

The main title of the document, 'Business Service Centres - building competitive advantage', written in a large, blue, sans-serif font. The background of the top half of the page features a blurred image of a man in a suit talking on a mobile phone.

„If there is something we cannot do more efficiently, cheaper and better than our competition, there is no sense in doing it and we should employ someone to do the better work for us.“

H. Ford

Following the dynamically increasing globalization, companies are reviewing their strategies and implementing new operating models. **The need of transformation is seen especially in the organizations with fragmented and decentralized back-office processes, the integration of which is necessary in order to change the business models in specific circumstances, such as mergers and acquisitions.**

The key objectives for organizations are increasingly becoming business development and building competitive advantage on the dynamically changing market. The goal can be achieved by concentration on business activities, supported by the efficiently operating back-office units in shared service model.

Centralization of selected, inefficient supporting functions such as accounting, procurement, customer support, IT, or HR is profitable not only in terms of cost reducing, but also allows to increase the control level, improve the processes quality (through its standardization), data transparency and scalability, and, consequently, speeding up the decision making process.

Why Service Centres?



Processes standardization and simplification



Enabled technology, automation



High-quality, value-adding data and information



Increased control of processes performance, transparency



Cost reduction

Better – cheaper – effective

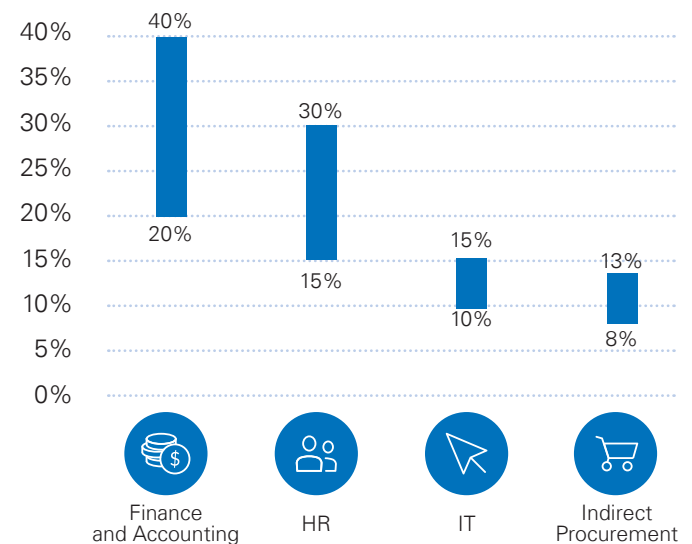
Back-office centralization allows to:

- effective operations and processes management,
- processes quality improvement,
- resource release in order to devote more energy and time for more complex, value-adding activities,
- focusing on decision-making process support and direct cooperation with business units.

Conducted by KPMG, the survey of global organizations leadership, explores current trends and best practices in expansion and development of business service industry. The results have shown that the most frequently centralized functions are IT services, Finance & Accounting, and HR processes.

In terms of the highest range of savings, the most profitable decision is centralization of financial operations (accounting, payroll, taxes).

High and Low Savings Range by Support Function [% of Impacted Costs]



Source: KPMG in Poland based on KPMG International Report „Get more value”, 2013

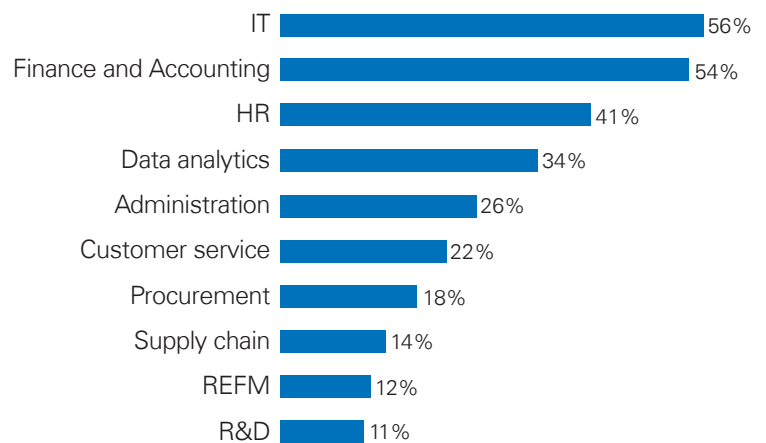
Finance Function transformation

Finance leaders are challenged to drastically change their traditional finance processes and operational support models in an effort to **deliver faster, more accurate and more insightful analysis and reporting**, while at the same time managing risk and **reducing cost**.

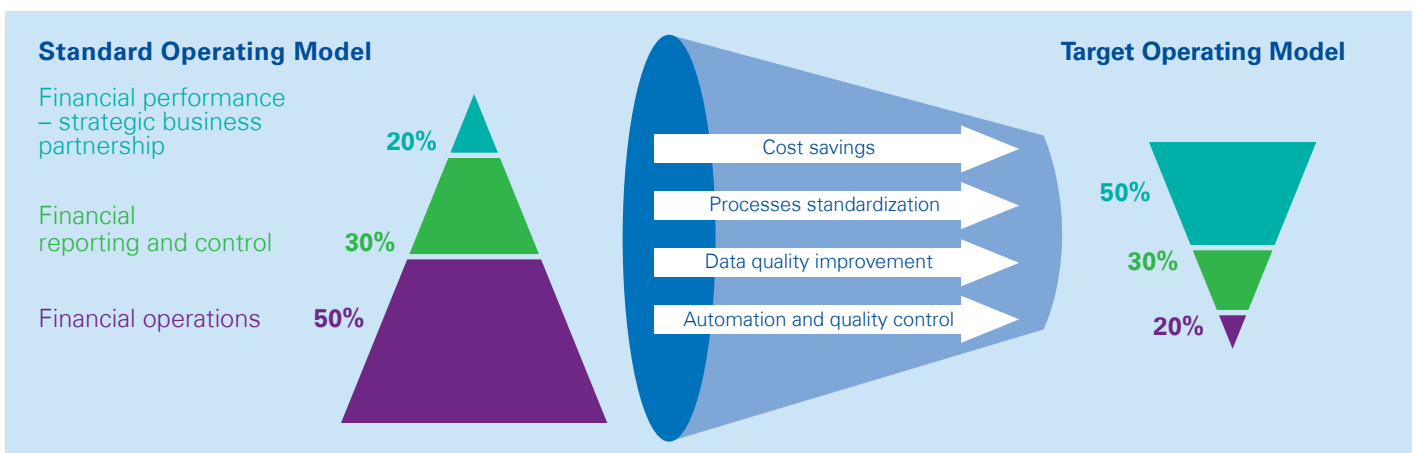
CFOs must go beyond its business-as-usual financial operations and reporting role to become a value-adding provider, that the board and business units can depend on to make strategic business decisions.

The finance function transformation requires tried and tested approach, such as KPMG’s Target Operating Model, which enables finance leaders to determine the scale and scope of transition to achieve desired state as business partners to all stakeholders.

Typical back-office functions provided by Business Service Centres



Source: KPMG in Poland based on KPMG International Report „The Global Sourcing Advisory Pulse Survey”, 2013



Source: KPMG in Poland based on KPMG International Report „Being the best: Inside the intelligent finance function”, 2013

The goal of finance function transformation is to increase its role as a business partner, simultaneously improving processes efficiency and reducing cost (which is illustrated by turning the pyramid on its head while making it smaller at the same time).

KPMG support framework

KPMG supports clients in challenging transformation journey, providing holistic and end-to-end services at every Business Service Centre growth phase from the strategy and design, through implementation and migration, to evaluation and transformation to complex Global Business Centres, using proven Service Delivery Lifecycle methodology.

Source: KPMG in Poland based on KPMG International „Service Delivery Lifecycle”



KPMG support at every phase of Business Service Centre's growth

PHASE 1: STRATEGY



- SSC model solutions review
- Target Financial and Operating Model
- Location Study
- Back-office processes identification and analysis (As-is documentation: description, maps)

PHASE 2: DESIGN



- Business Case (cost estimation, NPV, ROI)
- Service portfolio (Blueprint)
- Risk and compliance assessment
- Organization – SSC relationship framework (Service Level Agreement, KPI identification)

PHASE 3: IMPLEMENTATION



- Detailed migration plan and transition guide
- Processes migration (interim management)
- Infrastructure and technology design
- HR Build-up (recruitment support, knowledge transfers and trainings)

PHASE 4: MONITORING AND OPTIMISATION



- Monitor and control mechanism (e.g. Service Performance Dashboards)
- Improvement Opportunity assessment
- Organizational Maturity assessment
- Processes benchmarking (KPI Analysis), standardization and optimisation

GOVERNANCE



- Change and communication management
- Decision making support
- Service delivery and performance management
- Enterprise governance mechanisms

BUSINESS SERVICE CENTRES BENEFITS

10% - 35%

Range of cost savings across major back-office functions

10% - 15%

Reduction in facilities costs

8% - 13%

Improved processes resulting in cost reduction (indirect goods and services)

0,1% - 1,9%

Revenue savings



Source: KPMG in Poland based on KPMG International Report „Get more value”, 2013

Why KPMG?



Global SSOA Centre of Excellence constantly works on shared service and outsourcing best practices identification and analysis. KPMG global experts improve out methodologies, adjusting it to changing trends, clients needs and expectations.



In 2011, EquaTerra Inc. and its subsidiaries were acquired by KPMG, furthering KPMG's position as one of the world's foremost advisors on shared services and outsourcing. Together, help clients transform business services to improve value, increase agility and create sustainable performance.



Since 2009, KPMG has ranked on IAOP's list of the **World's Best Outsourcing Advisors** and was ranked #1 in 2012.



KPMG has been named to the "Winner's Circle" Shared Services and Outsourcing Governance Solution Blueprint Report from HfS Research 2014. "Winner's Circle" designates organizations that demonstrate excellence in both capability and value/innovation.



KPMG shares with clients experience and professional knowledge by numerous publications and reports.

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