



Leveraging Global Business Services to align value to the C-suite agenda

Beyond cost savings

Clients today demand both cost savings and value from their process improvement and automation efforts. Eight in 10 say the following factors are important or critical to the success of their Global Business Services (GBS) program¹:

- reduced cost structure in operations
- improved quality of operational data to drive management decisions
- better use of automation to reduce reliance on manual labor
- greater scalability of operations.

Alternative service delivery models, such as shared services and outsourcing, have focused primarily on reducing operating costs. Innovation through outsourcing is often cited as well, but that benefit is not always achieved. GBS, however, if executed well, can add value to the business far beyond cost savings.

Of course, potential cost savings from GBS are significant. Typical cost reductions range from 20 to 40 percent as a company's use of GBS becomes more mature. KPMG research has found other potential financial benefits as well. For example, organizations performing at the highest levels of GBS maturity can achieve 3–5 percent higher return on equity.

The true value of GBS lies in its potential to deliver top-line business value. Progressive organizations increasingly focus GBS efforts on support services that can drive business value into the enterprise as a whole (Figure 1), as opposed to the common goal of cost savings that shared services and outsourcing paradigms typically provide. This value-based point of view requires changing both the philosophical and operational approaches for using shared services and outsourcing.

What is GBS?

Global Business Services is a next-generation operational and organizational model for enterprises to deliver business processes such as HR, finance, IT, and customer care to internal and external customers. It's often applied on a global scale using multiple service delivery models, including outsourcing, shared services and, increasingly, cloud solutions.

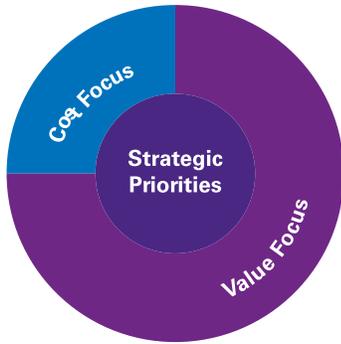
Why are organizations considering significant investment in GBS? Because it can help them:

- reduce costs
- get to market faster
- drive process excellence
- unlock the power of data and analytics
- mitigate overall business risk and ensure compliance
- enable excellence and consistency in the customer experience
- build an internal repository of high-quality talent
- establish a consistent brand experience
- accelerate time to benefit from mergers and acquisitions.

¹ KPMG and Horses for Sources (Mike Beals and Phil Fersht), Heroes Don't Scale: Establishing an Effective GBS Governance Strategy, January 2014.

How GBS addresses C-suite priorities

Figure 1



Value Focus

"I want end-to-end process optimization."
 "I want business agility."
 "I want seamless integration."
 "I want to tackle emerging markets."
 "I want access to talent and flexible service delivery teams."

"I want access to good quality data."
 "I want real-time, data-driven insights."
 "I want to drive product innovation."
 "I want a seamless brand experience."
 "I want to better address risk and regulation."

From a value perspective, GBS can:

- offer a more standardized and integrated operating structure that provides greater scope for innovation across the business
- focus on delivering high-value improvements, such as a seamless customer experience.

Cost Focus

"I want cost-effectiveness."
 "I need to drive down operating costs."
 From a cost viewpoint, GBS can:

- remove duplication in delivery locations
- increase flexibility to support growing businesses.

Strategic Priorities

Although reducing indirect cost still remains the primary reason companies re-evaluate their service delivery models, there has been increasing focus on value and innovation in recent years.

- Provide fast or real-time access to verified and consistent data and analytics that can enable better decision-making, as well as standard information across markets for enhanced strategic and operational decision-making and performance management
- Introduce the capability to systematically and continuously optimize processes using Lean/Six Sigma expertise
- Create a platform to support integration of acquisitions and realize up to 50 percent savings for mergers and acquisitions.

The GBS journey that organizations take transforms back- and some front-office processes into an efficient enterprise-wide delivery platform that includes:

- multifunctional business processes
- common information technology
- multichannel service delivery—outsourcing, shared services, and centers of excellence
- process ownership and management
- enterprise-wide governance.

What does 'good' look like?

Organizations start the GBS journey in different places, with different components in place, and with different levels of maturity. But they all aim to achieve the following benefits that extend beyond transactional cost savings:

- **Process excellence.** One of the foremost reasons for creating a GBS model is to standardize and integrate processes. For many organizations, processes in shared service centers, for example, still operate in silos. Finance manages the accounts payable process and Procurement manages purchasing and buying. In a GBS environment, it becomes more viable to deploy one single, integrated process, e.g., procure-to-pay. One process owner manages one end-to-end process, accountable for identifying issues, solving them and continuously improving the process, whether it's procure-to-pay, order-to-cash, record-to-report hire-to-retain, or any other integrated process. Global process owners can more efficiently leverage the benefits of automation, examining the most effective technologies to use, and when to apply them.
- **Improved risk mitigation and compliance.** GBS functions ideally operate in a contained environment in a few specific locations around the world rather than in, say, the 150 countries in which a typical multinational might operate. When problems or risks occur, companies can respond much faster. Fewer locations also make it faster and easier to implement regulatory changes.

- **Sophisticated data and analytics.** Integrated processes provide end-to-end data, which can provide valuable insight to the business. In a procure-to-pay environment, for example, data can show which product or service provider is or isn't providing high quality and following payment norms. Analytics can track process breakdowns, identify missing process controls, and report back to business owners.
- **An internal repository of high-quality talent.** GBS environments can provide enhanced career paths if they support end-to-end processes rather than just the low-end transactions handled by traditional shared service centers. The data that GBS generates influences business outcomes and requires professionals to analyze it. With enhanced skills, knowledge and education, today's data entry person can become tomorrow's data analyst, working inside a GBS location, or sourced to other business functions to provide services.
- **Increased effectiveness and ability to scale.** If executed optimally, the GBS model is not only efficient, but it is also effective. Having control of an entire process—such as integrating acquisitions smoothly and quickly—means organizations can respond faster. Companies that make acquisitions every six to nine months, for example, benefit from adaptive GBS functions that are flexible enough to grow by 20 to 30 percent to accommodate new processes, people, and systems.
- **Consistent customer experience.** Companies operating at higher levels of GBS maturity have a stronger commercial orientation for shared services

and outsourcing efforts. They think and operate like an independent business accountable to internal and external customers. They constantly strive for a better customer experience and higher customer satisfaction. They use service management principles, such as trouble tickets, to track issues and drive a consistent experience. Objective measurements like net promoter scores aim to improve customer experience and satisfaction and deliver greater value.

- **Enhanced collaboration.** End-to-end processes deliver better business outcomes but also require a great deal more collaboration. For example, the employee onboarding process in a GBS model aims to improve the overall experience, not just ensure that an employee's email is set up correctly. New-hire satisfaction occurs when the entire process works—everything from getting the ID picture taken and badge issued to obtaining security clearance and a computer and getting email set up. All these processes require collaboration and coordination among multiple functions.
- **Consistent brand experience.** The most successful GBS organizations mirror the brand experience of their companies. For example, one global consumer packaged goods company that focuses on giving consumers added value aims to treat its internal customers in a similar manner. Analysts in its CIO office are dispatched throughout the company to help with business solutions. Overall service levels have improved from 80 percent to 97 percent.

KPMG's GBS framework is optimized and enabled by 10 dimensions



Critical questions to consider about value drivers:

- Can you map realistic value drivers to your level of GBS maturity?
- Which value levers should you pull at what levels of maturity? What do you do when?
- How do you justify the investment and effort required to move to different levels in a way that will get your leadership committed?
- How are economic value measures, like working capital or ROI, linked to GBS objectives and delivery by maturity level?
- Who else is moving to GBS, and what is their success?

How KPMG can help

KPMG recognizes that today's enterprise business services leaders face increasingly complex demands and challenges.

Globally integrated teams from our Shared Services and Outsourcing Advisory (SSOA) practice, in seamless partnership with professionals from KPMG International's broader set of member firm capabilities in risk, transactions, tax, and compliance, help our clients transform their business services to deliver improved value, increased agility, and sustainable business performance.

If your organization is seeking innovative ways to achieve genuine business services transformation, KPMG SSOA can help. For more information, there's no better place to start than by accessing our research and thought leadership on the [KPMG Shared Services and Outsourcing Institute](#).

[Read more of KPMG's core success factors for GBS here.](#)

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