

ACCOUNTANTS FOR BUSINESS

# Finance leaders on sourcing success



## Acknowledgements

### accenture



**JULIE SPILLANE, EMEA DIRECTOR AND CONTROLLERSHIP CAPABILITY DIRECTOR, ACCENTURE BUSINESS SERVICES (ACCENTURE'S INTERNAL GLOBAL SHARED SERVICES ORGANISATION)**

Julie is director for Accenture Business Services in Europe, Middle East and Africa. She is responsible for over 500 people in Accenture's centres in Dublin and Prague, Czech Republic. These centres deliver multifunctional services to Accenture itself. In addition, she is also finance director for Accenture in Ireland. Julie is a qualified FCCA and recently completed the Institute of Directors diploma in company direction.

### Microsoft®



**DERMOT IGOE, FINANCE DIRECTOR AND UK OPERATIONS AREA LEAD, MICROSOFT**

Dermot is the finance director for Microsoft's Europe, Middle East and Africa Operations Centre (EOC) based in Dublin. He has over 17 years' experience working for Microsoft in several senior finance and operations management roles. Previously, Dermot worked several years in various finance managerial roles for Bechtel Corporation, based in London. His experience includes finance, consulting/project management, information technology, strategic leadership, change management, people management, relationship management, operations and financial services. He is a qualified FCCA.



**CYNTHIA GALLAGHER, VICE PRESIDENT AND DEPUTY CONTROLLER, AOL**

Cynthia is vice president and deputy controller at AOL, overseeing the accounting services operations. One of the youngest employees to hold that top management position, Gallagher oversees a 215-member team between her office in Dulles, VA, and in Bangalore, India. She oversees the end to end source-to-pay, order-to-cash and record-to-report domains. She has served as an advisor and partner to various senior executives, helping to streamline processes, manage outsourcing engagements and control costs.

### Kimberly-Clark



**JASON CRIMSON, DIRECTOR, ASIA PACIFIC SHARED SERVICES, KIMBERLY-CLARK**

Jason is responsible for Kimberly-Clark's shared services development within the Asia Pacific region for finance operations and system support services. Previously, he was a Controller in the finance shared services operation for a global IT company. Jason has had diverse roles over his career – in finance operations, project management, leading transitions and driving harmonization initiatives across multiple shared services locations.

### ERNST & YOUNG



**JAMES MEADER, PARTNER, ERNST & YOUNG**

James is a partner in Ernst & Young's Advisory Services Practices, specialising in financial and performance management. He has over 17 years' experience, focusing on back office transformation, process design, including shared services and performance management, project and programme management.



**CLAUDIO ALTINI, DIRECTOR, SOURCING ADVISORY, KPMG IN THE UK**

Claudio is an acknowledged expert in finance and HR functional transformation, with broad experience in support function reorganisation and re-engineering assignments, in both pan-European shared service centre projects and business process outsourcing projects. Claudio advises diverse industries including media, telecoms, automotive, IT, manufacturing, chemical distribution, pharmaceuticals, FMCG, leisure and also central government.



imagination at work



**ANIRVAN SEN, GLOBAL PROCESS IMPROVEMENT LEADER, SHARED SERVICES, GE**

Anirvan is an industry expert and widely regarded as a thought leader in the BPO world. Over the last 18 years, he has led global assignments across Europe, Asia and MEA in business process outsourcing, Strategy, LEAN Six-Sigma, project management, ERP implementations, IT and Sales. He currently is leading process standardisation and standardised BPO service delivery model for GE's shared services globally. His specialisations include setting up and creating captives, green-field business process outsourcing, operational excellence and process improvement.



SONY PICTURES



**MICHAL GRYGLEWSKI, MANAGING DIRECTOR, GLOBAL BUSINESS SERVICES, SONY PICTURES ENTERTAINMENT**

Michal's main responsibilities at Sony Pictures Entertainment focus on setting up strong and dynamic organisational structures in Poland. Currently he is managing the growth of the global business services centre in Gdynia and at the same time overseeing the transition process for Europe. Prior to joining Sony Pictures Entertainment in 2009 Michal held various positions at Royal Bank of Scotland, Citigroup and Procter&Gamble.



**RAJ CHANDRASHEKHAR, CFO, GROUP TECHNOLOGY AND OPERATIONS AND REGIONAL CFO, GROUP SHARED SERVICE CENTRES, STANDARD CHARTERED BANK**

Raj is responsible for the financial management of Standard Chartered's technology and operations worldwide, as well as the group's shared service subsidiaries in India, Malaysia and China. Prior to his current role he was head of the shared service centre in India.

## ABOUT ACCA

ACCA (the Association of Chartered Certified Accountants) is the global body for professional accountants. We aim to offer business-relevant, first-choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management.

We support our 147,000 members and 424,000 students throughout their careers, providing services through a network of 83 offices and centres. Our global infrastructure means that exams and support are delivered, and reputation and influence developed, at a local level, directly benefiting stakeholders wherever they are based, or plan to move to, in pursuit of new career opportunities. Our focus is on professional values, ethics, and governance, and we deliver value-added services through our global accountancy partnerships, working closely with multinational and small entities to promote global standards and support.

We use our expertise and experience to work with governments, donor agencies and professional bodies to develop the global accountancy profession and to advance the public interest.

Our reputation is grounded in over 100 years of providing world-class accounting and finance qualifications. We champion opportunity, diversity and integrity, and our long traditions are complemented by modern thinking, backed by a diverse, global membership. By promoting our global standards, and supporting our members wherever they work, we aim to meet the current and future needs of international business.

## ABOUT ACCOUNTANTS FOR BUSINESS

ACCA's global programme, *Accountants for Business*, champions the role of finance professionals in all sectors as true value creators in organisations. Through people, process and professionalism, accountants are central to great performance. They shape business strategy through a deep understanding of financial drivers and seek opportunities for long-term success. By focusing on the critical role professional accountants play in economies at all stages of development around the world, and in diverse organisations, ACCA seeks to highlight and enhance the role the accountancy profession plays in supporting a healthy global economy.

[www.accaglobal.com/ri](http://www.accaglobal.com/ri)

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This report presents the results of a global survey of finance leaders on the aims and effectiveness of finance shared services and outsourcing programmes.

It explores the initial drivers behind adopting finance shared services and outsourcing finance operations, considers how these are evolving, and the success of current approaches.

## ABOUT HFS RESEARCH

HfS Research is the leading analyst authority and knowledge community for the global services industry. In addition to researching business services and technology services strategies, HfS educates and facilitates discussion among the world's largest knowledge community of services professionals, currently comprising 120,000 subscribers.

HfS provides a collaborative platform for the largest, highest impact, and most frequently visited professional community in the global services industry, offering rapid and insightful commentary on, analysis of, and debate about enterprise shared services, outsourcing, and global operations dynamics.

## Foreword

Transforming the finance function is a key priority for today's CFO as they seek to drive down the cost of finance operations, deliver improved finance operational efficiency and position the function as an effective partner to the business.

The growth of shared services and outsourcing reflects the continued prioritisation of finance transformation activity for leaders. This survey provides a unique insight into the aspirations and expectations of CFO's and other finance leaders in transforming the finance function through shared services and outsourcing.

The evolution of shared services and outsourcing has implications and opportunities for ACCA students and members throughout the world. As the global body for professional accountants, our students and members are well placed in bringing their skills to bear in supporting future world class finance functions, and our qualification is designed to equip future generations of finance professionals across the whole of the finance enterprise with the capabilities that will be needed.

Helen Brand, OBE  
**ACCA chief executive**



## Executive summary

This report presents findings from a groundbreaking global ACCA study, using data powered by HfS Research, on the adoption of finance shared services and outsourcing models.

It provides insights on the shared service strategies finance leaders are adopting, and gauges their view on the effectiveness of current approaches. Importantly, the survey responses primarily came from CFOs and finance directors, and were complemented by responses from finance transformation leaders, heads of shared services and/or outsourcing, and shared services leaders whose responsibilities are more directly aligned with implementation and delivery of finance shared services and outsourcing.

Notably, this survey also contrasts with other shared services and outsourcing studies which have historically focused solely on the larger enterprises who have adopted remote delivery. In this study, finance leaders representing a much broader sample of enterprises ranging from \$10 million to over \$3 billion in turnover contributed to the discussion of what services their finance functions are sourcing and the effectiveness of current practices. One fifth of finance leaders who responded to this survey represent businesses with greater than \$3 billion turnover. The survey also represents the very broadest geographic base, reflecting a truly global picture.

The survey has been complemented further by interviews and insights from senior finance executives who have pioneered finance shared services and outsourcing practices in some of the world's leading companies.

The results reveal a number of key findings.

### **1. MUCH MORE OPPORTUNITY FOR THE ADOPTION OF SHARED SERVICES AND OUTSOURCING GLOBALLY**

Shared services and outsourcing have not yet been adopted globally across a range of enterprises as the overwhelming delivery framework of choice, and there is further opportunity for adoption, even with those organisations with \$3 billion plus turnover. Almost one in three senior executive respondents responding to the survey does not currently deploy alternative finance delivery models. When senior finance executives do adopt a remote delivery model, however, their preference is shared services, followed by hybrid models which combine shared services and outsourcing delivery. Unsurprisingly, as organisations grow in revenue, so too does the likelihood of adoption.

### **2. MORE SCOPE TO ADOPT TRANSACTIONAL FINANCE PROCESSES**

The survey suggests there is greater growth potential for shared services and outsourcing in transactional processes such as payroll, travel and expense processing, accounts payable and accounts receivable. Across the board, transactional processes are delivered in house approximately 50% of the time. Unsurprisingly, the largest organisations are more likely to use remote delivery models for transactional finance processes, but even here there remains more that can be done.

### **3. DELIVERY OF HIGHER-VALUE FINANCE ACTIVITIES STILL UNTAPPED**

Respondents that do deploy remote delivery models seem to be focused on a 'finance fix' for transactional processes, and are often retaining higher-value finance processes in house. Across the higher-value processes, on average these remain in house approximately 60% of the time. Again, the greatest users of remote delivery for higher value finance activities were the largest organisations (over \$3 billion in turnover) with shared services as the preferred delivery model. Even within the largest enterprises, however, there remains significant room for further adoption.

### **4. BROAD STREAM OF BENEFITS EXPECTED, WITH EFFICIENCY, COST AND CAPABILITY STARTING OUT AS MAJOR DRIVERS OF CHANGE**

Finance leaders are very aspirational as to the business outcomes they seek from finance transformation through the adoption of shared service and outsourcing models. Although the usual trifecta of cost, efficiency and



capability are cited as key initial drivers, in addition to business performance improvement, the survey results indicate that a much broader range of finance and business outcomes are also sought.

### **5. BROADER BUSINESS GOALS TAKE ON MORE IMPORTANCE OVER TIME WITH A SHIFT IN PRIORITISATION**

The outcomes that finance leaders typically seek from remote delivery become increasingly more important, and their prioritisation shifts. Cost reduction begins to take a back seat as other, broader business priorities arise. This suggests the story of remote delivery starts out as a need to fix finance processes, but then becomes a desire to drive business solutions. Quality, scalability, transformation and talent quickly move up the list of priorities.

### **6. EFFECTIVENESS CAN BE IMPROVED ACROSS THE BOARD**

The survey results suggest that the effectiveness of shared services and outsourcing is not fully being realised. Put simply, the table stakes are being raised as finance leaders place increasingly more importance on remote finance delivery fulfilling a wide range of business objectives. They do not believe, however, that the models are yet as effective as they would like. Not surprisingly, respondents from the largest organisations (over \$3 billion in turnover) deem shared services and outsourcing to have been more successful than their counterparts in smaller organisations, but the difference is not hugely significant. Of note is the finding that the impact of shared services and outsourcing models on cost, efficiency and business performance is considered modestly positive, with the more mature models experiencing a greater impact. The survey also suggests that respondents who have adopted shared services or hybrid models have higher aspirations for remote delivery and deem them to be more effective.

### **7. OPERATIONAL CHALLENGES IN IMPLEMENTATION BEING MET, BUT MINOR CONCERNS REMAIN**

Respondents are positive about their ability to overcome the operational challenges inherent in implementing shared services and outsourcing, with the majority stating that they are in somewhat positive or positive territory for almost every objective. The data indicate that the top challenges met deal with the mechanics of shared services and outsourcing implementation, including

changing workflows, governance effectiveness, and change management, while there is some distance to go on challenges such as retained team retention, company culture, and language issues. This correlates with industry concerns about a lack of focus on the 'softer stuff'.

### **8. MEASUREMENT TOOLS IN USE ARE THE USUAL SUSPECTS**

Traditional sourcing measurement tools are the de facto choice for the respondents participating in this survey; organisations are overwhelmingly focused on the usual measures of success: cost reduction and service level agreements. The greatest adoption of a broader range of tools, however, is seen with the largest organisations, but again there remains significant adoption opportunities even with these businesses.

### **9. ...AS ARE THE MEASURES OF SUCCESS**

Essentially, the finance function is getting the change it measures. Our survey suggests there is little focus on measuring business performance improvement through more advanced tools such as shareholder value calculation. Therefore, it is difficult to determine whether key business transformation – and not just finance operating – objectives are being met. The larger organisations are more likely to adopt a broader range of measures.

### **10. THOSE WHO HAVE TAKEN THE LEAP MORE LIKELY TO KEEP INVESTING**

Put simply, those finance functions that have embraced some form of remote delivery model are more likely to make investment in their finance models, suggesting that momentum is a key factor. Despite senior respondents' admission that the models still have some way to go to deliver against all the outcomes sought, the report findings imply finance leaders will not turn back from finance shared services and outsourcing.

These findings beg several questions: can shared services and outsourcing truly deliver against the business outcomes finance leaders seek in the future? Will these benefits translate to smaller and mid-sized enterprises? What is the role of the finance leader in delivering on the promise of shared services and outsourcing? Do CFOs and finance directors have the right capabilities to make remote delivery as effective as they expect? Will we see a much more aggressive adoption of shared services and outsourcing up the finance value chain in the future?

## EXPERT VIEW

From James Meader,  
partner,  
Ernst & Young's Advisory Services  
Practices



The survey reflects what we see in the market place every day. For a relatively short period, the current uncertain economic conditions reduced the appetite for change in many businesses. However, as our clients recognised that low growth in the developed world is here for the foreseeable future and in parallel started to look to the emerging markets for future growth and margin improvements, shared services has quickly come back on the agenda. More businesses are now looking to extend the scope and scale of existing shared service centres or to implement this model for the first time.

The outcomes targeted by shared services remain as identified from this survey; cost reduction, efficiency and capability improvement, however, businesses are now looking to gain more value from their shared

service operations. The ability to scale up (or down) the back office functions in response to acquisitions, mergers, sell-offs, growth and decline are valuable commodities in today's uncertain economic climate and characteristics our clients are increasingly looking for.



## EXPERT VIEW

From Claudio Altini,  
director, sourcing advisory,  
KPMG in the UK



The use of shared services and outsourcing to meet organisations' objectives continues to be viewed as a sound model by senior finance executives – with 43% intending to invest in a shared service delivery model, 39% in a hybrid shared service and outsourcing model, and 31% in outsourced provision of finance. More specific trends also support what I am seeing when working with client organisations. The biggest challenges organisations struggle with in the aftermath of implementing shared services or outsourcing are not the hard skills such as developing a working governance model, changing workflows or meeting SLAs/process efficiency, all of which were judged to be over 60% successful by finance professionals. Rather, the harder tasks to get right are the softer issues of company culture and retained team morale and retention. The only exception is language skills which is ranked as the largest issue facing organisations after implementation, suggesting service providers need to work on ensuring those hired to carry out work have all the necessary language

fluency to make working with the retained organisation easy.

This study highlights the range of drivers for shared services and outsourcing and the aspirations of finance leaders with their adoption, and I've certainly seen this growing importance placed by organisations involved in second generation contract negotiations on leveraging capabilities, accessing talent and improving flexibility. Achieving cost savings through labour arbitrage and improved efficiency is simply table stakes today. The market and the business model are maturing and end-user organisations are clearly determined to extract the most value from their service delivery relationships – and are well aware that this cannot be achieved by focusing on the financial aspects of the relationships alone.





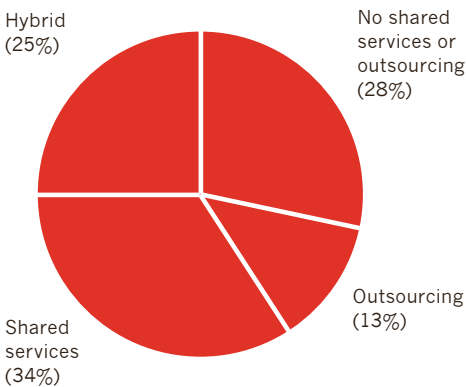
# 1. Shared services and outsourcing adoption and scope

## MUCH MORE OPPORTUNITY FOR THE ADOPTION OF SHARED SERVICES AND OUTSOURCING GLOBALLY

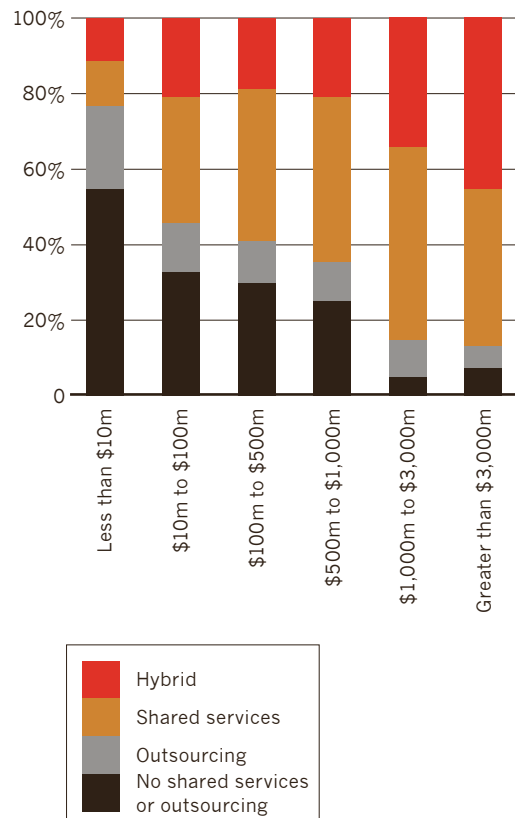
According to our survey, almost one in three senior executive respondents does not currently deploy alternative finance delivery models. But when they do, it is predominantly a shared services world, followed by a hybrid of shared services and outsourcing, as shown in **Figure 1, Delivery models currently deployed**. Fewer than one in six respondents indicated that their models used outsourcing only.

These results suggest there is more scope for future adoption of remote delivery models. However, organisation size appears to be significant. There is a direct correlation between the size of the organisation by revenue and its propensity to adopt specific models. **Figure 2, Model choice by size of company**, indicates that smaller organisations are less likely to adopt shared services, outsourcing, or a hybrid of the two, but when they do, the smallest companies tend to outsource. As this figure shows, it is the larger organisations which most frequently adopt shared services and hybrid models.

**Figure 1: Delivery models currently deployed**



**Figure 2: Model choice by size of company**  
(% of respondents indicating model type)



We need to sustain good customer relationships. In Asia Pacific, we have Kimberly-Clark employees manning the desks and providing the value added services, ensuring that we're all on the same page with regard to objectives, and with regard to how we want to drive value for the company. That was the idea behind driving towards a shared services approach.

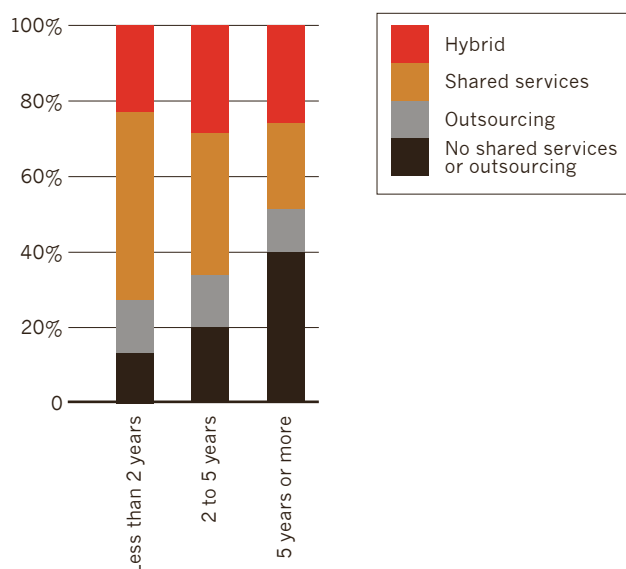
JASON CRIMSON, KIMBERLY-CLARK

These data are consistent with widely held assumptions about the propensity to adopt shared services and outsourcing, with larger companies not only reporting more extensive adoption, but also greater sophistication in the design of their frameworks, as evidenced by their use of hybrid models.

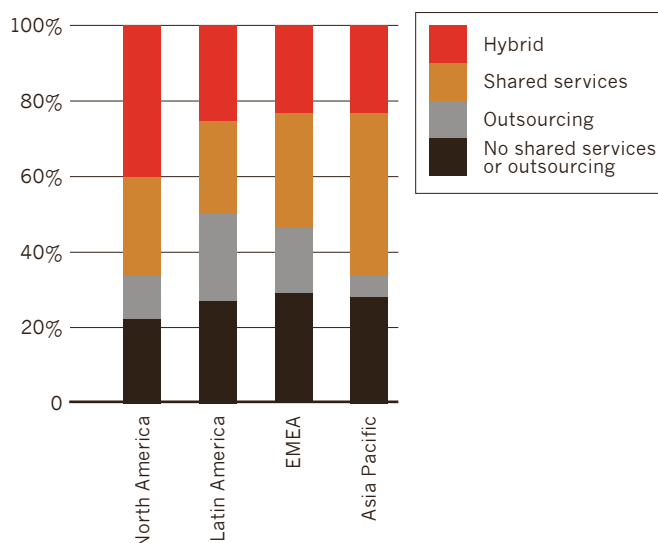
The maturity of the existing finance delivery model has some impact upon adoption. The survey responses show that organisations that have more recently adopted their delivery frameworks tend to use shared services or outsourcing. As **Figure 3, Model choice by maturity of finance delivery model**, also indicates a significant number of organisations with the most mature delivery models **do not** currently deploy shared services or outsourcing.

Not surprisingly, there are discernible model preferences by region. Shared services is most prevalent in Asia-Pacific, while in North America, where outsourcing has more traction and where models are more evolved, companies are implementing hybrid models, as shown in **Figure 4, Model choice by region**.

**Figure 3: Model choice by maturity of finance delivery model**  
(% of respondents indicating model type)



**Figure 4: Model choice by region**  
(% of respondents indicating model type)



A shared services approach is dominant because of our corporate culture, our approach to change, the approach to ownership and keeping the knowledge in-house.

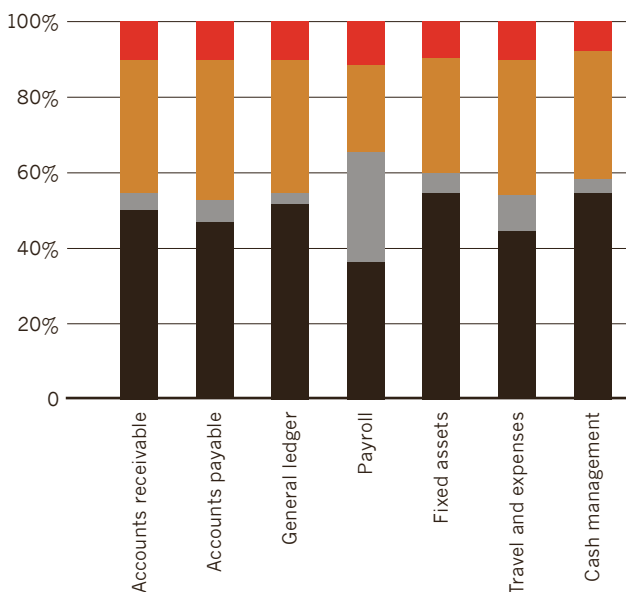
MICHAL GRYGLEWSKI, SONY

**THE SCOPE OF ADOPTION OF SHARED SERVICES AND OUTSOURCING FOR TRANSACTIONAL FINANCE PROCESSES CAN BE MUCH HIGHER**

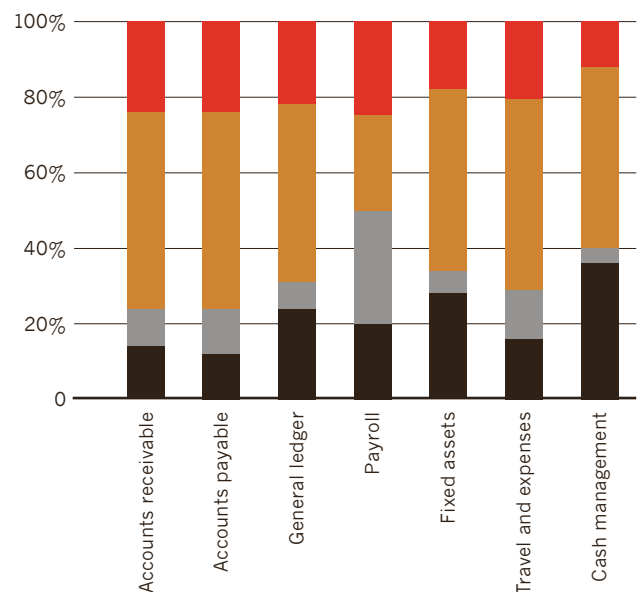
With the exception of payroll, senior executive respondents declared that, across the board, their transactional processes are most often delivered in house (as opposed to through shared services, outsourcing, or a hybrid model) approximately one-half of the time. When companies do implement an alternative model, as shown in **Figure 5, Transactional activities by delivery model**, shared services is the pathway of choice for the majority of transactional processes, again excepting payroll, which is easily outsourced.

The data supports the widely held industry assumption that outsourcing is more often deployed to deliver the usual high-volume processes such as travel and expenses and accounts payable – but also supports the supposition that shared services is often the first stop along the finance transformation journey, but then moving to outsourcing as a component of a hybrid solution. As expected, the largest organisations are more likely to use remote delivery models for transactional finance processes, but even here there remains some scope for adoption, as shown in **Figure 6, Models used for transactional finance activities for companies with over \$3 billion turnover**.

**Figure 5: Transactional activities by delivery model**  
(% of respondents indicating transactional activity type)



**Figure 6: Models used for transactional finance activities for companies with over \$3 billion turnover**



I think we did it right in terms of going captive and then going BPO as part of a hybrid solution. That model continues to work for us.

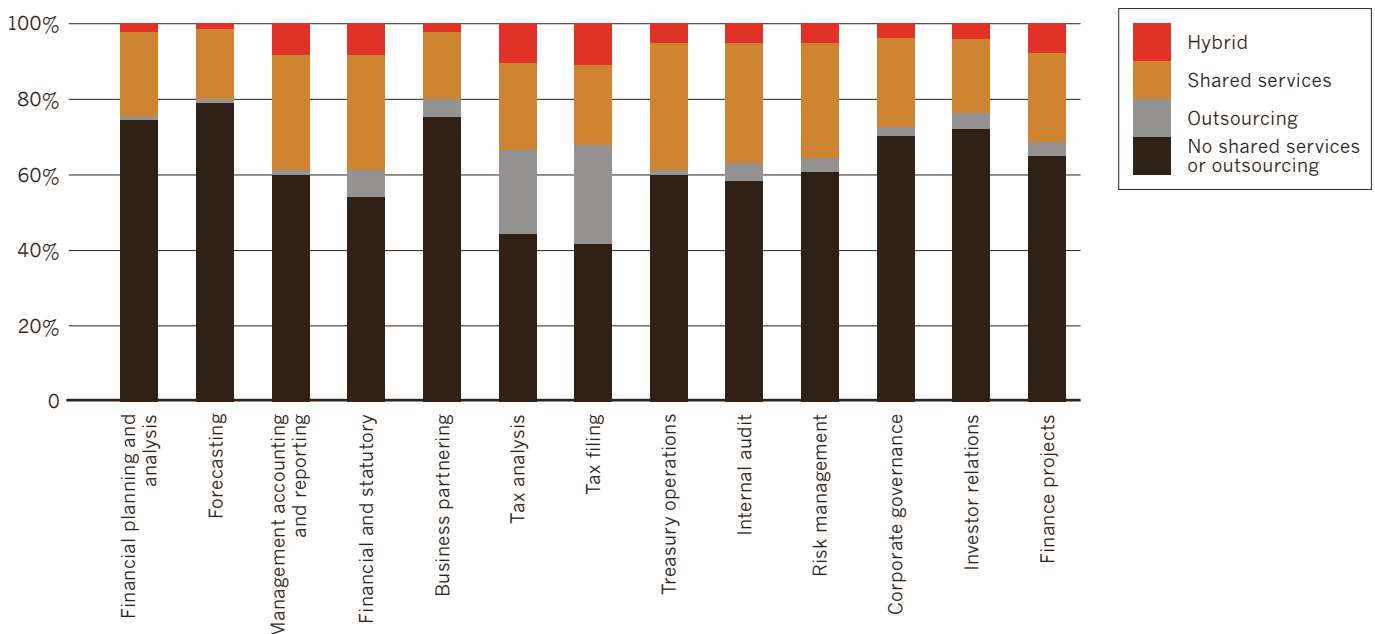
CINDY GALLAGHER, AOL

**THERE IS MORE SCOPE TO DELIVER HIGHER VALUE FINANCE ACTIVITIES THROUGH SHARED SERVICES AND OUTSOURCING**

Although the industry headlines suggest that the scope of alternative finance and accounting delivery encompasses higher-value processes, our data tells a more muted story. Most respondents to our survey retain higher-value finance functions in house, eschewing even shared services delivery, as shown in **Figure 7, Higher-value activities by delivery model**.

When they do implement remote delivery models, respondents reported that higher-value processes are most often delivered through shared services. And the scope is quite limited; when higher-value processes are moved the scope most often includes treasury, compliance, reporting and risk management processes rather than financial planning and analysis and forecasting, which may be retained in closer proximity to the business.

**Figure 7: Higher-value activities by delivery model**  
(% of respondents indicating model type)

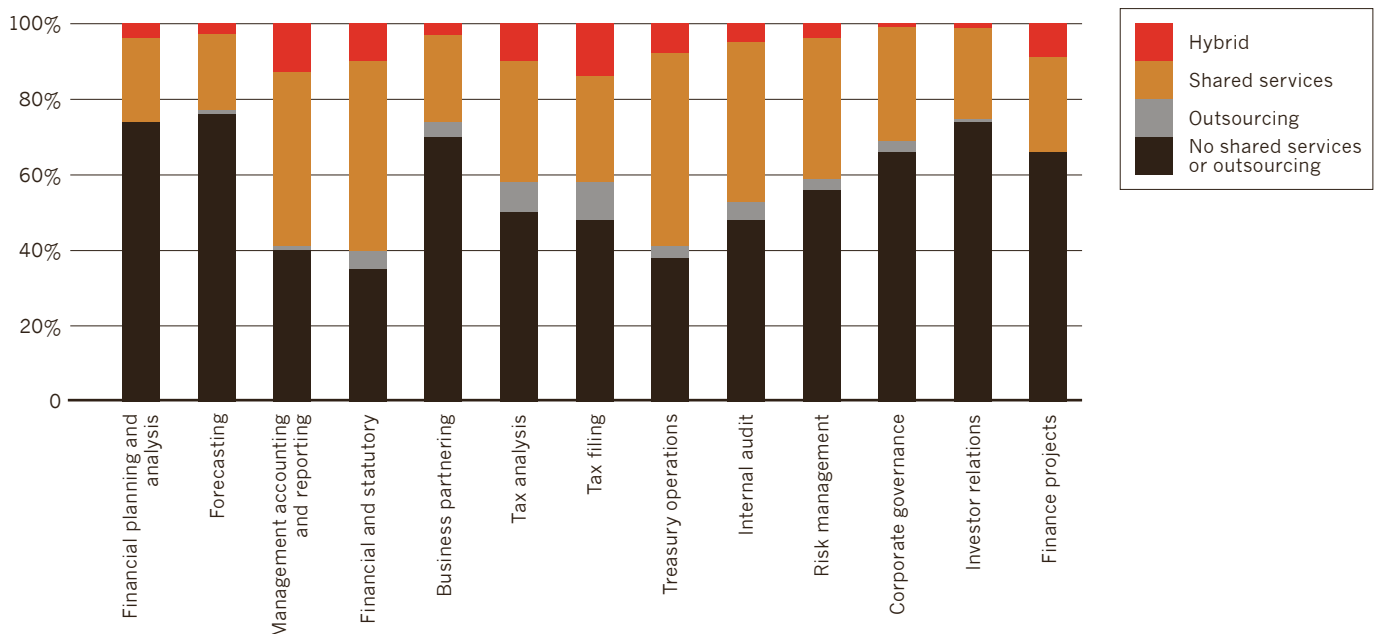


The benefit outsourcers will bring is that they have the level of expertise that we will not have in many core finance processes, so we looked to them to manage our transactional activities.

DERMOT IGOE, MICROSOFT

As expected, the data suggests the largest organisations (over \$3 billion turnover) are more likely to use remote delivery for higher-value finance activities. Even here, however, the data suggests there is significant opportunity for much greater adoption of higher-value finance activities. See **Figure 8, Models used for higher-value finance activities for companies with over \$3 billion turnover.**

**Figure 8: Models used for higher-value finance activities for companies with over \$3 billion turnover**  
(% of respondents)



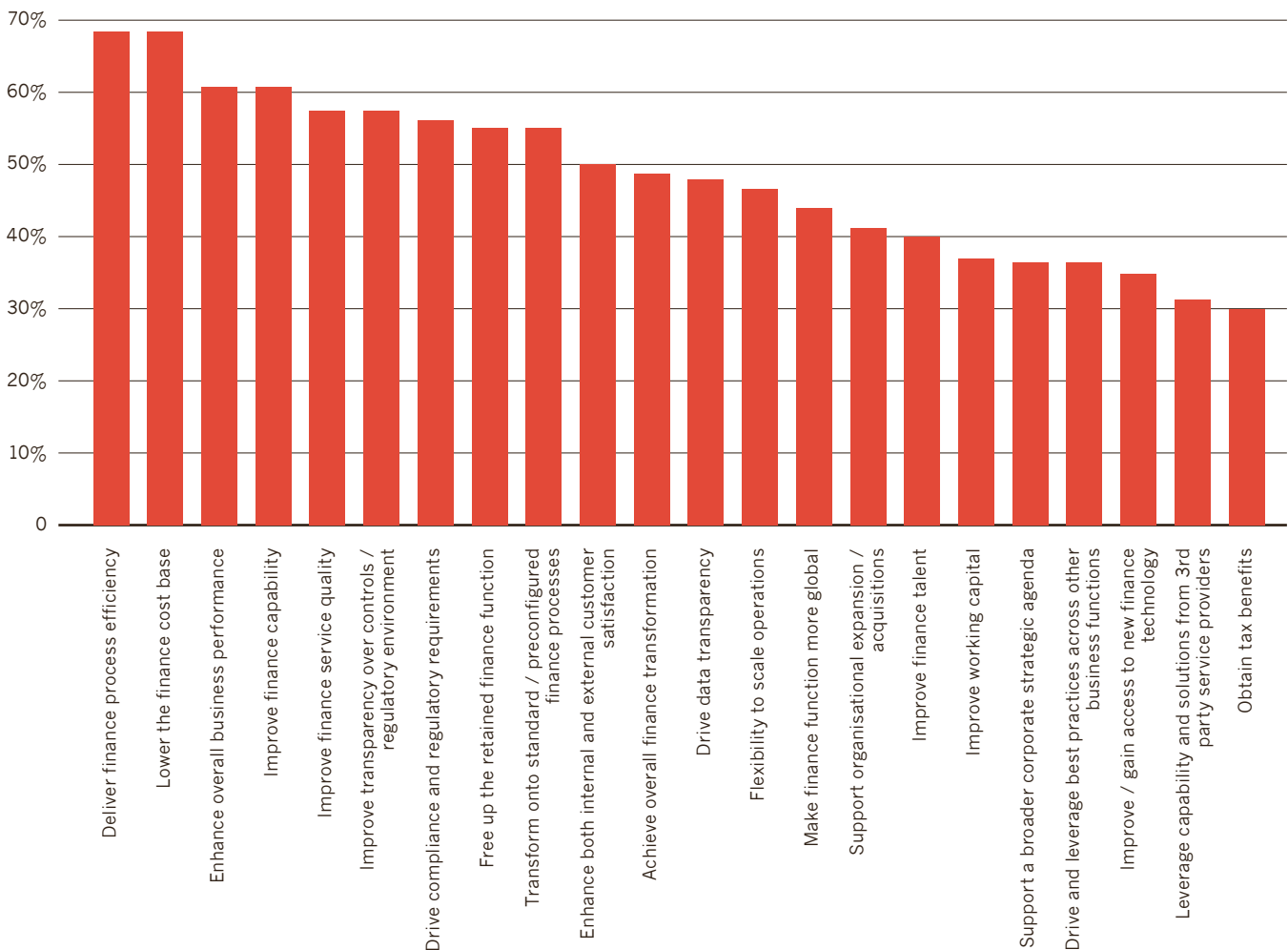
## 2. Business objectives...at the outset, and now

### FINANCE LEADERS EXPECT A BROAD STREAM OF BENEFITS, WITH EFFICIENCY, COST AND CAPABILITY STARTING OUT AS THE MAJOR DRIVERS OF CHANGE

Senior finance executive respondents adopting alternative finance models are ambitious, ascribing importance to a large number of business objectives as shown in **Figure 9, Ranking of business outcomes initially sought**. When asked to rate objectives as 'extremely important' or 'important' at programme inception, respondents pursue

the usual trifecta of efficiency, cost and capability as well as seeking business performance improvement. Broader business objectives such as effective business partnering, extending the global finance footprint and facilitating organisation expansion are also ascribed significant importance.

**Figure 9: Ranking of business outcomes initially sought**  
(% of respondents scoring 4 or 5 (where 5 is extremely important))





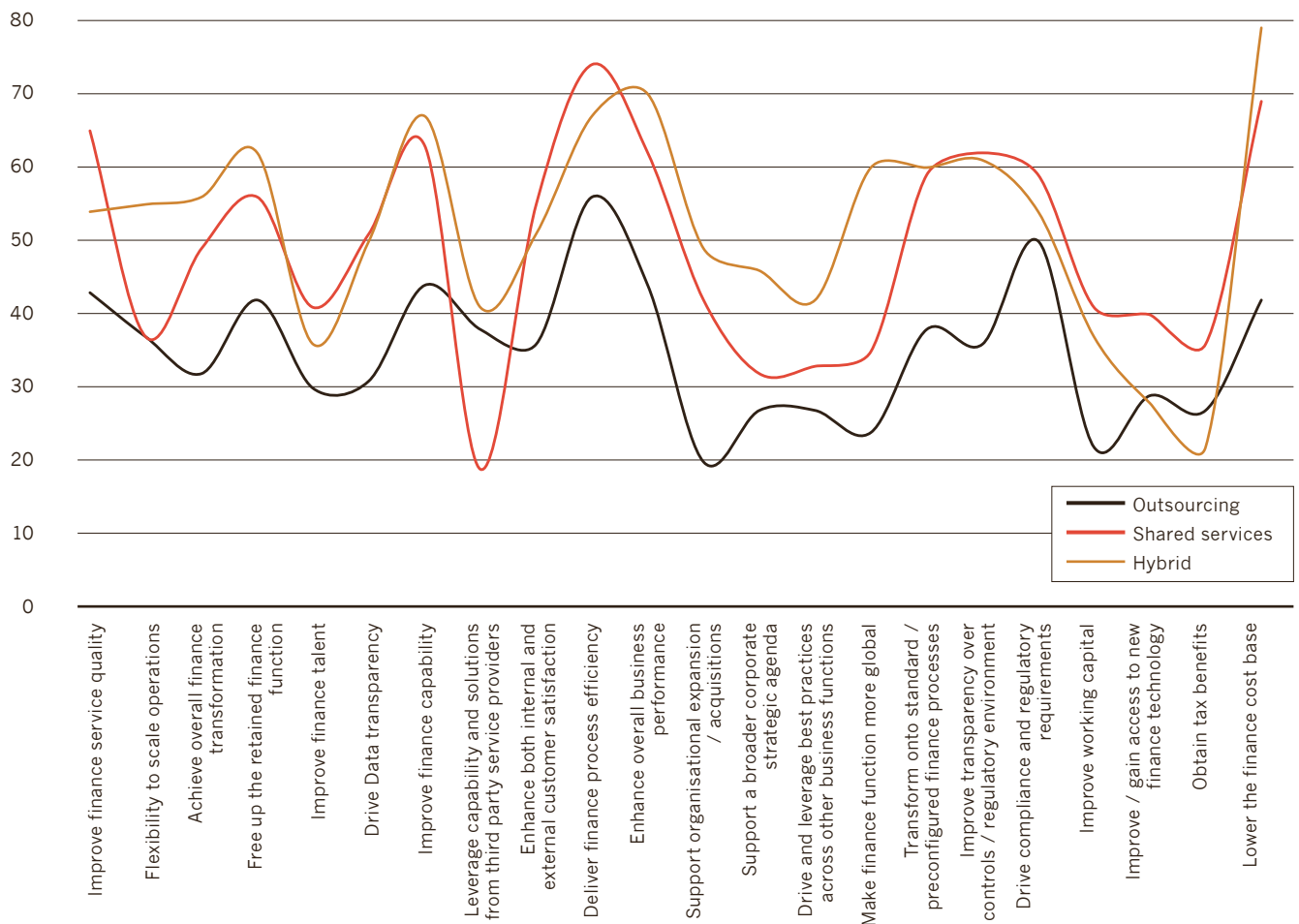
Our initial objective for setting up shared services was to improve our control environment. The second was process improvement, driving to harness technology wherever we can. Third, we wanted to improve our communication with our customers.

CINDY GALLAGHER, AOL

The importance of initial business objectives also varies by model. As shown in **Figure 10, Initial importance of business outcomes by delivery model type**, respondents primarily deploying outsourcing have, almost across the board, ascribed less importance to business objectives than those deploying shared services or hybrids.

Surprisingly, cost reduction as an initial objective was ranked significantly higher by those respondents implementing shared services and hybrid models which appears at odds with the assumption that cost reduction is the rationale for implementing outsourcing as opposed to a shared services model.

**Figure 10: Initial importance of business outcomes by delivery model type**  
 (% of respondents scoring 4 or 5 (where 5 is extremely important))

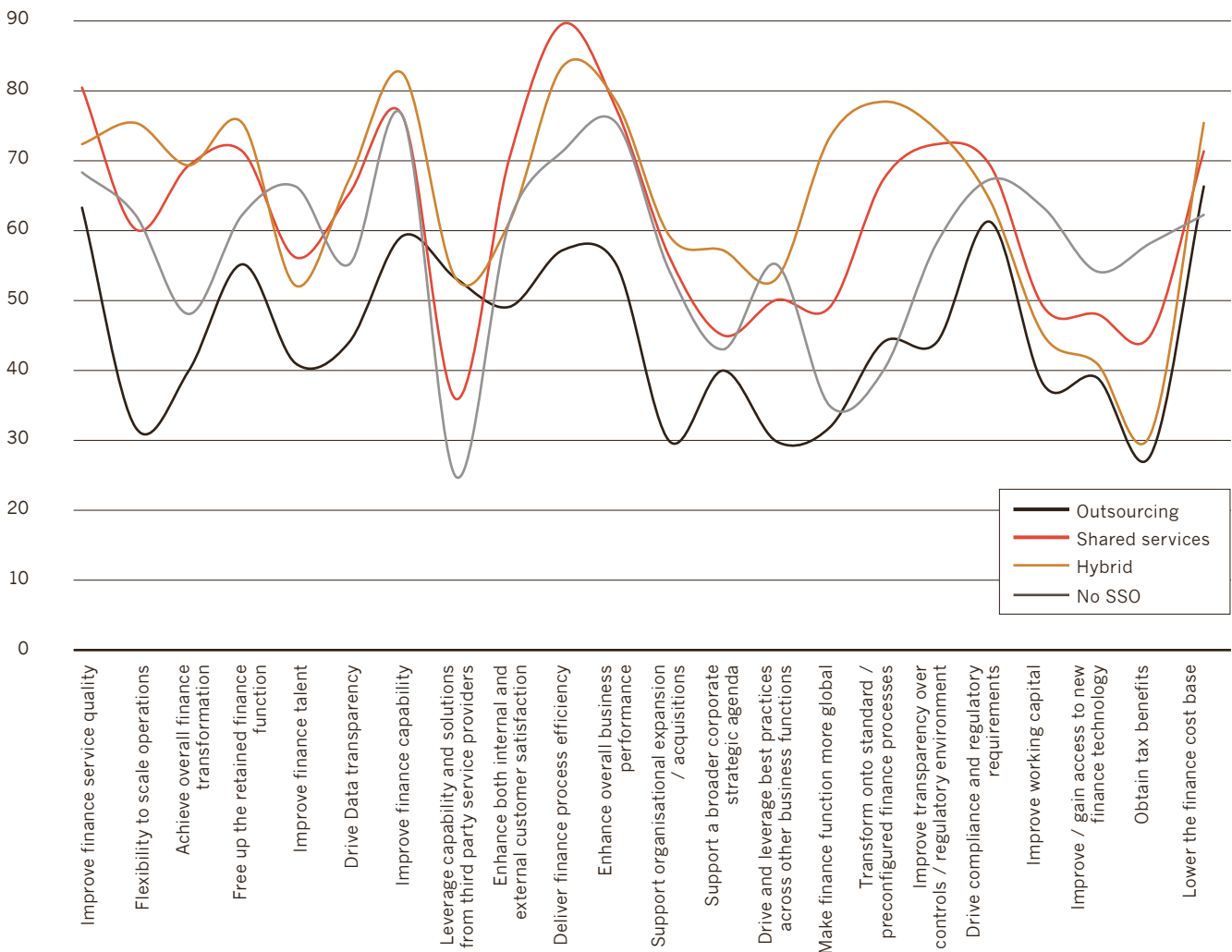


Cost arbitrage was one of the starting drivers for us, but we realized that as we centralized more, we got better at standardization, started to see economies of scale and sometimes got better access to talent.

(RAJ CHANDRASHEKHAR, STANDARD CHARTERED BANK)

What are those businesses that have not adopted finance shared services or outsourcing actually seeking, as compared to those who have adopted these finance models? Not surprisingly, they generally look to achieve the same objectives, as compared to their sourcing counterparts in **Figure 11, Importance of current business objectives**. Certainly, there are some differences in importance; for example, cost reduction does not rank quite as high for those delivering finance processes in house. Rather, these executives are focused on capability, business performance, efficiency and quality.

**Figure 11: Importance of current business objectives**  
 (% of respondents scoring 4 or 5 (where 5 is very important/critical))



We started with cost, then six or seven years later, we made huge technology investment and as we became a much more global organization, agility became very important...being able to have the engine that can just plug and play standard processes and standard technology into different business environments is hugely powerful and allows us to add more value to our business.

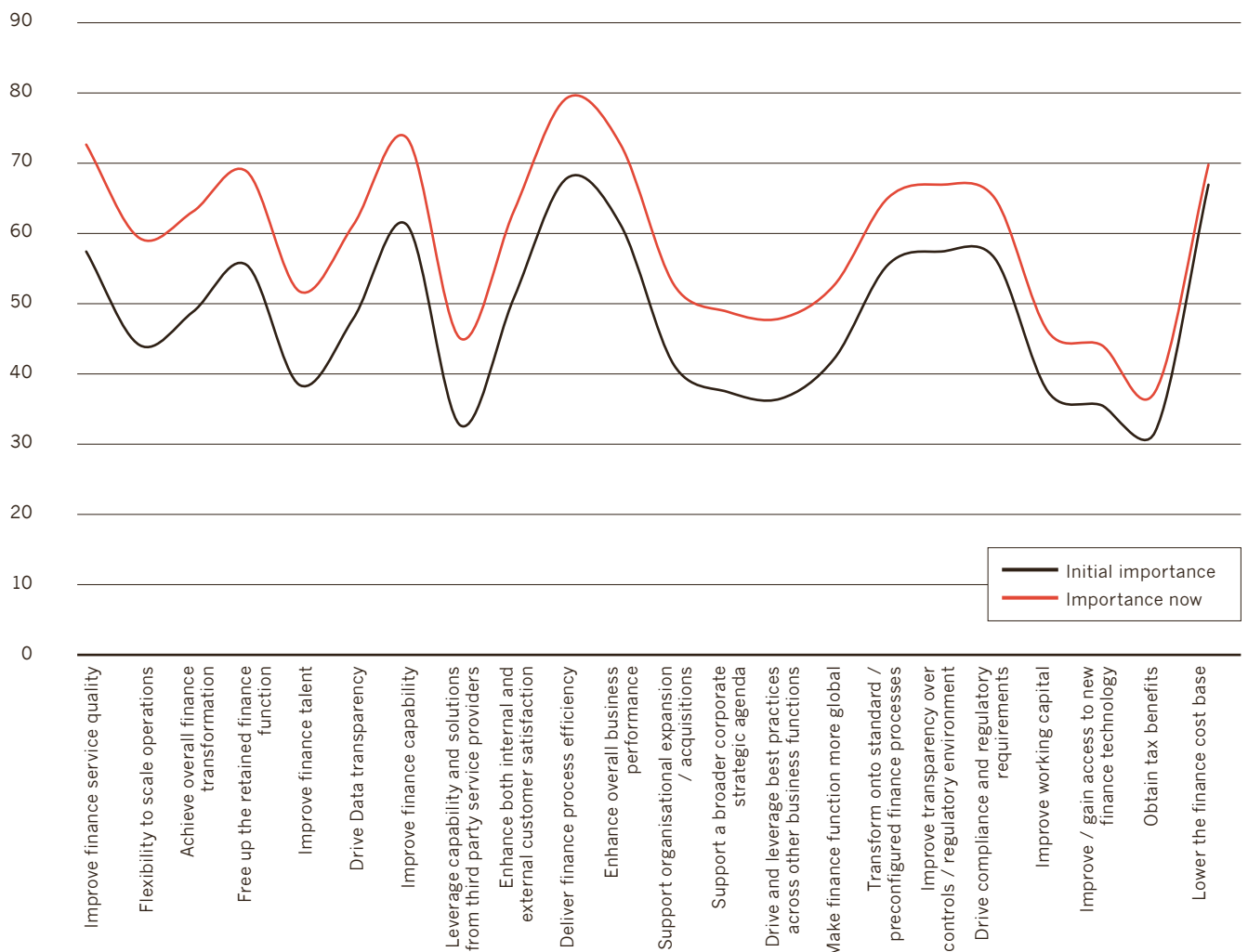
JULIE SPILLANE, ACCENTURE

**BROADER BUSINESS GOALS TAKE ON MORE IMPORTANCE OVER TIME AND THERE IS A SHIFT IN PRIORITISATION**

In absolute terms, the set of objectives respondents held as being 'somewhat' or 'extremely' important at the outset have not changed, but they have grown in importance. Respondents simply expect more from their

remote finance delivery models over time; looking at **Figure 12, Importance of business objectives, initial versus today**, the importance of the objectives has increased significantly, but the relative weighting across all objectives has shifted only slightly.

**Figure 12: Importance of business objectives, initial versus today**  
(% of respondents scoring 4 or 5 (where 5 is extremely important))



One of the benefits we believe that we have in a captive is our ability to control, develop and nurture talent.

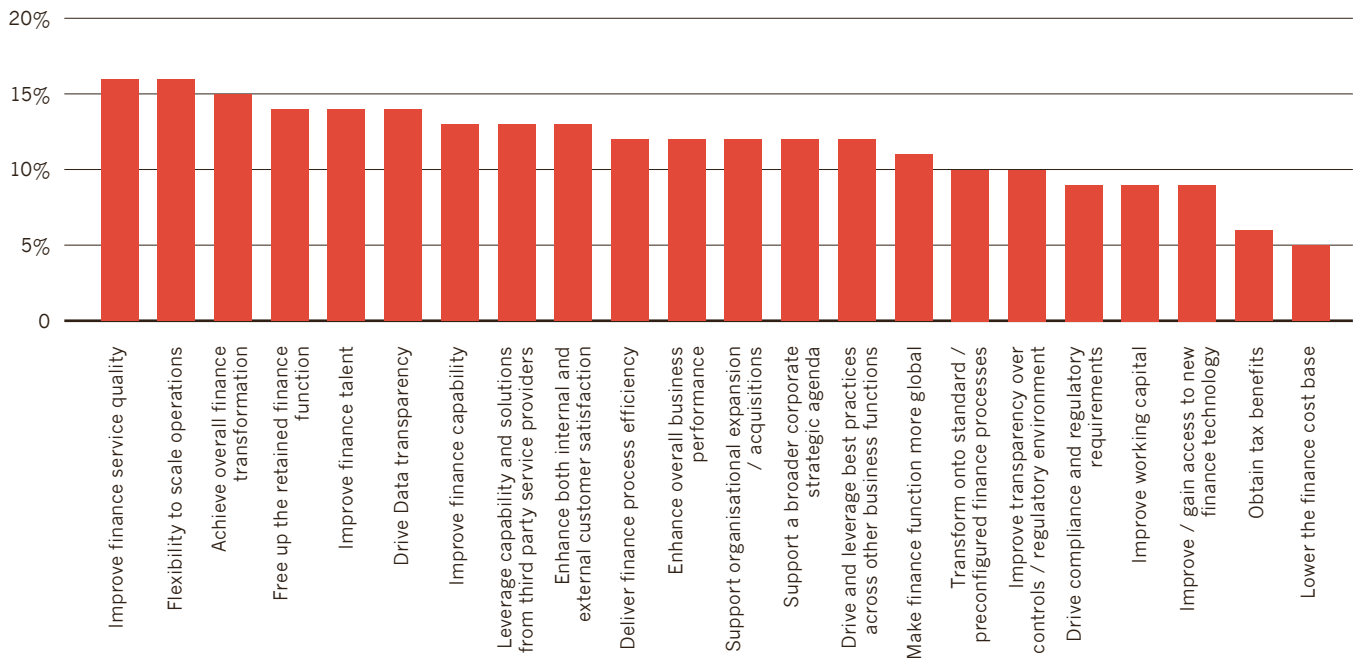
CINDY GALLAGHER, AOL

Once you've consolidated the work in shared services, there's a significant focus on getting as much value as possible. That includes improved data, improved decision making, improved controls, support, and a drive towards standardised processes.

JASON CRIMSON, KIMBERLY-CLARK

Notably, as shown in **Figure 13, Increase in importance of business objectives**, the greatest increases are in quality, scalability, transformation and talent; the importance attached to cost reduction has experienced the lowest increase across all the business outcomes sought.

**Figure 13: Increase in importance of business objectives**  
(Increase in the % of respondents scoring 4 or 5 (where 5 is extremely important))



In the future what is important for us, as we keep growing outside the US, in the emerging market countries, is that it becomes a lot more critical to have more controllership, but also bringing the scale of economies so that we can leverage.

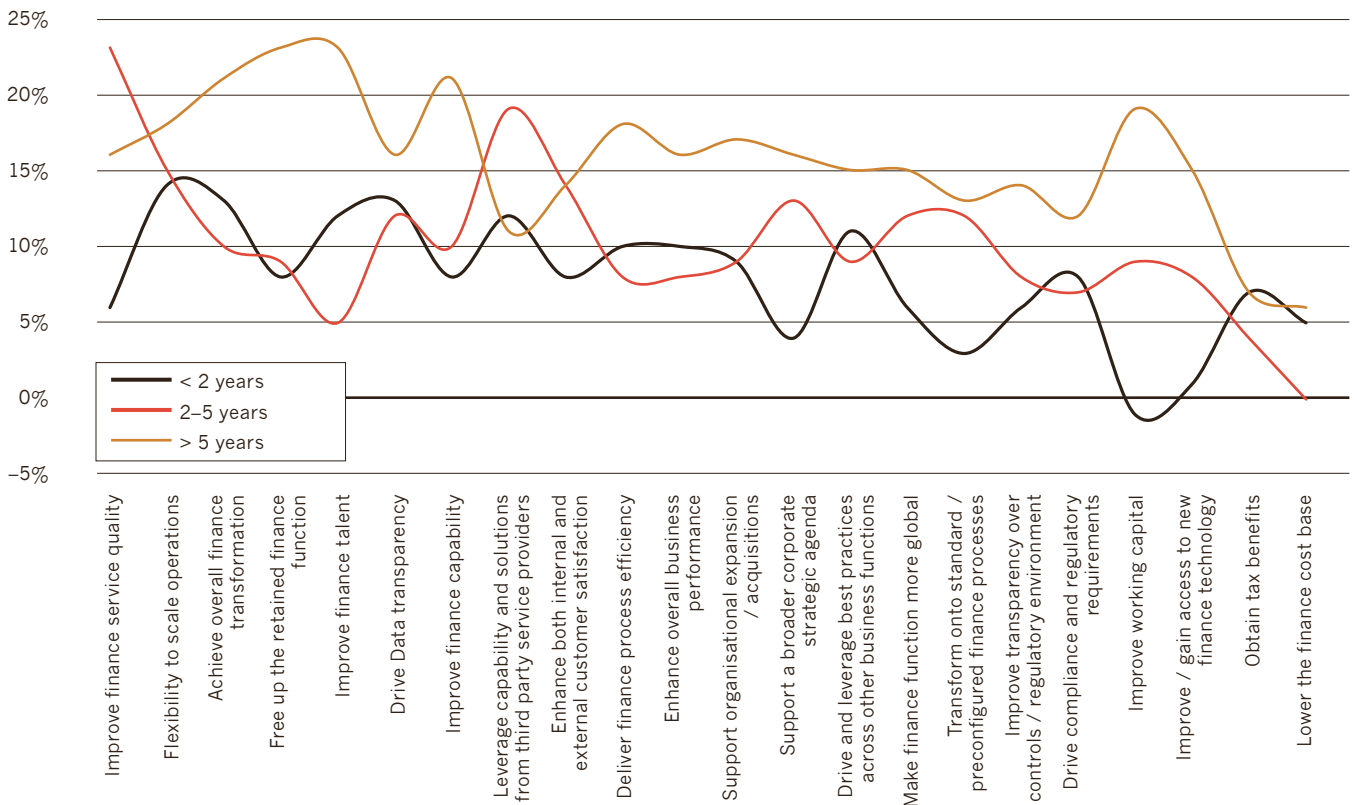
ANIRVAN SEN, GE

But the benefits, we find, need to go beyond just the cost. We find if it's cost alone that we get a certain type of model and certain type of service delivery. Instead we looked for a partner that could transform processes on a global scale.

DERMOT IGOE, MICROSOFT

Taking a closer look at the data presented in **Figure 14, Change in importance of business objectives by maturity**, it is apparent that respondents with mature remote delivery models believe the objectives increase more in importance over time, with new emphasis placed on human capital – freeing up the retained finance function for value added work, improving finance talent and improving finance capability.

**Figure 14: Change in importance of business objectives by maturity**



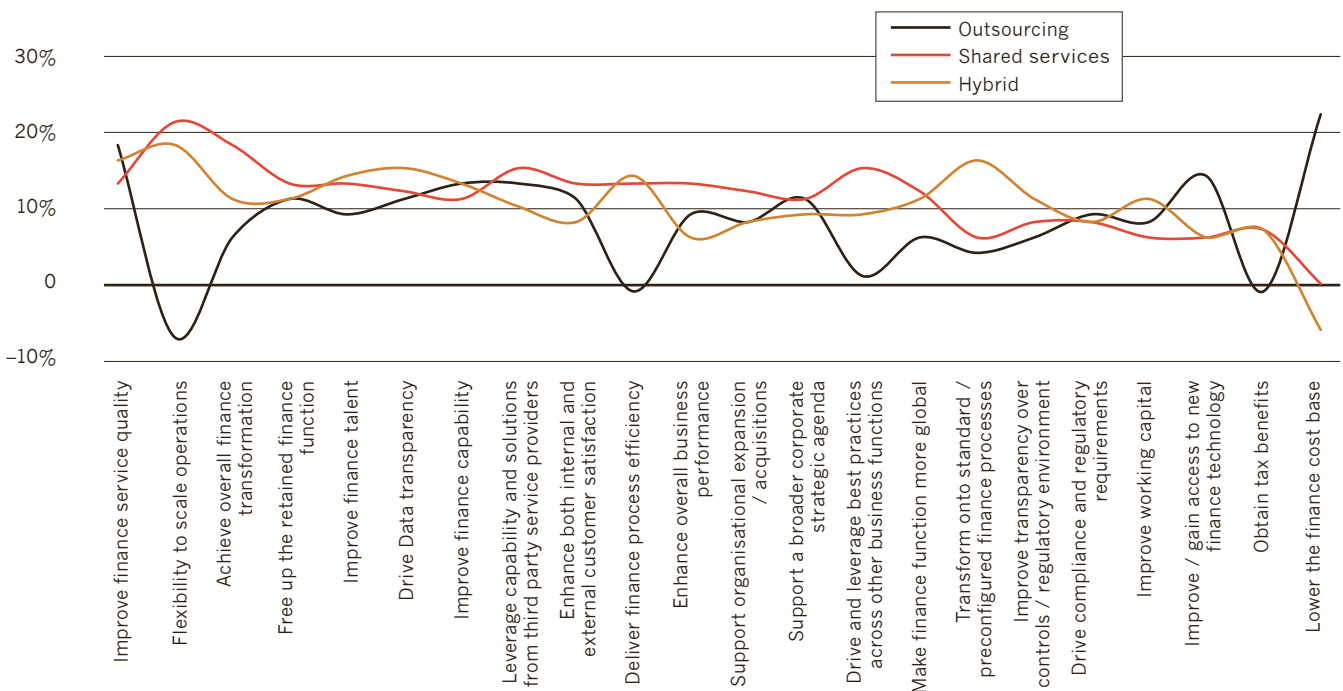
It's really about the shared services organization bringing ideas to the table and pushing the boundaries. Analytics is a big one for us right now. It's one of the biggest things I've seen – business services organizations see a lot of corporate data and by applying analytics we can deliver additional insights to the business to deliver better business outcomes through process and cost efficiency and reducing risk. We are also perfectly placed to drive these projects by leveraging our industry/functional expertise and project management skills.

JULIE SPILLANE, ACCENTURE

Not surprisingly, when analysing the data by model, those solely outsourcing see lowering the cost base as increasingly more important, while the story is the opposite for shared services and hybrid models, as shown in **Figure 15, Change in importance of business objectives by model**. Executives implementing shared services and hybrids are more focused on flexibility to scale, while those only outsourcing assign less priority.

These data appear are at odds with the assumption that outsourcing is necessarily the delivery model for flexibility and scalability but clearly those who use outsourcing see cost reduction as an increasingly important objective along the transformation journey.

**Figure 15: Change in importance of business objectives by model**  
(% increase in importance)





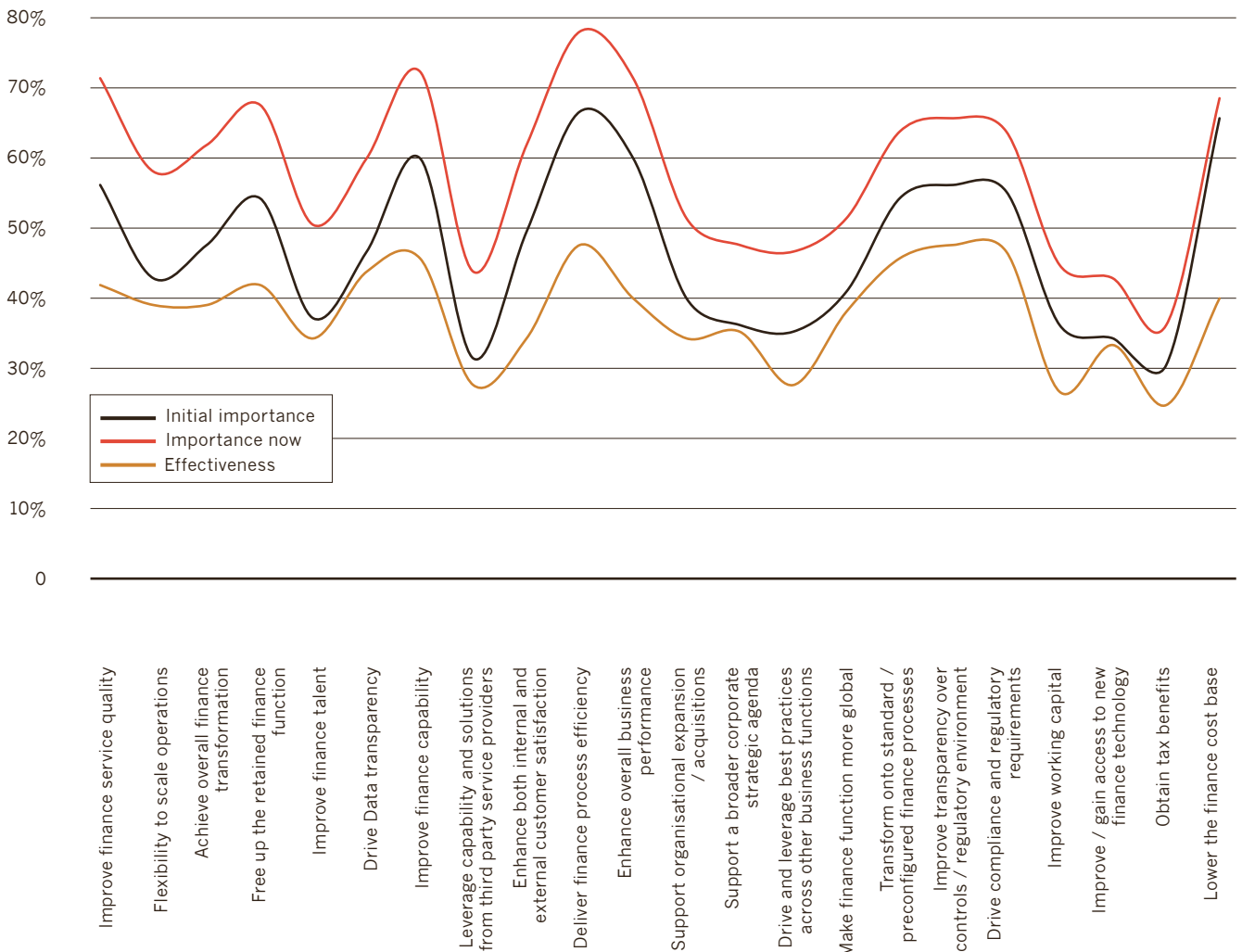
### 3. Effectiveness of shared services and outsourcing

#### EFFECTIVENESS CAN BE IMPROVED ACROSS THE BOARD

When contrasting the importance of business objectives initially and today, compared with effectiveness, it is apparent that respondents believe there is more to do. Across all the business objectives, effectiveness lags behind, and as the importance attached to objectives has grown, the gap becomes larger.

Although all senior executive respondents expect to fulfill a very wide range of objectives, when asked how effective current sourcing initiatives have been to date, the story is not yet compelling. **Figure 16, Importance of business objectives initially and today versus effectiveness**, paints a challenging picture – in the view of the respondents, effectiveness needs to improve.

**Figure 16: Importance of business objectives, initially and today versus effectiveness**  
 (% of respondents scoring 4 or 5 (where 5 is extremely important/very effective))



Are we getting all the insight? I think there's still some way to go there. In high-performing relationships, the partner applies their expertise to analyse and measure the key process indicators, deploy tools and techniques to measure and report on KPIs and identifies weaknesses and opportunities. Then the partner redesigns processes to deliver measurable business outcomes.

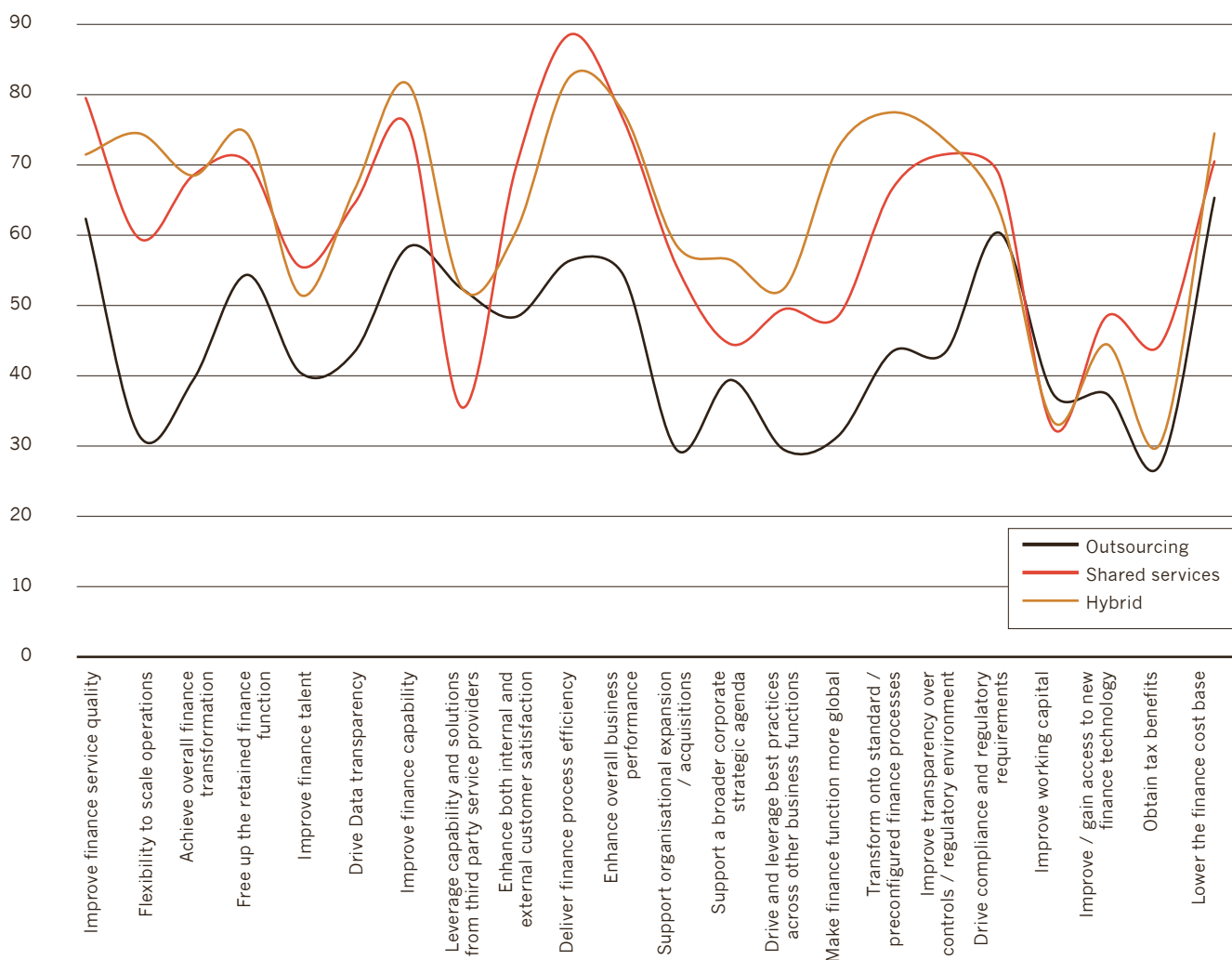
DERMOT IGOE, MICROSOFT

The good news is that respondents are not taking a u-turn on any of their objectives in terms of importance. Put simply, the business outcomes deemed most important are typically viewed as the most effective.

Respondents are most satisfied with the outcomes of objectives such as process efficiency and standardisation, controls and regulatory compliance, and capability.

There is, however, a distinction by sourcing model, indicating that those adopting outsourcing see it as less effective overall in achieving objectives than when combined with shared services as a hybrid model or as a straight comparison against shared services, as shown in **Figure 17, Effectiveness by sourcing model**.

**Figure 17: Effectiveness by sourcing model**  
(% of respondents scoring 4 or 5 (where 5 is very effective))



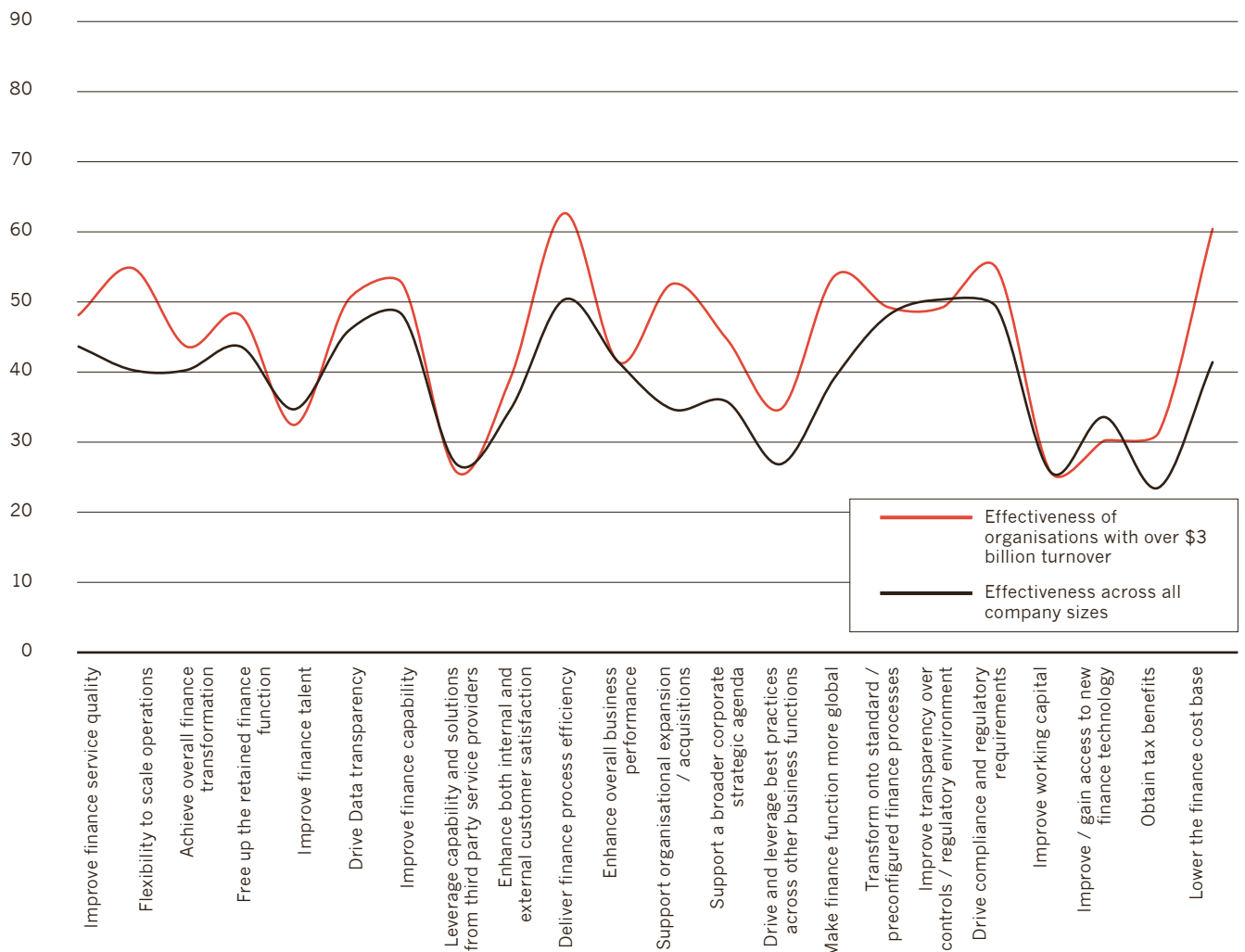
No one should fool themselves into believing that making shared services work is easy. The key recipe for success is ensuring your management model and organizational structure fits what you are trying to achieve. This can be different depending on whether your focus is on transactional or higher value activity – higher value activity in particular requires a real connectedness and an ‘extended team’ mode with the rest of finance and the business.

RAJ CHANDRASHEKHAR, STANDARD CHARTERED BANK

Effectiveness against objectives tracks closely in shared services and hybrid models; respondents deem their objectives as more effective across the board. This may be due to the fact that there is often a belief that internal delivery models are more aligned with the needs of the business.

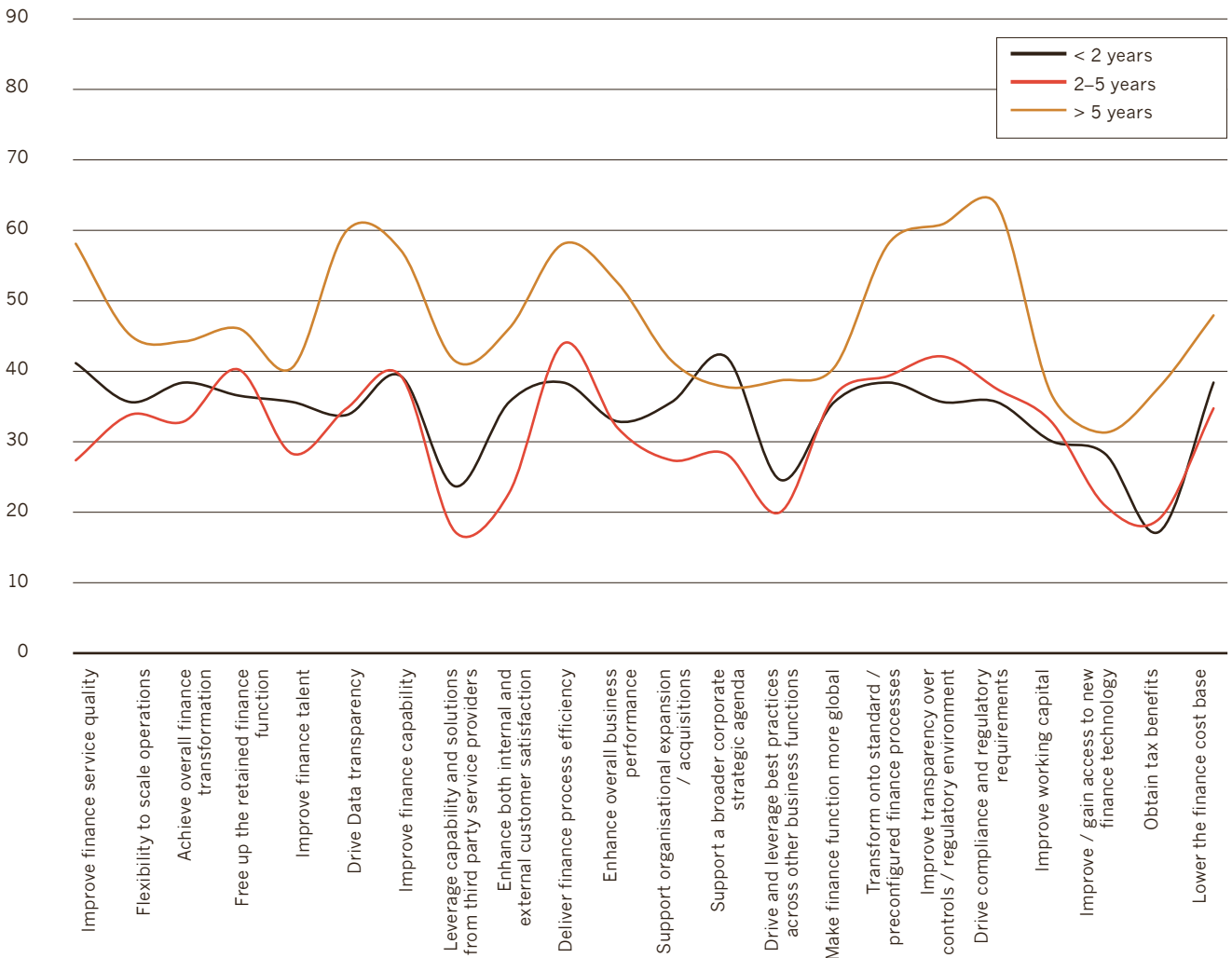
Cutting the data a different way by organization size, as **Figure 18, Effectiveness of organisations with over \$3 billion turnover versus all sizes of organisation**, shows that while the very largest organisations in our survey deem shared services and outsourcing models generally to have been more effective compared to all sizes of organization, the difference is only modest.

**Figure 18: Effectiveness of organisations with over \$3 billion turnover versus all sizes of organisation**  
(% of respondents scoring 4 or 5 (where 5 is very effective))



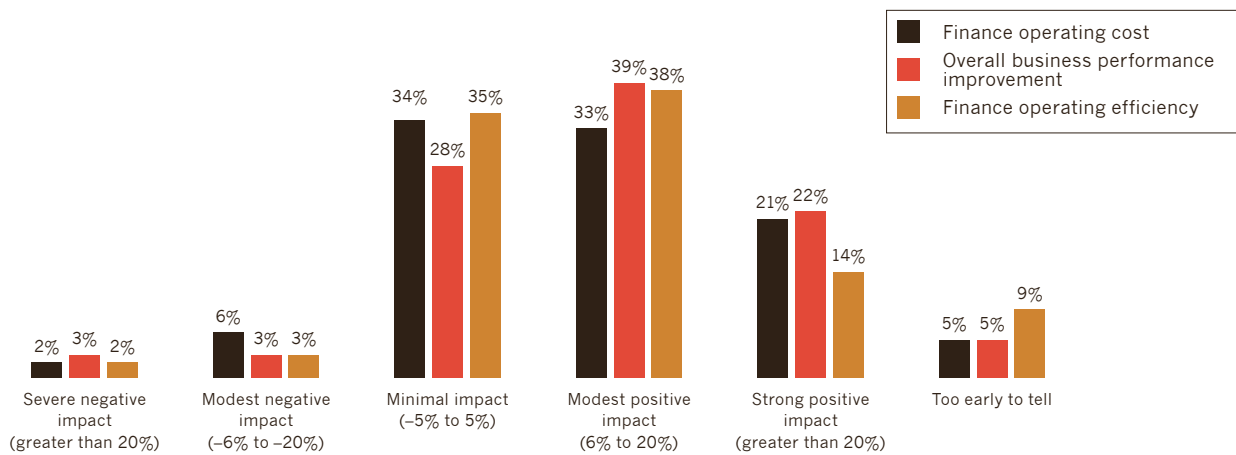
Not surprisingly, those with more mature models perceive their transformation journey as more effective when compared with less mature models, as shown in **Figure 19, Effectiveness by maturity**. Those businesses with more mature models are also more focused on transformative objectives, and are more experienced in dealing with sourcing challenges, which in itself leads to greater effectiveness.

**Figure 19: Effectiveness by maturity**  
 (% of respondents scoring 4 or 5 (where 5 is very effective))



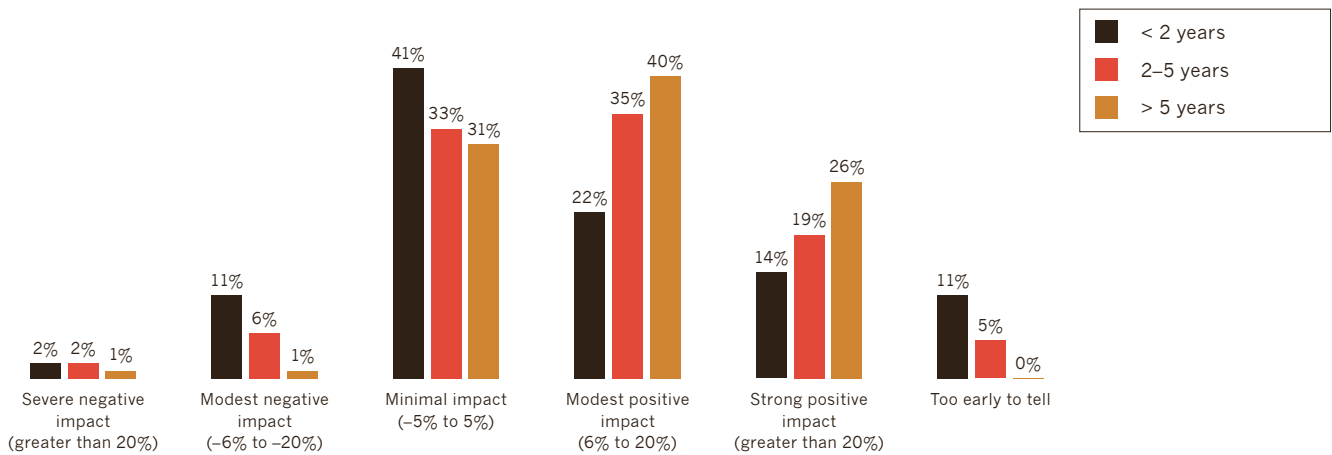
When specifically looking at cost, efficiency and business performance improvement goals, the data suggests the impact in these areas is modestly positive as shown in **Figure 20, Impact on cost, efficiency and business performance improvement.**

**Figure 20: Impact on cost, efficiency and business performance improvement**



Not surprisingly, organisations with more mature models are experiencing a greater impact on cost operating efficiency and business performance improvement (combining modest and strong positive impact), than newer implementations, as shown in **Figures 21 to 23, illustrating impact by maturity.**

**Figure 21: Impact on finance operating cost by maturity**



**Figure 22: Impact on finance operating efficiency by maturity**

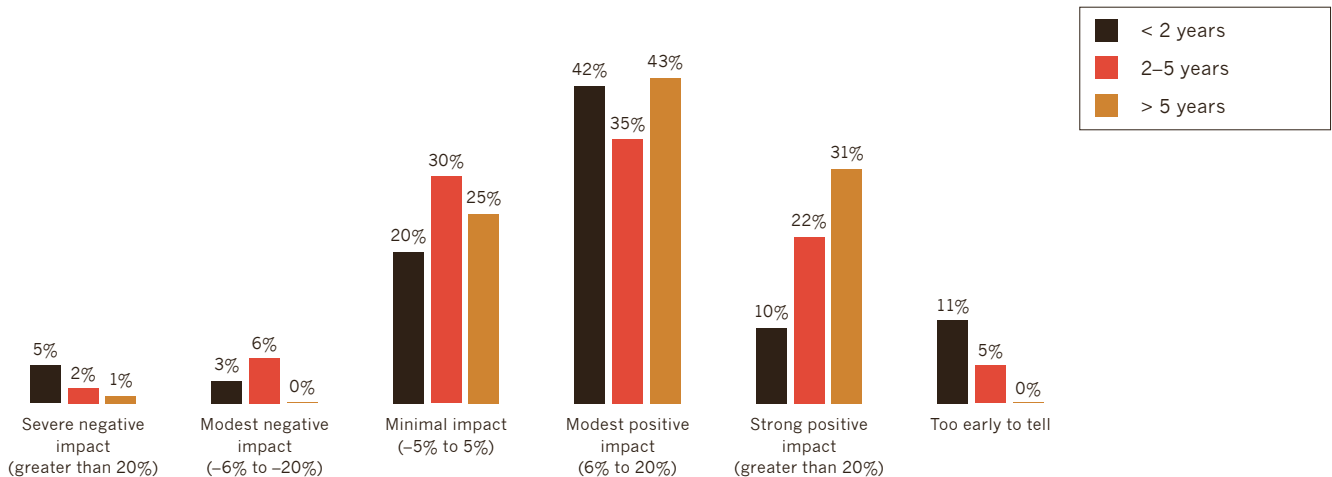
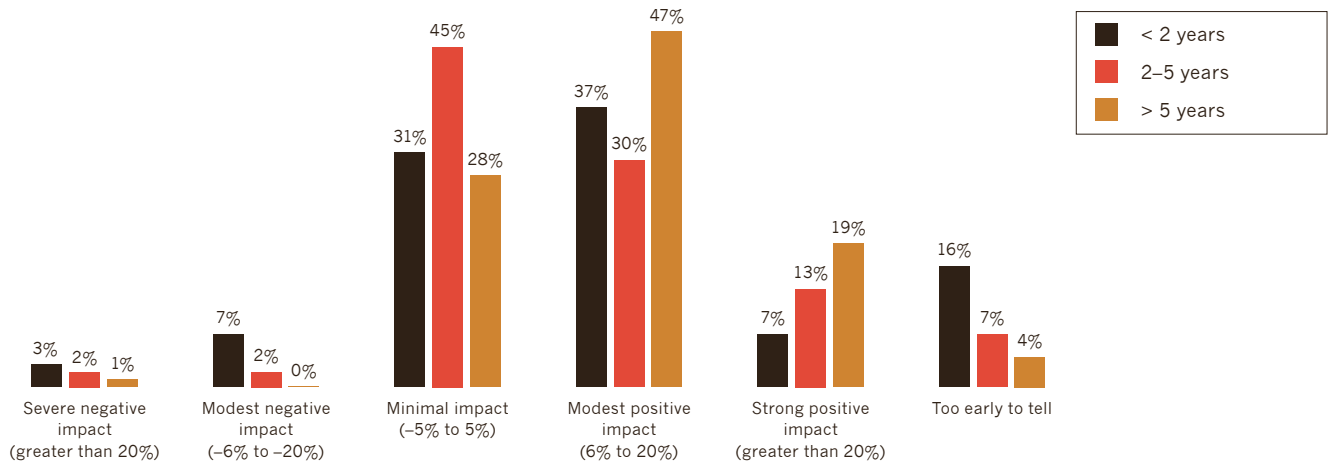




Figure 23: Impact on finance overall business performance by maturity



What I find is that it's not necessarily what's on the chart or what's on the KPI report that is the key concern from our customers. The key concern is really how do we drive more value...we spend less time looking at the metrics and the KPIs. We spend a lot more time trying to understand and solution the challenges our customers have in terms of processes, volumes, and business growth.

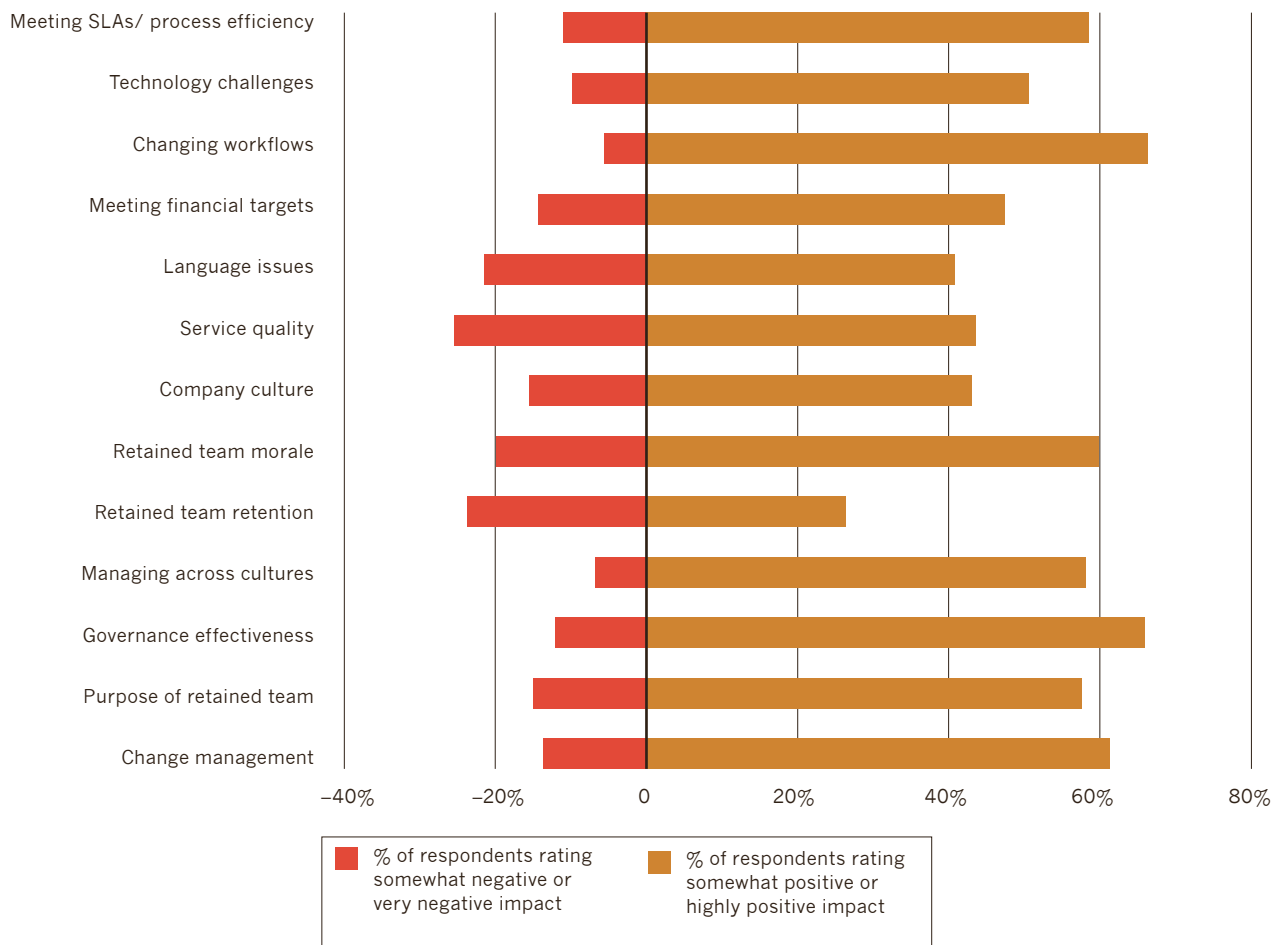
JASON CRIMSON, KIMBERLY CLARK

**OPERATIONAL CHALLENGES IN IMPLEMENTATION ARE BEING MET, BUT SOME MINOR CONCERNS REMAIN**

Respondents are positive about the ability of shared services and outsourcing to overcome the challenges they face, with the majority stating that they are in 'somewhat positive' or 'positive' territory for every objective except one, as shown in **Figure 24, Impact of remote delivery on critical challenges**. The data indicate that the top three

challenges met are changing workflows, governance effectiveness, and change management, while there is some distance to go on retained team retention, language issues, and company culture.

**Figure 24: Impact of remote delivery on critical challenges**

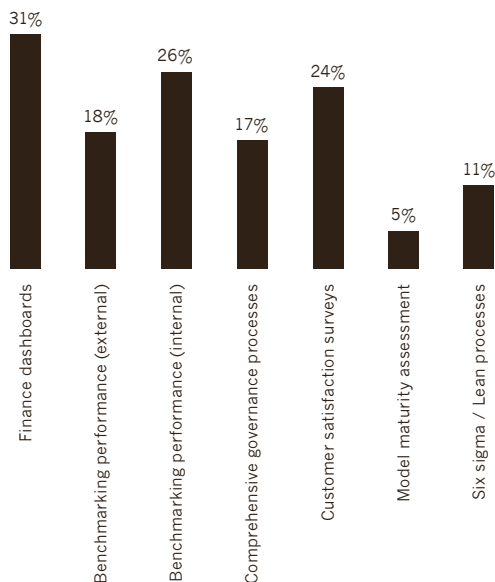


## 4. Measuring success

### MEASUREMENT TOOLS IN USE ARE ORTHODOX

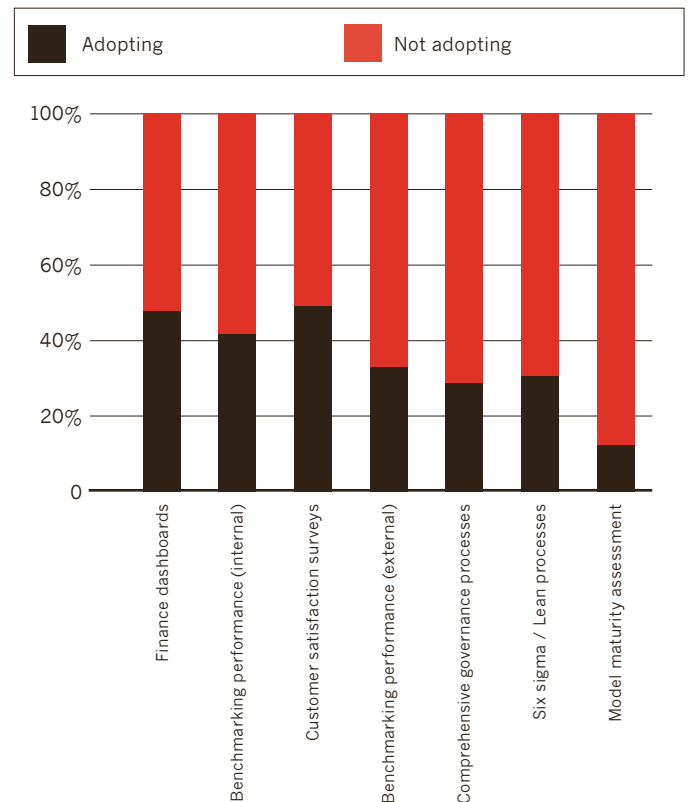
Respondents are highly dependent upon traditional sourcing measurement tools – dashboards, internal benchmarking, and customer satisfaction surveys, as shown in **Figure 25, Monitoring tools used to measure success**. Notably, implementing comprehensive governance processes is considered less important (16.5%), while only 11% of respondents cite the use of Six Sigma and Lean processes. Perhaps the comfort level with standard tools indicates that respondents' focus is primarily upon operational effectiveness as opposed to business transformation.

**Figure 25: Monitoring tools used to measure success**  
(% of respondents confirming tool is used)



The largest organisations in our survey were most likely to adopt monitoring tools to measure success. However, as **Figure 26, Adoption of monitoring tools in companies with over \$3 billion turnover**, shows, even with the largest organisations, there is further scope for adoption.

**Figure 26: Adoption of monitoring tools in companies with over \$3 billion turnover**



Our dashboard also measures the quality of the work that's being done.'

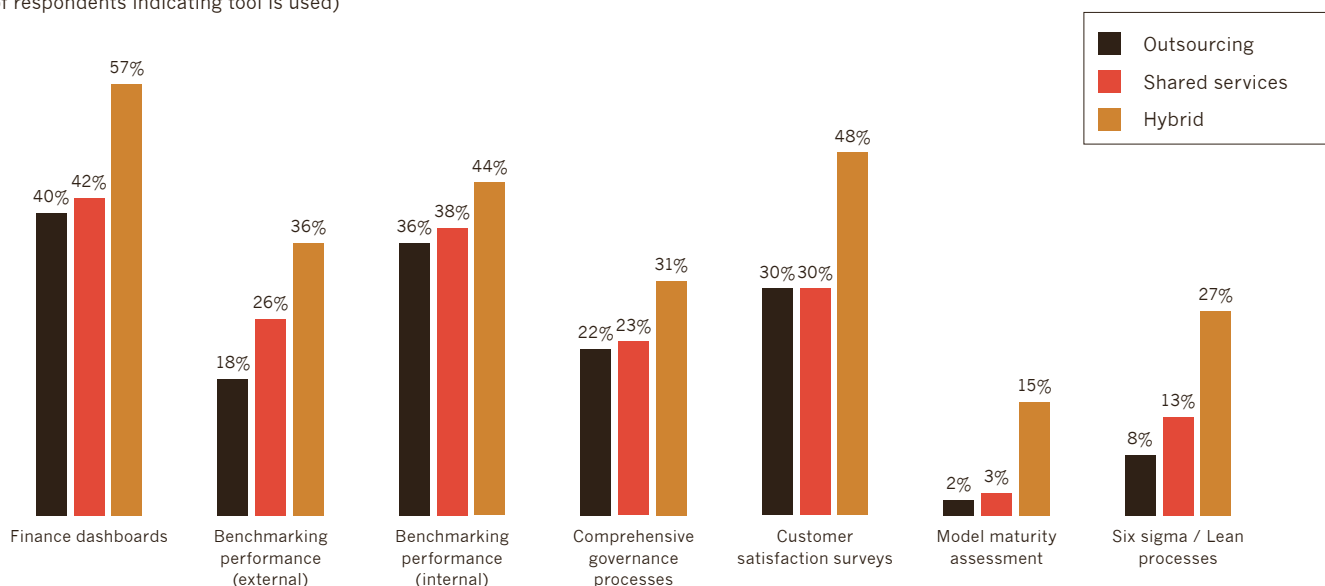
CINDY GALLAGHER, AOL

We use net promoter scores to understand how satisfied and loyal our customers are.

(ANIRVAN SEN, GE)

Evaluating the responses by model type, as shown on **Figure 27, Monitoring tools by model type**, it is apparent that those implementing hybrid models are implementing a wider range of tools. This may be necessary to monitor the success of a more complex delivery model.

**Figure 27: Monitoring tools by model type**  
(% of respondents indicating tool is used)



We're engaged in benchmarking right now, and I think that's always really important. If we benchmark ourselves with similar industries, here's our number, here's their number, now let's break that down in terms of what we can control, what we can change and what will really make a difference in performance, helping us to continually improve our services. So I think benchmarking can be quite powerful.

JULIE SPILLANE, ACCENTURE

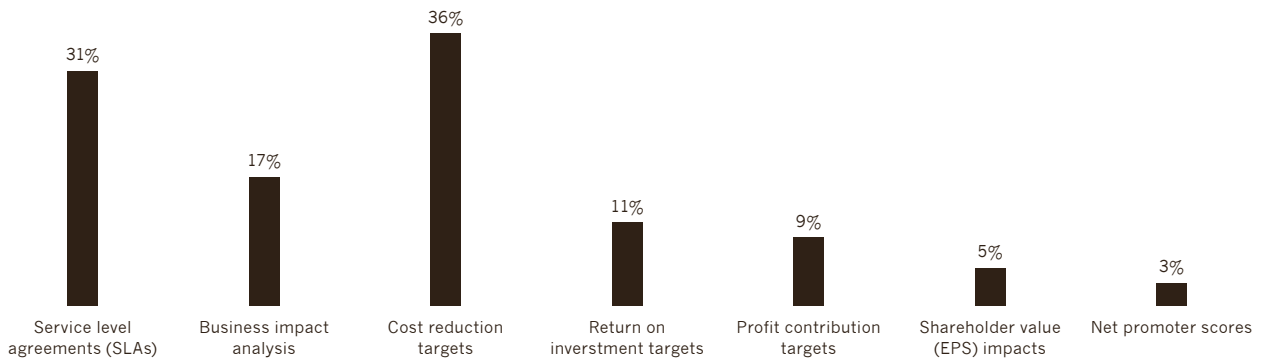
### MEASURES OF SUCCESS ARE ALSO ORTHODOX

As shown in **Figure 28, How success is measured**, respondents are overwhelmingly focused on measuring cost reduction (36%), and managing service level agreements (31%), giving substance to the old maxim 'you get what you measure'. Fewer respondents use the more sophisticated business performance management techniques that require analysis – such as business impacts, ROI, profit

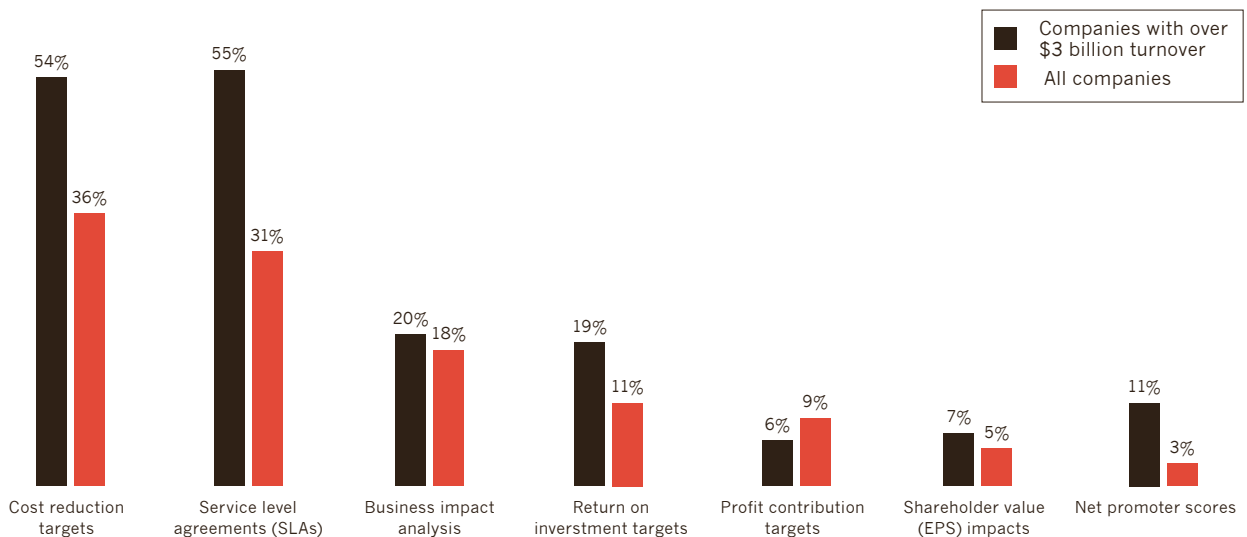
contribution and EPS. The use of net promoter score measurement methodology, a measure of customer satisfaction, is rarely used at all according to our survey.

As shown in **Figure 29, Adoption of success measures in companies with over \$3 billion turnover versus all companies**, the larger organisations are, however, seen to be more likely to adopt a broader range of success measurements.

**Figure 28: How success is measured**  
(% of respondents indicating measure is used)



**Figure 29: Adoption of success measures in companies with over \$3 billion turnover versus all companies**  
(% of respondents)



It's also important to use qualitative success measures. This is about the feedback from the business, particularly from our divisional CFO's.

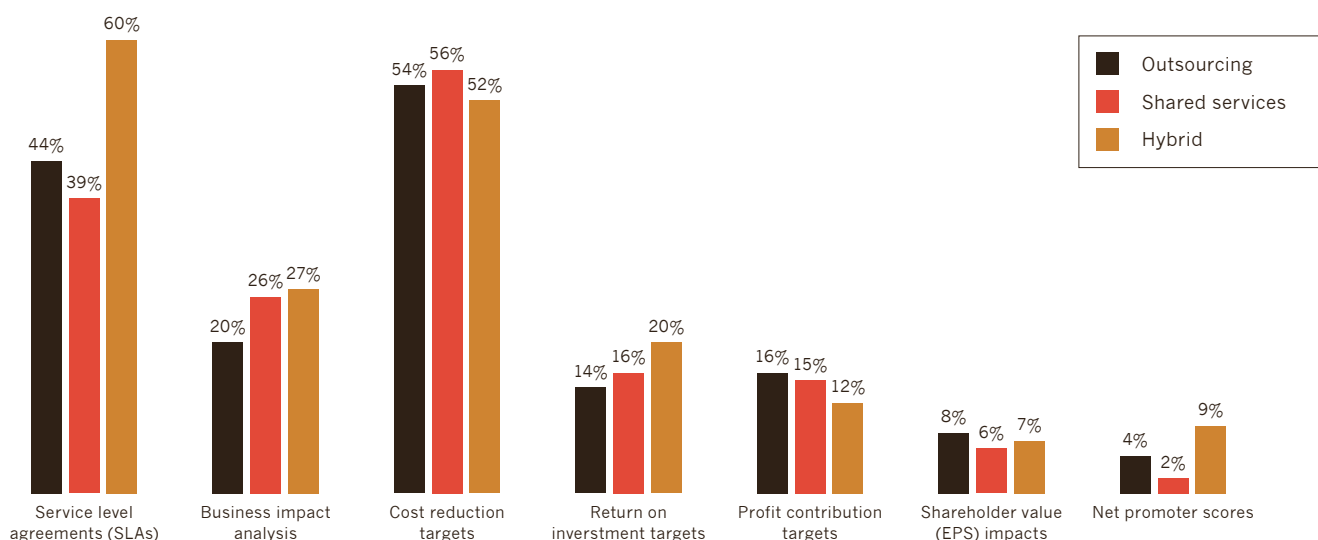
MICHAL GRYGLEWSKI, SONY

Measures of success go beyond the classical dashboard and meeting SLA's – for us it's also about what shared services gives back to the rest of the business in terms of new ideas and innovation. We can now tap into their experience and bring back into the business the benefit of their insights.

RAJ CHANDRASHEKHAR, STANDARD CHARTERED

When evaluating responses by model type, as shown on **Figure 30, Measuring success by model type**, cost reduction targets and SLAs take precedence across all models. There is remarkable consistency across model types on success measures used.

**Figure 30: Measuring success by model type**  
(% of respondents indicating measure is used)



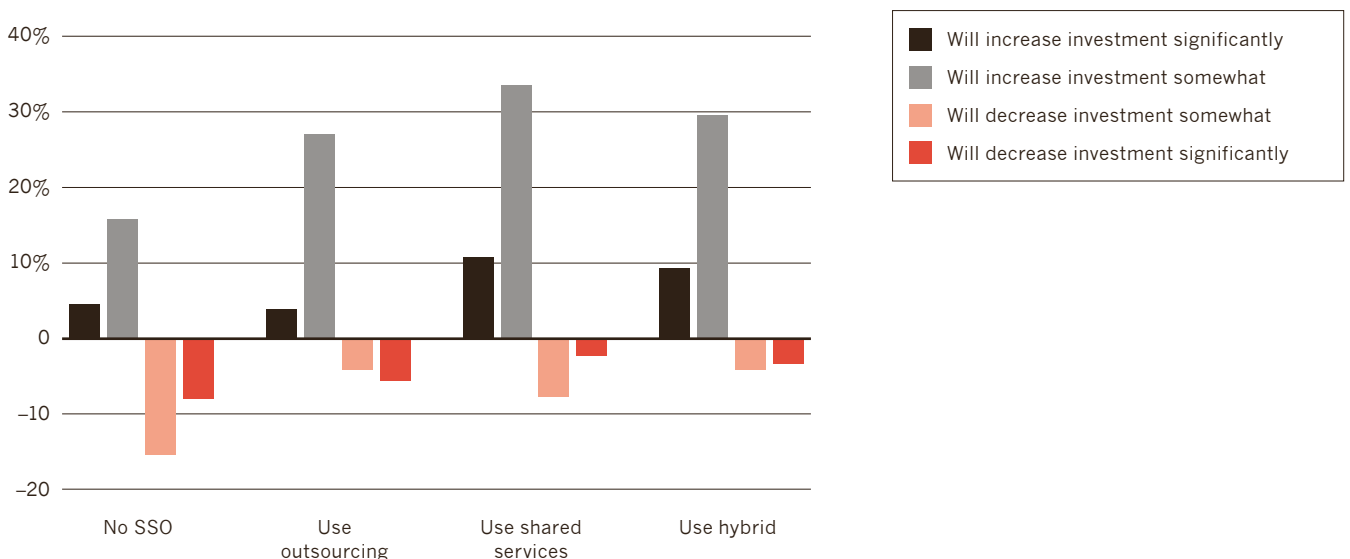


## 5. Investment in shared services and outsourcing

### THOSE WHO HAVE TAKEN THE LEAP ARE MORE LIKELY TO KEEP INVESTING

As shown in **Figure 31, Investment expectations by model type**, those respondents that have already invested in shared services and outsourcing models expect to significantly increase their investment, while respondents that have yet to adopt a new model expect to both increase and decrease their investment almost equally.

**Figure 31: Investment expectation by model type**  
(% of respondents indicating investment expectation)



## 6. Conclusion

The study's conclusions fly in the face of many commonly held perceptions about finance shared services and outsourcing solutions. Despite the fact that respondents consider themselves experienced and their models mature, the levels of adoption of outsourcing, the scope of processes (especially more complex processes) and the realisation of objectives all indicate that shared services and outsourcing have some way to go when it comes to finance transformation – in short there remains significant runway for shared services and outsourcing adoption.

When businesses **do** adopt a transformative model, our analysis suggests shared services or hybrid models that combine an element of shared services and outsourcing are the predominant strategy of choice for most finance processes, both transactional and complex. Surprisingly the survey does not suggest widescale adoption of remote delivery for transactional processes, and even within the largest organisations there is some scope for further adoption. Similarly, the survey found that there remains significant scope to move much higher value finance activity into shared services and outsourcing.

Despite the room for further adoption, finance leaders remain aspirational as to the business benefits they expect from shared services and outsourcing delivery. The usual trifecta of reduced cost, greater finance efficiency and capability are cited as key drivers for adopting alternative models, yet executives also seek to fulfill a much broader range of business goals, ranging from the traditional finance goals of improved control, more effective compliance and better data transparency. As they gain in experience with a particular model of delivery, finance executives not only see their initial objectives as becoming even more important, but at the same time they give more importance to other objectives that positively affect the business, not just the finance function. There is now a desire for more flexibility, more capability, more scalability, more transformation. Unsurprisingly, cost reduction becomes less of a priority but it still remains on the radar.

ACCA's analysis suggests the expectations of finance leaders are not being fully met even in larger organisations. Those opting for shared services or hybrid models have greater aspirations for delivery and as a result see increased effectiveness. Measures of success, however, remain in their infancy.

In ACCA's previous report, *Expert Insights on Shared Services and Outsourcing*, we concluded there is much more to be done when it comes to delivering value from shared services and outsourcing models. This survey supports those conclusions. Today, great pressure is put on CFOs to demonstrate what finance can contribute to wider business objectives, beyond simply reducing the cost of the finance function. The bigger question is: how can finance transformation through remote delivery significantly deliver improved performance against desired business outcomes? This report suggests that finance leaders aspire to attain greater finance effectiveness and improved business performance through shared services and outsourcing, but the attainment of these goals remain a work in progress.

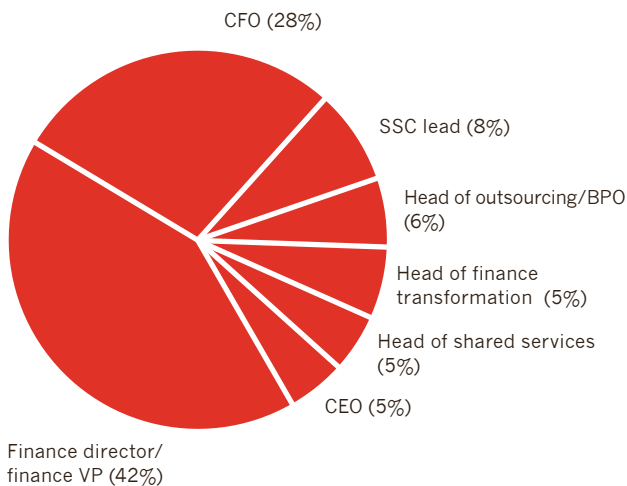
## Appendix: demographics of survey respondents

### ABOUT THE RESPONDENTS

For the first time, this survey provides responses from senior finance professionals (CFO's, finance directors) whose focus is broadly on finance, not just those executives with direct shared services and outsourcing responsibilities. As indicated in **Figure 32, Senior respondents by role**, while respondents represent the full spectrum of senior roles responsible for sponsoring, designing, implementing and managing finance transformation programmes, the majority (70%) are CFO's or finance directors with overall responsibility for finance.

In this survey ACCA wished to compare the responses of finance executives at all levels with those at the most senior levels. A total of 1,635 executives responded from across all finance roles. Notably, the results across both populations for all questions were very similar, so the results shown in this survey which reflect the views of the most senior finance leaders should be taken as a proxy of the wider view of all finance professionals.

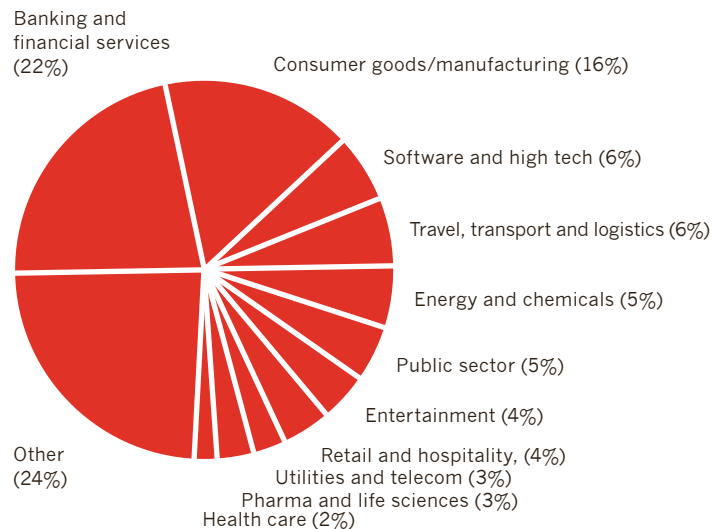
Figure 32: Senior respondents by role



### PARTICIPATION MIRRORS INDUSTRY TRENDS

The industries represented by the finance leaders' responses include 22% of respondents from the banking, financial services and insurance industry, and 16% from consumer packaged goods/manufacturing. These figures are consistent with the adoption of remote finance delivery across industry type seen more generally (**Figure 33, Senior respondents by sector**).

Figure 33: Senior respondents by sector



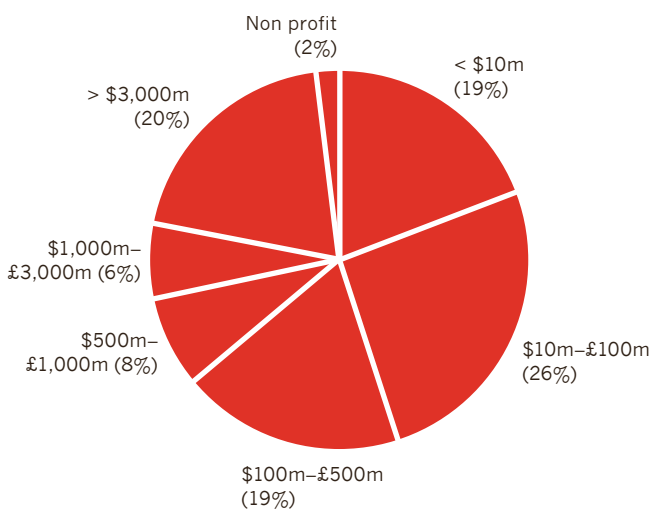
**FULL SPECTRUM OF PARTICIPATION BY REVENUE WITH A RARE VIEW INTO SMALL AND MEDIUM-SIZED ENTERPRISES**

The respondents come from the full spectrum of organisations by revenue, with strong representation from organisations at either end of the scale (**Figure 34, Senior respondents by size of company**). One-fifth of respondents came from companies with greater than \$3 billion turnover.

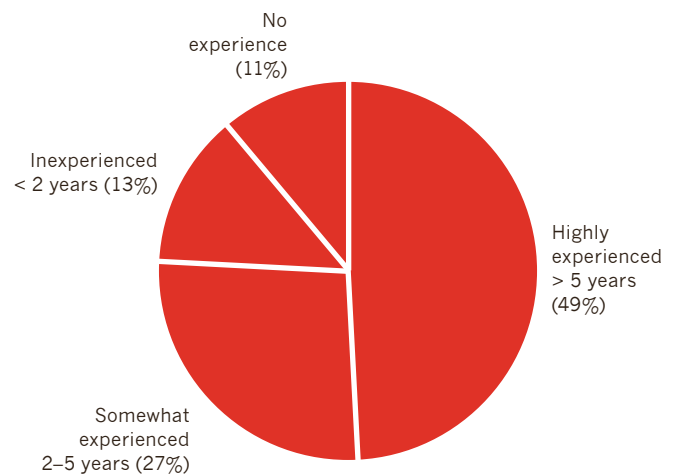
**THE SURVEY REFLECTS AN EXPERIENCED SAMPLE.**

**Figure 35, Senior respondents by experience levels**, confirms the authority with which finance executives speak, with 76% classifying themselves as either 'highly experienced' or 'somewhat experienced', in implementing finance shared services and outsourcing.

**Figure 34: Senior respondents by size of company**



**Figure 35: Senior respondents by experience levels**

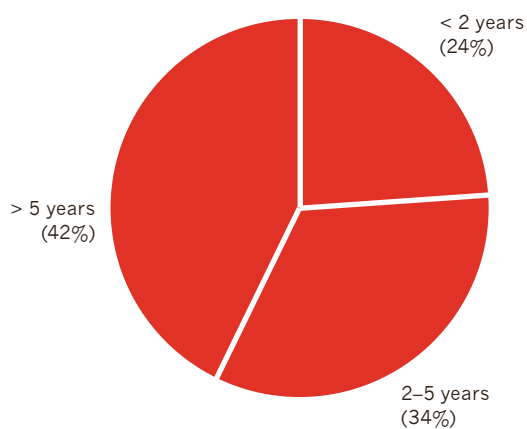


These data are correlated with the length of time which respondents have been operating their models (**Figure 36, Senior respondents by model duration**). Over 75% say that their models have been in operation for over two years, with the majority in operation for over five years.

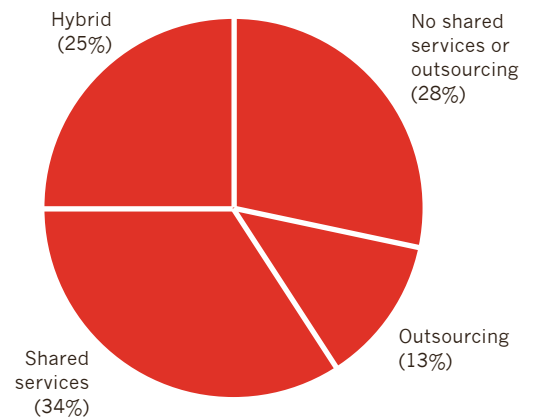
**THERE IS MORE SCOPE FOR ADOPTION.**

**Figure 37, Senior respondents by model type**, indicates that almost 30% of respondents have not yet adopted alternative finance delivery models, but when they do, an overwhelming majority (almost 60%) preferred either shared services or hybrid models incorporating both shared services and outsourcing.

**Figure 36: Senior respondents by model duration**



**Figure 37: Senior respondents by model type**





## About the authors



### JAMIE LYON

Jamie Lyon, head of corporate sector at ACCA leads ACCA's global research and insights programme on finance transformation with a particular focus on finance effectiveness; the evolving role of the finance function; the emerging role of the CFO; finance delivery models through shared services and outsourcing; finance talent development; and the finance learning agenda. Prior to ACCA he spent over a decade in industry working across a variety of finance function roles for a number of FTSE 100 businesses in the UK and internationally.



### DEBORAH KOPS

Deborah Kops is the founder and managing principal of Sourcing Change. Formerly a founding partner of one of the first global business processing outsourcing (BPO) units, the CMO of a leading offshore BPO, managing director of FleetBoston's (now Bank of America) Services Group, managing director of Global Sourcing Transformation for Deutsche Bank and consulting partner at PricewaterhouseCoopers and Arthur Andersen, Deborah now works with leading companies to manage globalisation challenges. She is also research fellow of award winning analyst firm HfS Research, and a member of the editorial board of the industry-leading publication *Outsource Magazine*.

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