

Global Business Services: Proservartner Point of View

What GBS is NOT

One of the most overused and misunderstood terms in the current shared services and outsourcing environment is Global Business Services.

To understand what Global Business Services is, one must first understand what it is NOT:

- GBS is not just a number of functions grouped in shared services: A shared service centre that includes a number of functions does not necessarily qualify for a GBS capability. This is better known as "multifunctional shared services"
- GBS is not just a global captive shared service centre or outsourcing arrangement: A global model for captive shared services or outsourcing, moving away from regional solutions is not equivalent to GBS. This is better known as "globalisation"
- GBS is not the combination of shared service and outsourcing. The combination of shared services and outsourcing concepts in a solution is not the same as the development of a GBS capability. This is better known as "hybrid" services

"Global business services is the leverage of the support services capability to enhance the organisation and deliver outcomes more than just cost reduction. It is delivery model agnostic and about breaking down the silo barriers and driving an improvement in long term profitability"



1. STRATEGIC

- Enable new business models
- Achieve process and systems standardisation
- Improved operating margin and/or accelerate revenue growth
- Improved customer services

2. COST

- Lower support service costs
- Higher productivity
- Reduced working capital
- Reduced systems infrastructure costs

3. QUALITY

- Improved information for decision making
- Reduced error rates – quality at source
- Improved control environment
- Ownership of process across regions

4. SPEED AND AGILITY

- Increased flexibility
- Accelerate merger and acquisitions
- Scalable and coordinated centrally
- Reduced cycle times through outcome focused end-to-end process approach: e.g. new joiner process

Why GBS?

The Trends in Global Business Services

There are four common phases of evolution for a Global Business Services model, based on the maturity of the capability.

- Phase 1 – Governance: More often than not, leading organisations initiate their Global Business Services journey through setting up the appropriate governance structures required. At the first instance this involves the assignment of a lead for GBS.
- Phase 2 – Global Model: The next phase of evolution for the GBS journey is the development of a global model for support services. This migrates away from historic models that are based on geographic structures to a consistent global model that operates across all organisational locations.
- Phase 3 – Process: The third phase of the GBS journey is progressing to end-to-end processes that are standardised, automated and agile. This includes the assignment of global process owners, and the movement away from the functional silos that limit efficiency and effectiveness.
- Phase 4 – Outcome: The nirvana of GBS is the development of a capability that delivers business outcomes linked to the strategic vision of the organisation. This can be linked to delivering optimal customer services, revenue growth, an improvement in operating margin, entering new markets and / or overall profitability.

Proservartner research illustrates that most GBS capabilities that exist in the market have only managed to optimise the first phase of GBS evolution – which is in setting up the appropriate GBS governance structures.

As the table illustrates there are very few examples of phase 4 GBS models that exist in the current market.

The current trends include:

- "Head of GBS" role reporting to the board and as a peer of the functional leads such as the CFO
- Scope of services within GBS increasing to include more and more business functions and especially IT services
- GBS models being designed to be both scalable to increase and flexible to changes in market conditions or demand
- Increased use of analytics to drive improved business benefit
- Consideration of talent management strategies to build global people capabilities and future leaders within GBS

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