

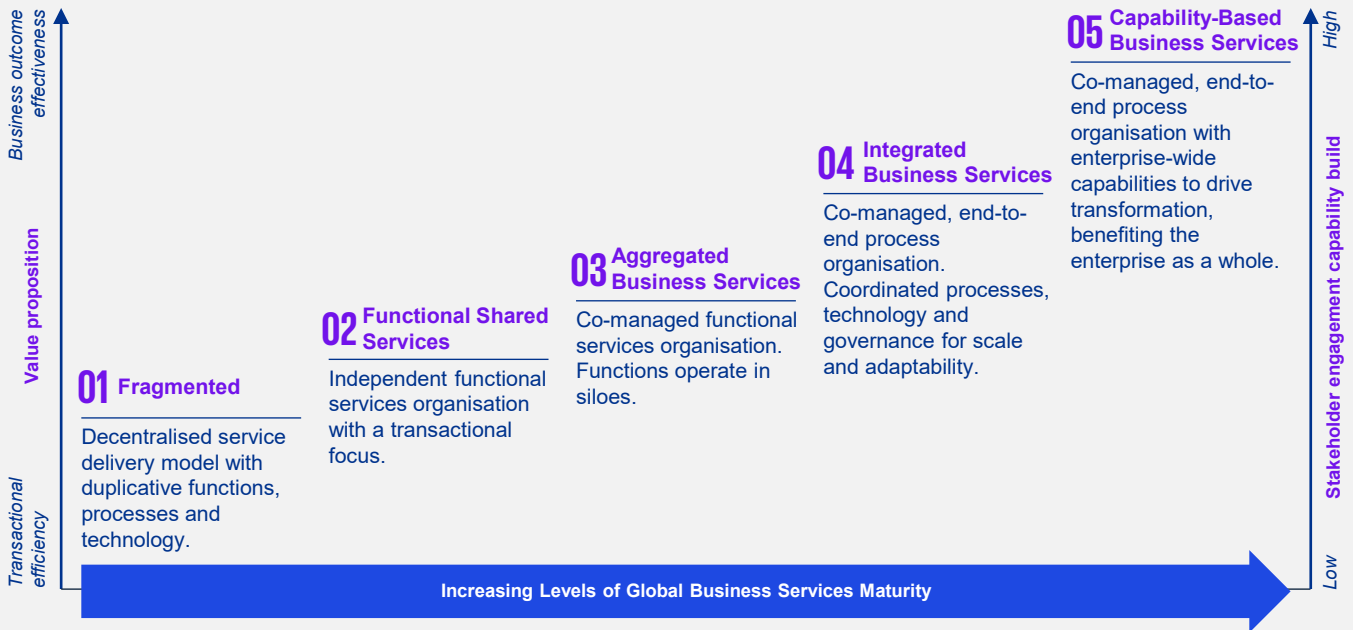


The future of Global Business Services

Driving improved performance of
business services

Global Business Services models are rapidly evolving

In order to thrive in the dynamic and interconnected world of modern business, organisations must adopt an innovative approach to delivering their business services, such as Finance, HR and Technology. We are seeing an increasing shift towards multi-functional shared services models to leverage economies of scale, enhance cross-functional collaboration, and optimise resource allocation.



Not everyone needs to evolve to Level 3+ maturity

Across Australia, many organisations are currently at Level 1 or Level 2 on the Global Business Services Maturity curve – Shared Services are well established yet functional siloes remain. To remain nimble and sustainability cost efficient, organisations should explore opportunities to move up the maturity curve to maximise the value of business services.



Expand from Single to Multi-functions

Expand your shared services footprint to deliver scale and synergies e.g. Procurement, HR.



Establish Shared Capabilities

Establish shared capabilities with cross-functional benefits including data and analytics and intelligent automation.



Establish Talent and Workforce Planning Strategies

Use Global Business Services as a talent breeding ground. Make it a place people want to work. Build the brand



Adopt Global Process Ownership models

Implement cross-functional governance models, connecting end-to-end processes to accelerate transformation.



Build an Integrated Service Management and Governance Framework

Consistently drive and measure performance across functions. Provide 360 degree visibility of GBS operations.



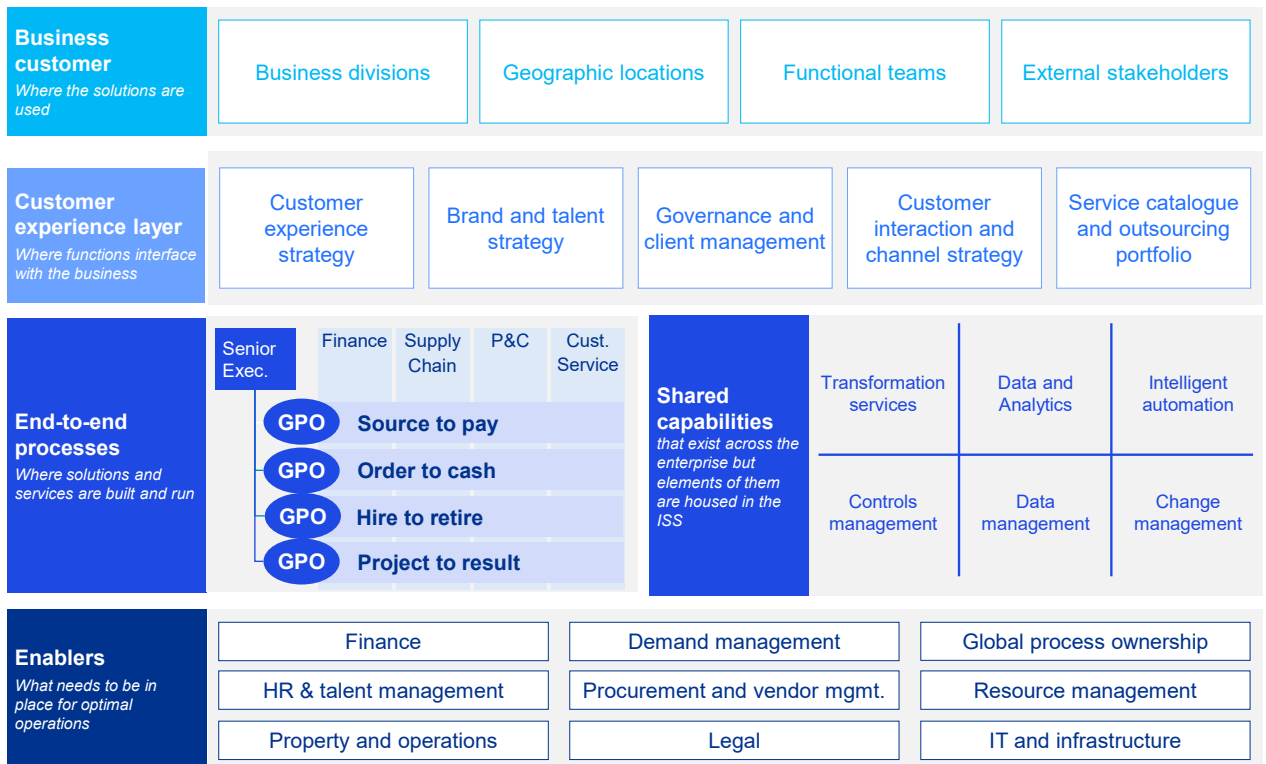
Create a Single Customer Experience Layer

Uplift customer experience, providing a seamless journey across services – with multi-channel delivery.

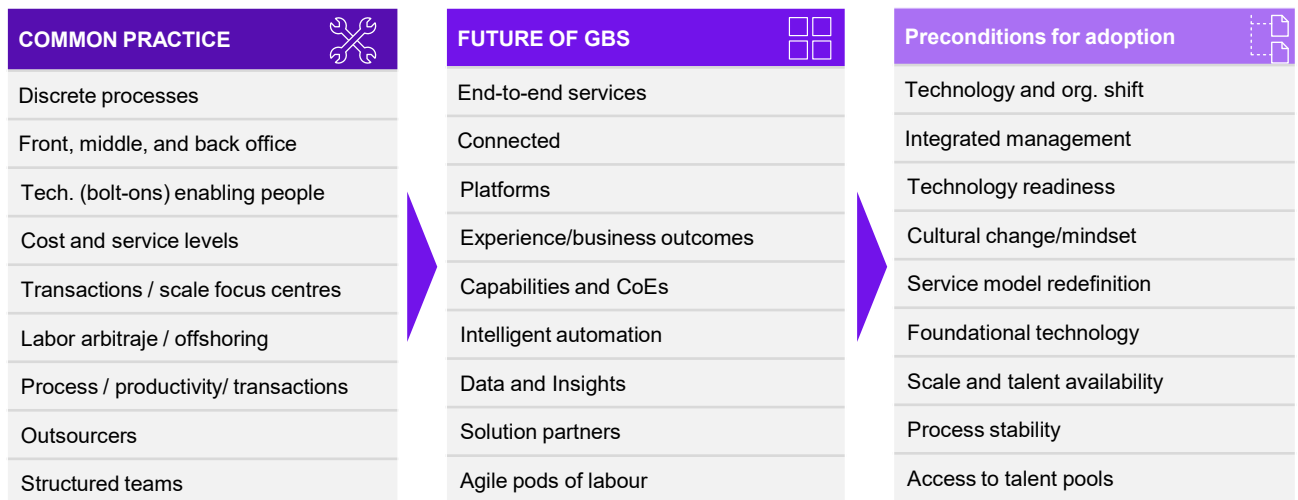
The journey towards integrated global business services

Establishing integrated global business services facilitates efficient delivery of solutions and services to internal and external customers. Organisations can streamline their operations and improve their end-to-end processes, with shared capabilities to drive transformation inside and outside of GBS. A customer experience layer for seamless, multi-channel interaction is fundamental for success.

A model for delivering integrated global business services



What does this shift towards an integrated GBS mean in practice?



Evolving location strategies and use of outsourcing vs captive

As organisations seek to stay competitive and adapt to the ever-changing business landscape, they face the decision of building or buying to achieve their goals. With global locations and borderless talent acquisition, organisations can minimise risk while accessing the best talent from anywhere in the world.

Build or Buy?	Build (shared services)	Buy (outsourcing)
Ability to inject capital	High (Infrastructure, talent, facilities etc.)	Medium (Initial transition and stand-up)
Capability to deliver services	Can deliver with available internal talent + recruitment required for new locations	Require external support to design and/or deliver
Talent challenge	Has the brand and recognition to retain and grow talent	Attrition is a challenge, and contractors are used to backfill
Process Transformation	Institutional knowledge retained and transformation requires considerable effort and focus	Open to delivering services in new ways and has capability to transform (if incentivised to do so)
Control	Wants to control design, strategy and policy of the process	Comfortable with releasing control of (non-core) processes
Scale	Sufficient scale to justify the fixed overhead cost of captive shared services	Leverage economies of scale of a strategic partner
Projected Timeline	Typically a longer timeline, however can be accelerated with a Build Operate Transfer approach	Faster timelines for transition and transformation

Next-generation outsourcing deals move beyond cost-cutting and enable true business transformation

Outsourcing has come a long way from its origins. The model has matured from its inception to achieve lower costs from an offshore location. We believe transformative outsourcing is the future & will be used as a key driver for cost savings, improved service and access to talent. Reducing concentration risk is an important factor to consider when selecting service providers.



Vendor

These foundational deals are still meaningful and not going away

- Economies of scale
- Cheaper labour



Strategic Supplier

These deals are increasing

- Digital integration
- Economies of scale
- Cheaper labour



Transformation Partner

New trend

- Business outcomes
- Customer experience
- Digital integration
- Economies of scale
- Cheaper labour

Choosing an outsourcing location

Availability of skills and talent – consider: language skills, education levels, attrition rate and size of talent pool with desired capabilities.

Cost attractiveness – consider: average salaries, inflation rate, wage inflation rate, prime office rent and taxes, incentives

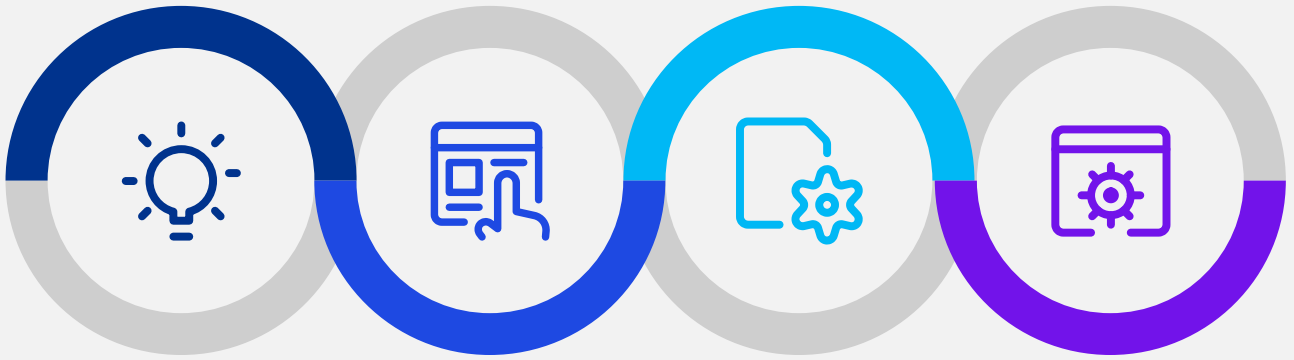
Infrastructure – consider: office vacancy rates, technology infrastructure, flight connectivity and presence of BPOs and other business service organisations

Business and operating environment – consider: regulatory environment, visa process, data protection and security, time zone, political stability and climate risk



How we can help

KPMG's Global Business Services Advisory team delivers services that span the end-to-end lifecycle for Global Business Services, including target operating model re-design for business services, outsourcing and insourcing. Our experience and methodologies span industries, scales, and transformation contexts.



Strategy

- Service Delivery and Sourcing Strategy
- Procurement Plan
- Business Case
- Target Operating Model
- Market Scan / Research

Design

- Business Services / Shared Services Design
- Outsourcing / In-sourcing Solution Design
- Market Engagement and Vendor Selection
- Negotiation and Contracting
- Target Operating Model (TOM) Design
- Location Selection

Implement

- Business Services / Shared Services / Outsourcing / Insourcing Transition Management
- Transformation / Program Management
- Change Management
- Program Governance Review

Optimise

- Contract Review and Renegotiation Support
- Performance and Satisfaction Measurement
- Benchmarking and Maturity Assessment
- Supplier Risk Management and Governance



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