Characteristics of Global Business Services (GBS) in the Digital Era

Hackett’s Smart Automation Framework

Rethinking Four GBS Platforms | Technology, Workforce, Location, Outsourcing
Redefining world-class GBS in the digital era

Key Findings | Annual Global Business Services Performance study, 2019

Global Business Services organizations are transforming to Digital Business Services

1. Omnichannel, personalized user experience
   - 50% of GBS have adopted service desk & service management solutions

2. Agile service redesign
   - 75% of GBS use agile development methods to redesign service delivery

3. Digitally enabled GBS workforce
   - 56% of GBS have broad-based adoption of process management & workflow tools

4. Digitally skilled workforce
   - 46% of world-class GBS find attracting digital skills challenging

5. Ecosystem of partners to deliver GBS services
   - 23% of IT services are outsourced to third-party providers

6. Analytics-driven insights
   - 55% of world-class GBS have seen significant improvement in delivering management information through digital transformation

Source: The Hackett Group’s annual Global Business Services (GBS) performance study, 2019
GBS keep moving to business service excellence but true enterprise strategic enablement is only delivered by a few GBS

Source: The Hackett Group’s annual Global Business Services (GBS) performance study, 2019

**Global Business Services (GBS) Maturity curve**

<table>
<thead>
<tr>
<th>Maturity</th>
<th>Stage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stage 1</td>
<td>1</td>
<td>Function Transactional Excellence</td>
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<tr>
<td></td>
<td></td>
<td>Of companies have single-function shared services organizations focused on achieving function-specific value.</td>
</tr>
<tr>
<td>Stage 2</td>
<td>2</td>
<td>Business Services Excellence</td>
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<tr>
<td></td>
<td></td>
<td>Of companies have integrated multiple function’s shared services organizations to create more value through end-to-end process and service management.</td>
</tr>
<tr>
<td>Stage 3</td>
<td>3</td>
<td>Enterprise Strategic Enablement</td>
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<tr>
<td></td>
<td></td>
<td>Of companies reap the benefits of an advanced GBS operating model which integrates business services and supply chain and enables enterprise strategy.</td>
</tr>
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Of companies have integrated multiple function’s shared services organizations to create more value through end-to-end process and service management.

Of companies reap the benefits of an advanced GBS operating model which integrates business services and supply chain and enables enterprise strategy.

Source: The Hackett Group’s annual Global Business Services (GBS) performance study, 2019

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Digital transformation is about combining new tools, techniques and technologies

Percentage of use cases incorporating disruptive tool or technique by category

- Analytics: 54%
- RPA/Automation Platform: 76%
- Smart Data Capture: 62%
- AI tools and techniques: 70%
- Voice / Conversational: 24%
- Infrastructure: 73%
- Data: 70%

SOURCE: 2018 Digital Awards Submissions, The Hackett Group
Smart Automation Framework:

A category of automation technologies focused on Digital Operations optimizing **Structured, Knowledge, and Interaction** work through deployment of **Robotic Process Automation (RPA)**, **Smart Data Capture**, **Conversational Interfaces**, **Cognitive Automation**, and **Agile Orchestration** technologies.

**Coordinates work** executed by established systems, human workers and smart automation tools.

**Augments human intelligence**; Processes unstructured, complex information and provides insights, judgments and predictions.

**Mimics human actions**, rules-based tasks on structured data.

**Mimics human interpretation**; Captures or extracts information from analogue or digital inputs.

**Mimics human interaction**; Focuses on linguistic interaction and optimizes conversations using AI & ML.
Digital Operations consists of 3 types of Work

**Interaction work** – Work involving interpersonal communication within business functions, and between function staff and internal customers, external customers, external service providers, and regulators. e.g.:
- People management / motivation
- Negotiation
- Persuasion
- Interpersonal knowledge transfer
- Public presenting
- Collaborative facilitation

**Structured work** – Work involving application of fixed business rules on well defined inputs with minimal variance, to achieve well defined outputs, e.g.:
- Data capture, validation, entry
- Administrative tasks
- Document search, retrieval, filing
- Standard inquiry response
- Rule based work planning and scheduling
- Basic trouble shooting
- Standard report generation

**Knowledge work** – Work involving application of or acquisition of knowledge, including cognition, decisioning, creation, contextualizing, conceptualization, risk assessment, e.g.:
- Business decision-making
- Knowledge acquisition / learning
- Research / intelligent information gartering
- Complex trouble shooting
- Creative design
- Data interpretation / analysis
World-class GBS outperform peers in delivering cost, quality and productivity improvements

What percentage of cost, productivity, quality, and customer service improvement has been achieved within the last 12 months within your GBS for each function you support?

<table>
<thead>
<tr>
<th>Function</th>
<th>Stage 1 (Peer)</th>
<th>Stage 1 (World Class)</th>
<th>Stage 2 (Peer)</th>
<th>Stage 2 (World Class)</th>
<th>Stage 3 (Peer)</th>
<th>Stage 3 (World Class)</th>
<th>Peer Cost Improvement</th>
<th>World Class Cost Improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cost</td>
<td>7%</td>
<td>7%</td>
<td>6%</td>
<td>6%</td>
<td>6%</td>
<td>6%</td>
<td>7%</td>
<td>10%</td>
</tr>
<tr>
<td>Productivity improvement</td>
<td>7%</td>
<td>5%</td>
<td>6%</td>
<td>6%</td>
<td>6%</td>
<td>6%</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>Customer service excellence</td>
<td>7%</td>
<td>4%</td>
<td>5%</td>
<td>5%</td>
<td>8%</td>
<td>8%</td>
<td>9%</td>
<td>9%</td>
</tr>
<tr>
<td>Quality improvement</td>
<td>7%</td>
<td>4%</td>
<td>5%</td>
<td>5%</td>
<td>8%</td>
<td>8%</td>
<td>5%</td>
<td>9%</td>
</tr>
</tbody>
</table>

Source: The Hackett Group’s annual Global Business Services (GBS) performance study, 2019
Redefining world-class GBS in the digital era
Four roadmaps are required to transform from global to digital business services

GLOBAL BUSINESS SERVICES
Use of offshoring, outsourcing and GBS as an organization model

TECHNOLOGY ROADMAP

LOCATION FOOTPRINT REVIEW

BPO/ITO ROADMAP

STRICTED WORKFORCE PLAN

DIGITAL BUSINESS SERVICES
Digital transformation of GBS services to enable business growth
Causing a paradigm shift in how we organize work

1. **FUNCTIONAL ORIENTATION**
   
   **ORGANIZING PRINCIPLE:**
   Task specialization based on physical proximity of people to recording, manipulate and output data to create products & services

2. **PROCESS ORIENTATION**
   
   **ORGANIZING PRINCIPLE:**
   Data recording, manipulation and output generation from enterprise resource information technology systems to create products & services

3. **CUSTOMER ORIENTATION**
   
   **ORGANIZING PRINCIPLE:**
   Capture data digitally at source and transform to create products & services maximizing use digital technology
The Future GBS Operating Model

Global Organization:
- Global delivery organization – including regional, global delivery centers (captive / outsourcing)
- Global partnership management – vendors and eco-system
- Ability to source, develop, and deliver the right skills at the right location

Enabling Services:
- Smart Automation mobilization, development, and orchestration CoE
- Analytics and Data Analysis CoE
- Transformation Management and Continuous Improvement capability

Service Delivery:
- Focused on mass-personalization providing services customized to business / regional / organizational hierarchy / employee
- Omni-channel service delivery – mobile, chat, voice, self-service, email – providing 24x7 multi-lingual support across channels
- Organized by customer pods

Digital Operations:
- Focused on managing, overseeing, and controlling the automated operations
- Organized by E2E process and the team is trained on operating across the E2E process
- Core team with functional, business and IT enabled skills
Over the next 3 years GBS is going to be facing critical headwinds

- **Leadership Changes**
  - GBS Leaders who established GBS
  - GBS Sponsors
  - Key functional leadership changes – CFO, CIO, Chief Digital Officers

- **Functional Service Placement realignment**
  - Functions are looking to re-taking process ownership especially in the “knowledge processes & activities

- **Infrastructure Model**
  - Move towards an Infrastructure Model and away from an Integrated GBS Operating Model

- **What have you done for me lately?**
  - Executive Management questioning & pressure GBS to deliver value

- **GBS Brand**
  - Perception of GBS - what and who are we?
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Barnyard
Engaging the end-user | Redefining contact center management
Digitizing the customer experience through multi-service line contact center management

SINGLE PORTAL
Design a single, mobile-first, point of entry for all GBS services. Providing self-service where possible.

CHAT
Provide chat as cost effective alternative to voice

VOICE
Use voice for those GBS customers that prefer direct interaction or route complex queries to 2nd, 3rd tier support

EMAIL
Limit email use where possible through workflow routing of cases

CASE ANALYTICS
Improve resolution quality, time, reduce demand and optimise channel mix

CUSTOMER FEEDBACK ANALYTICS
To improve resolution quality, time, reduce demand and optimise channel mix
Identifying, attracting, developing and retaining talent in the digital era
Four ways in which companies have implemented these concepts

Case studies

US TECHNOLOGY COMPANY

Designing, building and implementation of a purchase to pay transformation program focusing on user experience using innovative technologies (e-marketplace, chatbots, AI for analytics)

EUROPEAN FMCG COMPANY

Transforming GBS from a regional to global hub-and-spoke model and adapted performance management to global end-to-end performance management. Business relationship managers connect GBS and business to achieve customer intimacy

EUROPEAN MEDICAL DEVICES COMPANY

Made the implementation of a digitised multi-function GBS contact center a key element of their implementation strategy, using service design thinking (personas, customer journey mapping, customer satisfaction measurement)

US TECHNOLOGY COMPANY

Developed a vision for the company’s future workforce model anticipating change through a targeted recruitment program and internal training program to acquire digital skills

Case studies available through The Hackett Group’s Advisory membership programs
Sample GBS Digital Competency Framework
The following are competencies that GBS resources should develop and master to enable digital transformation and digital solutions within an organization:

**DIGITAL LITERACY FUNDAMENTALS**
- Managing data, information and digital content
- Understanding of diagnosing and solving common problems/issues with digital technology (e.g., clearing browsers, connecting digital devices, setting up digital network/collaboration sites)
- Evaluating integrity and reliability of sources of digital information

**SOCIAL SAVVINESS / DIGITAL COMMUNICATION**
- Demonstrates social savviness in interacting through digital technologies
- Communicate and share knowledge, data and information with others through digital technologies (collaboration, networking, blogs, podcasts, online chat, discussion forums)
- Apply digital etiquette and follow behavioral norms in all digital interactions and environments
- Embrace and influence others to collaborate with and adopt digital tech

**DIGITAL INNOVATION & PROBLEM SOLVING**
- Identifying and solving technical issues when operating in digital environments
- Assessing, evaluating and selecting digital technologies platforms and or programs to address different technical issues
- Applying creativity, curiosity and innovation while interacting with digital technologies
- Identifying digital competency and knowledge gaps within the organization
- Leveraging digital analytical skills to design innovative customer-centric solutions

**DIGITAL SAFETY & SECURITY**
- Protecting personal/digital data, privacy and identity
- Protecting devices and content in a digital environment
- Identifying and mitigating data security and privacy risks

**DIGITAL CONTENT CREATION**
- Using UX, Customer-centric design thinking, CJM’s to create digital content and digital processes across various formats
- Modifying, enhancing and integrating existing digital content
- Being creative and innovative in leveraging digital technology to create digital content
- Providing knowledge and counseling on copyright and license application and impact on digital information and content

**DIGITAL ANALYTICS**
- Developing and monitoring required data analytics capabilities for digital processes and programs
- Telling a story with digital analytics and technologies through relevant data visualization
- Integrating digital technology analytics applications with enterprise information system
- Developing relevant digital queries, modeling, and analysis

**DIGITAL PROGRAM MANAGEMENT**
- Defining and managing the Digital Data and Technology Strategy
- Scoping, planning and executing a project leveraging digital technology
- Integrating and managing multiple projects leveraging digital technology
- Defining and implementing initiatives to improve and/or implement digital technology
- Setting up digital networking and collaboration sites/platforms

**DIGITAL PROCESS SAVVINESS**
- Ability to decompose processes and conduct process analysis
- Understanding of how processes are digitally enabled through end-to-end orchestration
- Ability to identifying process digitization opportunities
- Ability to perform root cause analysis and understand process issues from digitalization

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**Streamline wording**
Redefining world-class GBS in the digital era
Four strategies to transform from global to digital business services

1. Strategic workforce plan
2. Location footprint
3. BPO/ITO sourcing model
4. Technology roadmap

Source: The Hackett Group's annual Global Business Services (GBS) performance study, 2019