

Shared services delivery has evolved

to the point that supporting the enterprise's innovation agenda is quickly shifting from opportunity to competitive imperative. Recent [Everest Group research](#) shows that, with their strong foundation in service delivery, deep domain skills, and understanding of business needs, Shared Services Centers (SSCs) are ideally placed to leverage their expertise to accelerate organization-wide innovation.

Driving innovation

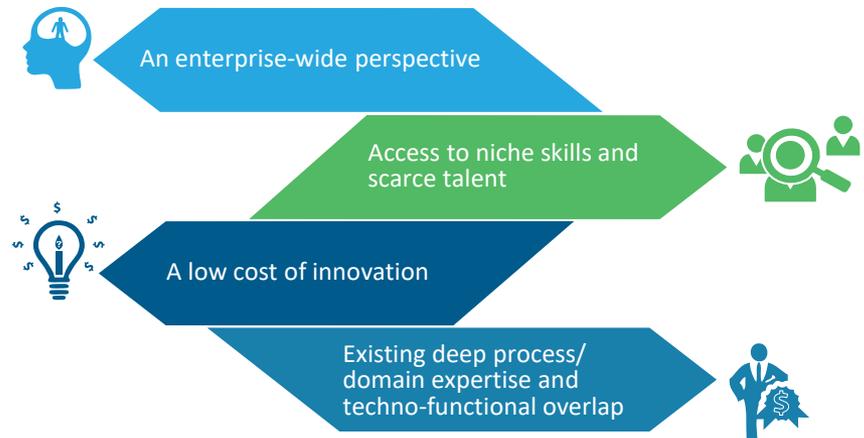
While there are any number of ways to define innovation, in conducting our research, we identified the following criteria as most essential:

- Having a new idea / fresh thinking related to existing processes/products
- Addressing a real challenge / business need

- Adding value for the customer / improving customer experience
- Adding value to the company
- Translating the idea into a feasible offering

Why and where SSCs are driving innovation

Enterprises are leveraging their SSCs to drive innovation for four main reasons – they offer:



In general, enterprises leverage their SSCs for three types of innovation, as described in Figure 1.

Figure 1 *SSCs Enterprises leverage SSCs for three types of innovation*



Data and analytics

Enterprises leverage SSCs' deep domain skills and data and analytics capabilities to introduce enhancements in customer engagement and acquisition and to drive operational improvements



Technology/process innovation

Enterprises look to their SSCs to support and even drive process and technology transformation, such as process automation and the development of blockchain solutions



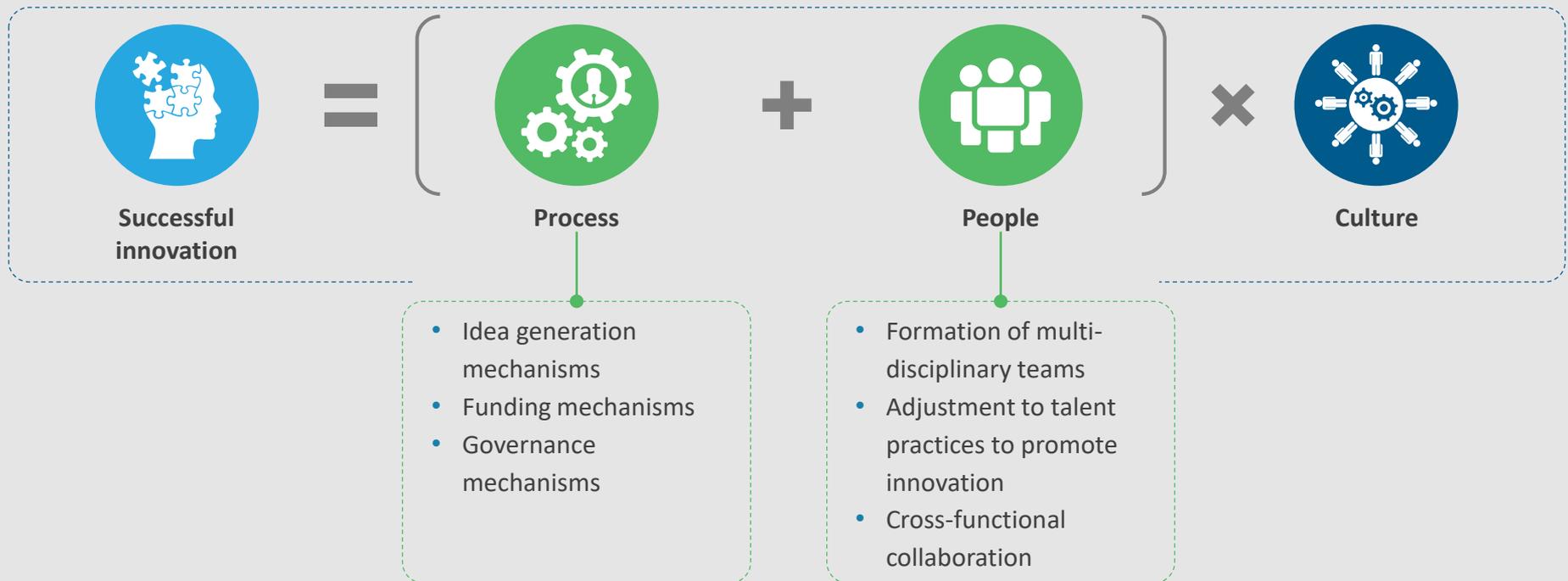
Product innovation

SSCs are supporting their enterprises in the introduction of new products and services and/or the customization of existing products and services

Innovation enablers

Our research among SSCs indicates that successful innovation is essentially an equation comprising several components fit together in a specific way as depicted in Figure 2 and described in the ensuing pages.

Figure 2 *Innovation equation*



Process

Idea generation mechanisms

The majority of SSCs harness internal capabilities that sit in either the SSC or in functions within the broader parent organization. A third of SSCs also join with external partners, such as startups, educational institutions, and service providers.

Fewer than half of the SSCs we surveyed have dedicated innovation teams to source ideas, but many recognize the need to adopt a more holistic approach with dedicated innovation teams that leverage internal and external sources on a continuous basis. Those organizations that are doing this have been able not only to drive incremental innovation (improving existing products/services), but also to introduce transformational/disruptive innovation (creating new and relevant business models/offerings).

Funding mechanisms

Organizations generally take one of three approaches to funding innovation initiatives:

- The SSC is given a fund to dedicate to innovation generally sponsored by the parent stakeholder/group that governs the SSC (such as the global COO). This approach is fairly common
- The SSC taps into a centralized corporate venture fund/program to fund its innovation efforts. This approach also is fairly common
- The SSC drives specific project-based innovation efforts for specific business units or functional areas. This approach is comparatively less common

Governance mechanisms

Measuring the success of innovation is a difficult, yet critical, enabler of success. Strong governance mechanisms help SSCs address three key objectives:

- Assess the effectiveness of innovation activities
- Guide the resource allocation process
- Assign accountability for actions and responsibilities

Most SSCs track the impact of innovation on their parent organization's business outcomes, but there is no one-size-fits-all approach. SSCs should carefully evaluate the strategic rationale for, and feasibility of, defining/implementing KPIs.

People

Formation of multi-disciplinary teams

SSCs have adopted a variety of approaches to innovation team design based on organizational fit and business alignment. The most commonly adopted models are:

- A dedicated innovation team based in the SSC
- Innovation teams embedded within business units or functional teams
- Partnership with an external entity, such as a startup

On top of having the right team design, innovation team success relies on having the involvement of the right people within the organization. Leading SSCs involve stakeholders from different parts of the organization to invest time in exploring adjacent and transformational opportunities.

Adjustment of talent practices to promote innovation

Effective innovation requires changes to existing talent models, including:

- Talent acquisition
- Training and development
- Leadership
- Performance measurement

Cross-functional collaboration

SSCs are approaching cross-functional collaboration in three ways:

- Informal collaboration fostered through informal networks and relationships, mostly on an ad hoc basis
- Project-/objective-based collaboration in which cross-functional teams collaborate on specific projects and/or objectives; no structural changes
- Structural changes to drive collaboration; in this case, functional teams collapse into common groups and create utilities and/or horizontal digital teams

Culture

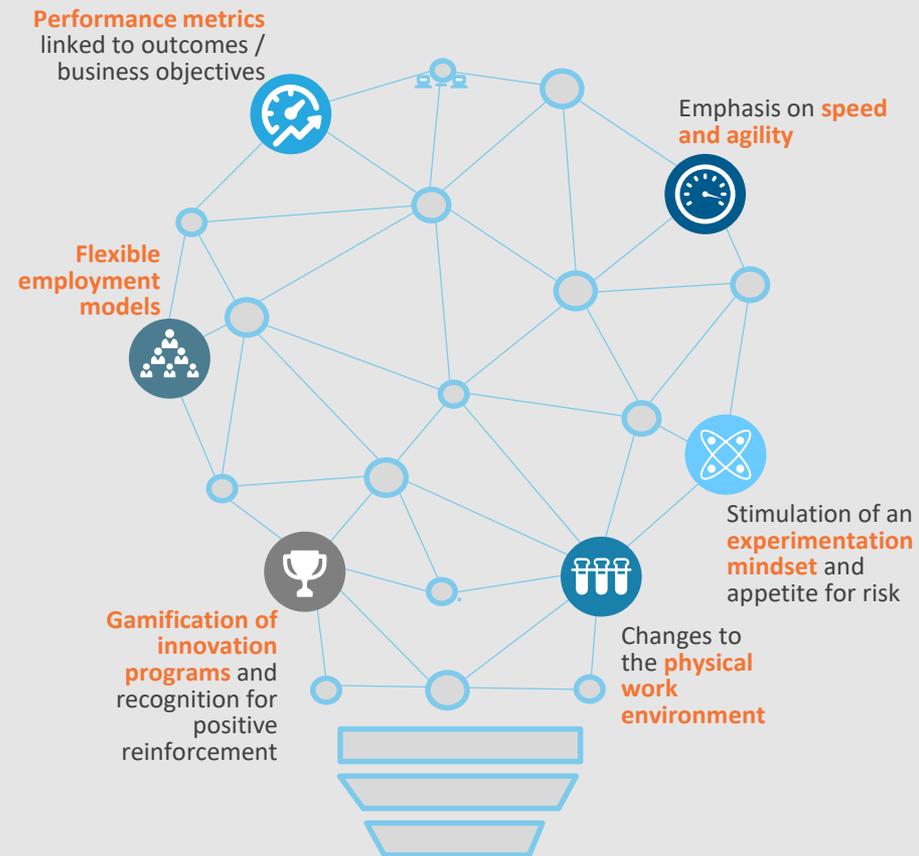
SSCs are deploying multiple tools to reengineer their DNA and develop a culture of innovation, as depicted in Figure 3.

For a more detailed analysis of on this topic, including multiple **case studies of how SSCs have embraced innovation**, see the full report [*Leading Innovation and Creating Value: The 2019 Imperative for GICs.*](#)

Additional Resources

- [Banking, Financial Services, & Insurance GICs: Gaining Status, Driving Results](#)
- [Webinar Deck: Is Your Shared Services Center / GIC Driving the Digital Agenda?](#)
- [Engineering Services Global In-house Centers \(GICs\) In India: Focusing on Innovation to Drive Growth and Attain Global Leadership](#)
- [Global In-house Center \(GIC\) Landscape Annual Report 2018 – GICs Emerging as Innovation CoEs for Global Enterprises](#)

Figure 3 *Initiatives GICs adopt to foster a culture of innovation*





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