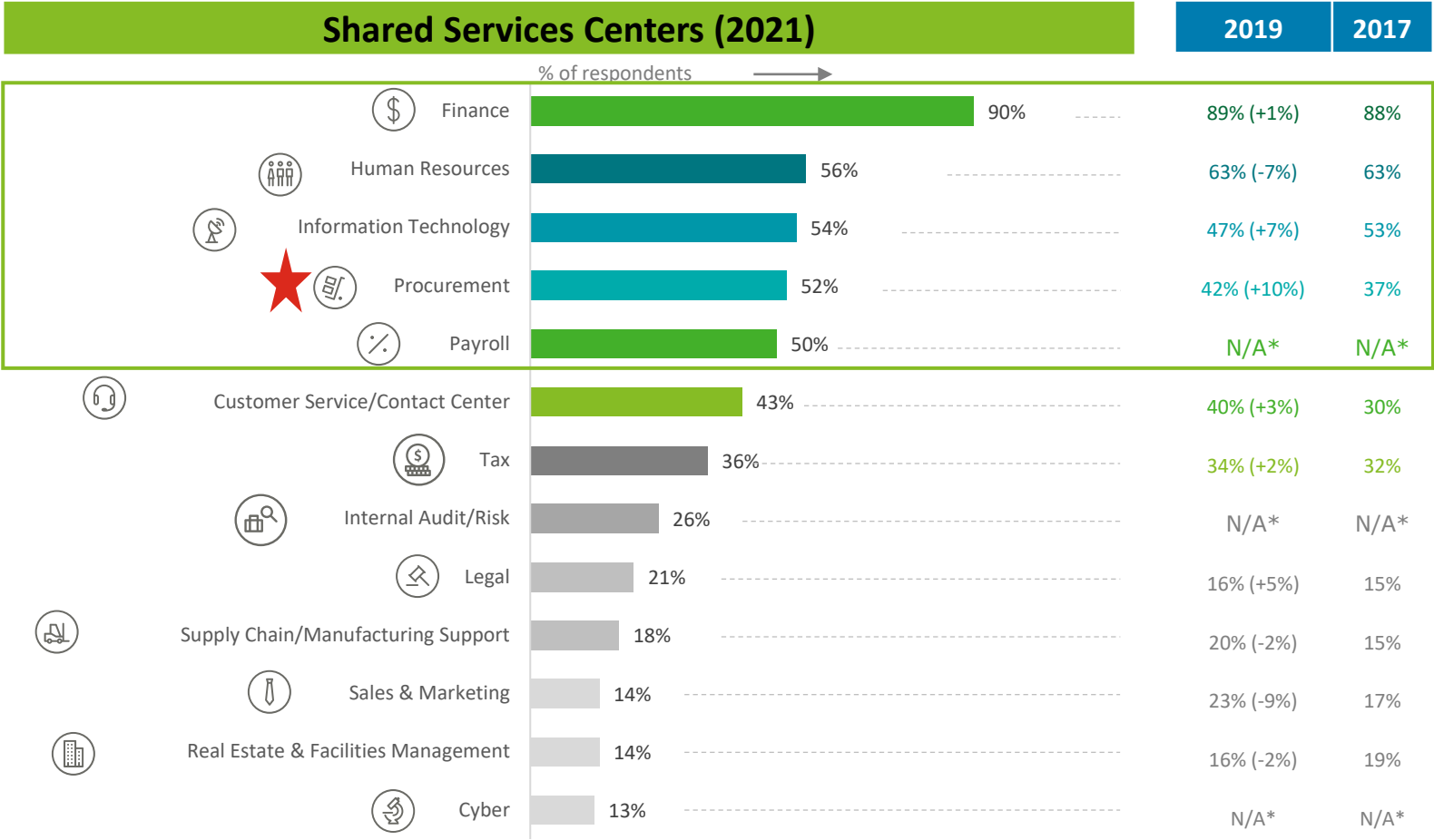
~65% of successful organizations include outsourcers in their delivery model



Embracing Digital Transformation as a strategic agenda

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

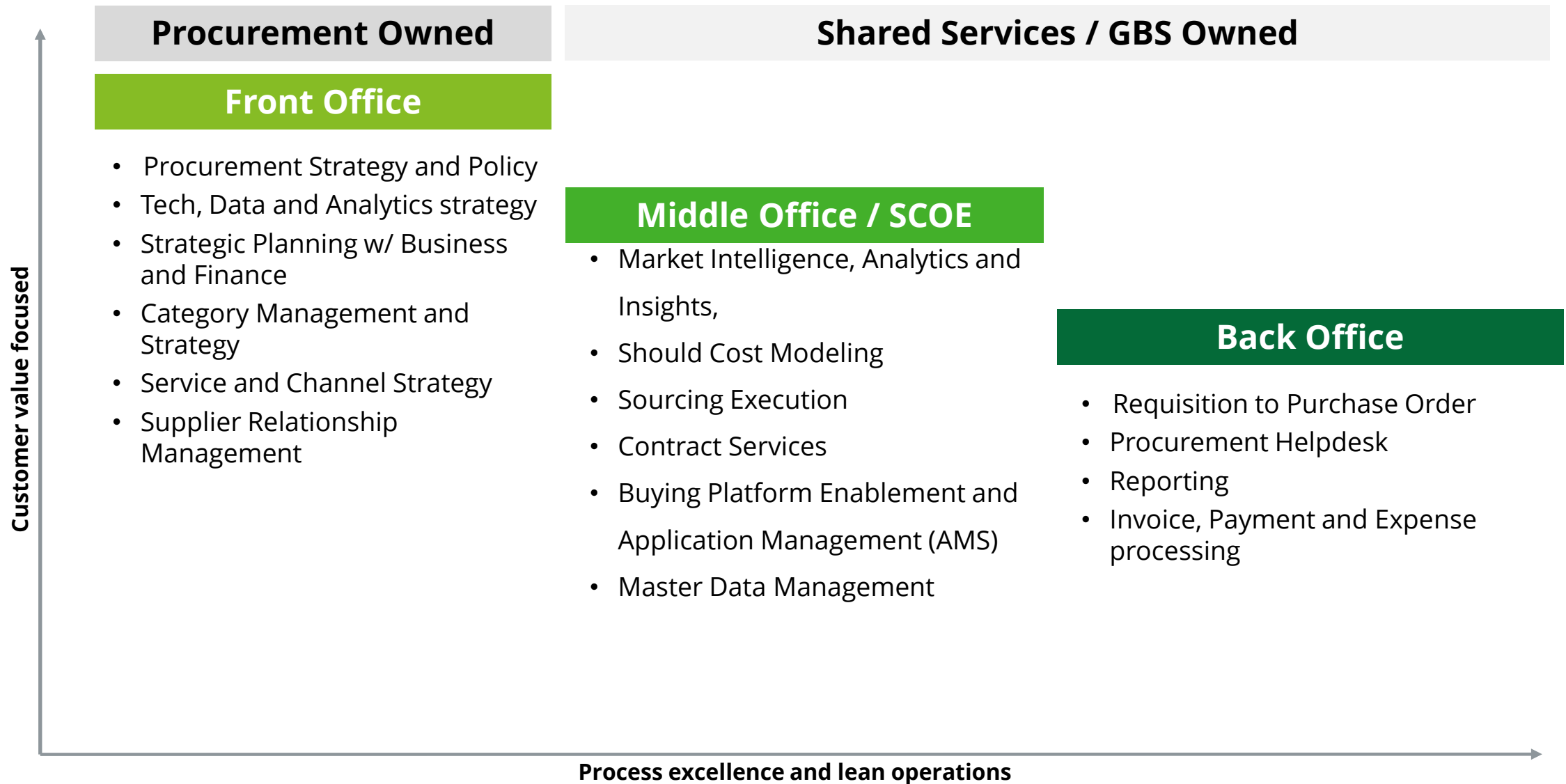
What functions are performed by Shared Services Centers?



*Option not available in previous surveys

Which of the above functions are performed via shared services in your organization, including both transactional and knowledge-based centers (COEs)?

Source-to-Pay Delivery Model and Role of Shared Services: Typical Centralized vs. Decentralized Activities



Leading organizations leverage external expertise while maintaining internal capability in areas that drive competitive advantage

Source-to-Pay Activities	Internal	External	Automation
Procurement Strategy and Policy	<input checked="" type="checkbox"/>		
Technology, Data and Analytics Strategy	<input checked="" type="checkbox"/>		
Strategic Planning w/ Business and Finance	<input checked="" type="checkbox"/>		
Market Intelligence, Analytics and Insights and Should Cost Modeling		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Category Management and Strategy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Service and Channel Strategy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Sourcing Execution		<input checked="" type="checkbox"/>	
Contract Services	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Supplier Relationship Management (Tiered Approach)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Buying Platform Enablement and Application Management (AMS)		<input checked="" type="checkbox"/>	
Master Data Management		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Requisition to Purchase Order		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Procurement Helpdesk		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Reporting		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Invoice, Payment and Expense Processing		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Procurement Leaders are 2x more likely to leverage hybrid operating models

In-House

Pros:

- Enables deep business and vendor relationships
- Preserves the status quo

Cons:

- Inflexibility of operating model vs. evolving business needs
- Difficult to achieve (and maintain) best-in-class capability e.g.: talent; digital maturity; process efficiency; market intelligence
- Business outcomes / value typically not optimized
- Talent acquisition / retention becoming more of a challenge

Fully-Outsourced

Pros:

- Accelerates value achievement and procurement mastery
- Access to highly-skilled procurement specialists
- Incremental value delivered typically more than funds MSP engagement

Cons:

- Poor knowledge transfer: providers execute against SLAs, but don't help build native capabilities
- Loss of control
- Challenging to rebuild in-house capability if MSP strategy changes

Hybrid

Pros:

- Fully-outsourced model Pros, plus:
- Flexible operating models to dial-up/dial down capabilities based on changing needs
- Enables retained team to focus attention on strategic / value-add procurement activities
- Enables upskilling of retained team e.g.: BOT approach

Cons:

- Challenge of creating and maintaining a clear RACI to avoid gaps / duplication of effort
- Scalability of MSP to match changing business needs (boutique MSP model)

Discussion

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