

6 Trends in Global Business Services

“How companies accelerate
through GBS”

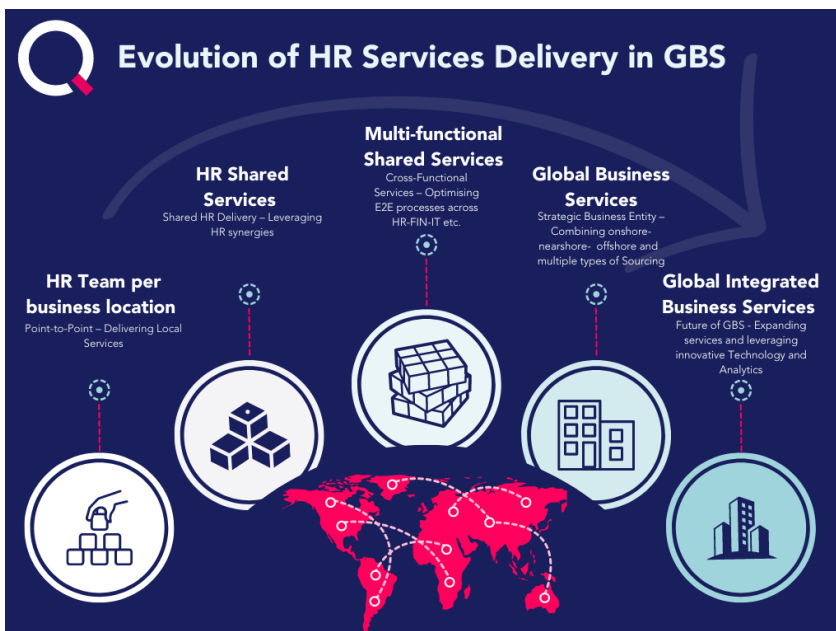
Over the last decade, many companies have embarked on a journey towards further development of their operating models. In recent years, companies have evolved their HR operations from HR teams per business location to in-house Shared Services (SSC) and Business Process Outsourcing (BPO) for increased efficiency. Now that in-house SSC and BPO have reached a reasonable level of maturity, a broader strategic approach is needed. Searching for increased synergies, the shared services and outsourced operating models have been steadily moving towards a more holistic version of themselves: Global Business Services (GBS).

The rise of Global Business Services

GBS is grouping a company's support functions, such as Finance, Procurement, IT and Human Resources (HR) into a cross-functional structure. GBS comes in many shapes, sizes, and flavours: with regional or global centres, combining onshore, nearshore, and offshore services with multiple types of sourcing - in-house and outsourced. GBS offers higher value for businesses at lower costs due to cross-fertilisation of organisation, optimisation, knowledge, and resources.

But the evolution of GBS doesn't stop there. The future is already here with Global Integrated Business Delivery, taking GBS one step further by incorporating all support services and utilising innovative technology and analytics for maximum efficiency. With Global Integrated Business Delivery, businesses can achieve a seamless and integrated service delivery model that optimises their support functions and enhances overall business performance.

"GBS is the evolution of Shared Service Centres and Business Process Outsourcing"



While Global Integrated Business Delivery presents many opportunities, GBS implementation is often the crucial first step in optimising service delivery. In this article, we've gathered a selection of developments in GBS to help your organisation unlock its full potential.

Trend 1: Cross-functional Optimisation

In a support function, it is tempting to only optimise within the silo and stop at the points where a process is handed over to another department. The focus of that function is then on its own added value and its own operational improvements. However, because GBS works across functions, we are now witnessing a structural shift in thinking towards end-to-end processes and journeys. As a result, organisations are cashing in on opportunities that were previously missed. For example, where an HR SSC was successful in reducing costs for the HR administration and payroll input only, in a GBS environment there is room to build a broader business case with IT and Finance to improve the processes end-to-end for the benefit of the company as a whole.

By agreeing on a joint GBS roadmap across functions, plans and investments are made based on wider business objectives. This is an accelerator for the company's supporting functions. True end-to-end process improvements require a broader view on developing ideas and implementing solutions rather than just looking within a silo. And that is precisely what GBS is about: **spotting, analysing, and exploiting** these collective opportunities for the organisation.

Trend 2: Deploying Intelligent Automation

Cloud solutions have brought a lot to the world of shared services and business process automation. However, organisations find that the many tools available make it more difficult to keep things simple and make processes transparent. GBS gives direction and accelerates automation by integrally designing smart processes. Under central governance, strategic priorities are translated into an automation roadmap. This prevents an organisation from having increasingly fragmented processes and tools. The most commonly deployed automation technologies are system integrations, workflows, digital forms and approvals/e-signatures, robotic process automation (for repetitive tasks) and digital document management (including

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storage and retention). GBS is also committed to developing a digital corporate culture, as well as how employees collaborate within the organisation. Based on the broader organisational strategy, GBS is able to make better long-term investment decisions. This means that the chosen technology or automation solutions can yield a higher 'return on investment' and achieve greater organisational buy-in.

Trend 3: Higher Productivity, Lower Costs

In the past decade, companies improved productivity by centralising services into an SSC or outsourcing to a BPO partner. In parallel, work was transferred to low-cost countries in Eastern Europe or Asia. Savings were achieved because of centralisation and lower labour costs. Organisations moving from an SSC or BPO model to a GBS model find that, even before making this transition, their costs are already low. Yet the added value of having an organisational GBS strategy goes beyond centralisation and labour arbitrage. With a focus on the broader business objectives, **GBS is able to contribute to the organisation's productivity and cost savings at another level** – bringing the already-present drive for efficiency of SSC and BPO models to the level of company added value. A key reason for this is the broader perspective of GBS – by looking across the supporting functions, it helps uncover sources of inefficiency that were previously hidden. As a result, process improvements done within a GBS organisation have the potential to achieve even higher productivity and lower costs.

Trend 4: Virtual Teams 'In the Mix'

The Covid-19 pandemic has taught us that, wherever the nature of the work allows, working in virtual teams is an excellent alternative to working in one location. With the accelerated development of online collaboration tools, virtual collaboration is here to stay. For the development of GBS, this is a huge opportunity. In the perfect mix of onshore, nearshore, and offshore services, virtual teams are going to contribute to the expansion of capabilities and the continuity of service delivery. But above all, it means that location no longer needs to be a limiting factor in recruiting the best talent for GBS.

"GBS goes beyond centralisation and labour arbitrage"

"Virtual teams expand the capabilities and the continuity of service delivery"

Trend 5: Data Insights to the Next Level

Another great part of the added value GBS provides is owed to the collection and analysis of digital data. GBS is strengthening the organisation's access to digital data, because the GBS data team collects data needed by the company. The speed of almost real-time insights, reports, and dashboards from raw data offers great business value for the company, enabling leadership to make more accurate and proactive business decisions. Furthermore, by bringing together the competence of the different supporting functions comprised under GBS, digital capabilities are jointly developed. As such, the development of data tools and analytics skills is gaining increasingly more power in the GBS setting.

Trend 6: Professionalised Governance and Decision-making

With a GBS model, organisations are building a true governance organisation in which analysis, partner selection and service delivery decisions are brought together. In a developed GBS organisation, the GBS governance team is of a senior level so that influence can be exercised to all stakeholders. This means an immense strengthening of internal competence with respect to alignment on business needs, the building of sourcing strategies and executing these strategies. In addition, methodologies for transitions, change and communication across the organisation are standardised and professionalised.

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"The senior GBS governance team can exercise influence to all stakeholders"

6 TRENDS IN GLOBAL BUSINESS SERVICES (GBS)

- 1 CROSS-FUNCTIONAL OPTIMISATION**
GBS is about spotting, analysing, and exploiting cross-functional optimisation opportunities for the organisation.
- 2 DEPLOYING INTELLIGENT AUTOMATION**
Based on the broader organisational strategy, GBS is able to make better long-term investment decisions.
- 3 HIGHER PRODUCTIVITY, LOWER COSTS**
GBS goes beyond centralisation and labour arbitrage.
- 4 VIRTUAL TEAMS 'IN THE MIX'**
Virtual teams expand the capabilities and the continuity of service delivery.
- 5 DATA INSIGHTS TO THE NEXT LEVEL**
GBS is strengthening the organisation's access to digital data.
- 6 PROFESSIONALISED GOVERNANCE AND DECISION-MAKING**
The senior GBS governance team can exercise influence to all stakeholders.

GBS ensures better decision-making and service delivery management for supporting functions such as Finance, IT and HR, through the continuous alignment of initiatives with the strategic objectives of the organisation. An improvement especially when compared to a situation in which each function was doing their own thing.

How can these trends impact your organisation?

The described trends indicate that GBS as part of the HR operating model goes beyond the traditional SSC or BPO models. Its distinctiveness lies in a few key advantages:

- organisational objectives that drive the GBS strategy across functions, countries, and business units
- professionalised governance for better decision-making, change and performance management
- end-to-end and cross-functional process optimisation
- organisation-wide data management, analysis, and insights
- smart investments for automation
- having the scale to find the optimal mix of in-house centres and external providers and of onshore, nearshore, and offshore locations including virtual teams.

GBS delivers added value to the business from the organisation-wide service portfolio. Improved models will emerge, as well as versions of these models, to which virtual teams will greatly contribute. With further digitalisation, automation and the use of new technologies (such as artificial intelligence) on the horizon, GBS as an operating model is far from being fully developed but holds great promise for the future.

What Quintop can do for you

Quintop provides support to organisations in decision making and implementing a GBS solution, as well as optimizing existing GBS structures. From leading the implementation programme to managing the people impact. Our approach is built on our experience in GBS implementations across the globe. We apply our in-depth knowledge via the three pillars of organisational change: People, Processes, and Systems. This translates into:

1. **People:** Specific attention to all people-related topics such as restructuring and change management activities.
2. **Processes:** A structured approach to building the GBS Service Delivery model. Defining what should be done onshore, nearshore or offshore and implementing the optimal mix of internal service centres and outsourcing.
3. **Systems:** Leveraging our experience in digital transformations so that your systems can optimally support the service levels you strive for.

Because no organisation strategy is the same, it also means that the GBS strategy is never 'one size fits all'. The final plan, approach and transition methodology are always customised for and with our clients.

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