UNDER ONE UMBRELLA

● ● ●

How an integrated global business services (GBS) model can add value to your organization.
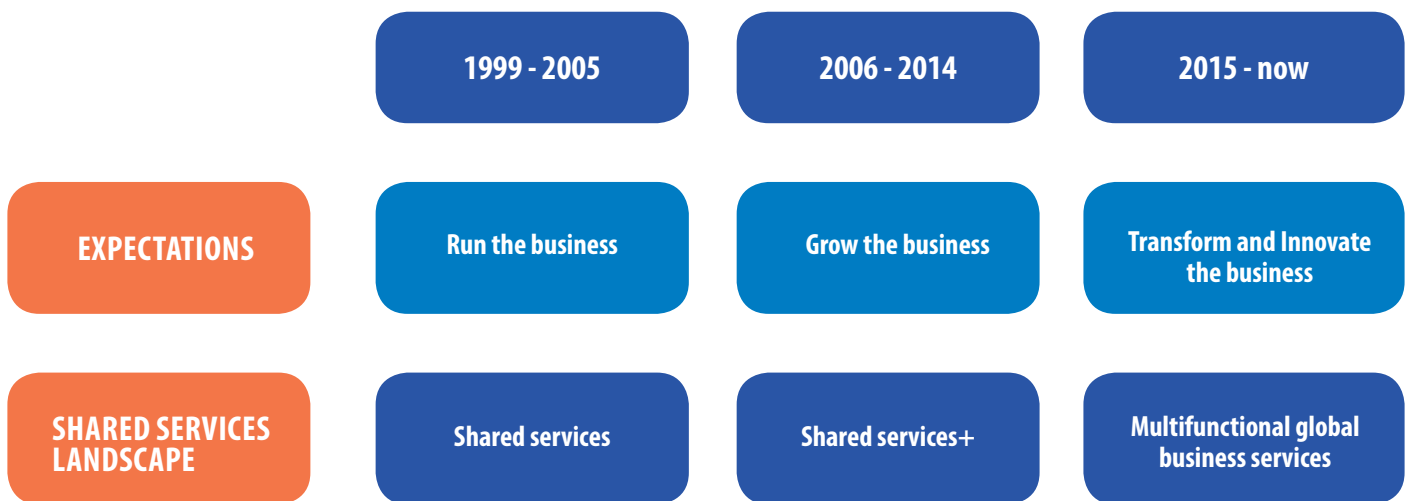
Abstract

As organizations deliberate on ways to derive maximum value from their shared services centers (SSCs), a few have taken their shared services to the next level and progressed to global business services (GBS). Traditionally, GBS is viewed as a process-oriented multifunction SSC. However, with the vast amount of knowledge concentrated in GBS, the recent advent of cognitive technologies, and an ever demanding business dynamic, there is an opportunity for GBS to lead innovation and transformation for the entire organization by blending the entire stack of processes, technology, people, and infrastructure.

Infosys
be more

THE IMPLICATIONS OF A RAPIDLY CHANGING WORLD

For a long time, many organizations across industries bundled competencies and attempted to standardize services for different functions by setting up internal service providers or shared service centers (SSCs). While SSCs were successful in meeting the standardization and cost reduction imperative to a large extent, in the last few years, the expectations from them have dramatically changed.

THE EVOLVING SSC PARADIGM

	1999 - 2005	2006 - 2014	2015 - now
EXPECTATIONS	Run the business	Grow the business	Transform and Innovate the business
SHARED SERVICES LANDSCAPE	Shared services	Shared services+	Multifunctional global business services

From running the business to transforming business and improving customer experiences, the change in expectation is not precipitous. Rather, it's shaped by current trends – the rise of emerging markets and new sharing economy, new mobile, digital and automation technologies, and the needs of an always connected millennial customer base. It's a new paradigm for SSCs – one that requires them to transform into a multifunctional umbrella organization that is customer-centric, value-focused, and an engine for innovation and transformation.

EIGHT MEGATRENDS IMPACTING THE BUSINESS OF TOMORROW

A digital world

30% of the planet's population have social media accounts and estimates of over 30 billion connected devices in 2020 – we live in an age of hyper connectivity.

1

2

The rise of robots

40% of customer service needs are predicted to be served by robots by 2020 and the market for IT robotic automation is estimated to reach USD5 billion by 2020.

Commoditization of traditional services

By 2020, disruptive BPM is expected to grow at 17%. This includes BPM services such as social, cloud, platforms and analytics as against traditional BPM, which will grow only by 3%.

3

4

A dramatic surge in data and need for analytics

Currently, only 0.5% of the world's data is used for analysis and analytics BPM is expected to grow at 13% CAGR by 2020.

Vertical utilities of the future

Humanware or BPaaS, a USD41 billion market is expected to grow at 16% CAGR by 2020.

5

6

Changing regulatory dynamics

Key issues and changes in the regulatory landscape such as anti-money laundering, KYC, Brexit, the inauguration of the Trump administration, and the Dodd-Frank act.

Growing need for stack synergy

An increasing reliance on synergy between infrastructure, applications, and services. IT+BPM deals worth USD319 billion will be up for renewal in the next five years.

7

8

The rise of millennials

The complexion of the workforce is rapidly changing. By 2030, millennials will outnumber boomers by 22 million.

These mega trends foretell tectonic shifts in the way businesses will be run. As 'digital' permeates lives, and the amount of data available to be processed increases exponentially, businesses will need to re-engineer their processes and systems, providing on-the-go data, insights, and applications. As the use of robots increases, the costs of not automating will outweigh perceived risks. Millennial customers and employees, and changing regulatory dynamics will necessitate newer business models. To capitalize on the implications of these trends, Shared Services has to evolve and address the new needs of tomorrow.

WHY SSCS ARE NO LONGER THE ANSWER

Typically created to cater to the needs of specific functions – e.g. procurement, finance and accounting, human resource outsourcing, or customer service – in different geographies to comply with local regulations and sensibilities, SSCs create siloes and a narrow functional view with its resulting inefficiencies. Because the end-to-end process view is missing the upstream improvement opportunity is severely restricted. Further, each SSC has its own technology and data architecture, applications, and business processes and this minimizes possible synergies in governance, managing suppliers, and compliance.

SSC TO GBS: A FUNDAMENTAL SHIFT IN THOUGHT AND ACTION

Unlike the SSC model, a GBS model focuses on end-to-end processes and integrates governance, locations and business practices across the organization. This model with its emphasis on integrated technology, data, applications, processes and people has many advantages and is a natural progression from SSCs.

However, it is a fundamental shift in the way organization think and operate shared services as it brings together organizational silos, connecting the strategic pieces – processes, people, technology and functions to become a source of agility, end-to-end visibility, and innovation for the entire organization.

But this shift is not easy to make. The 2017 SSON state of the shared service industry report states that GBS models correlate with the maturity of SSCs. One-third of shared services at 10 plus years operate as multifunctional GBS, compared to just 17% of new launches.

THE THEMES UNDERLYING TRANSFORMATION

Even as an organization deals with the challenges of breaking down siloes to achieve the vision of a GBS, what can it look forward to as it undertakes its transformation journey? Here are four key themes:
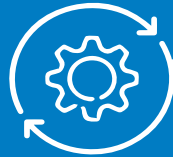
End-to-End integrated processes

SSCs who have taken on the journey towards GBS will have to move away from the strategies of having multiple functional SSCs (e.g. finance, HR, procurement) and instead have a complete visibility of process (e.g.: procure-to-pay), which will provide better business results and customer experience.

A stacked approach to transformation

Data, business processes, applications and infrastructure sit at the core of any SSC organization. However today, these elements and their strategies are isolated and uncoordinated. In the next generation of SSC, organizations would have to rethink their vision and revise strategy by bundling these four elements together to get a holistic operational view and thereby derive more value.

More insights

The future lies in how well the abundant amount of data available is leveraged in SSCs. One of the key levers to achieve transformation today is analytics. Using structured and unstructured data, organizations need to leverage the power of analytics in defining the problem statement and also prescribing the possible solution options for the problems. This can be achieved through prescriptive, predictive, diagnostic, and reporting analytics.

Smarter transitions through digitization

Traditionally, SSC organizations spend a lot of time in capturing knowledge, recording it and cascading it back to teams. In the next generation of SSC, organizations need to leverage solutions which enable them to re-use knowledge assets by creating a digital library of processes. Such a solution would not just help in an efficient knowledge transfer but will also be a great boost in integrating with automation efforts.

Robotics process automation

To achieve exponential growth from the existing SSC structures, organizations need to eliminate or reduce transactional processes to a minimum. Depending on the maturity of the organizations and the existing system architecture, organizations can get maximum value from RPA components – data extraction and entry, single view of data, process automation, auto query resolution and automated reporting & reconciliation, to name a few.

THE BOTTOM LINE

As organizations endeavor to adapt to rapidly changing market dynamics, GBS can play a key role in accelerating their ability to innovate and transform business processes. Shared Services has to evolve and adapt to the new trends, necessitating a shift in strategies — and yes the time to do it is now.

For more information, contact infosysbpm@infosys.com

Infosys
be more

Infosysbpm.com

Stay Connected   SlideShare