Where's your digital business DNA?
In your advanced shared services model

By Christian Campagna
Every company must become a digital business or risk it all. Between 2000 and 2014, just over half of Fortune 500 companies vanished from the list.¹ Many did not see that in the furious pace of the digital marketplace, speed kills—without it, you are dead.

Digital transformation is hard work. Businesses must re-imagine the customer experience, aligning their people, processes and technologies behind it. They must connect with partners across the digital ecosystem. This is especially complex and costly for global enterprises mired in traditional ways of working. It is also time-consuming, when there is no time to waste.

The right operating model and organizational design is the cornerstone of digital transformation. The integration of business, IT and enterprise processes with an outside-in customer focus is in the genetic code of the most advanced shared services models. It's an interconnected design that mirrors the alignment, coordination and agility that digital businesses demand.

Just 18 percent of organizations use advanced shared services models today. However, Accenture research shows that 48 percent will use them by 2019 as companies seize the advanced shared services digital edge.² Explore how this business model has the fundamental characteristics for transitioning to a digital business.

In the next five years, a 2.7-fold increase in the adoption of more advanced shared services models is expected.
Feel the need for speed

Remember when product and service lifecycles progressed gradually over time? Those days are over. The bell curve of market adoption with its steady, predictable momentum from initiation to saturation has been replaced by the shark fin. This cycle is marked by rapid-fire bursts of innovation, market leadership that gives way to steep decline after a rush of copycat products, followed by new product enhancements that trigger the cycle to repeat. As such, windows of opportunity to capture market attention are small and fleeting, and only fast movers have a chance at them.

To stay relevant, global companies must act on new market opportunities sooner, launch new products quicker and deploy emerging technologies faster. But speed is hard to come by for most global enterprises. Isolated silos—across finance, human resources, procurement and sales among other areas—create endless complexities and rigid boundaries that are time consuming to navigate. Enterprises are lumbering when they need to be limber.

Established advanced shared services organizations are the exact opposite. There are no silos; no complexity to manage.

People are coordinated across functions and geographies—physically and virtually—around common targets and broad enterprise context. This alignment makes it easier (and faster) to incubate ideas in an environment free of bottlenecks.

Consumer products giant Procter & Gamble (P&G) knows this firsthand. Since its launch a decade ago, P&G’s Global Business Services (GBS) has evolved into a leading advanced shared services organization providing more than 150 services. Among them is the use of virtual reality in the product life-cycle management, which has significantly increased speed-to-shelf for new products.

As Filippo Passerini, former Procter & Gamble Group President, Global Business Services and Chief Information Officer, explains, P&G uses virtual reality to test packaging design. Innovative and immersive virtual environments have replaced physical mock-ups and in-person consumer focus groups. "Getting consumer feedback prior to product launch has always been essential to P&G’s product development cycle,” says Passerini. "Using virtual reality solutions, what used to take the company weeks to complete now takes days or hours."

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Customer centricity is the holy grail of the digital business. Seamless customer experiences require seamless service integration with the customer at the core. That is the essence of advanced shared services organizations.

The classic view of shared services is that it is an efficiency play for back-office operations. Advanced shared services has evolved beyond this narrow scope to become an instrument of enterprise value. Traditional functions such as finance, human resources and IT are in more than half of shared services organizations today. But in just five years, supply chain, legal, facilities and real estate are expected to dramatically increase the use of this model.⁴ Front-office functions such as customer services, logistics and marketing are also moving to advanced shared services. (See Figure 1)

Because they have evolved to the front office, advanced shared services organizations integrate customer perspectives. When enterprise services meet front-office revenue generation opportunities, customer satisfaction is a mutual goal.

This happens only in an aligned, coordinated business model. Imagine an advanced shared services center that houses finance and sales functions. Invoices no longer signal transactions that must be reconciled—they signify customer relationships that must be cultivated.

One large industrial original equipment manufacturer supplier discovered the benefits of this broader view of the customer experience. Before advanced shared services, the company could not keep its promises to major automotive clients. Working with organizational blinders on, the sales team accepted orders that production and the supply chain could not fulfill. Vital supplies were being sent days late to a location hundreds of miles from where they were needed.

When order taking and supply planning converged in the same advanced shared services center, everything changed. Aligned around the customer instead of siloed functions, the team stopped disappointing customers because they could coordinate efforts. This translated into a 30-plus percent increase in service delivery satisfaction. Now, when supplies are supposed to be there in two days, they are.

Figure 1. Shared services scope continues to expand over the next 5 years.
Data insight at scale is essential for companies to deliver the hyper-personalized experiences that both internal and external customers expect. The challenge for global enterprises is that while they are awash in data, it exists in pockets. Without total data visibility, there is no true data insight.

Advanced shared services organizations have overcome this challenge. Purpose-built, they capture, store and analyze enterprise and customer data consistently. They do this at scale across functional areas, product lines, regions and geographies. Analysis happens not only with a functional view, but with a strategic enterprise view focused on creating new value for the business.

Enterprises with advanced shared services organizations are primed for a digital business future. But driving a digital transformation can be overwhelming. The good news is that meaningful change does not have to happen all at once. Your business can take a measured approach to build momentum.

A reality check is the place to start. This is an honest look at shared services in your organization. While most companies use shared services, few have fully evolved to the advanced state that is an enabler and a prerequisite for the digital business. Beware of the temptation to overestimate your shared services maturity.

Instead, Passerini suggests a comprehensive analysis. Objectively size the opportunity. Determine whether the organizational structure is truly blended or still operating in functional silos. Assess whether the model is organized around end-to-end services for streamlined delivery. Explore whether IT operations and service delivery are horizontally aligned across the business to increase scale and standardization. Also, take a look at whether resources are dynamically aligned to top business priorities.

This is one reason why P&G got its data house in order in a streamlined way—moving from having data to using it to make more informed business decisions. With data management already centralized in GBS, P&G developed a visual cockpit for employees. Instead of taking a lot of time to search countless reports that are not always relevant, employees can now readily access data via an easy-to-use digital dashboard. “The idea was to spend less time on just what was happening in the business,” recalls Passerini. “And focus on why it was happening and how to make better, faster decisions.”

With data visibility inside the business, the enterprise can share data externally across digital platforms, increasingly important in the digital ecosystem. Today’s digital networks allow companies to collaborate in data-driven ways to broaden product and service offerings. An advanced shared services model gives companies an advantage. A foundation of strong integration inside the business can streamline integration with ecosystem players outside the business.

Doing this deep dive can help you to set priorities around where the business most urgently needs to change. Take a dual focus on both advanced shared services opportunities and "sweet-spot" digital impact areas. You will find that value creation—both quick wins and long-term results—sits at the intersection between the two.

Through all of this evaluation, planning, action and measurement, remember this digital truth—digital never stands still. Your enterprise cannot either. As you evolve the operating model, develop a test-learn-tweak mindset: drive change, shorten cycle time and reward people for their agility and flexibility.

Digital disruption waits for no one. Luckily, with an advanced shared services model, the building blocks are already in place. Because your digital business future is in your DNA.
A special thanks to Filippo Passerini, former Procter & Gamble Group President, Global Business Services and Chief Information Officer, for his insightful contributions to this article.

Sources:
1. Accenture analysis

About Accenture
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