

# Shared Service Centres – the Next Generation

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Summary results from a survey carried out by

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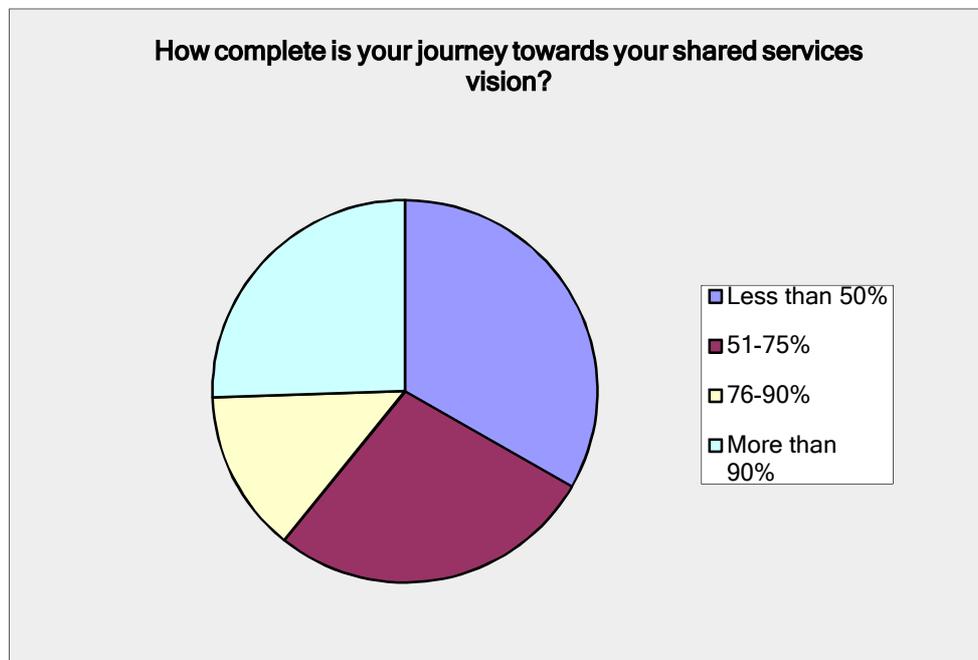
# Shared Services Strategies – the Next Generation

**“So much more to do, but so much more to go for!”**

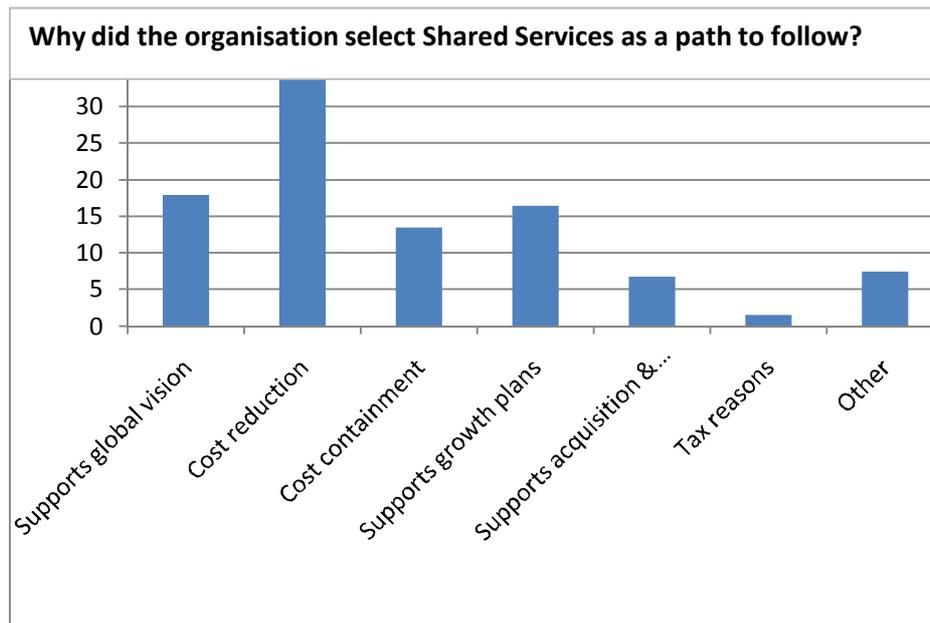
This was the number one finding in the latest survey on the subject of Shared Services, carried out by Allan Robb, Peter Charles Ltd. and B2E Consulting. The 2011 survey looked at the development of Shared Services as a concept, to understand organisations’ drivers, the main functional areas involved, locations chosen, system platforms, scale and progress, and revealed much intriguing information.

The survey, undertaken in September, used a research questionnaire format distributed using an online survey tool and received over 60 responses.

In response to the question “how complete is your journey towards your Shared Services vision?” one third of companies said they were less than halfway towards their goal, with another 40% of companies saying they were between halfway and 90% complete. So there is so much more to do to drive the implementation of corporate service functions into Shared Service centres.



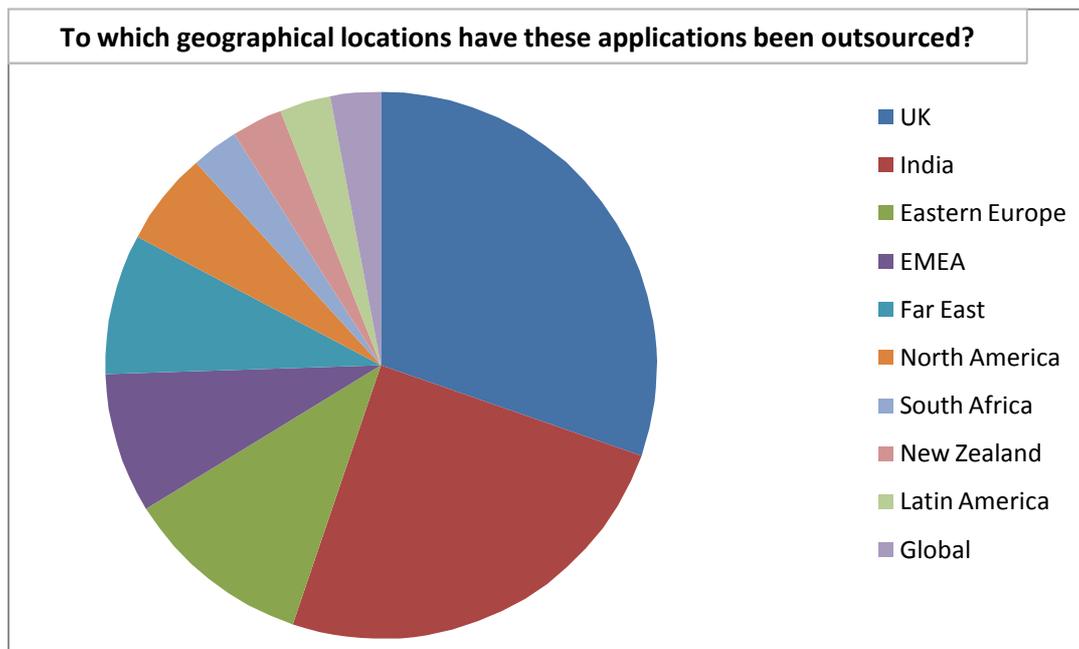
The principal driver for adopting a Shared Services approach to delivering corporate service functions, was to drive down costs. The other main reasons cited were to support global visions, support growth plans, and enable companies to acquire and divest subsidiaries.



The survey showed that HR functions are the most prevalent, closely followed by Finance, then IT, Travel and Expense processing, and Procurement. Companies are also trying to move up the value chain citing areas such as Management Reporting, Planning and Budgeting, and Decision Support.

The trend towards Outsourcing (i.e. paying an external third party to provide a service that was previously internal to the buying organisation) continues, with a number of the companies moving to outsource IT (37%), Finance (26%), Travel & Expenses processing (18%) and HR (14%).

When looking at the geographical locations where applications have been moved, the principal locations which participants cited were as follows:



In terms of scale, most of the Service Centres in the survey are still relatively small, with 44% employing less than 100 staff, 29% employing between 101 and 250 staff, 17% employing between 250 and 500, and only 10% employing more than 500 staff.

The dominance of the two major ERP suppliers was confirmed with 47% of respondents using SAP, 22% using Oracle, 23% using a variety of other packages and the balance (8%) using a variety of internally developed applications.

Similarly with reporting systems, two companies dominate. Hyperion and Microsoft secure 35% of the responses each, with 22% using other packages, and the balance (8%) using a variety of in-house solutions.

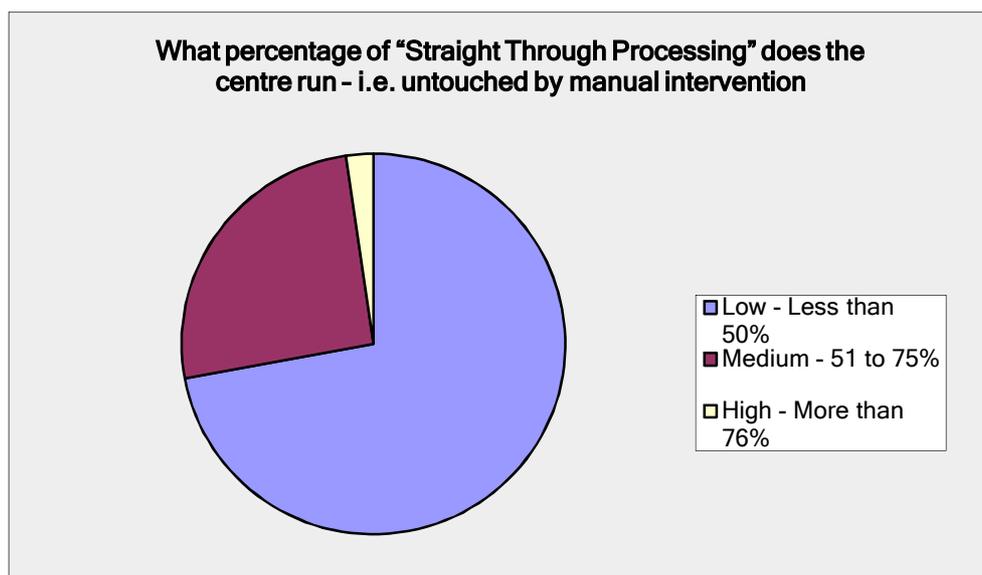
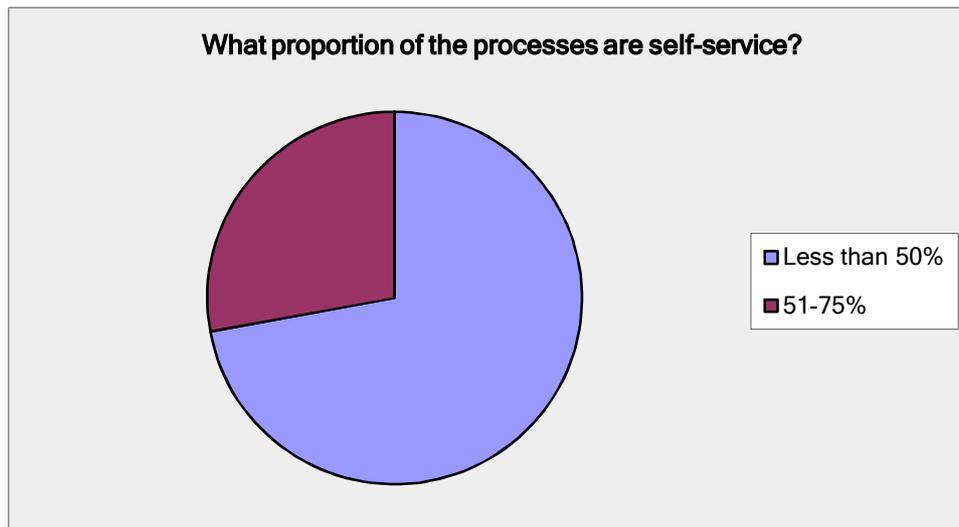
Most of the respondents had implemented some form of 'smart' technology, with 88% using 'workflow', 67% using scanning tools and 58% using OCR (optical character recognition) techniques.

The development of 'Cloud-based' technology was identified as a trend, with one third of respondents using these new facilities.

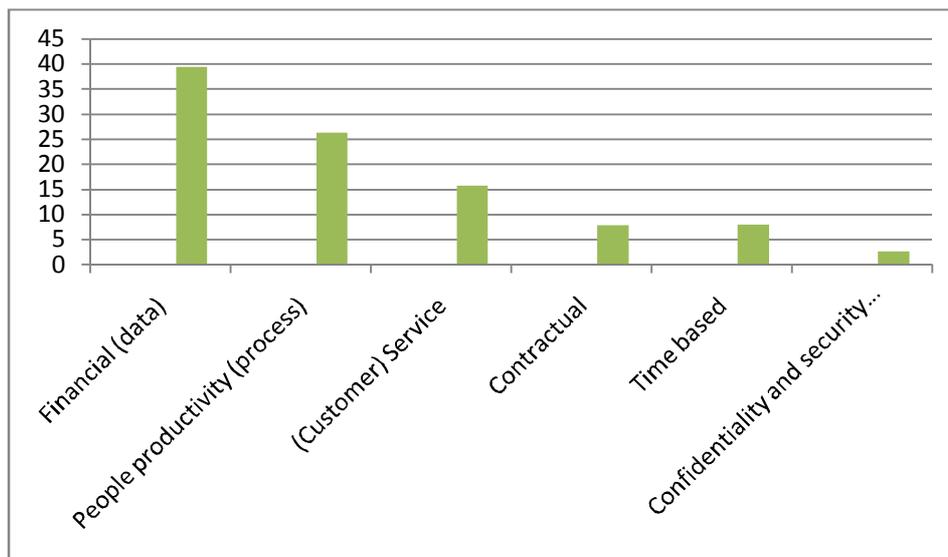
One of the key issues with Shared Service centres is the extent to which organisations have high levels of complexity and non-standard transactions. The response to this was that one third claimed to have a high degree of complexity, one third medium complexity and one third low complexity.

Similarly, in measuring and driving Compliance, 84% of companies used standard reporting methods, 61% used audit and strong controls, and 42% used Red, Amber, Green 'traffic light' systems.

Regarding the questions on self service and "straight through processing", the responses are shown on the next two charts.



On the subject of measurement, the metrics gathered on a regular basis were:



These metrics were typically gathered by team/process (75%) or by individual (25%). Examples of performance management systems in place included KPI dashboards (47%), HR/Personnel process (42%) and Customer feedback reviews (10%).

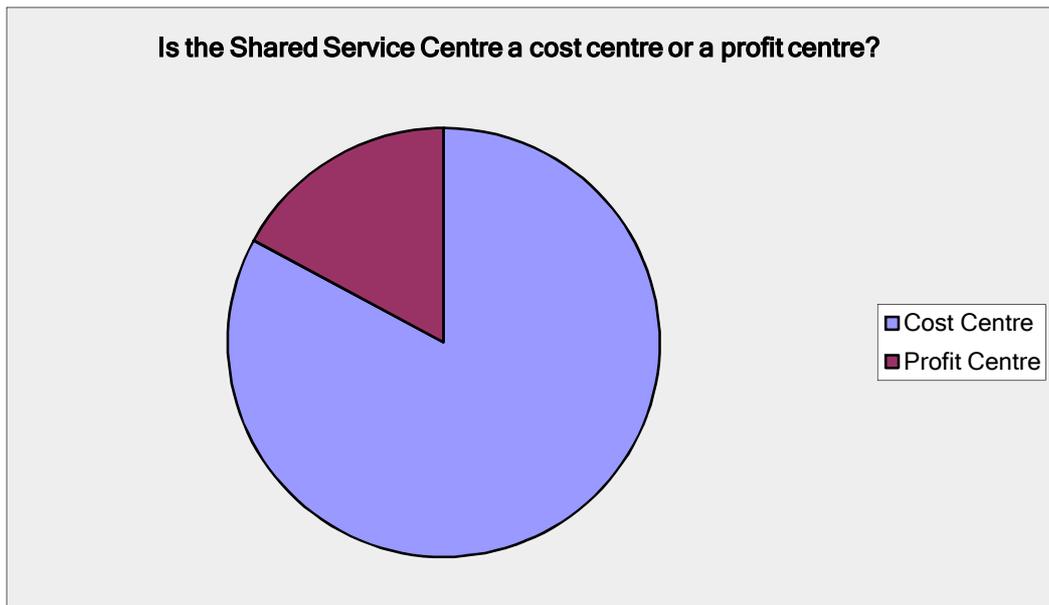
Most organisations had service level agreements in place. However, only half of them were 'two-way', i.e. requiring the users to be accountable for the quality of their part of process. Similarly, half were detailed and half rather basic – with only 15% of them contractually enforceable

When looking at the Culture within Shared Service centres, the priorities given were Customer Service and Efficiency (each with 28%), followed by Productivity at 26% with Quality (somewhat surprisingly) in fourth place at a lowly 16%.

This correlates with Company values, with Customer Service being listed 74% of the time, Excellence listed at 63%, People recognition 56% and "Right first time" at 40%. There were many other examples listed, including team spirit, responsible/excellent/innovative, communities and the environment, trust, support for equality and diversity, professionalism, proactive approach and business growth, personality and lifestyle. And finally - having "Fun"!

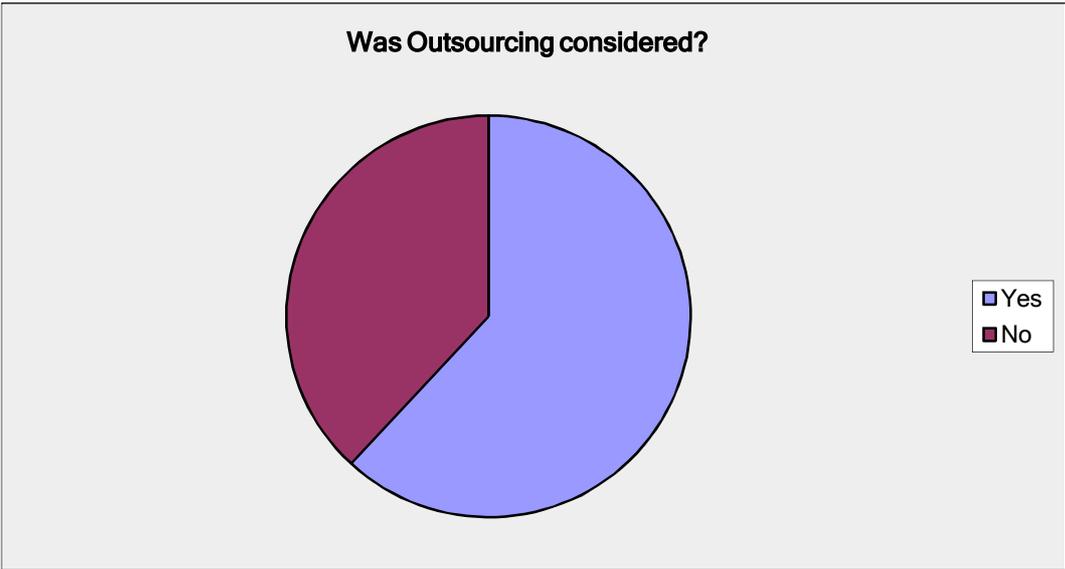
However, when asked whether the Company values were engrained only 19% said yes, with 60% replying “partially” and 21% saying no.

When asked about the accounting treatment for the operations, most were treated as cost centres.

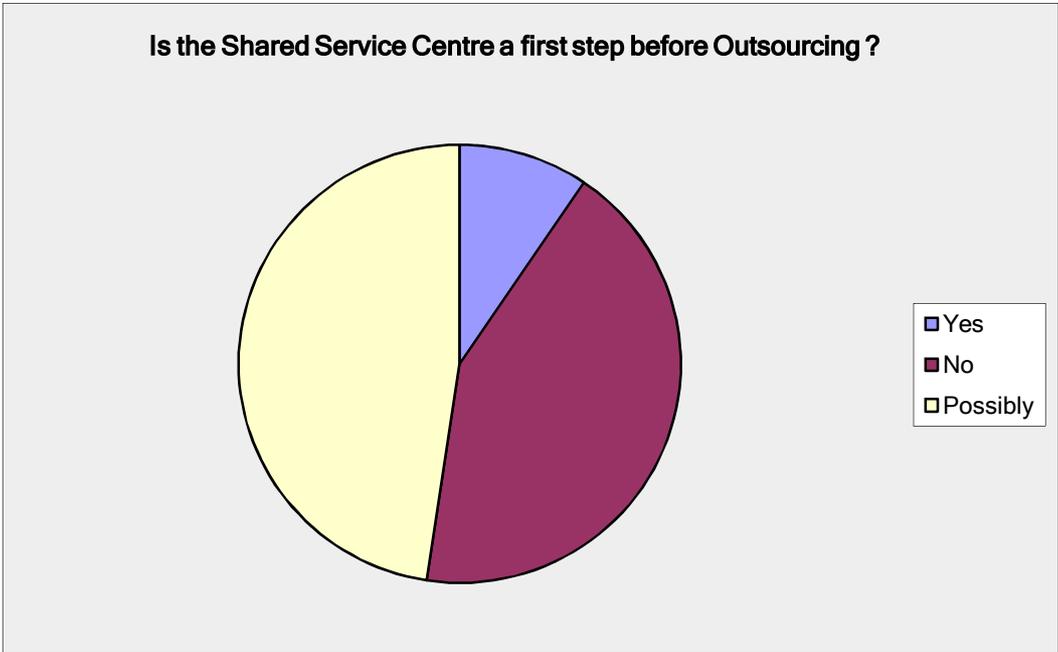


In reply to the question, “if Outsourcing was considered but not selected”, the principal responses were as follows:

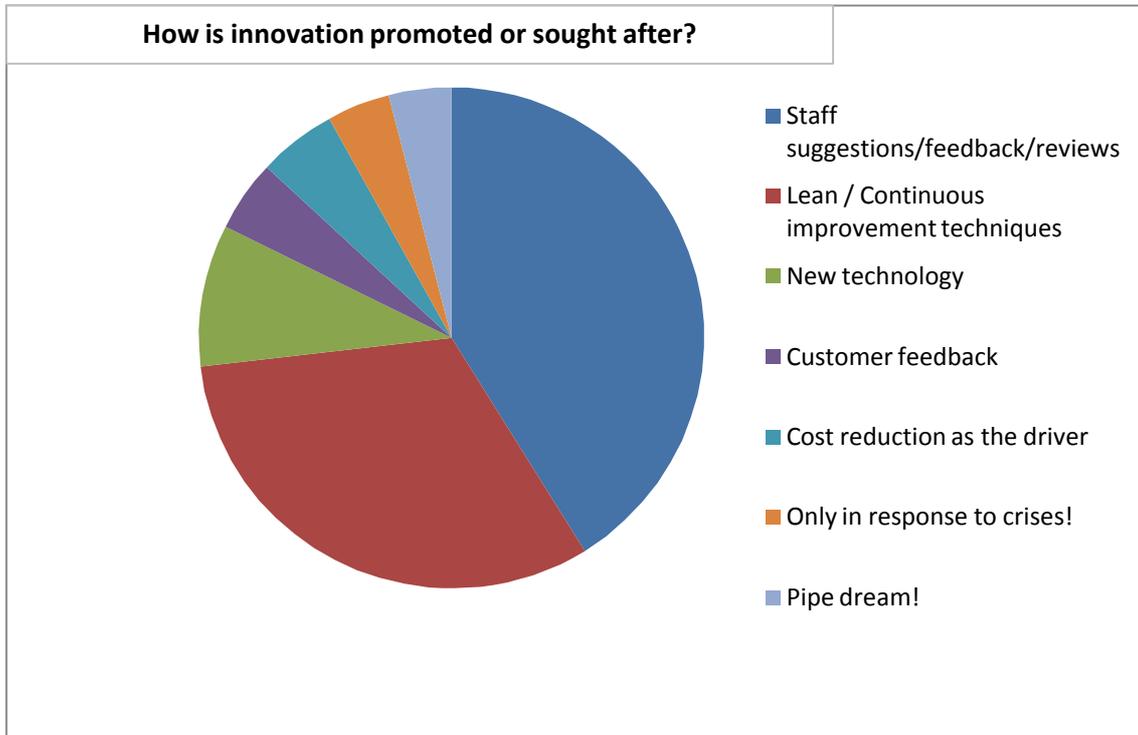
- In house Shared Services seen as a better model
- Organisation currently too complex/broken to outsource
- Poor Return on Investment
- Lack of capable supplier
- Perceived loss of control
- Perceived loss of service quality
- Perceived loss of knowledge



When asked if Shared Services was considered as a first step before Outsourcing, the replies were as follows: 10% said yes, 43% replied no and 47% replied possibly.



On the subject of Innovation and how it was dealt with, the following chart shows the majority of this came from staff initiatives and Lean/continuous improvement processes.



So, in conclusion, the results demonstrate that most companies have made good progress on the journey, but with a long way to go in terms of sophistication, maturity, adding value and driving out benefits.

Following the success of this exercise, and having now established a benchmark, we plan to refine the questionnaire next year, and to look at how organisations are further progressing on their journey towards Shared Services.