

Shared Services and Business Process Outsourcing (BPO) Planning Approach



Point of View (POV)

May 2023

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The Organization's Operating Model:

When you move towards shared services (SSC) or business process outsourcing (BPO) there are many things you can change, but first define the goals



What is the primary goal of the SSC/BPO project?

1. Cost Reduction

- Labor arbitrage move to low-cost location

2. Headcount Reduction

- Change the process and eliminate or automate manual tasks

3. Not Core Competency

- Service is transaction based, not adding value, doesn't require institutional knowledge

4. Transformation

- Multiple goals to define the future for people engaged in global processes, utilizing leading technology, analyzing common data structures, and adding value in the journey to achieve business objectives

Project approach to outsourcing roles, processes, and Backoffice functions to a BPO service provider

- 1. Confirm and document high-level goals and organization's definition of success for transition to BPO service delivery model**
- 2. Define the future state operating model for the functional area**
- 3. Assess the current state of the in-scope people, process, and technology**
- 4. Define outsourcing requirements, evaluate and select BPO service provider**
- 5. Define service level agreement and contract terms with BPO service provider**
- 6. Manage the transition of functions, processes, and roles to BPO service provider**
- 7. Setup BPO service provider governance structure**



Three major challenges encountered in transitioning functions to a business process service provider

Change Management

- Develop a plan to guiding and shaping how change will be delivered to and perceived by stakeholders

Focus Areas:

- Identify risks from change and mitigation options
- Regular communication with key stakeholders
- Strategy to maintain organization performance as change is implemented

Defining & Managing Service Levels

- Document each business activity to be performed by SSC/BPO
- Negotiate and agree staffing levels, processing volumes, and KPIs to be delivered

Focus Areas:

- Identify all process areas that are to be transitioned to service provider
- Ensure service provider and technology platform can deliver against current performance targets and response times

Adequate Preparations for Enabling a Successful Transition

- Documentation of process activities, tasks and tools to be transitioned to service provider
- Integrated transition planning for shift in responsibilities

Focus Areas:

- Current state process flow, process narrative, and desktop procedure documentation
- Training of new staff members and evaluation of training effectiveness



Who are the leading BPO service providers?

- **Evaluation of Service Providers**

- The BPO Project Sponsor and Transition Leader should become familiar with the capabilities of the leading service providers in the areas that are in-scope for the project

- **Some Leading Service Providers for Finance & Accounting Functions**

- | | |
|-------------|--------------|
| • genpact | • IBM |
| • accenture | • Sutherland |
| • Wipro | • Cognizant |
| • TCS | • Conduent |



Value Delivery Focus Areas

Finance Process & Operating Model Optimization

- Order-to-Cash (OTC), Source-to-Pay (S2P), Financial Close
- Operating model design, SSC & BPO implementation
- Working Capital improvements in Billing, AR, Collections

Program and Project Management

- Program Management design and leadership
- Change management services

Digital Transformation

- Automation of core OTC and S2P processes

Service Delivery Highlights

Led team of 40+ consultants to document processes, lift & shift 200 roles to off-shore SSC

Designed Order-to-Cash internal controls to support SAP global implementation for technology company with \$24B in revenue

Led finance assessment of new acquisition in South Korea for leader in the automotive industry

Peter Fazio
Finance Transformation

Senior Mgr. Consulting

Business Unit Controller

SVP Finance

Auditor & Consultant

Business Unit Controller

Adjunct Professor

Infantry Officer

Finance Assessment

SSC Implementation

OTC Outsourcing

SSC Process Design

Operating Model Design

Acquisition Integration

Lease Accounting

Finance Process Design

Chart of Accounts

S2P Process Transformation

Joint Venture Implementation

Prior or Current Roles

Previous Client Work

