What's holding you back from your next billion?

If you want to drive growth, you need an advanced shared services model.

By Aneel Delawalla
Growth is back. As economic conditions improve, companies are turning their thoughts and strategies toward growing revenues and market share. Many are doing so in innovative ways. Hardware companies are getting into the software-as-a-service business, leveraging a new consumption model. Consumer packaged goods companies are using digital channels to increase their ecommerce capabilities. Startups are creating disruptive business models and looking to rapidly expand into new geographies.

Yet many risks will arise with those growth strategies unless companies simultaneously adjust their internal operations to be more agile and responsive. It’s time to focus on the expanded role that shared services organizations can play in supporting growth. According to Accenture research, 91 percent of surveyed executives believe that CEOs view shared services as a critical success factor for reducing complexity. Eighty-nine percent go so far as to say that shared services can be the foundation for a fundamental redesign of the company.

However, these are not the single-function shared services organizations of the past. Today’s advanced shared services models have three distinct characteristics:

1. They are cross-functional
2. They are organized around delivering value to the customer
3. They are enabled by digital technologies

For example, instead of consolidated processing of accounts payable, these flexible and integrated shared services models deliver a portfolio of supplier management services that can include end-to-end source-to-pay processing, supplier integration into production planning, and collaborative product design services.

Integrated shared services models can help companies respond to marketplace variables faster. And agility is a key to competitive advantage. According to Accenture’s recent research, 90 percent of CEOs and 91 percent of CFOs agree that having a sufficiently flexible operating model is critical to improving the enterprise’s overall responsiveness.

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Advanced shared services: Strategies to drive growth

How can companies create a more agile, flexible shared services model that has real business impact? Let’s look at the essential components of an advanced shared services model.

Customize for market differentiation

Traditional shared services focused relentlessly on standardization. However, in today’s environment, flexibility needs to be achieved through a more modular approach. Standardization of modular processes and systems can lead to a better service experience for customers and the chance to cross-utilize business resources to respond to changing market conditions. Companies can configure services more readily to meet the specific needs of different customers. This can become a competitive advantage for the business in terms of speed, simplicity and customer focus.

For example, consider the issue of differentiated customer needs. Most companies segment their customer bases and enable larger, higher-touch, higher-value customers to use dedicated representatives or different contact channels than other customers. To provide a more tailored experience, companies can go further back into shared services processes. How should these high-value customers’ shared services experiences differ from others?

How are their orders, payments and service requests treated? If they want to contact the company, will they need to dial in to the contact center or will they have access to text messaging or other differentiated channels? What kind of representative will own these customers’ needs? How will escalations work?

It’s important to build on what’s happening with customer segmentation in the front office, making sure that shared services is bringing the same level of agility and flexibility to customer service. The ultimate focus should be on market differentiation that makes a difference to the customer.
Create a broader business ecosystem

The integrated services that an advanced shared services model can deliver depend on an open ecosystem of different organizations working in partnership toward common business outcomes. Such an approach requires looking beyond older models where vendors had a transaction-based relationship focused mostly on internal operations.

Today’s leading practice is to think of an ecosystem of best-of-breed partners. Accenture research found that 91 percent of CEOs and 89 percent of CFOs agree that partnerships with suppliers are an important factor for their continued success.³

In marketing services, for example, working within an ecosystem enables companies to modularize the creative and production process to assign work to the right vendor with the right expertise for the right price. Creative agencies can be engaged for upfront creative work and establishing the marketing platform.

Digital experts can manage the digital processes of taking existing content and putting it into production, or performing digital analytics and conversion. These vendors may have better digital platforms or lower costs. Local marketing agencies can be used for more specific needs such as obtaining the best time slot or price for the particular marketing platform being used.⁴

What’s the benefit of this partnership approach? Partly in seeding the company with new skills and opportunities across a global footprint. Most important, it brings together teams that constitute world-class providers of critical capabilities functioning in an “as-a-service,” virtual ecosystem. Teams can be assembled, changed and reassembled for different business needs, making the company more agile and responsive as it pursues its growth agenda.
Use multiple global hubs to enhance agility

Businesses are moving their infrastructure to the cloud to gain business agility—achieving better responsiveness at less cost and risk—and internal operations need similar flexibility. A global delivery network based on a series of global hubs allows for nimble load-balancing of work based on type and volume of work, time of day, type of customer and language needed. Take the example of employee onboarding. Such a process requires the seamless collaboration of many functions: Human Resources for new-employee services, Finance for payroll and expense management, IT for equipment provision and network access, Facilities for office space and Legal for work permit and visa servicing. These needs can vary depending upon type of employee, the country they are being hired by, and their primary language. With a delivery network of global hubs, a company can reroute employee master data or onboarding services around a network of centers, depending on factors such as type of work, cost or the kind of skills needed. Global hubs also enable companies to deliver 24-hour, follow-the-sun capabilities.

Don't just sense demand, predict it

Rapid advances in technologies such as cloud, mobility and analytics promise to change the entire nature of services delivered by advanced shared services organizations. Think of the Industrial Internet of Things, which combines sensor-driven computing, industrial analytics and intelligent machine applications into a single universe of connected intelligent industrial products, processes and services. In this environment, advanced shared services organizations can deliver infrastructure-related services that can develop the capability to sense and even predict occurrences, thanks to the power of analytics.

Emerging capabilities in big data, robotics and cognitive computing are also upending traditional models of how to staff for peak workloads. Analytics around big data can predict when fluctuations in demand will occur. Coupled with infinite processing capacity from robotic and cognitive computing automation, customer demand can be automatically fulfilled.
Creating an advanced shared services model that is agile enough to support the speed of business today requires four key steps:

1. **Envision.** Discard the traditional mindset focused on functionally siloed shared services and envision a series of integrated business "apps" that combine all the elements needed to create value and support growth. These would include things like an employee onboarding app, a customer management app, and a merger integration app, combining all the people, process, technology, and informational assets to deliver seamless, high-quality, low-cost services that are both customizable and scalable.

2. **Assess.** Evaluate the steps needed to redefine your shared services model from cost-minimizing and process-centric to growth-oriented and value-centric. One way to assess your capabilities is to pressure-test your current operating model to see if you are saying "no" more than "yes" to your business customers. This can reveal areas for improvement, such as ensuring that your standardized processes are in fact flexible enough to meet changing demands.

3. **Modernize.** Redesign work for the digital world. Move beyond process simplification and standardization to defining integrated and collaborative work processes that take advantage of digital technologies such as:
   - Real-time process monitoring to identify changes in demand
   - Robotics to identify risks and exceptions
   - Analytics to value the opportunities and predict outcomes
   - Collaboration to ensure seamless service delivery
   - Mobility to deliver service at the point of need

4. **Partner.** Create a stronger business ecosystem of provider partnerships. Review existing arrangements with your strategic partners and examine the mix of areas in which you are engaged. Ask yourself: Does your ecosystem include partners who are aligned with your growth strategy and who can deliver demonstrably superior service?

Focus on creating an advanced shared services organization that is responsive to marketplace, competitive and customer change. Ensure that the customer experience and business outcomes are at the center of an end-to-end redesign of your shared services capabilities. An inflexible shared services model can limit your organization’s growth potential. Advanced shared services can improve the overall agility of the business by being continuously aligned with business strategy—all parts of the organization working together toward that next billion in growth.

**Making it happen: Your flexible, advanced model for shared services**
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