



HOW CAN ASIA DELIVER MORE VALUE

Faced with the “threat” of robotic process automation?

The traditional cost-based value proposition that propelled Asia to its leading position as a business services location is being undermined by new robotic technology. What will this mean for the roughly 2000 SSCs across the region? We question some of the ‘leading lights’ from well-established SSOs, to find out how they plan to remain relevant, sustainable, and value-adding.



PRESSURE

Do you think Asian-based shared services operations are under pressure to deliver more value today, versus cost savings/arbitrage as per the traditional model?



Simon Hughes
General Manager, Global
Business Services, Asia
Fonterra

Yes, I do agree that we are under pressure to deliver greater value. As the sector matures it is only natural that we, within GBS, strive to deliver more in terms of cost, quality and service – often through finding additional scope to our suite of services. At the same time, our customers in the business are under pressure to improve their results so they will look to extract more value from us, as their suppliers – often through leveraging scale, which we can achieve through the grouping of processes and skills. In addition, I think group functions or “centres” in larger operations are looking more and more to GBS to add value through acting as the “conscience” of the business.



Michael Stafford
Head of Business Shared
Services, ASEAN,
Siemens

I think it’s both. We still need, at least within our organisation, to deliver the savings via arbitrage or other means, but there is an additional expectation that shared services also deliver “value add”, as well. I think it’s driven mainly by people asking “what’s next?” – and with technologies like robotics being utilised more heavily, and, especially in Asia, an increase in the digitalisation of processes (e.g. EDI connection, OCR, and other automations), many of the traditional shared service functions are now being replaced or automated. So, to keep ourselves in business we have to look for additional services – services where there is a benefit for the organisation to use the platform of shared services, but deliver something entirely different.



Nyon Kam Yew
General Manager,
Shell Business Centre

Yes, I think shared services operations in Asia are moving to the next level, from wage arbitrage to value, in very recent years. The change is a natural evolution of the industry, as it moves up the value chain and focuses on the “right” talent, whereby cost competitiveness is largely a “given”, and no longer the business case for change.



Varsha Singh
Senior Vice President and Head
of Shared Services,
Vodafone

It is true that Asian-based shared services operations are under pressure to deliver more value today. The change has been driven by the maturity of the shared services model where cost arbitrage is increasingly being replaced by Knowledge arbitrage. Further, due to Economic pressures in the western markets and Inflationary trends in Asia, the need to offset is higher. IA helps create knowledge arbitrage by replacing mundane and repetitive tasks with more value-creating and decision-support tasks.



DEFINITION

How do you define value in the context of shared services?



Simon Hughes
General Manager, Global
Business Services, Asia
Fonterra

Value can be defined as “cost improvement”, which is attained through:

- Improved efficiency (in other words, better productivity and improved resource utilisation);
- Improved quality or effectiveness (getting things right the first time and allowing the business to focus on its core activities without distraction); and
- Improving compliance by being the “eyes and ears” of the organisation.

All in all, we need to be working on the right things at the right time, with absolute clarity. A key piece for me is that we play a role in ensuring we hold the business accountable from a compliance perspective, as this is critical when it comes to unlocking efficiency and effectiveness.



Michael Stafford
Head of Business Shared
Services, ASEAN,
Siemens

“Value” is customer profit and loss savings: generating savings for our customer in their books, not just by reducing charging, but also by helping to optimise or automate processes in their organisation (e.g. in supply chain, HR etc.). It’s also about enabling our customer to generate additional business (e.g. provision of a market data dashboard, which helps to identify new prospects), and going beyond what was originally handed over – for example, if in procurement the expectation was to send a delivery update to the customer when the committed date slipped by >10 days due to the manual effort involved, but we can now do it if the date slips by just one or two days, then this is considered added value.



Nyon Kam Yew
General Manager,
Shell Business Centre

Value means contribution or impact to the bottom line of the business. For example, in Order-to-Deliver: how much is the cost to serve customers reflected in the margins to the business? In Procurement: how much is the value improvement in terms of structural cost reduction, cost avoidance, delivery timeline, and compliance translated to the business?



DRIVER

From today's perspective, what drives value in your operations?



Simon Hughes
General Manager, Global
Business Services, Asia
Fonterra

- Utilisation - the effective use of our teams. Making sure we plan for the tasks they will focus on at various time. This is also a measure of how well managers direct their people.
- Productivity - the pace at which team members produce output, and how this is improving over time.
- Efficiency - a combination of utilisation and productivity. As these measure run contrary to each other (e.g., I can increase productivity by reducing utilisation) I want to see both improve to get greater efficiency.
- Alignment - making sure we are working in the same direction as our customers to help them achieve strategic objectives, otherwise we can work really hard at slowing things down.
- Simplicity - getting the basics right and "making it easy" to do business with us. This means processes are easy to use, easy to get right and customers find us easy to deal with. Ease of use is extremely important!



Nyon Kam Yew
General Manager,
Shell Business Centre

A number of things drive value, including technology disruptions that work as enablers; the emergence of a more innovative and talented workforce; and the continuous pressure on business to be both efficient and effective (staying focused and sustaining profit).



Michael Stafford
Head of Business Shared
Services, ASEAN,
Siemens

Competition and market demand: external market competition and customer needs are driving value-add. In businesses with an external customer touch point (e.g., order management) we look at how our competitors are providing services and evaluate ways to perform even better (e.g., more regular updates, personalised information etc.).

Internal pressure from the business units: after years of outsourcing transactional activities and maximising cost savings, the question is: what's next? There is an expectation to deliver more with the same or even less resources. Once you maximise your cost savings potential, you have to look for other ways to generate value (financial or otherwise).

Internal in your own organisation: we also train our team members in Lean and Six Sigma, in order for them to look for ways to generate value, or deliver additional cost savings or efficiencies in the operations.



CHANGE

What needs to shift in the organisation so that you can deliver more value?



Simon Hughes
General Manager, Global
Business Services, Asia
Fonterra

I think a key piece is for us to demonstrate to the business that we are capable of helping them achieve their objectives – to support the drive for effectiveness. We have to be able to prove that doing business with us by their side is easier for them than doing it alone. If we are absolutely committed to seeing our role as assisting the business, then we have to be able to demonstrate the value we can add. Unfortunately, sometimes our customers are conflicted about dealing with us due to our dual role of assisting them as well as holding them to account for compliance etc.



Michael Stafford
Head of Business Shared
Services, ASEAN,
Siemens

Everyone's mindset needs to shift to drive more value out of shared services. There is a very traditional view of shared services, both by business partners and even by those operating and working in the centers, that shared services exists only to perform mundane, back office tasks, with the only goal to deliver cost savings in the form of productivity and labor arbitrage. This needs to change in order to win the engagement of the business and also of the people in the organisation, so that they realise that shared services can provide more. Shared services has a huge potential to move up the value chain but it begins with the thinking and it needs to be initiated and driven by the shared services organisation.



Nyon Kam Yew
General Manager,
Shell Business Centre

There are a couple of things that would support our ability to deliver more value:

- Business mindset – we need to instill a business mindset connected to the bottom line of the business – not just focus on process, tickets, lead-time to resolution etc.
- Mobilisation of talent – we need to rotate talent from the business to the frontline, and vice versa, in a structured way
- Business insights – we need to think about how shared services derive business insights through data gathered from customers & stakeholders – which is not just about handling and analysing raw data
- Effective engagement – we need to work on more effectively passing insights from shared services to the business through huddle, engagement & floor walk. This is, in essence, the real business partnering
- Integration – we need to integrate the end-to-end process, for example, between Finance and Customer Service; between Sales & Operations and Customer Service; between Finance & Procurement; between Legal Counsel and Legal Support; etc., to connect the value chain
- Recalibrating the KPIs – it's important to recalibrate KPIs not just around time, resolution, speed, customer satisfaction, etc., but also around cost reduction, contribution to margin, process improvement, and generating new ideas.



SKILL

What can you do to shift employees' skill sets towards value creation?



Simon Hughes
General Manager, Global
Business Services, Asia
Fonterra

We focus on future skillsets – the workforce we want in the future – not just the workforce we need now. We put a lot of focus on developing: 1) the ability to deal with ambiguity; 2) non-routine problem solving skills; and 3) communication skills (for interactions with the business).



Nyon Kam Yew
General Manager,
Shell Business Centre

We need to upskill our team members so they can turn data to insights; nurture the right business & continuous improvement mindset; and open up the engagement channels to understand the business requirements.



Michael Stafford
Head of Business Shared
Services, ASEAN,
Siemens

Of course training, mentoring, coaching, and also providing time for people to work on projects aside from their daily work are all key. But it's also about getting the right people; some are interested in working from 9-5, knowing what they're doing, being great at it, and going back home to their families. This is perfectly fine. Others are motivated to try different things, think outside the box, and take risks. You need both in a successful shared service organisation – a well balanced portfolio!



What are the most useful levers for value-adding service?



Data/Analytics

Our focus on analytics at present has been on base lining performance by GBS and the business and focusing on key metrics that we can improve and that demonstrate improved performance. I can very easily identify the time spent on each core process as well as sub-processes, and know exactly how much time is spent on core work, re-work, continuous improvement, etc. by individuals, the team or the centre. I can quantify the exact cost per process as well as the cost of rework and continuous improvement. This means I know exactly where to focus my attention to lift performance and remove wastage or non-value-add activity.

Simon Hughes

General Manager, Global Business Services, Asia
Fonterra



Robotic automation/RPA

Over the past 3-4 years we have done a lot of work in the automation space, though not necessarily in robotics. We have seen huge savings in relation to areas such as DA management, AP processing etc.

Simon Hughes

General Manager, Global Business Services, Asia
Fonterra

I think robotics in itself is not 'value added' but it can help to automate non-value added activities to free up time for people to contribute in other, more creative, and "human" areas. Things a robot can't do.

Michael Stafford

Head of Business Shared Services, ASEAN,
Siemens



End-to-end process management

We are developing a better focus on BPM and now report all metrics at a component level as well as at an end-to-end process level. We can report by customer on process efficiency and cost, and can identify key improvement areas at process or procedural step level, to focus in the right areas.

Simon Hughes

General Manager, Global Business Services, Asia
Fonterra

This is important in order to get a view about the whole value chain. You can see how smaller requirements fit into the overall picture and can help cater solutions and services to match the overall requirement, rather than specific chunks. For example: a customer may demand a daily call to update on delivery status. If you're in customer service and don't have an end-to-end view, perhaps you make the call daily and believe that meets the customer's requirement. But what the customer really wants is to have his or her goods delivered on time, and maybe there is an issue in logistics which is preventing that. So, by knowing that, and addressing the root cause, you could avoid these regular phone calls, saving resources inside your own organisation, and also helping the customer.

Michael Stafford

Head of Business Shared Services, ASEAN,
Siemens



COE model

We use a hub-and-spoke model for GBS with our Centre of Excellence based in New Zealand. This allows us to retain core expertise as well as work with enough scale.

Simon Hughes

General Manager, Global Business Services, Asia
Fonterra

We are no longer leveraging "scale" (for example, via a hub) but "skill" - by focusing on skills that add value. Hence, a COE is the way to go, but not just for functional skills but also for technical skills.

Nyon Kam Yew

General Manager,
Shell Business Centre

What are the most useful levers for value-adding service?



Digitalisation

About four years ago I made a concerted effort to start the move to digitise our work. We have started mandating to vendors in certain countries that we will only deal electronically, and we use capture software to electronically ingest as much data as possible. Wherever possible, we are also implementing electronic work queues so we can get better metrics, for example around multiple referrals and cycle time. This also allows us to “load share” across teams and locations in real time.

Simon Hughes

General Manager, Global Business Services, Asia
Fonterra



Business partnering

We have a bit of a hybrid model. Senior managers have a relationship management approach with our key customers down to Level 4. Our accountants also play a critical role in a BP approach and have end-to-end ownership for the entities they support, and have a key responsibility to work with our customers on a day-to-day basis. They have complete control rather than simply transacting at a sub-process level.

Simon Hughes

General Manager, Global Business Services, Asia
Fonterra

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