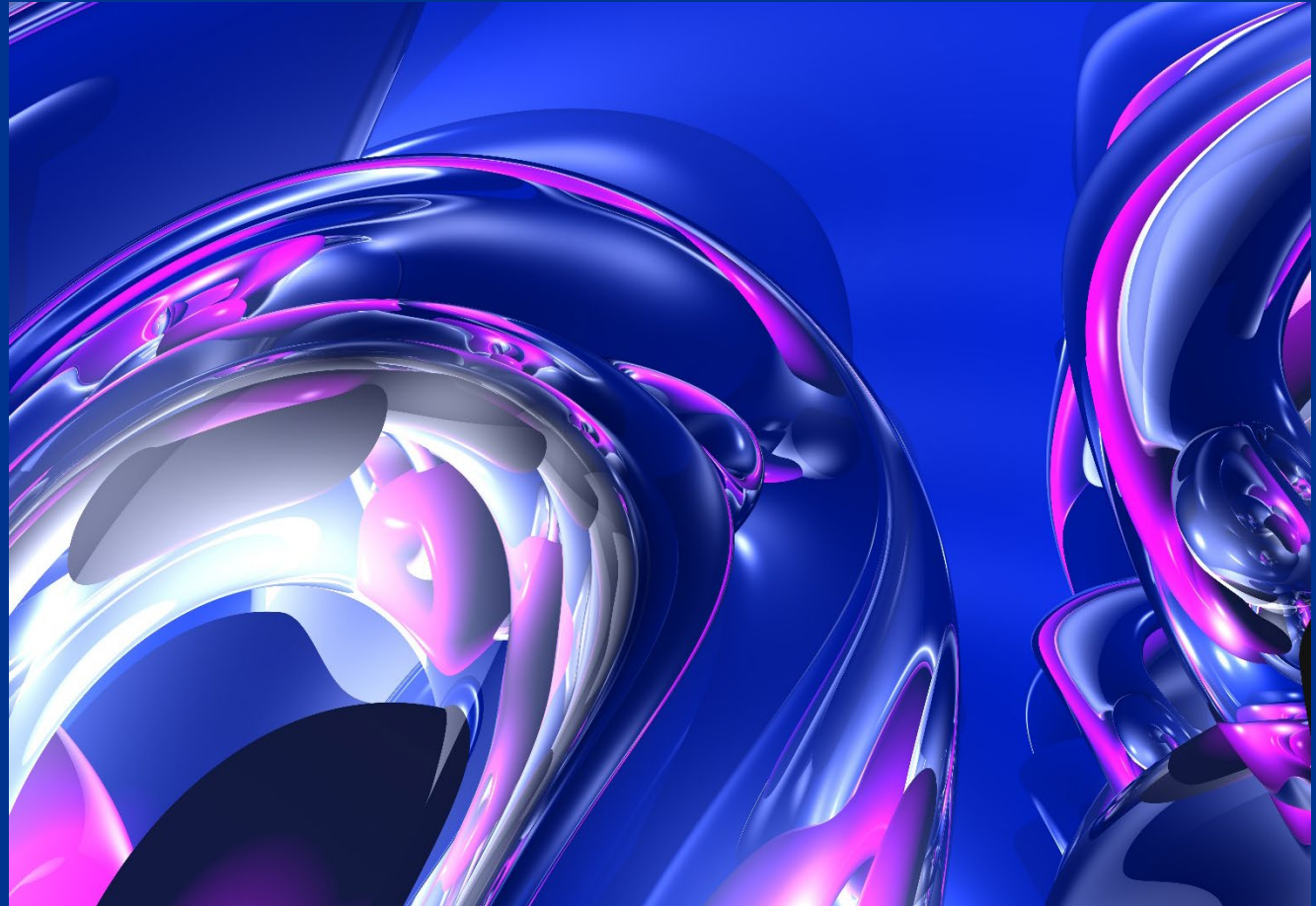




# SSC Transition Leaflet

KPMG in Hungary

2023

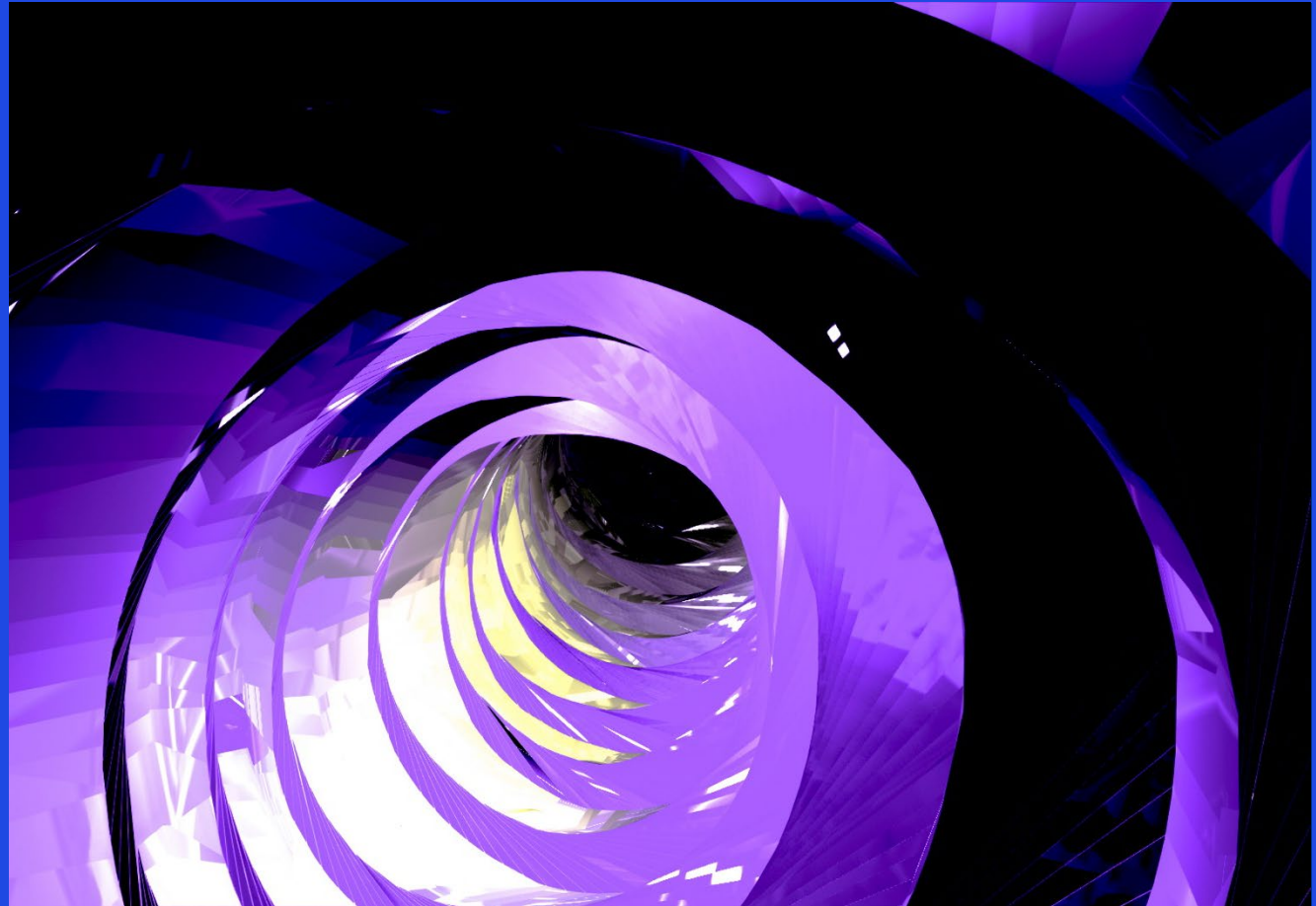




# SSC Transition Leaflet

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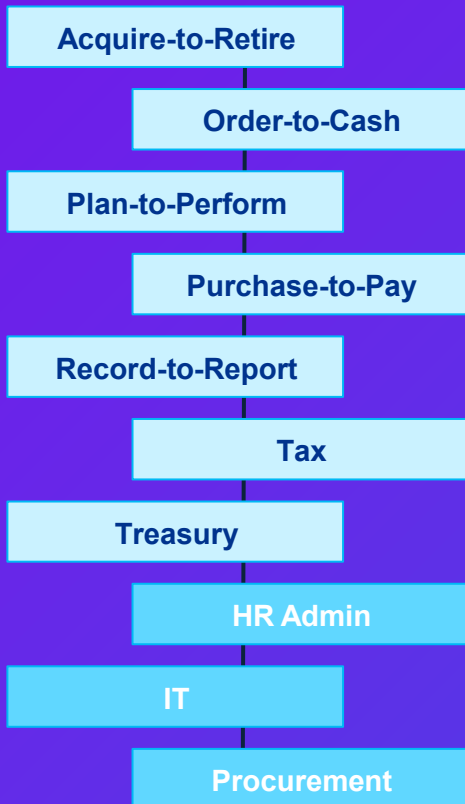


# What are the characteristics of a transition?

Transition is the migration of services, functions or processes from one or more locations to another resulted by globalization following a shared service initiative.

The main objective of a transition program is to make sure that services are safely transferred to their future state with minimum disruption to business as usual, and that the benefits of the migration are realized and monitored.

## Typically migrated processes



## Objectives



Standardized and harmonized processes and systems



Improved quality of processes based on best practices



Faster reporting process and closing process



Better control and transparency of processes



Operating cost savings

## Benefits

- **Standard processes are defined and implemented** for all in-scope process areas.
- **Local requirements are adjusted** accordingly.

- **Automation technology and best practices** (e.g. standardized use of SAP FI / Oracle etc. functionalities) will be available.

- Number of **late reporters are reduced** dramatically.
- The SSC offers a platform for **further optimization and standardization**.

- **Internal control** ratings will **improve** in particular for the companies with a relatively low rating before.

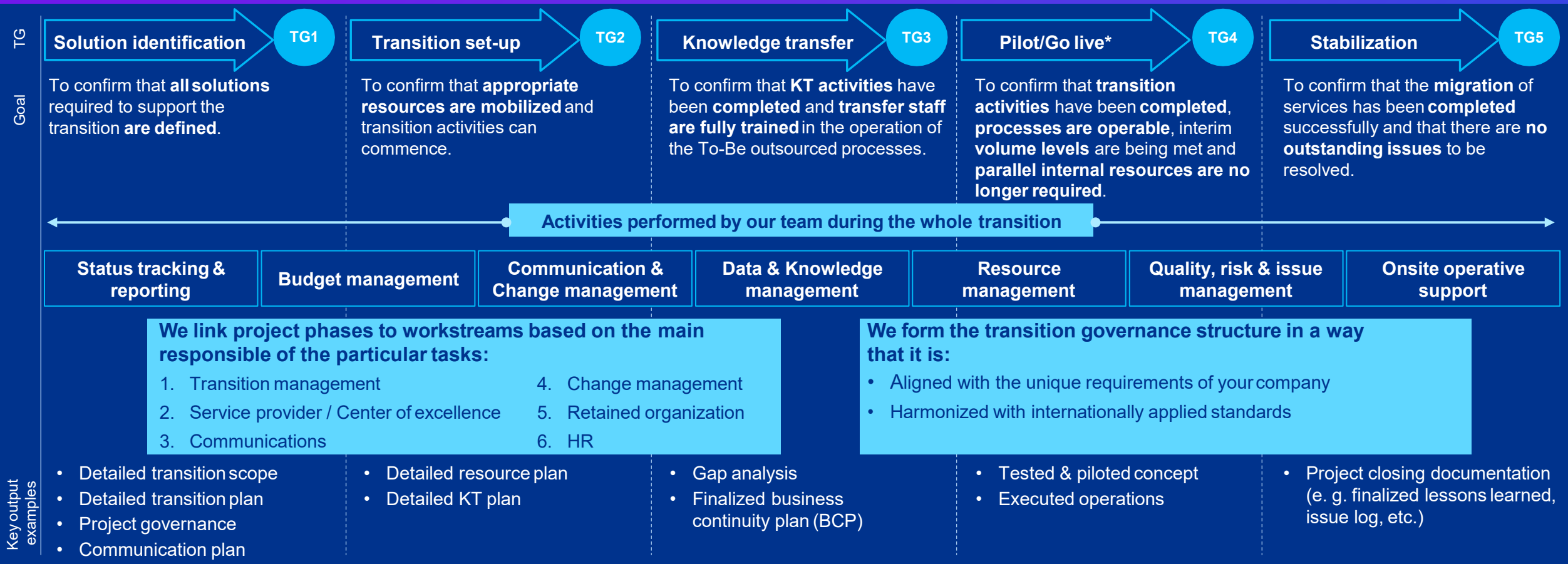
- **Improved efficiency and productivity** result in **lower operating costs** due to centralized functions.

 Finance processes

 Non-finance processes

# How can the KPMG solution support your transition?

Our **transition methodology** is based on a **phased approach**. In order to have a **structured mechanism for assessing progress**, at the end of each phase there is a **Tollgate (TG)**. Each TG has a **standard set of criteria that should be met**. These TG criteria are approved or rejected by the decision-making body of the company created at the beginning of the project. This ensures **strict controls** and **good quality** of the migrated processes. The criteria will require a number of **key outputs and activities** to have been **completed before the program can pass to the next phase**. These criteria will allow the **project to be managed in a structured and consistent way**.



\*At the end of TG4 responsibility is transferred from sending to receiving company

# We apply the relevant transition strategy depending on your risk appetite

## Transition strategy

### Lift – Drop – Fix

/Transferring AS-IS processes/



## Pros

- **Quick** transition phase
- Eventual processes and system **easier to implement**
- **Lower complexity** with less technical dependency
- Focused on **labor arbitrage**

## Cons

- Organization **might never standardize processes**
- New staff might **learn bad habits**
- **No technology implementations**
  - to drive efficiencies

## Risk

- **Low retention risk** in local business units
- **Low risk of knowledge transfer** execution
- **Medium risk of process standardization**

### Fix – Lift – Drop

/Standardize processes first then migrate/



- **Redesign** of processes, policies, and practices leveraging best practices
- Involves **potential iterations** of documentation revisions
- **New staff learn new** standard processes

- **Slower transition phase** since standardization required before transition
- **Higher complexity** and very dependent on technology timelines
- Labor arbitrage benefits are delayed

- **Medium retention risk** in local business units
- **Medium risk of knowledge transfer** execution
- **Medium risk of process standardization**

### Change – Lift – Drop

/Standardize processes first in new ERP environment then migrate/



- **Redesign of processes in new ERP environment**, policies, and practices leveraging best practices
- Involves **potential iterations of documentation revisions**
- **New staff learn new** standard processes in **ERP environment**

- **Slowest transition phase** since standardization and system implementation required before transition
- **Higher complexity** and very dependent on technology timelines
- Labor arbitrage benefits are delayed

- **High retention risk** in local business units
- **High risk of knowledge transfer** execution
- **High risk of process standardization**

# Why choose KPMG Hungary?

## KPMG HU team capabilities



**Dedicated & experienced team of transition experts**



**Well-established & proven methodology**



**Widespread industry experience**



**Global project experience**



**Central geographical location & good time zone**



**Holistic view of projects**

## Industry experience

- Consumer markets & Retail
- Customer & Financial services
- Healthcare & Pharmaceuticals
- Industrial & Automotive
- Oil & Gas
- Telco & Media & Technology

## Processes migrated:

- Acquire-to-Retire
- Order-to-Cash
- Purchase-to-Pay
- Record-to-Report
- Treasury
- Tax
- IT

## Global project experience



## Project references



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