5 MEGA TRENDS

That are

DISRUPTING SERVICES DELIVERY

HOW ARE CENTRAL AND EAST EUROPEAN CENTRES PREPARING FOR THEM?

SSON PRESENTS

SSON Survey 2015: CEE Focus

5 Mega Trends that Are Disrupting Services Delivery – How Are Central and East European Centres Preparing for Them?

As innovations around technology and increasingly global footprints have released shared services from the traditional transactional focus of their role, more and more are reporting improved performance and higher value add, as well as an increasingly collaborative relationship with customers, versus the service-based relationship of old. This bodes well for Shared Services careers and the 'industry' at large.

Today we are witnessing five mega-trends from which no service functions are immune. These include: process optimisation, digital transformation, data analytics, automation, and new and evolving skill sets. While you can access SSON's Global Survey Report here, this report takes a closer look at how Central and Eastern Europe-based Shared Services centres are facing up to these challenges. It sheds light on investment priorities, mobile strategies, and outsourcing trends.

Kind regards

Barbara Hodge
SSON editor-in-chief

How is the shared services model defined today within the CEE region?

While cost-cutting naturally remains a key priority, with around **40%** of global respondents indicating it as a core target, Central and East European-based centres lead by a significant margin in also recognising shared services as a means of driving standardisation and transformation at process level. They also show the least percentage of centres still engaging predominantly in "cost cutting, but planning to shift to business performance" – thereby highlighting the increasingly value-add context of so many Central and East European operations.

Western Europe

Driving standardisation and transformation at process level **25.3%**

Central & Eastern Europe

Driving standardisation and transformation at process level **52.9%**

APAC

Driving standardisation and transformation at process level **28.9%**

India

Driving standardisation and transformation at process level **25%**

Australasia

Driving standardisation and transformation at process level **39.2%**

North America

Driving standardisation and transformation at process level **41.5%**

Latin America/Caribbean

Driving standardisation and transformation at process level **35.7%**

This trend is supported by the significant weighting given to standardisation as a measure or indication of performance. Central and Eastern Europe led other regions in giving the highest rank to prioritising standardisation as a core performance metric.

MEGA-TREND 1: PERFORMANCE OPTIMISATION

Optimised performance is being significantly driven by new and emerging technology solutions.

CEE-based centres lead the rest of the world in prioritising "technology solutions" and "expanded scope" to deliver optimised service performance over the next five years. The forward-looking strategies employed in Central and East European service centres are clearly demonstrated by our survey's results.

How are you going to optimise your services delivery in the next 5 years?

	Technology	Additional scope of services
Western Europe	68.4%	53.2%
Central & Eastern Europe	70.6%	64.7%
Middle East/Africa	50%	40%
APAC	57.8%	40%
India	65%	55%
Australasia	72.2%	41.8%
North America	69.5%	46.3%
Latin America/Caribbean	57.1%	42.8%

European centres generally outranked other regions in their implementation of invoicing solutions, with more than half CEE respondents indicating they had already implemented an automated solution. Apart from APAC-based centres, the rest of the world lagged significantly in this field.

Which enabling technologies have you already deployed?

Central and East European-based centres also lead in the implementation of vendor management solutions, with nearly **50%** of CEE respondents indicating their current use of such solutions.

	Invoicing Solutions	Vendor Management
Western Europe	65%	55%
Central & Eastern Europe	53%	47%
APAC	49%	31%
India	35%	30%
Australasia	35.4%	22.8%
North America	37.8%	30.5%
Latin America/Caribbean	21.4%	21.4%

When it comes to using data analytics to drive performance, however, CEE-based centres lag their global peers significantly. It's an area in which we expect to see significant activity in the near future, however. We see a similar lag in the use of third-party or outside consultancy support as a resource for driving process excellence.

How are you driving process excellence?

Data Analytics

How are you resourcing process excellence

Western Europe

Third Party/Outside Consultancy 11.4%

Central & Eastern Europe

Third Party/Outside Consultancy 5.9%

Middle East/Africa

Third Party/Outside Consultancy 10%

APAC

Third Party/Outside Consultancy 15.6%

India

Third Party/Outside Consultancy 10%

Australasia

Third Party/Outside Consultancy 7.6%

North America

Third Party/Outside Consultancy 7%

Latin America/Caribbean

Third Party/Outside Consultancy 14.3%

MEGA-TREND 2: LEVERAGING DIGITAL AND AUTOMATION SOLUTIONS

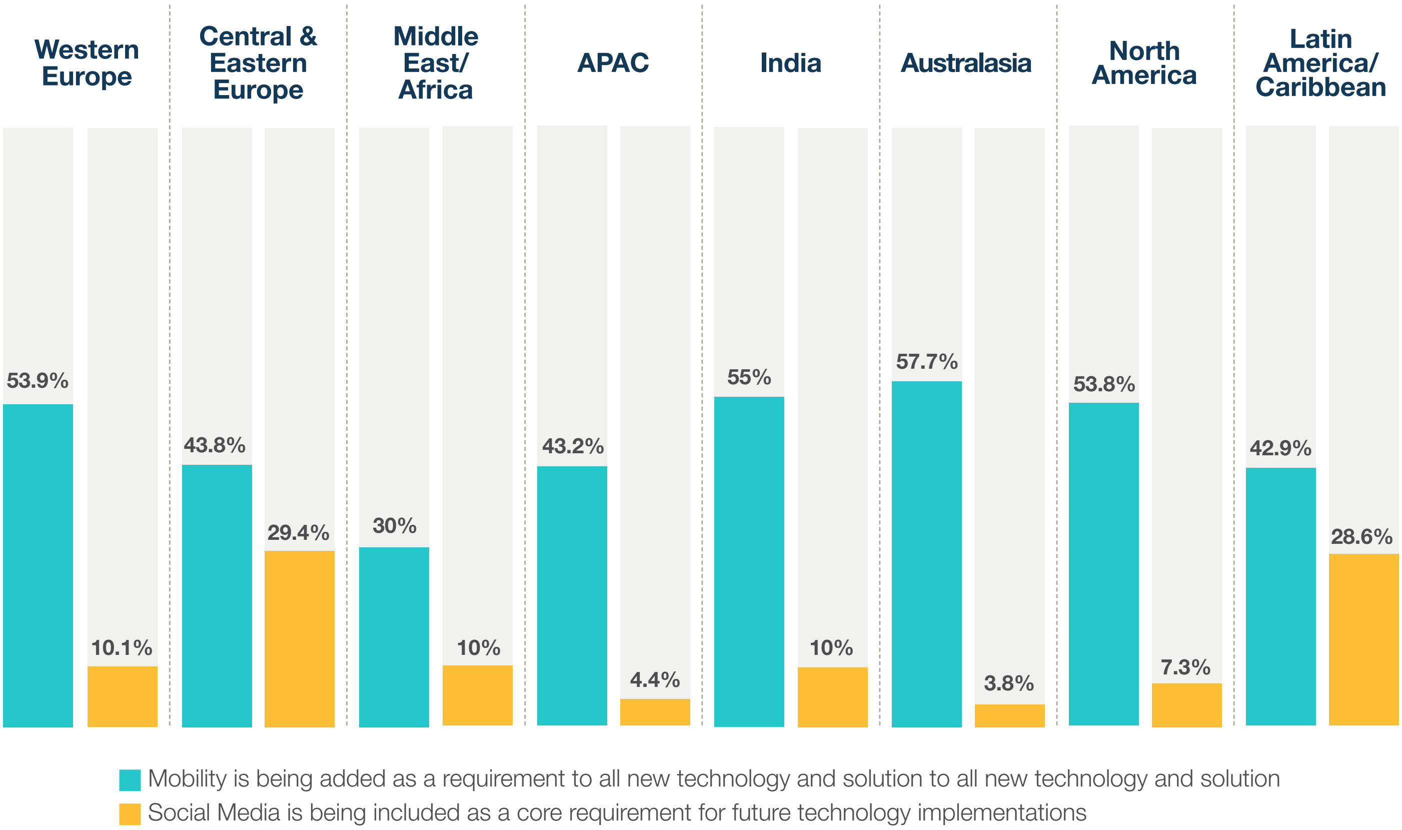
Automation and Social Media offer opportunities.

While ERP consolidation or shifting to a single platform are the most popular means of driving digitalisation across global shared services centres, we are seeing more process specific technology applications (in more than a third of CCE-based centres) and a renewed focus on enabling end-to-end process flows (nearly 50%). In addition, mobile applications, social media integration, online collaborative forums and cloud-based solutions are all playing a part in supporting a digital enterprise.

Which new digital and automation technologies do you believe offer the most promise to your operations?

To support an increasingly digital environment, CEE-based SSCs are relying predominantly on self-service technology, in-house collaboration, and e-enabled solutions. However, there are challenges: cost and lack of strategic prioritisation are two of the roadblocks that are limiting more activity in this area at present, across the CEE region.

How are “mobile solutions” and social media capabilities impacting on operations?



MEGA-TREND 3: DATA ANALYTICS AND REPORTING

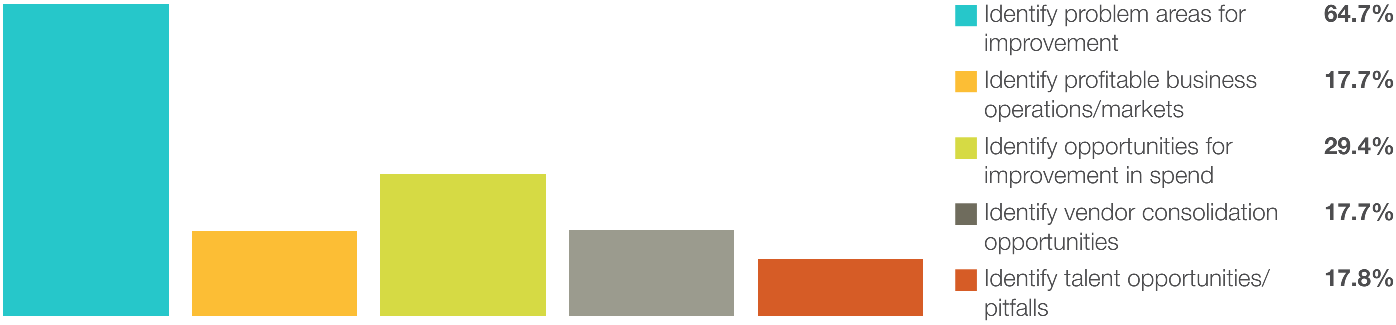
CEE centres have highest ratio of “mature” business intelligence strategies in place but still in early stages of Master Data Management planning

What level of maturity is your Data/Business Intelligence strategy at?

Business intelligence has emerged as the silver bullet of service performance, and Central and Eastern European-based centres show the highest percentage of global respondents describing their strategy as “mature”, while India leads its global peers in “progressing” a BI strategy **(60% of regional respondents)**.

Where will data analytics deliver the biggest impact on operations?

In terms of where data analytics is expected to deliver the biggest impact, CEE centres reflect global expectations in choosing "problem identification", with surprisingly low points, however, allocated to identifying profitable business operations/markets or vendor consolidation and spend improvement – a strategy generally associated with more evolved centres.



Indicate which of the following best describes your Master Data Management plan

Central and East European SSCs are also lagging the rest of the world in terms of master data management planning – ranking second-to-last behind Latin America in terms of "no master data management plan in place" and lagging global peers in terms of current implementation.

No MDM plan in place or considered

MEGA-TREND 4: CUSTOMER SERVICE

Reflecting strong and interactive customer engagement

As business customers increasingly demand more added value from shared services centres through improved transparency, speed, and support in decision-making, customer service is a key measure for how well SSCs are meeting customers' expectations. Improved customer service is being driven predominantly through customer interaction frameworks or customer relationship management solutions – both areas rated highly by Central and East European-based services centres (65% and 41% of CEE respondents, respectively).

While the primary means of tracking customer service performance remain SLAs, metrics based quality measures, alongside productivity measures, rate highly for Central and East Europeans shared services. What is surprising is the low percentage of respondents that list "impact on customer's business" as a focus, in contrast to other regions across the world.

What is your primary Customer Service advancement focus?

Impact on customer's business
(ie your impact on customer's operations)

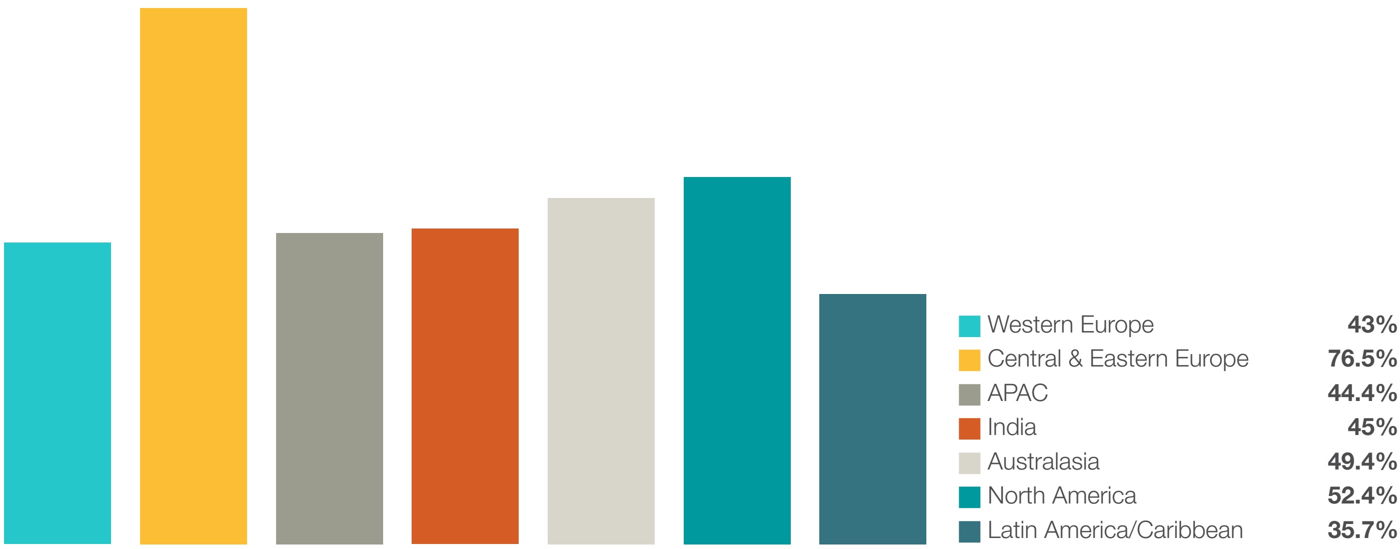
In line with most global regions, nearly half the CEE-based shared services meet their customers face-to-face on a quarterly or more frequent basis. CEE centres appear to maintain strong and interactive customer relationships – the region listed the lowest percentage **(6%)** of respondents indicating they never meet face-to-face. (Interesting to note: 1/5 of Australasian centres, and **18%** of North American centres indicate they never meet customers face-to-face for a review.)

What is the degree of penetration across your customer base for services provided?

While our survey indicates that there is plenty of opportunity to expand scope by covering more of the potential customer base, Central and East European centres lead the world in terms of covering "100%" of the potential customer base, with **18%** of respondents from the CEE region falling into that category. The region also showed the highest percentage **(41%)** of those indicating they currently cover **75%** of their customer base.

What percentage of your current customers would rate themselves as less than 50% satisfied with your services?

Less than 10%



Central and East European centres show great confidence in their positive impact on their customers business, as well as their customers' satisfaction with services delivered, ranking near the top end of those centres who believe their customers see them as vital to their success.

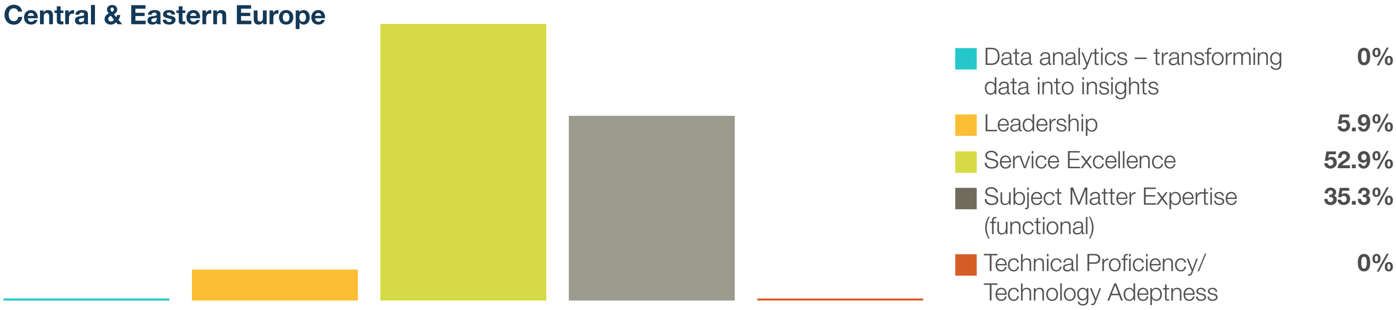
MEGA-TREND 5: EVOLVING TALENT AND SKILL SETS

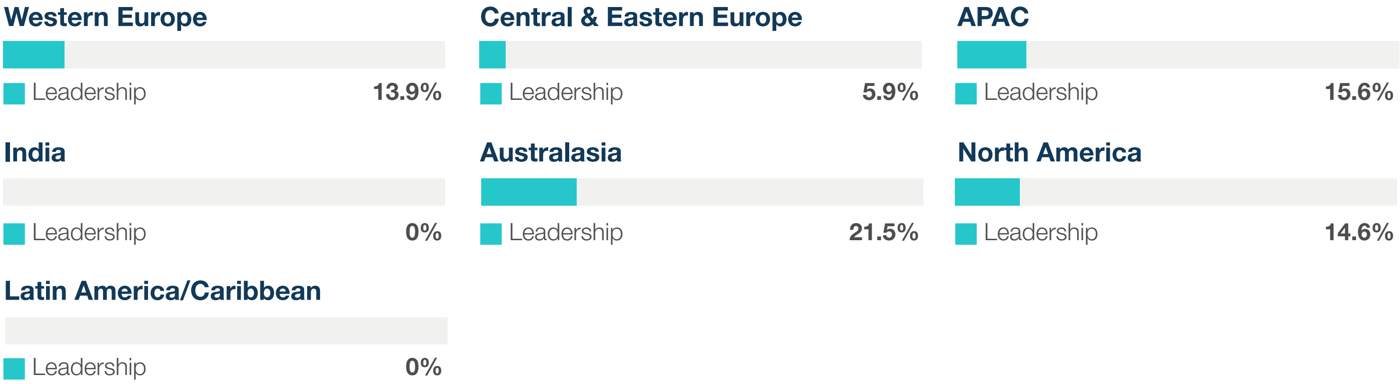
Notably lagging in terms of prioritising leadership and data analytics skills

As shared services mature and transactional processes are increasingly automated, it is the knowledge-centric, intelligence-driven aspect of service delivery that is sought after. “Service excellence” and “subject matter expertise” are being prioritised, while technical proficiency is no longer so important. Where the CEE region seems to lag its peers is in focusing on data analytics-based skills and leadership training. In the latter, in particular, CEE centres appear to be missing an opportunity to expend the SSC scope through strong and influential leadership. In contrast, most of the rest of the world rates leadership more significantly. The gap is even larger in data analytics – where CEE centres indicated no prioritisation, but the rest of the world showed at least a fifth of centres focusing on data analytics skills to drive future performance.

Which skill sets are you prioritising within Shared Services going forward?

Central & Eastern Europe





What will be the impact of these skills on service delivery?

Central & Eastern Europe

These new skill sets are expected to deliver increased customer satisfaction as well as more value added services, and are being encouraged by tying them into performance reviews and offering relevant training.

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