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A paradigm shift in HR shared services model: Digital delivery



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Introduction

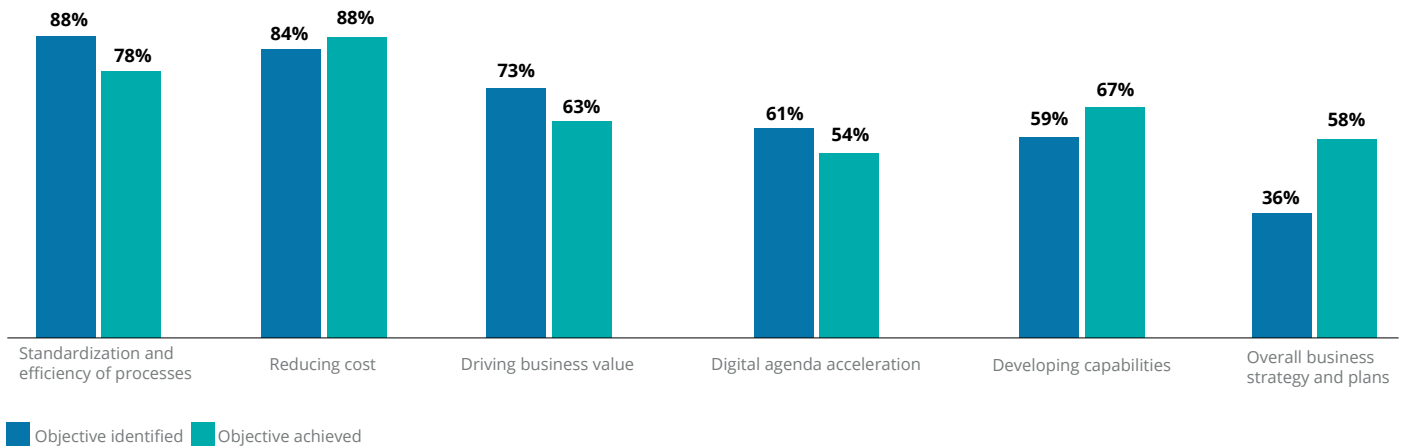
The Human Resources (HR) function is constantly under pressure to meet the ever-changing needs of new generations and align with the day's technology requirements, while bringing greater strategic value to the organization. Apart from providing leading employee experience, the function is also expected to deliver against organizations' key focus areas - cost control and service delivery efficiency. To manage these demands, many organizations across the globe have been transitioning from traditional HR Shared Services Centers (HRSSCs) or HR Operations Departments to the new age digital HR Shared Services.

Market disruptors impacting traditional HRSSC success

Traditionally, HRSSCs have been formed in a centralized location and managed by HR professionals who are trained in delivering streamlined HR services and rapid problem solving to reduce operational costs and ensure consistent employee experience. In our 2021 Global Shared Services Survey, respondents highlighted standardization, process efficiency and cost as key objectives for investing in the shared service capabilities. 88% of survey respondents identified standardization and process efficiency as the key objective of their shared service investment, whereas 84% of respondents were focusing on cost reduction. Across the three categories, 86% of survey respondents reported that deploying a shared service helped achieving their objectives.

In our 2021 Global Shared Services Survey, respondents highlighted standardization, process efficiency and cost as key objectives for investing in the shared service capabilities.

Figure 1: What are the objectives of investing in SSC capabilities, and what has been achieved?



Future of work, technology advancements, regional ambition and post COVID-19 impact are putting pressure on the success of traditional HRSSC model today more than ever.

With the support of technology being the most important enabler, HRSSCs have been expanding their service catalogues, geographical reach, and the level of automation in service delivery over the past decade. Accelerating the digital agenda implementation and increasing virtual practices have been identified as the key areas of focus for 61% and 59% of our survey respondents respectively. However, improving existing constructs is falling short when it comes to fulfilling the needs of the market. Future of work, technology advancements, regional ambition and post COVID-19 impact are putting pressure on the success of traditional HRSSC model today more than ever.

1. Future of Work:

The Future of Work is evolving. Talent and people management are becoming more demanding as employees are working in a more agile manner and require more customized requirements. Part of this process includes deciding on the HRSSC processes, work allocation, and organizational structure.

2. Technology advancements:

63% of public sector respondents of our survey said AI and cognitive technologies will have an impact on their workforce. Over the years, robotic process automation (RPA) has remained the most desirable digital enabler for SCCs and is expected to remain a key focus area.

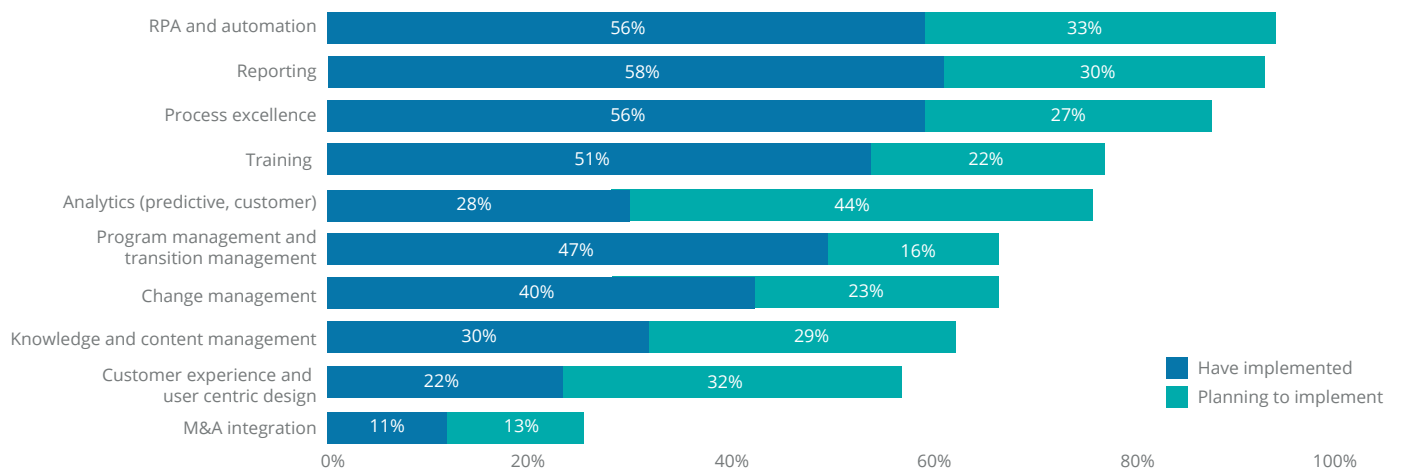
3. Regional ambition:

From a local lens, the Middle East and Gulf have soaring ambitions with demanding emerging visions such as DXB10 and Vision 2030's that have high aspirations to enable the innovation, acceleration, standardization & cost efficiency. For these visions to succeed in a digital era, conventional ways of working are being tested and there is a need for smart and agile ways of working.

4. Post Covid-19:

The post-Covid-19 pandemic world looks unclear, but for shared services centers, one thing is clear: Conventional wisdom and long-held "orthodoxies" have been challenged during the pandemic, and require many changes including physical proximity, outsourcing arrangements, business continuity and creating resilience, full automation and maintaining security. While the pandemic led to cost reduction and diversification across businesses, it has mostly resulted in the inclination to improve digital capabilities. In fact, according to Deloitte's earlier Global Shared Services survey, 80% of shared services global leaders plan to introduce or enhance their use of robotics and realign their focus towards the digital experience.

Figure 2. What are the capabilities implemented or planned to be implemented in SSCs?



Paradigm shift in HRSCC delivery models

Pressure that the market disruptors are putting on the organizations, their HR operations teams and their traditional HR Shared Service Centers (HRSSCs), is pushing organizations to come up with new ways of thinking, methodologies, and frameworks to ensure the continuity of HRSSC benefits. Organizations are shifting away from implementing traditional HRSSCs and considering various models for their shared services. According to our most recent Global Shared Service Survey, 73% of respondents reported that they are considering hybrid models for their shared services organization while 14% of respondents are thinking of expanding remote working capabilities within the next three to five years (Figure 3a). Similarly, among outsourced SSCs, 42% of respondents are also considering remote and 19% are considering hybrid models (Figure 3b).

HR Digital Shared Service Centers differentiate themselves from their ancestors by removing the centralized location constraints, harnessing the power of emerging technologies – such as cloud-computing, robots, predictive analysis, and automation and increasing the cultural sensitivity in the model to increase physical proximity of shared service employees to their customer. The new approach also allows the growth of existing service catalogues by adding new services that were once impossible to deliver due to location differences. Today organizations’ expectations from HR Digital Shared Services are nothing less than the traditional methods. To exceed these expectations HR Digital Service Centers are differentiating themselves from their traditional ancestors through increased cost reduction, enhanced delivery capabilities, improved data for decision making and better employee experience and customer satisfaction.

1. Cost reduction

Cost remains a key driver towards the business case for HR Shared Services. The capital expenditure that is needed to deploy a large physical center is

decreased due to the remote working model. Additionally, HR services are constantly being streamlined and simplified to increase efficiency and ultimately reduce cost. Furthermore, the use of RPA leads to the reduction of manual work and resources required to address a request. According to our survey, 54% of respondents achieved more than 10% savings through digitalization and RPA implementation (Figure 4).

Figure 3. Which model is being considered for your shared services organization for the next three to five years as we emerge from Covid-19?

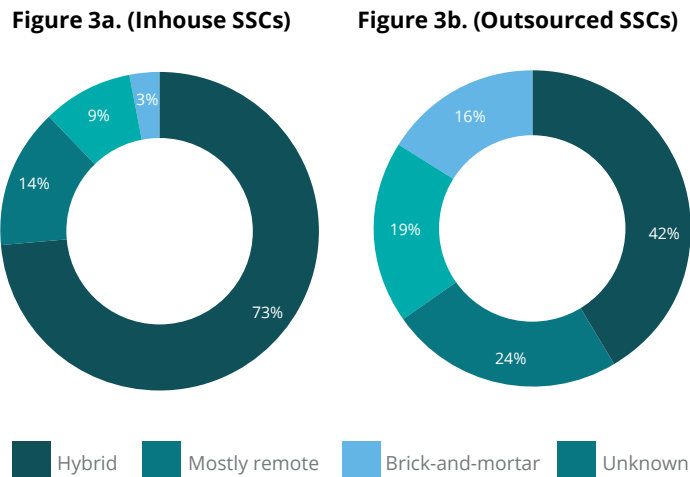
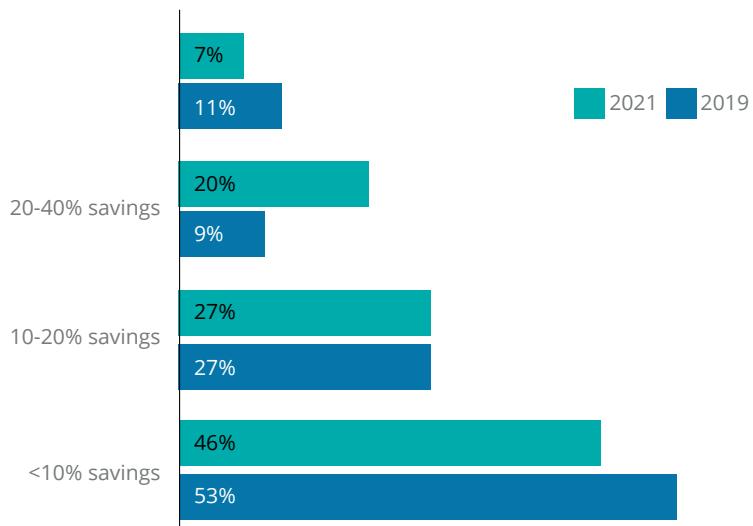


Figure 4. Based on your robotics process automation (RPA) experience thus far, what level (%) of savings have been achieved?



2. **Delivery capabilities**

HR Digital Shared Services enables superior delivery capabilities with more efficient processes. Service centers improve the quality-of-service delivery with the adoption of new technologies such as cloud-enabled “as-a-service” models and process automation. In a 2021 benchmarking analysis of the top 20 Global Business Services and Shared Services Organizations by SSON, 47% of organizations listed “leveraging more automation and technology to enhance service delivery” as a top priority.

3. **Data for decision making**

HR Digital Shared Service centers deliver their services through a technology platform, on which the data has been tracked and captured at every step of the delivery. The advancement of disruptive technologies allows HR Digital Shared Services to move from reporting technologies with limited integration across platforms to advanced predictive analytics. Predictive analytics can lead digital shared services organizations to better understand and anticipate customer needs for better service and personalized experience. Among the 61% of SCCs surveyed, 72% conduct reports for the enterprise, 61% analyze historical data to recognize emerging trends and 54% use robotics and process automation data to drive decision-making.

4. **Employee experience and customer satisfaction**

The multi-tiered structure of HR Digital Shared Service elevates employee experience along with the multi-geography coverage, given that the digital HRSCC employees do not have to be in a centralized location and can be closer to the employees. Based on one of the largest technology providers for HR digital shared service centers, ServiceNow’s case studies, customer experience and employee satisfaction scores that exceed 90% have been recorded multiple times after the launch of digital shared service center and implementation of the technology.

HR Digital Shared Services enables superior delivery capabilities with more efficient processes

Conclusion

For organizations to meet the ever-expanding demands from HR, they need to consider a number of factors in order to better engage with their employees, improve overall satisfaction, enhance delivery capabilities and achieve a better ROI in HR operations and shared services areas:

- 1- Employee behaviors and expectations have dramatically changed in the digital age resulting in the rise of new, dynamic employee journeys and a different way of looking for and connecting to organizations.
- 2- Accordingly, organizations must evaluate their service delivery in order to create personalized, memorable experiences and be relevant to their employees.
- 3- To support that, HR operations and shared services need to evolve to HR Digital Shared Services built based on a human-centric and agile approach.

digital HR strategy, develop an employee experience architecture aligned to business objectives, and design a Digital HR Shared Services construct that enables seamless delivery and connectivity, internally and externally.

About us

In a dynamic world with constant disruption, human capital issues must not only be viewed as business issues shaped by HR, but instead be addressed across the C-suite. To take the lead, the future of HR demands major shifts in mind-set, roles, capabilities, and digital enablers with reinvention at the core. Deloitte HR Transformation helps companies create new growth by elevating the human experience — with connected ideas, technology, and talent. We shape the connections necessary to enable a better future for our clients, our culture, our society, and our planet. Visit www.deloitte.com or follow Deloitte Digital on LinkedIn or Twitter to learn more.

Are you there yet?

Developing and delivering a holistic employee-centric digital strategy and HR Shared Services are not easy tasks, and many companies tend to manage these digital HR initiatives in ways that take the form of isolated projects or are limited to one HR area in the function. Organizations that want to move away from that tendency need to develop a digital-first HR mindset by which a company's digital activities, people, culture, and structure are aligned with the HR function's broad ambition.

How can Deloitte help you get there?

Deloitte is at the forefront of digital HR transformation across industries. We have deep, specific, hands-on delivery and advisory experience conceptualizing, building business cases, designing, and implementing Digital HR Shared Services. We are well poised to work collaboratively with you to define and execute your

Our team in the Middle East

For further information please reach out to our dedicated team and experts from the Middle East.



Roshik Shenoy
Partner, HR Transformation Portfolio Lead,
Consulting, Deloitte Middle East
roshenoy@deloitte.com



Gautam Motwani
Director, HR Transformation,
Consulting, Deloitte Middle East
gamotwani@deloitte.com



Mert Issever
Manager, HR Transformation,
Consulting, Deloitte Middle East
hissever@deloitte.com



Mira Hmaidan
Business Analyst, HR transformation
Consulting, Deloitte Middle East
mhmaidan@deloitte.com



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