Hungarian Shared Service Centre Survey 2013

Stepping up to the next level
Shared Service Centres (SSC) would deserve more recognition, as they have created thousands of new jobs and attracted high-value added projects to Hungary. The first regional service centres appeared in Hungary at the end of the 1990s. According to the Hungarian Investment and Trade Agency (HITA) there are around 80 SSCs in Hungary, employing more than 30,000 workers by now. The results of our survey confirm that SSC leaders are pleased with the operation of their centres: the initial targets have been met and setting up the centre in Hungary proved to be the right decision. If the participating companies had to decide now they would establish their SSC in Hungary again. Not just SSC management is pleased: the survey results indicate a high degree of customer and employee satisfaction. More importantly, most of the participating centres are planning further growth in the near future. Despite all of these great achievements the sector remained relatively unrecognised by the general public. This is largely due to the nature of their activity: SSCs are often an isolated world and in most cases only the customers are fully aware of the range, complexity and quality of the services provided.

Strong and continuous support of the government is essential to promote Hungary as an ideal location for SSCs in order to attract new centres in the country or, with equal importance, to support the further growth of the existing centres. These success stories improve the attractiveness of the whole country. Since SSCs typically employ highly skilled white collar individuals, often fresh graduates from the universities, with salaries higher than the national average, and in a transparent and legal way, they generate significant tax income and contribute to increased employment rates in Hungary. Various investment incentives are currently available, including investment tax allowances, training subsidies, and social contribution tax allowances as part of the Job Protection Action Plan, and cash subsidies based on individual government decisions. Continuous communication between the policy makers and industry players is vital to ensure these investment incentives are flexible and tailored enough to meet with the real needs of the industry and to boost further investments.
SSCs in Hungary – Players in a global game

How competitive is the Hungarian SSC sector? The competition in this industry is global: not only continents, regions and countries are competing intensively for new centres, but there is often a contest within the same organisation, as a multinational group may have several own SSCs around the world. In our survey, respondents identified labour costs and availability of skilled workers as being the most crucial factors in selecting the location for their centre. Infrastructure and the economic environment of the country also play an important role when making investment decisions. Although quality of life and other subjective elements were rated with lower significance, often these make the real difference when similar countries or locations are in head-to-head competition.

According to the general perception of employees in Central and Eastern European (CEE) countries are traditionally strong in foreign languages and problem solving skills. These competencies generate competitive advantages compared to their peers in Asian or Latin-American countries. Consequently, companies tend to locate those SSCs which provide complex services in Europe and within that – in order to decrease the level of operating costs - primarily in the CEE region. The past view that SSCs mainly provide simple and standardised low value, transactional level services is no longer true for Hungary. The centres, which used to offer mainly relatively simple financial services, such as accounts payable and receivable, fixed asset and general ledger accounting, now manage many complex processes such as group treasury, external reporting, IT, HR, financial modelling functions. Many activities have been transferred to Hungary from the group headquarters that only very few would have imagined 10 years ago. This could not have happened without the Hungarian SSCs strong, reliable and consistently high level performance.

The real question: how competitive is Hungary within the CEE region? Regarding skilled workforce, the country is still among the best and IT, telecommunication, logistics and transport infrastructure is excellent. However, Hungary’s current strong position is heavily challenged by other countries in the CEE region. While several new SSCs were set up in the middle of the 2000s, the expansion of the sector by new centres has significantly slowed down since then. Although the service centres are relatively isolated, the global economic developments and the volatile domestic business environment have affected the competitive position of the country. While Hungary can still offer excellent opportunities, both for setting up new centres and for further growth of existing SSCs, the country has to find a way to better position itself within the region and identify how to become distinctive in the CEE.

Building a successful future on strong foundations

It is reassuring that the vast majority of SSC leaders who participated in the survey would select Hungary again as the location for their operations. The key considerations for selecting the location for a new SSC as of now or in the future remained the same: relatively low labour cost and the availability of skilled workforce being the most decisive factors.

During the next two years, the main challenges for the SSCs in Hungary are maintaining their cost and remaining competitive in this respect, retention and development of their employees with special focus on key talents and adjusting to today’s volatile business environment.

It is promising news that most centres plan further growth and expansion. They are also very much focused on the continuous improvement of their delivery performance and aim for further quality and productivity improvements. Training and talent management are also high on the agenda of the SSC leaders.

Simultaneously, with the potential growth in headcount heads of the existing SSCs in Hungary expect that their centre will continue to move up the value chain, thus the complexity and value of their services will continue to increase. This is also reflected by the fact that an increasing number of centres label themselves as ‘Centres of Excellence’.

However, the SSC leaders also share some common concerns regarding the future of the industry in Hungary, and most of these involve unpredictability and the lack of sufficient transparency. The rapidly changing business environment can directly impact the SSCs current cost level and also the availability of employees with the required skills and language knowledge – both areas being the most important ones that determine the competitive position of Hungary in this sector. There are significant changes going on-in higher education and in foreign language teaching at the moment, and these raise some potential warning flags for the industry.

SSCs also lack sufficient transparency regarding the output of universities and the development of the labour market in the medium or longer term. In order to harmonise labour supply and demand, there is a need to establish a permanent dialogue platform for the three main players of the labour market: employers, universities and students. PwC Hungary, together with the American Chamber of Commerce, has recently launched a mini pilot project to analyse the output of universities and the medium term labour demand of selected businesses in Hungary. Based on the results, bottlenecks and imbalances in the labour market can be identified and addressed.

SSC leaders also often find it difficult to lobby for Hungary as a location for a new centre or to expand an existing one within their group, as comparative data on the competitiveness of CEE countries are not readily available.

Another challenge for the SSCs remains the retention of key people and talents. The SSC sector is typically characterised by relatively high levels of staff turnover. Due to the monotony of work, the risk of burning out is increased at centres that offer less exciting tasks. Another problem can be the lack of well-structured career plans within the organisation. Sometimes the only possible career growth path for an SSC employee remains to leave the company for a new position at another SSC. Although turnover rates are moderate in Hungary, SSCs need to find a way to strengthen the loyalty of their employees and to provide a good career planning system.
Due to the global economic developments and the changing local business environment, Hungary has seen fewer new SSCs be set up during the past few years. Although most SSCs surveyed plan further expansion but how could the sector return to the high levels of growth seen earlier?

The flexibility of the current government subsidy system could be further improved to attract new investments. As some SSC leaders pointed out, the requirements to keep the increased headcount for a defined period of time is difficult to commit to. This industry is extremely flexible and quickly reacts to changes in the environment, and the centres can be relocated if the advantages of such a move exceed the related costs. Thus, some centres may struggle to guarantee that the newly created jobs will be there after five years.

The survey is based on a maturity model developed by PwC. The model assesses the actual level of performance of the SSCs in a life-cycle model, and is a great tool to identify potential for the centres’ further improvement.

The survey results provide a general overview about the current stage of development of the industry in Hungary. The model also assesses its maturity in respect of the eight evaluation areas and this provides information for the SSCs regarding the particular areas they should focus on for further enhancement.

More details about the maturity model and the evaluation criteria are included in the Appendix.
A representative footprint of the Hungarian SSC industry

17 Hungarian SSCs participated in this survey. These companies operate in a wide range of industries: telecommunications, automotive, retail and consumer products, healthcare and pharma, financial services, transportation and logistics being the most typical ones. The participating SSCs belong to multinational groups which have presence in 30 to 150 countries, depending on the size and nature of the group. The size of these groups is also indicated by the number of full time employees on their payrolls, which typically ranges from several thousand to 250,000 worldwide.

The participating Hungarian SSCs were established between 2001 and 2010. Almost 70% were set up between 2005 and 2010.

Almost all participating centres have presence in Budapest. Less than 20% of the respondents have operations outside of Budapest and this is limited to four cities in the countryside.

The participating SSCs employ more than 11,000 people, so their responses provide a fair coverage of the overall industry in Hungary.

The survey also provides a balanced view as far as the size of the centres is concerned, since the number of employees is split relatively evenly between small, medium-sized and larger centres. The respondents provide services both to internal and external customers.

In terms of centralised processes shifted to the participating SSCs in the past, priority was clearly given to transaction-related activities. This includes accounts receivable and payable as well as general ledger and fixed asset accounting. Intercompany reporting, credit and cash collection, and travel expense processes are also often transferred into the SSC. Tax- and treasury-related services are also provided by an increasing number of SSCs in Hungary. IT and HR are the other most-mentioned processes integrated in the SSCs. More than half of all participants transferred between 10 to 15 processes in total to their SSC.

75% of the questionnaires were completed by the head of the shared service centre which underlines that the results of the survey are based on practical, real-life experience.

Considering the number and characteristics of the participating centres, we believe that the results and conclusions of the survey are fairly representative and can provide useful information to the whole Hungarian SSC industry.

The survey results confirm the expectation that Hungarian SSCs are continuing to develop, and have reached a higher overall maturity level compared to 2010. The majority of the survey participants were already in the more developed phases in both periods. However there is significant reallocation between the ‘Expansion’ and the ‘2nd Generation SSC’ categories in the favour of the latter. This outcome indicates that the centres’ efforts for further improvements in the past few years have resulted in a more mature and sophisticated manner of operation: the majority of the Hungarian SSCs have really stepped up to the next level.

By further investigating the details behind the overall results, we assessed in which areas the centres performed better and which criteria they should remain focussed on.

### Key findings

#### Stepping up to the next level

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### Human resource management

was the evaluation criterion in which the participating centres performed the best. Half of the centres achieved the highest maturity level in this respect. The good results are a clear reflection of the SSC’s efforts: a variety of trainings provided to their staff and time dedicated to such courses, systematic use of employee development plans, regularly performed employee satisfaction surveys, good communication, and information sharing, all contributed to the strong performance in this area. The high level of staff satisfaction rates indicated by the SSC leaders is also positive, but fluctuation of staff remains a challenge for the SSCs.

### Continuous improvement

Another area in which the companies performed really well was the criterion continuous improvement. The efforts in terms of time and resources dedicated to this area most probably had an overall positive impact on all aspects of the SSCs operation and contributed to the overall higher maturity levels as well. The vast majority of the SSCs are continuously seeking potential optimisation for processes that are the responsibility of the centre, and even for those processes that are not. All survey participants noted at least some or even major improvements for cost, quality and time regarding the in-scope functions and business processes.

### Steinig up to the next level

A bit alarmingly, customer relations achieved relatively low results. Only 20% of the SSCs reached the highest maturity level for this criterion. Increased and consistent use of sophisticated customer relations management tools and strengthening the service culture and client orientation across the organisation can help the SSCs to further improve. This will also help to increase customer satisfaction.

### Maturity assessment for the evaluation criteria for Hungarian SSCs 2013

<table>
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| Distribution of maturity model results for Hungarian SSCs |
|-----------------------|-----------------------|
| 2010 | 2013 |
| Level I: Start-up | 80% | 61% |
| Level II: Growth | 12% | 31% |
| Level III: Expansion | 8% | 8% |
| Level IV: 2nd Generation SSC | 31% | 61% |

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Strategy

Quality improvement on the same level with cost reduction

The survey shows that SSCs with a high maturity level are characterised by a clear strategy resulting in well-defined objectives, measures and implementation plans. These SSCs show a positive correlation to the value the SSC contributes to the success of the company as a whole. This includes quality improvement and reduction in the cycle time of processes covered by the SSC as well as the achieved level of cost reduction.

The most decisive factors for selecting an SSC location are cost and availability of skilled workforce

Participants surveyed stated that the availability of qualified staff and labour costs were by far the most important criteria for choosing Hungary as their current SSC location. Availability of qualified workforce, including skill-set and language knowledge, and low salary levels remained the most important factor from today’s perspective as well. With regard to future projects both criteria will even gain more importance. Relatively little weight was given to quality of life (cost of living and attractiveness of the SSC location) and the co-location with other corporate functions of the respective company.

These results are fairly consistent with the data of the Hungarian results from 2010.

Over the time, quality improvement became an objective that is almost as important for SSCs as keeping the cost down

The SSCs were requested to assess the importance of the objectives when the SSC was established, then assess the same objectives from today’s perspective and also indicate the extent to which the SSC has already achieved the initial targets. The assessment was made on a scale from 1 to 6.

The most important objective to establish an SSC in Hungary was the reduction of costs; the second most important was standardisation and automation of processes and compliance with legal requirements and guidelines. Quality and transparency improvement was also mentioned as an important objective.

From today’s perspective, cost reduction remained the number one objective, but the importance of quality improvement, including reduction in number of errors, and improvements in the consistency of processes, increased massively and this was rated almost as important as cost reduction.

Overall the analysis shows that the initial objectives became even more important from today’s perspective without any exceptions. The participating Hungarian SSCs are also very confident that the initial targets have all been met by now.

The analysis of the implementation strategy shows that the two most common routes for implementing an SSC are either to standardise and migrate processes simultaneously during the implementation phase, or to standardise them after the go-live of the SSC. The maturity level reached by an SSC was largely independent of the chosen implementation route.

The approach of standardising the processes at the ‘old’ location before transferring them to the SSC proved to be the least favourable implementation strategy although the performance levels of these centres can be potentially better as common processes and automation technologies are already in place when the SSC operation starts. However, the main obstacles to choosing this approach can be the longer implementation time and the potential lack of interest and buy-in of the parties involved in the ‘old’ location.

Simultaneously standardising and migrating processes to the SSC location is a feasible and good approach for those companies that already have an efficient finance/support function in place.

Further analysis shows that a favourite strategy for process transfer (migration vs. by country) and knowledge transfer (SSC staff sent to local countries vs. local staff sent to the SSC) does not exist.

During the last decade many companies started to apply a mixed sourcing strategy with the objective of getting an optimal mix of shared services, outsourcing and local handling of administrative processes. The Hungarian data reflect this global trend: almost half of the participants apply a hybrid strategy with the objective of getting a mixed sourcing arrangement currently performed

No specific preference identified for implementation strategy and sourcing arrangements

<table>
<thead>
<tr>
<th>Route</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Route 1</td>
<td>50%</td>
</tr>
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<td>Route 2</td>
<td>31%</td>
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<tr>
<td>Route 3</td>
<td>6%</td>
</tr>
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</table>

Note: 13% of participants applied a mixed approach during the SSC implementation.

Implementation strategy

Comparison of the importance given to objectives before SSC implementation and today including the achievement of the respective objectives

<table>
<thead>
<tr>
<th>Criteria used to select current SSC location (a maximum of 100 points could be distributed between the criteria)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality of life</td>
</tr>
<tr>
<td>Co-location with other functions</td>
</tr>
<tr>
<td>Proximity to core business location(s)</td>
</tr>
<tr>
<td>Economic environment</td>
</tr>
<tr>
<td>Location support infrastructure</td>
</tr>
<tr>
<td>Labour costs and legislation</td>
</tr>
<tr>
<td>Qualified employees</td>
</tr>
</tbody>
</table>

Key factors influencing the choice of location of the current SSC

<table>
<thead>
<tr>
<th>Key factors influencing the choice of location of future SSCs</th>
</tr>
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<tbody>
<tr>
<td>Quality</td>
</tr>
<tr>
<td>Cost</td>
</tr>
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Importance of the objectives at the time the SSC was implemented

<table>
<thead>
<tr>
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<th>Objective</th>
</tr>
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<tbody>
<tr>
<td>Cost reduction</td>
<td>5.29</td>
</tr>
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<td>Transparency improvement</td>
<td>4.28</td>
</tr>
<tr>
<td>Faster service</td>
<td>4.12</td>
</tr>
<tr>
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Importance of the objectives from today’s perspective

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Extent to which the SSC has already achieved the initial targets

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<th>Route 2</th>
</tr>
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<td>Non-standardised processes were first standardised at the ‘old’ location before being transferred to the SSC</td>
</tr>
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Start

Implementation strategy

Sourcing arrangement currently performed

<table>
<thead>
<tr>
<th>Sourcing arrangement</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>Captive SSC only arrangement</td>
<td>53%</td>
</tr>
<tr>
<td>Combined SSC and outsourcing provider arrangements (hybrid sourcing)</td>
<td>47%</td>
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</tbody>
</table>
Organisation, governance and compliance

An area with significant potential for further optimisation

None of the Hungarian survey participants are performing on level IV of the maturity model in the area of organisation, governance and compliance. This means that most SSCs still have a significant optimisation potential in this area.

Participants with a highly developed organisation also show good results in the areas of continuous improvement, business processes and systems and technology. Employees who have a clear responsibility and a focus on profit want their processes to run smoothly and are motivated to improve them continuously.

Companies continue to prefer the cost centre concept for their SSC

Similarly to the survey conducted in the past, the vast majority of the Hungarian SSCs continued to operate as cost centres. Only 13% of the survey participants are run as profit centres with services allocated on a market price basis and all of these provide services to third parties.

According to the global data, a development towards a profit centre shows several benefits. The criteria of customer relations and performance management are particularly positively influenced. The global results show that profit centres generally require unambiguous performance targets that are regularly reviewed against the actual performance and that appropriate measures are taken when necessary.

The use of performance management tools and benchmarks is a good basis for identifying measures to increase performance and reduce costs. A good performance is also the basis for reaching high levels of customer satisfaction. Also notable is the positive correlation with high process documentation level, possibly resulting from the increased need for clearly defined responsibilities.

Moving towards a single end-to-end process owner concept can create additional benefits

Having one single end-to-end process owner in place offers the possibility to achieve high levels in standardisation, automation and quality improvements for all countries or parties serviced by the SSC. The survey results show, however, that a single end-to-end process owner is only defined in 42% of the local companies surveyed. Consequently SSCs in those companies also have better defined roles and responsibilities for their change projects and show a better performance in the overall maturity analysis. The Hungarian trends of process ownership are also an area which provides further opportunities to improvement for the Hungarian SSCs.

The continuous development and evolution of the Hungarian SSCs are evidenced by the increasing use of comprehensive service level agreements (SLA). Only 6% of the participants had no SLAs in place when the SSC was set up and it seems that these companies have continued to operate this way since. While only 41% of the SSCs had comprehensive SLAs when the centre was established, by now 64% of the same SSCs are operating with such complex agreements. In addition, more than half of those SSCs are regularly reviewing and updating their SLAs as necessary.

Global trends show that participants who have more extensive SLAs in place show, on average, better maturity model results in customer relations, continuous improvement and performance management. A comprehensive use of well-elaborated SLAs is the basis for clearly defined responsibilities and makes it easier for the SSC to manage the client relationship. Very well established and updated SLAs support the continuous improvement of the SSC organisation as the SSC performance needs to be improved regularly to meet customer requirements. The improved performance management of SSCs with a comprehensive use of SLAs provide the basis for a sustainable and effective performance tracking and therefore continuous measurement and evaluation of the development of SSC services and the related performance indicators.

End-to-end process ownership is unclear in the organisation: process owners are not consistent and clearly communicated across the organisation.

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Global trends show that participants who have more extensive SLAs in place show, on average, better maturity model results in customer relations, continuous improvement and performance management. A comprehensive use of well-elaborated SLAs is the basis for clearly defined responsibilities and makes it easier for the SSC to manage the client relationship. Very well established and updated SLAs support the continuous improvement of the SSC organisation as the SSC performance needs to be improved regularly to meet customer requirements. The improved performance management of SSCs with a comprehensive use of SLAs provide the basis for a sustainable and effective performance tracking and therefore continuous measurement and evaluation of the development of SSC services and the related performance indicators.

End-to-end process ownership is unclear in the organisation: process owners are not consistent and clearly communicated across the organisation.

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Continuous improvement
Creating value for the benefit of the whole group

A well-defined and executed continuous improvement process is the basis for a well-run SSC. Compared to other criteria, most Hungarian service centres already make strong efforts to identify and implement measures to optimise their processes with regard to costs, quality and time. As a result, SSCs that have a strong continuous improvement process in place realise, on average, a high level of process standardisation. The data also show a positive correlation of continuous improvement to customer relations and human resources, indicating that continuous efforts are honoured by SSC customers as well as employees.

SSCs are strongly committed to process improvement and optimisation on all levels

The importance of process improvement is evidenced by the fact that half of the participating Hungarian SSCs has a dedicated team, either within the centre or outside, that is responsible specifically for this activity. Another 35% responded that this area is overseen by the head of the SSC. The remaining percentages were split evenly between the end-to-end process owner, the functional process owner and the functional/end-to-end team leader as being responsible for process improvements.

The participating Hungarian SSCs indicated a very strong commitment towards seeking optimisation and quality improvement opportunities. 88% claimed that their SSC is always on the lookout for potential optimisation for all processes that are in the SSC’s responsibility and 71% stated that they seek potential optimisation in upstream and downstream processes that are not the SSC’s responsibility. Other techniques of cost and quality improvements are also frequently used by the majority of the respondents.

A detailed analysis indicates that SSCs deploying Six Sigma and TQM are characterised by an overall higher maturity level. SSCs that use Six Sigma and/or TQM score significantly higher in business processes, customer relations and performance management. Deploying Six Sigma and/or TQM helps SSCs to systematically identify performance gaps in business processes and implement appropriate measures to close them.

The picture with regard to operational models used for continuous improvement (e.g. Six Sigma and Total Quality Management (TQM)) is mixed. More than 60% of the SSCs either have Six Sigma in continuous use or stated they currently implement it in their organisation. TQM is used by less than 30% of participants. However, most companies employ or develop continuous improvement tools. The one mentioned most besides Six Sigma and TQM is Lean.

The analysis of how the in-scope functions and associated business processes have been improved in relation to cost, quality and time in the last year shows, generally, a very positive result in Hungary. Each and every survey participant noted at least some, or even more positively, major improvements. These improvements mainly included reorganised processes, increase in efficiency, productivity and staff utilisation, and implementation of new ERP and other IT systems.

Forty-one percent of the Hungarian SSCs claimed that they significantly improved the in-scope functions and associated business processes in the last year, which indicates that the majority of SSCs should focus on further continuous improvement to optimise SSC organisation in the long term.

SSCs contribute significantly to the success of the whole group

The SSC’s services and their continuous improvement can contribute significantly to the optimisation and success of the organisation as a whole. Most Hungarian SSCs are convinced that their centre plays an important role in achieving the organisation’s objectives and 75% of them analyse the SSC’s contribution regularly.

An impressive 82% of the Hungarian participants believe that their SSC created an environment that challenges employees to discover improvements. In most cases this is achieved by embedding expectations for continuous improvement into the employee reward scheme and performance assessment mechanism. The vast majority of the centres also rolled out company-wide initiatives and programs to raise awareness and promote the company’s dedication to continuous improvements.

All participants agreed, to some extent, that their change projects have clearly defined and communicated objectives and benefits. However, only 65% believed that this is consistently true so there seems to be some further opportunities to get everyone on board when such change projects are implemented. To achieve this communication and cooperation between departments across the organisation is crucial. Fifty-three percent of the participants believe that this is always strong, another 29% believes this is true sometimes and the remaining 18% expressed their concerns around these elements. This also indicates an area for further improvement.

Statements on the contribution of the SSC to the organisation as a whole

<table>
<thead>
<tr>
<th>Improvement of in-scope functions and associated business processes in relation to cost, quality and time</th>
<th>Don’t agree</th>
<th>Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>No improvements</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>Slight improvements (quick wins)</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>Some improvements (process improvements)</td>
<td>59%</td>
<td>41%</td>
</tr>
<tr>
<td>Major improvements (simultaneous IT and process improvements)</td>
<td>41%</td>
<td>59%</td>
</tr>
</tbody>
</table>

The SSC’s innovations in products and services provide substantial support to the success of the company as a whole.

Our SSC makes a significant contribution to the optimisation of the organisation as a whole.

We regularly analyse the value the SSC contributes to the company as a whole.

Don’t agree

Agree

Don’t agree

Agree

Don’t agree

Agree

80% 20%

31% 69%

75% 25%
**Business processes**

**Standardisation and automation: a high potential for future improvements**

Level IV of the maturity model was achieved only by 14% of all participants for this area, which means that business processes are one of the areas with the highest optimisation potential for existing Hungarian SSCs. Well-standardised processes are an important basis for reaching high ratings with regard to productivity and quality improvements.

All participants have achieved some level of standardisation in their SSCs, but only 24% of them have achieved a standardisation level of more than 75%. The survey analysis shows that a high process standardisation rate correlates positively with a high IT automation rate. The data also show that a high level of standardisation and automation helps the SSCs to improve the level of transparency regarding data, processes, systems, costs and services.

A detailed global analysis indicates that a high process standardisation rate helps to reduce operating costs. According to the global survey SSCs that followed a common core process without exceptions and had more than 75% of processes standardised achieved much higher cost savings rates than those with lower standardisation rates. Aiming for a high process standardisation rate seems to be the most successful way to achieve a high level of process efficiency as well as high cost savings rates.

The global survey also shows that higher rates in process standardisation seem to have no impact on the level of customer satisfaction. The hypothesis that highly standardised processes and procedures have a negative impact on customer satisfaction – because a standard process might not cover all customer specific requirements – is not supported by the global data.

**Standardised and automated processes can bring additional cost savings and improved quality**

- All participating Hungarian SSCs still see a large optimisation potential in the standardisation of their processes and services. Similar conclusions apply to process automation: 94% are convinced that deploying the latest automation technologies could lead to significant improvements. Beyond that, participants who have already achieved a high standardisation rate still see a high potential in relation to the standardisation and automation of processes.

- In particular, the upstream and downstream processes and services the SSC is not responsible for are characterised by a low level of standardisation and automation. On the other hand the processes which are covered by the SSC show a much higher standardisation rate and a higher automation level. The results support the idea that process standardisation and automation should also include interfaces between the SSC and the remaining local processes.

- An optimised top-down approach in process documentation aids the efficiency of monitoring, updating and testing key areas. Seventy-one percent of the surveyed Hungarian companies used a top-down approach to optimise their level of documentation for internal control and compliance purposes.

- On average, SSCs with a high degree of process documentation achieved higher maturity levels. The positive correlation between well-documented processes (including regularly updated process documentation) and continuous improvement, business processes, and systems and technology is especially notable.

**SSCs see a high potential for further standardisation and automation especially for processes outside of the SSCs’ scope of responsibility**

| Extent to which processes are standardised and follow a common core process without exception | 
|---|---|---|---|---|---|
| None | 0% |
| Low | 6% |
| Medium, tendency low: 25–50% of processes standardised | 29% |
| Medium, tendency high: 51–75% of processes standardised | 41% |
| High: >75% of processes standardised | 54% |

**Level of process documentation in the organisation**

- 71% Optimised by a top-down approach
- 29% Insufficient in terms of risk and compliance issues

**Assessment of process standardisation and automation dependent on SSC’s process responsibility**

- Processes which are in the SSC’s responsibility are not standardised: 68%
- Processes which are in the SSC’s responsibility are standardised: 12%
- Upstream and downstream processes which are not in the SSC’s responsibility are standardised: 24%
- Upstream and downstream processes which are not in the SSC’s responsibility are automated: 44%

**Assessment of optimisation potential in relation to process standardisation and process automation**

- High optimisation potential: 94%
- Low optimisation potential: 6%
Customer relations
Keeping customers satisfied

Only 20% of the Hungarian SSCs have achieved the highest level of the maturity model in the criterion customer relations. Offering services to external customers and having more sophisticated customer relationship tools in place often has a positive impact on the SSC’s customer relationship capabilities.

Around 53% of the survey participants provide services to a balanced mix of internal and external customers or exclusively to external 3rd parties. According to the global survey such SSC’s on average achieve higher maturity levels compared to SSCs serving only internal customers. SSCs with mostly external customers typically achieve high scores in continuous improvement and business processes as these SSCs are motivated to improve their services, reduce costs and increase quality (e.g., by process optimizations through a high level of standardisation and automation).

Customer satisfaction surveys are an important tool to strengthen customer orientation. Almost 90% of Hungarian shared service centres use questionnaires to assess the satisfaction level of their customers; 76% of them perform those surveys at least once a year.

75% of Hungarian SSCs make some use of customer relationship management (CRM) tools as part of their strategy to manage and retain customers, although only 31% use them on a continuous basis. Most of the SSCs that continuously use these tools are ranked higher in the maturity model. In addition, they are characterised as better than average regarding customer management.

Considerable improvement has been noted for those SSCs that regularly use CRM tools. 56% of the survey participants have installed a customer help desk and 81% have an automated complaint management and tracking tool in place by now. Both ratios have improved significantly compared to the 2010 surveys.

We requested SSC leaders to answer series questions on service culture and customer orientation. Based on the results most SSCs aim to provide high-quality services from the customer’s perspective, working continuously to improve the quality of services and to come up with ideas for improving the services provided. In addition, the majority of participants claim to be strongly client-oriented. They respond flexibly to customer requests and regularly ask their customers whether they are satisfied with the services provided.

A high service culture and customer orientation is the basis for a strong customer relationship.
Finding the gaps

The analysis shows that organisations with clear performance objectives that are regularly reviewed and updated perform well in the search for process optimisation potentials either in or outside the SSC. This helps them achieve high customer satisfaction rates. Balanced scorecards and benchmarking are the preferred performance management tools among the surveyed organisations.

Of the Hungarian SSCs surveyed, nearly 90% stated that they use a balanced scorecard to a certain degree, or at least are currently in the process of developing one. Only 41% already have a mature balanced scorecard programme in place. This shows that most SSC’s still have a high optimisation potential in this area. According to the data, the development of a comprehensive balanced scorecard programme generates good results in the areas of customer relations, continuous improvement and business processes. A balanced scorecard is an appropriate tool to establish a link between strategic and operative objectives.

Only 29% of local SSCs frequently benchmark the performance of provided services with a peer group. The global data confirm that SSCs that frequently benchmark their performance achieve high rates in the area of customer relations. Benchmarking is a good basis for identifying performance gaps, and to define and implement appropriate measures, which in the end improves customer satisfaction.

In the questionnaire we also asked companies to state the most important performance indicators used to manage their respective SSC. The following list gives an overview of the most popular KPIs:

- Costs: Total costs vs budget, costs per head / FTE, costs per transaction
- Efficiency/time: average number of transactions processed per hour, average number of transactions processed per FTE, average processing time per transaction, meeting reporting deadlines
- Quality: SLA/OLA (operational level agreement) performance, errors in percentage of total transactions
- Customer/employee: customer satisfaction rating, employee satisfaction rating

In the next sections, we will present and discuss in more detail the results of the multiple-choice questions from the questionnaire related to balance scorecards and benchmarking.

Balanced scorecard

Mature balanced scorecard program with both financial and non-financial metrics

Extent to which an integrated balanced scorecard or a similar process, which combines operational and financial measures, has been developed

- Not in use: 12%
- Currently being developed: early stages of use: 10%
- Reports are generated using balanced scorecard but refinements required: 15%
- Mature balanced scorecard program with both financial and non-financial metrics: 11%

Benchmarking

Extent to which benchmarks are used to evaluate SSC performance

- Infrequently: 0%
- Only this benchmark/survey: 0%
- Occasionally, when empirical data is required: 15%
- Frequently, on a regular basis for all services provided: 89%

Focus on the employee

Shared service centres continue to put significant efforts into the development of their staff by providing them a wide range of trainings, including in-house and external, class-room based and online courses. We note an increased appetite for e-learning tools, as these prove to be a cost-efficient and also a standardised and consistent way of providing learning materials.

The majority of the trainings provided by Hungarian SSCs remained professional technical courses (50% in 2013, 72% in 2010). There is a considerable increase in soft-skill trainings which takes up 31% of the total time spent on all training types. It should be noted that the customer-oriented trainings still represent a relatively low percentage, although these can potentially help the staff improve their service mentality and could be an essential tool to establish or improve the customer-focused and service-oriented culture of the SSC. According to the general theme, those SSCs that provide more customer-oriented trainings are more likely to be highly rated on performance management and human resources management rankings.

Almost every organisation has, to some degree, an employee development plan in place. However, only 41% of them stated that they have them standardised and linked to manager performance. The analysis shows that SSCs with standardised development plans that are also linked to manager performance are characterised by a high maturity level, especially in the area of continuous improvement.

Increased use of soft skill trainings, customer oriented trainings are still not a general practice

An employee satisfaction survey is used at least annually by more than 80% of the survey participants in Hungary. Only 6% never or only rarely survey their staff. These results indicate an overall improvement in Hungary compared to 2010. The quarterly use of such surveys is especially remarkable. Satisfaction surveys are helpful tools to get an idea of existing or potential future staff issues and are the best basis for defining appropriate measures to improve staff satisfaction. SSCs with a high use of this tool typically achieve higher scores in the maturity model.

Good communication and the sharing of information between the different hierarchy levels in the SSCs is the basis for establishing a culture that fosters innovation. It also has a positive impact on individuals to identify optimisation potentials inside and outside the SSC. The findings support the hypothesis that this helps companies reach a better performance level with regard to cost, quality, time and transparency.

Frequency of conduction of employee satisfaction surveys

- Rarely or never: 12%
- Quarterly: 25%
- Bi-annually: 12%
- Annually: 53%

Characterisation of employee development plans as they relate to performance evaluations in the organisations

- Generally unsupported: 6%
- Non-standardised: 6%
- Standardised but not linked to manager performance: 12%
- Standardised and linked to manager performance: 41%
Fluctuation remains a challenge

The staff turnover rate seems to be quite moderate in most surveyed SSCs in Hungary. Only 6% have a turnover rate higher than 20% per year which is a considerable improvement compared to 2010 when this ratio was 20%. The typical fluctuation rate is in a range between 11 and 20%.

### Average annual staff turnover rate (over the last 3 years)

<table>
<thead>
<tr>
<th>Turnover Rate</th>
<th>2010</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;5%</td>
<td>30%</td>
<td>24%</td>
</tr>
<tr>
<td>5–10%</td>
<td>20%</td>
<td>12%</td>
</tr>
<tr>
<td>11–20%</td>
<td>30%</td>
<td>58%</td>
</tr>
<tr>
<td>&gt;20%</td>
<td>20%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Most Hungarian SSCs stated that the optimisation potential of their IT is still high. 76% stated that this is definitely the case for their electronic workflow systems. Slightly lower improvement potential was identified for their ERP system. Only 41% think that their IT governance can be further optimised. The increased maturity level of the Hungarian SSCs is also indicated by the fact that these figures are generally lower than the results in the 2010 survey.

88% of Hungarian SSCs use electronic workflow systems for all relevant processes and procedures. The same portion of the respondents has a standardised ERP system across the entire company. These figures also indicate considerable improvement compared to the 2010 results.

The global analysis shows that SSCs which have more years of operations experience achieve better results in the area of systems and technology. SSCs that manage to benefit from experience curve effects integrate workflow systems in more of their processes as well as regularly review them. The same applies for ERP systems, which tend to get more standardised over time. The systematic use of electronic workflow and ERP systems is positively correlated with high process automation and standardisation rates. This is not only the case for processes within the SSCs but also for up- and downstream processes. Participants with a standardised ERP landscape on average also stated to reach higher productivity improvement rates since the introduction of their SSC. Learning and experience curve effects in IT clearly facilitates the development of an SSC on the way to becoming a ‘2nd generation SSC’.

### Systems and technology

**Better, faster, cheaper**

The results show that there is still a high optimisation potential in the systems and technology area. SSCs that have a high focus on this area benefit from a harmonised workflow and ERP landscape and its positive impact on business processes.

#### Assessment of optimisation potential in relation to electronic workflow systems, ERP systems and IT governance

- **Workflow system**
  - High optimisation potential: 76%
  - Low optimisation potential: 24%
- **ERP system**
  - High optimisation potential: 37%
  - Low optimisation potential: 63%
- **IT governance**
  - High optimisation potential: 41%
  - Low optimisation potential: 59%

#### Application of electronic workflow systems and ERP systems/platforms

- **Don’t agree**
  - 12%
- **Agree**
  - 88%

Our SSC uses electronic workflow systems for all processes and procedures where relevant.

We have a standardised ERP system/platform across the whole company in use.

The implementation strategy is another factor influencing the maturity level for systems and technology according to the global results. The approach of standardising the processes at the ‘old’ location before transferring them to the SSC showed slightly better results for systems and technology than all other implementation strategies. The reason is that common automation technologies are already in place when starting the SSC operation.

A well-standardised and regularly reviewed IT governance structure is an important factor for an effective and efficient IT landscape. The global data provide evidence that good IT governance also makes it easier for those SSCs to reach their initial compliance, cost and quality objectives.
Assessment of KPIs

Strong performance in all respects, but lack of transparency remains an issue

The performance of a shared service centre is measured by qualitative and quantitative KPIs. These KPIs were used to evaluate the performance of existing SSCs.

SSCs reported considerable cost savings provided that they can measure it.

Implementing an SSC can reduce operating costs. Each and every survey participant who made a statement was able to achieve more than 10% operating cost savings by implementing their SSC in Hungary. Thirty-eight percent of the companies saved between 10 and 30% of their costs and 13% were even able to save more than 50%. However, more than 40% of the survey participants could not make a statement here which indicates that not all centres have sufficient visibility on their cost savings on their level.

Globally SSCs that achieved the highest rank the maturity model achieved around 10% higher savings in operating costs than SSCs on level III. This supports the hypothesis that SSCs that achieved high cost savings rates on average also achieved a high maturity level in all eight SSC assessment criteria.

Only 12% of Hungarian participants were able to amortize their investment costs in less than one year. More than half of them could recover their investment costs in one to three years. However, 36% needed more than three years or were not able to state their amortisation time. Amortisation rates of less than one year needed more than three years or were considered to be lower than what is required. This suggests that companies benefit from their experience and that their route to becoming a ‘2nd generation SSC’ is smoother and quicker.

Based on the global survey, companies that have several SSCs in place perform well, on average, in all evaluation criteria. The same applies to companies that run their SSC over a long period of time. This suggests that companies that have been running their SSC for a long period of time are more likely to achieve a high score in the maturity evaluation. The utilisation of tools to manage and support customers is key to improving and keeping a high customer satisfaction level.

Concerning customers’ satisfaction level, the result is quite homogeneous. Each Hungarian SSC stated that at least 30% of their customers would rate the SSC’s services as ‘very good’ or ‘good’ and almost two-thirds of the respondents claim that this rate is above 60%. Those participants that stated that more than 70% of their customers are satisfied reached a high score in the maturity evaluation. The utilisation of tools to manage and support customers is key to improving and keeping a high customer satisfaction level.

Global results show that the more the SSC staff is satisfied with the working conditions, the higher is the customer satisfaction based on the services the SSC provides. The global analysis shows that SSCs characterised by a staff satisfaction rate of more than 70% – staff that rates the working conditions as ‘very good’ or ‘good’ – achieve on average a customer satisfaction rate of more than 80% (customers that score the SSC’s services as ‘very good’ or ‘good’).

Improvement in productivity is also a common theme

The analysis shows that the percentage of transferred activities to the service centre is positively correlated with the level of process standardisation and automation. Every fourth participant reported productivity improvements of more than 25% as a result of implementing their SSC in Hungary. However, almost 30% of participants stated that they were not able to track their productivity improvement. The SSCs typically measure their productivity by headcount or operating cost per transaction.

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Improvement in productivity as a result of SSC implementation

Percentage of customers that rate the quality of the SSC services as ‘very good’ or ‘good’

Improvement in productivity as a result of SSC implementation

Percentage of staff that rates the working conditions as ‘very good’ or ‘good’

Employee satisfaction surveys help to identify improvement potentials and indicate that a company is giving high value to its employees. Employee development plans are also honoured by employees and help to increase the SSC’s performance.

The survey analysis indicates that SSCs with employees that score the working conditions as ‘very good’ or ‘good’ on average have lower rates of staff turnover. According to the global results, in SSCs with a staff turnover rate of less than 10%, more than 70% of employees are satisfied with their work conditions. On the other hand, in SSCs with a higher staff turnover rate than 10%, only 40% of employees are satisfied. Consequently, SSCs should focus on increasing the staff satisfaction rate as one lever to keep the turnover rate low.
**Outlook**

**Challenges of growth**

Hungarian SSCs are planning a further growth especially for complex activities whereas less complex services can be offshore.

The survey results show that companies are largely satisfied with the SSC concept. Only a small percentage of companies (12%) have already scaled down their SSC and returned activities/processes back to local business units. Twenty-four percent of companies have consolidated existing SSCs and 12% are currently in the consolidation process. More than 60% of the Hungarian participants have implemented new or additional SSCs, an additional 6% are currently in the implementation phase, which is very impressive. Outsourcing of selected activities previously provided by the SSC to an external service provider is currently not practiced by the majority of companies. However, as a further development step, 24% of companies have outsourced selected activities after starting their SSC operations. Around 12% are currently in the process of implementing outsourcing of processes that were previously provided by their SSC.

Sixty percent of companies however consider selective outsourcing of processes to be a feasible option. The analysis show that only 33% of the companies see opportunities for selective outsourcing of processes with the company’s region (nearshoring). A clear majority of companies consider more potential for selective outsourcing of processes to a low-cost country outside of the company’s region (offshoring).

In our survey the Hungarian SSC leaders were asked to identify the three most important challenges in the next two years for their centre. The following have been determined in order of significance:

» keeping their centre competitive from a cost perspective
» finding, retaining, motivating and developing their people, especially key talents
» volatile business environment, including future government decisions impacting the education system and foreign language skills

» drive and manage further growth, not only in terms of headcount, but also from productivity, capability and quality perspectives
» implementation of new IT systems, further increase of automation

The vast majority of the Hungarian SSCs would select Hungary again as a location for their centre. The only other potential location mentioned was Poland, however only in very limited cases. It is also good news that none of the participating centres are planning to relocate their operation to another country at the moment. Although some of the SSCs indicated that certain transactional activities with lower complexity are planned to be transferred to a lower cost region in Asia.

Most participating centres are planning further growth and are very much focused on further improving their delivery: process and documentation improvements, further increase of quality and productivity have been mentioned by almost every SSC as key initiatives for the next two years. The SSCs are also consciously focusing on the development of their employees through launching key talent programs and providing trainings on an on-going basis.

Human resources, IT and customer services have been identified as the most important functions for further enhancement.

When comparing their current location to other business jurisdictions, SSC leaders identified a number of areas in which Hungary is more favourable than others. These include the availability of highly educated workforce, and the mentality, attitude, cultural and language diversity of people working in the sector. IT, telecom and logistic infrastructures of the country were also rated as favourable. The overall environment, including future government decisions about the future of the Hungarian education system. They are also lacking transparency on the availability of skilled people with sufficient foreign language skills in the longer term. Unpredictability of the regulatory environment and negative media publicity about the country can be potential obstacles to attracting new centres or to further growth of the existing ones in Hungary.

As a general conclusion, it can be stated that the SSC concept is a success, both globally and also in Hungary. SSC clearly is not a one-time project, but an on-going journey, and the future global trends we most probably will see are, among others:

» Consolidation of existing SSC locations
» Implementation of additional SSCs
» (Selective) Outsourcing
» On-going process re-engineering and automation
» Harmonisation of processes and IT-systems
### Description of the SSC maturity model

The SSC maturity model allocates SSCs to one of four levels of development with the ‘2nd generation SSC’ being the highest level. The four maturity levels are differentiated based on the following eight evaluation criteria.

1. **Strategy**
   - Criteria used to select the SSC location and their respective ranking
   - Implementation strategy chosen
   - Evaluation of objectives from today's perspective at the time of the SSC implementation, extent to which the initial objectives have been achieved

2. **Organisational/governance/compliance**
   - Centre concept of the SSC (cost centre vs profit centre)
   - Cost allocation method for services provided
   - Scope and revision cycle of service level agreements (SLAs)
   - ‘Process owner’ approach to manage processes
   - Governance of the SSC
   - Monitoring of process compliance/use of automated controls

3. **Continuous improvement**
   - Systematic and regular analysis of costs and quality
   - Continuous search for and implementation of optimisation measures
   - Deployment of quality improvement tools
   - Approach to measure whether an SSC is meeting its objectives

4. **Business processes**
   - Degree of standardisation and automation of processes within the SSC
   - Degree of standardisation and automation of processes in upstream and downstream processes outside the SSC
   - Level of process documentation

5. **Customer relations**
   - Customer structure (share of internal and external customers)
   - Service structure within the SSC
   - Customer orientation in the SSC
   - Deployment of tools for customer management

6. **Performance management**
   - Sophistication of performance management systems in place
   - Transparency of the performance measurement process
   - Availability of information related to operational and strategic management
   - Definition of measurable performance targets and monitoring of achievement of targets
   - Extent of financial control systems within the SSC

7. **Human resources management**
   - Use of different training tools and training types by staff group
   - Quality of communication between management and staff in the SSC
   - Approach to link the performance evaluation of employees to the definition of development measures
   - Use of employee satisfaction surveys

8. **Systems and technology**
   - Degree of process automation and standardisation of IT systems
   - Continuous optimisation of IT systems
   - Extent to which electronic workflow and integrated ERP systems are deployed
   - IT governance supporting financial control processes

<table>
<thead>
<tr>
<th>Evaluation criteria</th>
<th>Phase I: Start-up</th>
<th>Phase II: Growth</th>
<th>Phase III: Expansion</th>
<th>Phase IV: 2nd generation SCC</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Strategy</td>
<td>- no SSC-specific targets, strategies, measures or implementation plans set</td>
<td>- some SSC-specific targets, strategies, measures or implementation plans set</td>
<td>- SSC-specific targets, strategies, measures or implementation plans set</td>
<td>- SSC-specific targets, strategies, measures or implementation plans set</td>
</tr>
<tr>
<td>2. Organisation/ governance/compliance</td>
<td>- SSC run on cost centre basis with no allocation of costs (no SLAs in place)</td>
<td>- SSC run on cost centre basis with fixed allocation of costs (some SLAs in place)</td>
<td>- SSC run on cost centre basis with costs allocated on services provided (comprehensive SLAs in place)</td>
<td>- SSC run on profit centre basis with services allocated on market prices (comprehensive SLAs in place)</td>
</tr>
<tr>
<td>3. Continuous improvement</td>
<td>- no improvements made in relation to costs, quality and time (Six Sigma, TQM not deployed)</td>
<td>- slight improvements made in relation to costs, quality and time (Six Sigma, TQM in process of implementation)</td>
<td>- some improvements made in relation to costs, quality and time (Six Sigma, TQM in process of implementation)</td>
<td>- major improvements made in relation to costs, quality and time (Six Sigma, TQM in continuous use)</td>
</tr>
<tr>
<td>4. Business processes</td>
<td>- not standardised, harmonised or automated simple mass transactions</td>
<td>- mainly standardised and harmonised simple mass transactions and some expert services (centre of expertise)</td>
<td>- optimisation and automation of business processes simple mass transactions and expert services (centre of expertise)</td>
<td>- optimisation across the organisation simple mass transactions and expert services (centre of expertise)</td>
</tr>
<tr>
<td>5. Customer relations</td>
<td>- internal clients non-standardised structure and management, no implementation of customer support tools</td>
<td>- mostly internal clients standardised routine processes and transactions on-going implementation of customer support tools</td>
<td>- internal and external customers focus on efficiency and effectiveness within SSC non-standardised ICS and on-going implementation of customer support tools</td>
<td>- mostly external customers focus on contributing value to the whole company non-standardised ICS and regularly updated customer support tools</td>
</tr>
<tr>
<td>6. Performance management (PM)</td>
<td>- PM tools (BSC, benchmarking) not deployed, used infrequently</td>
<td>- PM tools (BSC, benchmarking) being developed</td>
<td>- PM tools (BSC, benchmarking) being implemented</td>
<td>- PM tools (BSC, benchmarking) in continuous use</td>
</tr>
<tr>
<td>7. Human resources management</td>
<td>- non-standardised structure and management, no employment of customer support tools</td>
<td>- combining existing expertise and focus on professional expertise of customer support tools from existing roles</td>
<td>- professional expertise and management of customer support tools from existing roles</td>
<td>- professional expertise and management of customer support tools from existing roles</td>
</tr>
<tr>
<td>8. Systems and technology</td>
<td>- multiple systems, no standardisation of ERP platform, no workflow systems implemented</td>
<td>- partially standardised ERP platform, workflow systems implemented</td>
<td>- standardised ERP platform, extensive deployment of workflow systems, low level of IT governance</td>
<td>- standardised ERP platform, extensive deployment of workflow systems, high level of IT governance</td>
</tr>
</tbody>
</table>

The specific performance levels used to allocate an SSC to one of four maturity levels are shown for each evaluation criteria in the figure below.

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**Appendix**

The four maturity levels are differentiated based on the following eight evaluation criteria.

1. **Strategy**
   - Criteria used to select the SSC location and their respective ranking
   - Implementation strategy chosen
   - Evaluation of objectives from today’s perspective at the time of the SSC implementation, extent to which the initial objectives have been achieved

2. **Organisation/governance/compliance**
   - Centre concept of the SSC (cost centre vs profit centre)
   - Cost allocation method for services provided
   - Scope and revision cycle of service level agreements (SLAs)
   - ‘Process owner’ approach to manage processes
   - Governance of the SSC
   - Monitoring of process compliance/use of automated controls

3. **Continuous improvement**
   - Systematic and regular analysis of costs and quality
   - Continuous search for and implementation of optimisation measures
   - Deployment of quality improvement tools
   - Approach to measure whether an SSC is meeting its objectives

4. **Business processes**
   - Degree of standardisation and automation of processes within the SSC
   - Degree of standardisation and automation of processes in upstream and downstream processes outside the SSC
   - Level of process documentation

5. **Customer relations**
   - Customer structure (share of internal and external customers)
   - Service structure within the SSC
   - Customer orientation in the SSC
   - Deployment of tools for customer management

6. **Performance management**
   - Sophistication of performance management systems in place
   - Transparency of the performance measurement process
   - Availability of information related to operational and strategic management
   - Definition of measurable performance targets and monitoring of achievement of targets
   - Extent of financial control systems within the SSC

7. **Human resources management**
   - Use of different training tools and training types by staff group
   - Quality of communication between management and staff in the SSC
   - Approach to link the performance evaluation of employees to the definition of development measures
   - Use of employee satisfaction surveys

8. **Systems and technology**
   - Degree of process automation and standardisation of IT systems
   - Continuous optimisation of IT systems
   - Extent to which electronic workflow and integrated ERP systems are deployed
   - IT governance supporting financial control processes
Survey methodology

Over the period between April and October 2013, PwC Hungary sent out a standardised online questionnaire to companies in Hungary that have implemented at least one shared service centre. The responses we have received cover roughly a third of the SSC population in Hungary, not just according to the number of SSCs but also to the number of their employees.

The distribution of the centres that responded is in line with the estimated real distribution in size and industry profile.

In our fieldwork and analysis, we followed the method of PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft.

In our fieldwork, we used a questionnaire consisting of 72 questions that explored, apart from general information, the objectives for implementing the SSC, strategy, organisation, improvement processes, business processes, customer relations, human resources management, technology, performance data and future outlook of the respondents’ organisations.

In our maturity analysis, we followed the methodology of PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft.
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