



MANIFESTING EXCELLENCE

UNLOCKING BUSINESS PERFORMANCE WITH SHARED SERVICES

Abstract

Against a context of dynamically shifting corporate objectives, technologies, and processes, the efficiency of business functions is often challenged by a host of burdensome and non-core activities. Through exploring a real-life case, this whitepaper presents how setting up integrated shared services, can help business functions deliver dramatically improved results.

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In a world of change, the learners shall inherit the earth, while the learned shall find themselves perfectly suited for a world that no longer exists.

– Eric Hoffer

The dynamics of change

As businesses evolve, they must often shift focus between objectives such as profitability, efficiency, scalability, compliance, or transforming operations. This necessitates in turn, an evolution of the organization's technology and processes, causing at times a fair amount of overlap among different functional units. Thus, specialized business functions are called to stretch from their core expertise and don different hats at different times. Personnel often end up playing varied roles, such as that of a project manager or a finance manager, at times a procurement manager and at other times a recruiter.

To adapt to the evolving dynamics of the larger organization and yet run efficiently, it is imperative for individual functions to develop an understanding of the changing business objectives and deploy the appropriate levers to deliver measurable outcomes.

Take for example, the competitive IT services industry. As its overall dynamics have evolved, cost reductions and attaining optimum efficiencies of connected processes have become essential. Many potential areas for cost reduction that were previously overlooked have now been brought to the forefront of offshoring, cutting across project management, sales effectiveness, and billing, amongst others.



Undertaking transformation journeys

Today, companies can leverage shared services support through expertise that may be readily available in-house or even seek partnerships with external BPM providers. Such initiatives can be transformational in their processes and outcomes, delivering end-to-end functional benefits. One such transformational journey is that of Infosys

BPM's parent organization, an IT services industry bellwether.

The IT services industry, for a long time, has been focused on cost optimization as a strategy critical for a desirable bottom line. However, as the industry continued to evolve, the primary objective of the parent organization shifted to that of unleashing sales and delivery bandwidth. Aligning

with this objective, the organization collaborated with its parent to shift non-core, repetitive project life cycle (PLC) activities to a centralized team, helping standardize processes and streamline operational tasks at an organizational level. Thus, a new breed of in-house shared services — NGDC (New-Gen Delivery and Sales Construct) — was conceptualized.

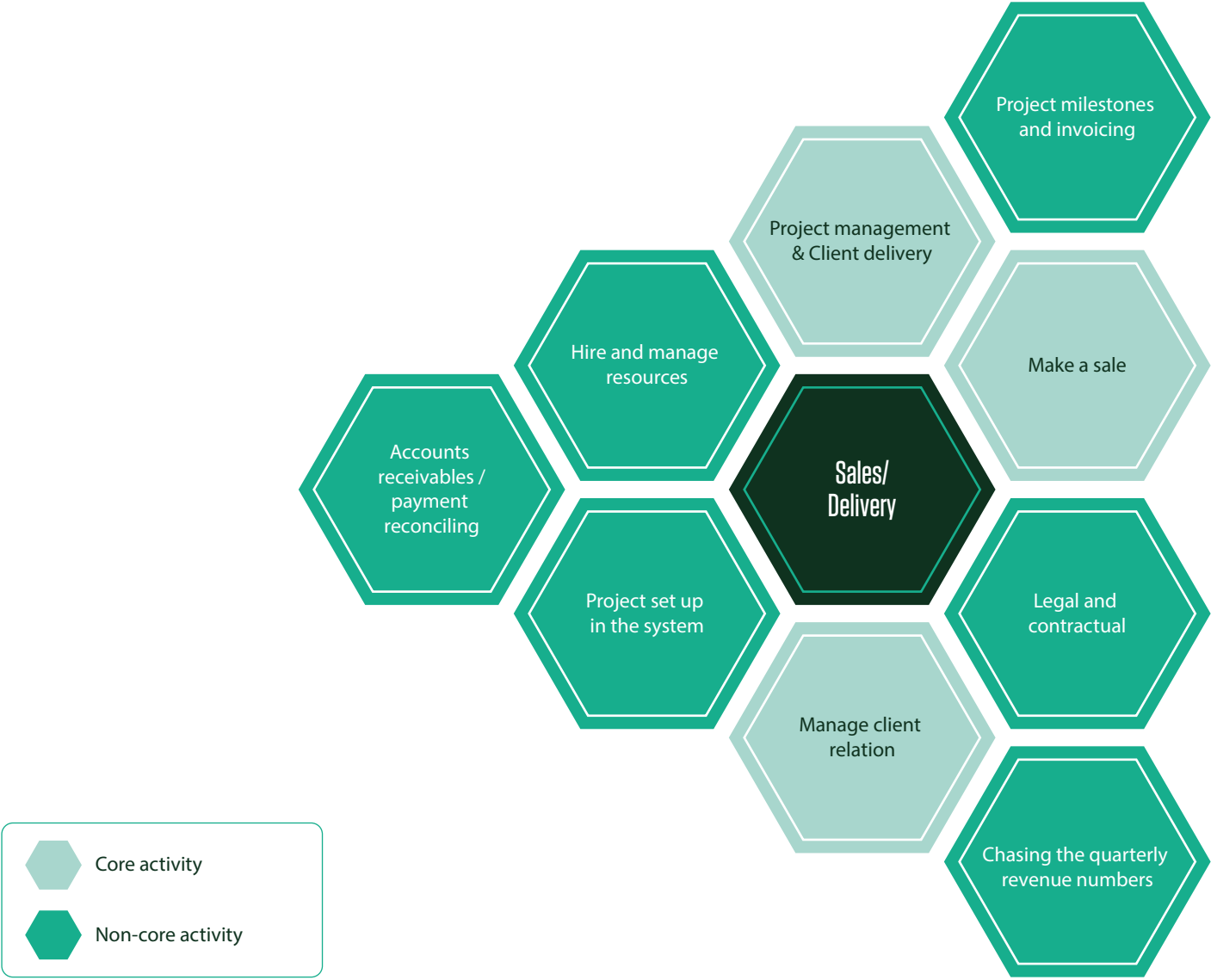


Fig 1: Core vs peripheral sales and delivery processes in the IT services industry

Historically, sales and delivery functions have involved many O2C (order to cash) processes that are non-core to the functions, in addition to other activities

such as hiring, compiling effort data, and revenue forecasting. Having a dedicated in-house team with global exposure and expertise in managing end-to-end finance

activities, sought to add immense value to the organization through freeing up these functions to focus only on core activities.

Mapping the roadblocks

Initial collaborations with the parent's sales and delivery teams gave a sneak peek into a pandora's box of issues. While services were getting delivered efficiently, the timely receipt of revenues was still a miles-long journey. The overall efficiency of these functions was challenged because:

- An inordinate amount of time was being spent on non-core and repetitive PLC activities
- Humongous effort — as much as 73%¹ of the delivery time — was spent on non-billable activities, with the project managers and sales teams burning bandwidth on tasks that were non-essential to client delivery. The absence of a centralized team to manage these tasks had pushed teams close to exhaustion.
- There were a lot of errors and rework in invoicing due to a lack of functional expertise. While project teams were technologically adept, they were completely alien to billing and other administrative processes. Approximately 100,000² transactions a month translated into great risks due to errors.
- A large number of invoice rejections and delays in timely submissions led to piling revenue at risk, revenue deferment, and mounting receivables. Often, delivery teams were either not cognizant or were not considerate of the fact that untimely submissions impacted the organizational topline.
- An absence of efficient reconciliation mechanisms in the face of mounting outstanding receivables often put revenue at risk due to the non-availability of skilled resources and other infrastructure.

¹ Workshop conducted with Infosys ENG services in May'2019

² Monthly KPI data analysis for OTR function



Transformation brings its own rewards

Using the learnings of the existing challenges, a shared services center was set up for the parent organization, building partnerships that went beyond

the traditional client-vendor relationship. Having wide-ranging experience of managing complex processes for many clients, multi-fold benefits were realized

through the NGDC collaboration to the delivery and sales functions at an organization level.

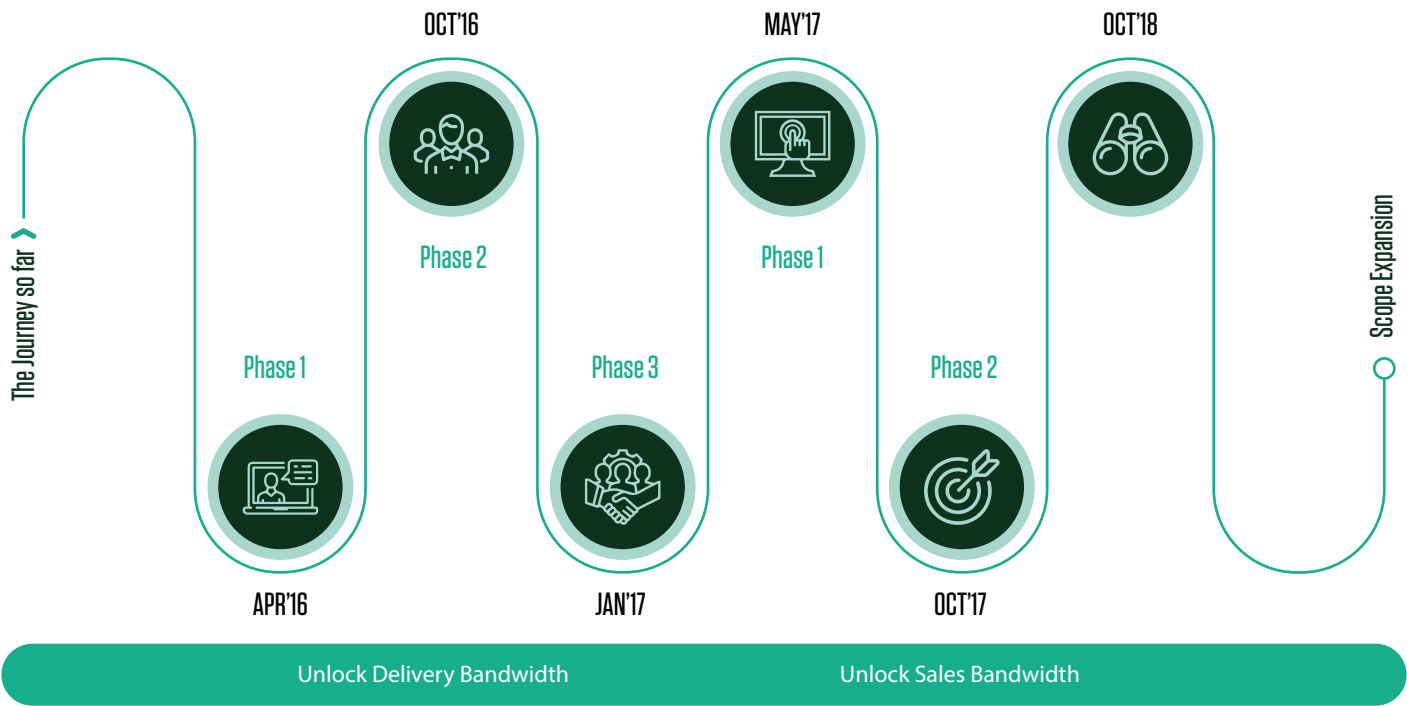


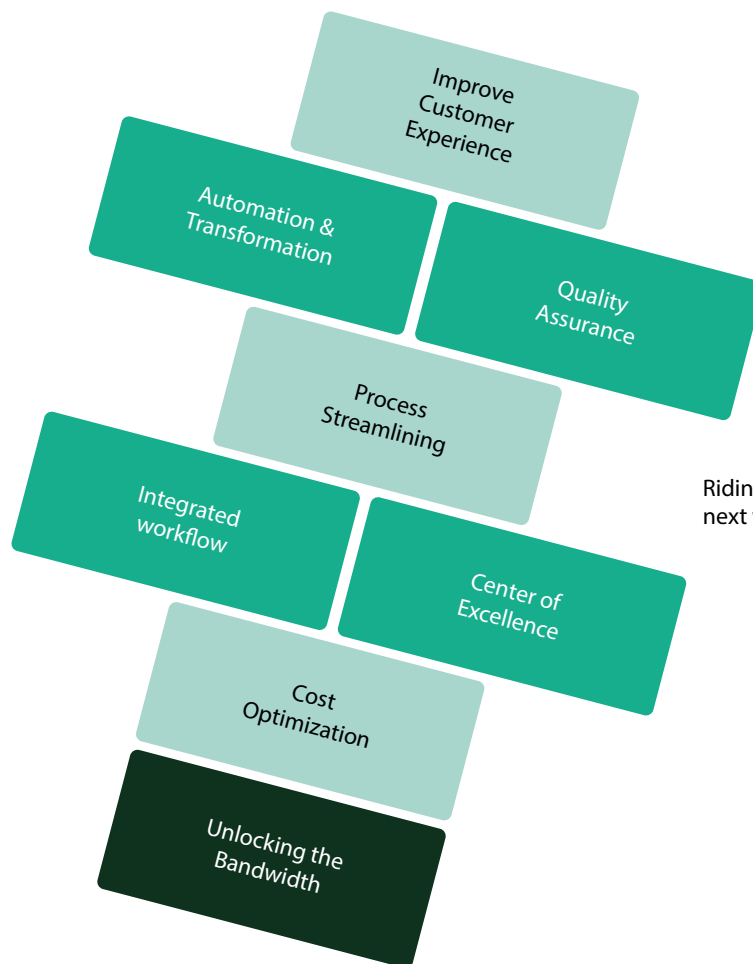
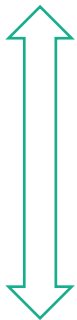
Fig 2: Shared services journey



The benefits of having the expertise of in-house shared services were apparent rather quickly. As much as 50% of the sales & delivery teams' bandwidth was unlocked for the project managers by offloading the functions' non-core and repetitive tasks to the centralized team. Along the journey, costs were also optimized by reducing overhead resources with benefits of several FTEs.



The Low Hanging Fruits



Riding the next wave



Fig 3: The low-hanging fruits and more

Apart from the low hanging fruit, a host of levers enabled the advantages of deploying the shared service approach to be manifested. Fragmented services across units were channelized through an integrated yet flexible workflow tool for better control. A center of excellence was set up to manage knowledge acquired

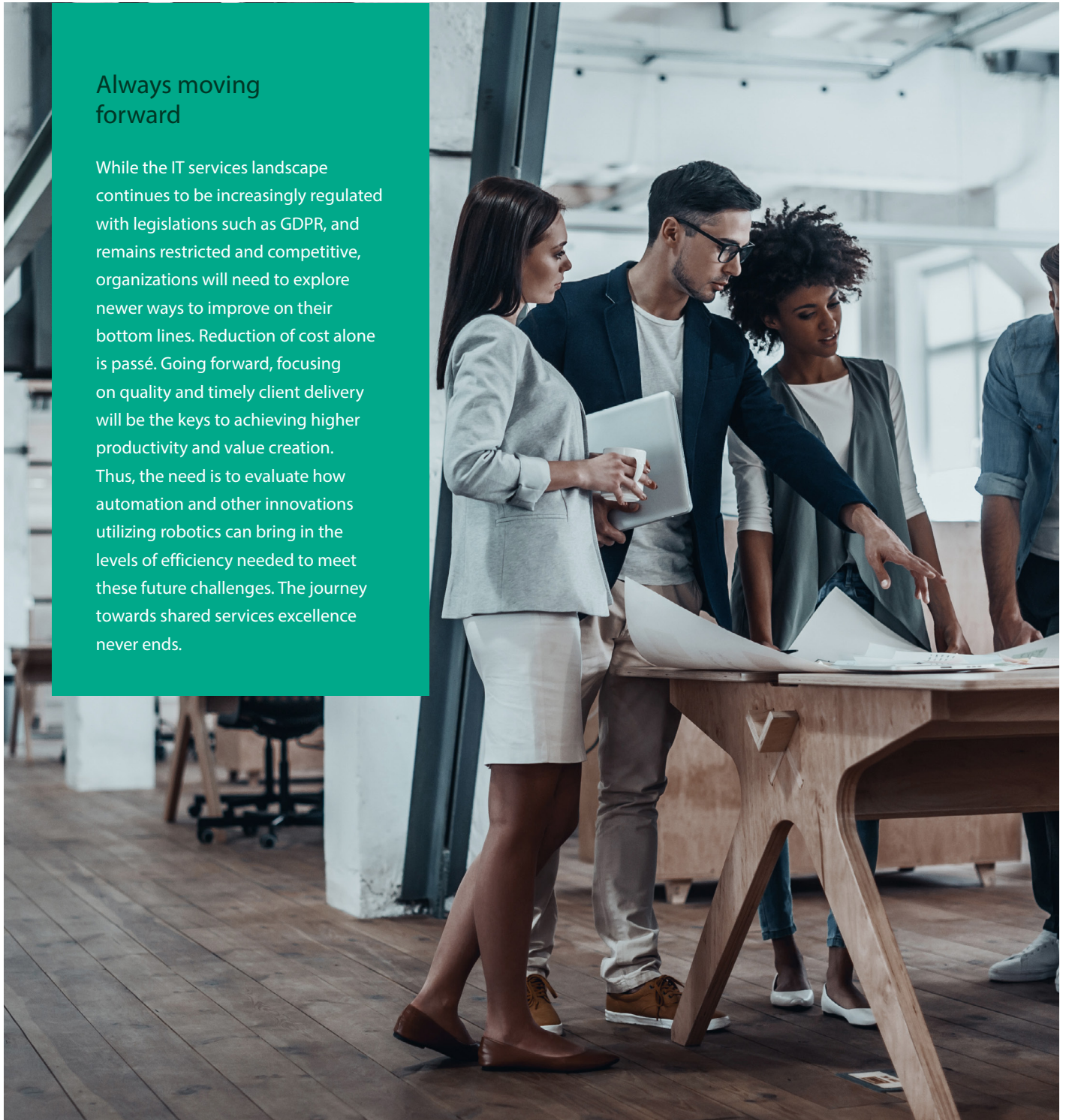
through the integration of these services, and a series of client calls and workshops helped with the sharing of deep domain expertise.

Further, processes were standardized and streamlined across the organization and mundane tasks that did not need manual

intervention were automated. Lastly, deploying a service quality plan with a governance model helped with quality assurance, and customer experience was regularly monitored and improved upon through conducting regular health checks and voice of customer surveys.

Always moving forward

While the IT services landscape continues to be increasingly regulated with legislations such as GDPR, and remains restricted and competitive, organizations will need to explore newer ways to improve on their bottom lines. Reduction of cost alone is passé. Going forward, focusing on quality and timely client delivery will be the keys to achieving higher productivity and value creation. Thus, the need is to evaluate how automation and other innovations utilizing robotics can bring in the levels of efficiency needed to meet these future challenges. The journey towards shared services excellence never ends.



About the Author



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Martin has 16 years of professional experience in business process management spanning across services, newsprint, and oil and gas industries. His area of expertise includes O2C, general ledger, FP&A, project management and Automation. Martin also has B2B marketing experience across content management, digital, and customer experience.

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Vishnu Prasad K P is a Chartered Accountant, and has been with the BPM industry for 20 years, managing large operations across the finance and accounting function, namely P2P, O2C, and R2R. He has handled the complete lifecycle of F&A operations right from solution identification, transition, stabilizing operations and has also led large transformation projects. Vishnu has completed over 7 years at Infosys BPM, and has played multiple roles including Delivery Lead – F&A and Services Head, as well as Operations and Portfolio Head.

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