



*Nos três pilares acima baseia-se o conceito benchmark de Serviços Compartilhados utilizado pela Visagio: uma evolução do jeito de se fazer CSCs. No artigo ao lado, conheça os 10 fatores que impulsionaram os CSCs .*

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**ssonetwork.com** – Feb.2010

SSON Clinic has a panel of experts to answer your shared services and outsourcing questions, no matter how new or mature you are. Phil Searle, Founder and CEO, Chazey Partners gets the ball rolling with a planning and launching query.

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**decisionreport.com.br** – 25.02.2010

Confira o resultado de um estudo com 40 empresas européias e indianas sobre os “Doze Passos Para o Sucesso do Offshore Outsourcing”.

## Top 10 Developments that changed Shared Services...

**ssonetwork.com** – fev. 2010

By: Jamie Liddell, SSON

It's remarkable to think that the space in which we operate - now a skein of connected activities across numerous industries and sectors employing millions of people and involving many billions of dollars - has only existed in anything like its current form for a mere handful of years. From concept to delivery, the shared services and outsourcing space has been granted a fraction of the development time which more established activities such as manufacturing have enjoyed - but nevertheless, in that time we've witnessed some truly remarkable developments which have utterly revolutionized the business environment - and, indeed, the very nature of business.

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Jan.2010

CCR e Vale foram as grandes vencedoras do 1º Prêmio de Excelência em Centro de Serviços Compartilhados, realizado durante o Shared Services Brasil 2010.

# SSON Clinic: Chargeback mechanism SSC

ssonetwork.com

February, 2010

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*By: Phil Searle, Founder & CEO, Chazey Partners,*

**Question:** I am looking for some credentials regarding chargeback mechanism within a Shared Service centre. I know that there are quite a few options, like cost per transaction, percentage of usage or cost-plus, but which mechanism has been considered as best practice? It would be great if you could add some credentials of these best practices.

**Phil Searle:** Whether and how to use Chargebacks for shared Services is a significant item for debate and consideration for those planning to set up a new Shared Services operation. I would add that this is also a significant topic for existing and mature Shared Services operations as well!

The aim of chargebacks is to implement a commercially based pricing mechanism to support the provision of services to the internal customer, just as would be the case if the Shared Services operation were an independent, commercial entity. Remember that the key difference between Shared Services and traditional Corporate driven centralization is the emphasis on the customer, and the effective use of chargebacks can be a part of this.

Chargebacks are also often introduced to assist with allocation of effort and resources and to help drive behaviour, as it the case with independent “arms length” pricing. It is also important to remember that the third party outsourced service providers already do have independent “arms length” pricing as they are commercially driven, separated businesses in their own right.

So should chargebacks always be used and, if so, what are the “best practice” methods of calculating chargebacks? In fact there are many different way of calculating chargebacks, as highlighted in the question, ranging from simple high level “allocations” (similar to traditional Corporate calculated type of allocations) through to much more complex pricing,

based on service levels agreement levels, volumes, exceptions, preferred technologies etc. Allocations themselves can take a range of forms as well, from straight one-for-one cost allocations to cost plus pricing and other cost allocation based methods.

My advice is to keep it simple, especially early on, but do determine when it is best to implement some form of chargebacks and then when to make the method and calculations more complex. In the early days of implementing a new SSO don't get distracted by the desire for complex pricing mechanisms as this could deflect you from actually implementing effective service offerings under the new SSO umbrella and could result in protracted and unhelpful pricing “negotiations” with the business. However, as things begin to settle down post initial implementation and service provision becomes more standardised and embedded, then consider implementing more complex pricing mechanisms to help allocate resources and drive internal customer behaviour for the benefit of all concerned.

An example of more complex pricing would be to charge based on a menu of services and transaction types (e.g. manual invoice vs automated invoice, request for change to inventory master, customer master or vendor master data, processing of payroll by country/currency, etc). You could also consider introduce penalty pricing where a much greater fee is charged for “exception handling requests” from the Operating units (e.g. for emergency cheque requests, rapid response turnaround requests faster than stated in previously agreed Service Level Agreements, processing of purchase invoices without an approved PO, late entry of journals, incorrect coding, improper use of communication channels for making service requests etc). However, I would like to reiterate that one of the main advantages of an inhouse SSC over a third party BPO provider is that you can keep it simple so don't get too complex too quickly.

You also need to ensure that you have the systems and tools in place to actually track what you want to measure in order to calculate periodic charges to the business (based on whatever volumes and variables have been agreed to calculate prices). You don't want to have to perform complicated pricing calculations manually as this increases workload and is of course also prone to manual error and debate.

I would recommend when moving to commercial type pricing to consider when the right time for this is and then how to do it. In the early stages of implementations for Shared Services you don't necessarily want the operating units to be able to go outside of the internal SSO as they may well chose to do this before you have had the chance to eliminate inefficiencies (through standardisation, automation, etc). If this were to happen this would cause an ever greater

cost problem to the corporate through duplication of overheads – internally and then with the third party BPO providers sourced by the Operating Units themselves. So be careful when deciding if, when and how to allow the operating units to “go outside” to buy their own services. I would normally suggest at least 12 months after implementation that operating units are NOT allowed to seek alternative providers. And probably longer. Having said this, ultimately if a SSO can’t justify its costs and pricing against alternatives (along with other critical considerations around service and control) then the SSO is not performing as well as it should and may have failed to deliver on its promised. SSOs should not be “afraid” of competition and should be transparent in its internal costing and pricing, even if chargebacks or commercial based pricing are not used.

One could also consider going to commercial pricing sooner rather than later by “eating” any excess costs incurred by the SSO within the SSO itself so that the Operating Units feel the benefits of commercial pricing sooner. Then the SSO would have to work out how to quickly achieve efficiencies to eliminate any excess of costs over recoveries from the operational unit pricing so that the whole Corporation benefits from reduced cost to service from Shared Services. This “commercially based” pricing could be based on best practice benchmarks considered relevant and appropriate to the scale and complexity of your business.

So, in summary:

- Chargebacks can be a significant enabler for effective shared services
- But timing and complexity considerations are critical
- Consider keeping them very simple early on and only make them more complex once you are more stable
- Leverage them to help allocate resources and reduce costs by “rewarding” the following of agreed, standards processes and penalising exception processing
- Make sure that you have or can introduce systems and tools (preferably leveraging your ERP platform where possible) to calculate and track your chargebacks

## ➔ Doze passos para o sucesso do offshore outsourcing

decisionreport.com.br

February 25<sup>th</sup>, 2010

A Quint, consultoria holandesa especializada em gerenciamento de serviços, governança e melhoria do desempenho de TI, realizou um estudo com 40 empresas

européias e indianas sobre os “Doze Passos Para o Sucesso do Offshore Outsourcing”. Mais da metade das empresas disse que terceiriza sem saber o que tem dentro do ambiente de TI. “Embora a pesquisa tenha sido realizada fora do Brasil, essa realidade é bastante comum em países da América Latina”, observa Ulysses Pacheco, country manager da empresa para o Brasil e México.

Ele explica que a AL tem dificuldade em documentar os seus processos, o que dificulta saber o que terceirizar e o que a empresa quer. “A questão é quais os fatores que o CIO quer medir, antecipar e onde ele terá problema. E, ainda, se houver problema, o que fazer”, diz Pacheco que completa: “a maior parte dos executivos se preocupam com a duração do contrato e níveis de SLA não são bem escritos justamente porque não sabem o que necessitam com precisão”.

A partir daí, o fornecedor entrega justamente aquilo que o cliente. Do lado do usuário, isso gera descontentamento. Portanto, existe uma discrepância e dificuldade em mapear as necessidades do negócio e cruzar essas informações com o que o fornecedor oferece.

A área de informática, segundo Pacheco, está preocupada com o parâmetro dela, como disponibilidade e performance e não olha os indicadores de negócio. Das 43 empresas ouvidas, somente 18 olham para isso. “Apesar disso, o Brasil começa a ser mais exigente em serviços de segundo nível. Na avaliação de Pacheco, as grandes multinacionais são mais maduras porque a exigência é global”.

Por isso, para ele, o cloud computing não é uma realidade, uma vez que ainda existe uma grande dificuldade em saber o que terceirizar e como cobrar os serviços do fornecedor.

Saiba os doze passos para alcançar o sucesso do offshore outsourcing:

- Crie um relacionamento entre empresa e fornecedor de alta qualidade;
- Saiba administrar os requisitos e mudanças;
- Estabeleça a estrutura correta de governança de sourcing;
- Administre as diferenças culturais;
- Comunique-se da melhor maneira possível;
- Alinhe os processos de entrega;
- Administre a transferência de conhecimento;
- Defina o contrato corretamente, com riqueza de detalhes;
- Aproxime-se do sourcing offshore estrategicamente;
- Selecione cuidadosamente os fornecedores de serviços;
- Administre de perto a performance do offshore de sourcing;
- Seja seletivo no que diz respeito ao offshore.

## ➔ CCR e Vale são destaque em premiação inédita no Brasil

Janeiro de 2010

CCR e Vale foram as grandes vencedoras do 1º Prêmio de Excelência em Centro de Serviços Compartilhados, realizado durante o Shared Services Brasil 2010. O evento, organizado pelo IQPC, aconteceu de 19 a 21 de janeiro e contou com a premiação inédita, que elegeu os melhores CSCs em duas categorias: Best New (CSCs com menos de 3 anos) e Best Mature (CSCs com mais de 3 anos).

O Prêmio de Excelência em Centro de Serviços Compartilhados é realizado pelo IQPC nos EUA e na Europa há alguns anos. O prêmio chegou este ano ao Brasil com o objetivo de reconhecer e promover os CSCs que demonstrem as melhores práticas.

### FINALISTAS:

**Categoria Best New: Robert Bosch, Vale, Estácio de Sá**

**Categoria Best Mature: Actua (Grupo CCR), AmBev, Camargo Correa e Oi**

### VENCEDORES:

**Best New: VALE**

**Best Mature: ACTUA (Grupo CCR)**

## ➔ Top 10 Developments that changed Shared Services

[ssonetwork.com](http://ssonetwork.com)

February, 2010

Our contributors look back on the key developments which made the space what it is today...

By: *Jamie Liddell, SSON,*

It's remarkable to think that the space in which we operate - now a skein of connected activities across numerous industries and sectors employing millions of people and

involving many billions of dollars - has only existed in anything like its current form for a mere handful of years. From concept to delivery, the shared services and outsourcing space has been granted a fraction of the development time which more established activities such as manufacturing have enjoyed - but nevertheless, in that time we've witnessed some truly remarkable developments which have utterly revolutionized the business environment - and, indeed, the very nature of business.

As Ed Kirkby, Senior Consultant at EquaTerra, recalls: "Having been involved in the IT industry since 1983 I have seen many changes - and much re-inventing of the wheel. Apart from the technology drivers and the advent of offshore (e.g. India) there are other developments over this period of: one-stop shop versus selective outsourcing ('best in class'), new business models (ASPs/ISPs and Legacy), Business Process Outsourcing, complexity and future proofing considerations, more sophisticated financial engineering, partnerships and joint ventures, commoditization of 'me too' deals in mature markets as well as Sole-Source versus Competitive Tender. These have all combined to make outsourcing one of the most interesting market sectors to be in, both from a historical perspective and the place to be in the future - why? Because outsourcing works!"

Recently SSON reached out to a number of experts and commentators from around the shared services and outsourcing space to give their thoughts on the developments which have made the space what it is today. Now, we present the result: our Top Ten Developments Which Changed Shared Services & Outsourcing. Enjoy!

### 1. Technological advances

No surprises that this one's on the list; pretty much every one of our contributors mentioned technology in one form or another, whether it be the incredible facilitating impact of the internet or the development of specifically process-related tools boosting companies' efficiencies and productivity. It's impossible to imagine life today without many of the technological innovations which have taken place, or reached maturity, during the period of time in which the shared services and outsourcing space has blossomed and boomed; it's even less possible to imagine that space without the technology upon which it is supported.

As The Hackett Group's Tom Bangemann says: "the one big enabler is technology, because without technology developments - especially ERP 20 years ago - no global business service or shared service organization of any sort would work."

## 2. Globalization

Alongside purely technological advances, of course, must be placed the dramatic changes in the relationships between nations and individuals, and the contracting or removal of previously obstructive chasms between locations and businesses, which have become known as globalization. It is possible to conceive of a form of shared service, and a variety of outsourcing, emerging in a non-globalized environment - but it's absolutely impossible to see how either of those two concepts could ever have reached the levels of complexity, or resulted in the remarkable gains in efficiency and effectiveness, which they have achieved thanks to what journalist and academic Frances Cairncross has so elegantly termed "the death of distance".

"The key development that makes shared services and outsourcing the successful model it is today is globalization," says CenterPoint Energy's Julienne Sugarek. "Through technology, we can be connected instantly to people in other cities, states and countries. We can pass work products back and forth as if our offices were down the hall from one another. In addition, the promotion of free trade has led to reduced transportation costs and the harmonization of intellectual property laws has opened the doors to a new way of doing business - business without borders."

The Hackett Group's Tom Bangemann concurs: "There are today tens, possibly hundreds of locations able to provide GBS services. The supply side is also bolstered by the growth of the BPO and ITO industries. Without adequate supply the can be no match between supply and demand! Globalization has also led to organizations taking a more business and less local or nationalistic view on labor issues, hence the willingness to deploy GBS SDM has increased and today almost all medium and large organizations use this SDM (to some extent)."

## 3. The development of outsourcing as a distinct profession

As outsourcing first touched upon, then burst into, the economic and corporate mainstream, it of necessity became an activity which required increasing specialization and particularization on the part of those engaged within it. Whereas at the beginning of the outsourcing boom developments were being driven by experts in other fields who were able to envision how radically outsourcing would impact upon business practice, today's outsourcing practitioners are finely-tuned specialist professionals (you know who you are...) with an understanding of their environment immeasurably broader and deeper than that of those first pioneers.

"There was a time when professionals with general transaction skills were the primary architects of outsourcing transactions, and buyers typically engaged in shared services

outsourcing relationships with limited or no specialized expertise. Over the past 10 years, outsourcing

"There was a time when professionals with general transaction skills were the primary architects of outsourcing transactions, and buyers typically engaged in shared services and outsourcing relationships with limited or no specialized expertise. Over the past 10 years, outsourcing advisory has grown into a distinct specialization for lawyers, consultants and procurement professionals. A host of certifications have also been created to validate this specialization. The specialization of these intermediaries has led to increased competitiveness and standardized industry transaction practices," maintains Robin Rasmussen, Director, Shared Services & Outsourcing Advisory at KPMG.

## 4. The rise of value-adding finance roles

Just as the development of outsourcing has required the development of outsourcing specialists, so too changes in the nature of the finance function (with the evolution of shared services a notable contributory factor) have required the emergence of a new set of roles within finance - a development which is still very much ongoing. The requirement for added value, and the response of businesses to changes in the nature of businesses themselves, have created a new generation of professionals with remits often far beyond those of their predecessors, wrestling with challenges which previously might not have existed, or might at least have been considered to reside well outside the responsibilities of finance teams.

"Perhaps more 'work in progress' than completed development, the growth of value-adding finance roles outside both the traditional finance department and the shared service arena has certainly changed the culture within which SSO and BPO programs are implemented," believes independent finance and shared services expert Jim Whitworth. "Early shared services had to fight their way through considerable resistance, often from finance management who sought to protect the traditional departmental structure and roles that had shaped their careers to date and had been expected to continue to do so. Businesses fuelled the conflict by failing to get to grips with building and executing a vision for the contribution that finance professionals could continue to make outside the newly acquired SSC or outsource partnership."

Whitworth continues: "Fortunately, we're now seeing many more alternatives for finance careers outside the Manager - Controller - Director route in a traditionally structured finance organization. Developing systems and processes in a technically complex world, ensuring compliance and controls to meet ever-increasing

regulation and partnering business leaders in decision making have all become careers in their own right in recent years. As this greater range of options continues to develop, the shared services practitioner may no longer be the enemy threatening the finance management status quo but the key to future opportunity. Greater support brings faster implementation, easier stabilization and stronger sustainability as those retained from the old organization focus on new roles that challenge and add value.”

## 5. The rise (and fall) of the mega-deal

It's an old lesson in business as well as in math that the numbers just keep getting bigger over time (even if your own share of them seems to shrink by the day...). Once outsourcing built up a full head of steam, and companies got to grips with the advantages and attendant risks (and how to manage them) associated with the practice, it was only a matter of time that the deals taking place grew to occasionally jaw-dropping scale. Of course, that created a whole new realm of risk...

“The ‘mega-deal’ not only helped the outsourcing industry address the needs of large, multi-national companies, but it also elevated outsourcing decisions to the highest levels of the buyer organization, which in turn helped establish outsourcing as a permanent option for operations strategy. Ironically, the ‘mega-deal’ also exposed some of the limitations of the outsourcing business model, as it magnified the impact of execution and governance failures. Service providers, buyers and their advisors continue to look for ways to address the limitations and risks exposed by the mega-deal,” says Eugene Kublanov, Director, Shared Services and Outsourcing Advisory at KPMG.

## 6. Best-practice vision for support functions

Some of the developments that have contributed to the evolution of shared services and outsourcing have been very tangible - technological advances being a case in point. Others, however, have been extremely abstract - and an example of this is the emergence of the concept of best practice within support functions. Abstract or not, however, the impact of this concept has been all but the idea that support functions - particularly within finance - could be optimized and made efficient in the same way as an assembly line or a supply chain has revolutionized the back office and helped drive some of the most important advances in business practice in living memory.

“Shared services started in the mid 1980s in finance functions with some enterprising US-based corporations who took a look at finance costs as a percentage of revenue, realized they had a full accounting function in every manufacturing plant or depot, and thought they could halve the cost or better by co-locating it,” explains Philip King of Atos Consulting. “The name ‘shared

services’ was invented to make it more palatable to concerned stakeholders. It was purely a cost-reduction play at the time. And to some degree this is still paramount - but, as most people who reads these pages know, there is more to it than that. The words ‘shared services’ now have real meaning: shared resources, shared responsibility and real customer service provision. However the real added value from shared services is realized when it is an integral and fundamental part of a functional transformation preferably aligned to business strategy or transformation. And this is applicable to any support function – e.g. Finance, Procurement, HR, IT, Facilities & Estates, Customer Management/Service.

“One of the key developments that have sustained and enhanced the role of shared services is the development of the best-practice vision for support functions. This can be traced back to consulting firms in the 1990s that began to spread the gospel of ‘the future of finance’ with a best practice organizational architecture including corporate ‘centers of excellence/expertise’, ‘business partners’, and ‘shared services’ - the three key functional sub-divisions of an optimal support function organization. This has since been applied to all support functions – the terminology might be slightly different, but the principle is the same. Focusing the right activities in each area and aligning the appropriate resources multiplies the benefits: e.g. shared services support the business partner role by taking away the distractions of routine transaction processing and providing consistent data. The organization will benefit from the strategic value the business partner can provide if the right type of resource is deployed and the objectives of the role are clear.

“Done well all three parts of this support function vision are complementary and the value of change is multiplied. If done poorly this leads to a lack of clarity and belief in the shared services idea, as the full benefits are not realized. The terminology differs slightly from one function to another, but the concept is proven. Many organizations still have not fully grasped this fundamental vision, but it is even more important in the current so for those who have not yet picked up on this key development, I’d urge you to work at it.”

## 7. Increased buyer savvy

Outsourcing providers might be tempted to provide just a minimum satisfactory level of service (well, it's human nature, maybe) but even if that weren't a rather short-termist proposition, in today's outsourcing environment it's tantamount to commercial suicide. A major reason for this - alongside the proliferation of competing providers eager to snatch away every unsecured morsel of trade - is the increased savvy among buyers of outsourced services. As the industry has matured, so too has buyers' understanding of what exactly can be gained - and at what cost - from the various providers offering their services.

“Outsourcing and shared services are now central to enterprise strategy and higher up the value chain, with most businesses having invested in new skills and reorganized themselves to identify optimum sourcing strategies, execute deals and govern the new service models. Whilst we still have further to go before sourcing can be thought of as a truly mature industry the trend is increasingly for more educated buyers, investing in new capabilities and expecting more from providers who in turn are maturing, consolidating and specializing to meet increased client expectations. These factors taken together have changed our view of what can be successfully externalized or optimized to include value and knowledge based requirements as well as commoditized services,” says Tony Rawlinson, Managing Director, Financial Services Advisory, Europe & Asia Pacific for EquaTerra.

### 8. The rise of India (and the rest)

“Outsourcing” might be excessively closely linked with “India” in the minds of many consumers in the developed world but there’s a reason why that link was forged in the first place. India has been the powerhouse of the offshore outsourcing boom: its hyperpotent combination of technological prowess, well-educated and -skilled employees and that all-important labor arbitrage has propelled the sub-continent to the very forefront of this dynamic space, resulting in vast gains for the Indian economy - and for many companies worldwide who’ve taken advantage of this incredible boom.

“The unmatched ability of top tier India-based outsourcers to recruit, train, hire and onboard hundreds of thousands of people each year established the offshore delivery center as a viable service delivery model for services providers. It also established a new competitive segment of outsourcing service providers that did not originate in the U.S. or Western Europe. This in turn led to new entrants not only from India, but from various other developing countries that began to compete with the top tier, multi-national service providers,” asserts Eugene Kublanov of KPMG.

### 9. Changes in the accountancy environment

Of course outsourcing and shared services aren’t just about finance - but a significant proportion of activity within the space remains driven by the finance function, and a proportion of that drive comes from the developments within the global accountancy environment which have had such an impact on business within and beyond shared services and outsourcing in recent years. Sarbanes-Oxley and similar regulatory efforts have created new realms of complexity which businesses have had no choice but to address - and shared services has become both a useful tool to address this, and profoundly affected by the very changes which new legislation has driven.

“The evolution of the accountancy space over the past couple of decades has really provided a huge driver for many of the developments we’ve seen in back-office structures and the outsourcing profession,” says independent finance professional Keith Osborne. “Added complexity in terms of compliance frameworks - not to mention the increased severity of sanctions for those failing to comply - has driven compliance up the corporate agenda and created an opportunity for shared services to become centers of accounting excellence, alongside the need to keep down costs during this leap in complexity. And of course several of the leading accountancy firms have been at the forefront of the outsourcing and shared service revolution in an advisory capacity as well as transforming their own businesses...”

### 10. Governments’ acknowledgement of outsourcing’s influence on the economy

The impact of the outsourcing boom on the Indian economy was mentioned above - but of course it isn’t just India that has enjoyed the fruits - and had to deal with the issues arising from - the globalization of outsourcing. Both provider locations and governments of countries from which work is being outsourced have had to face up to the ways in which outsourcing impacts upon local and national economies, and international trading relationships. Policy must now encompass the economic realities which outsourcing has forced upon pretty much every country on earth - giving rise to many challenges to which the solutions have not yet been found.

“Various governments in the developing world (India is a salient example) have acknowledged the shared services and outsourcing sector as a substantial and positive influence on their economy. That acknowledgment has led to policies which encourage human capital development, and the modernization of infrastructure and commercial regulation. This in turn has facilitated the globalization of the shared services and outsourcing sector beyond its geographic origins,” believes KPMG’s Matamba Austin.

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