Shared services centers offer organizations

efficiency and protection from economic uncertainty with onshore/offshore models that not only generate cost savings but also spread risk from disruption. The shared services concept has stood the test of time and evolved; today, these centers are expected to deliver top-line impact as well as serving as cost centers. As such, shared services centers enjoy greater strategic importance than ever before.

To meet evolving expectations from the business, Everest Group research shows that shared services centers have adopted a variety of approaches, such as process reengineering, and at times, the costlier route of modernizing legacy systems. As technology increasingly comes to define the business landscape, automation is emerging as a major lever for enterprises to achieve the next level of efficiency.

Shared services centers, having come to realize the importance of moving beyond labor arbitrage, have begun to explore Robotic Process Automation (RPA) as a tool to free up manpower from simple, transactional activities. Many shared services centers have the scale and technical acumen to play a prominent role in bringing about digital transformation – an objective that enterprises must achieve to stay relevant. In this context, RPA can be a bridge between the present and the future – it can deliver quick cost savings and also help to develop the expertise and harmonization of disparate systems that will be prerequisites if these centers are to become truly digital.

Business case for automation

One aspect of the evolution of shared services centers is that the traditional benefits of labor arbitrage diminish as inflation and cost of living rise in low-cost destinations. Existing shared services centers must find new levers to wring out more efficiency. RPA can make a compelling business case in this context, especially when processes are already optimized.

Given the speed at which RPA can be implemented, an investment in RPA can repay itself over a period of months rather than years. It is also significantly less daunting than an IT overhaul, because RPA integrates with disparate systems through their user interfaces.

Cost savings

In terms of pure bottom-line considerations, RPA can have a positive impact in several ways:

- *Facilities costs:* Many organizations invest in RPA to augment their staffing levels, which can, over time, result in an overall headcount reduction. Because robots do not need floor space, they can reduce facilities costs significantly. **When fully realized, the reduction can be as much as 37%.**
- *Technology costs:* Not having to hire new FTEs could mean a reduction in technology requirements, such as individual desktop/laptop computers or personal productivity software. **Our research found these savings to be 33-37%.**
- *Other operating expenses:* Other expenses, such as support staff and training costs, also would see **a reduction of about 30-35%.**

Other RPA benefits

- *Elimination of errors:* Robots can bring error rates down to almost zero if deployed correctly.
- *Scalability:* Robots can much more effectively deal with fluctuations in work volume.
- *100% uptime:* Robots can work 24X7, especially helpful when multiple time zones are involved.

But wait, there's more

The non-cost benefits don't end there. For many shared services centers, developing core capabilities to enable the digital organization is a priority, and RPA can play a significant role in this goal, because it:

- **Is able to connect a fragmented digital landscape and link disparate systems:** This is important for organizations trying join vital legacy systems with newer digital channels.
- **Quickly and cheaply adapts to process changes:** As processes are codified in RPA, changes can also be put into effect through coding and for immediate deployment.

- **Offers better security and regulatory compliance (especially important for sectors such as BFSI):** As audit trails become increasingly important, both from the regulation and fault-tracking standpoints, RPA makes the strongest case possible as it sets a perfectly auditable action trail.
- **Results in improved insight and analytics:** RPA's digital nature allows it to gather data for processes that can then be used to generate valuable insights and analytics. And, RPA can also be used to automate analytics processes and thereby convert raw data to actionable insights relatively quickly.

Case example: UK-headquartered financial services company

A UK-headquartered financial services company's shared services center uses RPA to process its online orders. RPA connects the orders received through the company's website in the front office to the back-office order processing system, helping the company provide a connected digital channel and to process orders accurately and quickly. As a result, the shared services center has taken on more of a partnership role with the rest of the business. RPA has also helped the center to increase capacity and, importantly, achieve top-line growth through fast and straight-through digital processing.

As organizations strive to automate more processes, they will expect operational centers of excellence also to offer automation services based on pooled skills and best practices. Shared services centers are ideally placed to build such competencies.

When and where to begin the RPA journey?

While RPA is a useful and necessary tool in the digital evolution, like all new techniques, a carefully considered and phased approach can accelerate time to value and avoid setbacks. A combination of business and process characteristics decides which processes are especially good candidates for RPA and would realize the full benefits that a successful implementation can bring.

Generally speaking, the more stable and rules-driven a process is, the better suited it is for RPA implementation, and the initial success can then build up the momentum needed within the organization for a wider roll-out. The key to sustained success is, therefore, to build a roadmap of processes/functions to undergo RPA transformation.

Once in the process, it is important to interact with a wide group of stakeholders as well as to establish proper governance mechanisms.

Figure 1 *Factors deciding suitability of processes for RPA*

Increasing suitability for RPA

Process-specific factors			
Degree of standardization	Low	→	High
Nature of work	Judgement-oriented	→	Transactional
Volume fluctuations	Low	→	High

Shared services center-specific factors			
Scope for improvement by traditional means	High	→	Low
Role in driving business impact for parent	Low	→	High
Business environment	Minimal regulations	→	Heavily regulated

Lessons for early adopters

Pre-implementation ●●●●

- **Change management** – A deployment is a change like any other and should be managed using best-practice change management methodologies.
- **Technology skills availability** – A global shortage of robot software developers means the right skills may be difficult to come by. Organizations could consider growing the skills internally using technology vendors' training courses and certification or bring in skills by contracting with consultancies and system integrators.
- **Governance, stakeholder management, and consolidation** – It is important to overcome the initial concerns and reluctance to move forward with RPA and secure buy-in from all stakeholders for an effective implementation.
- **Cyber security, access controls to systems for robots, and data security** – These concerns should be addressed up front to avoid complications in the later implementation stages.

- **Agile automation roadmap –** It is important to start with an overall automation roadmap, albeit implemented using an agile approach.

Implementation phase

- **Streamline first** – Ensure that the process being automated is streamlined. Automating an inefficient process is not likely to result in the highest returns.
- **Start simple** – Do not start by automating complex processes; you can tackle those processes later when the organization has gained more experience in RPA and has the competencies to develop robots and process orchestration that can handle complex processes.
- **Invest in analytics** – To extract the maximum value from the data that is generated from automated processes, be sure to set aside the appropriate funding for analytics.

Post implementation

- **Governance and vendor management** – Make sure you have the right processes in place; governance and vendor management can become a challenge when there are multiple implementations.
- **Upskill/redeploy employees** – Ensure that freed-up employees are upskilled and deployed in more judgment-oriented activities. Doing so will lead to increased or new capacity to grow the business and will boost intra-organizational support for the RPA initiative.
- **A shining example** – Make the first RPA implementation a model that the rest of the organization can learn from and replicate. Do not confine the lessons from implementation to one function; circulate them widely throughout the organization.

For more details, particularly on how and where to begin, see the full report, *Shared Services Centers and Digital Transformation*.

Additional Resources

- Cross-Functional Collaboration in GICs

- RPA Implementation in GICs – Learnings and Best Practices

- BFSI GICs: Orchestrating Their Way to Digital Growth

- Robotic Process Automation (RPA) – Technology Vendor Landscape with Products PEAK Matrix™ Assessment 2018

- Creating Business Value Through a Next-Generation Smart Digital Workforce

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