



*As part of the Shared Services Optimization Series, SSON speaks with the director responsible for Siemens' Finance & Accounting Shared Service Center.*

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[www.cio.co.uk](http://www.cio.co.uk)

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**ZDNet UK, 28<sup>th</sup> April**

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[ssonetwork.com](http://ssonetwork.com) – Apr. 2010

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## ➤ Anglo American Mines Out £1.5bn Costs with Supply Chain and Shared Services

By: Leo King

www.cio.co.uk

Anglo American has removed \$2.3 billion (£1.5 billion) worth of costs, aided substantially by an overhaul of its supply chain, asset management and knowledge management, and the introduction of shared services. The metal and precious stones mining giant saved over £1 billion by optimising how it uses its global sites, including through the use of SAP enterprise asset management software in its platinum division. Improvements to the group's supply chain, and the introduction of a large shared services initiative, equally played a part in the savings.

Anglo American cut a further £462 million through productivity improvements, partly driven by changes at subsidiary Anglo Platinum, where a five year knowledge management transformation has taken place to improve decision making. There have also been extensive redundancies across the group, with 23,400 staff losing their jobs last year.

As Anglo American announced 2009 profits had fallen 53 percent to \$4.03 billion (£2.6 billion), it said a "leaner, more effective structure" had helped deliver the savings. Chief executive Cynthia Carroll said the company had become "more focused and performance-oriented". The reorganised corporate headquarters in London, she said, "will be responsible for providing strategic support to the businesses and will be focused on delivering synergies, technology and business performance". The company was "continuing to deliver clear and substantial value" in asset optimisation and global procurement, she insisted, with cost control remaining a "major focus".

Anglo Platinum, a subsidiary of the group, has undergone a series of cost and operational improvement initiatives in recent years. A large knowledge management programme, focusing on tracking information from mining through refining and sales processes, aims to improve decision making. Anglo Platinum began designing the programme and architecture in 2004 to 2005, with systems delivering benefits from 2008. At the Gartner Business Intelligence Summit in London in February, Anglo Platinum's head of information management, Johan van Tonder, said data was "the most valuable asset we have", assisting strategic decisions and "sustainable change".

The division uses SAP Netweaver business intelligence

systems, a Microsoft SQL Server database, EMC Documentum enterprise content management and an Information Builders Webfocus business intelligence platform, among other systems. Managers access data through an SAP single sign on portal. Effective operational performance monitoring, van Tonder said, required "all management levels to use the same set of reliable information".

## ➤ European e-Invoicing Drive Aims to Save Billions

By: Matthew Broersma

ZDNet UK, 28th April

The European Commission has called for moves to make electronic invoicing more accessible, particularly to smaller businesses, as part of a wider drive to bring down barriers to cross-border electronic procurement. "(E-invoicing) is an essential part of an efficient financial supply chain, and it links the internal processes of enterprises to the payment systems," the commission said in a statement. It estimated the potential savings for businesses to be in the billions of Euros each year.

The moves recommended by the commission include changes to the regulatory framework to put electronic invoices on the same footing as paper invoices. It also wants improvements to interoperability and the adoption of a common standard for invoice data content and forms across the European Union. The commission made its recommendations in a report prepared by its expert group on e-invoicing and presented at a conference in Madrid. The report predicted that within five to eight years, structured e-invoicing will become the main invoicing method throughout Europe.

The EU should focus its e-invoicing efforts on the needs of small and medium-sized businesses, fostering the creation of simplified electronic invoicing products with low management costs, according to the report. The commission also wants member states to harmonise the regulatory framework applicable to e-invoicing. In addition, more should be done to communicate the environmental and savings advantages of e-invoicing, the commission said. This could include the creation of a public-relations plan, as well as the identification of organisations at the national and international levels that could help push e-invoicing.

The e-invoicing initiative is ongoing and is backed by the commission's Directorates-General of Enterprise and Industry, Information Society and Media, Internal Market and Services and Informatics, as well as the Directorate-General for Taxation and Customs Union.

# ➔ Dr. Daniel Spindler, Siemens Healthcare Diagnostics Services

By: Niamh Byrne, Online Editor

ssonetwork.com

Dr. Daniel Spindler, Director of Siemens Healthcare Diagnostics Services, has been responsible for the Siemens Finance & Accounting Shared Service Center in Brussels since 1st May, 2009.

He first joined Siemens in 1994. His areas of responsibility covered various Controlling functions for Industry in Regensburg as well as for Global Procurement and Logistics in Munich. Two stays abroad in China and Canada enabled intercultural experience. In 2004 he was granted a doctorate by the University of Regensburg for his research in the field of Fair Value Accounting under IFRS. From 2005 to 2007 he was responsible for the implementation of IFRS at the Siemens Energy Group Power Transmission and Distribution in Erlangen as well as for the Automotive Group SiemensVDO in Frankfurt. Additionally he was involved in the preparation of the IPO for SiemensVDO.

Prior to his appointment at Siemens Healthcare, he worked for over two years for Audi in Ingolstadt, where he took over responsibilities in external Group Reporting. Furthermore he was in charge of the group-wide implementation of an SAP BCS consolidation system.

**SSON: Siemens Healthcare Diagnostic Services (SHDS) has gone through a lot of change, especially with the post-merger integration. Could you elaborate on the change programme?**

**Dr. Daniel Spindler:** Siemens in general have very high standards and comprehensive guidelines on Compliance and Corporate reporting. There are very intensive requirements which have to be followed with regard to the monthly Corporate reporting to our HQ in Munich. Siemens also have detailed post-merger guidelines that allow new entities to get familiar with the Siemens landscape; there is a list of about 16 pages outlining what every entity has to implement and to fulfil. When all instructions are implemented and followed then an entity is fit to become part of the Siemens world.

After a merger, the people also need to be brought on track. To achieve this we conducted many meetings, like welcome

days for newcomers or Town Hall meetings for the entire team. In addition, it was important for the understanding of the Siemens culture and its values to move to the Siemens Regional Company facility in Brussels. Before the move, we were apart from Siemens and still felt and behaved like different companies. Now we can easily get in touch with all our colleagues, e.g. the corporate departments of Siemens Belgium like Legal, Tax or Real Estate.

**SSON: Daniel, what are the key drivers in the change programme?**

**DS:** The key driver of the change programme was the change of mindset. It was a change towards the Siemens world and its IT systems. One big project was for instance the implementation of the Siemens Chart of Accounts (CoA). Before we had the Dade Behring CoA, but mid October 2009 was the go-live for the Siemens CoA. We now also have in our local SAP system the Siemens CoA and we don't have to convert anymore from the former Dade Behring accounts to the Siemens accounts. This was one very important step in fulfilling the central requirements, as Siemens asks all entities worldwide to use the same Corporate CoA.

Furthermore we are running through the 3D programme, which means that all the company acquisitions that Siemens made over the last three years, in order to build up the Diagnostics business, are migrated into single entities. In each impacted country the three former entities - DPC, Bayer Diagnostics and Dade Behring - have to be merged. In this context not only are there several legal mergers that need to be performed, but also on the Finance side the entities need to be merged.

**SSON: What processes were standardized when Siemens acquired Bayer's diagnostic division, Dade Behring and DPC?**

**DS:** A high degree of standardisation was carried out on the Finance and Accounting side, like implementing the Siemens CoA and through the 3D programme.

**SSON: How long did it take to integrate and to standardize the two existing shared service centers, in legacy country activities?**

**DS:** The shift of the activities from the Global Shared Service (GSS) Centre of Siemens is still ongoing. The former Bayer Diagnostics part, which is currently serviced by GSS, will be carved out by mid 2010.

**SSON: Can you explain the set up that was there, and how long did it take to integrate and standardize that?**

**DS:** As mentioned above, Siemens acquired the three entities DPC, Bayer Diagnostics and Dade Behring up to the end of 2007. After the acquisition, the Bayer Diagnostics part was serviced by GSS while the former Dade Behring entities belong to the Shared Service Centre in Brussels. Now almost two years later, we are still in the process of migration and integration. However, in the beginning in general the most important thing to do was to integrate, but this also offers the opportunity to standardise and we are taking the chance to do so now.

**SSON: How long did it take to integrate the shared service centre and legacy contract activities proceedings?**

**DS:** To date we have worked on this for roughly two years and it will be completed in 2010. When the 3D programme is finished all entities will run on one SAP platform. Furthermore, all Siemens compliance requirements and SOA requirements are already in place.

**SSON: I believe this is likely to be fully completed by the middle of 2010 – is that correct?**

**DS:** Yes, the 3D program is still ongoing, but there are just a few more countries which still need to be migrated. We plan to finalise the migrations in June 2010. We migrate country by country and this takes time, because every migration must be prepared and conducted precisely. In total it will take around two and a half years.

**SSON: What were the main challenges in doing so?**

**DS:** The main challenges were IT and Finance adaptations, and secondly the associated ramp up of Headcount. As already mentioned, it is crucial to fulfil all requirements which Siemens demands, but the acquired entities did not fulfil all these requirements in the past (e.g. very extensive and strict Compliance rules). Siemens has a lot of specific requirements related to Compliance as well as SOX404 and, as is commonly known, Siemens was going through a very rough time of bribery and corruption. In this context Siemens has now installed very high barriers in order to prevent bribery and corruption in future. This means that a lot of processes are very strict and require a lot of paperwork and a lot of signature authorisations. To implement all these takes time.

**SSON: Would you say that the challenges were predominantly technical or people-related (when I say "people-related", I mean change management)?**

**DS:** I would say that the challenges were first of all very technically related, but the changes had to be driven by the people, so the challenges were also very much people related. People need to understand all new technological requirements, which especially in the SAP systems can be very complicated and complex. In the first years we are using the so called eConverter tool as a manual interface between our local SAP system and the Siemens SAP Business Consolidation System (BCS namely Esprit in Siemens). As a result of these technical changes, the people had of course to be trained and prepared, i.e. it was essential to provide the necessary knowledge and background. It was a huge task to train a lot of new people coming from many different countries. As a result the huge technical changes also had a high impact on the people involved. One is linked to the other.

**SSON: And did you incur any major challenges when negotiating service level agreements?**

**DS:** We recently went through the process of updating our SLAs, because they were outdated after almost ten years in place. These SLAs do not fulfil anymore the legal, tax or transfer pricing requirements of Siemens. Therefore we are currently aligning our SLAs with Siemens and started an initiative to update our SLAs. We have worked out a new charging model for our fees, which was agreed with our customers. In the past we had a purely Sales based charging model, while we now switch to a volume or transactional based model. This model is a big change and we are expecting big efficiency gains out of it.

**SSON: Daniel, how do you handle negative reaction when negotiating the SLAs?**

**DS:** First of all we made all changes and especially the charging model very transparent; we have also conducted market comparisons where we analysed market prices of competitors. We additionally aligned our transactional charging prices with GSS of Siemens. Therefore, we are now aligned with in house prices as well as with market prices. Our overall charging fee is based on our actual costs and contains a reasonable mark-up.

Overall the amount of our fees does not have any effect on Siemens Group level, because it is purely an internal charging. With the new SLAs we just change the allocation between our customers while the overall charging amount still remains unchanged. When moving away from a sales based to a transactional based model, certainly some entities will in future have lower charges while charges to others increase. But in total for our Division nothing

changes, it is just the allocation between the customers that changes. This leads to individual discussions with our customers, especially when they will be getting higher charges in future. As the prices are based on GSS and external market evaluations they are competitive prices and reflect the services rendered.

**SSON: How does the retained organization look now? I mean, what suggestions make for a smooth transition?**

**DS:** Siemens has three different sectors: Energy, Industry and Healthcare. Additionally there are cross sector services where for instance GSS belongs to. Siemens has many shared service centres within GSS which is operating on a global basis. GSS is rendering services to all sectors, that's why they are called cross sector services.

**SSON: For members of organizations reading this who are thinking of merging with other organizations, what advice would you give for a smooth transition?**

**DS:** Communication in my opinion is the key to success, because with a lack of communication people will not really be aware of what needs to be done and in which manner. The difficulty with our merger was that there was no former Diagnostics business and in this context there existed nothing to be integrated into - it was a newly built up Division coming from three acquired entities on different continents and cultures as well as having three different IT systems. This new Diagnostics Division has around 3.5 bn Euro revenue and more than ten thousand people who now need to work together.

As this Division is completely new, it is also very exciting. Diagnostics is very different to all other divisions Siemens has. First of all, the Finance headquarter is in the US, while all other Division headquarters are located in Germany. That means Diagnostics has a very different culture and philosophy. And as is always the case, it is important that all people work close together, especially in this post merger situation. It is very important to give all people the required knowledge and it is not sufficient just to send out some emails or instructions. It is really very crucial that people with Siemens experience go to the local sites and help to implement all standards.

I have realised that even after one and a half years, some people still do not fully understand how the end to end processes work. If nobody explains the entire process to you, how will you then know what part of the process chain might be wrong or even missing? We have experienced instances where parts of the standard

processes were not yet implemented, which unnecessarily led to huge amounts of manual efforts. Therefore, somebody should be available until all tools and processes are completely implemented and the people are trained. Again, communication is the most important thing, especially if you imagine that a small entity is coming to a very huge and complex entity like Siemens. For sure it is not easy to find out the right people to contact. There are so many different Corporate departments and most of them are based in Germany. For the people it is often difficult to find the right contact person in case of questions.

**SSON: Why did Siemens decide to go into diagnostics, and take over three different areas of very established companies?**

**DS:** This is a very good question; Siemens had the strategy to enter this promising business derived from the megatrend 'aging population' and its growing need for Healthcare. Siemens historically was very strong in the classical Imaging business, i.e. in-vivo Diagnostics, as well as in the field of Workflow & IT solutions. In-vivo means taking photos of the human body, like using Ultrasound or Computer Tomographs. However to become an integrated Healthcare supplier, it was essential also to operate in the field of the in-vitro Diagnostics, i.e. where substances coming out of the body, like fluids and blood, are analysed. Now with Imaging, Diagnostics and Workflow & IT Solutions, Siemens can offer the full range of diagnosis. So in vitro and in vivo diagnosis come together and this has the advantage that e.g. the Sales people from in-vitro can also offer in-vivo and vice versa. With this approach the Sales departments from each Division get access to many customers and the customers on the other hand get the full product range out of one relationship.

**SSON: What functions are consolidated into the SAP platform?**

**DS:** General Ledger Accounting, Accounts Payable, Accounts Receivable, Cash and Bank, Intercompany Clearing and Fixed Assets are definitely the main functions. The SAP systems furthermore provide the full range from Finance & Accounting, Procurement, Logistics until Sales. Within Accounting & Finance the major parts are running on SAP, while one exception is some source data for the internal Management reporting, which still comes from various other systems outside SAP. However, it is our target that all reporting requirements should be handled in SAP. For instance we do our monthly closing on a local SAP system, which is then loaded into Esprit. In Esprit the Group figures are then ultimately consolidated.

**SSON: How easy was it to implement that?**

**DS:** It is probably more reasonable to ask how difficult it was. It was indeed pretty difficult, because all three former companies for instance had different CoAs. Furthermore Siemens already had its own SAP systems mainly adapted to the needs of an electronic company not covering the special needs of a Diagnostics business. Although parts of the SAP landscape are similar to what Dade Behring had, there is still a big gap between the systems. For example, our local SAP system does not yet have development codes or functional areas. Apart from these examples, there are even more outstanding topics that are necessary: in the final stage - it is our target to have an automated interface between our local SAP system and SAP BCS. Without this interface we have to convert the data and make many adjustments within a manual interface called E-converter. This can only be a preliminary solution and needs to be replaced. With the second phase of the CoA implementation we also want to implement this automated interface.

**SSON: What are your priorities for shared services in the next five years?**

**DS:** Looking back I can say that there is always a lot of need for consulting services, especially if we talk about very dynamic companies; e.g. Siemens is a company with a lot of M&A activities and therefore a lot of changes. I can easily imagine that the current Diagnostics SAP platform will sometime be integrated into the existing Siemens systems already running for the Healthcare sector. Currently there are different SAP systems and different business models within the Healthcare sector, which all need to grow together.

**SSON: And how long do you think that will take for you to get into that?**

**DS:** This depends mainly on how long the current SAP systems, which are tailored for Diagnostics are in place, presumably the next two to three years.

**SSON: So once the SAP evolves, so you are working off the same platform - then you can be brought in and integrated?**

**DS:** Exactly, to integrate the Diagnostics Division into the classical Healthcare business one common platform is the key success factor.

**SSON: A long journey ahead of you, but it sounds like you have done so much in the last two years anyway.**

**DS:** We did a lot, but this is just the basis for the new tasks yet to be done. Now we have to take the next steps, and one of the next big steps is to adapt to the existing Siemens SAP systems. From a cost perspective, it makes sense in the end to operate on one Siemens SAP platform.

## What The Best Shared Services Directors Know

**By: Paolo Dias**

Sourcing Shangri-La Blog , 23th April

It's now a seller's market for captive shared services organizations, according to an [Alsbridge white paper](#) by Paolo Dias released this week:

'2010 should be a great year for the captive acquisition market. Many outsourcers (particularly the Indian-based outsourcers) have the balance sheets to go on a back office services shopping spree'.

Recent deals, as the Alsbridge white paper notes, include Citigroup's disposal of its global business services captive to TCS, and Aviva's sale of its GS unit to WNS.

Which reinforces something that I suspect all the best shared services directors always knew: that shared services is very much a journey. It may be a very long journey - lasting a decade or more perhaps - but, outside possibly the public sector, the ultimate destination is almost certainly an offer from an outsourcer that the CFO just can't refuse.

This sense of a journey helps right from the start. Shared services implemented as a one-off re-organization or, even worse, as the one-off implementation of a software package implementation, were always heading for the rocks.

The journey idea helps in other ways too. Shared services can then be seen as a business strategy with multiple payoffs, not as careering towards some sort of oblivion [there *is* life after disposal].

It also frames shared services directors as what they really are - entrepreneurs. They are building new businesses within their existing organizations that will likely one day be sold. If they do it well, the payback to the organisation during the build phase and at the eventual sale can be very

substantial. 'Back office?' - phooey. The best shared services directors are extraordinary value creators.

In that context, it makes sense to keep a close eye on the competition. Firstly, because knowing what will tempt outsourcers to pay premium prices for a captive could shape many aspects of how the shared services organization is built.

Secondly, and equally importantly, at every stage along the shared services journey, the CFO will be receiving proposals from outsourcers claiming that they can do more-for-less, and automate faster, and generally do everything better. If a captive organization continues to fall behind what is available from the outsourcers, then its days are numbered.

The anecdotal evidence is that many shared services organizations *are* falling behind. Many have unhappy internal customers and poor customer engagement. Launched as 'one-off' innovations in the delivery of one service line, they seem often to struggle to manage expansion to a wider scope, while at the same time delivering the continuous service improvement and cost reductions that their internal customers expect.

Thinking like the competition provides clues to how shared services organizations can drive performance improvement. Outsourcers can't hide costs through loose transfer pricing mechanisms. And if they don't keep their clients happy at every stage - from onboarding through to ongoing innovation in service delivery - then they will walk.

The only conceptual difference between a shared services organization and an outsourcer is that one has internal customers, while the other must compete in the marketplace for its customers.

So what *are* the hallmarks of successful outsourcers, and where are they headed next? Well, I would say this, but I see one of the distinguishing features of successful outsourcers is that they have, or are striving to complete, a comprehensive and integrated view of the customer journey and the whole process lifecycle. They think end-to-end.

The recent [case study from Computacenter](#) shows how one outsourcing and managed services provider has invested in building a framework for process management as a critical underpinning for operational efficiency and continuous improvement in the customer experience. And this is typical. All outsourcers are striving to build collaborative frameworks for process

management and continuous performance improvement. They know that, in the long run, frameworks of this kind are essential to deliver sustainable improvements and happy customers.

## ➔ Evento discute metodologias para a implantação de CSCs

Visagio, 30 de Abril, 2010

Nos dias 25 e 26 de maio, acontece na cidade de São Paulo a Conferência de Centro de Serviços Compartilhados (CSCs), organizada pelo IBC (International Business Communications), que discutirá metodologias e técnicas para a implantação de CSCs.

A consultoria Visagio, que é uma das patrocinadoras do evento, mostrará a diferença entre CSCs e a simples centralização de serviços, erro muito comum nas empresas. A consultoria irá expor um pouco da teoria e da sua metodologia, além de apresentar em parceria com a Endesa Brasil o case bem sucedido de um dos maiores grupos no setor de geração e distribuição de energia do mundo.

O evento acontece no Hotel Tryp Paulista (Rua Haddock Lobo, 294), Cerqueira Cesar, São Paulo. Também participam empresas como Vale, Braskem, Gafisa, Odebrecht e Brasil Foods. Mais informações:

<http://www.informagroup.com.br/pt/event/show/id/1077/evento/DS0901510>

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