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Introduction

Every year, SSON's global market survey highlights significant progression in Shared Services models. The past couple of years have shown a clear trend away from transactional, human-based work towards knowledge-driven activity enabled by data and automation. Yet, and despite the anxiety unleashed by "automation", this has not translated to obvious job losses. Instead, Shared Services Organizations (SSOs) are developing new competencies and taking on growth without adding headcount, frequently by leveraging new Centers of Expertise (as confirmed by 2/3 of global SSOs) and expanding into new services and geographies.

The consistent, aggressive commitment to productivity improvements (more than half the global SSOs are targeting 7+% per year) are keeping Shared Services leaders focused on innovative solutions that improve effectiveness, efficiency and performance. Today, that is predominantly achieved by leveraging automation and data analytics.

This year's report is broken into five core areas that guide modern Shared Services: Operating Model; Strategy; Talent; Automation & the Digital Workforce, and Future Technology Opportunities.

I hope it will guide your strategic and investment priorities in the year ahead.

> **"A strong and obvious commitment to Centers of Expertise is a driving force in modern-day Shared Services."**

Barbara Hodge
Global Editor
The Shared Services and Outsourcing Network (SSON)

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Shared Services: Changing Faster Than Ever

Shared Services as a defined operating model for back office and support services has been around for over 30 years, first explicitly recognized in the mid 1980s. It has been able to stay relevant and grow by evolving to changing business needs and making the most of presented opportunities.

This latest **State of the Global Shared Services Market Report** updates the research on the trends and characteristics of today's Shared Services Organizations (SSOs). What is clear from this report and from our own research and experience is that things are moving faster than ever. Changes that previously occurred over many years are now happening over months or a few short years, and some organizations are leapfrogging previous steps to achieve the maximum potential opportunity in the shortest possible timescale. An example of this is highlighted in the report with the significant and growing interest in pursuing Global Business Services (GBS) as an achievable model. As the report highlights as well, innovation and productivity improvements are also top of the agenda for today's SSOs.

New technology is really disrupting the Shared Services and Outsourcing space, including Intelligent Automation (IA) and Robotic Process Automation (RPA). The recent slow-down in offshoring, especially to third party outsourcers, is linked to advances in technology, greater preference for onshoring/nearshoring, and flattening of the labor arbitrage opportunity. Companies and institutions still need to look at end-to-end processes, and the importance of Enterprise Resource Planning (ERP) solutions has definitely not gone away, but it is now also possible and indeed *desirable* to automate activities within and along these processes, leveraging fast implementation and agile practices with rapid return on investment (ROI). Social media and the need for mobile solutions are also driving technology adoption and associated standardization of business processes.

"Big data" and data analytics have become a significant value-add opportunity. And Shared Services organizations have been "moving up the value chain" – something that was promised for many years but is now really accelerating. This has been supported by the growing use and development of Centers of Expertise/Excellence (COEs), which focus more on "professional and technical" as opposed to "transactional and administrative" services and activities. These COEs have also been ideal for starting/growing/supporting the enterprise's broader automation strategies, leveraging the rapid growth and development of various intelligent automation solutions, ranging from robotic desktop and robotic process automation, through machine learning and cognitive uses, and on and up to artificial intelligence.

Business process outsourcing (BPO) is really a phenomenon of the last 10-15 years or so but is also being impacted and is having to evolve. It remains relevant, however, and what we call "selective" outsourcing continues to be of value to many enterprises and their SSOs. However, the traditional "lift and shift" of transactional activities to a third party's offshore locations, largely for lower cost benefit, has slowed and in some areas has actually started reversing. At the same time, the focus has shifted somewhat to providing more *onshore* and a greater degree of professional and technical services.

This partial move back onshore has also been seen in internal captive Shared Services Centers (SSCs). That is not to say that setting up new captives at lower cost locations is not still being considered – it is. But with the flattening of the labor arbitrage opportunity and the potential for achieving what we have been calling "robotic arbitrage", the desire to move to lower cost, offshore locations for broad service lines and process execution has been declining.

All these changes have resulted in the need for retraining and realigning process/service teams, and changes to hiring and retention policies and practices. There is also the growing recognition, acceptance and leveraging of what has been called the "hybrid workforce", made of both humans and supporting robotic process and broader intelligent automation. This report highlights that *innovation, analysis, process* and *automation* related skills and experience are leading the pack for future SSOs. Customer service and relevant functional skills are still important, of course, but they are much further down the list of skill requirements than was the case just a handful of years ago.

Phil Searle
Founder and CEO
Chazey Partners

1 SSO LANDSCAPE AND OPERATING MODEL

Globally, Shared Services is characterized by two trends: first, a strong propensity towards growth (44% of Shared Services organizations represented in this year's survey are in the planning/early launch phases); and secondly, maturity and sophistication (nearly one out of four global Shared Services is >10 years old).

What this means is that for the mature segment (56% of SSOs are > 4 years old), the low hanging fruit that drove the model originally (i.e., time and cost) has been well and truly harvested. Today, these Shared Services are leveraging the process expertise and knowledge they have developed and, combined with innovative automation and new data analytics capabilities, are repositioning themselves as *the brains of the enterprise*.

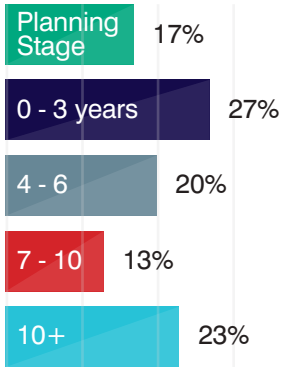
Consider this:

If: research & development + sales = new revenue streams

Then: Shared Services + automation + data = new and unexpected value drivers.

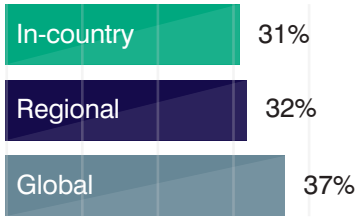
Shared Services as a model is well and truly coming into its own, in other words.

How old is your Shared Services Organization (SSO)?



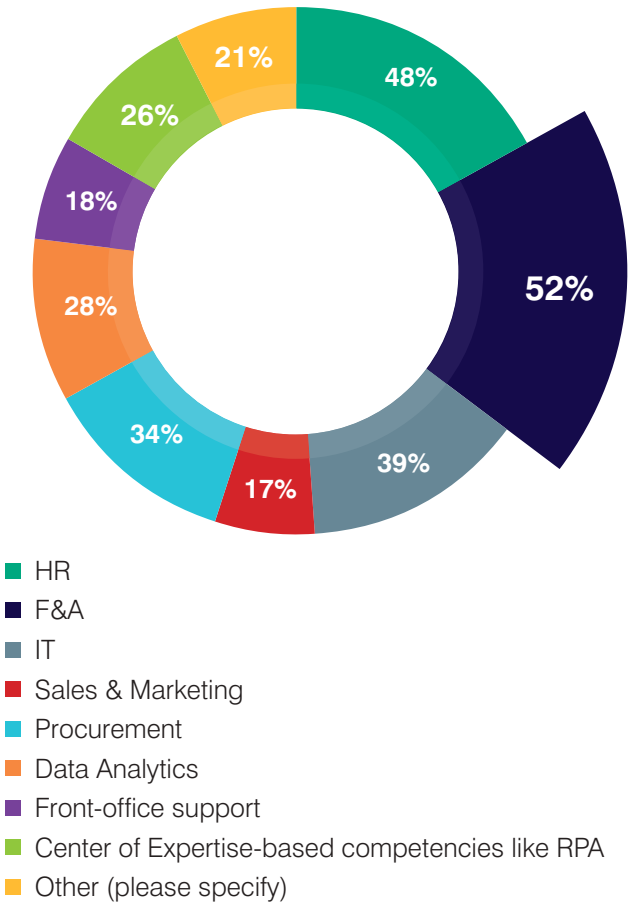
The benefits of Shared Services are today leveraged for predominantly global – as opposed to in-country or regional – business customers. Nevertheless, just under a third of Shared Services provide only in-country services. These percentages are relatively unchanged year-on-year. In addition, the vast majority of Shared Services today are multifunctional (and this segment has jumped significantly – from 40% a year ago to 62% today).

Which geographies does your center serve (i.e. from your location)?



Functions in scope are relatively unchanged over past year, still falling largely into the HR and F&A realm, with IT and Procurement strongly represented. Sales and Marketing is still on the lower end but Data Analytics is clearly pushing forward. And while there has been a flurry of excitement around Shared Services driving revenue via Front Office support, this is still hovering at less than 20%.

Which functional services does your center provide? (multiple options chosen)



TREND: CENTER OF EXPERTISE

A strong trend that has emerged over the past year is that of **Centers of Expertise** or **Excellence** (COEs) becoming a fixture. Last year, respondents cited new services being added in the areas of Change Management, Data Management, Automation, and Process Improvement. This year, we see these types of services being solidified in COEs in roughly 2/3 of global Shared Services. A significant development, as in last year's survey only 37% indicated plans to set up or expand COEs.

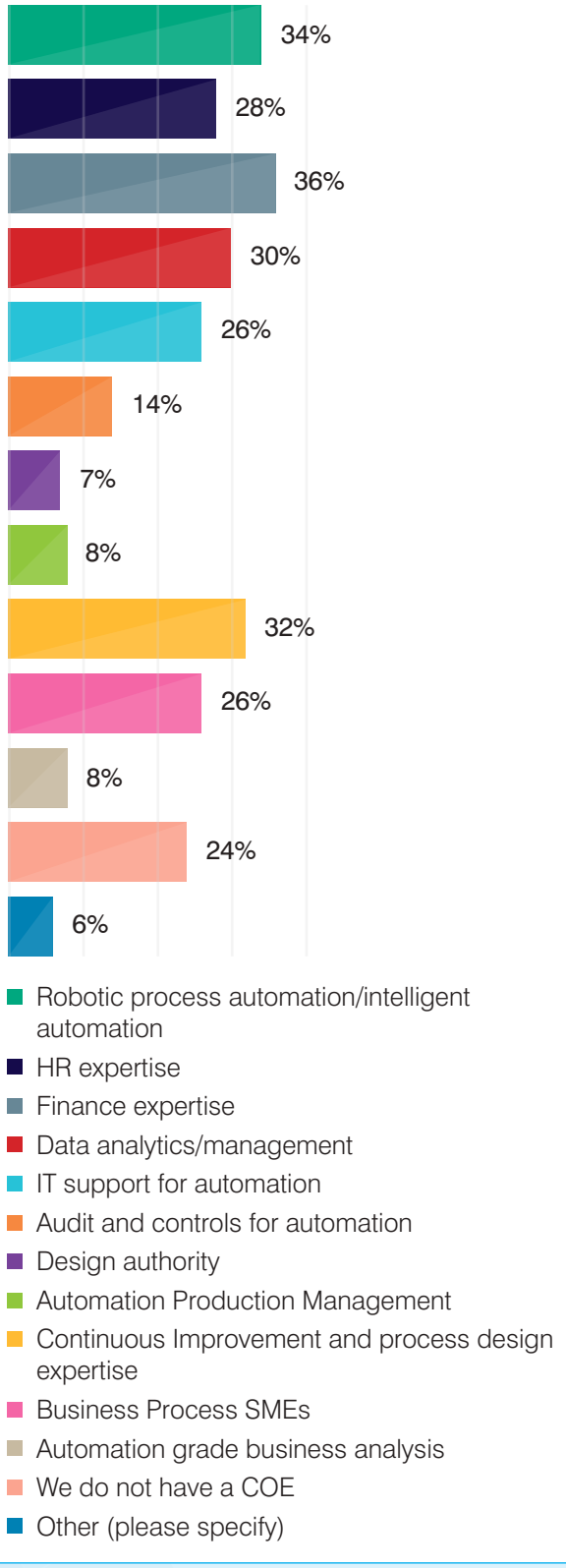
Are you leveraging a Center of Expertise (COE)?

This emphasis on COEs marks a critical watershed. It recognizes Shared Services' future value proposition in terms of the *added* value delivered beyond process excellence. In other words, no longer is Shared Services mainly about transactional proficiency and improvement. What defines the modern center are the insights it offers the business based on a thorough understanding of services processing, automation, and data analytics.

The strong commitment to COEs is a driving force in modern-day Shared Services. And while "expertise" takes multiple forms, the focus now is predominantly on capabilities that drive performance, namely:

- Functional / Process Expertise;
- Intelligent Automation;
- Continuous Improvement / Process Design; and
- Data Analytics & Management;

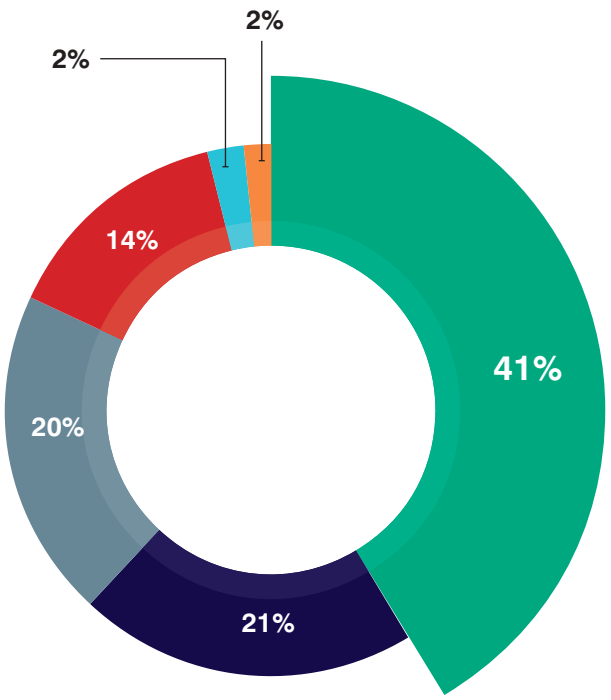
If you leverage a COE, which competencies does it support? (multiple options chosen)



TREND:
FEWER & LARGER

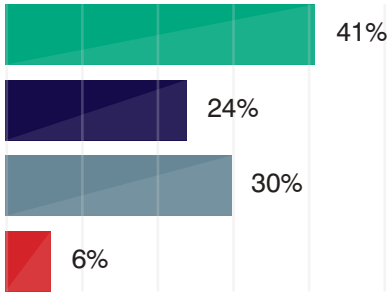
A defining trend going forward is "fewer & larger." This contrasts with the alternative strategy of "smaller & localized – but *more*". The choice will depend on business needs and overall service objectives: Cost factors tend to drive standardization (fewer); customer-centricity drives a more tailored service (more). More than 40% of the Shared Services taking part in this survey were clear about the direction they were taking however: Scaling down their footprint but broadening operations (six out of 10 centers plan to expand service offerings).

Are you planning to expand the scope of your SSO over the next 12 months?



- Yes, in terms of new (additional) service offerings
- Yes, in terms of both geography AND service offerings
- No, we are staying the same
- Yes, in terms of geography
- No we are reducing service offerings and/or geography
- Other (please specify)

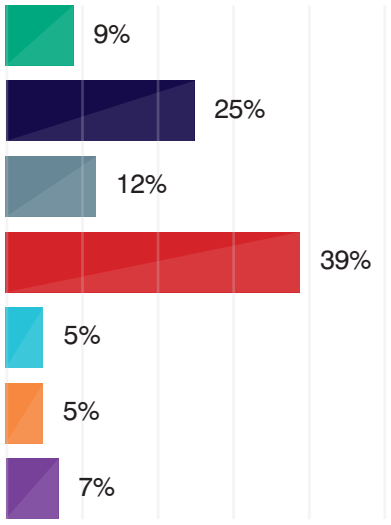
Which best defines your overall Shared Services strategy?



- FEWER – but perhaps larger centers
- MORE – but perhaps smaller and more localized centers
- n/a
- Other (please specify)

This shift is driven by increased automation. Nearly 40% of global Shared Services confirm their plans to reduce staffing across centers as automation becomes more prevalent. But as Shared Services become more proficient at supporting global businesses, the fact is that many of these services can be provided digitally, and even virtually, via cloud-based services. The requirement for running multiple expensive centers is, therefore, reduced (although there is also a shift towards complementing standardized services with localized, tailored support where this is necessary; often performed via "spoke" type centers or embedded in the business). Exactly how the impact of automation and other just now emerging IA solutions will play out on resourcing decisions remains to be seen.

How will robotic automation and cognitive/AI solutions impact your Shared Services strategy?



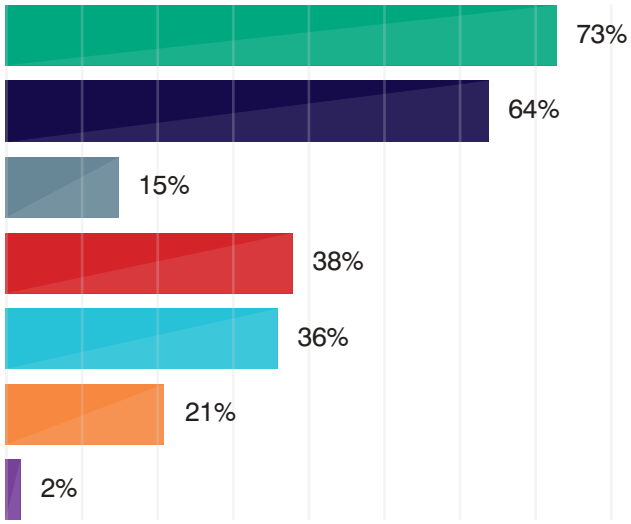
- We will reduce the number of SSCs globally as robots take on traditional work
- We will not reduce the number of global SSCs but we will reduce staffing in these SSCs as robots replace human FTEs
- We will reduce both the number of SSCs globally AND the number of staff in the SSCs as robots replace human FTEs
- No change foreseen at this point
- We will launch additional SSCs globally
- We will expand the numbers of FTEs in our global centers
- Other (please specify)

TREND: AGILITY AND CONTROL

Traditionally, the benefits of Shared Services have been measured primarily in terms of reduced cost and time. This is still valid. However, given the overall maturity of this sector, such objectives have generally already been met, notwithstanding continued and aggressive improvement targets (see next page). As a result, we see attention shifting to the benefits of improved process control, process standardization, and process optimization. The knock-on effects are measured in terms of reduced risk, better compliance, quality and reliability.

Automation, again, features heavily in driving improved controls via rules-based processing. These benefits are significant and openly recognized. Similarly, automation supports agility – the ability to ramp up or down quickly – enabling Shared Services to show significant flexibility in reacting to changes in underlying business requirements – for example, in the case of business expansion or contraction.

What are the most important benefits of Shared Services to your enterprise?
(multiple options chosen)

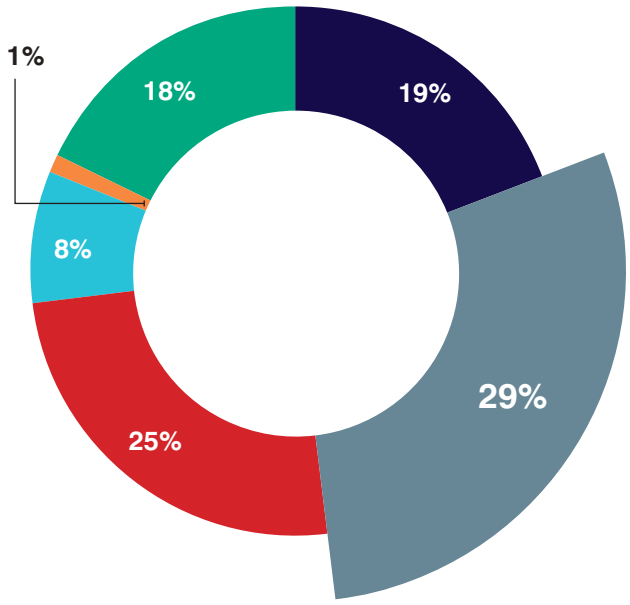


- Control / standardization / optimization
- Cost and time
- Platform integration
- Scaling and agility
- Customer service
- Leveraging competencies around data analytics and process automation
- Other (please specify)

Another factor that is burnishing Shared Services' reputation is that the model is perfectly suited to facilitate the scaling of automation. In other words, expanding or rolling out the wins of early Pilots or Proof of Concepts across the enterprise and thus driving significant gains as well as transformation. Standardized processes are part of the story, of course, but it's also about Shared Services' expertise in rolling out new ways of working, the process intimacy honed over years, and the ability to leverage new competencies like automation, via COEs.

These benefits are supporting fairly aggressive improvement targets: a quarter of global Shared Services are targeting productivity improvements above 10% in the next year, and nearly a third are targeting the 7-10% range. These targets require Shared Services to be innovative and brave and leave no stone unturned in quest of more efficient, as well as effective, services.

What productivity improvements are you targeting in the next 12 months?



> *"The Shared Services model is perfectly suited to facilitate the scaling of automation. In other words, expanding or rolling out the wins of early Pilots or Proof of Concepts across the enterprise."*

2 STRATEGY

The value-add many SSOs are chasing today is based not just on *doing* work but at the same time *better understanding* it.

Data analytics and business insights represent a growing opportunity to offer more in the way of consultative and advisory support to the business.

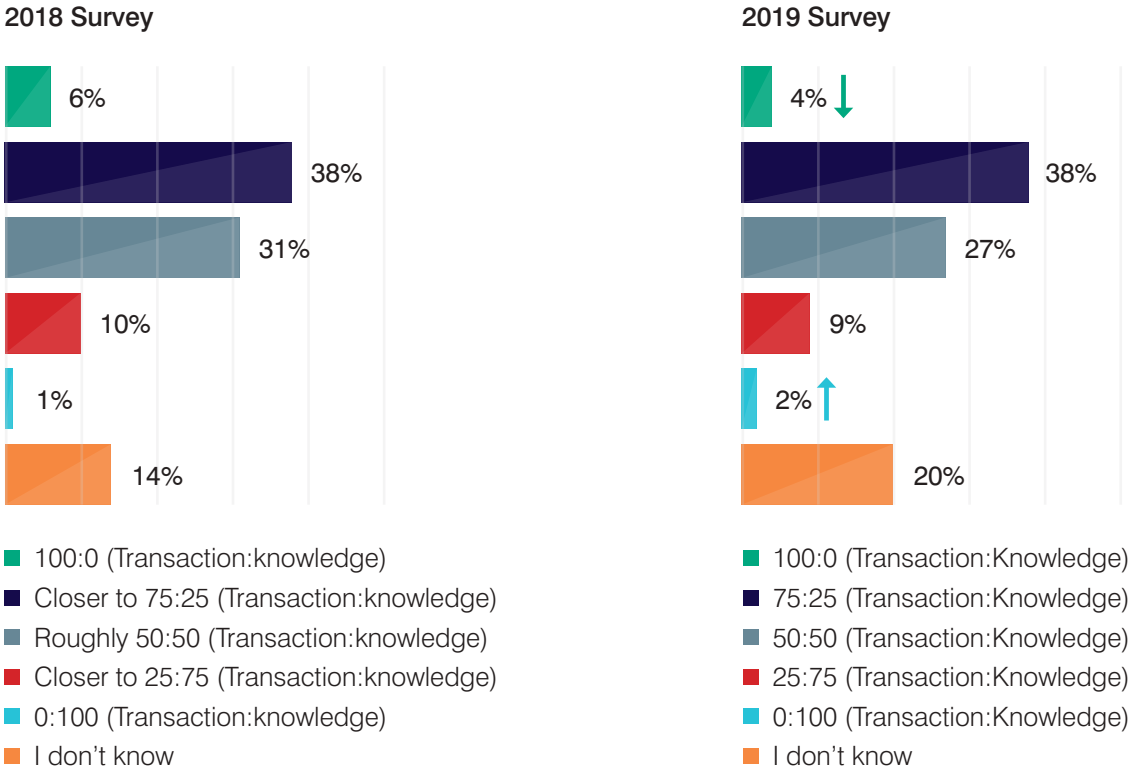
These types of advanced services are often referred to as "knowledge" services, meaning they require understanding, insights and expertise on top of real time data to deliver value.

TREND: KNOWLEDGE WORK

Promising knowledge services is not just a public relations exercise, as we see in this survey. Last year, more than 60% of Shared Services confirmed they were increasingly shifting towards knowledge work, and this year's results clearly reinforce that trend: Shared Services activity is moving firmly away from transactional work and towards insight-driven knowledge-based offerings.

A comparison of this year's results to last year's highlights a shift, however small, at the 100% transactional and 100% knowledge ends of the spectrum, with the in-betweens not much changed. What is significant, however, is that nearly 40% of centers believe that at least half of the services they offer today are knowledge-based.

To what extent are your services largely transactional or knowledge based?

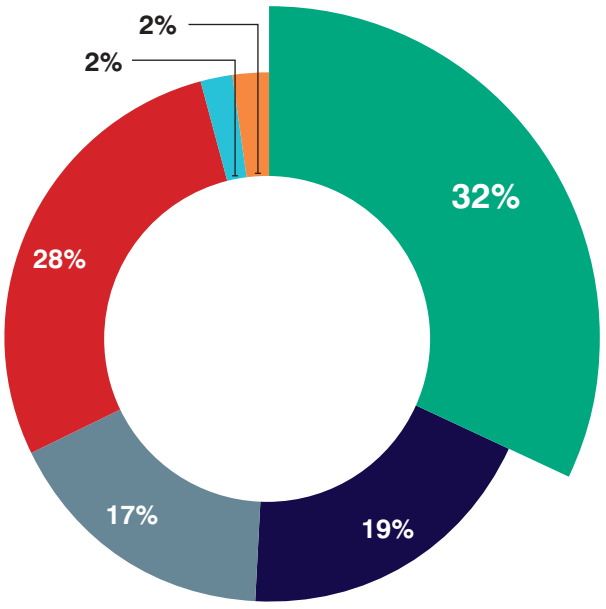


TREND: SHIFTING SKILLS

A shift in strategy is not easy to achieve. Of the 70% Shared Services currently transitioning to knowledge work, a large segment believes itself to be successful in developing roadmaps and targeting milestones. The remainder is struggling with either defining services or leveraging the skill sets required. This gap in skills is a common refrain. Whether it be in rolling out robotic automation or better understanding what the data is telling us, a lack of relevant skills is more often than not a leading cause of underperformance.

More specifically, here is the problem. A year ago, the leading driver for moving towards knowledge work was to make better use of intelligent automation. That makes the skills gap even more significant, founded as it is in a lack of automation competency. Shared Services leaders will need to pay strict attention to the skill sets they are recruiting and fostering in their teams. Alongside automation, negotiation and problem-solving are going to outweigh functional expertise in future, as the trend towards knowledge services continues.

Are you moving towards knowledge services?

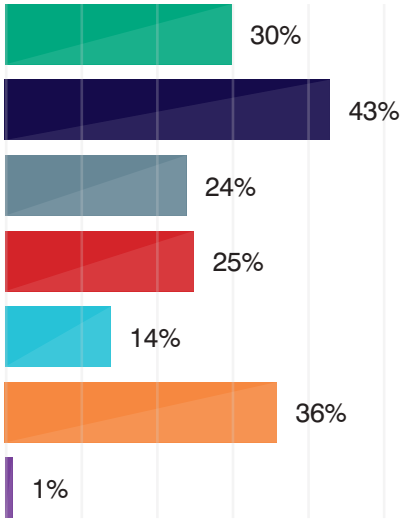


- Not at present
- Struggling with defining knowledge services
- Struggling with transitioning to knowledge services/ don't have the skills
- Yes, and it's going well, roadmaps developed, milestones targeted
- Yes, and exceeding expectations
- Other (please specify)

TREND: GLOBALIZATION SUPPORTS AUTOMATION

The interest in globalized services continues, with just over 10% of respondents confirming a full GBS implementation (20% have partial GBS), but a significant sector committed to pursuing it. This interest in the global model is driven predominantly by the urgent need to leverage automation across an increasingly broader scale. The global process ownership conferred by GBS, and the extent of standardization the model implies, are both key factors that determine the ability to roll out automation. In addition (and this is significant) the ownership of global processes reduces the resistance that automation teams frequently encounter in attempting to scale.

If you have (or plan to have) a GBS, what are your main objectives for it in the next 5 years? (multiple options chosen)

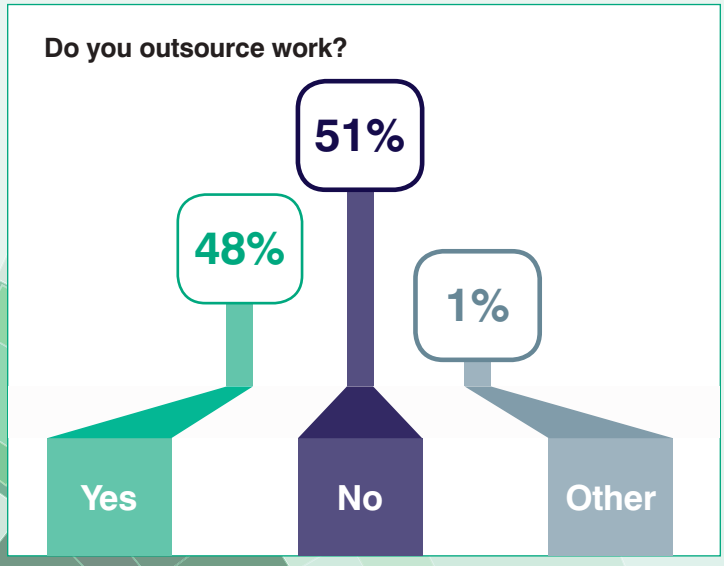


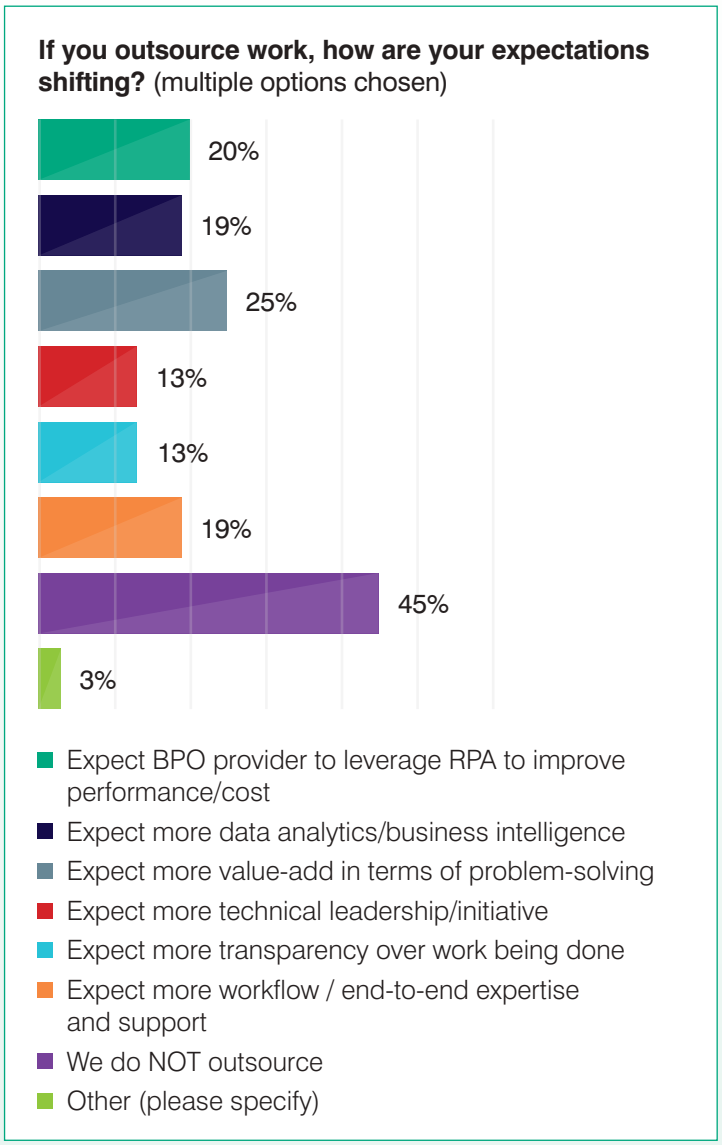
- Expand scope by incorporating new functions
- Leveraging automation/smart technology for efficiency
- Drive service agility
- Support enterprise digital change agenda/ transformation
- Driving enterprise wide analytics
- No GBS
- Other

TREND: OUTSOURCING PROBLEM-SOLVING AND TECHNOLOGY

Outsourcing has been somewhat neglected over the past years as the excitement around automation and its potential for taking over process work that was traditionally outsourced distracted the market. Nevertheless, outsourcing still plays an important role in service delivery as the survey shows. The split between those that do and those that don't is nearly 50-50.

However, for those that do, expectations are shifting. Today's customers assume transactional performance as given. What they are looking for, and are increasingly impatient about, is more support in terms of problem-solving, technology leadership, and data analytics. The value of a BPO partner, today as it was 20 years ago, is about tapping into resources that are either not readily available in-house, or that are already allocated to other departments. As BPO providers have honed their service performance, customers now expect them to leverage the process expertise acquired to deliver *enhanced* services. Many of these services, customers believe, should be based on state-of-the-art automation and cognitive solutions that customers' budgets and competencies don't stretch to.



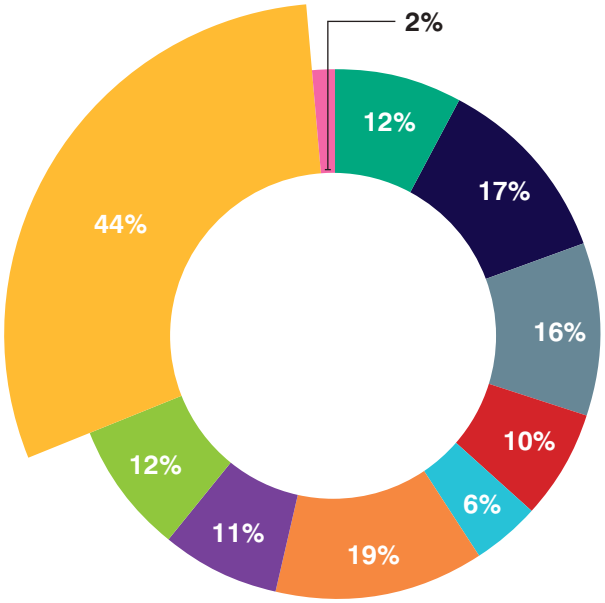


This shift is reflected in the relatively low numbers that are still signing largely FTE-based contracts, as well as the greater emphasis placed on output-based agreements, and workflow integration. What these trends imply, if not spell out, is that customers expect providers to help them improve performance – not just by doing the work that customers had done themselves, but cheaper and offshore; but by offering transparency over workflow, driving optimization, and partnering on output objectives.

Customers' focus, in other words, is shifting to providers' ability to leverage new and value-adding competencies for their benefit.

Interestingly, gain sharing, which was so much bandied about a decade ago, is not given much credence according to the survey.

If you outsource work, how are your contracts shifting?

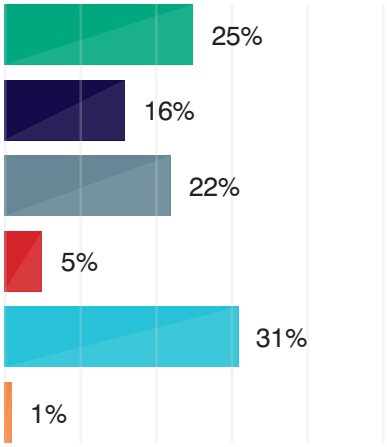


- Shorter term
- Longer term
- Increasingly output-based
- Still mainly fte-based
- Incorporating gain-sharing (skin in the game) for provider
- Reducing cost year on year
- Expanding into analytics-based value-add services
- Integrating end-to-end workflow optimization
- We don't outsource
- Other (please specify)

"Customers' focus is shifting to providers' ability to leverage new and value-adding competencies for heir benefit."

Despite the warnings frequently voiced in headlines about organizations taking work back in-house as a result of automating process work, the survey does not confirm this to be a significant trend. Whether this will change remains to be seen. Certainly, outsource providers should heed the message and focus on a partnering role in which the customer's objectives determine service strategy. (See also: BPO in the 2020s: How Leaders Will be Positioned.)

In the age of automation, how do you rate outsourcing?



- Still significant, as a means of tapping into new technology (eg, rpa) and skills
- Less significant, as we can take some of this work back in-house and automate
- Still significant, but our focus is moving from transactional (eg, ftes) to knowledge (eg, analytics) services
- No change
- We do not outsource / does not apply
- Other (please specify)

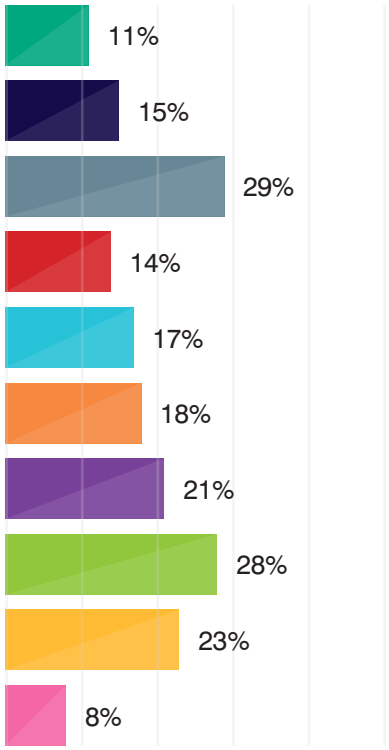
TREND: GET HELP

Shared Services' *modus operandi* is based on optimizing "back-office" work by professionalizing it. What that means, in effect, is that work traditionally just *done*, is now *done by experts*. What was administrative activity becomes the sole purpose of the Shared Services Center, with productivity constantly reevaluated. Performance improvements don't just happen, however, and Shared Services leaders have always been open to partnering with third-party consultants and advisors to help identify and address gaps and opportunities.

This need still exists. The survey confirms that Shared Services leaders look for external support and expertise primarily in driving change management, assessing performance, and evaluating existing delivery models. Today's environment and the increased adoption of technology and automation only serve to highlight the challenges around "change." Transformation continues to *succeed or fail* on the basis of effective planning and change management.

As new tools present themselves and the nature and mode of work shifts, we can expect to see demand for such advisory services continuing, as evidenced by the 20% of Shared Services that would look to external expertise and support in transitioning to a digital (AKA robotic) workforce.

In which area(s) would you be most likely to hire an external consultant? (multiple options chosen)



- To expand our global footprint by launching new centers
- To expand our global capacity by growing/ developing existing centers (e.g., adding new service lines)
- To reassess our existing shared services delivery model
- To redeploy the workload/reallocate staff as we a dopt robotic automation
- To help us develop a GBS model
- To guide us in optimizing our outsourcing strategy
- To support our staff/managers as they transition to robots in the workplace (i.e., cultural)
- To support us in change management
- To assess our current performance effectiveness
- Other (please specify)

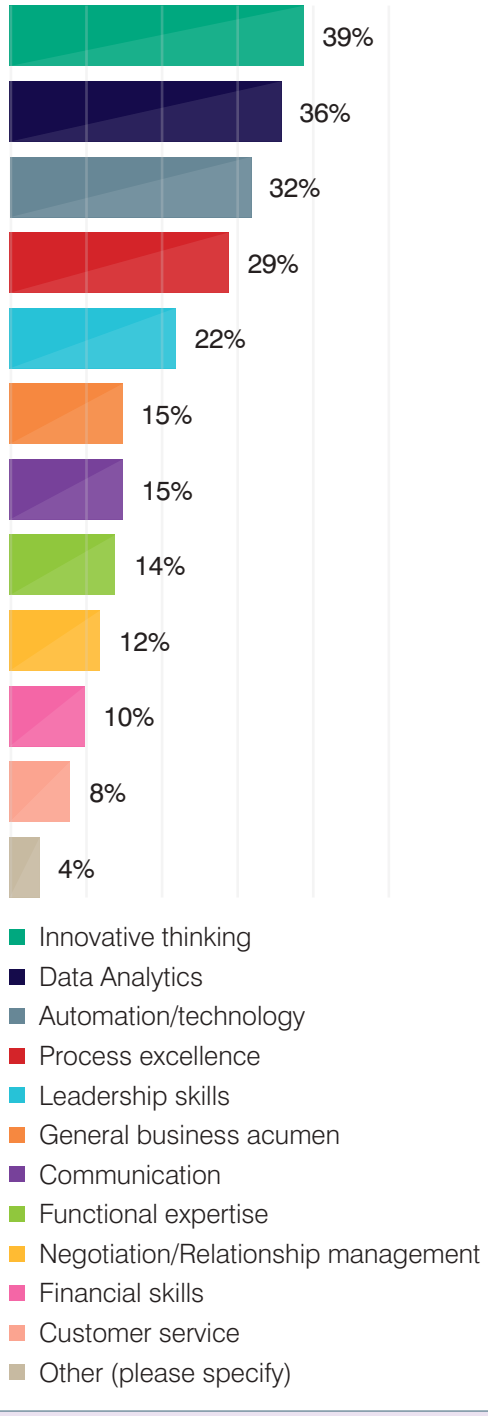
3 TALENT

While we think of performance hinging on people, process, and technology, it's nevertheless the people that (still) rule. That's why "talent" remains a key priority and headache for Shared Services leaders. The challenge might be best summarized by reference to the changing model described in section 1, above. In the early 2000s, task expertise was sufficient to drive cost and quality benefits. Today, this is all table stakes. What remains, or more specifically what has since *emerged*, is that there is an opportunity for Shared Services to develop *additional* competencies that take advantage of automation and the bountiful rivers of data flowing through processes – to come up with new, value-adding services. In other words, success will depend on the ability of employees to understand *the nature of the work being done* in order to come up with innovative solutions and insights.

TREND: INNOVATIVE THINKING

To meet the opportunities head-on will require different thinking above all, specifically around data analytics and automation. Sometimes, the solution might be to *not follow* a given process at all. Or inspiration might come from other industries that are redefining the work they do. Shared Services leaders recognize both their challenges as well as the gaps they are facing in these areas. Developing leadership will be key as we enter a brave new world of possibilities.

What are the biggest skills deficits within your existing Shared Services staff?
(multiple options chosen)

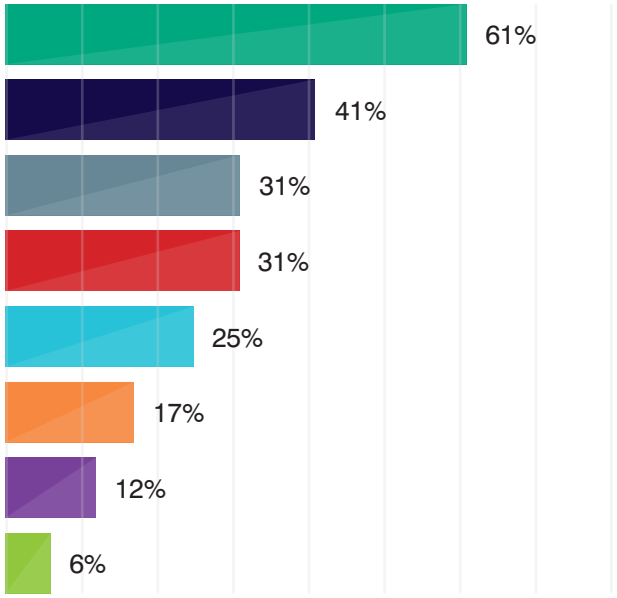


TREND: MANAGING DIGITAL LABOR

The modern workforce is significantly different from the one most of us grew up with. “Digital assistants” (a.k.a. robotic software) will take on much of what was traditionally manual and transactional work, and often outsourced. The work that remains will increasingly revolve around a better understanding of business challenges and objectives.

This presents significant challenges to HR leaders, predominantly in identifying, recruiting and fostering the mindset and skillset required to move forward. One of the difficulties is to support management in transitioning to a hybrid workforce. In other words, to reassure those used to overseeing *human* teams that they have the skills required to oversee a combination of *humans* and *robots*. This is causing a lot of anxiety, which organizations are countering predominantly through change management and training. Development of operations management consoles that enable visibility to work output will go a long way towards eliminating these concerns. However, the survey highlights that most organizations have not yet addressed this opportunity. Certainly, something we expect to see changing over the next year.

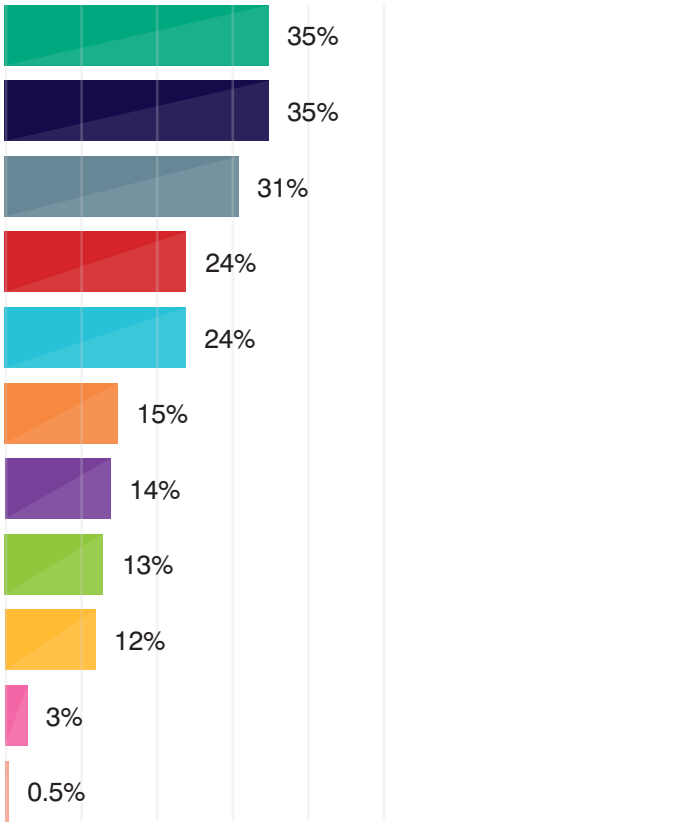
How are you supporting management in transitioning to managing a digital workforce alongside a human workforce?
(multiple options chosen)



TREND: HEALTHY ECOSYSTEM

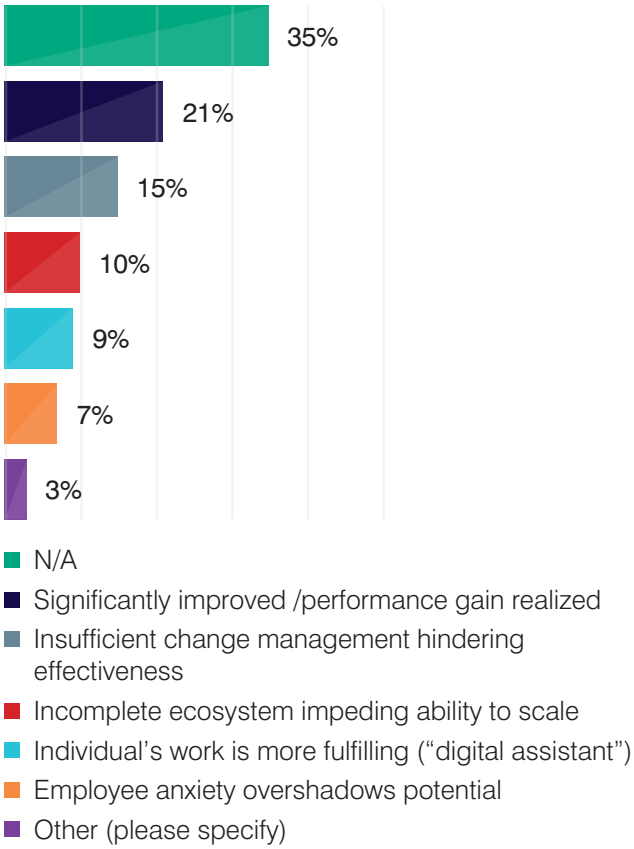
While the survey indicates significant performance gains realized through the digital workforce – particularly in quality, productivity, and fewer errors – there are still obvious challenges to be addressed. Lack of change management emerges as a key culprit in limiting automation effectiveness. Again, preparation, planning, education and involvement are all key themes that serve to minimize the anxiety that is too easily unleashed.

What are the top 3 benefits you've realized from the digital workforce so far?
(multiple options chosen)



One area that *is* going to come under the spotlight for the impact it has on the performance of the digital workforce, however, is the surrounding *"ecosystem."* This ecosystem refers to the integrated network of enabling factors that support automation, and spans things like technology integration, data cleanliness and accessibility; skilled resources; training; stakeholder support; and internal partnerships, amongst other factors. For digital labor to flourish, it needs to take root in a fertile environment that supports its growth. Much like humans need an encouraging culture in which to thrive. If the ecosystem is deemed incomplete, or not integrated enough, it can and will seriously limit the performance of your digital workforce.

What is your experience with the digital workforce (i.e., robotic automation) so far?



4 AUTOMATION AND THE DIGITAL WORKFORCE

Your Challenge: Detailed Knowledge on Current State of Operations

INTRODUCTION

The most challenging obstacle to large-scale digital transformation initiatives is the lack of detailed knowledge on the current state of operations. Billions of dollars are spent and countless hours are wasted interviewing users in a futile attempt to obtain a current and accurate view of enterprise processes.

Despite the best efforts of all involved, traditional process documentation is expensive to obtain, time consuming to collect, and prone to error, thus thwarting enterprise transformation and automation efforts. Transformation is never easy – and is almost impossible in the absence of accurate process information.

AUTOMATION'S UNIQUE CHALLENGES

Organizations that have implemented or are planning to implement automation as part of their larger digital transformation initiatives are starved for insights. Long-term success of automation requires detailed and ongoing knowledge of operational efficiencies. Traditional process mapping using interviews and questionnaires simply can't accurately represent the dynamic changing nature of the modern enterprise.

Next-generation cognitive process intelligence solves these problems, efficiently producing process documentation with very little human intervention.

This technology, built on and driven by artificial intelligence, computer vision and natural language processing, can identify, for example:

- the most commonly performed activities in a specific department
- non-linear, temporally disconnected processes
- how many different ways a process is being done (you may have 50 people executing the same task 40 different ways), and
- what process exceptions or steps cannot be automated.

These insights are critical to a successful transformation program.

DELIVERING AN AUTOMATION ROADMAP

Whether you start small or go big, identifying the most commonly performed business tasks is the best place to start. Automation technology such as RPA delivers incredible ROI when it executes repetitive and mundane tasks, allowing your employees to focus on more complex job requirements.

With cognitive process intelligence, you can easily identify areas where automation can transform business processes, creating an automation roadmap that's both achievable and successful.

A roadmap is an ideal way to communicate up and across the organization, and champion automation plans in a Shared Services environment, highlighting immediate opportunities for automation, along with longer-term strategic initiatives.

IMPLEMENT, MEASURE, REPEAT

The most successful companies are using technology to simultaneously auto-capture processes and measure the effectiveness of automation. One area of a Shared Services department can be testing RPA technology while another is capturing additional processes for future automation implementation. Sharing insights and best practices will enable you to quickly introduce automation across your organization and measure effectiveness.

Once automation is active it cannot be left unsupervised. Continuous monitoring of RPA-enabled processes is necessary to successfully track performance and measure ROI. Cognitive process intelligence technology provides a swift and cost-effective method for tracking and reporting automation success, helping justify future plans.

Pankaj Chowdry,
Founder and CEO
Fortress IQ

It's been four years since robotic process automation was first introduced as a promising solution for service delivery operations. Intelligent Automation, as we have since come to think of it as, continues to make strong advances and is rapidly expanding in enterprises that have adopted it. However, a significant segment of the market has yet to get started.

One year ago, 65% of global enterprises surveyed were at the testing or planning stage. Less than 10% had fully implemented. A year later, just under a third have implemented, of which more than half are now scaling.

These figures will be no surprise to anyone following this industry. Indeed, the number of automation tools or solution providers is exploding (from a handful four years ago to roughly 50 today), matched only by so-called "integrators" – be they traditional consultancies or newly minted boutique firms.

In addition, we now see the envelope being pushed up the intelligent automation curve towards cognitive, machine learning, artificial intelligence, and blockchain. We are truly only at the beginning of what promises to be a radical revolution of the workforce.

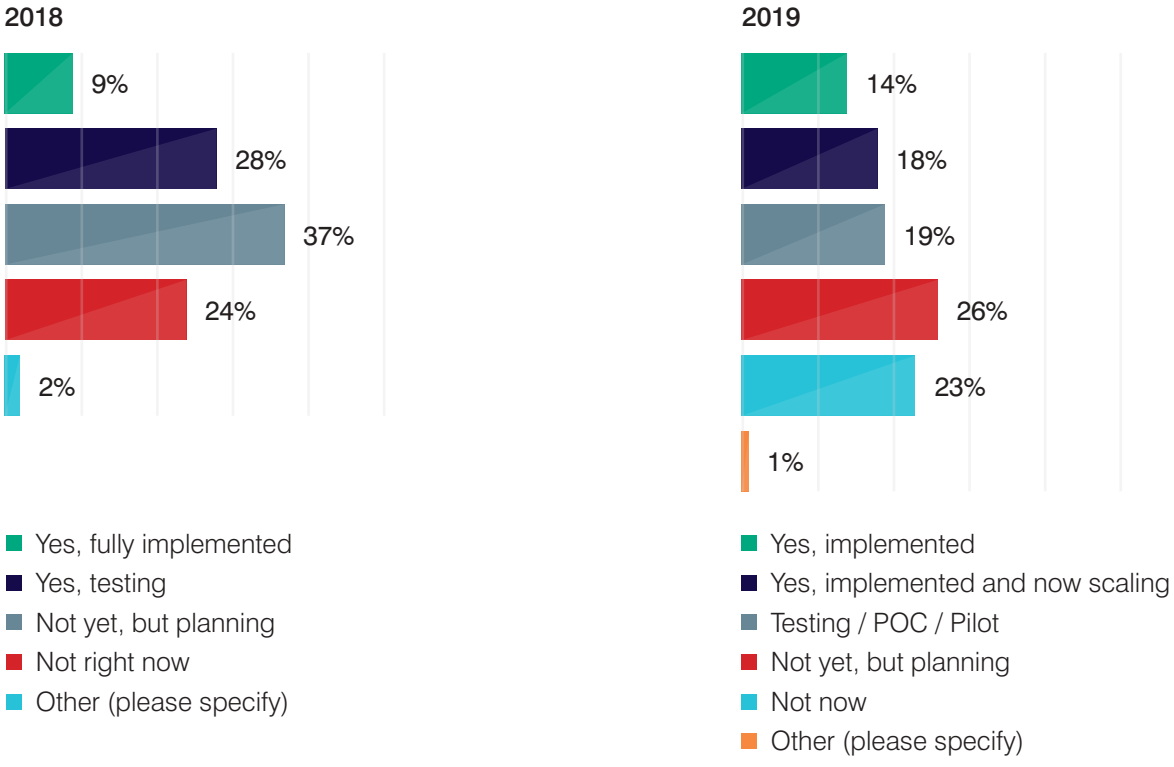
TREND: DIGITAL SERVICE

Automation that started at the desktop level for specific task fixes is now morphing into a platform-based capability that is driving enterprise transformation in support of digitalization. However, this requires significantly greater commitment and a stomach for change (see also SSON's Global IA Market Report 2018: How to Scale Automation).

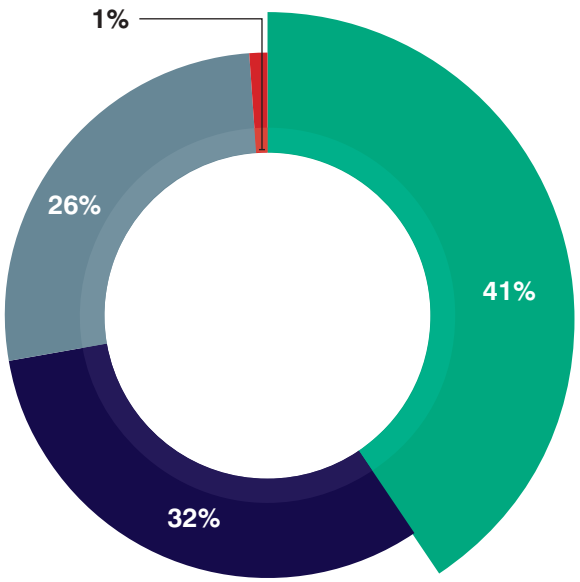
While the impact of scaled automation promises to be enormous, it requires a fairly comprehensive understanding of automation as a value-driving competency, distinguished from task-specific RPA deployed as a "tool."

The survey indicates that globally (and somewhat in contrast to North America, where the focus is still primarily on tasks) practitioners have gained and adopted a broader grasp of automation's enterprise capabilities and are willing to embrace the change that goes with it. This distinction is important to grasp, as it separates those who will ride the digital wave at its breaking edge from those safely playing inside the breakwater.

Is Intelligent Automation (eg, an umbrella term that includes RPA) part of your operations?



Do you see Intelligent Automation (eg, RPA) as a tool or a competency?



- It's primarily a value driving competency, with broader performance implications
- It's primarily a tool to get specific work done
- We don't use RPA
- Other (please specify)

"This distinction [between RPA as a task-specific tool or a value-driving competency] is important to grasp, as it separates those who will ride the digital wave at its breaking edge from those safely playing inside the breakwater."

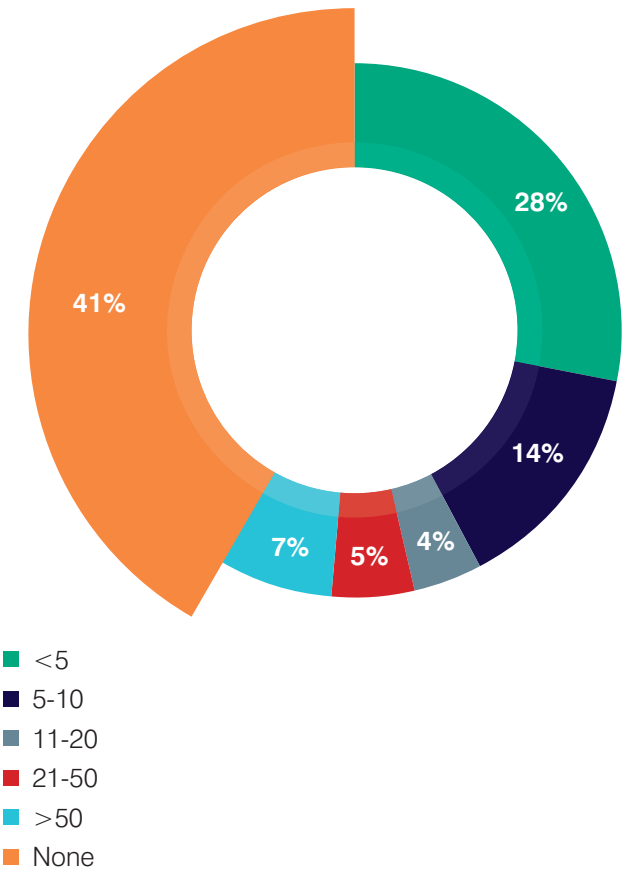
TREND: SCALING

The real wins in automation derive not from task-solutions but from scaling. In other words, pushing automation out across the enterprise. Already, more than half of the Shared Services that have implemented automation are scaling it.

Leveraging and scaling automation as a competency requires a well thought out strategy, however. First, it's important to get the right internal co-collaborators on board, that is primarily IT and Audit; and second, you will need to take steps to avoid smacking head first into a "bot wall". There are numerous hurdles or stall points that need to be, if not overcome completely, then at least planned for, to avoid your project being derailed. (It's beyond the scope of this report to delve into these stall points but readers are referred to SSON's Global IA Market Report 2018 for more information.)

Providers across the board are positioning themselves to meet the growing demand for automated service. Most implementations to date still fall in the "five bots and under" category, with a few selective leaders who have committed more comprehensively to robotic processing. It is still early days and there is plenty of opportunity for growth.

How many 'robots' (or 'projects') do you have in production?



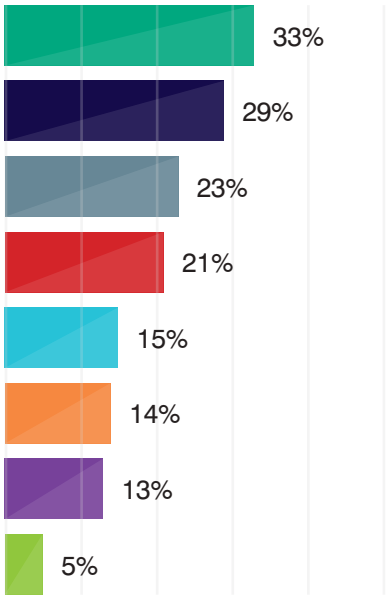
TREND: DANGEROUS GAPS

There are plenty of challenges to automation succeeding. Where projects have failed, the survey tells us this is predominantly due to a number of classic and unfortunately common mistakes. Many processes selected are selected for the wrong reason. Highly complex processes may be your biggest problem area, but they are not the right choice for an automated solution, especially not at the early stage. Instead, experienced practitioners recommend starting with no more than five steps, and highly rules-based processes. Another common factor in bot failure is insufficient change management. Introducing automation, which can significantly change a work process, requires the same care and due diligence as any change in work would. Just because it's a piece of software does not make the pain less painful. Insufficient preparation of the workforce or even of those managing the workforce can quickly derail even the most promising business case.

Finally, and as referenced earlier, it's essential to get key stakeholders on board. Audit and IT are your prime partners here as their concerns can soon put a stop to scaling plans.

Careful planning, process evaluation and selection for automation is crucial to success. This points to the advantages of assembling an experienced team from the start and incorporating third-party expertise where in-house expertise is not readily available.

Where your IA/RPA project has run into trouble, what do you attribute this to?
(multiple options chosen)



- Do not use IA / not applicable
- Process not mature enough / not fit for the solution
- Insufficient change management
- Essential stakeholders insufficiently on board
- Solution provider ended up not being a fit for our project/business needs
- Limited by insufficiently developed data management plan
- We have not experienced trouble with our IA/RPA
- Other (please specify)

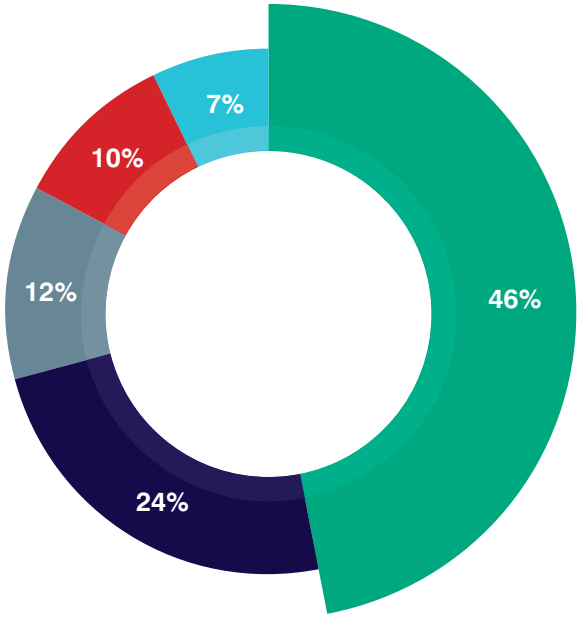
"Already, more than half of the Shared Services that have implemented automation are scaling it."

TREND: SHARED SERVICES RULE

The extent to which automation can be scaled depends, among other things, on who owns the strategy. Our survey shows this to sit quite clearly with Shared Services – an encouraging finding, which allows the greatest scope for scaling automation across the enterprise via standardized processes and Shared Services' workflow expertise.

Interestingly enough, and somewhat in contrast to pervading best practice, a quarter of respondents indicate that ownership of the automation strategy sits with IT. (Again, readers who are interested in understanding the potential limitations of this approach are referred to SSON's Global IA Market Report 2017.)

Who owns the Intelligent Automation (eg, RPA) strategy that drives the 'digital workforce'?



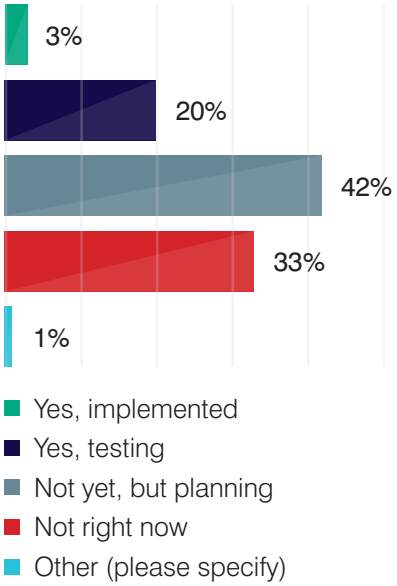
- Shared Services / Global Business Services
- IT Department
- Finance (CFO)
- Business Unit
- Other (please specify)

5 TOMORROW'S BRAVE NEW WORLD: HOW READY ARE YOU?

While we are still in the early days of automation, IA tool providers are plowing on and Shared Services leaders anxious not to miss the next great invention are trying to get their heads around new iterations like Cognitive, Machine Learning, Artificial Intelligence, and Blockchain.

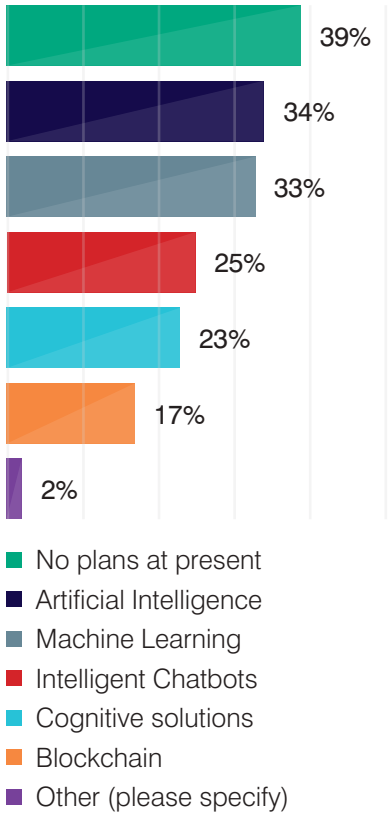
Artificial Intelligence (AI) is grabbing many of the headlines. Last year, we asked whether AI was on Shared Services leaders' agendas. Although actual implementations were low, more than 60% of respondents indicated they were considering it.

2018 Survey: Is AI on your agenda?



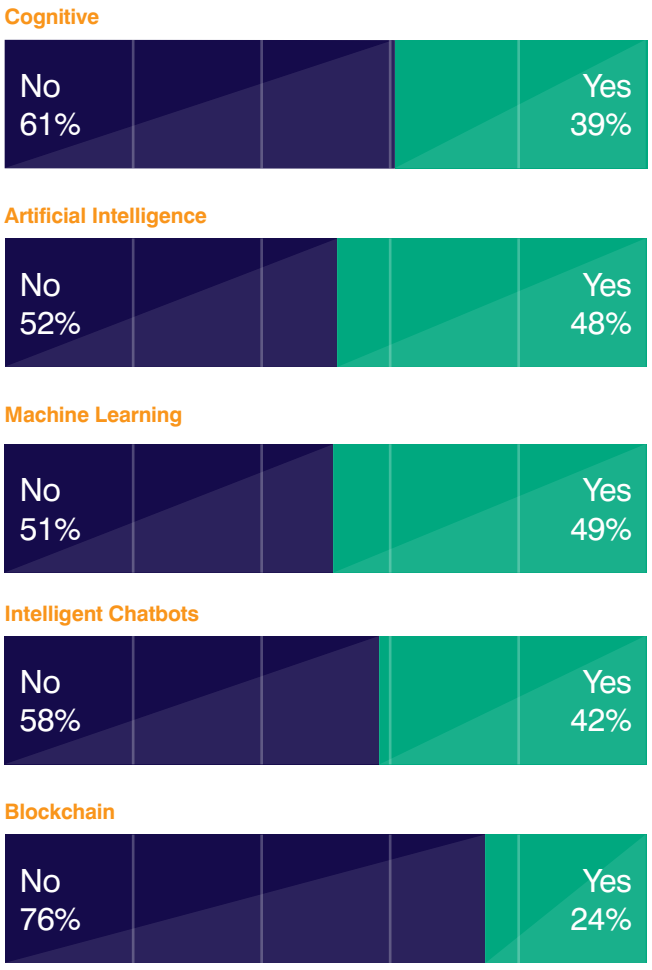
This year, these plans are solidifying. Of those intending to integrate additional intelligent automation solutions, more than half are committed to incorporating AI and Machine Learning in their operations.

Do you plan on integrating other intelligent automation (IA) tools? If yes, which?



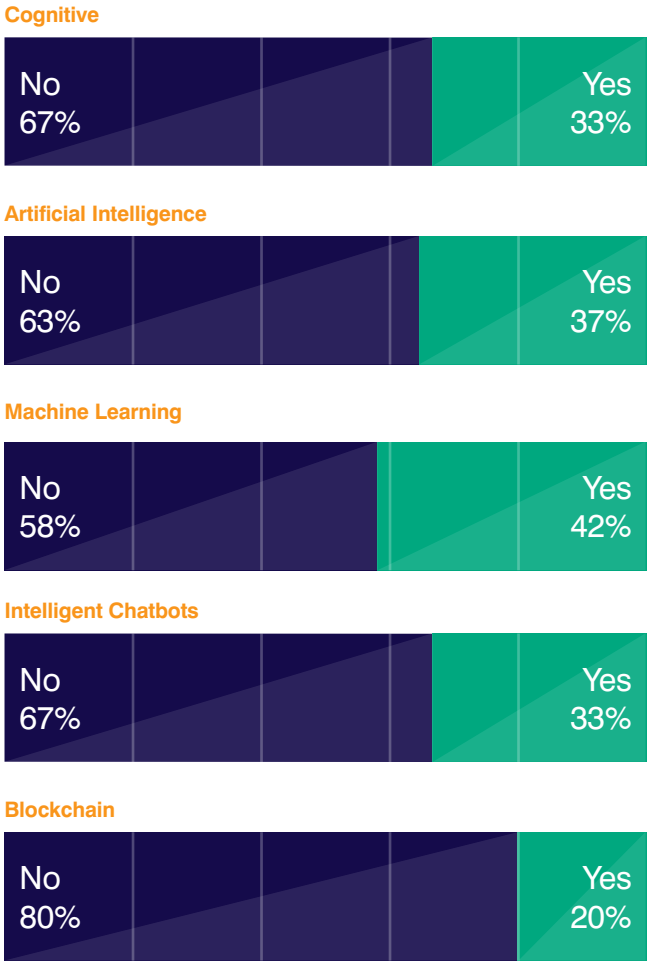
It may be a case of enthusiasm getting the better of executives, however. Very few of the survey's respondents are currently in a position to take advantage of these solutions: When asked whether they had the resources, at present, to leverage the new IA tools, the majority confirmed they did not, whereby Machine Learning offered the greatest optimism, for what it's worth, and Blockchain the least (see chart).

Can you currently tap into resources to leverage additional IA solutions?



Similarly, many of these new cognitive or learning solutions depend on data, and lots of it, to "feed the automation beast." Again, most respondents are not currently in a position to tap into the data required.

Do you have ready access to the data required to leverage new IA solutions?



More significantly, there is still a lot of work to be done in *educating* customers as to what the new tools can do for them. Roughly half confess to *not* having a clear understanding of the potential of new and emerging solutions like Cognitive, Intelligent Chatbots, and Blockchain. And while there is more optimism around AI and Machine Learning, whether this is based on fact or fiction remains to be seen.

Do you have a clear understanding of the potential of these new IA solutions for your operations?

Cognitive

Artificial Intelligence

Machine Learning

Intelligent Chatbots

Blockchain

SUMMARY

While Shared Services have worked hard over the past two decades to gain respect for their output and productivity, not since the early days of outsourcing has there been such an opportunity to leverage a competitive advantage. The digital revolution is causing upheaval in processing centers around the globe, and although there is some pain to overcome, what emerges on the other side is a sophisticated and strategic partner to the business.

The trend towards automation adoption continues, as does the appetite for brand new emerging AI- and Cognitive-driven solutions. Twenty years ago, the talk was of "lights out" processing. Not much happened in the intervening time period. Now, suddenly, that promise seems all too real – and within reach.

Processing and technology, however, represent only two of Shared Services' three prongs – the other being *people*. For many, people remain the most influential factor. In fact, we are already hearing voices suggesting that humans need to be *re-integrated* into automated processes (and that, despite automation only just having taken off).

Cracking the *talent dilemma* will remain top of Shared Services leaders' lists. More specifically, the challenge right now lies in identifying what kind of work humans will be redeployed to, how to prepare them for this work, and how to manage the transition.

Plenty of work and opportunities ahead.

THE WORLD'S LARGEST SHARED SERVICES & OUTSOURCING NETWORK

About The Shared Services & Outsourcing Network (SSON)

The **Shared Services & Outsourcing Network (SSON)** is the largest and most established community of Shared Services and Outsourcing professionals in the world, with over 120,000 members.

Established in 1999, SSON recognized the revolution in support services as it was happening, and realized that a forum was needed through which practitioners could connect with each other on a regional and global basis.

SSON is a one-stop shop for Shared Services professionals, offering industry-leading events, training, reports, surveys, interviews, white papers, videos, editorial, infographics, and more.

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ANALYTICS

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SSON Analytics offers visual data insights that are simple, accurate, and digestible to the global Shared Services and outsourcing community.

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Fortress IQ

About FortressIQ

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Chazey Partners

About Chazey Partners

Chazey Partners is a practitioners-led global management consulting firm supporting Shared Services, Business Transformation and Intelligent Automation. Chazey Partners' Automation Methodology can support all phases of your automation transformation to ensure an appropriate strategy and program for delivering tangible, lasting benefits and return on investment.

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