



Top 10 Developments that Changed Shared Services...

By: Jamie Liddell, SSON
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TCM: Shared Value

By Denise Bedell
www.gfmag.com

There are many options for how to set up and roll out a shared service center, providing an approach for every budget and corporate structure.

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Key Performance Indicators as a Tool to Add Value

By: Jim Whitworth
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Service Level Agreements based on measuring key indicators of performance are usually an integral part of the design of Shared Service processes and of establishing the framework for the ongoing supplier/client relationship for both Shared Services and Outsourcing.

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Saving Money at Kingfisher: The Less Obvious Way

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Michael Hyltoft, Finance Program Manager, Kingfisher, tells SSON more about employing various less obvious ways to save money with astonishing results and assisting companies reduce spend by up to 50 million....

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TCM: Shared Value

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As the recession thaws and purse strings again begin to open for slightly larger-scale projects with a longer-term return on investment, shared service centers (SSC) are in central focus for CFOs and treasurers eager to reduce costs and centralize processes. Dwayne Prosko, director in KPMG's shared services and outsourcing advisory group, notes that centralizing transactional activities frees up finance staff to focus on more value-added activities like decision support and business analytics that help drive the revenue growth of the business. "In short, it enables finance to be less of a numbers-checker and more of a business partner," he says.

The increasing interest in moving to shared services is being driven by the economy and the continuing need for companies to increase efficiency and reduce cost, according to Al Fish, vice-president of professional services at Basware North America. "The shared service center doesn't just bring cost savings, it provides a lot of other benefits to companies: They are able to unify processes and have better visibility into the financial activities of the company," Fish says.

Depending on budget, corporate preferences and goals of the project, how a shared service center will be implemented can be very different from company to company. At a time when many businesses have limited available resources, some are taking a slower approach to implementation, while others are pushing forward with regional or global rollouts to garner maximum advantage. In addition, companies have very different stances on how to structure an SSC—whether to house a single function within one SSC and focus on driving costs out of that process as much as possible, or to have multifunction SSCs.

In some cases companies are looking at shared service as a deployment option for a particular function. The goal is then to implement absolute best practice within that service and function and set very specific efficiency and cost-reduction goals. Notes Fish: "With the SSC you are able to build up individuals with specialties that are able to effectively work on specific processes, making them more proficient in those specializations."

According to Craig Himmelberger, solution marketing director at software provider SAP, this approach is quite common in the US. He says: "In the American approach, they might say, 'Let's make this the best A/P [accounts payable] center we can,' and they are very focused on cost saving and metrics." In contrast with the multifunction approach—where various functions are offered on a shared

service basis—the focus is more on qualitative metrics. Says Himmelberger: "More so in Europe we see deployment of multifunction SSCs, where instead of having a center for specialty, the shared service center is built bearing a broad range of processes in mind." One advantage of the multifunction approach is that as new functions are rolled out, the SSC staff become that much faster at managing the rollout process.

Choosing How to Roll It Out

In addition to the types of function that are included in an SSC, companies also have a number of options for how to roll out a shared services center. How a company chooses to go forward with such a project will depend on a number of factors, including its project goals, budget, corporate structure—centralized versus decentralized—and corporate environment. Companies may choose to roll them out on a grand scale, centralizing and pushing an entire function or department into the SSC at one time; or they may take a slower approach, offering the service to an in-house unit to develop.

The second approach treats the SSC as a cost center that must market its service to subsidiaries and bid competitively for the business. There are a number of advantages to this approach. First, it encourages internal competitiveness and efficiency creation. Second, services can be rolled out slowly, and the costs can be extended over a longer period of time.

Finally, for a decentralized company where individual units may push back against a full rollout, this is a gentler approach. Global relocation firm Crown Worldwide is a clear example of the gradual rollout and internal marketing of shared services. The company has a shared service center in Malaysia. Alpesh Sanghavi, director of operations of the group shared service center at Crown Worldwide, says: "Given the acquisitions and expansion that Crown saw over the past ten to fifteen years, it made sense to set up a shared services center."

Because Crown expected some resistance to the shared services concept and did not want to disturb local autonomy, it chose to commence with a small operation and build gradually. Sanghavi says the goal is to be able to move things to Malaysia at a pace that is comfortable for local in-house clients and for the SSC itself. The Crown SSC went from one staff member in 2006 to its current staff of 51.

Although there are several different approaches that a company can take, one thing that is clear is the companies are once again seeing the value of moving to a shared services approach for finance and treasury functions. Robert Cohen, vice-president at Basware, says: "When things get tight and profits get squeezed, companies look more closely at the internal organization to save money. As a result more organizations are being charged with finding ways to cut costs, and the SSC is a natural conclusion."

Key Performance Indicators as a Tool to Add Value

By: Jim Whitworth, Independent Shared Services Specialist
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Sometimes, by wrapping Service Level Agreements (SLAs) and key indicators of performance (KPIs) together, there is a risk that KPIs are seen purely as a tool to enable service users and stakeholders to validate that the performance meets the basic needs of their area of the business and for service providers to be able to check they have achieved satisfactory output. Whilst there is a clear need to fulfill those functions, there is much more potential in the humble KPI.

It is possible to identify three main applications for KPIs...

1. Governance and management of the relationship between service provider and service user.

Most veterans of Shared Service and Outsourcing projects will have plenty of horror stories of the disputes and conflicts (in both directions) between Shared Service Centers and the distributed business units that use their services. At the very least KPIs provide for some factual arbitration of the “service is getting worse” – v- “service is getting better” arguments. Fully utilized, they provide the foundations of strong governance and can even enable performance based charging.

2. Reporting to executive management

As this is often for the same executive management that provides sponsorship (and funding) for the program there may be a temptation for program leaders to emphasize (even over-emphasize) the importance of KPIs for reporting successful achievement in order to secure that sponsorship. The risk of this approach is that many executives may not attach great importance to having their own KPI driven reports to read particularly if they haven't had anything like the same level of performance reporting from the previous organizational structure.

The following use of KPIs needs to raise its profile and really shape their design and usage:

3. Managing the Shared Service Center

Even without relationship management or executive reporting (yes, there are organizations that don't see the need for either), KPIs are absolutely essential for SSC leaders to maximize the effectiveness and efficiency of the center.

When thoroughly planned and included at the onset of any Shared Services program, KPIs can reflect the drivers within the original Business Case, monitor the added value

of the SSC and, most importantly, provide a tool for the SSC management that indicates areas for improvement and records achievement against that.

The focus of effective SSC management has to be a mix of maintaining absolute consistency with continuous improvement and innovation. The apparent dichotomy in that mixture can be solved by ensuring that the innovation and change is based on closely measured steps. KPIs enable that measurement.

If KPIs are used to measure strengths and weaknesses in performance they will highlight potential areas for improvement not only in those weaknesses but also in the progressive growth of strengths. Armed with the same KPIs to track the impact of change over time, the SSC manager has the ability to monitor and control that impact and ensure that any risk to the overall consistent process delivery quality is minimized. Taking this approach utilizes the KPIs as measures of overall ongoing performance across the operation and as monitors of the successful impact of steps taken to improve.

Having identified the potential of the role of KPIs in managing and improving the SSC the next step is to determine the content in order that it maximizes opportunity and that the KPI output can be understood in terms of the value of the opportunity and the level of achievement of that value. The big question when specifying KPIs and the data collection necessary to support them is “what shall we measure?”. Frequently, the answer is provided by the provider/user discussions as the SLA is drafted rather than the needs of the SSC's own management, bringing us back to the issue of KPIs purely establishing that performance meets basic requirements rather than maximizing potential. Even if users/clients are happy, further reduction in cost and higher than expected performance may be highly advantageous to the provider. Cost benefits may be retained or shared and performance quality benefits, if proven to add value, may produce opportunities for increased charges. So, an element of looking at KPI design from a cost/value perspective starts to become attractive.

As mentioned above, a good place to start may be the business case and associated operational costing of the SSC. This should illustrate the expectations for the cost of providing the functions to be undertaken and the scope and transactional volumes of those functions. In simple terms it should be possible to extract the cost per item (whether that is per invoice, per business unit close, per ledger entry or whatever). Some of the KPI design can then be focused on monitoring the build up of that cost (resources deployed, speed of process, etc.). There may even be an opportunity to simply reduce the number of transactions whilst maintaining the cost per transaction. For example, in the Order to cash area the number of transactions raised may include not only invoices but also credits for corrections and re-bills. By

reducing the requirement for credits and re-bills the reduction in transactions may be mirrored by a reduction in cost. Similarly, establishing whether there is a relationship between accounts payable invoice line items and processing cost per invoice may enable changes to supplier invoicing that reduce processing time and cost. There are many potential ways to reduce workload as well as ways to reduce cost per item.

Monitoring and valuing potential improvements in the quality of performance is perhaps more difficult. Obviously, errors, issues, reworking, etc. are objectively measurable but quality beyond basic requirements can also be reflected in the more subjective recording of user satisfaction. Translating improvements in these areas to potential added value needs to be a mixture of cost per transaction calculations as above plus reasonable estimation of the opportunity value in improving user perception, perhaps including the anticipation of time and cost saving in user/provider interaction and stakeholder management.

With a set of KPIs focused on SSC management and improvement opportunities, supported by consistent reporting and interpretation, it becomes possible to identify those opportunities, consider action to implement improvement, value the opportunities and create a financially robust business case for that implementation. That business case can be simply related to that for the original creation of the SSC and the KPIs in place become the monitoring measures for determining the success of the action taken. By following a relatively scientific implementation of change to one aspect of activity at a time, step by step, the KPIs will identify whether impact is positive or negative. The simple principle is to make sure a change to be implemented is measurable within the scope of the KPIs, make the change, use the KPI to measure the impact then continue or modify the change accordingly. The consistency and quality of the overall process delivery is only minimally at risk and step by step measurability gives ready visibility to recognize any actions that do not produce the required results and need reversing. Where, more probably, the results meet or exceed expectations, they can be welcomed not just as change but for producing measurable added value.



➔ Saving Money at Kingfisher: The Less Obvious Way

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Michael Hyltoft, Finance Program Manager, Kingfisher, tells SSON more about employing various less obvious ways to save money with astonishing results and assisting companies reduce spend by up to 50 million...

SSON: Michael, you have considerable experience with designing and implementing P2P and O2C solutions in various organizations such as Speedy Hire and Kingfisher - in your experience what is the most challenging aspect when implementing these solutions and transitioning services?

MH: The most important thing is sponsorship. It boils down to whether you have the right support in the organization to implement the necessary changes. By default people don't like big changes and if you don't have the right buy-in in the organization you will struggle to make a success out of it.

SSON: At the Finance Transformation Europe 2010 conference, you'll be speaking on the importance of understanding the link between process and business value in order to drive cost savings, could you elaborate on this in greater detail? How easy is it to marry the two and can you give us some examples?

MH: What I am going to talk about at the event is something that has many names. It has been referred to as reverse factoring or dynamic discounting. It's all about optimizing your working capital via payment. It's the old adage: while the buyer wants to extend the payment terms the supplier on the other hand wants to be paid earlier.

It's very important to utilize this scenario by making sure that the strongest creditor actually funds the supply chain/service supplier. It's all about working closer together with the supplier to eliminate the huge amount of billions tied up in the supply chain, because at the moment we all (the suppliers and buyers) need the cash to cover our cash flow, but also to invest and improve our businesses.

SSON: You'll also be discussing the importance of effectiveness rather than concentrating on efficiency when processing invoices. Why in your opinion is effectiveness so important?

MH: It is because when people engage in general information projects or shared services projects specifically - there tends

to be an initial focus on headcount and productivity, which in my opinion is not necessarily going to lead to major cost savings. There are a lot of other ways in P2P which will enable you to save money – like dynamic discounting and cash flow which severely outway any kind of benefits you might gain by making staff redundant. Other benefits many people tend to forget about are control and transparency.

SSON: You’ve assisted organizations in reducing spend by up to 50 million through effective process management? What drivers helped you to do so?

MH: Firstly, having more efficient working capital. The main companies I worked for had high AP spend; therefore it was the small changes which made significant differences. It is surprising how much money can be saved by reducing write-offs, control and also just the value you get out of transparency and control. Another important aspect people tend to forget is the cost of your audit and finding ways to lower the cost of your audit by installing a better system and implementing better transparency.

SSON: In one of your sessions you mention ‘freeing up funds for higher impact activities’ – we’re just coming out of a recession – what advice can you give to organizations who don’t necessarily have floating cash available?

MH: In today’s market more offers are coming in for solutions that have been proven and tested, for example instead of paying the big capex costs and set up - you can now buy them on a transactional basis. Of course the downside of this option is it can be more expensive in the long run, but it does allow organizations who are short on cash to benefit from the technology many of the big companies have invested in and produced in the last few years. These technologies are now becoming standard products that you can buy off the shelf. You can also buy what I would refer to as a utility, which means you don’t have to invest in huge amounts of IT. You will just have to be prepared to be flexible in relation to what the processes look like, because the supplier usually dictates what the process should look like but there is always the possibility to enhance this model in order to meet your requirements.

SSON: What are you hoping to take away from this year’s Transformation Europe event?

MH: I take part in SSON’s Shared Services and Outsourcing conferences on a regular basis, therefore I look forward to seeing all the speakers at the conference. Some of the speakers come from very far away to present at the conference and I know that they are very interesting so I look forward to hearing them present. I’m also keen to find out if there is anything new on the market and anything I should be aware of which could be beneficial to Kingfisher.

Top 10 Developments that changed Shared Services...

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

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! (And remember: you can send your own thoughts to the editor.)

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 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 immeasurable: 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 climate, 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 re-organized 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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