

The State of the Shared Services & Outsourcing Industry

Global Market Report 2023

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Introduction



Businesses have been assailed continuously since 2019 with few signs of a let up on the horizon as inflationary pressures and political upheavals continue to exert pressure on operations. We are, by now, intimately familiar with the term VUCA – volatility, uncertainty, complexity, and ambiguity – or what the [Harvard Business Review](#) refers to as:

...a catchall for "Hey, it's crazy out there!"

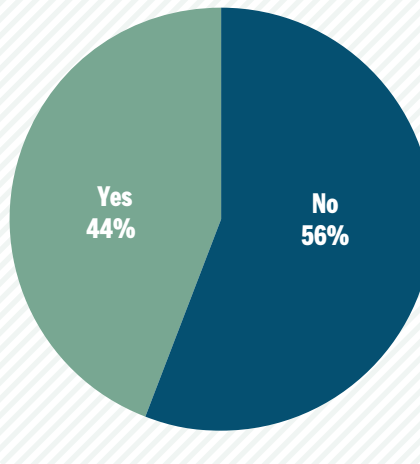
So, what does this mean for you?

It means that a review of the shared services operating model and the infrastructure supporting it is not just *necessary* but near *critical to survival*.

The crisis has been used to good effect by many service delivery executives: Weak links were solidified; gaps were plugged; unnecessary complexity removed; and the lights turned green on many technology investments. However, while the shared services engine is being fine-tuned, it's not reasonable to expect the model to pivot overnight. Indeed, our

data points to improved oversight, accountability and management while *continuing on the path shared services have set themselves to serve their original purpose*: supporting business processes more effectively and efficiently through a centralized approach.

Do political disruptions influence your location / operating model strategy?



What this year's industry survey tells us is that although SSO/GBS leaders are all too aware of the need to be agile in adjusting to market shifts, they are standing relatively firm in the face of political disruptions (which aren't necessarily impacting location or operating model strategies

directly). However, they are clearly taking steps to pre-empt further fallout.

What we see evolving is a robust model – nearly 2/3 of survey respondents are either already operating as a GBS (Global Business Services) or as a multi-functional operation servicing multiple countries/a region). In other words, the synergies promised by shared services are being reaped.

The model's influence is also growing: 60% of SSO/GBS leaders report directly to the CFO, CEO or CIO.

Given that, and the partnership approach many are espousing, shared services is firmly poised to drive not just the much-needed business resiliency, but also the digital transformation required to ensure modern business will stay abreast of its competition.

In the following pages, we examine in more detail the shifting operating model, modern workforce, impact of automation, performance drivers – and, finally, GBS as the future model of shared services.

Note: in this report, the general services delivery model is referred to as "shared services." When we want to acknowledge different shared services models, we refer to SSOs (Shared Services Organizations) and/or GBS (Global Business Services) specifically.



Global Editor

Barbara Hodge

SSON Research & Analytics

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Tom Bangemann

Head of Data Development & Research,
SSON Research & Analytics

This annual "State of the Industry" report provides an overview of the business services sector, its activities, trends, priorities, issues and solutions. A global perspective on "what is going on." While that is interesting, we also want to provide guidance on "what does that mean for me?" – and so include trend analyses over time (comparisons to previous years) to make the direction of the sector clearly visible.

The main question in times of permanent crisis is naturally: "Does the business services model survive, does it adapt, or is it replaced?" The data suggests that the model is strong, has survived a long list of difficulties and attacks, and is growing. There are more sectors utilizing it, all sizes of companies trying it, more locations offering to host it, more technologies used in enabling it, and more and more people working in it.

The business services organizations seem relatively quick to respond to challenges, even though agility can be improved. Shared services is still the best chance for a "change enabler" to help us along the famous and never-ending transformation journey. Digitization and automation efforts are significant, but results are mixed. It is worth checking why some master this better than others.

Our working environment has been redefined and redesigned, and probably will go through more fine tuning in the next years. Whether work-from-home or risk mitigation due to multiple crises, we need to enlarge our thinking and scenario planning significantly. Having more options is great, but it also reminds us of the need for clear guidance based on strategic alignment, purpose, values, and a stable moral compass.

I wish you success in navigating the business services seas!

Service Delivery & Operating Model



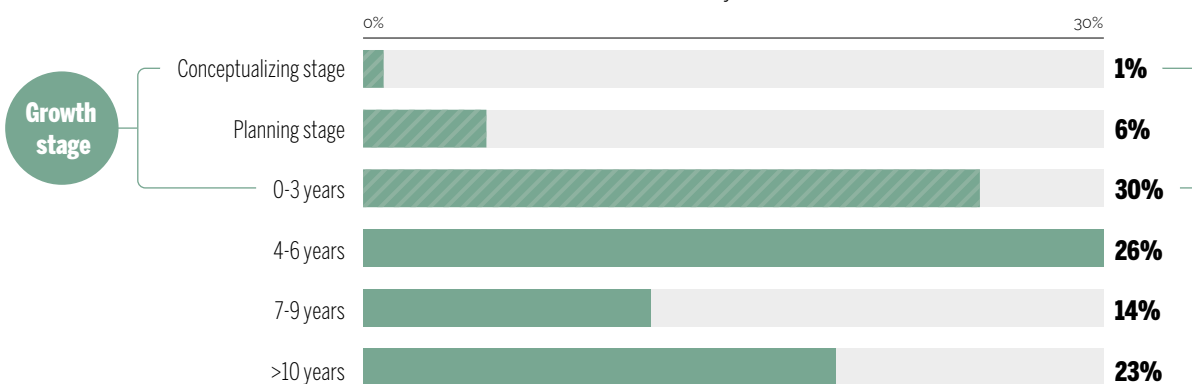


Service Delivery & Operating Model

As already indicated in the introduction to this report, we continue to see a progression in the **maturity** of the shared services model. In last year's survey and report, 30% of shared services said they had been in operation for at least seven years. This year that percentage has jumped to 37%.

Overall, indeed, we see great potential for the **continued growth** of the shared services model – nearly 40% of respondents are at the planning or early implementation (i.e., growth) stage, and 26% are at the mid-stage level (4 to 6 years). We expect to see continued and significant adoption and expansion of the model.

How established/mature is your SSO/GBS?

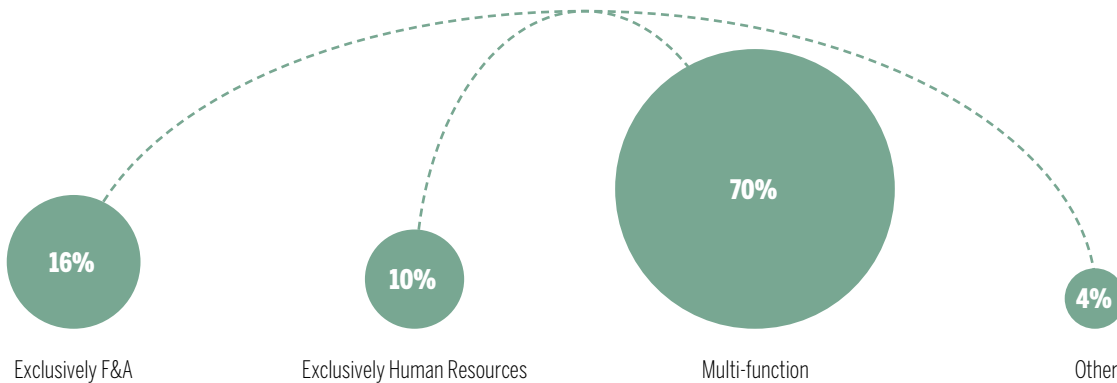


Multi-functional, Multicountry, GBS

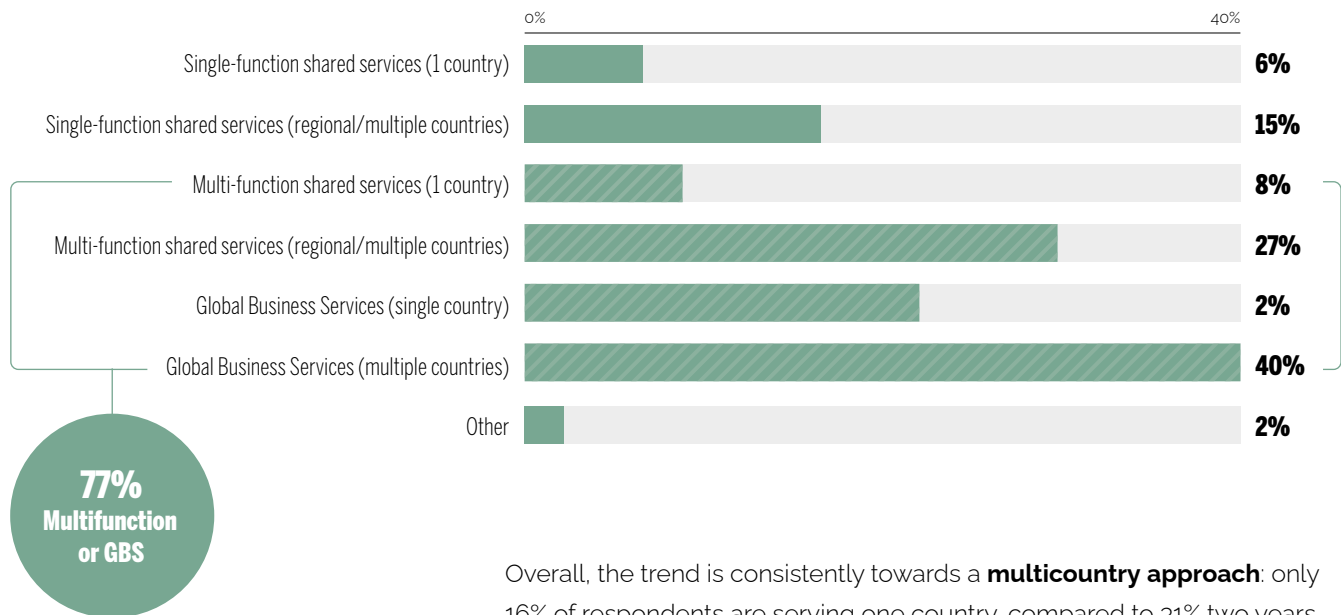
We see a similar commitment to overall maturity in terms of scope of services offered, with 70% of shared services providing **multi-functional services**, and operating models also reflect this trend: more than three-quarters of shared services are **multi-function or GBS**, predominantly serving multiple countries or regions.



What is the scope of your SSO/GBS?



What is your operating model?



Overall, the trend is consistently towards a **multicountry approach**: only 16% of respondents are serving one country, compared to 31% two years ago. To some extent, a one country model may be unavoidable – e.g., China or Russia – as some countries can only be supported via a single country approach, either because of strict regulations or language or other factors.

The data on **number of centers** points to an *optimized shared services approach*, rather than a fragmented one. More than half the respondents operate with 1-3 centers, and 35% with 4-6. The percentage of those running more than seven centers across the globe is only 12%. While one must consider exceptions relating to specific markets and customer needs, the overall assumption is that fewer centers reflect a more sophisticated model and are therefore more effective

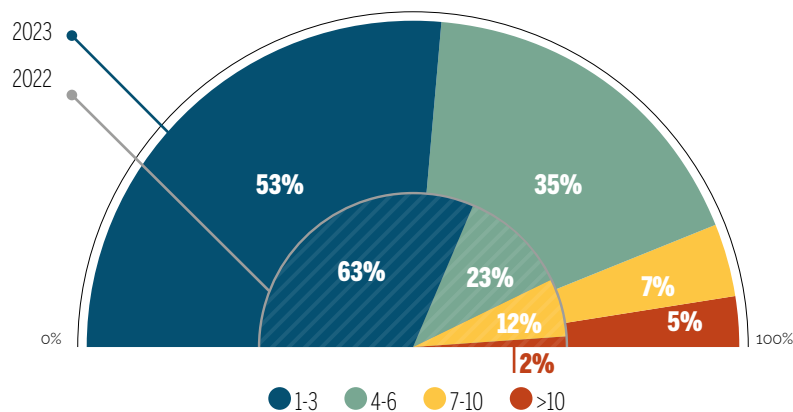
from a shared services perspective. Conversely, shared services running seven to 10 (or more) centers may simply not have optimized their services delivery model.

If we compare the survey data to that of a year ago, we see a slight decrease in the number of 7+ centers, from 14% a year ago to 12% today; as well as a drop in the 1-3 category from 63% a year ago to 53% today; and a commensurate growth in the medium 4-6 category (from 23% to 35%). This may reflect an expansion

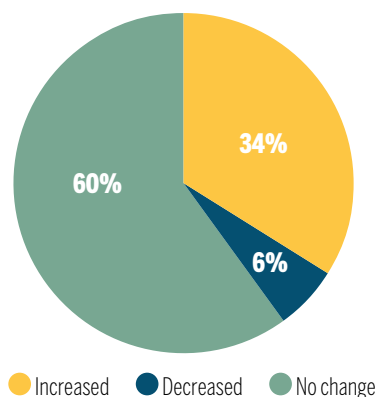
of footprint/geography as shared services took up the challenge of underpinning business operations during the past challenging years.

Further questioning confirms that although a third of the market has increased the number of centers, predominantly to support business expansion and meet cost pressures, the majority (60%) does not feel pressured to change their current setup, so the past year has not driven *significant* changes in overall center number strategy.

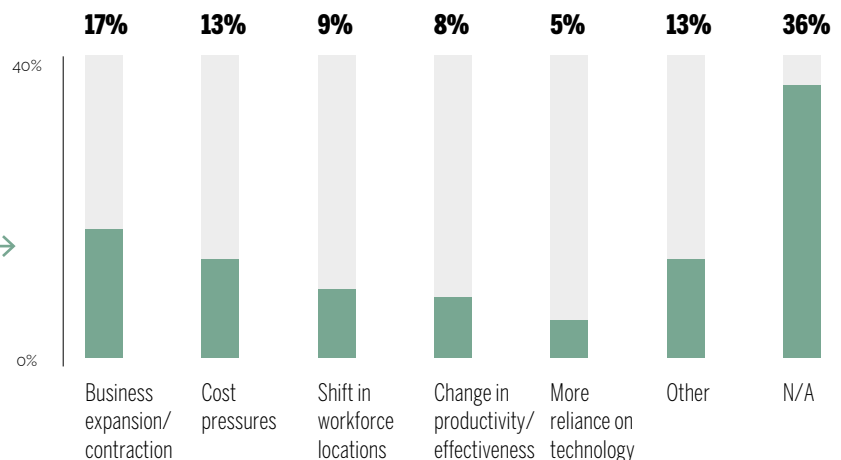
How many shared services / GBS centers does your organization run globally?



Has the total number of global centers increased or decreased over the past 2 years?



What is the main reason for this?



Expansion

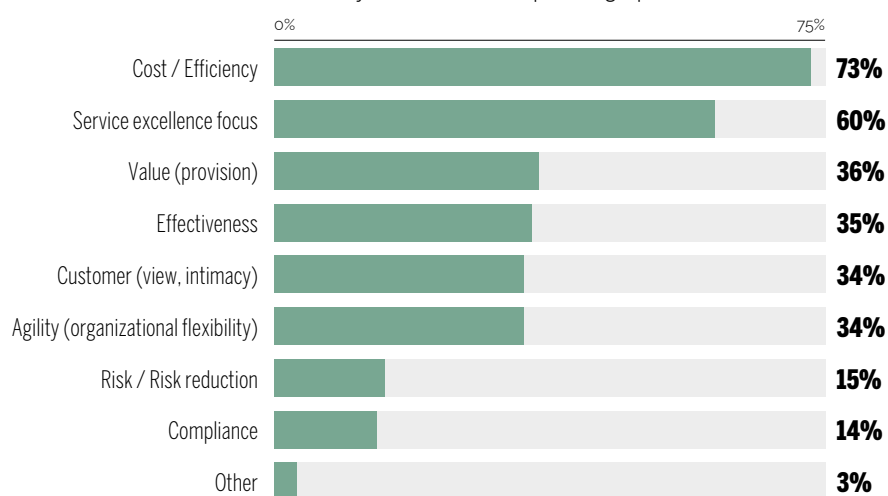
After a few roller coaster years, the shared services model has proven itself a resilient partner. Cost, no matter what people may say, continues to be the top priority (73%) according to the survey (and let's not forget the *raison d'être* for a centralized shared services model: same work for less cost, Everything else is icing on the cake).

So, what are the priorities for 2023? 'Service excellence' comes in straight after cost and is an umbrella for a broad array of measures. *Excellence* means delivering successfully and consistently against SLAs and KPI's, but it also implies a quality of service that confirms the model's value proposition. Beyond that, and significantly "less important" according to the data, is 'value' (surprising, but more on that later), 'customer intimacy' (read this as understanding your customers' specific needs and being able to support these more directly), and 'agility' (now there's a surprise, although agility is now up to 34% from its 2020 levels of 20%). If we look even further down the list, we spot 'risk' management at a mere 15%.

What we are seeing, therefore, is that the focus of shared services is still predominately *transactional*, and the opportunity presented by the recent crises has not been taken full advantage of. Many leading GBS are successfully incorporating risk mitigation and agility as critical value levers. For these mature GBS, in fact, providing *additional value* has become a priority. However, all this proves is that most of the market is at a more modest level of thinking and acting. All the more reason to track market leaders and be inspired by their initiatives. (See [Top 20 Most Admired GBS/SSO](#).)

We do, however, see a definite commitment – continued from last year – to expanding the scope of work. This year, 86% of the SSO/GBS surveyed plan to expand their scope of work in the year ahead (compared to 75% a year ago), predominantly in terms of services offered/service lines but also in terms of the geographic range.

In 2023, what will be your GBS/SSO's top strategic priorities?



Disappointing!

"While it is no great surprise, I am nevertheless disappointed to find that after more than a decade of transforming SSO/GBS, with the intent to deliver value-add to the organization by focusing on Business Outcomes ... the majority of respondents still say cost is their biggest priority. Does this mean that we have not moved an inch during the last decade, and that the SSO/GBS play is in truth mainly a cost play? In addition, only 29% see Customer Experience as their top priority. GBS leaders: Wake up! To survive and succeed, our Operating Models must evolve to be organized around Employee Experience and Customer Experience. There is no other way."



Maciej "Magic" Piwarczyk

Global GBS Executive
and SSON Global Advisory
Board Member

Platform-based delivery

Over the past year we have heard more about automation platforms and the idea of offering scalability and agility through platform-based delivery. We now see this expanding to services overall: 81% of SSO/GBS believe the “as a platform” approach is key to delivering added value.

81% think offering “services as a platform” is the key to delivering more value-add

“Services as a Platform is about the idea of implementing more flexible structures in the shared services delivery environment – and moving away from “hardwired” fixed connections between delivery locations and customers. Effectively, this means changing to a distributed services network by implementing elements of a platform. We call this “platformization”. It is supported by a strong digital backbone to support features like automated work package routing and online translation, just to offer two examples. It promises much more.”



Kai-Eberhard Lueg

Chief Operating Officer,

Global Business Services, Siemens AG

Member of SSON's Global Advisory Board



More Service Lines

What is indisputably *different* is the sheer *range* of services that SSO/GBS deliver to their business customers today. A year ago, procure-to-pay (P2P) topped the list with just over half of the SSO/GBS surveyed confirming they provided P2P services. This year, that segment has jumped to 69% (followed by order-to-cash (O2C) and record-to-report (R2R)). Finance processes still lead, but half the respondents are also offering hire-to-retire (H2R) to their enterprises.

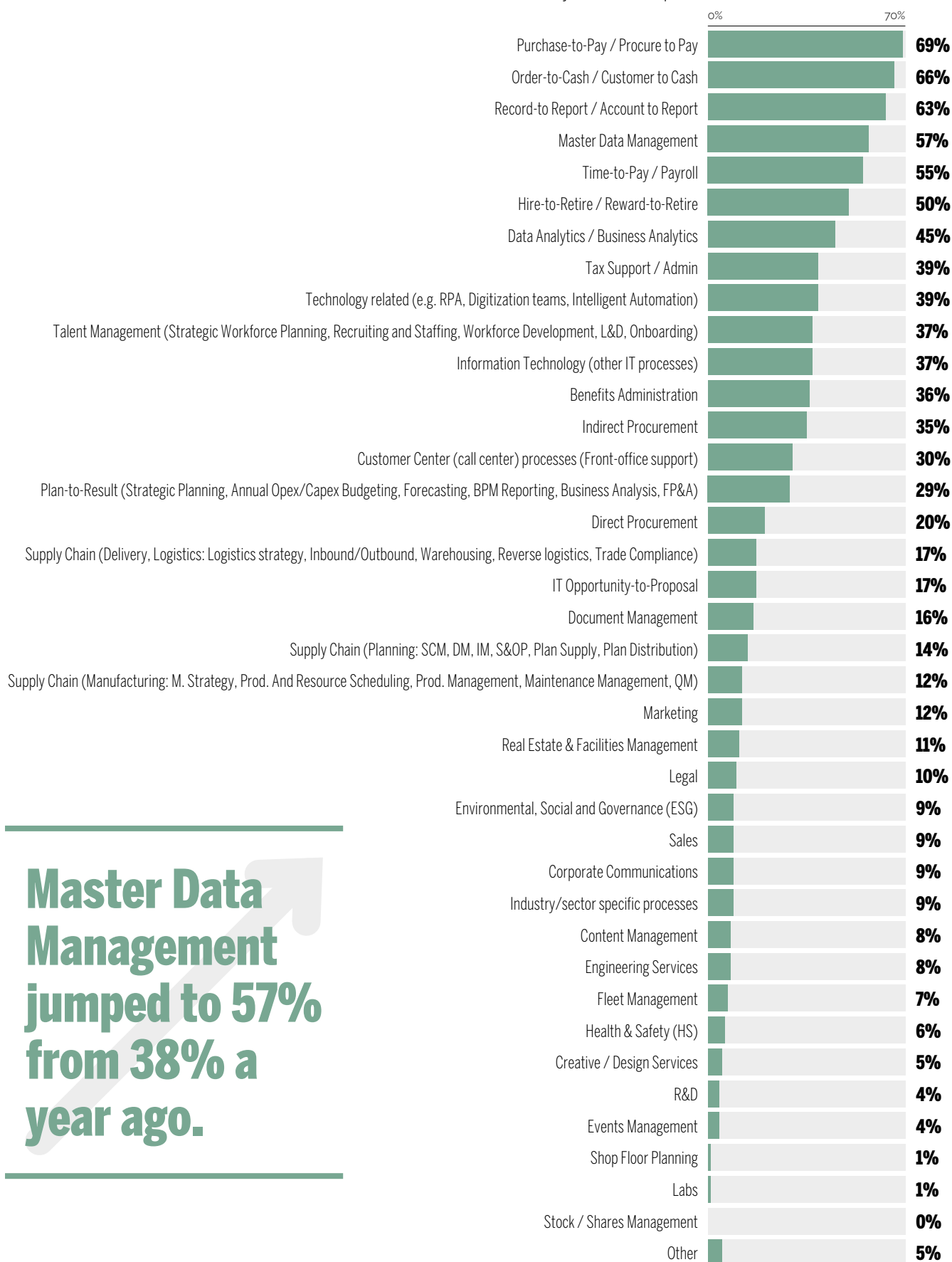
Talent management, as a service, has jumped from 24% last year to 37% this year; nearly 40% of shared services are providing tax support and administration; and 20% support direct procurement (compared to 35% supporting indirect procurement). Supply chain services are significant – the survey broke this down across manufacturing, logistics, and planning, with the greatest activity seen in logistics.

Also interesting to note, given the increased popularity of the “services as a platform” strategy, is that 40% of shared services are today offering automation-related services (see sidebar).

Analytics has held steady at 44% over the past year, but master data management jumped to 57% from 38% a year ago.

Another notable is the inclusion of emerging requirements like Environmental, Social and Governance (ESG), currently in scope for one out of 10 shared services centers (see sidebar p12).

Which of the below listed services/functions does your SSO/GBS provide?



Master Data Management jumped to 57% from 38% a year ago.

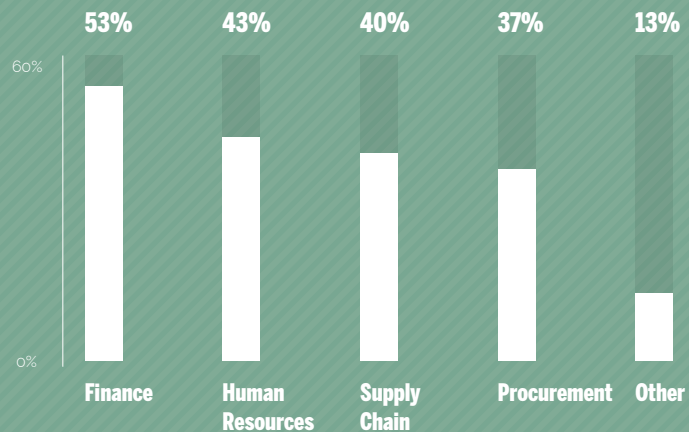
ESG

Environmental, Social, and Governance has emerged on the agenda, and quickly accelerated as a result of the stresses induced by the pandemic and virtual operations. While it's still early days, more than half the respondents to the survey are either already supporting the ESG initiative or will take this responsibility on soon. Stay tuned for more on this in the year ahead.

52%

confirm their SSO/GBS is responsible for supporting the enterprise's ESG (Environment, Social and Governance) initiative

If yes, which enterprise functions are being measured?



One final, but perhaps important, point.

While most of the discussion around shared services assumes an *ownership model*, this masks the fact that more than 70% of SSO/GBS include elements of a landlord model in their operations. In other words, they provide facilities management, administrative services, HR services, metrics, and infrastructure through a centralized location, while the business retains "ownership" and responsibility for delivery. Effectively, this is about offering multi-functional, integrated services without actually owning the people, processes, or even the technology. It's what Deborah Kops, Global Advisory Board member of SSON and Managing Principal of Sourcing Change calls "[a lighter touch](#)" GBS model. It counters the idea of global process owners, and

therefore may seem to give up on the synergies and efficiencies we generally associated with GPO roles, but as Deborah puts it: "*Does an enterprise business services platform only create value when it's soup to nuts? Why can't a business tenant reap some of the value without ceding all control? We think hybrid when it comes to effectively combining in-house and third-party services delivery – why not extend the definition of best practices to encompass more than actual process ownership – we deliver business outcomes, and we also help other parts of the enterprise become more efficient by leveraging the [proven] delivery model.*" (See also sidebar on next page.)

A fair point, and something to consider this year.



Why might you consider embracing a hybrid ownership model?



What the business may need now - If you are not sleepless about the challenges your enterprise—and by extension, your GBS—will face in 2023, you ought to be. Propping up margins through cost reduction will likely be the enterprise's major obsession. Smart GBS leaders pivot away from a 'my way or the highway' stance to give the business any relief possible and facilitate the offshoring of processes that provide near-term business benefit.



Easier to implement; a quick win - Landlording as part of a hybrid operating model may give new meaning to the concept of lift and shift. The tenant business will take care of restructuring, process documentation, knowledge capture and resource design. All GBS has to do is play the role of good partner...and host.



Leverages GBS infrastructure and capability - COVID sharply reduced facilities demand in service delivery locations. Why not leverage both assets-- empty desks-- and embedded capability—such as HR, IT, and others—to get a higher return and increase the utilization of a GBS hub?



Sets GBS up for additional scope - Think of a hybrid model as a less aggressive approach to expanding scope. Once GBS provides housing and services to a business function, the next logical step, assuming good performance—is a turnkey operation.



Reduces risk - Often, in the play for scope, GBS organizations cast risk to the four winds. On paper, it's conceptually great to extend the model to encompass the processes that underpin highly technical research and development, or critical engineering documentation, but if certain conditions are not in place such as the right talent, controls/governance, process understanding and business sponsorship, GBS can be looking in the face of potential failure. Unfortunately, failures have a knock-on effect, breaking trust and creating a situation where GBS scope unnecessarily contracts, setting the model back years.



Absorbs cost - Transfer pricing charges—if it is part of the GBS funding protocol—are not static. Being able to spread the cost over a greater number of stakeholders gives relief, a great message in a recession.




Eliminate perception of empire building - Looking around at deconstruction of GBS models, certain trends repeat each other time after time. One of the most common is "too big, too fast." When leadership, business conditions or the enterprise operating model changes, GBS empires that are not hard-wired into the organization design are ripe for decimation. Who is going to argue that the GBS is too big when some of the scope comes from tenants? A hybrid owner/landlord model may be the perfect strategy to ensure GBS survivability and promote growth, and a win-win for the enterprise.



Gives the business a try-before-buy - In a landlord model, the business does not have to go all-in immediately, but receives some of the benefit, giving GBS the opportunity to demonstrate the value of an ownership model. Success is a compelling advertisement.



Extract from: [Why "Landlord" is Not a Dirty Word](#) by Deborah Kops, Managing Principal of Sourcing Change and Global Advisory Board member of SSON.



Future of Work & the Workforce

Future of Work & the Workforce

One of the most pervasive trends over the past years has been the shift in the *workforce*. As *virtual* and *remote* work has become common place, organizations have been at pains to introduce new future of work strategies and implement relevant measures. It's a new world we are all navigating, but the transitions it portends are fairly instrumental in redefining modern corporations, and how work is done.

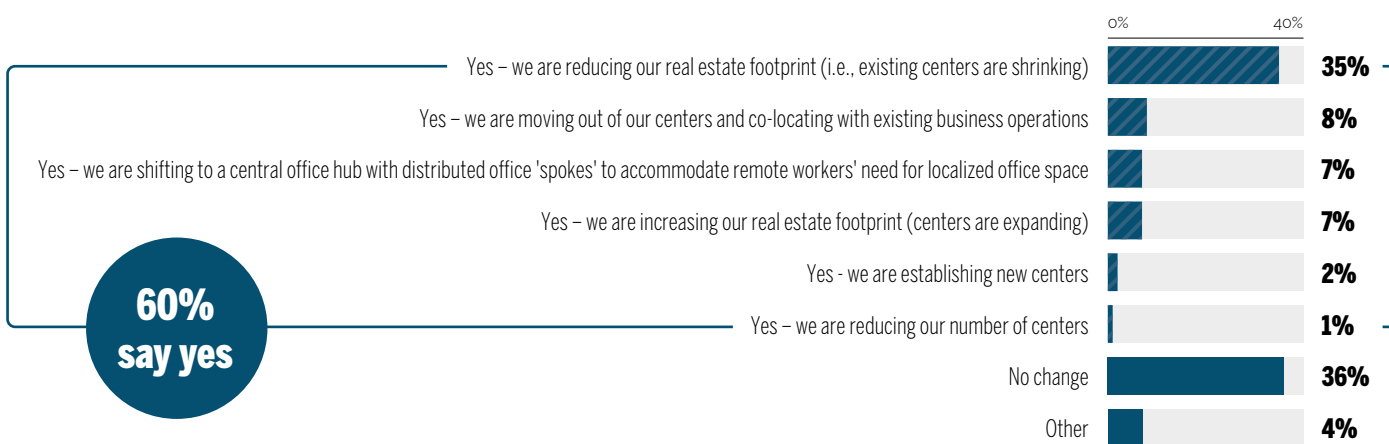
The Office

Having lain empty for at least a year, we are seeing tentative moves to reconsider and optimize office space again. Altogether, 64% of survey respondents confirmed their office space strategy had changed as a result of the pandemic. More than half confirmed they are pursuing a *reduced or consolidated approach* to the number of shared services centers they run, and some have taken steps to co-locate with existing business operations or shift to a hub-and-spoke model to accommodate remote workers' needs for localized office space. And while the

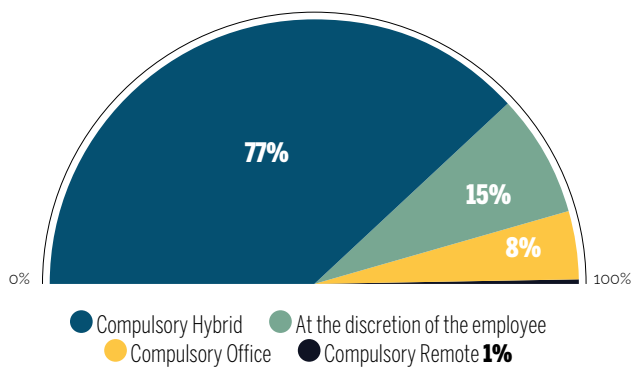
needle seems to have settled on 2-3 days enforced in-office attendance, with hot-desking increasingly the norm, the truth is that there is a spare capacity. Another reason to consider landlord arrangements, see above.

The current office strategy is overwhelmingly and compulsory hybrid (77%). Only 15% of shared services allow employees to determine their workplace entirely, with most having instituted a policy.

Has the pandemic/future of work affected your office space strategy?



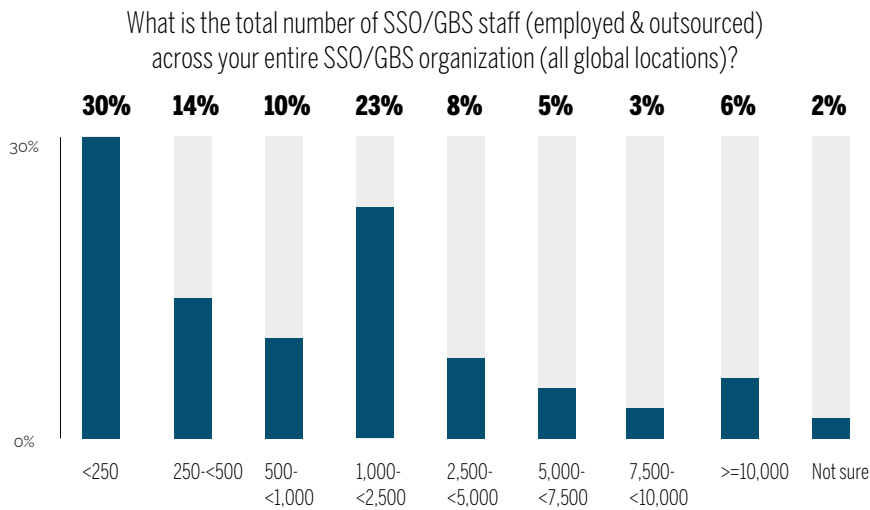
What is the current arrangement with SSO/GBS employees?



The Workforce

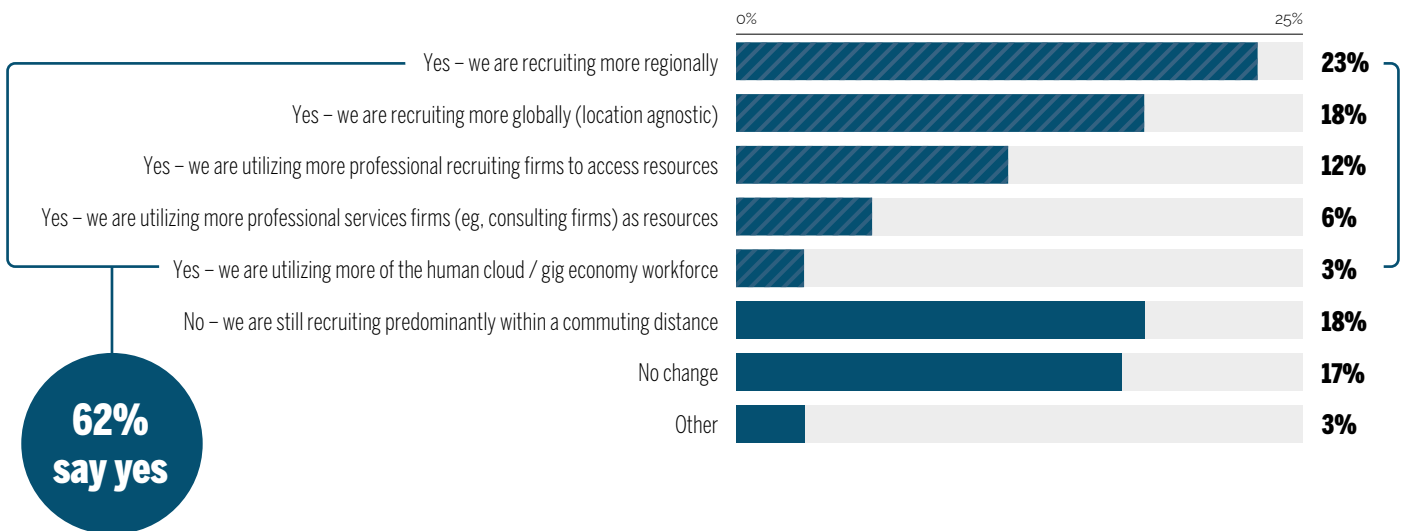
Let's start with the numbers. Shared services employ a large and growing number of employees. While nearly a third of respondents (30%) fall into the under-250-employees category (across the entire organization), 41% employ between 500 and 5,000 staff.

In addition, 14% have more than 5,000 employees within their global shared services operations.



But, given the changes in working habits over the past years and the expansion of tech-driven transactions, how and where are these employees being recruited today? The pandemic has indeed wrought change: More than 60% of respondents have, as a result of the pandemic, changed their recruiting strategy (up from 53% last year) – predominantly by recruiting more regionally and even globally.

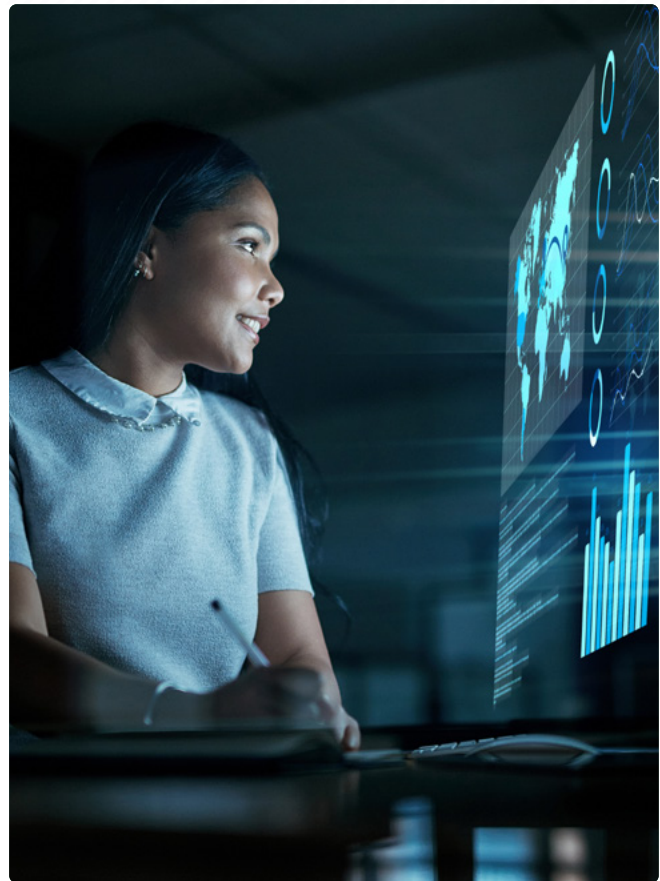
Has your recruiting strategy changed as a result of the pandemic/future of work trends over the past 2 years?



This reflects the clear shift towards “work from anywhere” (WFA) which more than half the respondents indicate. Of these (i.e., those committed to WFA), 42% confirm that they are *reassessing their location strategy as a result*.

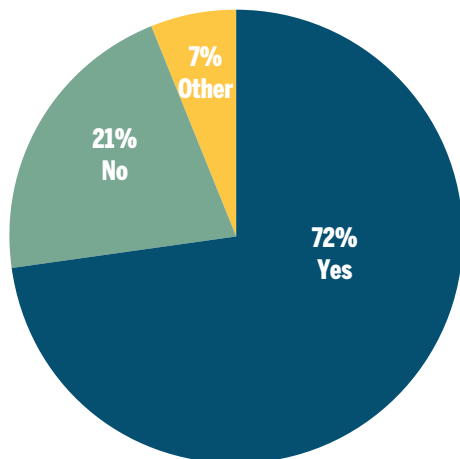
On the other hand, it’s also interesting to note that 46% seem resolutely set against a work from anywhere policy.

Are you considering adopting ‘work from anywhere’?
And if yes, will it influence your location strategy?



One of the challenges our surveys have unearthed over the past years is that there is a *skills shortage* alongside a *talent shortage*. And while 73% of respondents have implemented personal development pathways for shared services staff specifically, it is important to maintain a view on this, as we consistently see a gap in talent relating to certain skills and capabilities.

Does your organization outline personal development pathways for shared services staff specifically?



The biggest change our survey unearthed in terms of the skills leaders are seeking is the dramatic drop in priority of automation-based skills, which were #1 at 58% a year ago but only in 5th place, at 39%, this year. This could reflect the fact that skills have been ratcheted up internally and are no longer in such short supply; or that shared services are leaning on their technology partners to fill the gap. Another factor could be the increased adoption of citizen development and no-code/low-code automation technology, which simply does away with the need to have a greater depth of understanding.

Other notable shifts are in process design/continuous improvement (at 58%, up from 55% a year ago), data analytics (at 42%, unchanged), problem-solving (at 42%, up from 33% last year), and customer experience (at 40%, unchanged).

Work from anywhere

"The trend of "work from anywhere" is a fact and cannot be stopped. The question is, where will it lead us? Many say that it will lead to location agnostic models. This may mean that GBS professionals, e.g., those currently in Central Europe, could be alternatively sourced from cheaper locations since location as the key factor to keep a Central European workforce will be gone. In other words, many people in more expensive locations could lose their jobs. Plus, our pay rates eventually could be blended, i.e., people in the same roles will be paid the same, independent of where they are located. You can guess which direction this change will take ... assuming cost is the #1 priority for GBS organizations, as the survey states.

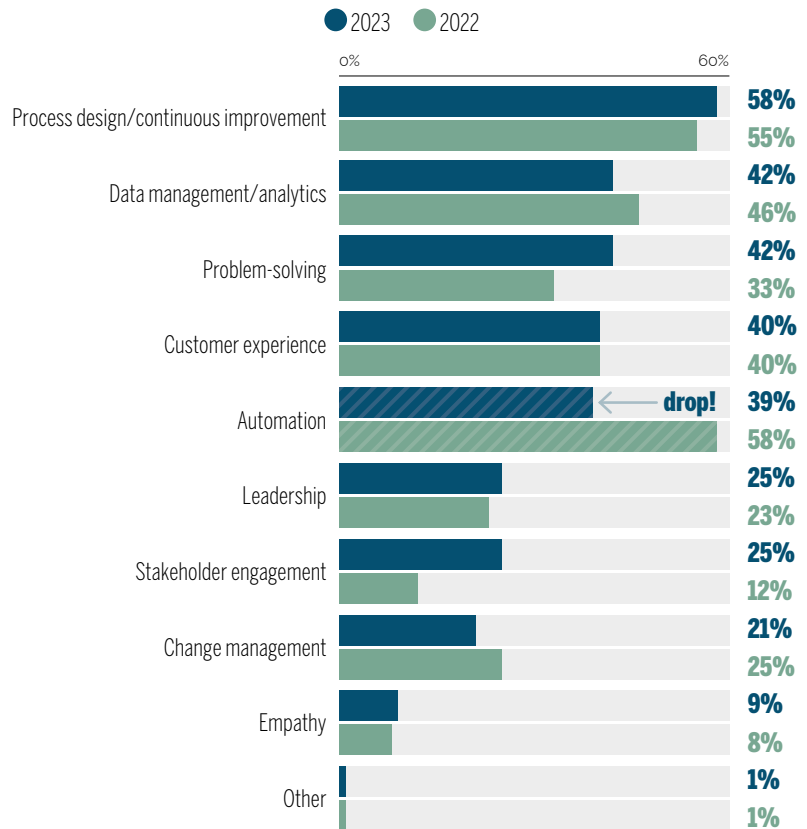
Others say that work from anywhere will be a killer to innovation, which is key for the continued evolution of shared services. Human beings need physical interactions to drive creative solutions and innovation. Time will tell which path we'll take."



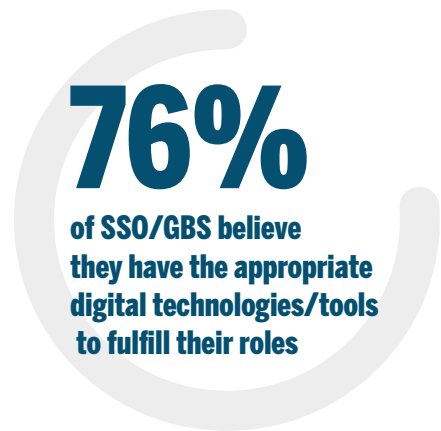
Maciej "Magic" Piwowarczyk

Global GBS Executive and SSON
Global Advisory Board Member

What are the top skills you are prioritizing right now, in terms of recruitment and training?



So, while the data tells us that ¾ of shared services consider their teams to have the "appropriate digital technologies and tools" required to fulfill their roles – there nevertheless appears to be a gap that is not yet filled.



Attracting Talent

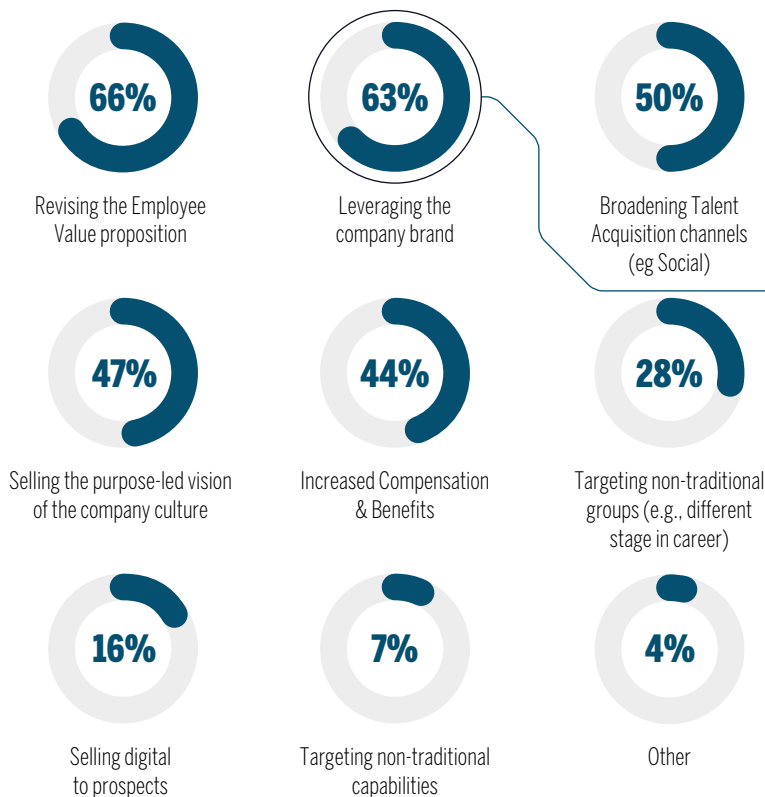
The success of any organization depends on the talent it can attract (and hold). Shared services have risen to the challenges of the marketplace and taken the bull by the horns. Two-thirds of SSO/GBS are leading with a revised *employee value proposition* (EVP). Perhaps organizations have realized that competing on compensation alone (which ranks only 5th in terms of strategies to attract talent) isn't, after all, an effective approach – certainly not in retaining staff. EVP is nothing more than listening to and responding employees' expectations, which has become more significant as talent is tight for certain markets, roles and skill sets.

Other leading initiatives involve leveraging the company brand and broadening talent acquisition channels to include more innovative social channels, for example. Nearly 30% of shared services are also targeting non-traditional groups, which could include retirees. Less than half are trying to win the game through compensation and benefits (44%).

More interesting, perhaps, is that only 16% are promoting "digital," whether that be through tools or the environment, as an inducement to potential employees. Perhaps they are either not there yet or it is something potential employees take for granted.

This is worth pointing out because nearly 40% of SSO/GBS recognize that technology is important in attracting the younger demographic (Gen Z) and we see efforts to ramp up in this area. Still, the overriding motivation for potential Gen Z employees is clearly a hybrid workplace (80%) and flexible hours. At the same time, the second most important criteria for this demographic appears to be "organizational culture", and we see a commitment to diversity, equity and inclusion clearly sought after." (See sidebar on page 21.)

What efforts are you making to attract talent in general?



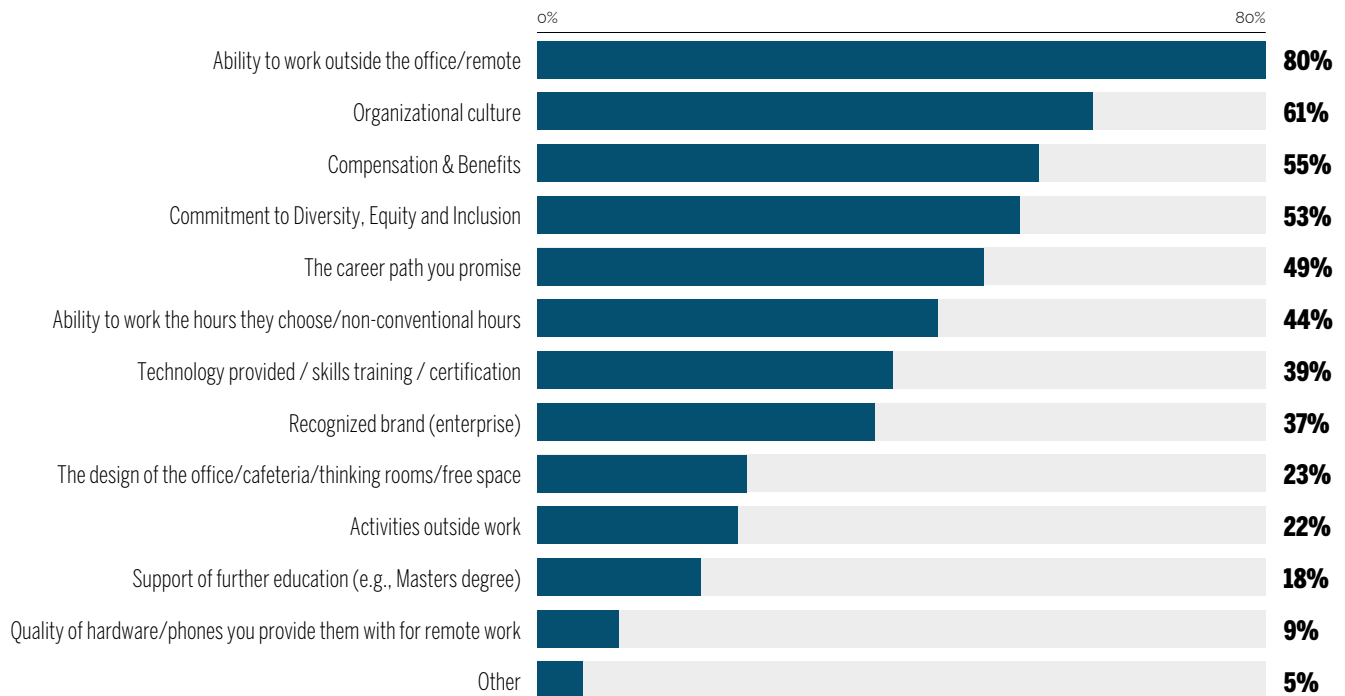
Do you understand the power of "branding" your SSO/GBS?

For the first time, we are leading critical research into how SSO/GBS branding impacts talent management, reputation, and transformation.

Please take part in our survey here

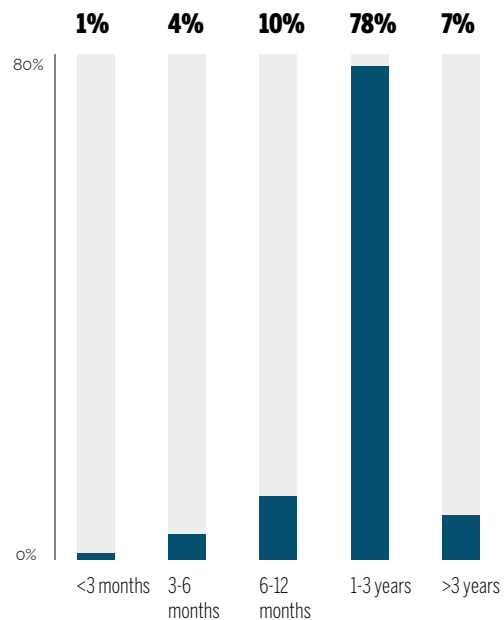
www.surveymonkey.com/r/ZXT6N3G

In attracting a more self-aware, remote-based younger workforce demographic (Gen Z), what key elements are they are looking for? What do you believe motivates this demographic?



However new talent is attracted, keeping it is still a challenge. And while many consider a first job a steppingstone, it's clear SSO/GBS is not building a robust talent pipeline from the bottom up. What has not been solved is how to funnel this group into long-term careers in the company. More than 90% of shared services expect this incoming demographic to leave within three years. Seen from this perspective, outsourcing work, or hiring gig workers might be an attractive option for specific activities, if the benefits of knowledge gaining and relationships cannot be leveraged longer term. So, might gig play a bigger role in future, based on this data? It also seems to indicate a certain "giving up on talent." If shared services are not investing enough in technology to compensate, they risk setting themselves up for failure.

Retaining this younger demographic is proving challenging. Realistically, based on your experience, how long do you think they will stay?





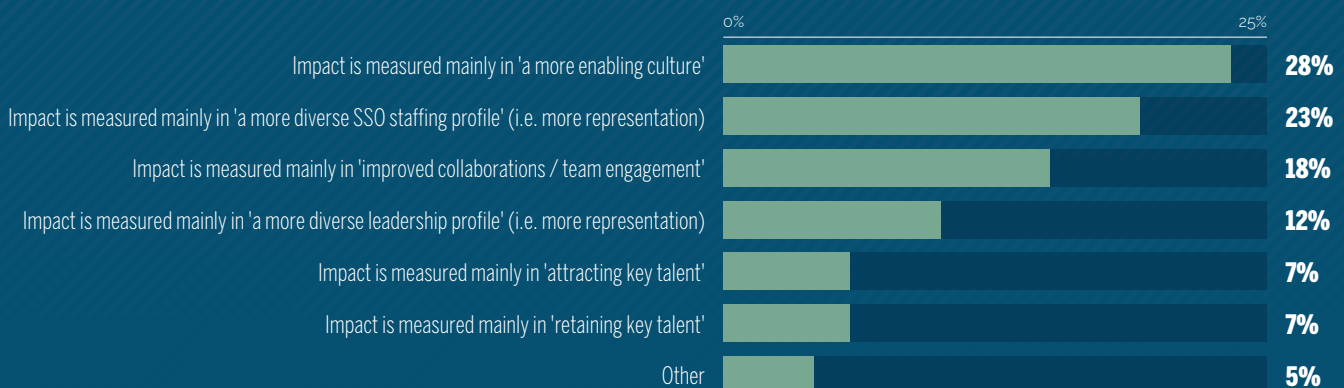
Diversity, Equity and Inclusion

Although 6 out of 10 organizations have instituted a formal diversity, equity, and inclusion strategy specifically for their shared services operations, the quantifiable impact is not clear cut. The most frequently referenced (vague) measure is an “enabling culture,” with some consideration of diversity in staffing profiles or (to a much lesser extent) leadership profiles. Very few are currently looking at the correlation between DEI and attracting or retaining talent. Given the apparent significance of DEI to the incoming generation, this finding is surprising.

61%

say they have a Diversity, Equity and Inclusion strategy specifically for their SSO/GBS operations

How are you quantifying the impact / success of your Diversity, Equity and Inclusion strategy?



celonis

Optimizing Process Performance



Why You Need Process Mining to Reveal & Fix Inefficiencies

Businesses waiting for a let-up in difficult trading conditions could be sitting twiddling their thumbs for a long time. Spin the wheel and wherever it lands – geopolitical turmoil, labor shortages, spiking inflation – businesses haven't known relentless stress like this for a long time.

Shared Services Centers, the backbone of any organization, find themselves leant on more than ever. Those providing the best support need to go beyond just delivering on efficiencies and cost reduction; they need to control cost exposure, accelerate digital capabilities, and increase purchasing power.

That's because in an inflationary environment, doing *even more* with *even less* is the name of the game. Shared Services Centers, according to this study, are rising to the occasion by focusing on optimized processes. Some 87% say end-to-end process integration is a priority. It highlights what we all know: efficient ways of operating depend on understanding exactly how processes, people, and technology work together.

Armed with process mining-driven insights into how their businesses run, Shared Services Centers can optimize what they do and deliver high quality, efficient services. All while pioneering new technologies and digital processes. Operating margins, working capital, and customer experience all stand to benefit.

Truly optimized processes are those that have been mined to see how they run, and then corrected accordingly. Automation, undoubtedly, sits at the heart of this correction *process*. The vast

majority (88%) of Shared Services Centers view automation as crucial to process optimization. At Celonis, we've seen customers use process mining and our [Execution Management System](#) to resolve invoice backlogs by drilling into root causes, and then apply automation and billing orchestration to trigger the most suitable follow-up action. One of them has unblocked millions of dollars in revenue and massively reduced cycle time in Order-to-Cash.

In Accounts Receivable, Shared Services Centers can also use process mining to spot the root causes and impact of customer disputes *before they happen*. Customers served by Shared Services Centers using process mining should rapidly see and feel an upgrade in how they're treated. Reactive customer support becomes a thing of the past, with proactive service swiftly replacing it. Shared Services professionals can also use process mining in Accounts Receivable to ensure invoices are paid at the best time, every time.

At Celonis, we've had customers do this and win big with optimized working capital and warmer supplier relationships.

Shared Services Centers early on in their end-to-end process journey (almost three-quarters, according to this study) can take inspiration from those that have *been there, done that*. In possession of the data and insight needed to take impactful action, Shared Services teams use process mining to secure rapid returns on investment, alongside capturing exponential value across core processes. Think less cost center, more innovation center.

Nailing end-to-end process integration will see Shared Services Centers smash traditional cost reduction objectives while expanding their service catalog – allowing them to prove their broader strategic value to the business as a whole. With the wheel of difficult business conditions still spinning, digging into the findings below would be a great place to start.



Author

Paige Andrews

Product Marketing Manager



Optimizing Process Performance

End-to-end (E2E) process integration continues to be a priority for organizations seeking improved outputs by gaining synergies across workflows.

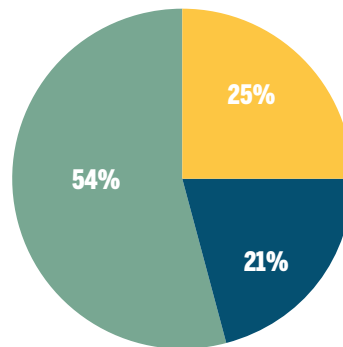
As a starting point, our [research](#) reveals that only 29% of companies believe they are advanced or close to expert in terms of maturity (i.e., having implemented end-to-end process management and/or benefiting from closed loop feedback). In fact, 71% rate themselves as low or medium level in maturity (no process management or just inspecting subprocesses without an end-to-end view). So, lots of opportunity to drive process improvements.

Many shared services have invested in global process ownership roles to drive improved process integration. While the challenge of influencing inputs or activities that are outside shared services' general scope remain at large, the commitment to a more holistic ownership and management of the *whole* processes has only increased. This year, we see 87% of shared services confirming E2E as a priority – a jump up from last year's 81%.

advanced E2E process digitization, with a slight majority opting for packaged solutions over in-house developed solutions.

is one of the strongest enablers in today's business environments (including GBS). In addition, 79% of companies believe collaboration

Are you actively deploying AI (as opposed to RPA) to drive advanced E2E process digitization?



- Yes, via packaged solutions
- Yes, via an inhouse developed AI solution
- No

87%

agree end-to-end process integration is a top priority in the year ahead

Although robotic process automation (RPA) has been instrumental in driving improved end-to-end integration through its impact on transaction processing, more recently, a different school of thought has built up around leveraging cognitive artificial intelligence (AI) as a more strategic driver for process integration. It's interesting to note that nearly half of the SSO/GBS surveyed are already actively using AI to drive

Global process owners play an integral role in process integration, as is highlighted in SSON R&A's recent report: [End-to-End Process Integration and Optimization: the \[Critical\] Role of the Global Process Owner](#). This research, in fact, positions process ownership as the "underutilized supercharger for end-to-end optimization," with its scope for utilization extending far across functions and processes and increasing faster than GBS's scope.

According to this report, 82% of companies believe innovation benefits from global process ownership. This is surprisingly high and encouraging, since innovation

improves with E2E GPO concepts. This proves the approach works, as the main objective is to connect the different parts of the E2E process. In addition, 86% of companies confirm transparency benefits through GPO. Transparency is essential for process optimization. Without a clear view of the starting point and target, no road map is possible, nor can steps be taken to move in the right direction. Interestingly, more companies believe in these benefits than currently deploy GPOs, which aligns with the market's overall feedback on planned GPO expansion. (For more insights, please see the [report](#).)

According to the survey, we see the greatest penetration of GPOs in procure-to-pay with record-to-report and order-to-cash not far behind. At least half of the shared services and GBS questioned use GPOs for all three of these core financial processes. Hire-to-retire has a slightly lower use of GPOs, at 46%. All of these processes plan to expand their use of GPOs, however.

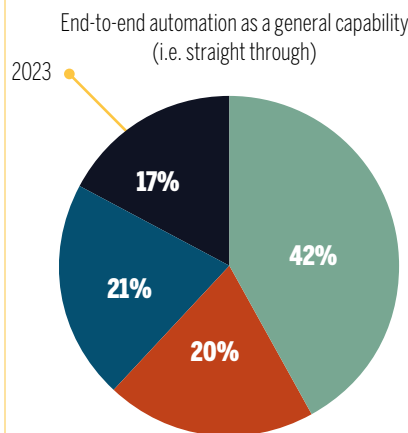
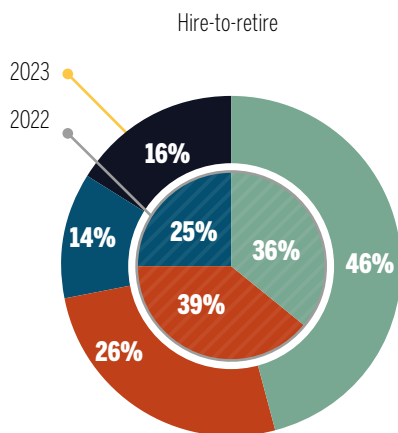
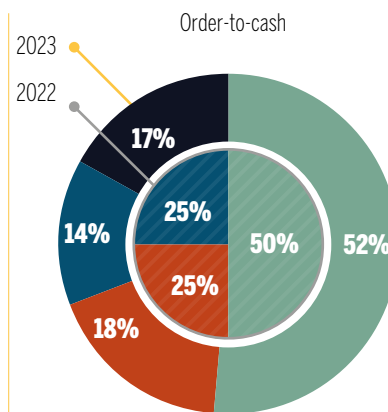
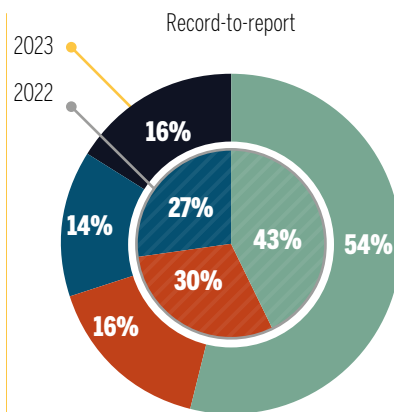
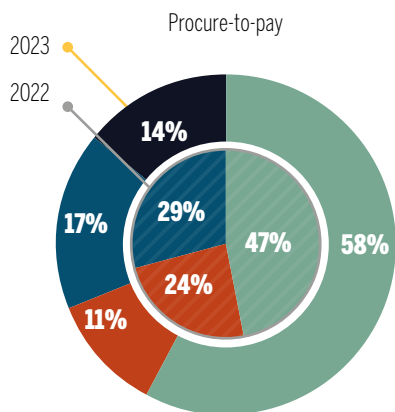
It is encouraging to see that where GPOs do exist, they sit predominantly within the SSO/GBS as opposed to in the business – and thus are able to leverage the process expertise, technology investment and stakeholder relationships fostered by shared services. It's also interesting to note that GPOs for *automation as an end-to-end capability* are already active in 42% of shared services, with 20% planning to expand on this.

In last year's survey, by contrast, only 45% of respondents were using GPOs, and at much lower E2E process levels than we see this year.



In which of the below processes do you operate with GPOs?

● Yes ● No ● Not yet but planning to ● N/A



Process optimization is an evergreen priority for shared services, sitting, as it does, at the core of the model's value proposition: same work managed more efficiently and effectively. Central to this is the ability to fully understand *as is* and *what could be*, as well as access to the tools and skills required to improve the work. In the past, multiple different ways of doing the same thing provided easy low hanging fruit for shared services. Today, the opportunity is predominantly in reviewing processes to understand where bottlenecks or errors appear, and correcting this, often by introducing automation to minimize human handovers or involvement

(i.e., saving time and money). Continuous improvement efforts are frequently based on process audits (e.g., process discovery and process mining) to identify such opportunities.

So, how are SSO/GBS managing process optimization initiatives?

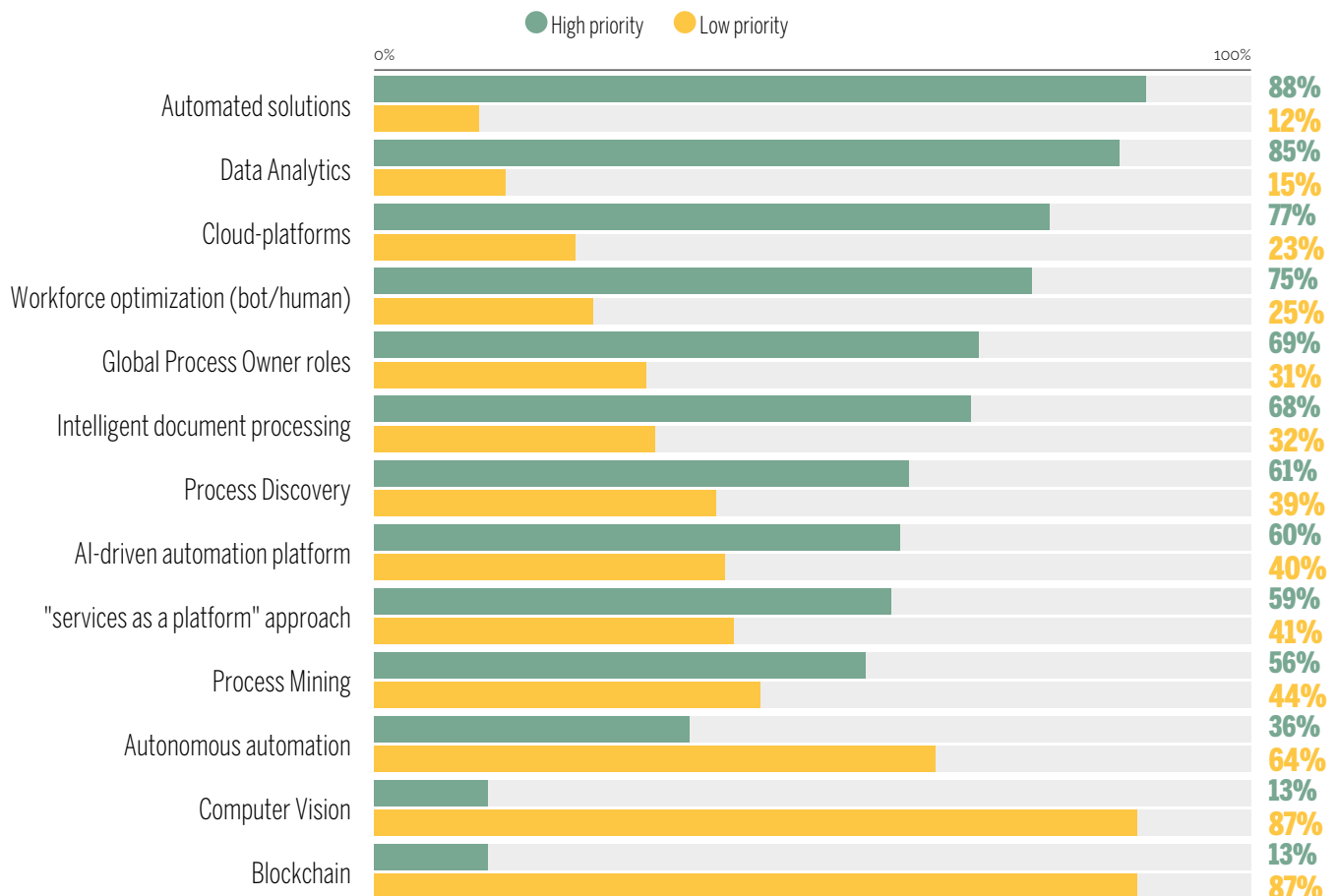
Unsurprisingly, technology plays a large role. The survey shows that automation remains a high priority. In fact, automated solutions are the leading factor for driving process optimization (at nearly 90%). Other drivers include data analytics (85%), cloud-based platforms (77%) for state-of-the-art capability and flexibility, and workforce optimization (75%) to maximize digitally-driven

transactions (e.g., through bots).

High marks also go to intelligent document processing (68%) as a required basis for the digital workflows that define optimized processing. Again, GPOs are recognized for their impact on the E2E process performance. One noteworthy trend is that offering *services as a platform* is perceived as an *optimization strategy* by roughly six out of 10 SSO/GBS.

In terms of priority, this year's list is fairly similar to last year's with the exception of computer vision (dropping from 36% to 13% priority) and Blockchain (from 23% to 13%).

What are some of the tools/approaches that support your process optimization efforts?





Automation & Digitization

3 Keys to Delivering Automation and Digitization Success

In the last few years, organizations across the world have faced unprecedented challenges that have made leaders re-think how their businesses operate. A focus on both employee and customer experience as well as a need to do more with less has given rise to several opportunities for automation and digitization projects. However, digital transformation success is still an elusive goal for many C-suite leaders.

The good news is there are companies who have been successful and are providing a blueprint for things to think about when planning your own initiatives.

Keys to Success

#1: Choosing the Right Tools

The use of Robotic Process Automation (RPA) tools has seen a phenomenal rate of growth in the past two years due to its focus on removing manual, error-prone work. While these tools have been successful in achieving some automation success, it's now clear that RPA is not a silver bullet. Some operational improvements are better handled by other automation tools like workflow or document automation, API integration, etc. When evaluating the best approach for your organization's automation needs, it is important to utilize a range of automation and digitization tools and not just focus on a single technology.

#2: Optimization Is as Important as Automation

While automation is critical for improving operational performance, optimization of processes is equally, if not more, important to digital transformation success. Automating a process that has unnecessary steps or includes more people than it needs doesn't make that process more efficient, it just makes the work happen faster. Instead, take time before implementing to understand how the process should work and if there are any redundancies or improvements to be made before automating. Using process and task mining technology is an easy way to discover how work gets done today, and what it might look like in the future.

#3: Collaboration Between Business and IT

Many organizations rely entirely on their IT teams to implement automation projects and while they play a critical role in choosing and implementing the technology, IT is typically not the owner of the processes being implemented. Getting business users involved early and collaborating with them during the entire project not only helps improve implementation but also ensures that users adopt the new processes once they're available. Shared Services can play a critical role in facilitating collaboration between business and the broader IT organization by bringing the two groups together in design workshops, user testing sessions and providing training and change management support.



Author

Holly Anderson

Senior Director, Product Marketing





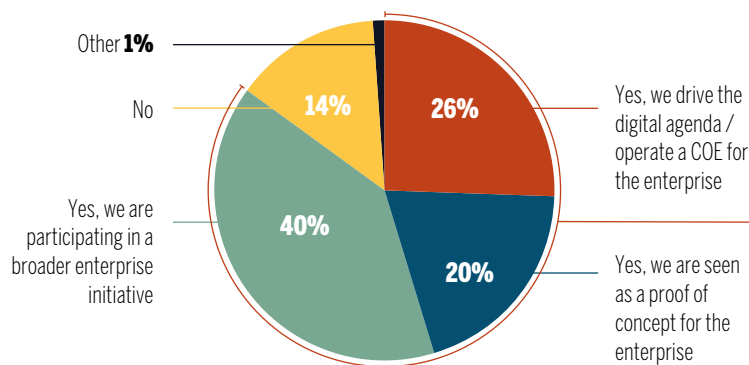
Automation & Digitization

The concept of shifting to *digital* is no longer something new. On the contrary, what started as an improvement in user experience for external customers has increasingly been reflected inward to improve business process performance, efficiency, and overall services delivery experience to internal customers and employees themselves.

Shared Services Organizations and GBS are often the sandbox for testing out new solutions or capabilities, as well as the engine for driving these capabilities forward.

We see this in play when it comes to driving the enterprise digital agenda. According to survey data, 85% of SSO/GBS are already playing a role in supporting the enterprise shift towards digital, either by driving it full out (26%), acting as a proof of concept (20%), or participating within a broader initiative (40%). This marks a significant increase over last year's results, where only 73% of respondents confirmed their involvement in enterprise digitization.

Is shared services/GBS playing a role in supporting the enterprise's digital agenda?



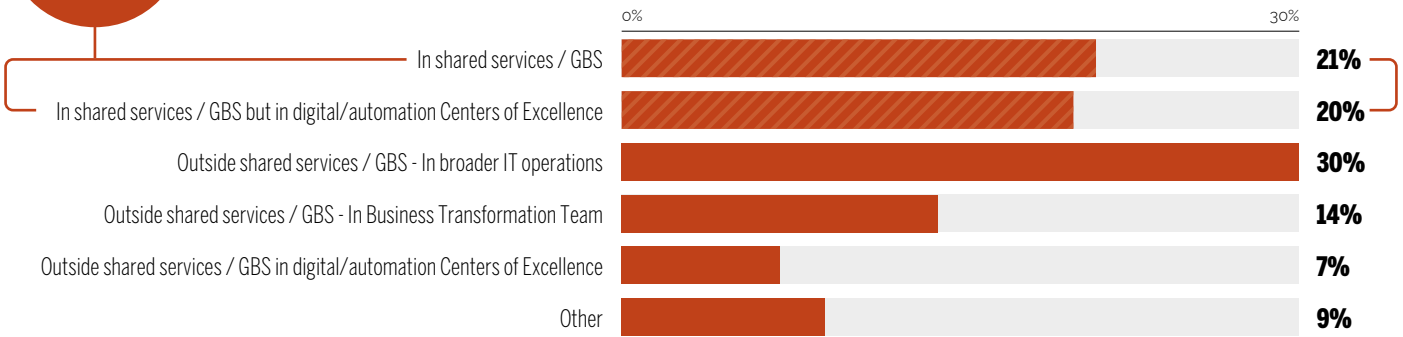
85%

say shared services/GBS is playing a role in supporting the enterprise's digital agenda

For a large segment of organizations, enterprise digitization projects reside primarily in shared services (41%, on par with last year), and 30% are run by IT operations. The value of a centralized services entity as the sponsor of enterprise-wide digitization is well and fully understood, therefore.

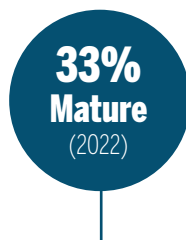
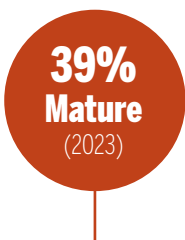


Where do enterprise digitization projects reside?

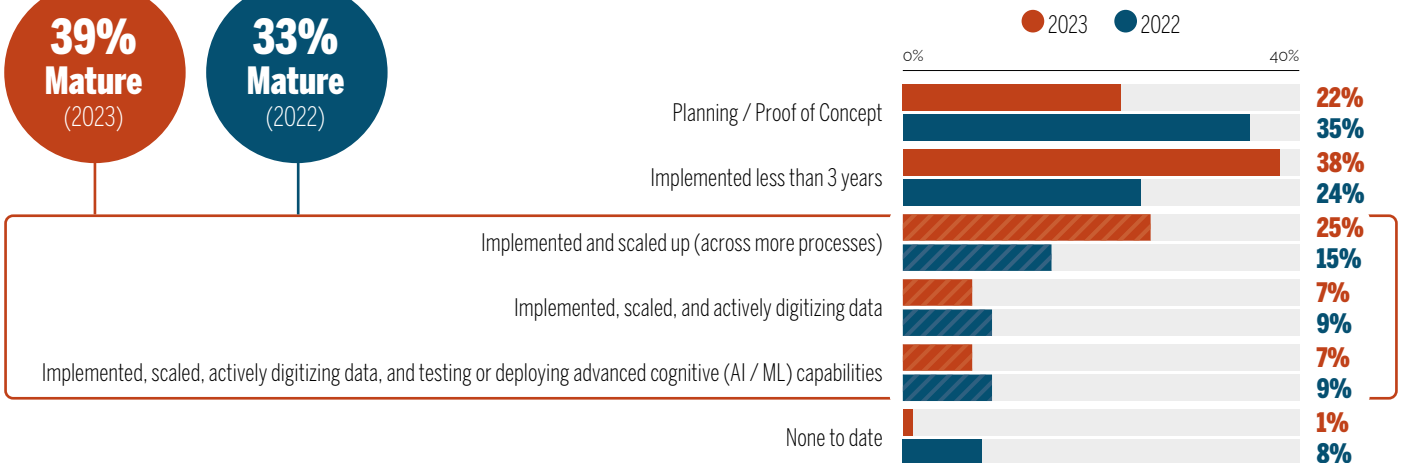


Automation has been a key optimization tool for nearly a decade now. Ten years later, it's curious to see that the *level of penetration* is still relatively low, but progressively climbing up the maturity curve. While a year ago, 33% of respondents were at a *mature* level of automation (having implemented and scaled up, as well as actively digitized data and testing or deploying advanced cognitive capabilities), this year, that percentage has jumped to 39%. What is interesting to note is that at the other end of the spectrum, those at a planning / proof of concept stage has dropped from 35% to 22% today, implying a slower rate of consideration, or smaller pipeline, for new projects.

Looked at differently: 61% of respondents have either not tried automation, are at the planning stage, or are less than three years into their initiative. A significant number.



What best defines your current stage of automation?



The actual number of bots in play, or processes automated, is also still generally low: 55% of respondents have implemented less than 10 bots, and 47% have automated less than 10 processes. On the other hand, 21% have automated more than 50 bots, and 22% more than 50 processes.

When we dive into and compare the actual solutions in use today across specific processes, some interesting variations arise, mainly reflecting the increase in adoption of RPA.

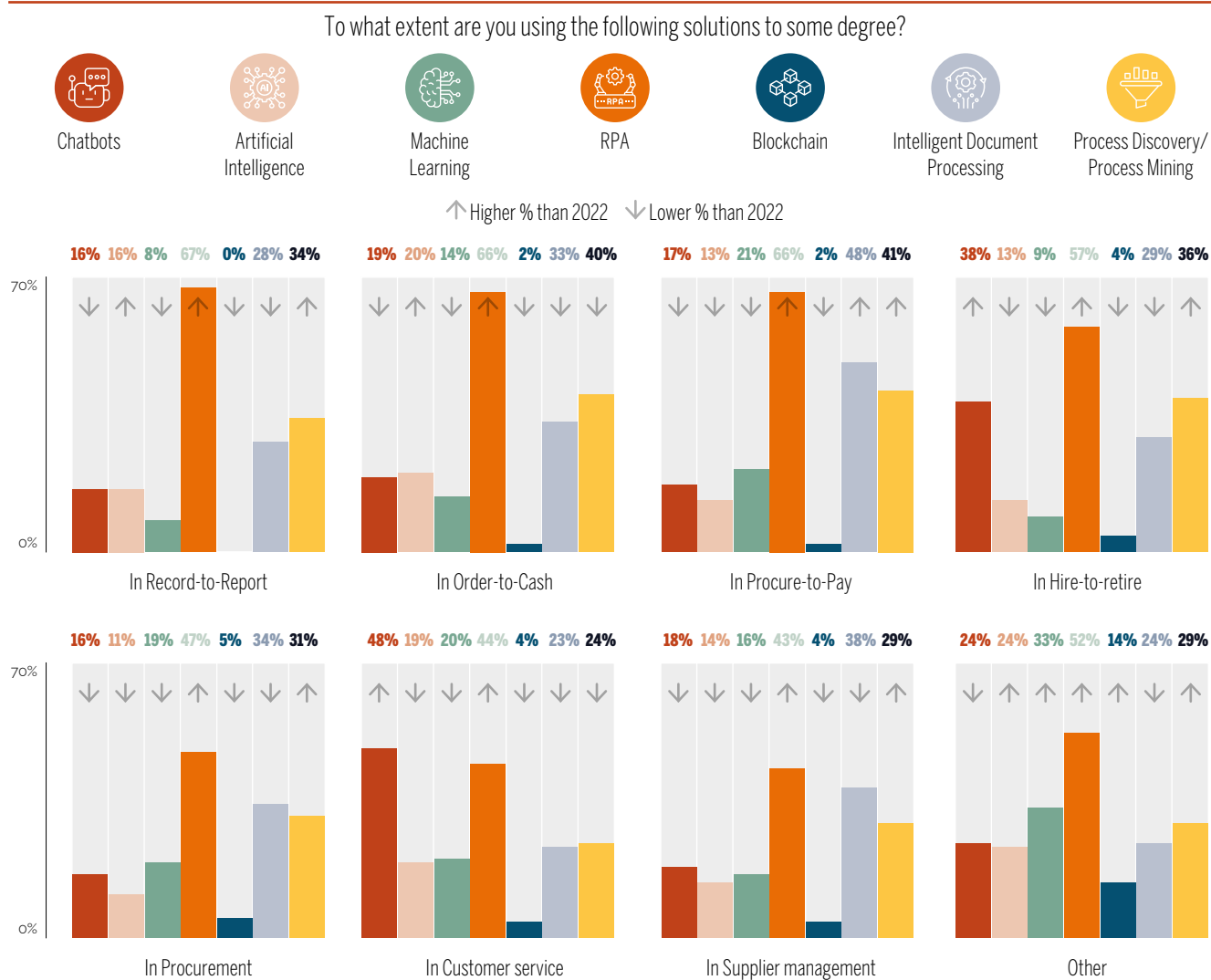
In order-to-cash, for example, we see the use of RPA jumping from 46% a year ago to 66% today; with a similar trend in process discovery/process mining, which jumped from 28% a year ago to 40% today.

In procure-to-pay we see a drop in use of AI from 23% a

year ago to just 13% today, but again a jump in RPA from 47% to 66%. Also noteworthy is that the use of intelligent document processing has jumped from 39% to 48% this year.

Across hire-to-retain we see a similar pattern of RPA jumping from 33% to 57%, and process mining and process discovery jumping from 29% to 36%; but conversely, the use of machine learning dropping from 22% to only 9% this year.

Across the board we see a notable jump in the use of RPA, and a decline in the use of artificial intelligence (AI) and machine learning (ML), perhaps reflecting the urgency of accommodating a remote and virtual workforce/workplace, which required transactional success first and foremost, ahead of exploring new avenues of cognitive-driven opportunities.

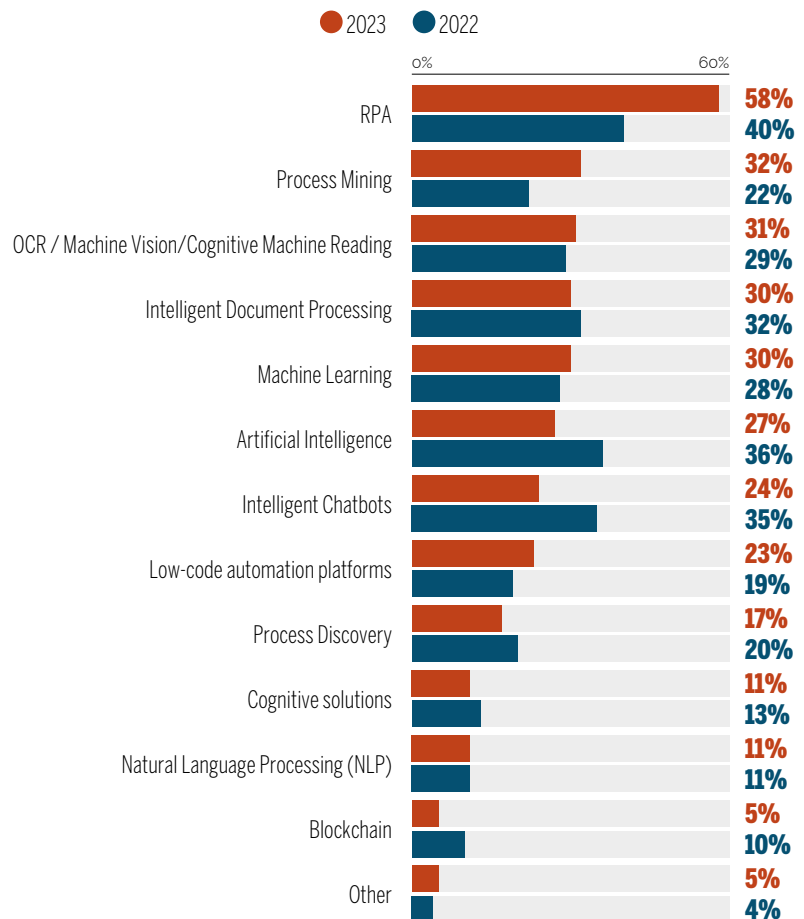




We see a similar trend reflected in investment plans for the year ahead. While a year ago, 40% of respondents cited RPA as a priority and 36% artificial intelligence, this year 58% list RPA as a priority and only 27% AI. We also see a jump in plans for process mining (from 22% last year to 32% today), while process discovery dropped slightly from 20% a year ago to 17% today. Only 29% of respondents have a dedicated budget to invest in startup technology.

Year after year, SSON surveys have shown a clear lag between the *aspirations* of leveraging data analytics and digital data, and the *reality* of getting there. While our data shows the biggest wins resulting from data analytics are in procure-to-pay, the ability to highlight process inefficiencies, and improved customer engagement ... the reality is that analytics are still far behind where organizations want (and need) them to be.

What is your IA investment priority in the next year?

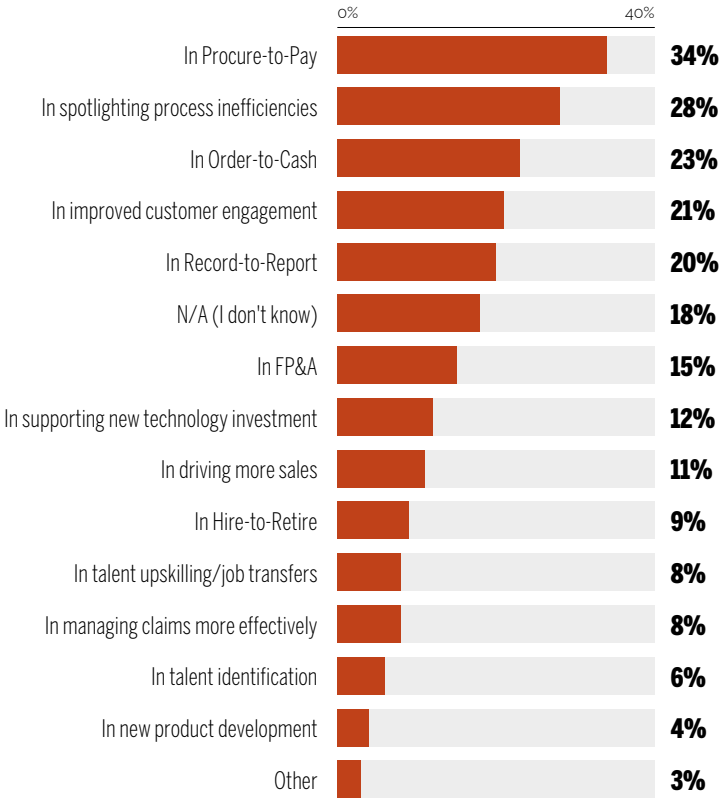


71% said their budget did not include dedicated investment in start-up technologies

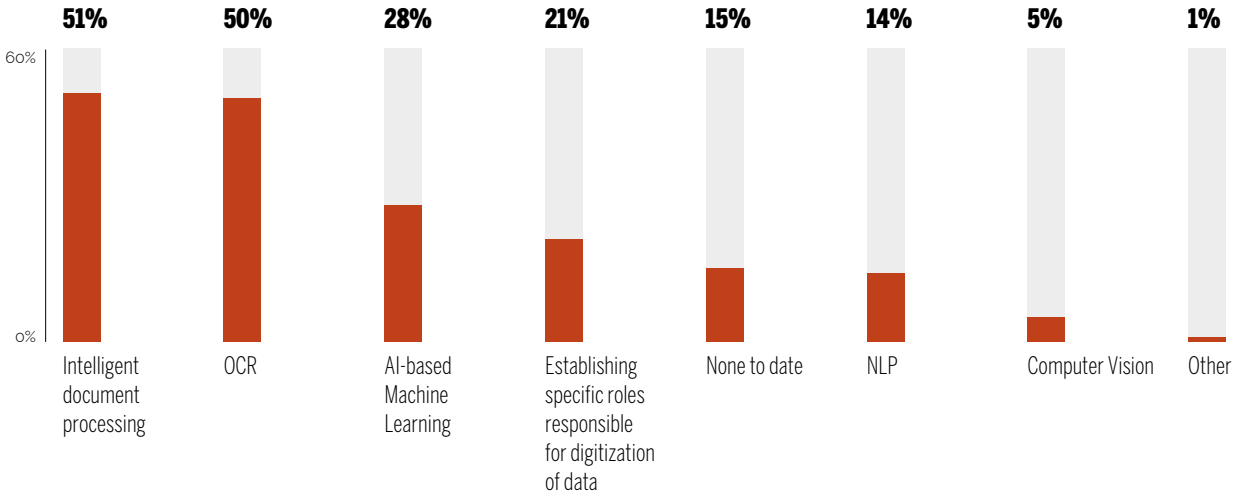
In terms of analytics "maturity", most SSO/GBS (47%) are still only reporting on *what happened* versus a more advanced or sophisticated reporting which might be *interpretive, predictive, or prescriptive*. Only 16% of respondents have moved beyond the interpretive (what happened and what that means) stage of reporting on enterprise data – a significant opportunity cost in terms of what could be provided and the impact that would have on business decisions.

Shared services continue to drive data digitization predominantly through OCR (50%) and intelligent document processing (51%), which is more than double what we saw a year ago, when only 25% had adopted intelligent document processing and 21% OCR.

Regarding data analytics, where have your biggest wins been to date?



Data digitization emerged as a strategic priority for shared services in the past 2 years. What initiatives are you undertaking in support of this?



What best describes the analytics maturity of your SSO/GBS?

47%
Reporting
(i.e. what happened)



30%
Advance Reporting
(i.e. interpretative reporting)



13%
Predictive Reporting
(i.e. what is likely to happen)



3%
Prescriptive Reporting
(i.e. how can we make it happen)



6%
None of the above



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WHAT IS A PROFESSIONAL GBS® CERTIFICATION?

Professional GBS is a training module that teaches critical Global Business Services skills. With the term 'GBS' often misappropriated and the implementation thus flawed, this has led to too many sub-par executions. There is a right way to execute GBS, however, as witnessed by the incredible success of the model in many of the Fortune 20 companies, including Procter & Gamble, where the term was first invented in the early 2000s. That best-practice GBS model has now been encapsulated into five core areas:

1

Foundational

GBS Overview, GBS Initial Implementation and GBS Processes.

2

Service Management

GBS Service Fundamentals. Service Design & Service Strategy.

3

Operations Management

Operations Planning, Operations Control and Continuous Process Improvement.

4

Transformation Management

Automation / Digital, Opportunity Assessment / Future State Definition and Executing Transformations.

5

Leadership

GBS Operational Leadership and Strategy, Continuous Improvement Strategy and GBS Future Strategy.

"Our students tell us this course is a must-have for everyone looking for insights and strategies on how to balance cost reduction with strategic transformation while also ensuring the GBS organization continues to evolve and mature." Let's talk!



Naomi Secor

Global Managing Director
Shared Services and Outsourcing Network

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GBS as the Future Operating Model

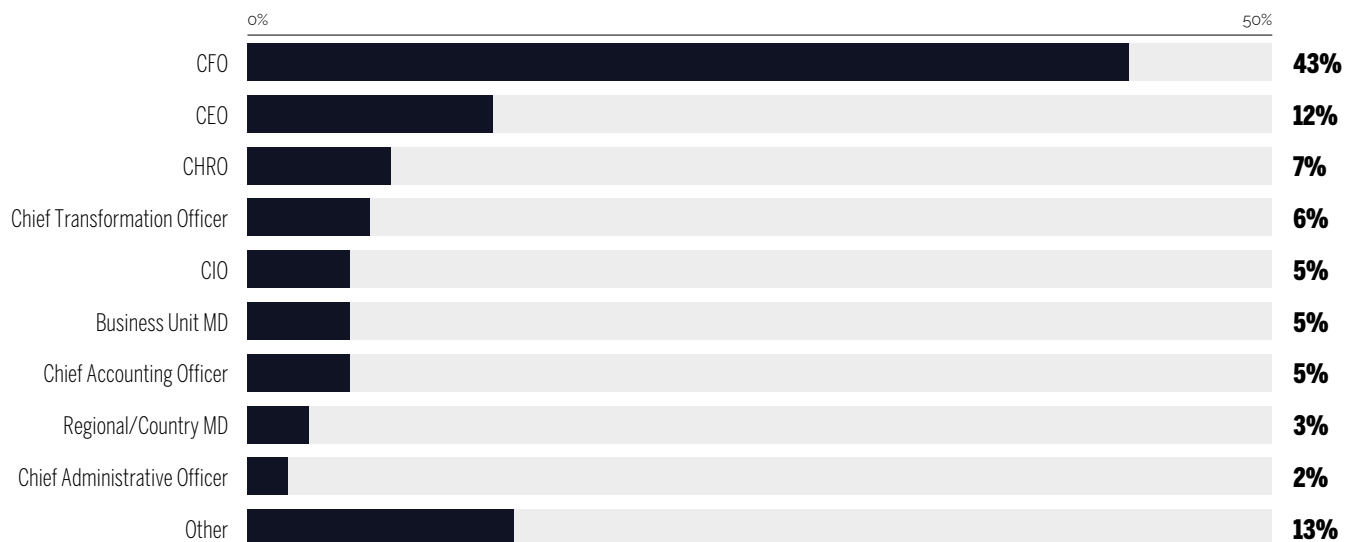




GBS as the Future Operating Model

The influence of the services delivery model is increasing, and with it the expectations. Similar to last year, we see a more direct line of report between the SSO or GBS leader and the C-suite (predominantly CFO and CEO). In all, 60% of respondents confirm lines of report from shared services directly into CFO, CEO or CIO. (A notable point is that only 5% are reporting into the CIO, which could prove something of an obstacle if progress depends on technology investments.)

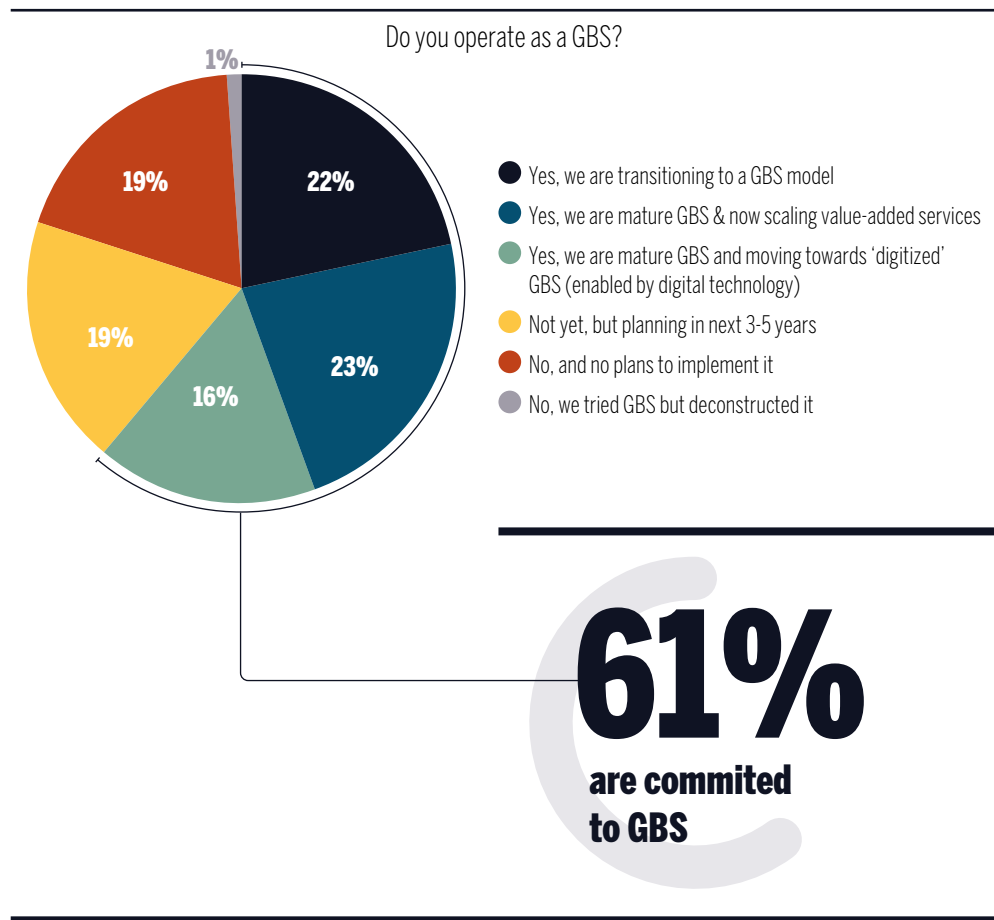
Who does the shared services/GBS operation report to?



The constant VUCA (volatile, uncertain, complex, and ambiguous) markets are severely testing the seams of shared services – and the model is holding up! Not just that, but we see a continuous shift towards a Global Business Services *modus operandi* – in practice if not always in name. So, as the shared services model has increased its influence, many SSO leaders have taken the opportunity to shift up the maturity curve and the value stream and adopt more of a GBS model.

According to this year's data, 61% of shared services models are committed to GBS, whether transitioning, already adopted (mature and scaling up), or moving towards a digitized GBS model. In addition, 19% are planning to move to GBS within the next five years. That means eight in 10 shared services are targeting (or already at) GBS – leaving just one in five not convinced by GBS.

This marks a jump from last year's results, specifically in the number of "mid-range" GBS that considered themselves mature and scaling value-add services (from 14% a year ago to 23% today); and those that consider themselves more mature and digitized (from 10% a year ago to 17% today).

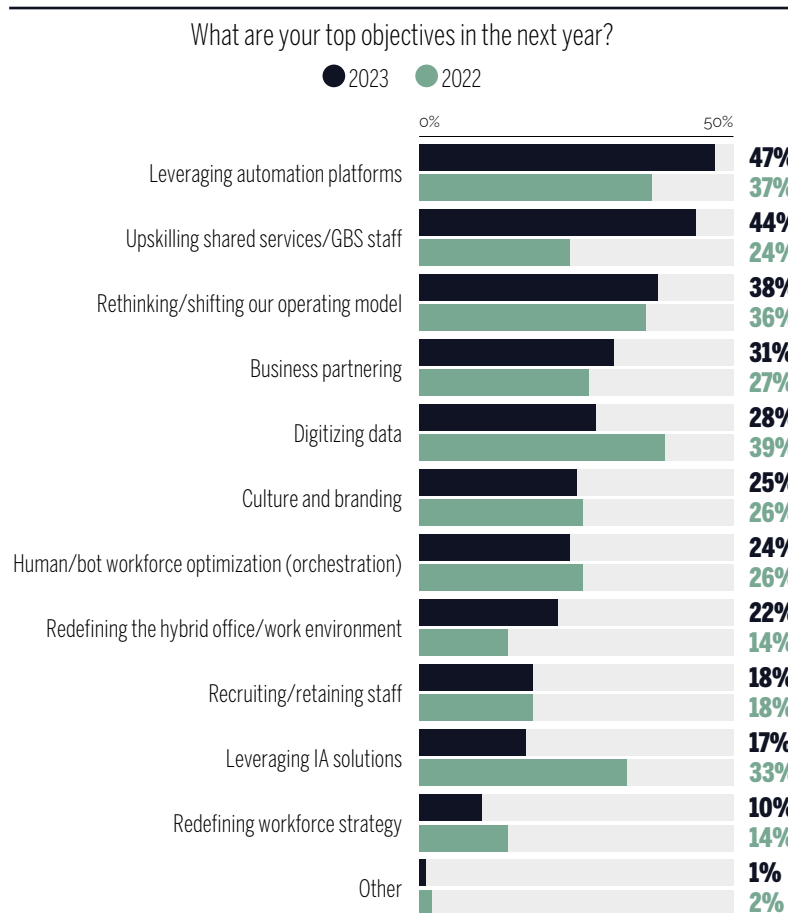


It's also interesting to compare the shift in key objectives for the year ahead.

Last year, *digitizing data* was the number one objective (39%) but that has now dropped to 28%. *Leveraging automation platforms* is the primary objective this year (at 47% compared to 37% a year ago). One of the biggest jumps is in plans to upskill shared services employees, where we see the percentage nearly doubled from 24% a year ago to 44% today.

But what is particularly notable is that *rethinking the operating model* ranks in third place in terms of 2023 objectives. And this is where we are seeing the impetus for ownership, optimization, integration and value-add that drives the GBS model.

We see slightly less focus on redefining workforce strategy in the year ahead, perhaps because it is in the works or has been done. So, with large segments rethinking their operating model, leveraging automation, and upskilling staff – but only 10% planning to redefine their workforce strategy ... what does this mean for the model? Perhaps that hybrid is here for good?



Disrupted

“The GBS industry is at pivotal moment, as they say. Overall global uncertainty, the upcoming technology revolution via data and automation, challenges with talent management ... these are all disruptors for the world of tomorrow. So, where are we headed as we enter 2023? Will GBS and Shared Service Organizations manage to adapt? Or they will have to die to be reborn in a different way? – i.e., as an organization which is CX and EX oriented, with processes organized E2E and focused on Experience, with data integrity & cloud at its foundation, enabled by a new generation of tech-savvy talent, and heavily automated by AI engines?”

The pace of change is faster and faster. Recession is our reality. Challenges in talent management will be with us for years. Geopolitical instability is a fact. This is why SSO/GBS leaders must reinvent their operating model to respond to the needs of the new norm. Our organizations must shift to be even more relevant and quicker with solutions. We must revolutionize our approach to talent management, i.e., accept the variety of generations and listen rather than tell. Finally, Data is King. Data integrity will be the base for mass automation – the only way to address the transactional work that our employees simply don't want to do.”



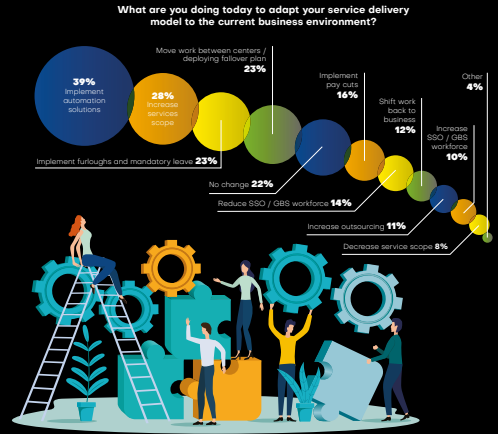
Maciej “Magic” Piwowarczyk

Global GBS Executive and SSON
Global Advisory Board Member

What is SSON Research & Analytics

SSON R&A is SSON's global data center, now in its 7th year of operation. Thousands of practitioners and consultants recognize SSON R&A as their premier resource for shared services related metrics, benchmarks, trends, market analytics and consultancy services. With a user-friendly interface, easily downloadable benchmarks and topic-based charts, SSON R&A adds valuable ammunition to your inhouse or client presentations, strengthening your business case and your credibility.

SSON regularly canvases its membership for updated metrics and analytics, allowing us to highlight even minor shifts. SSON R&A distinguishes itself from other associations by offering subscribers direct access to relevant metric data at a highly competitive cost.



"The C-suite expects to see market metrics to evaluate shared services' performance. I have explored various opportunities available in the market. SSON Research & Analytics offers reliable benchmark data, at a highly competitive cost. Given access to this data, by region or industry, I can draw my own conclusions. I don't need to source expensive third-party analysts, as we can interpret the data ourselves."

Edoardo Peniche - Vice President, Global Business Services - **Aptiv**

What Tools Are On Offer?

SSON R&A offers a number of easy to use tools to support you:

City Cube

Compare 3800+ shared services locations around the world, across 17 variables such as: cost of labor, talent availability, number of shared services centers, average salaries, and much more.

Metric Benchmarker

Benchmark your SSO across 125 different metrics, choosing either a conglomerate of industry/country benchmarks; or the Top 20 Most Admired SSOs' benchmarks in the Metrics Intelligence Hub.

Shared Services Atlas

Locate and evaluate shared services hotspots at country, state, or city level from our global database of 10,000+ global delivery centers. Filter by industry, function, and organization size.

Visual Analytic Workbooks

Curated charts under core topic headings that summarize the biggest trends and shifts across SSO/GBS.

Intelligent Automation Universe

A one-stop platform for all things RPA, cognitive and AI-related that allows users to learn about dozens of IA software vendors, compare their product capabilities, understand the differentiators, and see their customer footprint.



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***Consultancy Service:** Spend time with a qualified GBS & Shared Service Advisor, with a minimum of 10 years' experience in the industry

SSON R&A offers expert advisory, consulting and bespoke research services to support your projects with analytics, experience and industry knowledge. With a Practitioner Premium Subscription, you can book one-on-one time with one of our consultants (four hours included in the package, to be delivered in a series of one-hour sessions; more time can be added as needed). Our experts and consultants bring 10+ years of in-house or consulting experience and our portfolio of expertise includes: KPI Models, E2E Process Performance, Location Assessment and Feasibility, Change Management, Service and Operations Management, Digital Transformation, Finance, HR, Procurement and Supply Chain Expertise, as well as SSO/GBS Set-Up & Expansion.

For more information on how to become a **subscriber**, please contact Josh Matthews at Josh.Matthew@sson-analytics.com.

ABOUT CELONIS



Celonis reveals and fixes inefficiencies businesses can't see, enabling them to perform at levels they never thought possible. Powered by its market-leading process mining core, the Celonis Execution Management System provides a full set of platform capabilities for business executives and users to eliminate billions in corporate inefficiencies, provide better customer experience and reduce carbon emissions. Celonis has thousands of implementations with global customers and is headquartered in Munich, Germany and New York City, USA with more than 20 offices worldwide.

ABOUT NINTEX



Nintex is the global standard for process intelligence and automation. Today more than 10,000 public and private sector organizations across 90 countries turn to the Nintex Process Platform to accelerate progress on their digital transformation journeys by quickly and easily managing, automating and optimizing business processes. Learn more by visiting www.nintex.com and experience how Nintex and its global partner network are shaping the future of Intelligent Process Automation (IPA).

ABOUT THE SHARED SERVICES & OUTSOURCING NETWORK (SSON)



The **Shared Services and Outsourcing Network (SSON)** is the largest and most established community of shared services, global business services and outsourcing professionals in the world, with over 180,000 members.

Established in 1999, SSON recognized the revolution in business support services as it was happening, and realized that a forum was needed through which practitioners could connect with each other on a regional and global basis.

SSON operates under five distinct brands - SSON Digital, SSON Research & Analytics, SSON Events, Global Business Services Training & Certification and SSON Connect.

ABOUT SSON RESEARCH & ANALYTICS



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