

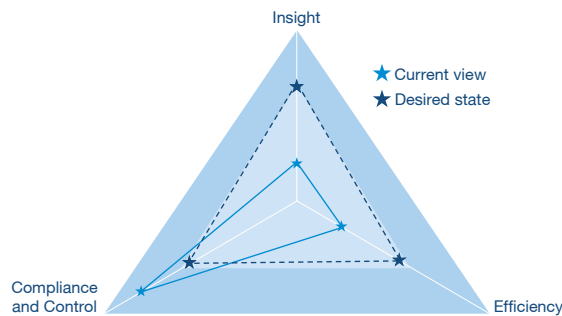
Shared Services and Finance BPO:

We can help*

- Are you considering Shared Services for the first time?
- Do you have Shared Services Centres and seek to improve their operation?
- Do you want to expand the scope of services from your Shared Service Centre?
- Are you considering off-shoring or outsourcing?

Shared Services have become a well-established model for companies to drive efficiencies, improve compliance and controls and enable insight into the business. Whether the scope is limited to Finance and Accounting or encompasses other functions, the three key dimensions of value creation through Shared Services are similar:

- Delivering MI to support the business – analysis, forecasts, decision support
- Interfacing to business initiatives – partner role.

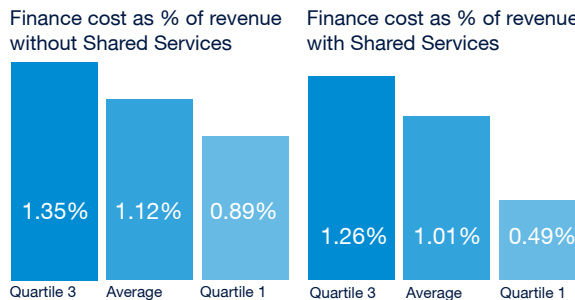


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- Delivering accurate data
- Robust transactional controls
- Guardian of compliance.
- Process standardisation and automation
- Optimised sourcing model/s
- Change management capability.

Companies currently expend a relatively large proportion of their resources on compliance and controls, to the detriment of enabling efficiencies and analysis. Shared Services are a proven tool to redress that balance.

Successful Shared Services leverage the scale of the enterprise, capitalise on the skills and resources within it and provide an enhanced quality of service to the business. The benefits are typically a 25-50% cost reduction, increased control and an improved service culture that considers the business to be the customer.



Source: Hackett data

Scope

The scope of services that are now provided include Finance, HR, IT, Procurement, and other business support activities; the range of services expanding continuously. At the same time, the number of companies who provide comprehensive outsourced services is growing and a feature of these organisations is their global infrastructure and off-shore capability.

Savings potential				
Business function	Finance	HR	Procurement	IT
Range	30-50%	30-50%	25-40%	25-40%

Fit to strategy

When seeking to implement or improve Shared Services, a good fit with the functional and business strategy is vital. Shared Services can be important enablers of a business function; understanding the fit with the overall business strategy clarifies objectives, methods and planning of the initiative.

The typical stages of Shared Services development are assessment, design & construction, implementation and optimisation.

Assessment, design & construction, and implementation

There are few companies who have never considered or implemented some form of Shared Services. For those at the beginning of the process, consideration should be given to:

- Business plans
- Current and expected performance
- Scope of Shared Services – now and in the future
- Location
- Technology
- Organisation and governance.

Optimisation

Following transition into Shared Services Centres and operational stabilisation, most companies seek to improve operations via:

- Further elimination of non-value adding activities
- Standardisation and automation of processes
- Increase of scale
- Optimisation of sourcing arrangements.

Increasing scope of services

Most companies begin implementations with transactional activities, typically accounts payable and receivable. Once established, the Shared Service Centres are an excellent platform to develop further centres of expertise or processing hubs.

Outsourcing and offshoring

A Shared Services operation is a very good platform from which to consider outsourcing or off-shoring. For those companies with operations in low cost locations, such as Central/Eastern Europe, India and China, there exists an opportunity to move elements of Shared Services off-shore, effectively becoming the back-office to the back-office.

For those companies without significant off-shore operations, using a BPO provider gives instant access to an already established infrastructure, together with a greater ability to maximise scale and enable continuous process improvement. The number of companies who provide comprehensive outsourced services is constantly growing.

Citations

Global Telecommunications Company

Our client is a global telecommunications company providing conventional voice and data services to business and residential customers, as well as services to telecoms carriers, mobile operators and content providers.

The client sought sustainable cost reduction across 12 countries in Europe and a single Enterprise Resource Planning (ERP) solution across entities in the Caribbean.

To facilitate the European cost reduction programme, PricewaterhouseCoopers conducted a feasibility study covering corporate restructuring and a Finance and Billing Shared Service Centre (SSC). A business case and strategy were developed in addition to a review of legal, tax, regulatory and operational implications of corporate restructuring as a branch structure. PwC also supported and coordinated the implementation of the Finance SSC, assisting with project and change management, process improvement and SSC pre and post migration activities.

In the Caribbean, an SSC feasibility study was conducted for the Finance, Procurement and Supply Chain Management functions. The goals were to improve process performance, cut costs and leverage planned capital investment.

Our client was able to successfully migrate 11 countries onto a UK-based finance SSC within 6 months – ahead of schedule and below budget. Additionally, our client received a report highlighting that the implementation of a SSC with an ERP roll-out would allow it to realise significant benefits as well as achieve process standardisation.

Global Software Provider

The client was looking to migrate and redesign the statutory accounting function for a number of countries into a European SSC, providing tangible cost and process benefits.

PwC worked in tandem with the client to develop the project plan, project management infrastructure, governance, knowledge capture tools, and the SSC desk manual.

The client was able to successfully migrate the statutory accounting function for all countries within the projected timeframe.

International Pharmaceutical Company

Our client is a research-based company engaged in the discovery, development, manufacturing and marketing of pharmaceutical products worldwide.

An analysis of their finance function revealed that inefficiencies had to be addressed - redundant processes could be consolidated and processes standardised, possibly by implementing a finance SSC.

PwC conducted a detailed review of the global finance function. The analysis included the evaluation of costs and benefits of various solutions. Areas of emphasis were investment risk assessment, tax and legal decision making, organisational planning, transactional services scope definition and project planning.

PwC provided the client with a roadmap to begin executing performance improvement initiatives. The decision was taken to simplify and standardise services first then implement Shared Services.

Global Financial Services Company

This client is a large financial services company, based in Europe, with operations across the globe.

The client was looking for a potential location for a SSC with multiple language skills. The location was also intended as a disaster recovery site for its existing operations in India.

The PwC engagement involved two phases, where the first phase was to identify a possible country and the second to find the most suitable city. Six core criteria were used, broken down into 40 qualitative and quantitative measures, to assess 5 cities in Poland.

The measures included employee wage rates, indicators of infrastructure and quality of life and the impact of the location choice on the tax burden.

Based on the analysis, the client selected a city and the recommendation was accepted.

If you would like more information or advice about Shared Services and Finance BPO, please contact us:

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