

SSOW 2025

Chairman Opening and Conference Takeaways

Brad DeMent
Partner, ScottMadden

What to Look for This Week



Model Shifts

- Right Fit Architectures
- BPO Headwinds
- Front Office Debut



People Strategy Shifts

- Executive Order “Pandemic”
- Upskill or Fall Behind
- GBS Rebranding for Talent



Tech Shifts (AI)

- C-Suite Gap w. Operations
- Stalled Innovation
- Governance/Data Bottlenecks

Model

Rebranded to **Nokia Business Services** to emphasize objective of getting **closer to the customer**

- Rod, Nokia

41% increase in global captives (16% to 19% **decrease in BPO offshoring**)

- Tom, SSON Analytics

Run **bodyguard services** and airport pickup services

- Rod, Nokia

41% GBS reports to CFO (11% CEO, 9% CIO)

- Tom, SSON Analytics

BPO Decision – do you have the **right CEO** and executive board with the **fortitude to build a captive**

- Steve, Xerox

Size of GBS **operating budget** – **40% are <0.5% revenue**

- Tom, SSON Analytics

Steve Bandrowczak

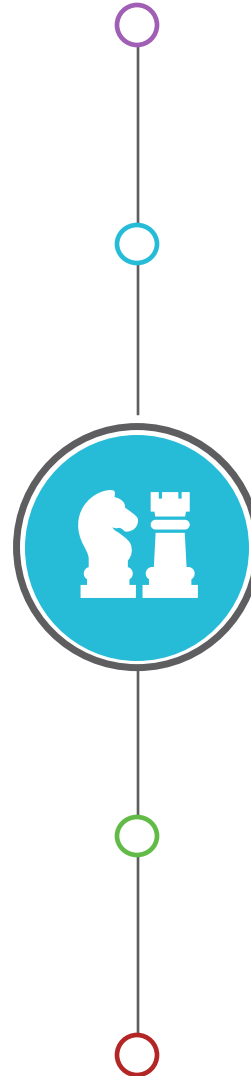
The energy, the huddles, the whiteboarding is **hard to replace in a remote environment**. We have to get back together in person to get maximum value

I don't have to think about an integration team for acquisitions. We acquired Lexmark and **GBS is our integration team**

I've done 60+ acquisitions. You need to have **solid metrics to fight battles** after an acquisitions

I've had 27 people work for me that have made it to the C-suite. **You don't know how one hallway conversation is going to impact your career**

- Xerox CEO



Continuous Improvement

Leading practice was **20% HR** transactional work – **we measured 51%** transactional across 419 employees
- *Christine, BrandSafway*

AI allows us to focus on the real problem areas in T&E (to recognize patterns) and not waste time on trivial issues
- *Anne, Koch*

59% of HR work was being done **outside of HR**
- *Christine, BrandSafway*

Nokia has 10 Nobel Prizes for innovation – **we tap into that legacy** to **encourage innovation** in shared services
- *Rod, Nokia*

AI achieved **60% remote resolution** of IT problems
- *Steve, Xerox*



Branch leaders were spending **41% of their time on non-core work**
- *Christine, BrandSafway*

Important to challenge – **be a provocateur**
- *Rod, Nokia*

We were highly **fragmented** with **1,000 FTEs of work across 2,600 people**
- *Christine, BrandSafway*

AI increased our **violation recognition by 20%**
- *Anne, Koch*

First time ever that a budget focus has gone from **0% to #1** on the list – **GenAI**
- *Tom, SSON Analytics*

Upskilling

We created a **citizen development training program** and a **third tier of automation ambassadors** – across the globe advocates for automation
- Isaac, Boston Scientific

We are trying to **build skillsets now** for AI that will **payoff in the future**
- Olga, Mastercard

Gen Z – Ability to work remote **#1**, organizational culture **#2**, compensation **#3**... but then 84% leave before three years
- Tom, SSON Analytics

We pair **AI skillsets** with **domain experts** (e.g., R2R) to develop higher value solutions
- Rod, Nokia

Top skills – problem solving, stakeholder engagement, empathy
- Tom, SSON Analytics



65% of skills are functional skills – need to reverse this into digital and analytic skills
- Paul, Accenture

Every company is converging on the real skills that GBS needs – functional and technical depth
- Rob, Kimberly Clark

Start with **right skilling first**, then invest in the **right candidates** for upskilling
- Steve, HCA

Automation

AI is not a strategy, it's a tool. Business process re-engineering is just as (or more important) than automation

- MK, Iron Mountain

We are getting a **little worried** about the **cost of all of our intelligent automation**

- Phil, Rolls-Royce

Automation shaved a day off our close – **3.5 to 2.5 day**

- Tyler, Delta

We have **invested in the full system**, so we are going to **use the full system**

- Tom, Cox Automotive

Error improvement rate is **15%-20%** (median)

- Barbara, SSON Research & Analytics



We prefer to **buy vs. build** to avoid **high development and maintenance cost**

- MK, Iron Mountain

We use GenAI in Bangalore to write in **natural language** the **part of the engine they are looking for**

- Phil, Rolls-Royce

Team that reviews E2E processes and identifies the **right tool** (RPA, Workflow, AI) to automate – **don't force fit AI as the end-all solution**

- James, Tesco

Get ready for **agentic AI** whether you like it or not...

it's coming your way

- Anil, Carrier

Automation

AI will soon have **ontology** – the **what, when, where, and why of data** used to execute a task
- Doug, Stratumgen

In the **government, we try to close the technology gap from 10 years to 3 years!** We have **120 RPA bots** in our shared services center
- Ken, NASA

Where can you find a **better place to build an LLM than in a GBS?**
- Peter, Merck



E2E Process

Throw away work is OK if it's a **patch to a long-term solution**
- Laura, AoN

Inspect what you expect – use reports to determine who is **reverting to old processes**
- Laura, AoN

GenAI

Data quality is our **highest priority** (we are a news agency), so quality is driven from CEO down
- Cindy, Gannett

We've built **process mining** into our workflows, **apply AI**, and **measure what we eliminate to create an ROI**
- Mark, ServiceNow

If we don't **define AI value** (quality improvement, cost improvement targets), it's **hard to defend and justify** the business case
- Sandeep, The Clorox Co.

Allow your teams to be curious and test what AI can do. It's here to stay
- Tom, Cox Automotive



We **use GenAI to get quick answers** to vendor contractual data (**thousands of contracts in multiple languages**)
- Davie, Bosch

We analyze **thousands of commentaries** about our GBS in **multiple languages**
- Christof, Siemens

GenAI **will eliminate jobs** and will also create new jobs – but **we play that tape every year** regardless of the technology
- Tom, Cox Automotive

Change

People are **more apt to forgive an honest misstep** than a sidestep of a mishap
- Adam, BSP

Give sponsors a visible role in the project
- Adam, BSP

I spent time **teaching the CEO** how easy the system worked – that **helped cascade some change acceptance**
- Sarah, Cytel

If you don't understand your **current state of operations**, it's **hard to gauge the depth to manage change**
- Vanessa, Ingredion

The **earlier you engage**, the **more buy-in** you earn
- Vanessa, Ingredion



Empathy is a key element in **managing change**
- Rod, Nokia

Quick wins are motivating – important to integrate a few into a transformation
- Olga, Mastercard

Often have to **be the protagonist** – operating **status quo but also improving the business** (we found ways to take \$0.5B out by improving O2C, but workers were nervous)
- Rod, Nokia

Create a cadence of communication – what we did **last year**, what we are working on **this year**, and what to expect **next year**
- Isaac, Boston Scientific

Culture

Culture is an outcome so you can only measure after the event – **associate what makes a difference in culture**

- *Phil, Rolls-Royce*

Reputation brings the talent; culture maintains the talent

- *Unilever*

Find **10 great leaders** – **each will bring 10 more** great leaders with them

- *Phil, Rolls-Royce*



If moving in **bits and pieces**, “**lift & shift**”... if **starting new** SSO or GBS, “**clean & bring**”

- *Vanessa, Adam, Bianca, Ingredion, BSP, WB Discovery*

Decentralized project management can induce **change fatigue** – there is **no “air traffic controller”**

- *Adam, BSP*

Delivery Model

We **started with a lot of SLA and metric structure**, but after **2-3 years, our customers trusted us** and no longer needed detailed reviews
- Ken, NASA

Need to **break down metrics**. Are they **internal** improvement metrics... or **external** customer metrics (**customers not very interested in your internal metrics**)
- Caty, Boeing

It's **not a bad thing to be red**, it's a **bad thing to not understand** why you are red
- Ken, NASA

Lagniappe means a little bit extra – the 13th egg in the basket. We practice this at NASA
- Ken, NASA



It is important to **demonstrate learning from failure to your teams**
- Caty, Boeing

Our **IT model scales with AI** – we will **double the size** of the company, but using AI in application development and end user support to **only grow IT staffing by 40%**
- Larry, PriceSmart

GBS is getting closer and closer to the revenue – **smart manufacturing, insurance, drug discounting, wealth management**
- Peter, Merck

We have rolled in **engineering and marketing**
- Robert, Kimberly Clark

Delivery Model

GCC is a bit of a **rebranding** of **GBS...but concern** is organizations using the rebrand to go back to **numerous single-function single-country models**

- Jodi, MassMutual

If you don't bring **people in from the commercial business**, your GBS will fail – **you MUST understand the business**

- Rich, BAT

There's no such thing as a bad BPO – it's usually a **bad client**. We don't look in the mirror enough when we have BPO issues

- Phil, Rolls-Royce

The art of the possible was not possible as we **offered 47 services** and received the response **"that's my job"**

- Rich, BAT



We have **E2E marketing managers**. They **bridge GBS with marketing** to roll out new services in a standard way

- Emma, BAT

Take a five-year view of cost when locating – a low-cost location today may not be in a couple years

- Unilever

Select your regions carefully – there are areas known for **customer service** vs. **innovation** vs. **transactions**

- Unilever

Strategy without funding is just dreaming

- Maxim, Wesco

G6 Debate

Making GBS or SSO optional drives us crazy!

- Kim, EY

You **undersell yourself** with the **number of transactions you work**

- Kort, Deloitte

Sometimes you **oversell yourself thinking you can build a captive in India as good as a BPO in India**

- David, KPMG

We have **seen the movie 15 times before, but clients often think it won't happen to them** because they are different

- Josh, McKinsey

We add speed – without consultants you are apt to move much slower. We are on the clock

- Josh, McKinsey



We are unique in that we have **people in most every viable location** keeping a pulse on regional markets – **global network**

- Bill, PwC

We stay very close to the BPO providers and **know how to structure SLAs**

- David KPMG

We understand all the other parts of the organization that **SSO and GBS will impact**

- Josh, McKinsey

Bringing in someone who has **negotiated BPO contracts for 20 years can bring you a better answer**

- Bill, PwC

We are on the hook for making sure you follow the roadmap and **take action**

- Bill, PwC

G6 Debate

We will put fees at risk if client sticks to the business case – I can't layoff your people
- Kim, EY

I only put fees at risks if our goals are the same as client's goals. But this can create unhealthy tension
- Josh, McKinsey

Our **fees are often a fraction of the business case**
- Bill, PwC



The consulting model is not stale because **it must evolve, or we will die**
- David, KPMG

More mature is more cross-functional
- Josh, McKinsey

A hybrid model is still the best model. Captive has a place in customer centric operations; BPO has a place in transactional operations
- Bill, PwC

Flashback to SSOW 2015...

Shared Services Focus	2015	Adoptors
1) Multi-Function Expansion ¹	42%	steady
2) E2E Process Standardization ²	45%	up 10%
3) Global Service Models ² ... As promised in 2013	50%	up 21%
4) Consultative High-Value Services ²	72%	up 44%
5) Business Analytics ²	30%	up 3%
6) Robotic Process Automation	<1%	new

Other Predictions “by 2025”



But less than 10% Measure Internal Customer Perception of Services

1 = SSOW Survey

2 = ScottMadden 2014 Survey

THANK YOU!



Brad DeMent

Partner and Practice Area Leader

ScottMadden, Inc.

bdement@scottmadden.com

(678) 524-2496