

## Moving on up

The next wave in driving value from your existing shared service investment

**The potential benefits from optimising your investment in shared services are considerable but, as shared services organisations become more mature a multi-dimensional approach to improvement is needed, which capitalises on the strategic and commercial synergies.**

Managers of Shared Service Organisations (SSOs) face relentless pressure to maximise the value their operations add to the business. Whether your business is one of the significant number with a mature SSO, or is a late starter with a more recent implementation that is still bedding in, one common question we find our clients asking is, "How do we extract the full potential from our shared services operations?"

The answer lies in the rapidly emerging opportunity for your evolving SSO to play a central role both in company strategy and in the commercial side of the business. This is due to growing recognition that the initial cost reduction driver for shared services, while still the priority, is merely the start of a journey.

Drawing on extensive shared services consulting and delivery experience, Capgemini has identified four key competing priorities that SSOs are now striving to balance:

- Cost reduction pressures
- Increasingly demanding customers requiring service delivery excellence
- Mounting regulatory and external pressures
- New operating models, with the obligation to consider increased adoption of Business Process Outsourcing (BPO).



**“Capgemini was a great partner on our transformation journey and their support allowed us to cope with all challenges during the post-merger migrations when the Shared Service Centre more than doubled in size. Their experience allowed us to increase the skills of our managers as well as to successfully achieve our targets in various projects. Capgemini provided value add during the implementation of the Siemens chart of accounts and their SSC KPI work leading to other initiatives such as standardisation of processes and usage of document types.”**

**Dr. Daniel Spindler, Director,  
Siemens Healthcare  
Diagnostics Services**

### Achieving top quartile performance

Alongside the desire to drive out further efficiencies from traditional high volume transaction processing activity, typically in Finance and HR, there is now an increased focus on higher value, low volume processes, such as tax, treasury, and talent management. We increasingly see such activities being delivered through the SSO as a Centre of Excellence on a lower cost base.

SSO management must now meet demands for the timely and cost effective delivery of accurate and high quality service through an increasing range of delivery models. They recognise the growing expectation that the SSO has a stewardship role to ensure robust governance of customer data and business processes is in place – especially since the implementation of Sarbanes Oxley Act (SOA) and the onset of the credit crisis.

Furthermore, they must respond to questions such as: how well the SSO compares to a BPO option; if SSO activities can be relocated to cheaper labour markets; and if the captive SSO should be sold to a BPO provider to realise further benefits.

Top performing SSOs are addressing these challenges, and demonstrate the following attributes:

- Driving and enhancing customer value is at the centre of all SSO activities
- Ensuring scalability and flexibility to accommodate changing business conditions
- Supporting and enforcing of a corporate wide governance framework, in line with corporate strategy
- Enforcing compliance with legislative and regulatory requirements e.g. IFRS and SOA
- Delivering on-time and accurate financial and regulatory reporting

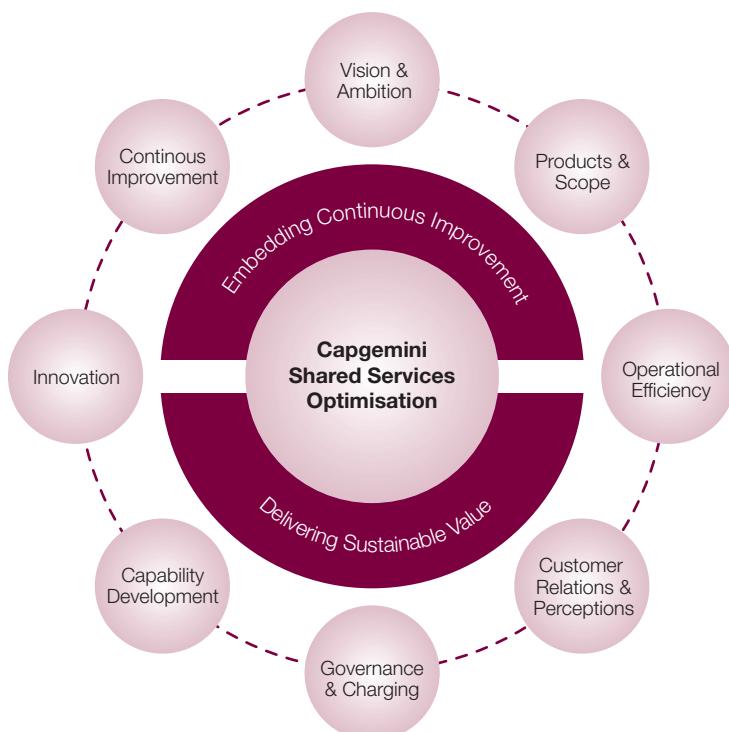


Figure 1. SSO Optimisation Focus Areas

**“We changed the SSC process, the COA, the software and the organisation at the same time! We built in conjunction with group resources a “template” to be rolled out across the Lafarge worldwide business and implemented it across 5 business units in the UK. It was a difficult journey but Capgemini offered value in helping to design our pre-go live change management and support structure and post go-live they helped run a focused project with joint BU and SSC staff aimed at identifying some of the root causes of our stabilisation problems.”**

**Martin Reid, Director, Lafarge UK Shared Services**

- Providing high quality management information to customers
- Enabling the retained organisation to focus on delivering value to external customers
- Developing a flexible sourcing model that optimises a mix of locations and service suppliers
- Leveraging technology to support SSO goals and enhance performance
- Developing highly skilled and motivated SSO staff.

### **Spotting the warning signs**

Some of the symptoms that show SSOs are not achieving their full promise include: end-to-end process failure or the frequent breakdown of part of a process, resulting in a high error rate; rising costs to deliver; a high number of workarounds; non-standard and interim processes; and inflexible processes and delivery mechanisms.

Our experience at Capgemini Consulting suggests that problems also arise when there is duplication of activities at handover points; low morale (either in the retained business function or the SSO); and low, or declining, customer satisfaction.

When the scope of services being offered by SSO is unclear, stakeholder conflicts arise and there can be culture clashes between the SSO and the retained organisation.

### **Organising Optimisation initiatives**

A successful optimisation programme is not just a question of addressing discreet shortcomings in people, process and technology. The programme needs to ensure that all of the interdependent components of the SSO are moved forward holistically, as shown in Figure 1. From a sequencing perspective, we have developed a Shared Services Optimisation model that consists of five phases as depicted in Figure 2.

This Capgemini Shared Services Optimisation approach pushes the existing boundaries of SSOs to incorporate new areas, new possibilities and new opportunities for value-add within the function, with all the associated benefits delivered from the five different phases.

Diagnosis Phase	Visioning Phase	Stabilisation Phase	Development Phase	Excel Phase
<b>Phase I</b> Determine stakeholder satisfaction levels Assess operating model and transparency of services Comparison of pre-go live expectation v/s post go live outcomes Benchmark process performance Business case validation	<b>Phase II</b> Assess SSO state i.e. consolidate, standardise, professionalise or commercialise Develop future road map of SSO based on organisation aspirations Ensure Stakeholder ‘buy in’ to the future road map	<b>Phase III</b> Deploy Rapid Process Improvement & Process fix (Best practice recommendation, LEAN tools) Deploy process improvement tracking mechanism ERP Optimisation based on IT Vision	<b>Phase IV</b> Robust Performance Management Framework, Governance model and Operating model Ensure clear accountability and transparency (e.g. Service Level Agreements, charging model) Embed benefits tracking mechanism Develop Continuous Improvement road map	<b>Phase V</b> Expand functional scope (front / middle office) Increase Geographical scope, Organisational reach Analyse alternative Sourcing options (Outsourcing / Off-shoring)

**Figure 2: SSO Optimisation Diagnostic**

## How Capgemini Consulting's experience can enhance the value created in your Shared Services organisation

Is your Shared Services Organisation employing a high number of staff relative to benchmarks? Are there difficulties measuring benefits or aligning the goals of corporate and SSO strategy? You wouldn't be alone if your SSO management was experiencing such issues. Or perhaps there's tension between your customer requirements and the need for cost reduction. And let's not forget the competition for resources in popular low cost locations.

It's our understanding of issues such as these, along with our proven capabilities in SSO, that our clients depend on as they seek to move to the next wave in driving value from their shared services investment.

We work with established SSO organisations, late adopters and newcomers, tailoring our approach to their unique requirements and ambition as we:

- provide independent advice on back office sourcing, informed by our experience as a leading BPO provider;
- act as a real implementation partner from vision to transition;
- utilise our experience and insight to create a business case driven approach;
- provide global coverage;
- use our specialist ERP expertise to support systems optimisation;
- draw on our track record in innovation and new business models; and
- bring tested solutions (such as Global Process Models) to accelerate solution development and implementation.



### About Capgemini

Capgemini, one of the world's foremost providers of consulting, technology and outsourcing services, enables its clients to transform and perform through technologies. Capgemini provides its clients with insights and capabilities that boost their freedom to achieve superior results through a unique way of working, the Collaborative Business Experience™. The Group relies on its global delivery model called Rightshore®, which aims to get the right balance of the best talent from multiple locations, working as one team to create and deliver the optimum solution for clients. Present in more than 30 countries, Capgemini reported 2008 global revenues of EUR 8.7 billion and employs 90,000 people worldwide.

**Capgemini Consulting** is the Global Strategy and Transformation Consulting brand of the Capgemini Group, specialising in advising and supporting organisations in transforming their business, from the development of innovative strategy through to execution, with a consistent focus on sustainable results. Capgemini Consulting proposes to leading companies and governments a fresh approach which uses innovative methods, technology and the talents of over 4,000 consultants worldwide.

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