

The Role of Global Business Services in Innovation, Enabling Top-line Business Impact, and Growth in New Markets

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Learn how Société Générale's global solution center has evolved to support and even lead the bank in some of its transformation efforts

We had a chance to sit down with Sunil Shah, Global Head of Société Générale's Global Solution Centres in India and Romania, to learn about the company's innovation journey, the GSC's role in enabling top-line business impact, and bank's growth in new markets. Société Générale, the SG Group, is a global bank with a legacy of over 150 years. In the interview, we discussed Sunil's experience in the evolution journey of SG GSC and the key learnings from the initiatives, including – among others – the benefits of leveraging strengths from different locations and the value of shared services in transforming an organization.

H KARTHIK: Sunil, I think a good start to this discussion would be for you to give us an overview of Société Générale and what it does.

SUNIL: Société Générale, the "SG Group," is a global bank with a legacy of over 150 years. It is headquartered in Paris, France, and has more than 140,000 employees.

The bank has a large retail presence in Europe and in many countries outside of Europe, such as in Africa and Russia. The investment banking business is present across key capital market hubs, such as London, Paris, Hong Kong, and New York. The bank also has many interesting businesses related to leasing, automotive leasing, equipment finance, etc. Hence, it's very well diversified.

SG GSC is Société Générale Global Solution Center. In India we are based in Bangalore and Chennai and have been in operation for 19 years. Initially, we started off as an extension of the Asia IT department, but this evolved very quickly as the group realized that India could offer more than IT support, and we became a hub for the entire group. So, the entity was rebranded as a Global Solutions Center, serving all parts of the globe.

Initially, for the first 10 years, the group was leveraging the entity at a smaller scale, primarily delivering application development and maintenance-related activities. By 2009 and 2010, we started ramping up and diversifying to include a broader mandate. Today, we still deliver application development and maintenance but with full ownership and complete end-to-end accountability for projects, with a focus on driving outcomes.

Apart from ADM, we also deliver infrastructure services and operations. For example, Know Your Customer activities for both B2B and B2C, finance, capital work adaptations, payments, confirmations, settlements, and even HR operations are done here. We also have a small research team – around 100 people – which delivers premium value-added



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activities such as sector research, equity research, etc. for our markets business. We also have experts who undertake credit analysis and credit ratings. The SG GSC is now well integrated with the overall group.

H KARTHIK: Sunil, you touched upon the evolution of SG GSC – we believe the evolution has been rapid, especially in the last three to five years. What are some factors that drove this very rapid evolution?

SUNIL: I would say that the evolution was rapid not only in the last three to five years, but in the last eight to 10 years. The evolution took place in two phases.

The first phase, from 2010 to 2015, was driven by scale. We increased from 2,000 employees to around 7,000. But from 2015, we focused on scaling up in terms of the value that we deliver. That's when we started delivering services for the group with respect to digitalization and automation, leveraging the open innovation ecosystem present in India and trying to package these services so that they could be easily consumed by different parts of the group.

The evolution in the past five years has been in terms of positioning ourselves as a value player within the group.

H KARTHIK: SG Group also has a GSC in Romania. Can you talk more about how the bank thinks about leveraging both India and Romania in a more integrated manner in terms of the evolution that you just mentioned?

SUNIL: The bank has an overall location strategy which leverages certain countries for their shared service capabilities and the available talent pool. India is the largest with centers in Bangalore and Chennai, followed by Romania, where we are present in Bucharest. There are smaller shared service centers in Casablanca in Morocco, and in Montreal, Canada, but India and Romania remain the largest and the most integrated. We have a common delivery structure where leaders manage teams both in India and Romania together. For instance, I supervise both the India and the Romanian entities. We can leverage the strengths of both countries and the unique aspects of their demographics to deliver value which could not have been delivered by one entity alone. To give a specific example, in Romania, it's relatively easy to find people who can speak French fluently. So, we capitalized on that and now deliver services for our businesses which predominantly require French language skills from there. But at the same time, some of those processes require strong technology intervention – these skills come from India. Thus, we package these capabilities for our stakeholders.

H KARTHIK: You talked about your innovation journey and, specifically, instances where you've been able to develop different products which various parts of the bank consume. Can you talk a bit more about your journey and give some examples where innovation has been successful?

SUNIL: In 2015, we realized that a rapid transformation was taking place in the industry and the economy. Digital transformation was picking up. Technology start-ups brought innovative solutions to some of the challenges that we were facing. We wanted to leverage that. We built a small team of people who would focus on these topics and build



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services and products accordingly. Very soon, this gained momentum and transformed into an innovation Center of Excellence or COE.

Within the innovation COE, we now have a dedicated team for researching and developing Proofs of Concept, or POCs, on emerging trends such as augmented reality, virtual reality, encryption, blockchain, etc. The team also scans the market for new emerging trends and continuously develops POCs to see how the business can leverage them. The other part of the innovation COE develops products. Since there are multiple departments in the bank which have common business problems, they can leverage and reuse these products accordingly. We create many products for standard processes such as KYC, document processing, etc., using artificial intelligence and machine learning. We also have products with conversational chatbots that can configure workflows. These products can be used across the group in a very easy-to-implement manner, thus promoting reuse.

We also have a department that is focusing on process transformation. We strongly believe that the role of a shared service center is not just to execute large processes but to transform them significantly. We are trying to apply frameworks and methodologies like design thinking, STP – Segmentation, Targeting, and Positioning – to processes most important to the group, rewriting them to ensure end-to-end delivery, and developing IT tools that can make them more efficient. The team comprises people who are skilled in process engineering, design thinking, and lean methods. Lastly, we have a team within the innovation COE that works on open innovation ecosystems.

We have a brand program called Catalyst which allows the business units to express their challenges in a simple way, take them to the start-up ecosystem, and then invite proposals on how their products or ideas can solve these challenges. After the initial filtering process, we invite a few start-ups to work with us by accessing our data and business and technical experts. Thereon, we work closely with the start-up to build the solution.

It is now an accepted idea that India is an important part of the ecosystem for digitalization, developing quick products, testing new technology trends, and providing out-of-the-box ideas for some of the large corporate challenges of the bank.

H KARTHIK: This journey has been impressive but there must have been several challenges along the way. Can you talk a little bit about what these were and how you addressed them?

SUNIL: The challenges were numerous because we were trying to encourage a completely different mindset and create a different operating model. The first questions that arose were: “What is an innovation COE? What will this team deliver? Can India play a meaningful role in this value chain?” After overcoming the initial skepticism with some promotion and quick wins, the question that arose was with respect to scaling up this operation. Given the size of the organization, we really needed to scale up this team. This led to the concurrent question of budget.

As many of the solutions that we were creating had a very strong IT component, we had to work closely with different IT departments to move them into production. Hence, the biggest challenge was not really in building the POC but taking it into production.

Some of the other challenges were with respect to attracting the right kind of talent, both internal and external. It's really about the kind of story that you want to tell, the vision that you have for the COE, and the value that is going to be delivered. Additionally, the



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leadership team invested heavily in the COE through the savings that were generated in our global solution centers. This self-funding mechanism increased the confidence within the bank. Now the questions that we are answering pertain to not only innovation but a more industrialized way of delivering transformation.

H KARTHIK: One of the challenges in making innovation at scale for a GIC is with respect to building business context. It's easier to build technical/process knowledge. But how do you marry that with what the business challenges are and what the bank really needs?

SUNIL: Actually, this is where having a large-scale organization helps, because we have many people who have worked on multiple projects, and they have a lot of knowledge about the bank and its processes. It was important to inculcate the mindset of transformation, innovation, automation, and digitalization and make sure that people were able to dedicate their time and resources toward these goals. This is when we launched a change management effort within the group to promote innovation as an activity. We also believed that everybody within the GIC needed to work on these projects and we included concrete objectives pertaining to innovation or digital impact in every individual's performance assessment. Thus, we built the expertise from scratch and then tapped into it for the innovation COE.

H KARTHIK: If you look at a GIC's evolution, then this is essentially helping enable top-line growth – revenue growth. Can you talk about some specific examples where SG GSC has helped the bank grow its business?

SUNIL: One interesting example that comes to mind is when the bank set up a new branch in Australia. It was supposed to handle mostly leasing and finance-related work, but we still went through the process of getting the relevant licenses and tools (more than 150 tools), and setting up the IT, HR, finance, and business departments. In the past, it would have taken millions of euros to set up a branch in a new country. But we were able to do this at a vastly more economical price in as few as eight months. The end-to-end management of this project was given to us in India. The bank now is generating significant revenue today, within a few months of operation.

Another example is that of Africa. Société Générale has a very large presence in the Africa market, as it's a key part of group strategy. Interestingly, the demographics of Africa resemble very closely that of India in terms of lack of resources, lack of infrastructure, etc. In many cases the African economy, like that of India, has skipped some of the steps of traditional growth and development. For example, people consume mobile services very rapidly when it comes to banking and payments services. This is very different from how banks run their businesses in Europe. Given the similarities with India, we worked with the African team to showcase some start-up solutions in the banking space. Now, we have a dedicated open innovation program called Catalyst for Africa, wherein the business challenges from our African business lines are being channeled to start-ups in India. We recently had a demo day where all the MVPs, or Minimum Viable Products, of those start-ups were demonstrated to the African businesses and received a lot of interest.

We also run a program called Internal Start-up to promote intrapreneurship. This program promotes ideas that our own employees have and helps them create their own start-ups. Those whose ideas are shortlisted are given the necessary resources and freedom to

create their own start-up within the GIC. One of these start-ups, called Cashberry, has gone live with a few banks in Africa. Cashberry is a type of platform that allows agents to collect and disperse cash; this is very useful in Africa because the usage and availability of ATMs is not widespread. This product is helping the banks generate new business.

H KARTHIK: Are the experiences in Australia and Africa easily replicable across other emerging markets where the bank may be looking to expand or establish a presence?

SUNIL: The Australia example is a bit unique. We had a lot of experience in implementing global tools and setting up new businesses in South Korea, Japan, Hong Kong, Singapore, etc. We were able to leverage that knowledge for Australia. However, we may not be able to contribute as effectively to a set-up in other countries, due to differences in data production requirements or lack of local domain expertise and knowledge. However, I believe that we will soon be able to forge a way here also as people gain knowledge of the bank's activities and businesses.

H KARTHIK: What is your opinion on greater collaboration within operations, such as creating utilities? What has been your journey in this space?

SUNIL: Yes, this is an interesting question. As background, at SG GSC, the headcount is split evenly between operations and IT. Around seven to eight years ago, the IT team started managing all the products and tools used by the operations teams. If the operations teams had any ideas for enhancements, then these ideas would be consolidated and prioritized, and the final list would be sent to headquarters for approval. Thereafter, the shortlist would be reallocated, based on priority, and sent right back to the team in India. This was a very inefficient process.

To reduce inefficiencies, we started experimenting with a few processes wherein we put the IT and the operations teams together – they were seated next to each other or co-located. Additionally, one head managed both teams, who had the autonomy to change the IT roadmap of the tools that were being used. This also had an impact on the operations team, which started focusing on both production and transformation and leveraging technology as much as possible.

This experiment was extremely successful. Both teams were able to drive impact and were able to meaningfully collaborate with one another. It also allowed the operations team to upskill itself with respect to digital technologies.

This experiment has now been scaled up for many processes. Most of our processes follow the Agile methodology, so there are tribes and feature teams that have now in both IT and an operations concept.

H KARTHIK: Can you give me a few examples of processes where this has been implemented?

SUNIL: Reconciliation is a classic example. We have a large team that does the break resolution across the organization. We also have an IT team that maintains the tools. These teams work together. The objective of both teams is to reduce the risk to the bank by keeping breaks below a certain threshold. Therefore, the IT team is working beyond getting a feature into production – they are wholly invested in the end goal of reducing breaks. This ability to prioritize has increased dramatically.

Another example of collaboration is with the finance team which conducts product control, daily P&L, risk evaluation, etc. This team uses several IT applications which help run large data sets and statistical calculations. The IT team can pre-test some of the overnight runs with the operations team. This reduces scope for inefficiencies.

H KARTHIK: Was this a change that you started in the GSC, independent of the parent, or was it a global change that the parent implemented?

SUNIL: The change originated primarily from the GSC due to a few reasons. One, the way we are organized in the GSC helps foster an environment of cross-functional collaboration – people move across teams and work on multiple projects. Two, we actively took it upon ourselves to deliver results more effectively and efficiently. Three, the “physical manifestation” of the Agile model really came through when our pilot projects / experiments started giving positive results. Lastly, the leadership was very supportive of the idea, and once they saw the results, they started implementing this in their global operating model.

H KARTHIK: How does this impact the kind of talent that you hire? Is it difficult to hire new skill sets in a market like India where the bank does not have a major presence/brand? What initiatives have you taken to attract talent?

SUNIL: Initially, it was difficult to establish brand recognition in India, especially in Bangalore, as we don’t have a large retail presence here. Even the name recall was not very high, unlike some of the larger American banks. It took us many years to make the brand known in the HR community and amongst the partners with whom we work to recruit our staff. One of the initial steps that we took in the talent market was building a consistent hiring strategy, especially across engineering colleges for the IT function. We always hire from a few engineering colleges and built our brand in those specific colleges over the years. Secondly, we organized meetups and other events in the community where practitioners would come together to discuss multiple topics such as CICD – Continuous Integration and Continuous Delivery – and Agile. This also helped us to establish a presence amongst experienced talent in the industry. The senior leadership also participated in industry events organized by NASSCOM. Internally, we amped up our communication strategy with our employees which also started leading to more referrals. So, there was no silver bullet, really, but years of persistence which led us to our current position and level of brand acceptance in the market.

H KARTHIK: If you look back on your journey, is there something that you feel you could have done differently?

SUNIL: We probably could have focused on acquiring some niche skills and starting the transformation process a bit earlier. I believe we lost some time during the initial years where we were just focusing on ramp-up and hiring people to deliver the services. If we had started the transformation journey at the time, then we could have focused on changing mindsets and hiring the right skill sets for digital delivery. In short, we did not need to become a large-scale organization to start the transformation journey.

H KARTHIK: Thanks Sunil, for describing this interesting journey that the GSC has undertaken. To conclude, what are your key priority areas in terms of growth? What is the next stage of evolution for the GSC?

SUNIL: We believe that there is still a lot more to be done. In terms of our strategy, we are currently focusing on three large aspects. The first is to continue the impact of digital transformation, information systems and innovation; the second is to focus on value creation; and, the third is to focus on delivery excellence.

The entire philosophy of the GSC is to deliver good quality work which meets and beats the expectation of our partners. Thus, delivery excellence is the foundation of the GSC through which we can create value in many ways. For instance, one way is by building common utilities for the bank such as Know Your Customer, reconciliation, and risk modeling. These will eventually result in COEs which will help standardize processes across the organization – by using the same tools.

We are also looking at greater collaboration between IT and operations to drive significant value in terms of efficiency gain. For instance, every year we deliver four to six percent efficiency gain, and we want to continue doing that. Another way of driving large value creation is through process transformation. We are evaluating the processes that we deliver and make sure that we deliver most of the work end-to-end.

In the innovation and digital arenas, there is plenty of work to be done. We have a strategy to convert most of our information systems into API-based modules using open source, leverage data and artificial intelligence to drive new business opportunities, etc.

These will continue to require a strong roadmap on both the IT and GSC side to encourage greater transformation and collaboration.

H KARTHIK: Sunil, thank you for your time and for sharing your experiences – this will surely be helpful to your peers.

About Everest Group

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