Shared service centres – 'the 2nd generation'

A global PwC survey on how SSCs are currently performing and their future potentials.

pwc

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The information contained in this study was intended for our clients and correct to the best of the authors' knowledge at the time of publication. Before making any decision or taking any action, you should consult the sources or contacts listed here. The opinions reflected are those of the authors.

Printed in Germany

Preface

Shared service centres have many advantages (eg, efficiency, quality, transparency) over decentralised finance and accounting organisations. If companies aim to exploit and sustain the full range of benefits over the course of time, shared service centres need to be continuously developed and optimised. Against this background, the current survey analyses how shared service centres are performing today and how they are likely to develop in the future.

Over the period from May to November 2010 a standardised questionnaire was sent out to 450 companies across the globe who have implemented at least one shared service centre covering finance and accounting processes.

Priority was given to blue-chip companies listed in the Global Fortune 500 index and in other major country indexes, such as Dow Jones and Dax. A total of 127 companies representing 486 shared service centres participated in the survey.

We would like to thank all of the organisations and individuals that took the time and effort to contribute to our unique survey and provided us with their valuable input. We are happy to provide readers with a range of interesting insights in this area.

Stuttgart and Frankfurt am Main, May 2011

Michael Suska
Partner
Stuttgart

Christian Zitzen
Düsseldorf

Wolfgang Enders
Frankfurt am Main

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A   *Management summary*

This survey assesses the actual level of performance of existing shared service centres (SSC) in order to provide a basis on which to identify potentials for efficiently implementing new SSCs and optimising existing SSCs. It is based on a maturity model developed by PricewaterhouseCoopers (PwC) to assess the status of SSCs. The results of the survey provide an exclusive overview of how finance and accounting SSCs all around the globe are currently performing.

The performance of all SSCs has been evaluated against eight evaluation criteria. These criteria have then been aggregated to an overall performance score which is the basis for assigning each SSC to one of four maturity levels.

Fig. 1   Distribution of maturity model results (see also section C)
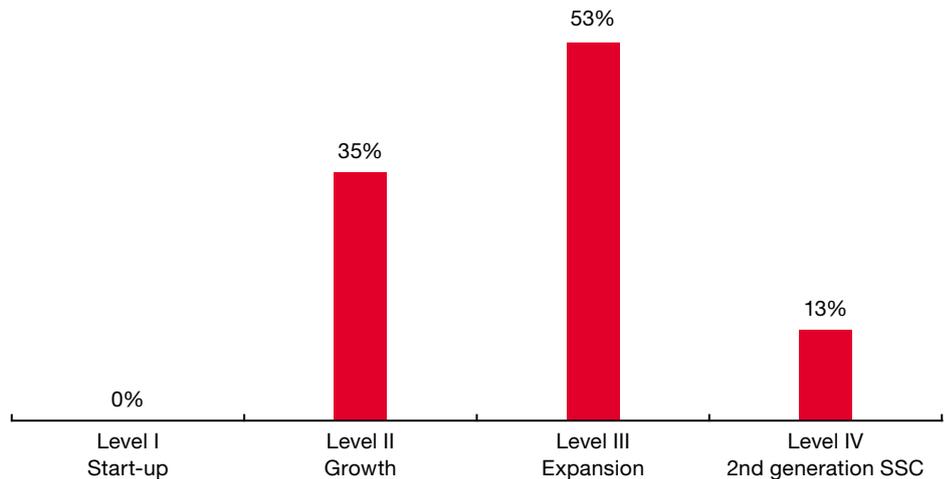
The results show that the SSCs analysed – over one-third of them listed in the Global Fortune 500 index – varied significantly in terms of their level of development. Only 13% were assigned to the highest level ('2nd generation SSC') in the overall evaluation. The majority of SSCs had at least some potential for improvement in one or more evaluation criteria.

The following key success factors were identified as relevant when implementing and developing SSCs:
- Cost savings are highly dependent on the selected SSC location; the performance of the SSCs, however, does not depend on the location but rather on the way the centre is managed
- Establishment of profit centre principles including an appropriate cost allocation method
- Learning curve effects do not materialise automatically but have to be managed systematically based on a well-established continuous improvement process
- Choice of the right implementation strategy for the respective company is critical to accelerate the SSC implementation period
- Selective use of outsourcing providers to increase the level of cost savings

- Establishment of an effective performance management by
  - having a mature balanced scorecard programme with both financial and non-financial metrics and
  - tracking and continually improving selective and relevant key performance indicators (KPIs)

These success factors combined are the basis for the development of an SSC into a '2nd generation SSC'.

The survey shows that the great majority of companies is satisfied with the way their SSC is organised. Less than 10% of companies are planning to scale down their SSC activities or shift the processes back to local business units. Almost 50% of participants have already consolidated their existing SSCs or are currently in the process of doing so. Therefore, the total number of SSCs in Western Europe and North America will decrease. However, the number of SSCs will increase in CEE and the Asia-Pacific region. The clear majority of companies sees more potential for selective outsourcing of finance processes to a low-cost country outside of the company's region (offshoring).

The key criteria for selecting SSC locations in the past were availability of qualified staff and low salary levels. These criteria will also be used to select the location for future SSCs. Indeed, companies will focus even more on these aspects. Relatively little weight is given to co-location with other corporate functions and the respective economic environment, as most existing SSC locations have become so mature that these criteria have a lower relevance.

The main reasons for implementing an SSC were standardisation, automation, compliance, cost reduction and quality improvement. The relevance of standardisation and compliance will become even more important in the future.

Almost all SSCs provide standardised mass transactions, while only some of the SSCs provide complex services that do not easily lend themselves to standardisation. Today over 40% operate with a selective outsourcing arrangement (mix of outsourcing and shared services) to optimise their overall sourcing strategy. Some 26% of companies have outsourced selected activities after starting SSC operations with an SSC-only arrangement. Around 8% are currently in the process of outsourcing processes that are currently provided by their SSC.

B   Key findings
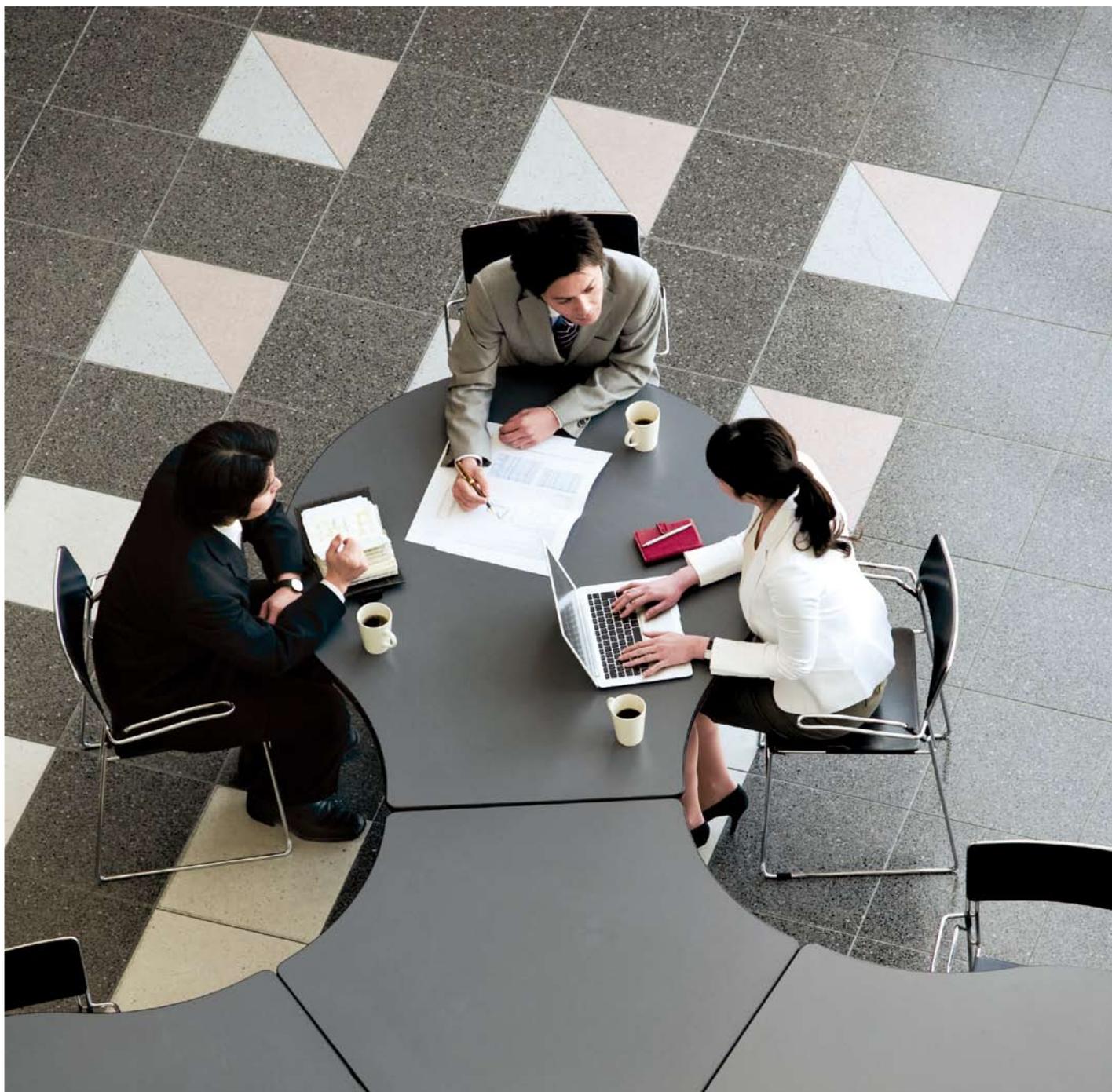
SSC location – Asia-Pacific and CEE are the regions with the highest realised savings in operating costs, Western Europe and CEE are the regions with the highest standardisation and quality levels

Many companies that decide to implement an SSC want to reduce costs. Therefore one of the most important criteria for selecting the SSC location is the level of labour costs. Asia-Pacific is consequently the region with the highest growth rates regarding new SSCs. SSCs in Asia-Pacific together with SSCs in CEE show the highest reduction rates with regard to operating costs. When it comes to quality improvements and process standardisation Western Europe and CEE show better results compared to the other regions. These centres also show the highest productivity improvement rates. The lowest average performance level is achieved by SSCs based in the Latin American region. They show lower levels in productivity improvement and operating cost reduction.

Centre concept – on average, SSCs managed according to profit centre principles are more successful and have a more comprehensive service management approach

SSCs that are run based on profit centre principles on average perform better than SSCs run based on cost centre principles. With their focus on achieving profits, profit centres often contribute more value to the company than comparable cost centres. SSCs run as profit centres on average have a more sophisticated service level agreement concept (SLA concept), which is a good basis to perform well in customer relations and performance management.

Learning and experience curve effects – experience of running an SSC helps to develop other SSCs into "2nd generation" centres

Companies operating several SSCs score highly over all evaluation criteria. This indicates that companies benefit from their experience when introducing new SSCs and that their path to becoming a '2nd generation SSC' is smoother and quicker. Companies that have run their SSC over a longer period of time often also reach high levels of performance. However, there are also companies with mature SSCs where this effect is not visible. This shows that learning curve effects do not materialise automatically but have to be managed systematically. Experienced companies show good results in business processes and in systems and technology.

Implementation strategy – the '2nd generation SSC' level can be reached independent of the initial implementation strategy

In the medium to long term the initially chosen implementation strategy only has a minor effect on the maturity level that can be achieved by an SSC. However, the selected implementation strategy has a significant impact on the time required to implement the SSC based on standardised processes.

SSCs that standardised and automated their processes at the "old" location before transferring them to the SSC ("shift and lift") reached slightly better results in performance management, the degree of process standardisation and the use of advanced systems and technologies compared to companies that chose a different implementation strategy. Simultaneously implementing standardised processes and migrating them to the SSC location is a good option for companies that already have an efficient finance function in place. The main advantage of this approach is the relatively short time to have an efficient SSC in place.

Objectives for SSCs – process standardisation, automation, compliance, cost reduction and process quality are the most important objectives when implementing SSCs

The main objectives for implementing an SSC were process standardisation, automation, compliance and the reduction of operating costs. However, the importance of the objective "improvement of quality" will increase in the future. Another important objective is "increasing transparency regarding data, processes, systems, costs and services".

Services provided – mass transactions are still the main service type provided by SSCs; only a few SSCs provide complex (and hence difficult to standardise) services

Accounts payable and receivable accounting as well as asset and general ledger accounting are still the typical services provided by finance SSCs. Processes such as treasury, procurement and external reporting are provided by significantly fewer SSCs. The results show that the majority of companies only transfer transactional processes, that are easy to standardise, to their SSC. Generally back-office processes and those that have a low strategic relevance. However, it is expected that the percentage of complex services will increase in the future.

Process standardisation and IT – most companies still see a large optimisation potential in standardising and automating processes

Regarding business processes, systems and technology the majority of participants still sees a large optimisation potential in both areas. Some 85% of participants surveyed still see a high optimisation potential in the area of process standardisation and automation. More than 75% of participants are convinced that their workflow and ERP systems still have a high improvement potential.

SSC maturity model – SSCs vary widely in their level of development

The maturity model results show large performance differences across the participating SSCs. 13% of SSCs can already be classified as a '2nd generation SSC'. However, the majority of SSCs have a considerable potential for optimisation in at least one evaluation criterion. Divided by region, SSCs implemented in Asia-Pacific and CEE show the highest maturity level of all participants. Latin American SSCs show the lowest level of development.

C   Description of the SSC maturity model

Structure and composition of the SSC maturity model

The SSC maturity model allocates SSCs to one of four levels of development with the '2nd generation SSC' being the highest level. The four maturity levels are differentiated based on the following eight evaluation criteria.

The eight evaluation criteria

1. Strategy
• Criteria used to select the SSC location, and their respective ranking
• Implementation strategy chosen
• Evaluation of objectives from today's perspective/at the time of the SSC implementation/extent to which the initial objectives have been achieved

2. Organisation/governance/compliance
• Centre concept of the SSC (cost centre vs profit centre)
• Cost allocation method for services provided
• Scope and revision cycle of service level agreements (SLAs)
• "Process owner" approach to manage processes
• Governance of the SSC
• Monitoring of process compliance/use of automated controls

3. Continuous improvement
• Systematic and regular analysis of costs and quality
• Continuous search for and implementation of optimisation measures
• Deployment of quality improvement tools
• Approach to measure whether an SSC is meeting its objectives

4. Business processes
• Degree of standardisation and automation of processes within the SSC
• Degree of standardisation and automation of processes in upstream and downstream processes outside the SSC
• Level of process documentation

5. Customer relations
• Customer structure (share of internal and external customers)
• Service structure within the SSC
• Customer orientation in the SSC
• Deployment of tools for customer management

6. Performance management
• Sophistication of performance management systems in place
• Transparency of the performance measurement process
• Availability of information related to operational and strategic management
• Definition of measurable performance targets and monitoring of achievement of targets
• Extent of financial control systems within the SSC

7. Human resources management
• Use of different training tools and training types by staff group
• Quality of communication between management and staff in the SSC
• Approach to link the performance evaluation of employees to the definition of development measures
• Use of employee satisfaction surveys

8. Systems and technology
• Degree of process automation and standardisation of IT systems
• Continuous optimisation of IT systems
• Extent to which electronic workflow and integrated ERP systems are deployed
• IT governance supporting financial control processes

The specific performance levels used to allocate an SSC to one of four maturity levels are shown for each evaluation criteria in the figure below:

Evaluation criteria	Phase I: Start-up	Phase II: Growth	Phase III: Expansion	Phase IV: 2nd generation SSC
1. Strategy	• no SSC-specific targets, strategies, measures or implementation plans set	• some SSC-specific targets, strategies, measures or implementation plans set	• SSC-specific targets, strategies, measures or implementation plans set	• SSC-specific targets, strategies, measures or implementation plans set • regular review of implementation and introduction of countermeasures if required
2. Organisation/ governance/ compliance	• SSC run on cost centre basis with no allocation of SSC costs • no SLAs in place • unclear process owner and manual controls	• SSC run on cost centre basis with fixed allocation of costs • some SLAs in place • multiple process owners and many automated controls	• SSC run on cost centre basis with costs allocated on services provided • comprehensive SLAs in place • single end-to-end process owner per business unit and many automated controls	• SSC run on profit centre basis with services allocated based on market prices • comprehensive SLAs in place and regularly adjusted • single corporate end-to-end process owner and controls automated wherever possible
3. Continuous improvement	• no improvements made in relation to costs, quality and time • Six Sigma, TQM not deployed	• slight improvements made in relation to costs, quality and time • Six Sigma, TQM in process of implementation	• some improvements made in relation to costs, quality and time • Six Sigma, TQM in process of implementation	• major improvements made in relation to costs, quality and time • Six Sigma, TQM in continuous use
4. Business processes	• not standardised, harmonised or automated • simple mass transactions	• mainly standardised and harmonised • simple mass transactions and some expert services (centre of expertise)	• optimisation and automation of business processes • simple mass transactions and expert services (centre of expertise)	• optimisation across the organisation • total services in terms of holistic processes
5. Customer relations	• internal clients • non standardised structure and management • no implementation of customer support tools	• mostly internal clients • standardised routine processes and transactions • ongoing implementation of customer support tools	• internal and external customers • focus on efficiency and effectiveness within SSC • ongoing implementation of customer support tools	• mostly external customers • focus on contributing value to the whole company • implemented and regularly updated customer support tools
6. Performance management (PM)	• PM tools (BSC, benchmarking) not deployed, used infrequently • no ICS (internal control system) implemented • no quality/performance targets	• PM tools (BSC, benchmarking) being developed • ICS implemented • quality/performance targets introduced	• PM tools (BSC, benchmarking) being implemented • ICS in place • extensive quality/ performance targets defined	• PM tools (BSC, benchmarking) in continuous use • comprehensive ICS and continuous optimisation • continuous adjustment of quality/performance targets
7. Human resources management	• non standardised structure and management • relation of employee development to performance evaluation unsupported • no training/advanced training system introduced	• combining existing expertise and focus on professional expertise • relation of employee development to performance evaluation non-standardised • introduction of training/ advanced training system	• professional expertise and management development • relation of employee development to performance evaluation extensively designed • comprehensive training and advanced training system	• service and leadership culture established • relation of employee development to performance evaluation continually reviewed • continuous improvement to training and advanced training system
8. Systems and technology	• multiple systems, no standardisation of ERP platform • no workflow systems introduced • no IT governance set up	• partially standardised ERP platform • workflow systems implemented • low level of IT governance	• standardised ERP platform • extensive deployment of workflow systems • average level of IT governance	• optimised, modular ERP systems • organisation-wide workflow systems • high level of IT governance

D Detailed analysis of the SSC evaluation

1 Strategy

The survey shows that SSCs with a high maturity level are characterised by a clear strategy resulting in well-defined objectives, measures and implementation plans. These SSCs show a positive correlation to the value the SSC contributes to the success of the company as a whole. This includes quality improvements and reductions in the cycle time of processes covered by the SSC as well as the achieved level of cost reduction.

Participants surveyed stated that the availability of qualified staff and labour costs were by far the most important criteria for having chosen the current SSC location. Availability of qualified employees and low salary levels also have a high weight from today's perspective. With regard to future projects the criterion labour costs and legislation will even gain in importance. Relatively little weight was given to quality of life (cost of living or attractiveness of the SSC location) and the co-location with other corporate functions of the respective company. The analysis shows that there are only minor differences in the preferences of companies from different geographical regions with regard to the relevance of location criteria.

Qualified staff and labour costs are the most important criteria when the SSC location is selected

Fig. 2   Criteria used to select current/future SSC location (a maximum of 100 points could be distributed between the criteria)

Key factors influencing the choice of location of the current SSC
Key factors influencing the choice of location of future SSCs
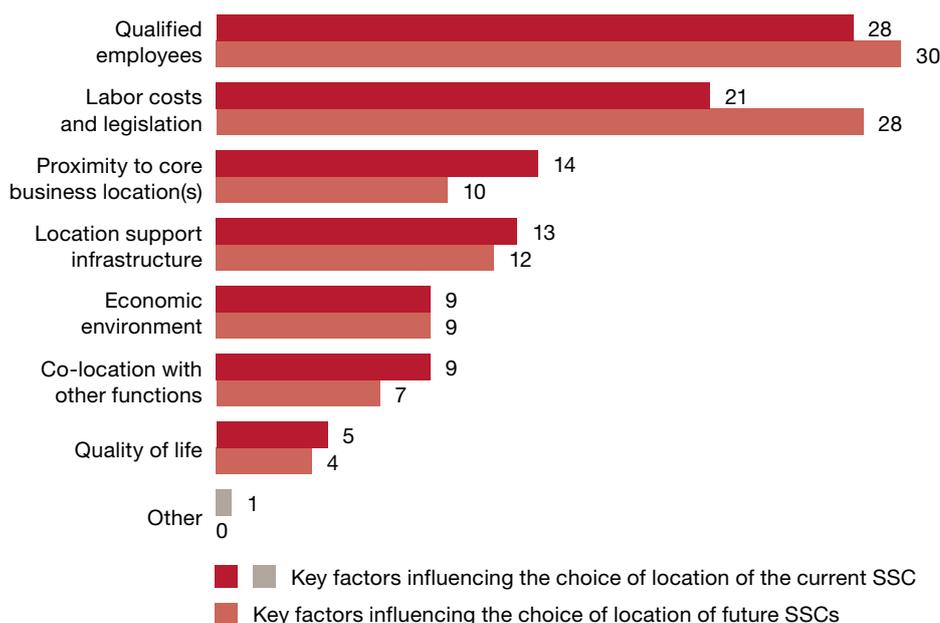
The analysis of the implementation strategy shows that the two most common routes for implementing an SSC are either to standardise and migrate processes simultaneously during the implementation phase, or to standardise them after the go-live of the SSC. The maturity level reached by an SSC was largely independent of the chosen implementation route. The approach of standardising the processes at the 'old' location before transferring them to the SSC showed slightly better maturity model results than the other implementation routes. The performance levels of these centres were slightly better as common processes and automation technologies were already in place when the SSC operations started. However, the main obstacle to choosing this approach is the respective implementation time. Simultaneously standardising and migrating processes to the SSC location is a feasible and good approach for companies that already have an efficient finance function in place. Further analysis shows that a favourite strategy for process transfer (migration by process vs by country) and knowledge transfer (SSC staff sent to local countries vs local staff sent to the SSC) does not exist.

The most common route to implement an SSC is to standardise the processes after the go-live of the SSC

Fig. 3   Implementation strategy
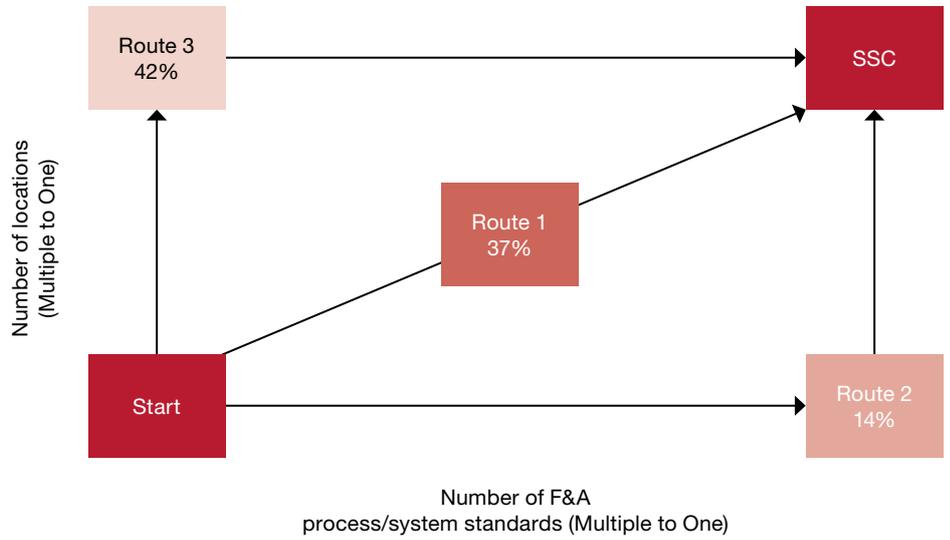
Route 1: Non-standardised processes were standardised in one go and implemented at the same time in the SSC

Route 2: Non-standardised processes were first standardised at the 'old' location before being implemented in the SSC

Route 3: Non-standardised processes were first implemented in the SSC before being standardised in the SSC

The most important objective for most of the companies to establish an SSC was the standardisation and automation of processes and the compliance with legal requirements and guidelines; the second most important objective was the reduction of costs. Quality and transparency improvement was also mentioned as an important objective. Today most participants rank standardisation and compliance even higher compared to other objectives. However, cost reduction continues to be an important factor from a today's perspective. Other factors like faster service and transparency improvement also became more important. Overall the analysis shows only minor differences dependent on the geographical region of the company's headquarters.

Fig. 4   Comparison of the importance given to objectives before SSC implementation and today including the achievement of the respective objectives

Standardisation and compliance
- 5.2
- 5.3
- 5.1

Cost reduction
- 5.1
- 5.1
- 4.9

Quality improvement
- 4.7
- 5.1
- 4.4

Transparency improvement
- 4.4
- 4.6
- 4.7

Faster service
- 3.8
- 4.3
- 4.3

■ Importance of the objectives at the time the SSC was implemented
■ Importance of the objectives from today's perspective
■ Extent to which the SSC has already achieved the initial targets
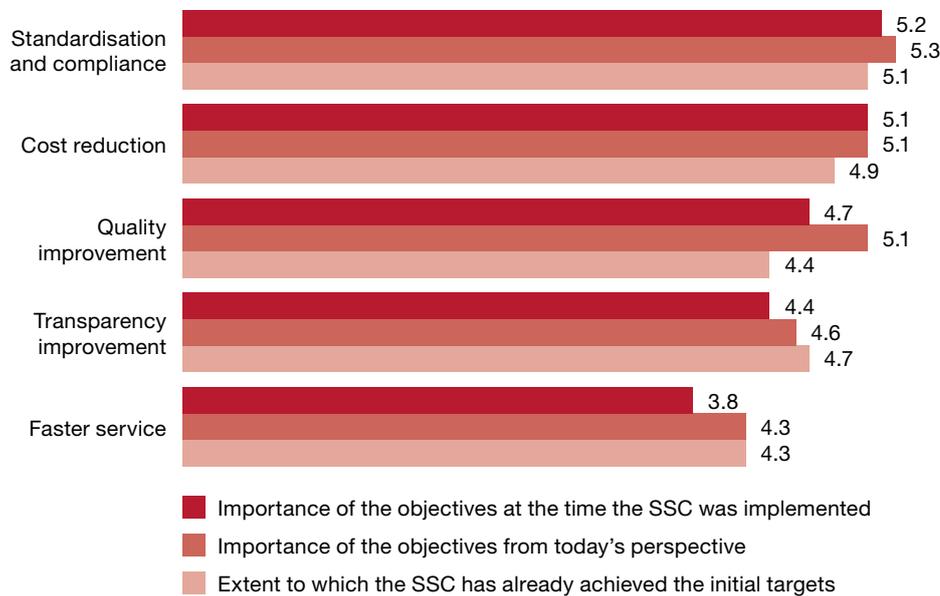
During the last decade many companies started to apply a mixed sourcing strategy with the objective of getting an optimal mix of shared services, outsourcing and local handling of administrative processes. The data reflect this trend: today more than 40% of the participants apply a selective outsourcing approach. More than half of the companies, however, do not use outsourcing at all and have an SSC-only approach in place. The selective outsourcing trend is supported by the data since those service organisations reached higher rates in operating cost savings. With a weighted average of more than 40% of cost savings, selective outsourcing is the most successful sourcing approach.

Fig. 5   Sourcing arrangement currently performed

Sourcing arrangement
- 41%
- 59%

■ SSC with selective outsourcing
■ Captive SSC-only arrangement
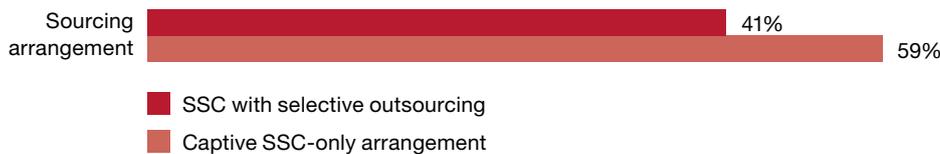
Fig. 6   Operating cost savings depending on sourcing arrangement

Savings on operating costs
- 41%
- 30%

■ SSC with selective outsourcing
■ Captive SSC-only arrangement
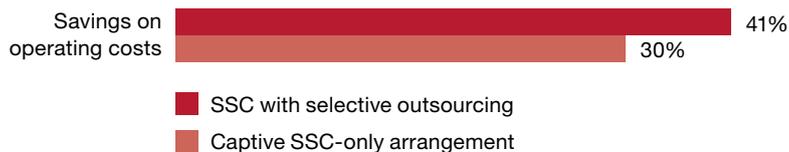
2 Organisation/governance/compliance

Of all survey participants less than 10% are performing on level IV of the maturity model in the area organisation/governance/compliance, which means that most SSCs still have a significant optimisation potential. Participants with a highly developed organisation also show good results in the areas continuous improvement, business processes and systems and technology. Employees who have a clear responsibility and a focus on profit want their processes to run smoothly and are motivated to improve them continuously.

Companies prefer the cost centre concept for their SSC

The detailed analysis shows that most SSCs are run as cost centres, with costs allocated based on services provided or fixed cost allocation, and only 7% are run as a profit centre with services allocated on a market price basis. According to the data a development towards a profit centre shows several benefits. The criteria customer relations and performance management are particularly positively influenced. The results show that profit centres generally require unambiguous performance targets that are regularly reviewed against the actual performance and that appropriate measures are taken when necessary. The use of performance management tools and benchmarks is a good basis to identify measures to increase performance and reduce costs. A good performance is also the basis to reach high levels of customer satisfaction. Notable is also the positive correlation with a high process documentation level, possibly resulting from the increased need for clearly defined responsibilities.

Fig. 7   SSC centre concept including the way in which services are allocated

Cost centre, with no allocation of costs	8%
Cost centre, with fixed allocation of costs	28%
Cost centre, with costs allocated based on services provided	57%
Profit centre, with services allocated on a market price basis	7%
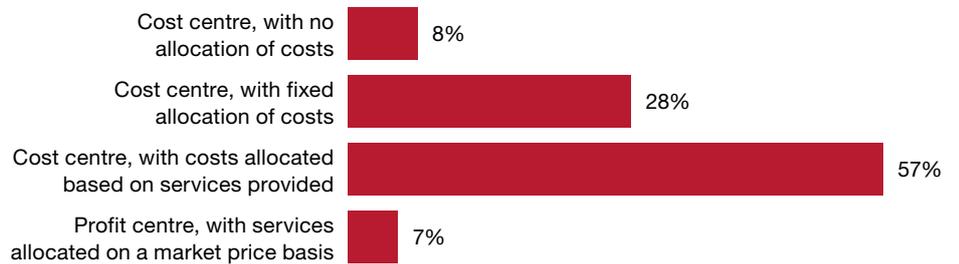
The comprehensive use of SLAs shows significant benefits

Some 86% of all SSCs have SLAs in place. Participants who have more extensive SLAs in place on average show better maturity model results in customer relations, continuous improvement and performance management. A comprehensive use of well-elaborated SLAs is the basis for clearly defined responsibilities and makes it easier for the SSC to manage the client relationship. Very well established and updated SLAs support the continuous improvement of the SSC organisation as the SSC performance needs to be improved regularly to meet customer requirements. The improved performance management of SSCs with a comprehensive use of SLAs provides the basis for a sustainable and effective performance tracking and therefore a continuous measurement and evaluation of the development of SSC services and the related performance indicators.

Fig. 8   Level of use of SLAs between the SSC and the retained organisation

No SLAs	14%
Some SLAs in place	29%
Comprehensive SLAs in place	26%
Comprehensive SLAs in place that are continually reviewed and updated	32%
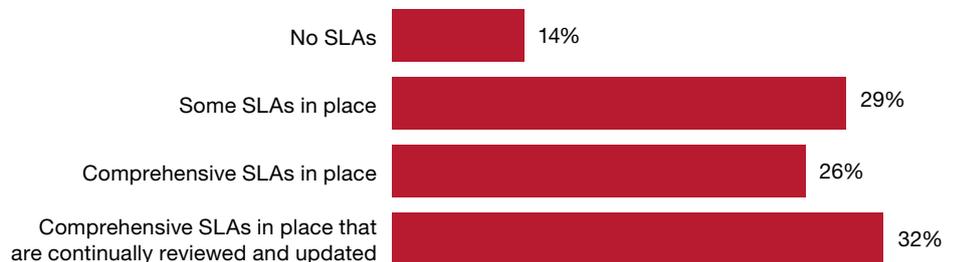
Having one single end-to-end process owner in place offers the possibility to achieve high levels in standardisation, automation and quality improvements for all countries serviced by the SSC. The survey results show, however, that a single end-to-end process owner is only defined in 45% of the companies surveyed. Consequently SSCs in those companies also have better defined roles and responsibilities for their change projects in finance and show a better performance in the overall maturity analysis.

Fig. 9   Governance of end-to-end process in the SSC organisation

End-to-end process ownership is unclear in the organisation (process owners are not consistent and clearly communicated across the organisation) — 15%

Multiple process owners defined by activity and business entity (each process within each business entity has a discrete owner which is clearly communicated across the organisation) — 40%

Single end-to-end process owner within each function or business unit (either a single owner in the division, business unit or region is accountable for the end-to-end process spanning multiple functions, or there is a single functional owner) — 30%

Single corporate end-to-end process owner (there is a single owner in the organisation who is accountable for the end-to-end process spanning multiple functions) — 15%

More than 70% of all SSCs act as a stand-alone unit within the company which supports the SSC development towards a self-responsible "enterprise". This characterises the extension of the authority to perform adjustments in services or service delivery in a self-responsible and flexible way. Only 34% are governed by a board of SSC officers and customers, which supports fast and efficient reconciliations on operational problems between the involved parties. However, almost half of the SSCs use a clearly defined set of procedures to solve operational problems.

3 Continuous improvement

A well-defined and executed continuous improvement process is the basis for a well-run SSC. Compared to other criteria most service centres already make strong efforts to identify and implement measures to optimise their processes with regard to costs, quality and time. As a result, SSCs that have a strong continuous improvement process in place realise on average a high level of process standardisation. The data also show a positive correlation of continuous improvement to the criteria customer relations and human resources, indicating that continuous efforts are honoured by SSC customers as well as employees.

Most SSCs do not employ Six Sigma and TQM as tools for continuous improvement

The picture with regard to tools used for continuous improvement (eg, Six Sigma and Total Quality Management [TQM]) is mixed. Almost half of the SSCs either have Six Sigma in continuous use or stated to currently implement it in their organisation. Some 52% do not employ Six Sigma. TQM is only used by less than 30% of participants. However, most companies employ or develop continuous improvement tools. The most mentioned ones besides Six Sigma and TQM are at first lean approaches, benchmarking, Kaizen or the company's own specific tools.

Fig. 10   Deployment of tools for continuous improvement (Six Sigma and Total Quality Management [TQM])

Six Sigma: 52% / 28% / 20%
Total Quality Management: 72% / 18% / 10%
Other[1]: 20% / 38% / 42%

- Not employed
- Being implemented and developed
- In continuous use
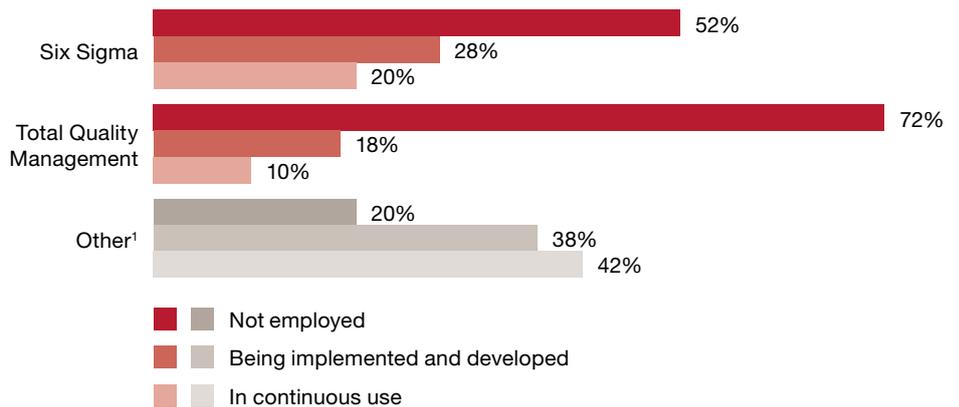
[1] Lean approaches, benchmarking, Kaizen or own company specific tools

A detailed analysis indicates that SSCs deploying Six Sigma and TQM are characterised by an overall higher maturity level. SSCs which use Six Sigma and/or TQM score significantly higher in the criteria business processes, customer relations and performance management. Deploying Six Sigma and/or TQM helps SSCs to systematically identify performance gaps in business processes and implement appropriate measures to close them.

The analysis on how the in-scope functions and associated business processes have been improved in relation to cost, quality and time in the last year shows generally a very positive result. At least some improvements were stated by over 80% of SSCs. Nevertheless only 29% of SSCs significantly improved the in-scope functions and associated business processes in the last year, which indicates that the majority of SSCs should focus on further continuous improvement to optimise the SSC organisation in the long term.

Fig. 11   Improvement of in-scope functions and associated business processes in relation to cost, quality and time
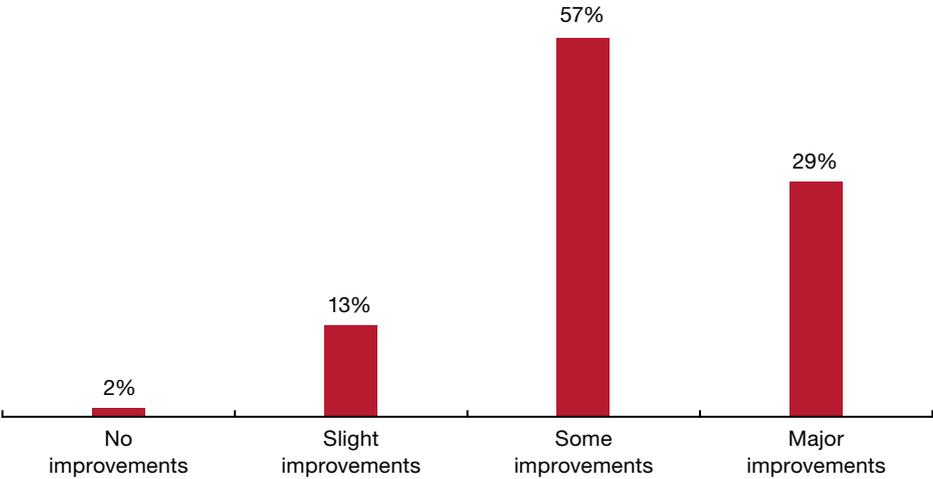
A clear role in sponsorship, responsibility and accountability for all major change projects in finance is critical in order to realise the benefits from continuous improvement projects. More than 60% of all SSCs stated that they have these roles already defined. On average those centres score high in performance management and human resources. A strong focus on performance management typically gives organisations the transparency on the level of achievement for all relevant objectives and benefits. Furthermore clearly defined and communicated objectives and benefits are generally appreciated by SSC staff.

The SSC's services and its continuous improvement can contribute significantly to the optimisation and success of the organisation as a whole. Most participants are convinced that their centre plays an important role in achieving the organisation's objectives and more than half of them analyse the SSC's contribution regularly.

Most SSCs contribute significantly to the optimisation of the organisation as a whole

Fig. 12   Statements on the contribution of the SSC to the organisation as a whole
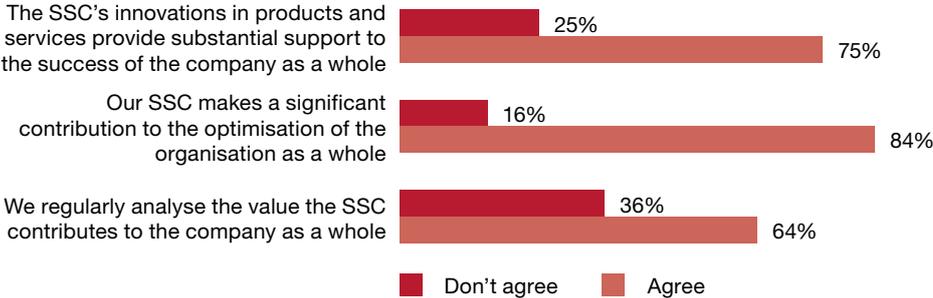
4 Business processes

Level IV of the maturity model was achieved by only 6% of all participants, which means that business processes are one of the areas with the highest optimisation potential for existing SSCs. Well-standardised processes are an important basis to reach high ratings with regard to productivity and quality improvements.

All participants have achieved some level of standardisation in their SSCs, but only 31% of them have achieved a standardisation level of more than 75%. The survey analysis shows that a high process standardisation rate correlates positively with a high IT automation rate. The data also show that a high level of standardisation and automation helps the SSCs to improve the level of transparency regarding data, processes, systems, costs and services.

Fig. 13   Extent to which processes are standardised and follow a common core process without exception

9%	60%	31%
Low (< 25% of processes standardised)	Medium (25–75% of processes standardised)	High (> 75% of processes standardised)
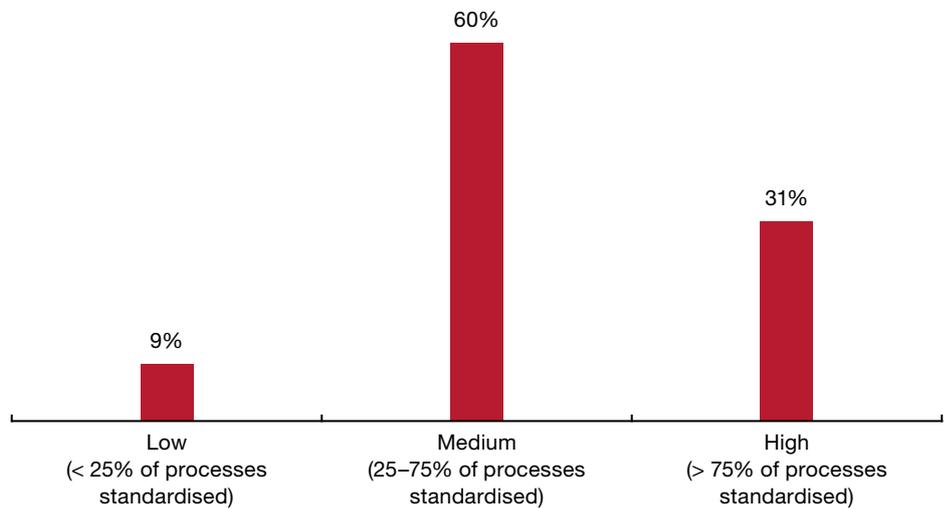
SSCs with a high process standardisation rate achieve more savings on operating costs

A detailed analysis confirms that a high process standardisation rate helps to reduce operating costs. SSCs that followed a common core process without exceptions and had more than 75% of processes standardised achieved much higher cost savings rates than those with lower standardisation rates. Aiming for a high process standardisation rate seems to be the most successful way to achieve a high level of process efficiency as well as high cost saving rates. The analysis, however, showed that there are no significant differences in process standardisation rates between geographical regions.

Fig. 14   Weighted average percentage of operating cost savings depending on level of process standardisation

High (> 75% of processes standardised)	38%
Medium (25–75% of processes standardised)	33%
Low (< 25% of processes standardised)	30%

■ Savings on operating costs (%)

Higher rates in process standardisation seem to have no impact on the level of customer satisfaction as independently of the process standardisation rate, around 70% of customers score the SSC services as 'good' or 'very good'. The hypothesis that highly standardised processes and procedures have a negative impact on customer satisfaction – because a standard process might not cover all customer-specific requirements – is not supported by the data.

The process standardisation rate has no negative influence on the customer satisfaction

Fig. 15   Weighted average percentage of customers who rate the SSC services as 'very good' or 'good' depending on level of process standardisation

High (> 75% of processes standardised) — 72%
Medium (25–75% of processes standardised) — 70%
Low (< 25% of processes standardised) — 70%

■ Customer satisfaction (%)

An optimised top-down approach in process documentation helps to be efficient in the monitoring, updating, and testing of key areas. More than 60% of the surveyed companies used a top-down approach to optimise their level of documentation for internal control and compliance purposes. On average SSCs with a high degree of process documentation achieved higher maturity levels. The positive correlation between well-documented processes (including regularly updated process documentations) and the criteria continuous improvement, business processes, and systems and technology is especially notable.

Fig. 16   Level of process documentation in the organisations

Little or no	Insufficient in terms of risk and compliance issues	Optimised by a top-down approach
6%	35%	60%
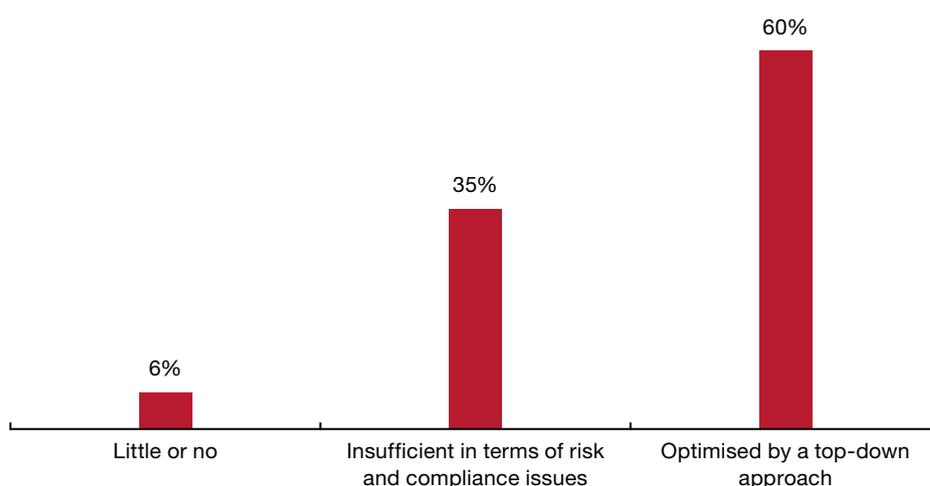
Some 87% of SSCs still see a large optimisation potential in the standardisation of their processes and services. The same conclusion applies for process automation: 89% are convinced that deploying the latest automation technologies could lead to significant improvements. Beyond that, participants who have already achieved a high standardisation rate still see a high optimisation potential in relation to the standardisation and automation of processes.

The majority of SSCs sees even greater potential for optimisation in process standardisation and automation

Fig. 17   Assessment of optimisation potential in relation to process standardisation and process automation

Low optimisation potential   High optimisation potential
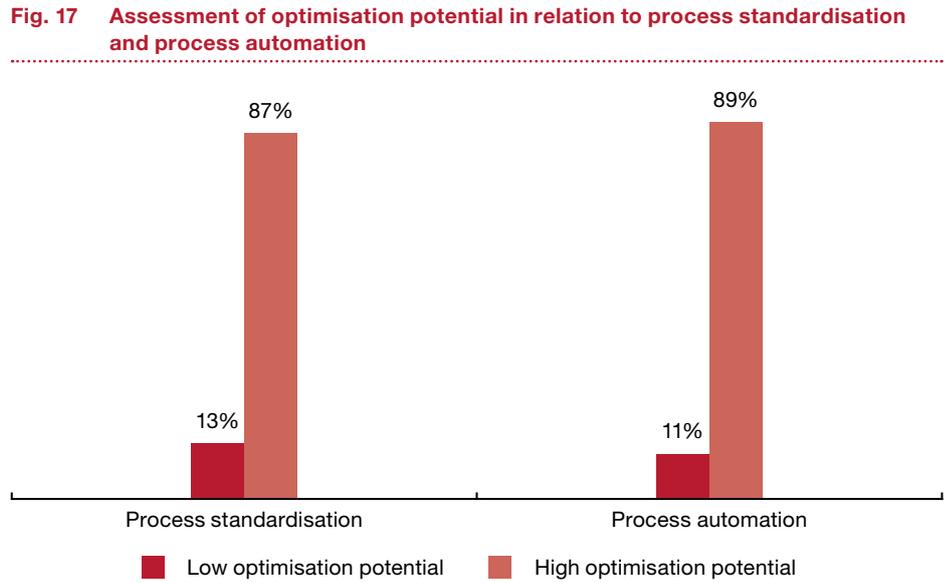
In particular the upstream and downstream processes and services the SSC is not responsible for are characterised by a low level of standardisation and automation. On the other hand the processes which are covered by the SSC show a much higher standardisation rate and a higher automation level. The results support the idea that process standardisation and automation should also include the interfaces between the SSC and the remaining local processes.

Fig. 18   Assessment of process standardisation and automation dependent on SSC's process responsibility

Don't agree   Agree
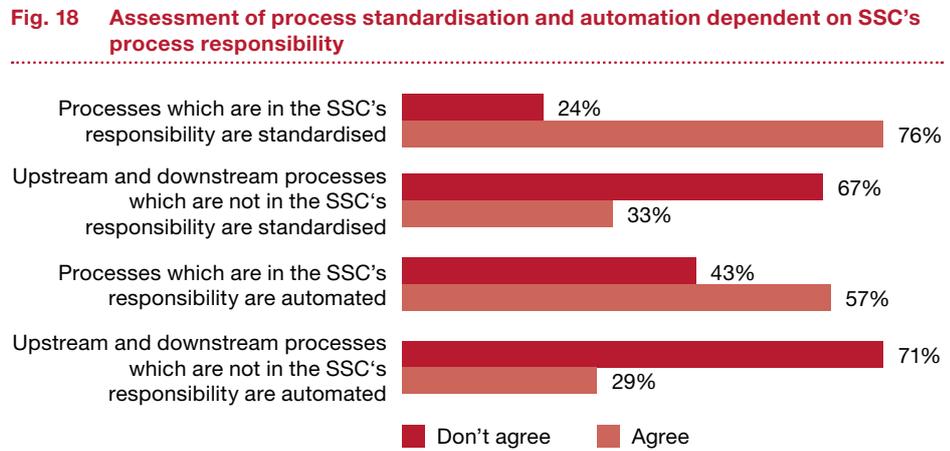
5 Customer relations

Less than 10% of all SSCs have achieved the highest level of the maturity model in the criterion customer relations. Offering services to external customers and having more sophisticated customer relationship tools in place often has a positive impact on the SSC's customer relationship capabilities.

Fig. 19   Customer base for SSC services

- 55% Internal customers
- 23% Mostly internal customers
- 19% Balanced mix of internal and external customers
- 3% Mostly external customers
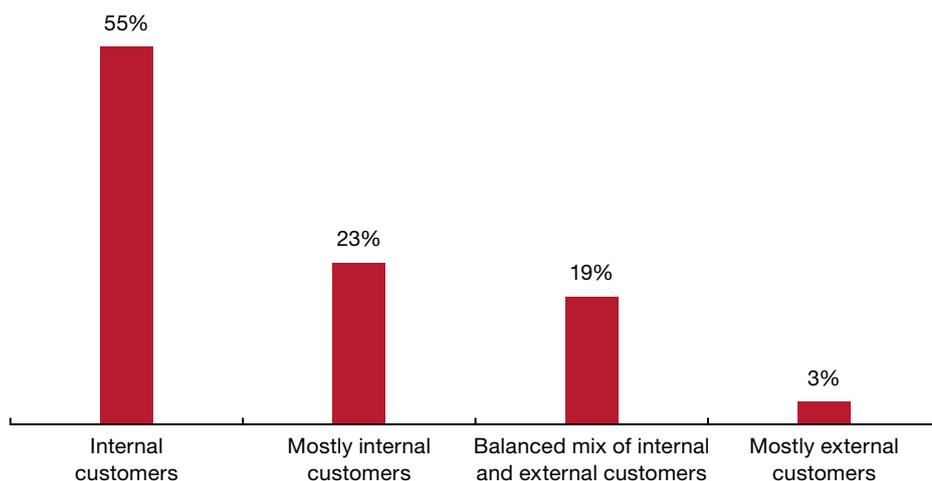
Almost half of the SSCs act as internal service provider and offer also services to the external market

Around 45% of SSCs stated to provide services for external customers. Those SSCs on average achieve higher maturity levels compared to SSCs serving only internal customers. This is especially the case for SSCs reaching the highest maturity level. Almost two-thirds of those SSCs also provide services for external customers, whereas in level II this is the case only for one-third of participants. SSCs with mostly external customers achieve high scores in the criteria continuous improvement and business processes as these SSCs are motivated to improve their services, reduce costs and increase quality (eg, by process optimisations through a high extent of standardisation and automation).

SSCs providing their services also to external customers achieve higher maturity level results on average

Fig. 20   Allocation of customer base depending on the total maturity model level

- Level IV: 36% / 64%
- Level III: 52% / 48%
- Level II: 65% / 35%
- Level I: 0% / 0%

Only internal customers   Internal and external customers
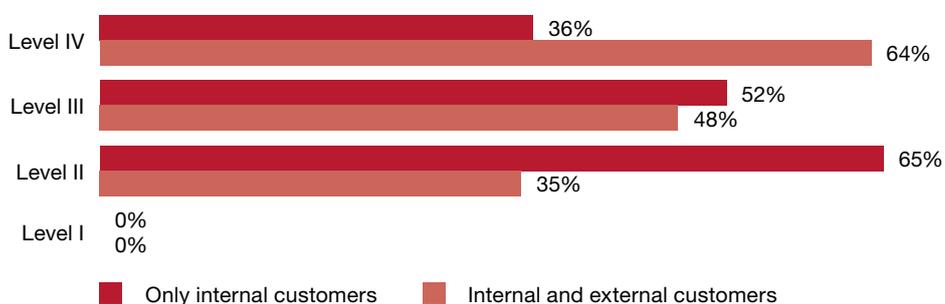
Customer satisfaction surveys are an important tool to strengthen customer orientation. Some 90% of all shared service centres use questionnaires to assess the satisfaction level of their customers; almost 70% of them perform those surveys at least once a year. Less than half of the SSCs have installed a customer help desk and 31% of them have an automated complaint management and tracking tool.

Fig. 21   Deployment of tools to ensure customer orientation (multiple selections were possible)
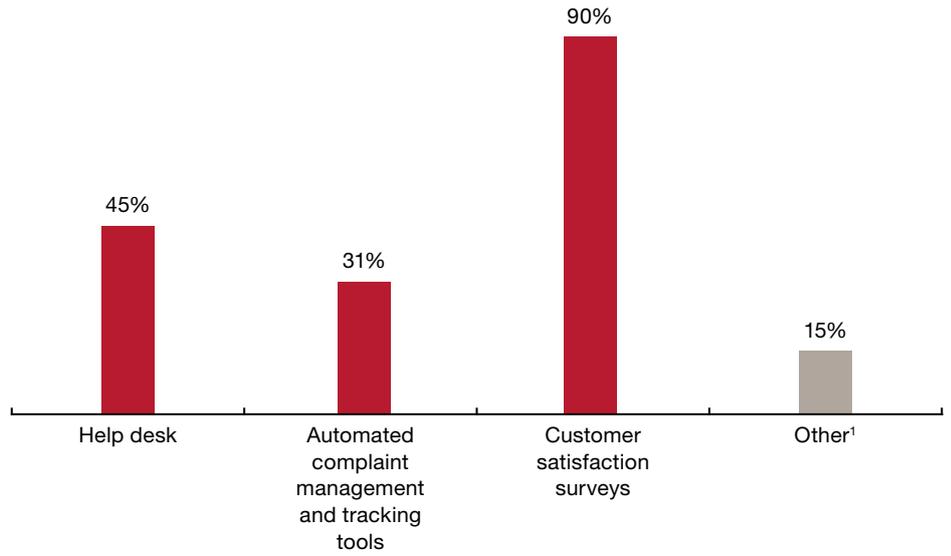
1 Regular customer communication, defined single point of contact for each employee/department

Fig. 22   Frequency of customer satisfaction surveys
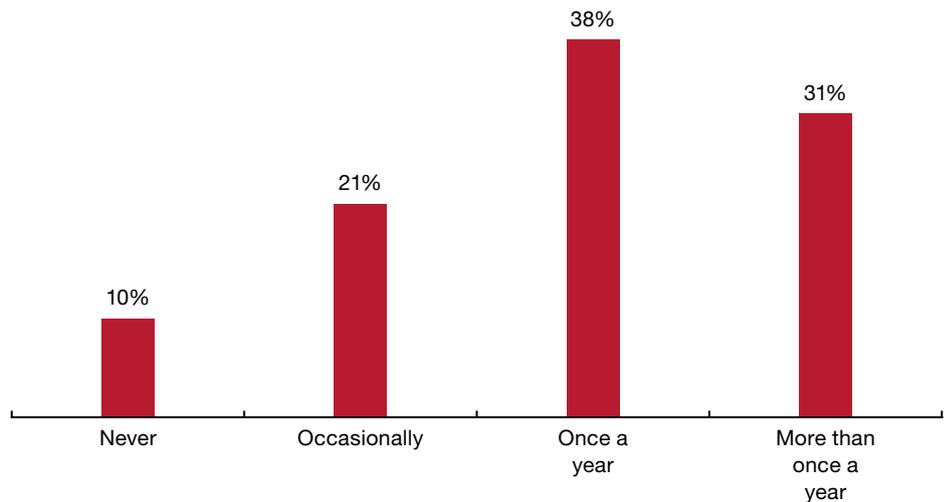
A strong service culture and customer orientation is the basis for a strong customer relationship. Most SSCs are aiming to provide services of a high quality from the customer's perspective, working continuously to improve the quality of services and to come up with ideas for improving the services provided. In addition, the majority of participants claim to be strongly client-oriented. They respond flexibly to customer requests and regularly ask their customers whether they are satisfied with the services provided.

Fig. 23   Service provider culture and client orientation of participants

Most SSCs place a very high value on their service culture and customer orientation

94%

89%

6%

11%

Weak service provider culture

Strong service provider culture

Low client orientation

Strong client orientation
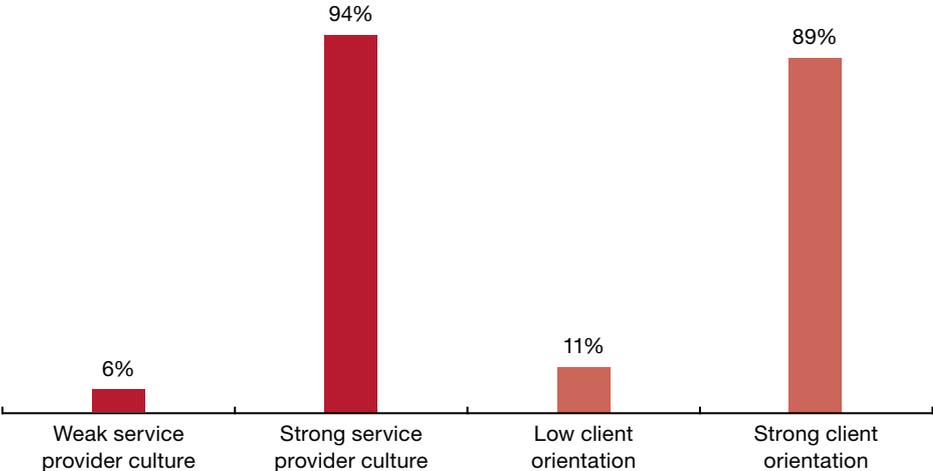
6 Performance management

The analysis shows that organisations with clear performance objectives that are regularly reviewed and updated perform well in the search for process optimisation potentials either in or outside the SSC. This helps them to achieve high customer satisfaction rates. Balanced scorecards and benchmarking are the preferred performance management tools among the surveyed organisations.

Most companies use a balanced scorecard to a certain degree

Of the companies surveyed, 80% stated to use a balanced scorecard to a certain degree, or at least are currently in the process of developing one. Less than 20% already have a mature balanced scorecard programme in place. This shows that most SSCs still have a high optimisation potential in this area. According to the data, the deployment of a comprehensive balanced scorecard programme generates good results in the areas customer relations, continuous improvement and business processes. A balanced scorecard is an appropriate tool to establish a link between strategic and operative objectives.

Fig. 24   Extent to which an integrated balanced scorecard or a similar process, which combines operational and financial measures, has been developed

Not in use	20%
Currently being developed; early stages of use	31%
Reports are generated using balanced scorecard but refinements required	30%
Mature balanced scorecard programme with both financial and non-financial metrics	19%
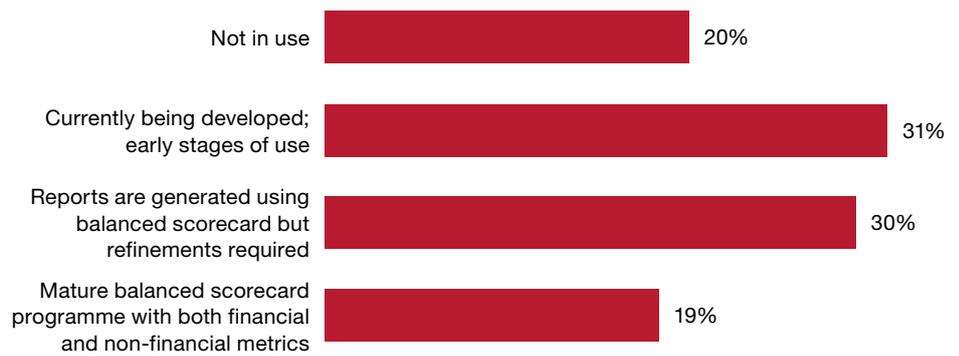
Only 22% of all SSC frequently benchmark the performance of provided services with a peer group. The data confirm that SSCs that frequently benchmark their performance achieve high rates in the area customer relations. Benchmarking is a good basis to identify performance gaps, and to define and implement appropriate measures, which in the end improves customer satisfaction.

Fig. 25   Extent to which benchmarks are used to evaluate SSC performance

Infrequently	18%
Only this benchmark	3%
Occasionally, when empirical data is required	57%
Frequently, on a regular basis for all services provided	22%
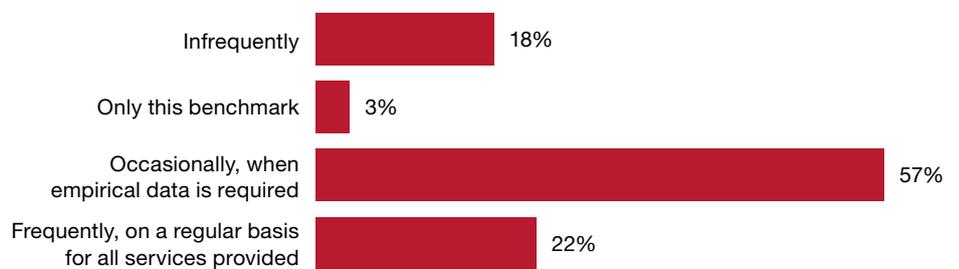
In our questionnaire we also asked companies to state the most important performance indicators used to manage their respective SSC. The following list gives an overview of the most popular KPIs:

Costs
• Total costs vs budget
• Costs per head/FTE
• Costs per transaction (eg, invoice)

Efficiency/time
• Average number of transactions processed per hour
• Average number of transactions processed per FTE
• Average processing time per transaction

Quality
• SLA/OLA (operational level agreement) performance
• Errors in percent of total transactions

Customer/employee
• Customer satisfaction rating
• Employee satisfaction rating

7 Human resource management

Almost every organisation has to some degree employee development plans in place. Almost half of them stated to have them standardised and linked to manager performance. The analysis shows that SSCs with standardised development plans which are also linked to manager performance are characterised by a high maturity level, especially in the area continuous improvement.

Fig. 26   Characterisation of employee development plans as they relate to performance evaluations in the organisations

Generally unsupported — 2%
Non-standardised — 19%
Standardised but not linked to manager performance — 33%
Standardised and linked to manager performance — 46%
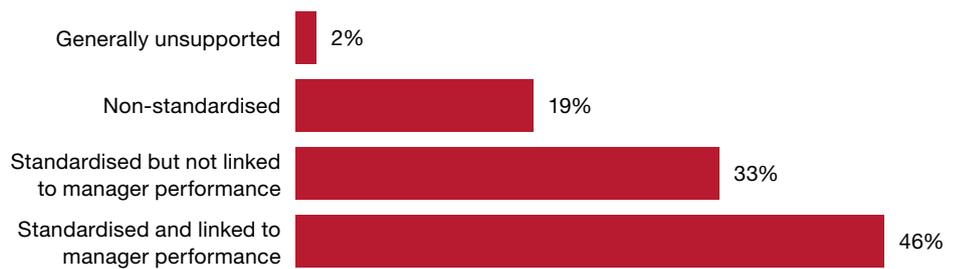
Staff satisfaction surveys are conducted at least once a year by the majority of companies

An employee satisfaction survey is used at least annually by almost 80% of the participants. Only 22% never or only rarely survey their staff. Satisfaction surveys are helpful tools to get an idea of existing or potential future staff issues and are the basis to define appropriate measures to improve staff satisfaction. SSCs with a high use of this tool achieve higher scores in the maturity model.

Fig. 27   Frequency conduction of employee satisfaction surveys

Rarely or never — 22%
Quarterly — 1%
Bi-annually — 16%
Annually — 61%
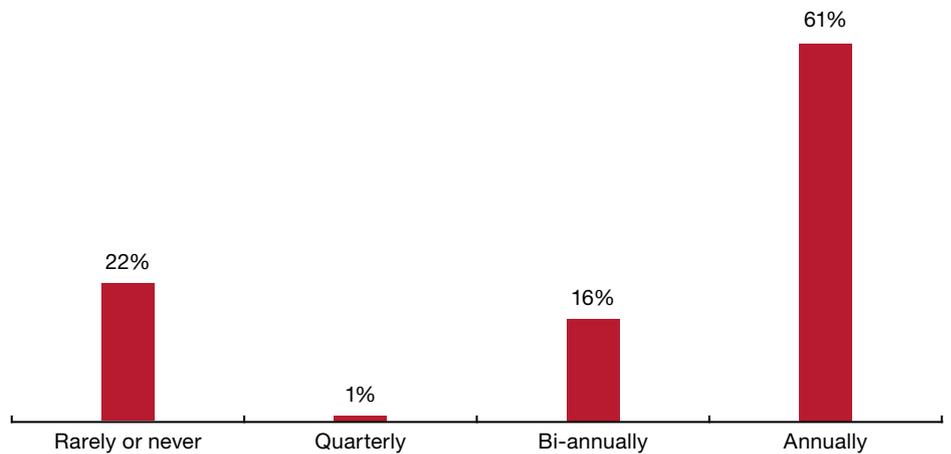
Good communication and the sharing of information between the different hierarchy levels in the SSC is the basis to establish a culture that fosters innovation. It also has a positive impact on individuals to identify optimisation potentials inside and outside the SSC. The findings support the hypothesis that this helps companies to reach a better performance level with regard to cost, quality, time and transparency.

The staff turnover rate seems to be quite moderate in most surveyed SSCs. Only 7% have a turnover rate higher than 20% per year. Almost 70% have a rate of less than 10% per year.

Fig. 28   Average annual staff turnover rate (over the last 3 years)

| Staff turnover rate < 5% | Staff turnover rate 5–10% | Staff turnover rate 11–20% | Staff turnover rate > 20% |
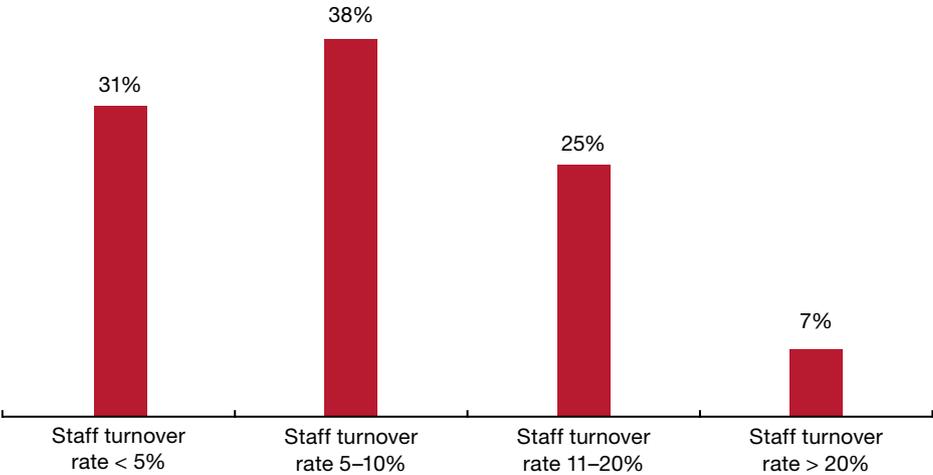
A detailed analysis by region shows that SSCs in Western Europe have the lowest staff turnover rates, whereas SSCs in Central and Eastern Europe and the Asia-Pacific region have an average turnover rate of over 10%. The high staff turnover rate in CEE and Asia-Pacific could result from the fact that the labour markets are getting tight in these regions because a considerable number of SSCs compete against each other for employees. Rising salary levels of the SSC competitors speed up the staff turnover rate as well. In addition graduates and young professionals use the well reputed company names of the SSCs as a diving board for a change of employment after a short working period.

Asia-Pacific and Central and Eastern Europe show the highest staff turnover rates

Fig. 29   Weighted average staff turnover rate (over the last 3 years) per region

■ Anual staff turnover rate (%)
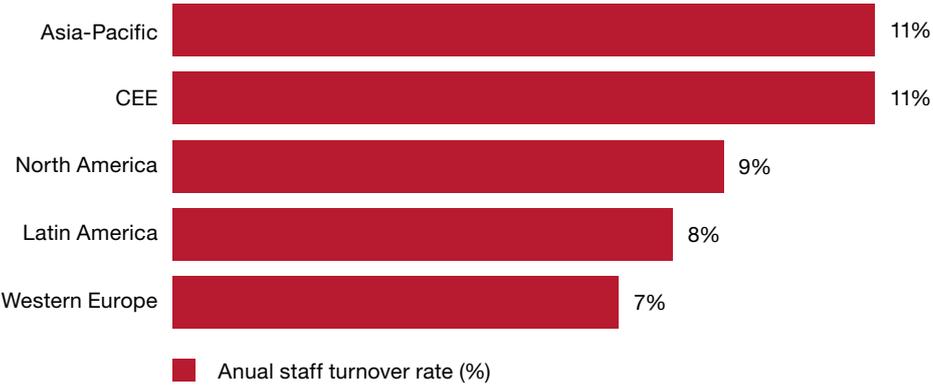
8 Systems and technology

The results show that there is still a high optimisation potential in the systems and technology area. SSCs that have a high focus on this area benefit from a harmonised workflow and ERP landscape and its positive impact on business processes.

Most SSCs stated that the optimisation potential concerning their IT is still high. Some 77% stated that this is also the case for their electronic workflow systems. Even more see improvement potential for their ERP system. Still more than 70% think that their IT governance can be optimised.

Most SSCs consider a large optimisation potential in the electronic workflow systems, the ERP system and their IT governance

Fig. 30   Assessment of optimisation potential in relation to electronic workflow systems, ERP systems and IT governance
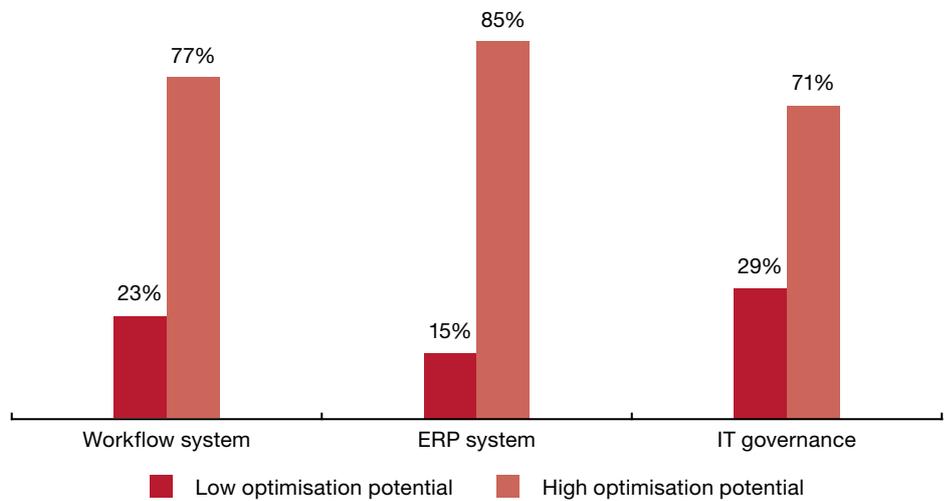
The analysis shows that SSCs which have more years of operations experience achieve better results in the area systems and technology. SSCs that manage to benefit from experience curve effects integrate workflow systems in more of their processes as well as regularly review them. The same applies for ERP systems, which tend to get more standardised over time. The systematic use of electronic workflow and ERP systems is positively correlated with high process automation and standardisation rates. This is not only the case for processes within the SSC, but also for up- and downstream processes. Participants with a standardised ERP landscape on average also stated to reach higher productivity improvement rates since the introduction of their SSC. Learning and experience curve effects in IT clearly facilitates the development of an SSC on the way to becoming a '2nd generation SSC'.

The implementation strategy is another factor influencing the maturity level for systems and technology. The approach of standardising the processes at the 'old' location before transferring them to the SSC showed slightly better results for systems and technology than all other implementation strategies. The reason is that common automation technologies are already in place when starting the SSC operations.

Fig. 31   Average operating time of SSCs depending on the systems and technology maturity level (in years)

Level IV	8.0
Level III	6.7
Level II	5.6
Level I	4.5

■ Average operating time of an SSC (in years)
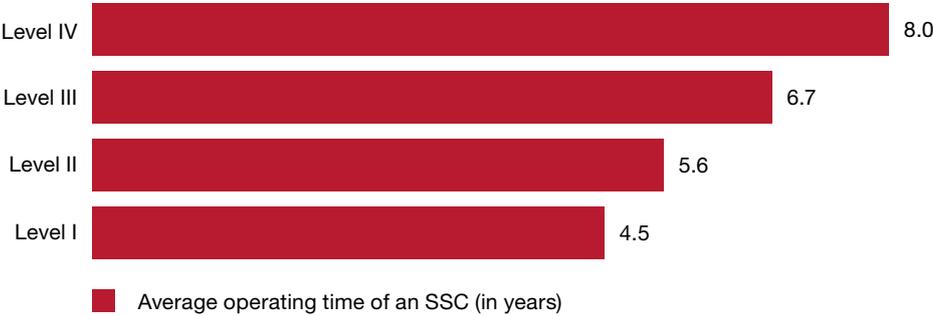
SSCs that are already well developed in terms of workflow and ERP systems achieve on average a higher rate of process standardisation.

Fig. 32   Weighted average process standardisation rate depending on the development of the electronic workflow systems

High level of development for electronic workflow system	61%
Low level of development for electronic workflow system	49%

■ Process standardisation rate (%)

Fig. 33   Weighted average process standardisation rate depending on the development of the ERP system

High level of development for ERP system	63%
Low level of development for ERP system	49%

■ Process standardisation rate (%)

A well-standardised and regularly reviewed IT governance structure is an important factor for an effective and efficient IT landscape. The data provide evidence that good IT governance also makes it easier for those SSCs to reach their initial compliance, cost and quality objectives.

9 KPIs and evaluation of maturity model

The performance of a shared service centre is measured by qualitative and quantitative KPIs. These KPIs were used to evaluate the performance of existing SSCs.

Savings on operating costs

Implementing an SSC can reduce the operating costs for finance and accounting. Almost two-thirds of companies were able to achieve more than 10% operating cost savings by implementing their SSC. Almost 20% were even able to save more than 50% of costs and only 6% saved less than 10%. However, almost 30% of companies could not make a statement here.

Fig. 34   Savings on operating costs as a result of SSC implementation

	< 10% Savings on operating costs	10–30% Savings on operating costs	31–50% Savings on operating costs	> 50% Savings on operating costs	Don't know
	6%	30%	18%	17%	29%
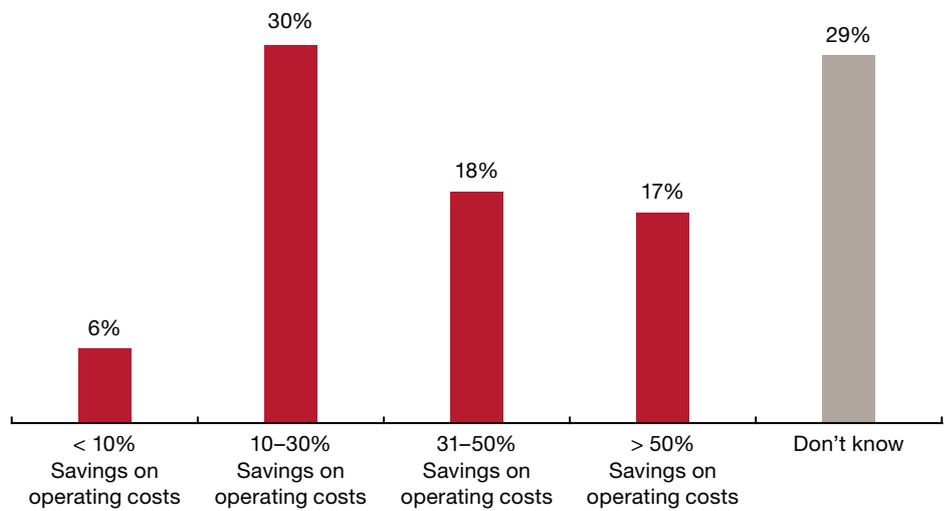
SSCs that achieved the highest rank in the maturity model achieved around 10% higher savings in operating costs than SSCs in level III. This supports the hypothesis that SSCs that achieved high cost savings rates also on average achieved a high maturity level in all eight SSC assessment criteria.

Fig. 35   Average savings on operating costs depending on the total maturity model level

Level IV	46%
Level III	35%
Level II	30%
Level I	0%

■ Savings on operating costs (%)
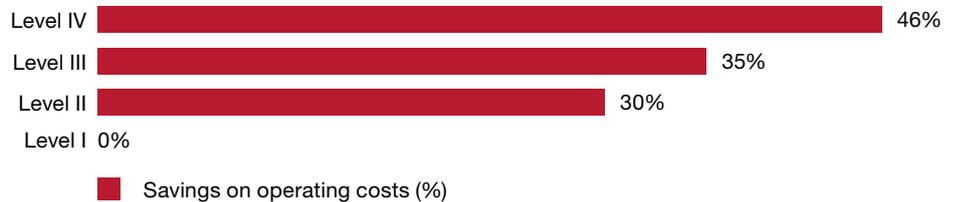
Fig. 36   Average savings on operating costs depending on the criterion for continuous improvement

Level IV	40%
Level III	35%
Level II	23%
Level I	0%

■ Savings on operating costs (%)
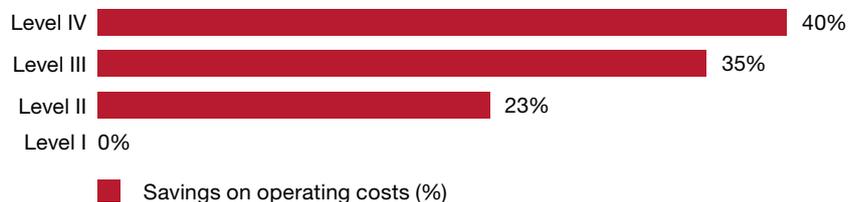
SSCs located in the CEE region achieved on average the highest savings on operating costs followed by the Asia-Pacific region. The reason could be their optimal balance between labour cost arbitrage and efficient, streamlined processes. Surveyed companies stated that CEE and Asia-Pacific will be the most preferred SSC locations in the future. Latin American SSCs on the other hand on average only achieved 13% of operating cost savings.

Fig. 37   Savings on operating costs depending on the region the SSC is located

Region	Savings on operating costs (%)
CEE	30%
Asia-Pacific	28%
North America	25%
Western Europe	23%
Latin America	13%

■ Savings on operating costs (%)
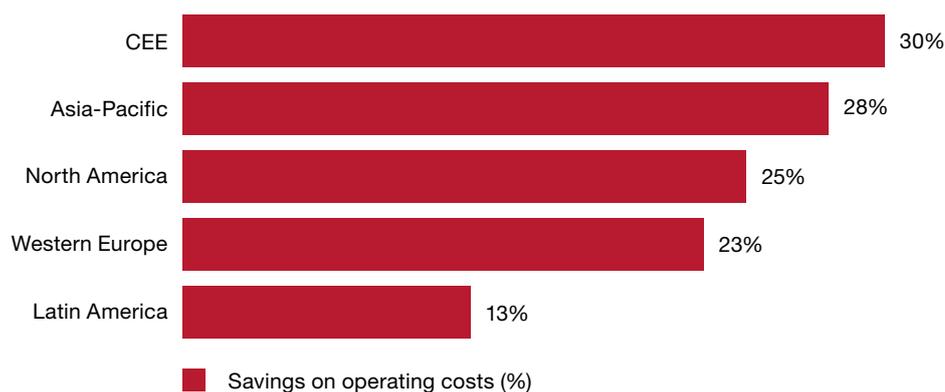
The data show that there is a positive correlation between customer satisfaction and the ability to reduce operating costs. The average customer satisfaction – the percentage of customers that score the SSC's services as 'very good' or 'good' – is the highest for SSCs reducing costs by more than 50%.

Fig. 38   Percentage of customers that rate the SSCs' services as 'very good' or 'good' depending on operating cost savings

	Customer satisfaction (%)
Savings on operating costs > 50%	78%
Savings on operating costs 31–50%	66%
Savings on operating costs 10–30%	67%
Savings on operating costs < 10%	67%

■ Customer satisfaction (%)
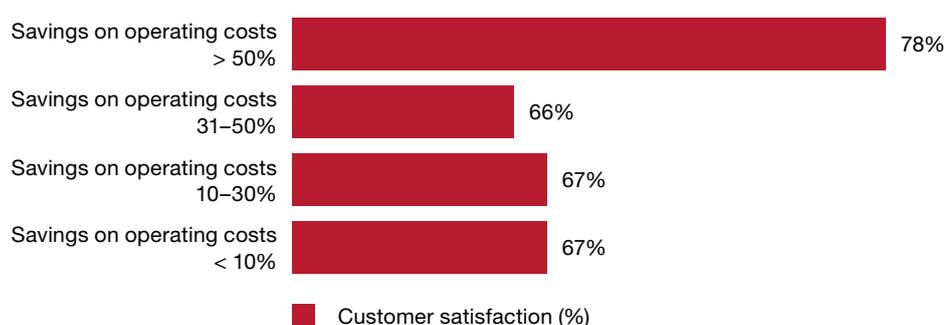
Only 12% of all participants were able to amortise their investment costs in less than one year. Half of them could recover their investment costs in one to three years. However, around 40% needed more than three years or were not able to state their amortisation time. Amortisation rates of less than one year may indicate that a company was able to manage the restructuring without significant lay-offs and therefore without large severance payments. Experience shows that companies that start very early in such a project to look for alternatives for all affected employees often succeed in finding acceptable solutions, such as jobs outside the finance organisation or early retirement plans.

Amortisation, operating time and productivity improvement

Fig. 39   Amortisation time (in months) for the SSC implementation

9%	21%	28%	12%	30%
Amortisation time > 36 months	Amortisation time 25–36 months	Amortisation time 12–24 months	Amortisation time < 12 months	Don't know
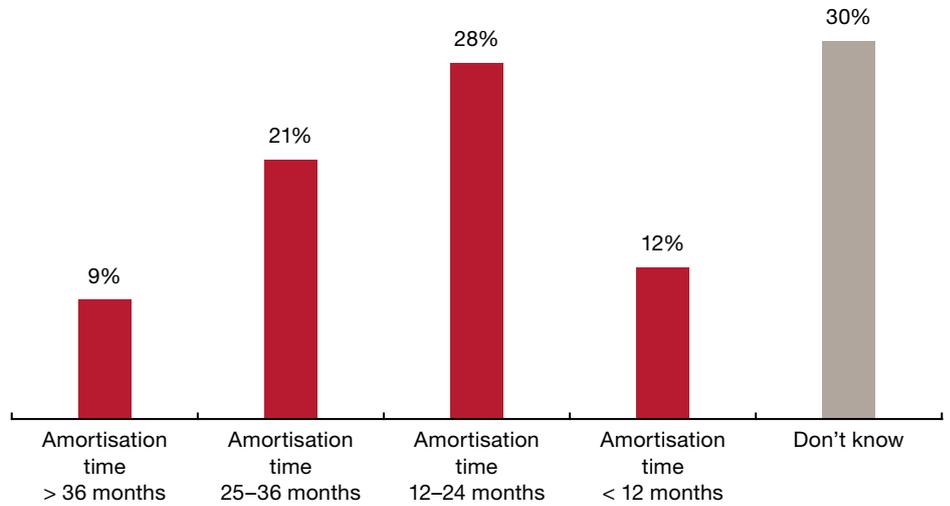
Companies that have several SSCs in place on average perform well in all evaluation criteria. The same applies for companies that run their SSC over a long period of time. This suggests that companies benefit from their experience and that their route to becoming a '2nd generation SSC' is smoother and quicker. Participants who reached the highest maturity level operated their SSC more than seven years on average, whereas those in level II have an average operating time of only five and a half years. However, the small difference between level II and III shows that such a development is not an automatism. Companies also have to invest in continuous improvement activities to reach a higher development status.
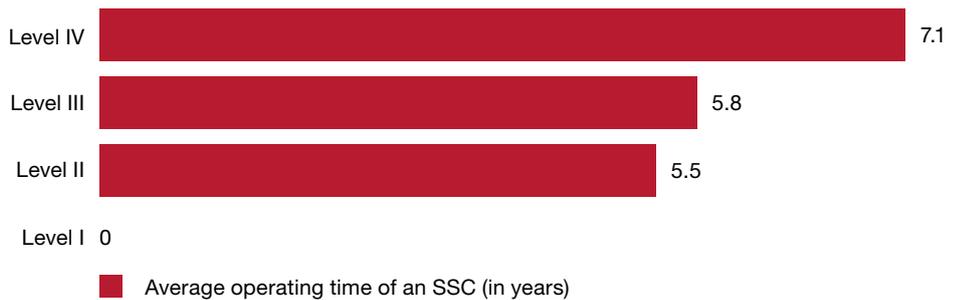
Fig. 40   Average operating time (in years) of the SSC depending on the total maturity model level

Level IV	7.1
Level III	5.8
Level II	5.5
Level I	0

■ Average operating time of an SSC (in years)

Experience and learning curve effects are the key factors for implementing an SSC successfully and reaching a high development level. The survey findings support the hypothesis that organisations with more than one SSC have a significant advantage to reach a higher level of standardisation and automation in a shorter time, compared to organisations with only one SSC.

The analysis shows that the percentage of transferred activities to the service centre is positively correlated with the level of process standardisation and automation. More than 20% reported productivity improvements of more than 25% as a result of implementing their SSC. However, more than 40% of participants stated that they were not able to track their productivity improvement.

Fig. 41   Improvement in productivity as a result of SSC implementation

3%	15%	17%	6%	15%	44%
Improvement in productivity < 5%	Improvement in productivity 5–14%	Improvement in productivity 15–24%	Improvement in productivity 25–30%	Improvement in productivity > 30%	Don't know
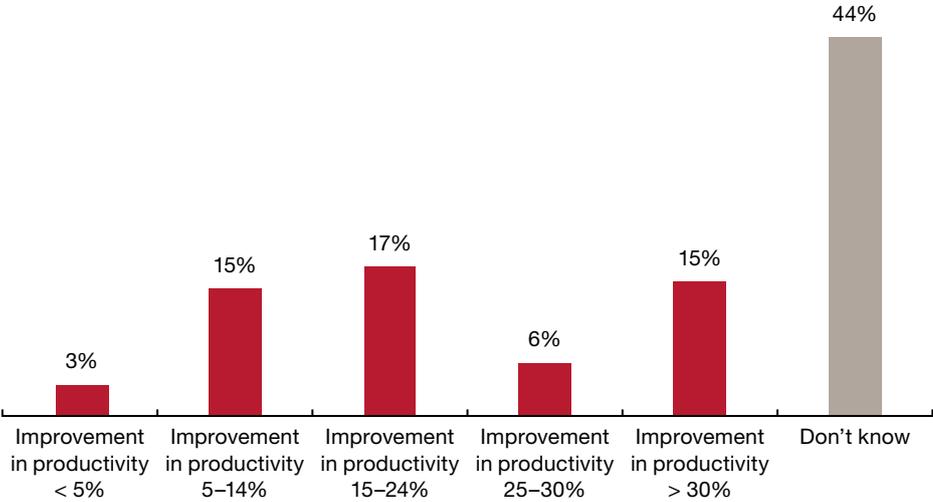
Concerning the satisfaction level of customers, the result is quite homogenous. Most participants stated that at least 50% of their customers are very pleased with the SSC's services. Only 1% of participants stated that less than 20% of their customers rate the SSC's services as 'very good' or 'good'. Those participants that stated that more than 70% of their customers are satisfied reach a high score in the maturity evaluation. The utilisation of tools to manage and support customers is key to improve and keep a high customer satisfaction level.

Customer and staff satisfaction

Fig. 42   Percentage of customers that score the SSC services as 'very good' or 'good'

6%	7%	16%	46%	26%
Customer satisfaction < 50%	Customer satisfaction 50–59%	Customer satisfaction 60–70%	Customer satisfaction > 70%	Don't know
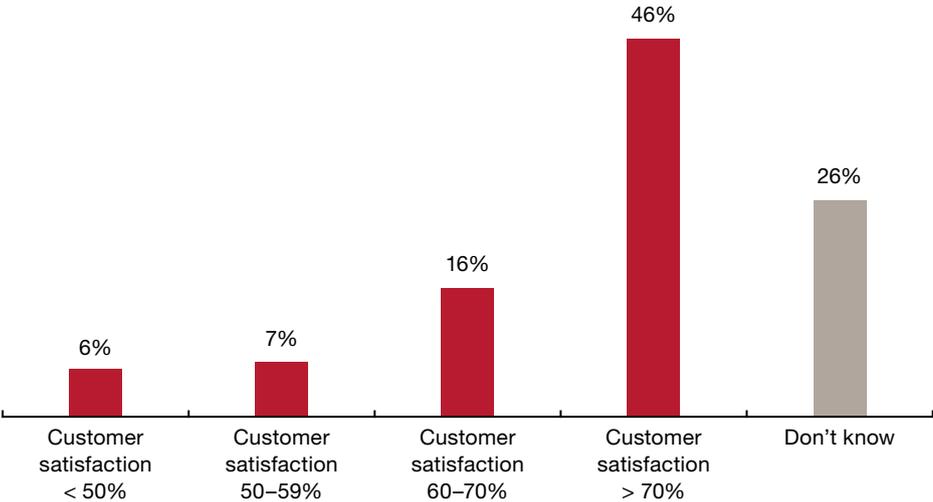
Fig. 43   Customers satisfaction (percentage of customers that score the SSC services as 'very good' or 'good') depending on the maturity model level for the criterion customer relations

Level IV	83%
Level III	78%
Level II	72%
Level I	60%

■ Customer satisfaction (%)
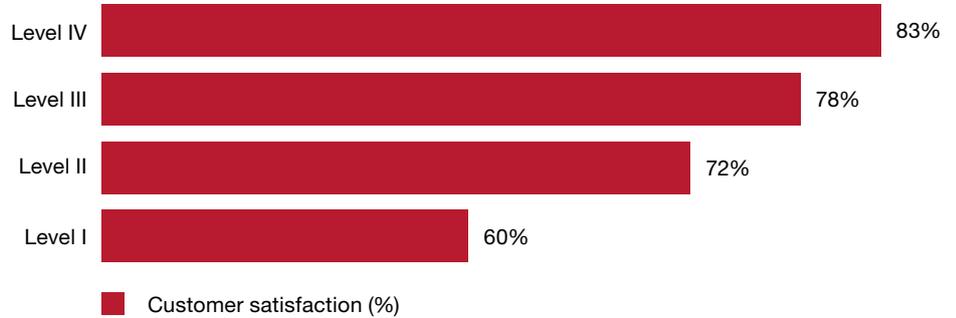
The more the SSC staff is satisfied with the working conditions the higher is the customer satisfaction based on the services the SSC provides. The analysis shows that SSCs characterised by a staff satisfaction rate of more than 70% – staff that rates the working conditions as 'very good' or 'good' – achieve on average a customer satisfaction rate of more than 80% (customers that score the SSC's services as 'very good' or 'good').
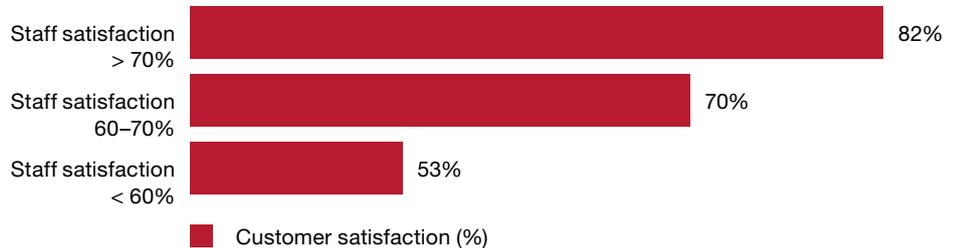
Fig. 44   Average percentage of customers that rate the SSCs' services as 'very good' or 'good' depending on staff satisfaction (percentage of staff that rate the working conditions as 'very good' or 'good')

Staff satisfaction > 70%	82%
Staff satisfaction 60–70%	70%
Staff satisfaction < 60%	53%

■ Customer satisfaction (%)

Similar to customer relations the majority of participants are convinced that at least 50% of their SSC staff likes the working environment. No participant thinks less than 20% rates the working condition as less than 'good'.

Fig. 45   Percentage of staff that rates the working conditions as 'very good' or 'good'

Staff satisfaction < 50%	Staff satisfaction 50–59%	Staff satisfaction 60–70%	Staff satisfaction > 70%	Don't know
3%	6%	22%	47%	22%
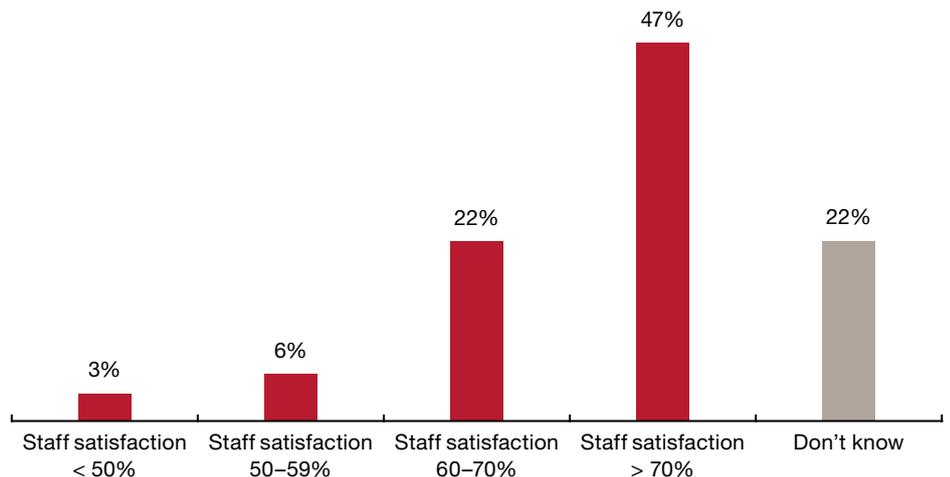
Employee satisfaction surveys help to identify improvement potentials and indicate that a company is giving high value to its employees. Employee development plans are also honoured by employees and help to increase the SSC performance.

Fig. 46   Average percentage of staff that rate the working conditions as 'very good' or 'good' depending on the maturity model level for criterion human resources

Level	Staff satisfaction (%)
Level IV	76%
Level III	76%
Level II	68%
Level I	62%

■ Staff satisfaction (%)
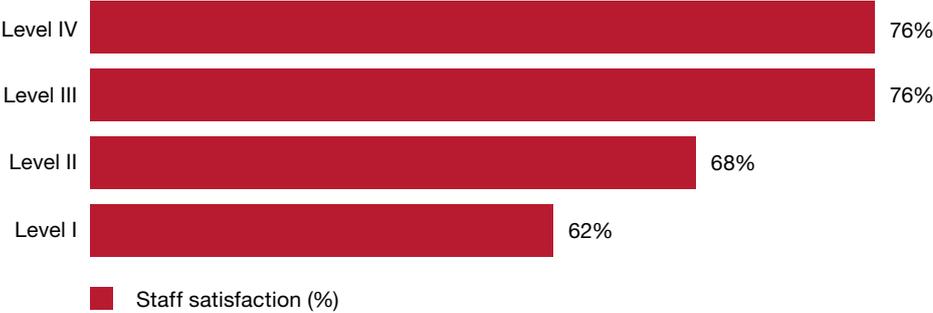
The survey analysis indicates that SSCs with employees that score the working conditions as 'very good' or 'good' on average have lower rates of staff turnover. In SSCs with a staff turnover rate of less than 10%, more than 70% of employees are satisfied with their work conditions. On the other hand in SSCs with a higher staff turnover rate than 10%, only 41% of employees are satisfied. Consequently SSCs should focus on increasing the staff satisfaction rate as one lever to keep the turnover rate low.

Fig. 47   Average percentage of staff that rate the working conditions as 'very good' or 'good' depending on the staff turnover rate

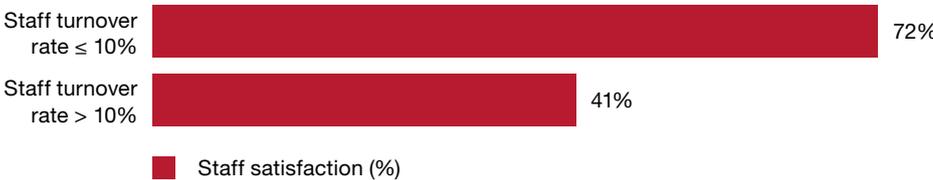|	Staff satisfaction (%)
Staff turnover rate ≤ 10%	72%
Staff turnover rate > 10%	41%

■ Staff satisfaction (%)

E   Outlook

Overall the very high importance of wage levels, legislation and qualified workforce availability will probably result in a trend to establish future SSCs rather in the Asia-Pacific and CEE regions than in Western Europe or the Americas. The surveyed companies also tend to close or consolidate some of their SSCs and merge them to form bigger organisations servicing a wider range of customers. As a result the total number of SSCs in Western Europe and North America will decrease while the number of SSCs in Asia-Pacific and CEE will slightly increase. According to surveyed companies, however, in the near future Western Europe will remain the region where most SSCs are located, followed by Asia-Pacific.

Companies tend to consolidate their SSC organisation

Fig. 48   Total number of SSCs by region existing in the companies organisation today, and total number of SCCs by region anticipated in the next 3 years
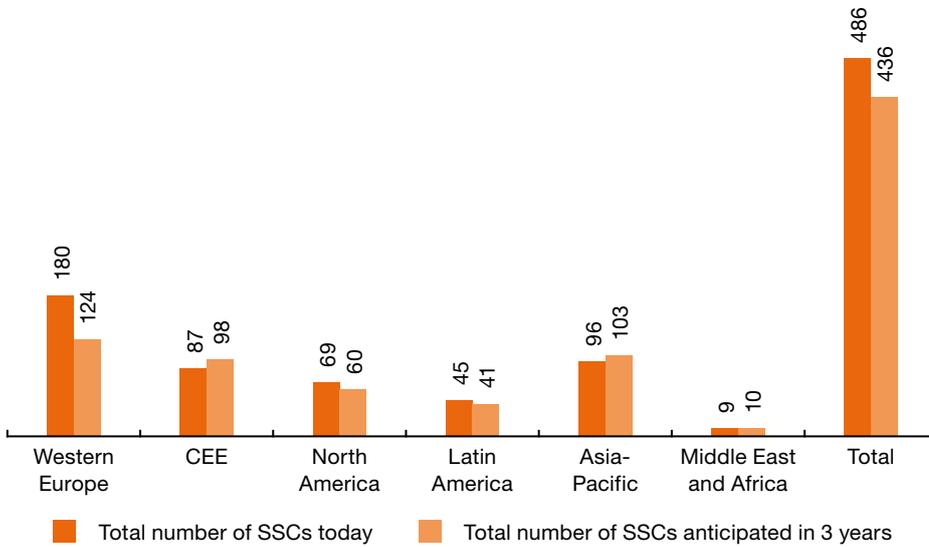
SSC implementations in Asia-Pacific and Central and Eastern Europe will increase in the future

■ Total number of SSCs today   ■ Total number of SSCs anticipated in 3 years

Analysing the trends with regard to offshore and nearshore locations today and in three years, Western European companies plan to consolidate the total number of their SSCs in the next three years. A detailed analysis shows that this is only the case for nearshore SSC locations of Western European companies where the number of SSCs is anticipated to decrease by 28%. On the other hand offshore SSC locations seem to have become slightly more popular for Western European companies, especially the Asia-Pacific region. CEE companies plan to increase their total number of SSCs with a strong focus on nearshoring SSC locations. Companies in North America plan to decrease their total number of SSCs nearshore as well as offshore.

Fig. 49   Offshore and nearshore SSC locations today and in 3 years

HQ by region	Nearshore No. SSC today/ No. SSC in 3 years	Offshore No. SSC today/ No. SSC in 3 years	Total
Western Europe	210/152 ↓	94/96 ↑	304/248 ↓
CEE	9/29 ↑	5/6 ↑	14/35 ↑
North America	48/43 ↓	91/81 ↓	139/124 ↓
Latin America	11/6 ↓	2/5 ↑	13/11 ↓
Asia-Pacific	7/10 ↑	9/8 ↓	16/18 ↑
Middle East and Africa	0/0	0/0	0/0
Total	285/240 ↓	201/196 ↓	486/436 ↓

The answers show that companies are largely satisfied with the SSC concept. Only a small percentage of companies (8%) have already scaled down their SSC and returned activities/processes back to local business units. More than 30% of companies have consolidated existing SSCs and 15% are currently in the consolidation process. Almost 40% implemented new or additional SSCs, 21% are currently in the implementation phase. Outsourcing of selected activities previously provided by the SSC to an external service provider is currently not done by the majority of companies. However, as a further development step, 26% of companies have outsourced selected activities after starting their SSC operations. Around 8% are currently in the process of implementing outsourcing of processes that were previously provided by their SSC.
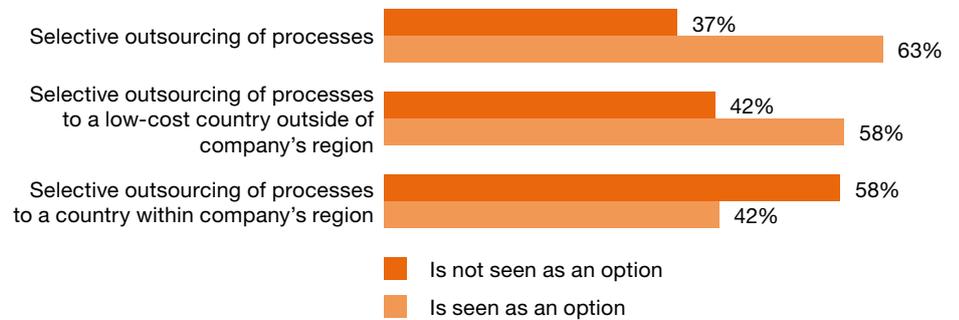
Almost all companies are satisfied with the SSC concept

Fig. 50   Degree on future sourcing strategies

Scaling down the SSC and returning processes to the business units
- 91%
- 1%
- 8%

Consolidating existing SSCs
- 54%
- 15%
- 31%

Implementing a new/ additional SSC
- 40%
- 21%
- 38%

Outsourcing individual activities previously provided by the SSC to an external provider
- 65%
- 8%
- 26%

No   In process of implementation   Yes
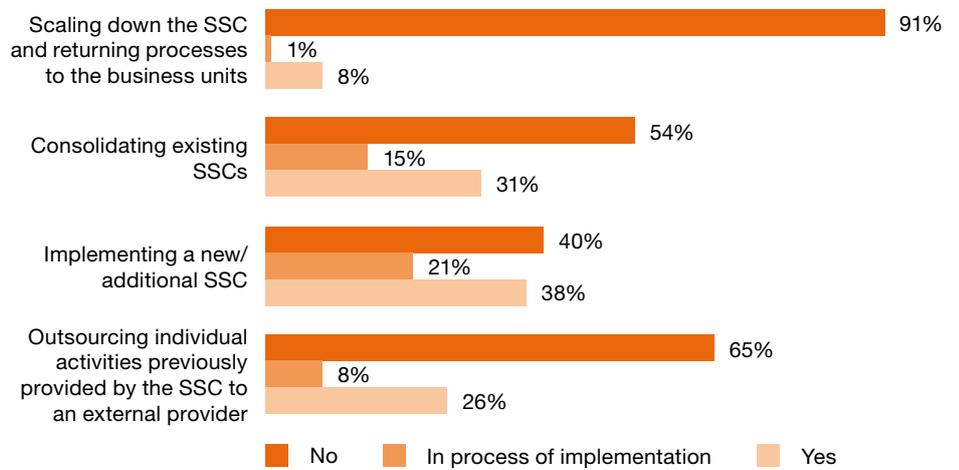
Over 60% of companies, however, consider selective outsourcing of processes to be a feasible option. The analysis shows that only 42% of the companies see opportunities for selective outsourcing of processes within the company's region (nearshoring). This means that currently nearshoring (seen from the point of the companies headquarter) is not the favourable option as far as finance and accounting processes are concerned. Similarly, the clear majority of companies consider more potential for selective outsourcing of financial processes to a low-cost country outside of the company's region (offshoring).

Fig. 51   Selective outsourcing of processes as a sensible option

Selective outsourcing of processes
- 37%
- 63%

Selective outsourcing of processes to a low-cost country outside of company's region
- 42%
- 58%

Selective outsourcing of processes to a country within company's region
- 58%
- 42%

Is not seen as an option

Is seen as an option

As a general remark it can be stated that the SSC concept is a success. SSC clearly is not a one-time project but an ongoing journey and the future trends we most probably will see are, among others,

- Consolidation of existing SSC locations
- Implementation of additional SSCs
- (Selective) Outsourcing
- On-going process re-engineering and automation
- Harmonisation of processes and IT-systems

SSC organisations need to be continuously developed

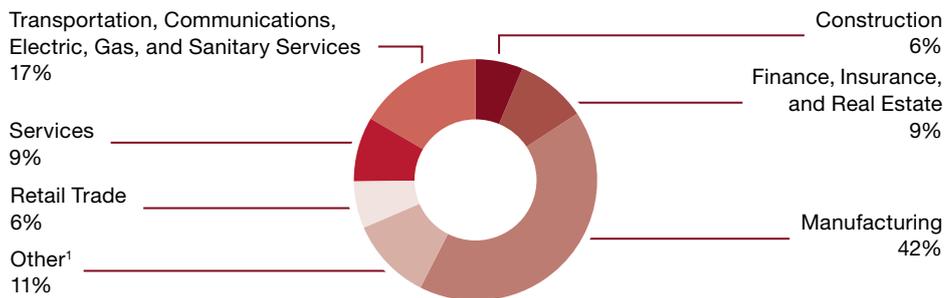# *Appendix: The company and SSC profiles*

This appendix contains information about the survey participants' companies and shared service centres.

The participation of 127 globally operating corporations from a wide variety of industries demonstrates finance and accounting SSCs to be an important topic across all industries. Participation was strongest from companies from the following industries:
- Manufacturing
- Transportation, Communication, Electric, Gas and Sanitary Services
- Finance, Insurance and Real Estate
- Services

Company profiles of survey participants

Fig. 52   Participation by industry

Transportation, Communications, Electric, Gas, and Sanitary Services
17%

Services
9%

Retail Trade
6%

Other[1]
11%

Construction
6%

Finance, Insurance, and Real Estate
9%

Manufacturing
42%

[1] Mining, Chemistry, Agriculture

Over 40% of all companies belong to the Global Fortune 500 index, which contains the world's largest companies (measured by turnover). Most of the other participants are companies with turnovers of more than €1 billion and only 6% have a turnover of less than €1 billion.

Fig. 53   Listing of companies

Small companies
(turnover < € 1 bn)
6%

Global Fortune 500
41%

Large companies
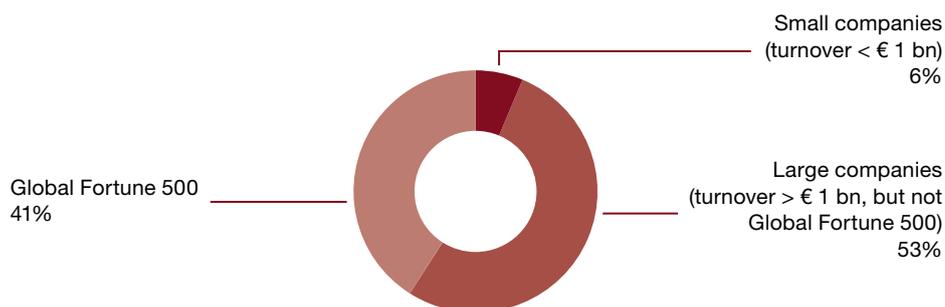(turnover > € 1 bn, but not
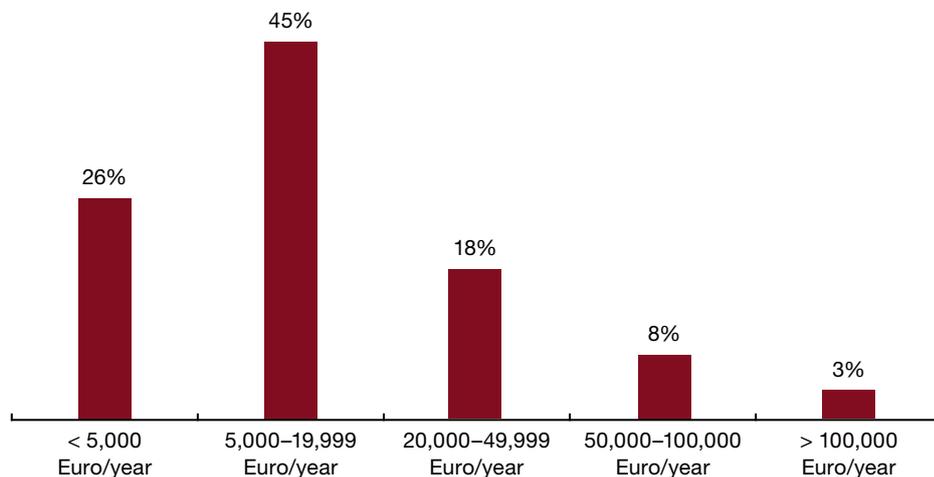Global Fortune 500)
53%

Fig. 54 shows a more detailed analysis of the participants' turnover distribution. Nearly three-quarters of companies generate a turnover of over €5 billion and more than half of the companies range between €5 billion and €50 billion.

Fig. 54   Company turnover in millions of euro

| < 5,000 Euro/year	5,000–19,999 Euro/year	20,000–49,999 Euro/year	50,000–100,000 Euro/year	> 100,000 Euro/year
26%	45%	18%	8%	3%

Almost half of the companies surveyed employ over 50,000 FTEs. Some 18% of the participating companies even show employee figures higher than 100,000 FTEs.

Fig. 55   FTEs employed in the company

| < 5,000 FTEs	5,000–19,999 FTEs	20,000–49,999 FTEs	50,000–100,000 FTEs	> 100,000 FTEs
10%	20%	24%	28%	18%
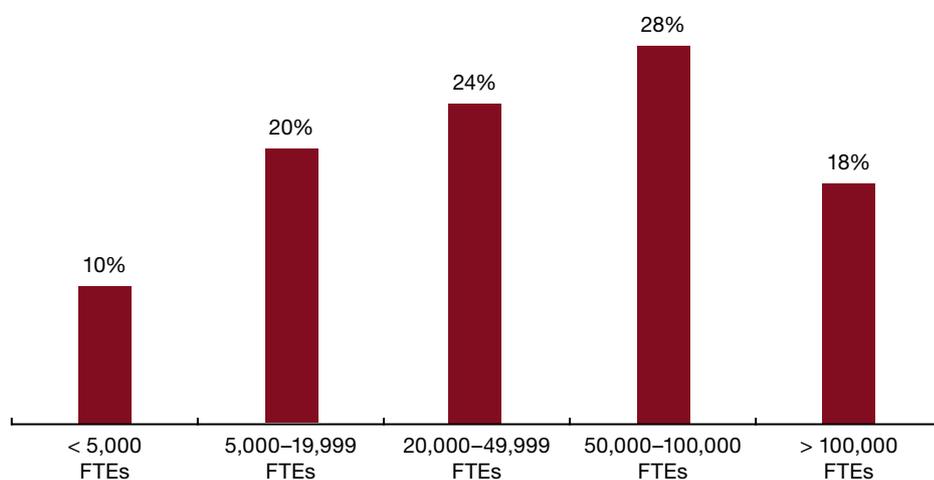
Regarding the globalisation level of the companies surveyed (Fig. 56), more than 60% operate in up to 50 countries, but also companies which are present in almost every country of the world participated in the survey.

Fig. 56   Number of countries with international operating locations
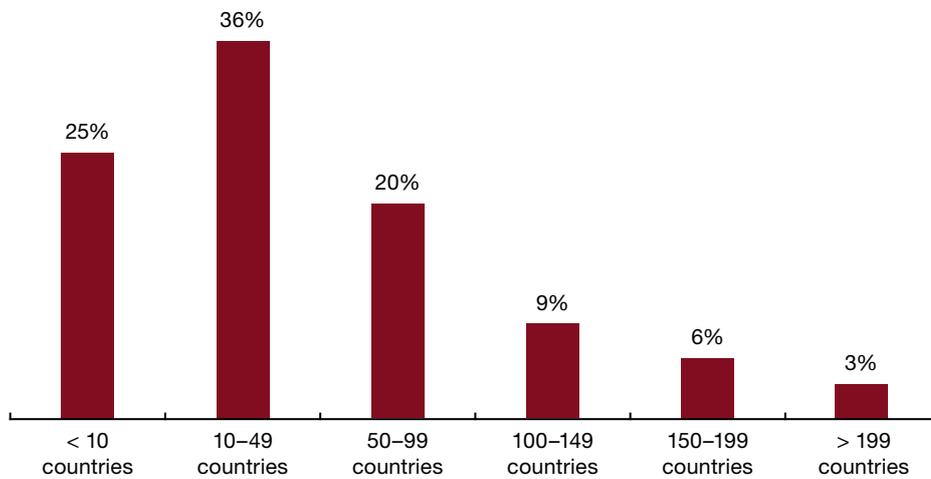
The headquarter of the majority of participating companies is located in Western Europe followed by North America, while only a few have their headquarter located in CEE, Asia-Pacific or Latin America.

Fig. 57   Regional distribution of companies' headquarters
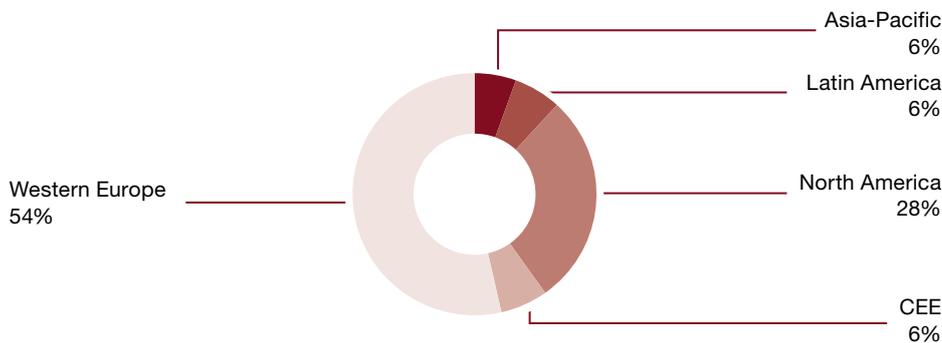
The majority of participants have their SSC established in Europe followed by the Americas and the Asia-Pacific region with 14% and 11% respectively. Some participants completed the questionnaire for more than a single location, shown here as global SSC organisations.
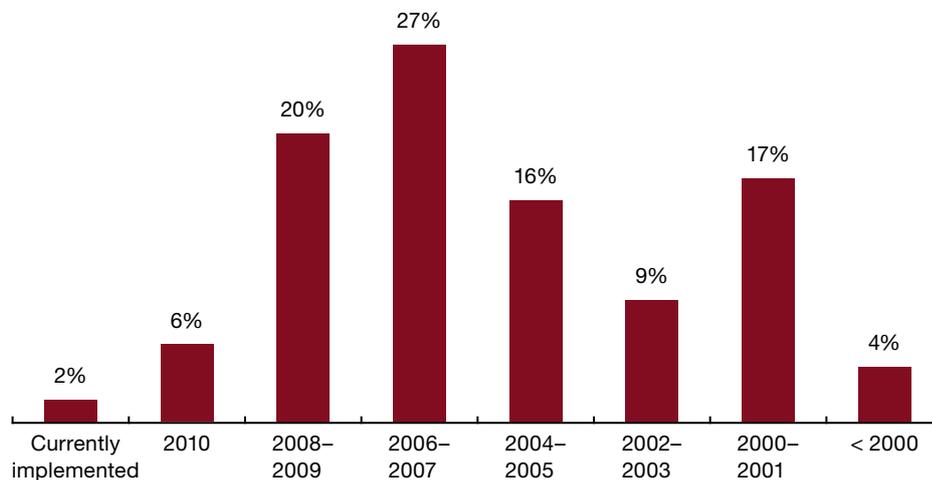
SSC profiles of survey participants
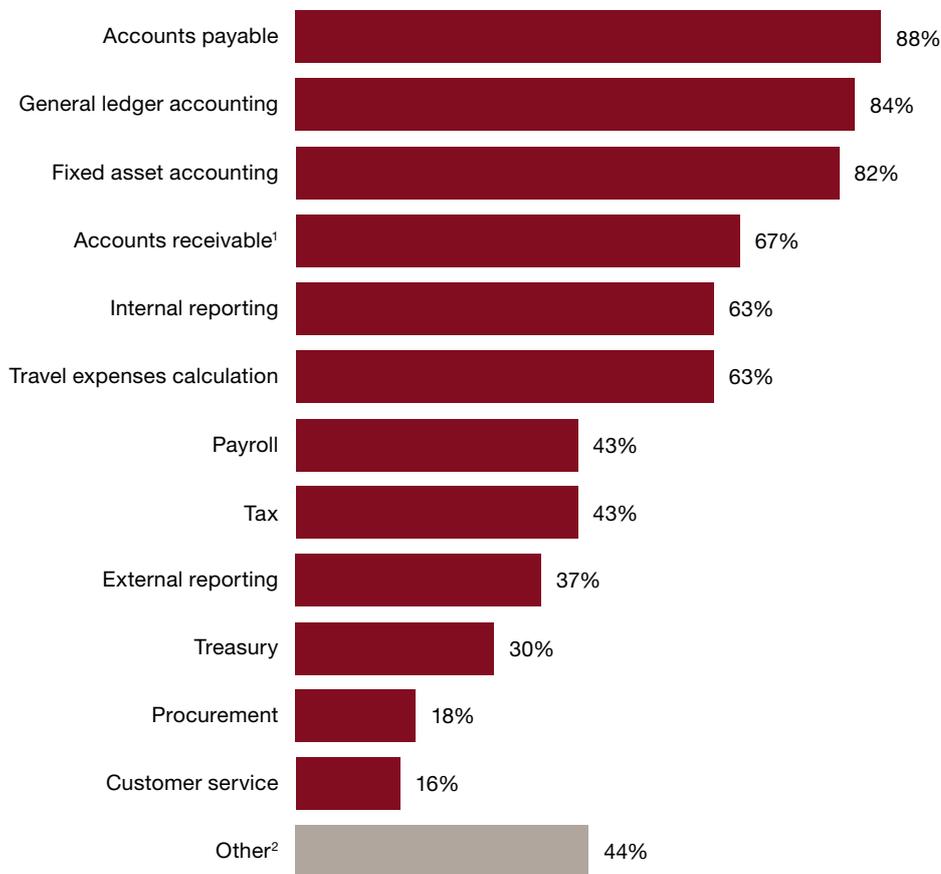
Fig. 58   Locations of SCC's
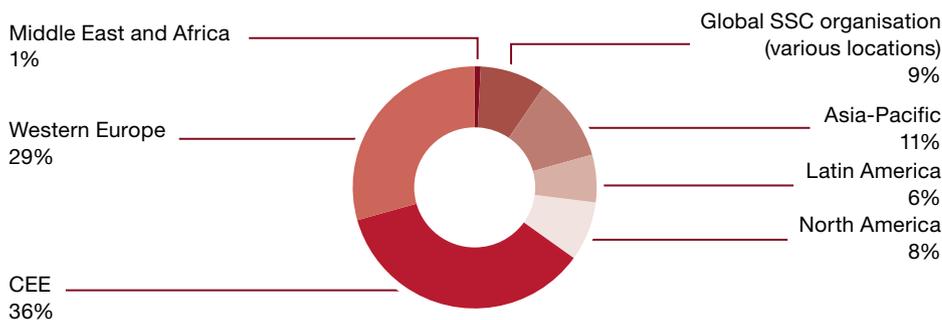
Less than 10% of the participants just implemented their SSC or have been operating it for less than one year. More than 70% of companies implemented their SSC in 2007 or earlier.

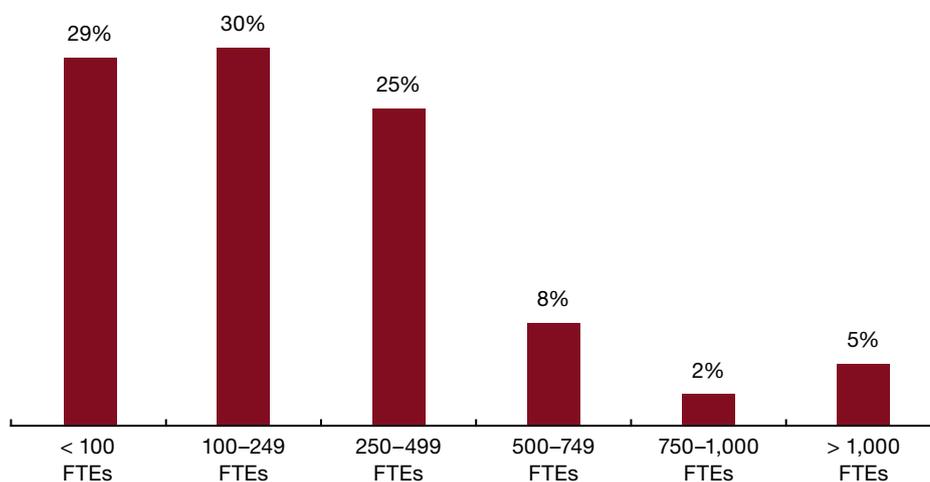**Fig. 59   Year the SSC started operations**

In terms of centralised processes shifted to the SSC, priority is clearly given to transaction-related activities. This includes accounts receivable and payable as well as general ledger and fixed asset accounting. Internal reporting and travel expense processes are also often transferred into an SSC. Tax and treasury-related services are only provided by a third or a quarter of SSCs. Procurement and customer service appear to play a subordinate role when setting up SSCs. IT and HR are the other most-mentioned processes integrated in the SSCs. More than half of all participants transferred between six and eight processes in total to their SSC.

Fig. 60   Processes provided by the SSCs

| Process	Percentage
Accounts payable	88%
General ledger accounting	84%
Fixed asset accounting	82%
Accounts receivable[1]	67%
Internal reporting	63%
Travel expenses calculation	63%
Payroll	43%
Tax	43%
External reporting	37%
Treasury	30%
Procurement	18%
Customer service	16%
Other[2]	44%

[1] incl. credit and collection
[2] IT, HR, logistics, corporate audit etc.

Looking at the size of existing SSCs in terms of the number of employees shows that the majority of companies employs between 100 and 500 FTEs. Only a small number of companies employ more than 500 FTEs in their SSC.

Fig. 61   Number of staff (FTEs) in the SSC

FTEs	Percentage
< 100 FTEs	29%
100–249 FTEs	30%
250–499 FTEs	25%
500–749 FTEs	8%
750–1,000 FTEs	2%
> 1,000 FTEs	5%

Some 48% of the questionnaires were processed by the head of the shared service centre, which underlines that the results of the survey are based on practical, real-life experience.

Fig. 62   Position of staff who processed the questionnaires in the companies surveyed
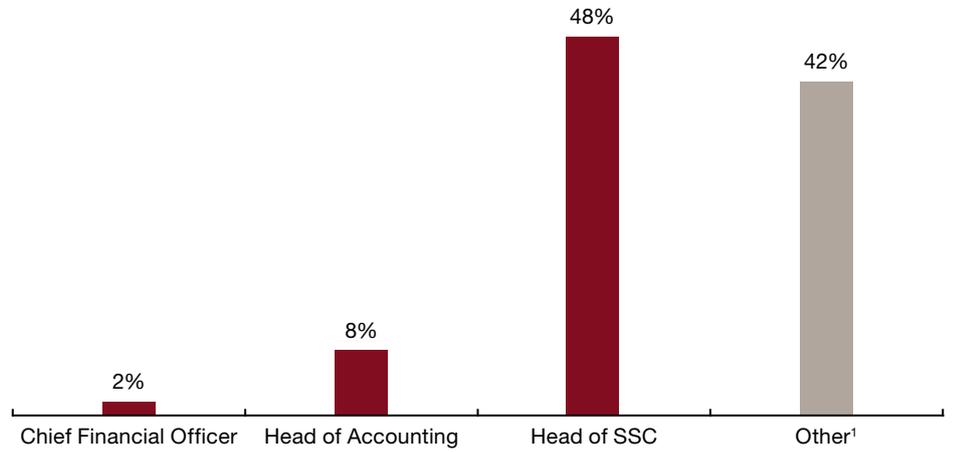
1 Director Shared Services Initiatives, Planning Manager, Finance Operation Manager, Head of Financial Processes etc.

About us

Our clients face new challenges, explore interesting ideas and seek expert advice every day. They turn to us for comprehensive support and practical solutions that deliver maximum value. Whether they are a global player, a family business or a public institution, we leverage our full range of skills: experience, industry-specific knowledge, high standards of quality, commitment to innovation and the resources of our expert network in over 150 countries. Building a trusting and cooperative relationship with our clients is particularly important to us – the better we know and understand our clients' needs, the more strategically we can support them.

Companies that have implemented SSCs in the past are now being confronted with the question of how to ensure the cost and service advantages of their SSC in the long term. PwC has been working in partnership with its clients in the implementation of shared services for many years. We draw on our experience to support our clients with well-trained teams and international networks to overcome their challenges and develop achievable, long-term solutions.

Contacts

America

Charles L. Aird (Charlotte NC)
Tel: +1 704 344 7651
E-mail: charles.l.aird@us.pwc.com

Asia-Pacific

Mark Gilbraith (Shanghai)
Tel: +86 21 2323 2898
E-mail: mark.gilbraith@cn.pwc.com

Europe, Central and East

Paul Jasniach (Kraków)
Tel: +48 519 507 581
E-mail: paul.jasniach@pl.pwc.com

Europe, West

Garrett Cronin (Dublin)
Tel: +353 1 792 8807
E-mail: garrett.cronin@ie.pwc.com

Germany

Michael Suska (Stuttgart)
Tel: +49 711 25034 3250
E-mail: michael.suska@de.pwc.com

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