



Shared Services vs. Outsourcing Options ? Why ? Where ?

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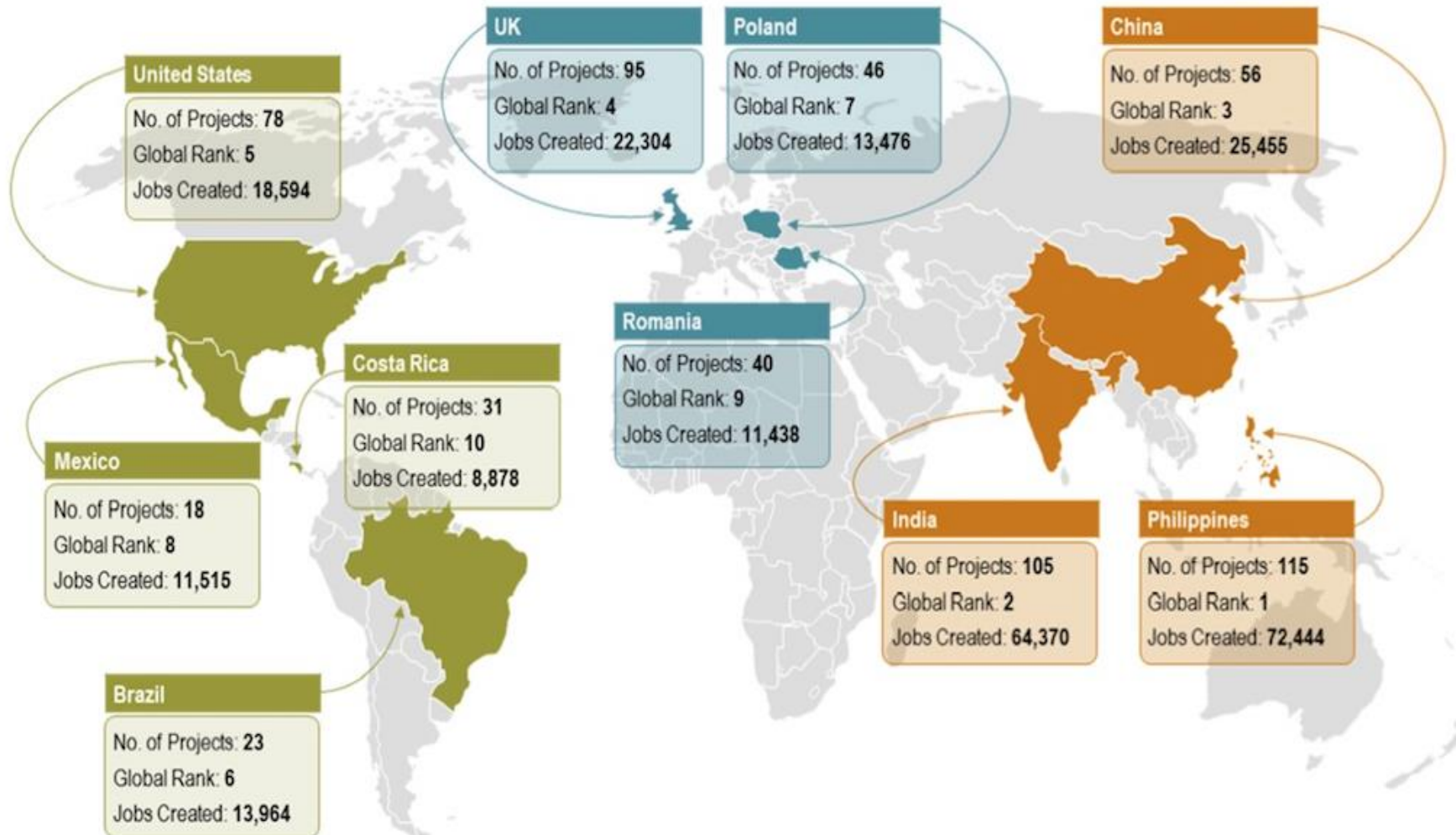
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Top 10 Shoring Locations 2008-2012



Some figures (source Deloitte / PwC)

- About half of 870 known SSC's **have less than 100 people**
 - 20% SSC's between 100 and 250 people
 - 7% between 250 and 500 people
 - 11% with more than 500 people
- 80 to 90% of anglo-saxon Groups have centralised activities in SSC's
- 57% of SSC's are mono-function
 - **Finance: 93%**, HR: 62%, IT: 52%, Purchasing: 41%, CRM: 39%, Tax: 35%
- 33% of SSC's are in Western Europe,
 - 23% in USA or Canada, 15% in Latin America, 12% in Asia-Pacific, **8% in Eastern Europe**, 7% in India

Location Decisions: Drivers and Trends

Driver	Trend
Productivity	<ul style="list-style-type: none">• The ability to achieve greater productivity and margin improvement through the (re)location of business functions is of growing importance
Labour	<ul style="list-style-type: none">• The potential to access and retain appropriate labour pools and talent is becoming more challenging
Cost	<ul style="list-style-type: none">• Cost arbitrage is usually a key benefit, however there is growing variation in how the financial benefits of solutions are measured.
Revenue growth	<ul style="list-style-type: none">• Increasingly shoring decisions are being linked to revenue growth, as a potential access route into new markets
Risk Management	<ul style="list-style-type: none">• Managing supply chain and operational risk is emerging as a key driver of shoring and location decisions

Locations 2014: Shifting landscape 1/2

- 2012-2013 showed 2nd biggest decline in offshoring projects since 2008 (Financial Times)
- Headlines about « Reshoring/Nearshoring ». Limited number of offshore projects actually observed
- From offshore to onshore + nearshore + offshore
- Focus shifted to: value, contribution to growth (not just cost)
- Technology (e.g. cloud services, automation, electronic invoicing), changing the « people » requirements and labour arbitrage and suppressing geographical boundaries
- Global Business Services – Global delivery centers

Locations 2014: Shifting landscape 2/2

- Competing existing locations and emergence of new Tier 2/3 locations
- Currency impact – Rising costs in some geographies (e.g. China)
- Existing Corporate footprint / existing facilities
- Accessing new markets (e.g. Africa)
- Looking to Mitigate risks / Business Recovery – back-up
- Avoiding competition or head-to head ?
- Political Agenda – CSR – Image – HR issues

Talent, technology and analytics value absent in two-thirds of BPO engagements

Q. How effective is your current primary BPO service provider at delivering the following business benefits with your current BPO initiative?

■ *Highly effective* ■ *Quite effective* ■ *A little effective, but generally mediocre* ■ *Completely ineffective*

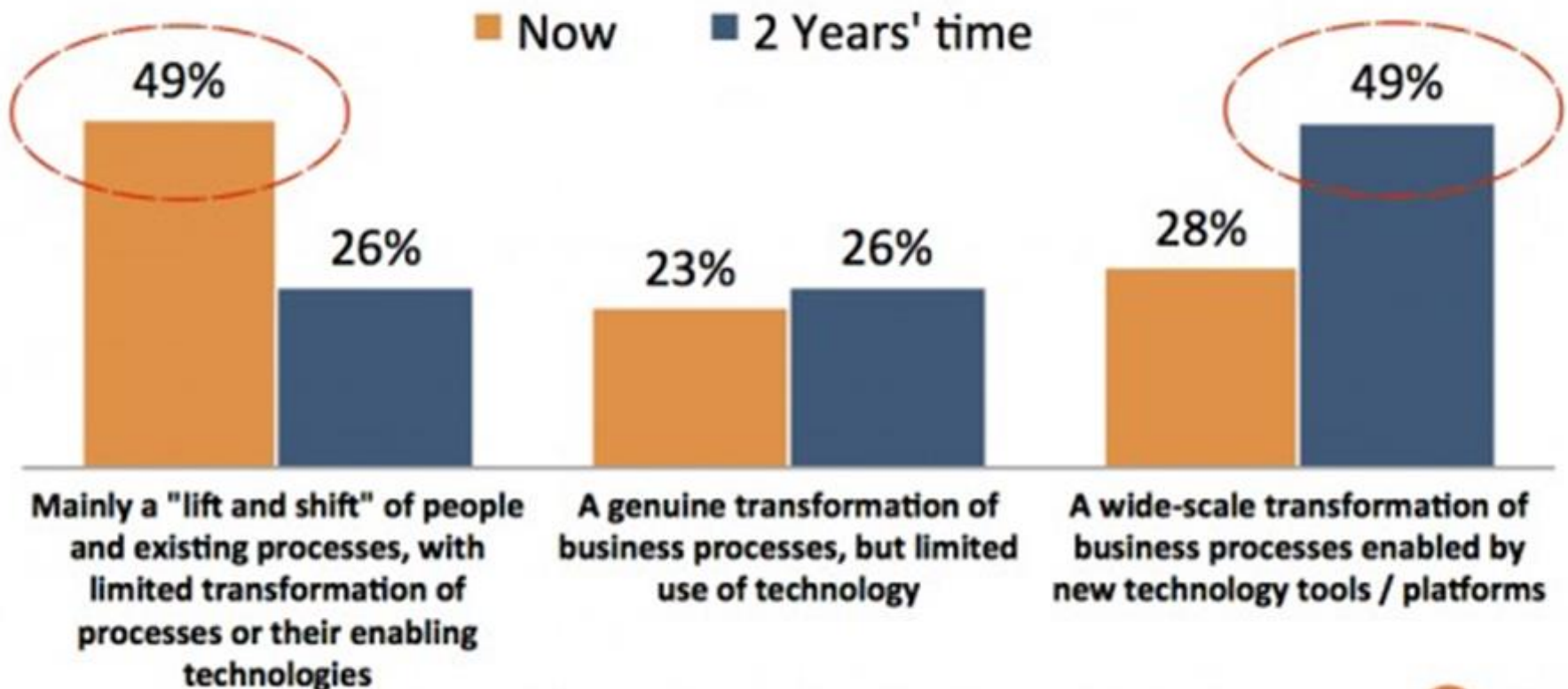


Source: HfS Research 2014. Note: n=189 Enterprise BPO Clients



State of BPO Engagements today and expectations for 2 years time

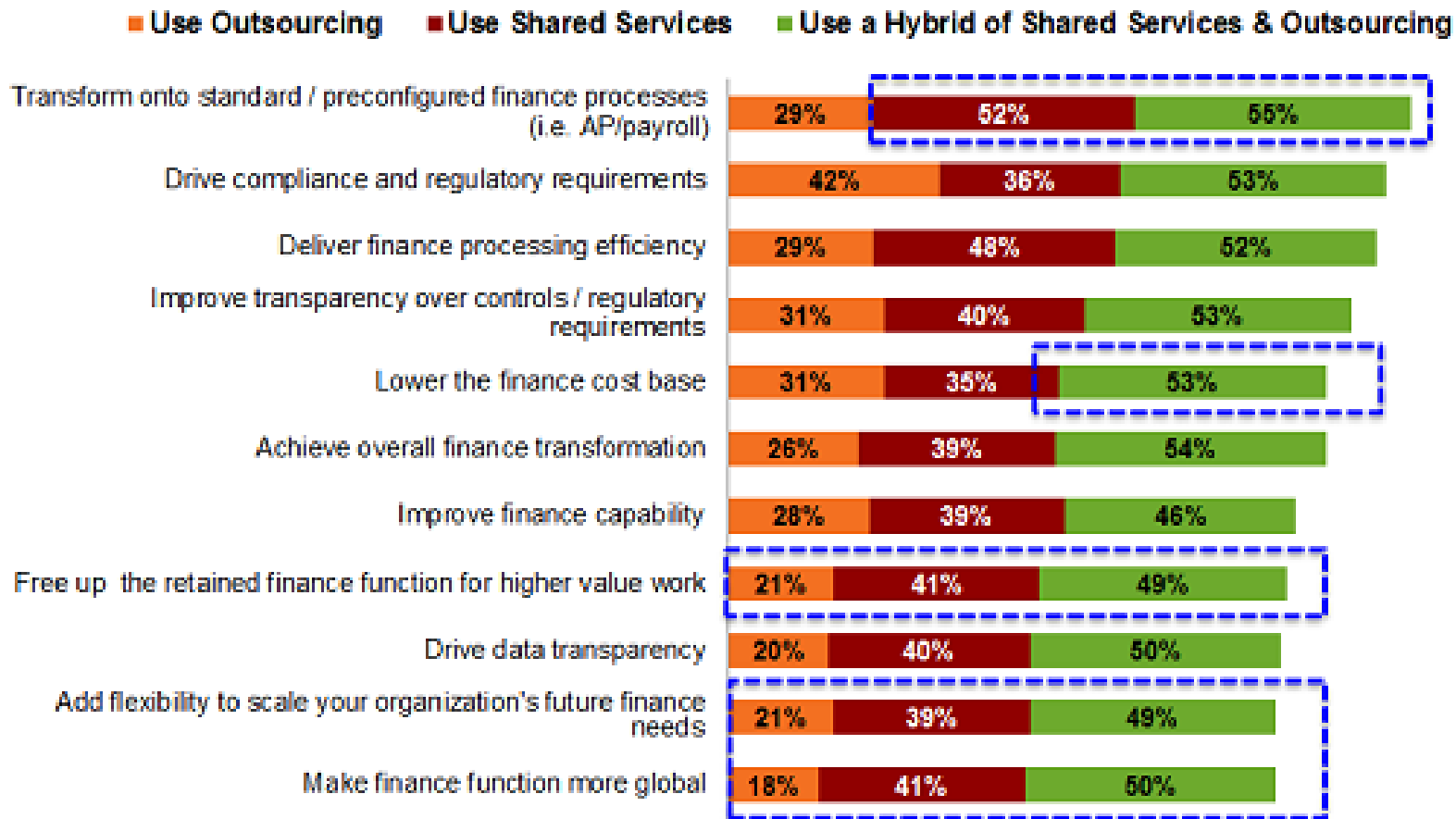
- Q. What statement below best describes your current major BPO engagement(s) today?
- Q. And based on your organization's current intentions and actions, which of the following will most likely reflect your current major BPO engagement(s) in 2 years' time?



Global Business Services are primed and ready:

Buyers happier with effectiveness of hybrid SS&O frameworks

How effective have your current finance shared services/outsourcing initiatives been for achieving the following business benefits to date ("Very effective" & "Effective")?



HfS Research

Collaborative sourcing intelligence

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Source: HfS Research and ACCA, 2012
Sample: 682 Organizations > \$500m

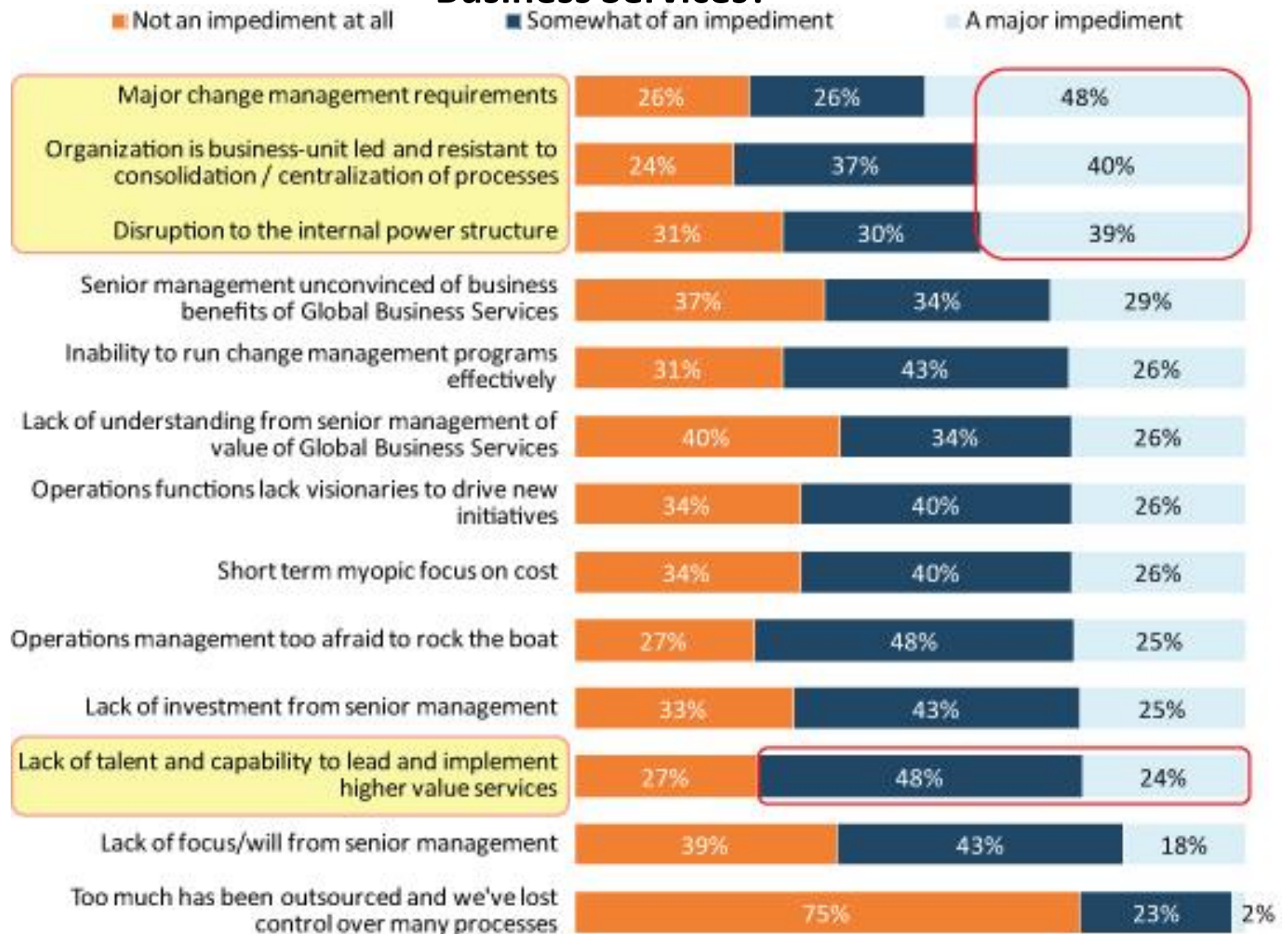
Evolving motivations & drivers 1/2

- Focus shifted to: value, contribution to growth (not just cost)
- Large global corporates have already realized gains and looking to what is next ?
- From « lift and shift » to Transformational Outsourcing
- Medium international / Large National / SME's Increasingly moving to SSC/Outsourcing
- Expansion or improved efficiency / revamping of existing centres – colocalisation between countries
- Mono-function to end-to-end processes, to multi-function to GBS more strategic and integrated in Company
- New opportunities from Technology (Cloud / Automation)

Evolving motivations & drivers 2/2

- Vertical / niche players (e.g. Travel, Pharma.)
- Increased complexity (compliance / tax / FP&A) - from Transactional to CoE
- Dealing with « small » countries - Compliance
- More bridges between Business CXO and Services Centers – CXO ownership
- Process ownership in Centers
- Fight for Talent – SSC as training ground
- Impact of Social Networks / Mobility / Cloud
- Need for analytics to make sense of Big Data

To what extent are the following issues impeding your development toward a more centralized and empowered operations framework, such as Global Business Services?





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