

HfS Research
Collaborative Sourcing Intelligence



Insight. Advice. Benchmarking.

The Future of Global Business Services

Survey Findings

June 2012

Research Background

In February- March 2012, HfS Research and PwC jointly conducted a survey, *The Future of Global Business Services*, to identify the drivers and results of organizational efforts to improve business support services.

Prior to this study, little relevant research had been done on how organizations maximize the impact of their shared services, Global Business Services (GBS) and outsourcing strategies.

The analysis which follows is a joint product focused on the responses from 325 participating organizations.

Executive Summary

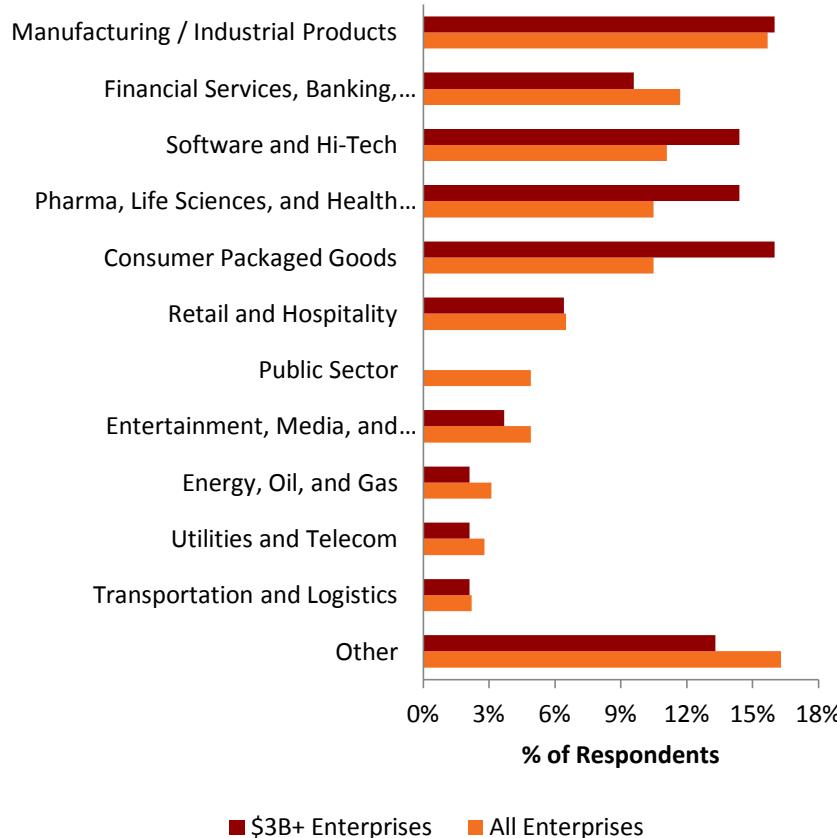
- Organizations largely achieve the global sourcing objectives they focus on, such as cost reduction, but are challenged to achieve other related objectives such as scalability, flexibility and innovation unless a disciplined focus is applied.
- Organizations have begun to put less relative importance on cost reduction objectives and far more importance on objectives such as talent management, organizational efficiency, scalability and flexibility.
- Shared service and outsourcing efforts create substantial value, but outsourcing infrequently delivers significant impact beyond cost reduction.
- There are still a significant number of organizational functions which could use shared services or outsourcing delivery models much more extensively and effectively.
- The benefits of expanding shared services and outsourcing can be fleeting unless appropriate governance and performance management are addressed.
- Organizations with centralized governance teams, such as Global Business Services, typically generate the greatest benefits.

Respondent profile/demographics

Respondent Industry and Revenue

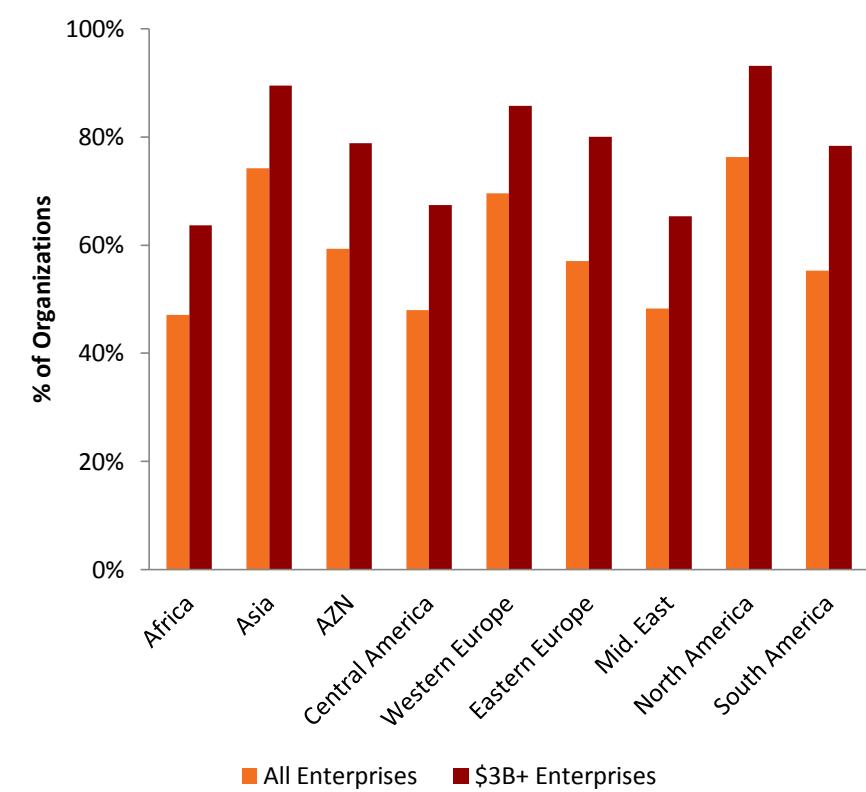
Respondents' Industries

All Enterprises and \$3B+ Enterprises



Locations of Respondents' Operations

All Enterprises and \$3B+ Enterprises

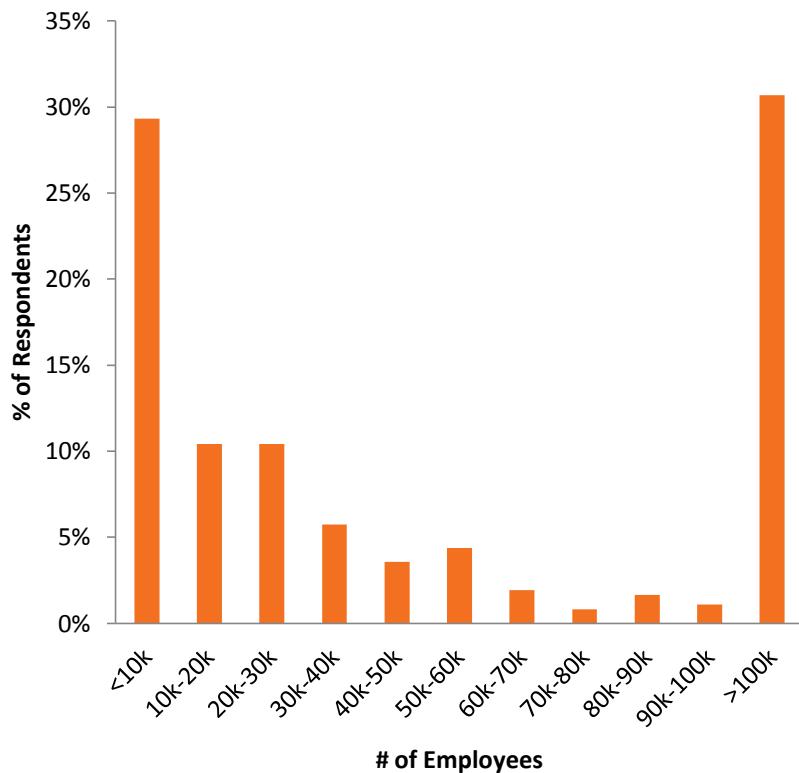


Source: HfS Research and PwC 2012, All Enterprise N = 325 Enterprises and 188 \$3B+ Enterprises

Size of Enterprise and Operating Locations

Size of Enterprise by Number of Employees

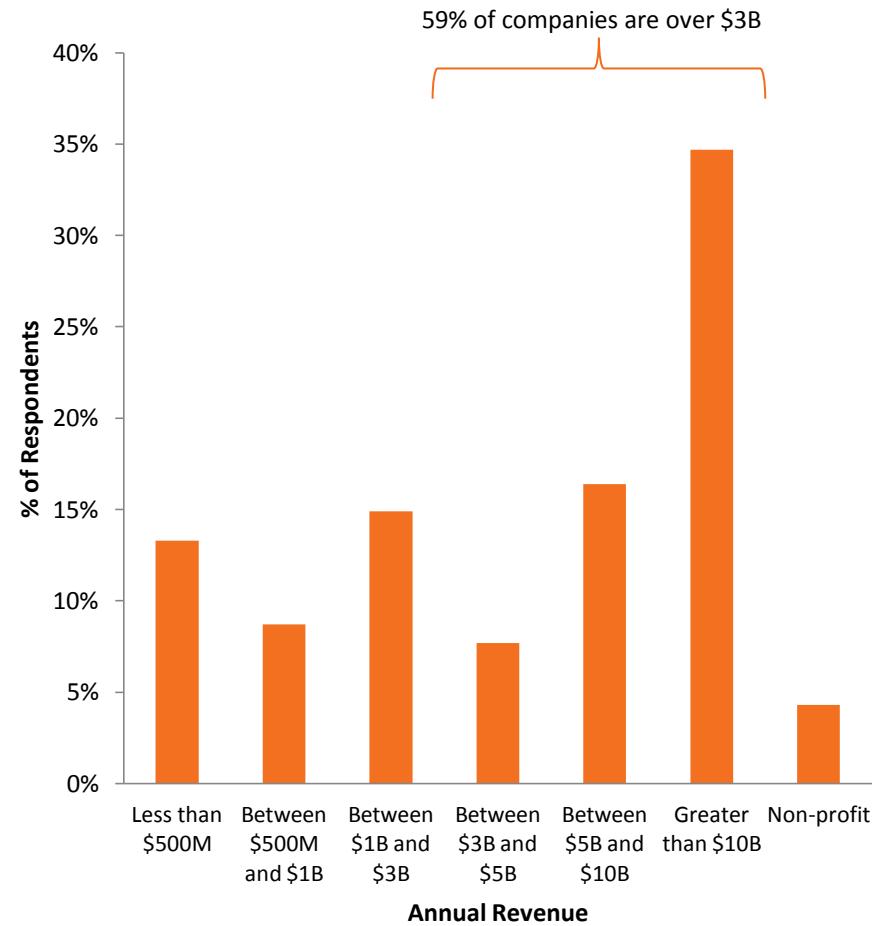
All Enterprises



Source: HfS Research and PwC 2012, All Enterprise N = 325 Enterprises

Respondents' Revenue Size

All Enterprises

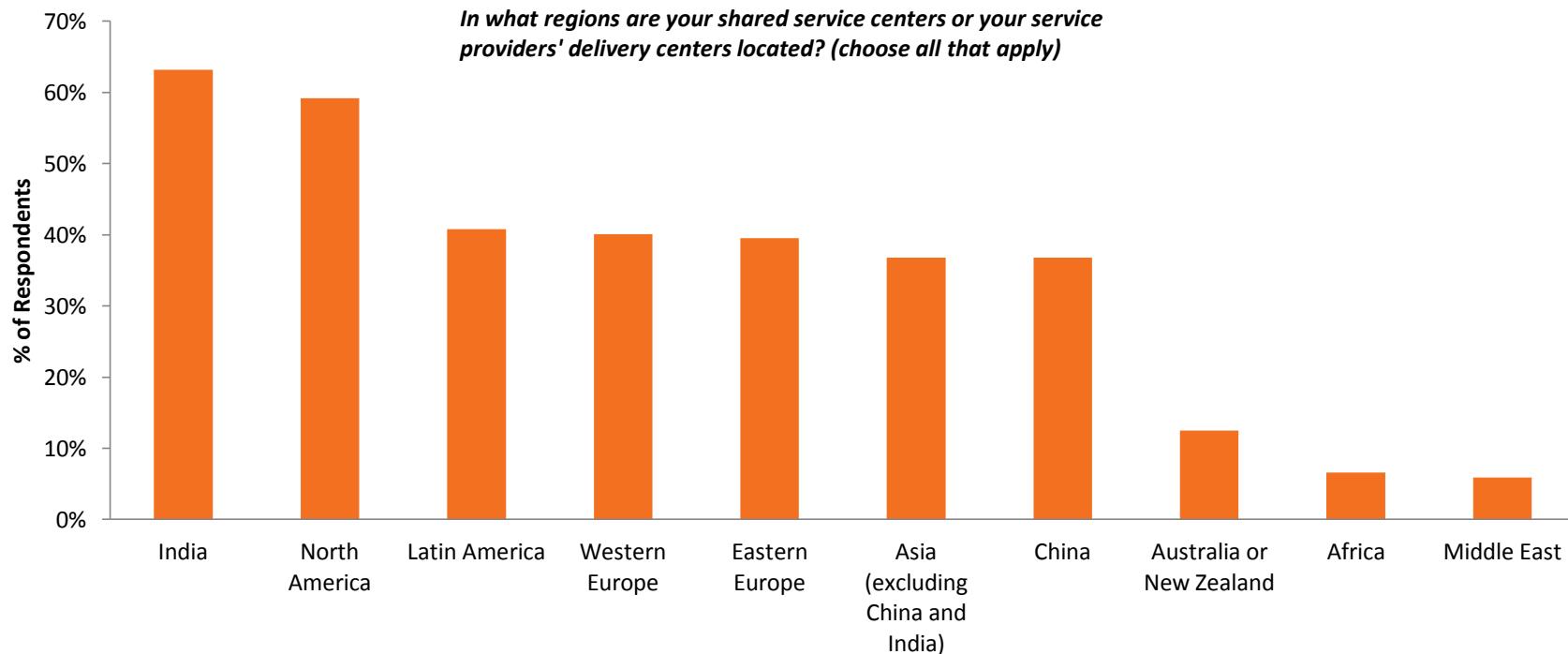


Findings

Organizations are leveraging shared services and outsourcing delivery centers on a regional basis to address global needs

Locations of Shared Services and Outsourcing Delivery Centers

Respondents from \$3B+ Enterprises



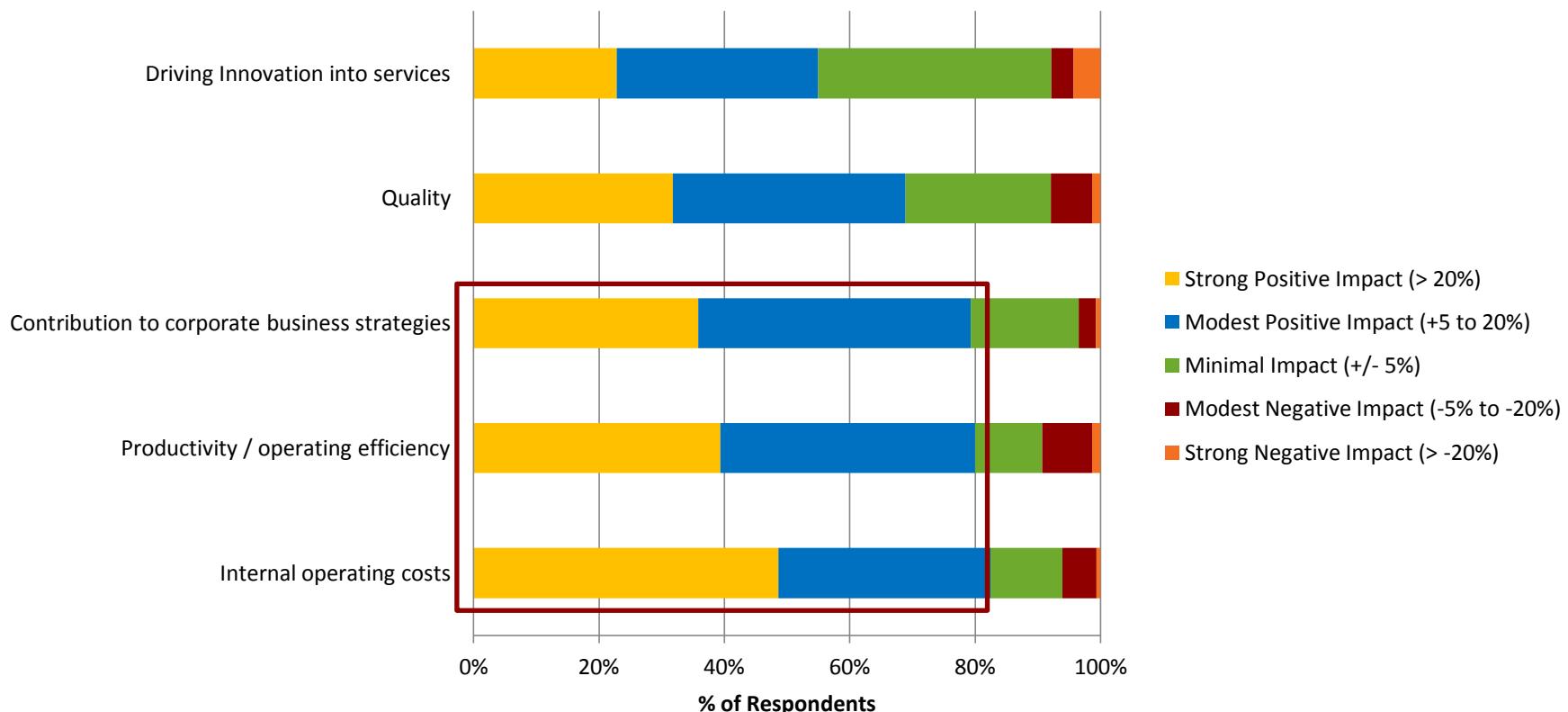
Source: HfS Research and PwC 2012, N = 188 Respondents from enterprises with more than \$3B in revenue

Shared services and outsourcing programs have created substantial value for their organizations

Respondents' Estimated Outcomes from Shared Services and Outsourcing Programs

Respondents from \$3B+ Enterprises

In terms of outcomes achieved from your current shared services and outsourcing initiatives, how would you estimate the impact on:



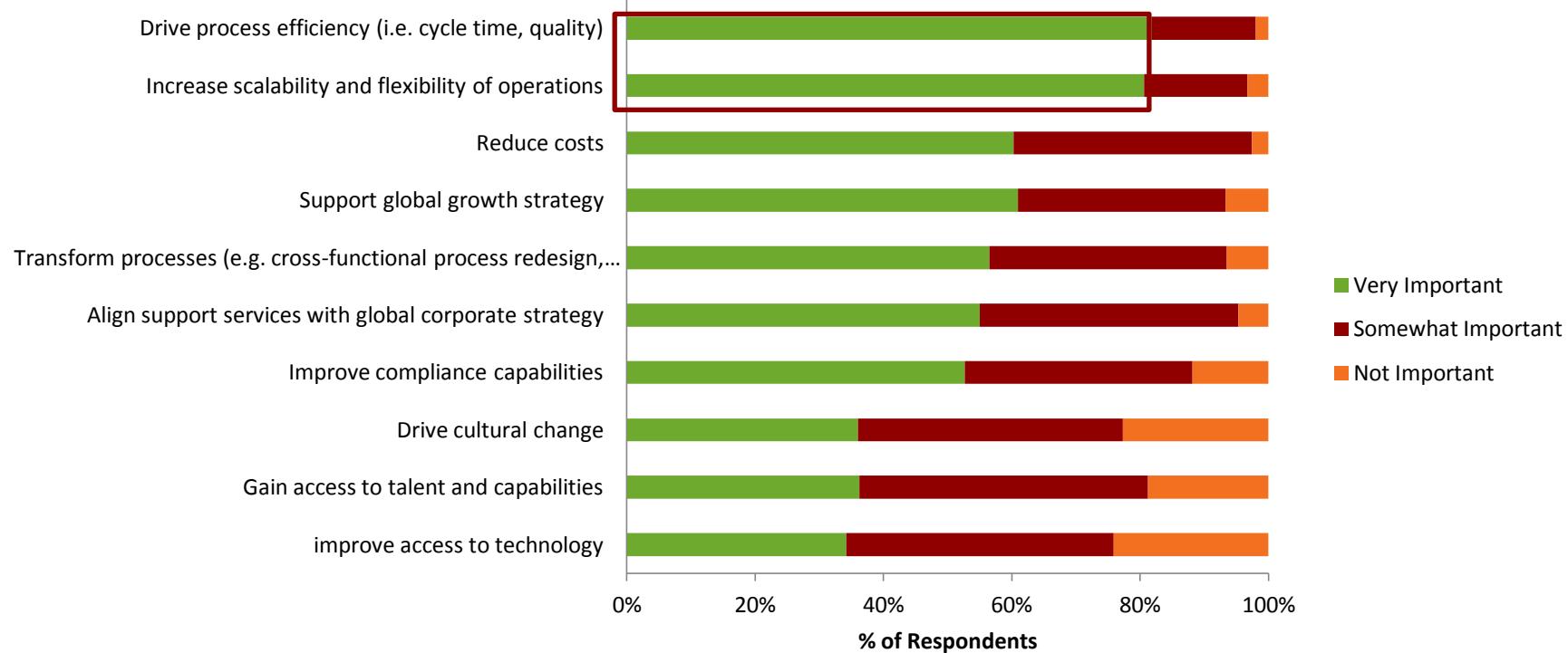
Source: HfS Research and PwC 2012, N = 188 Respondents from enterprises with more than \$3B in revenue

Today, organizations are focused on leveraging shared services and outsourcing to drive process efficiency and create scalable, flexible operations

Importance of Program Objectives Today

Respondents from \$3B+ Enterprises

How important are the following business objectives behind your company's shared services and outsourcing strategies today?

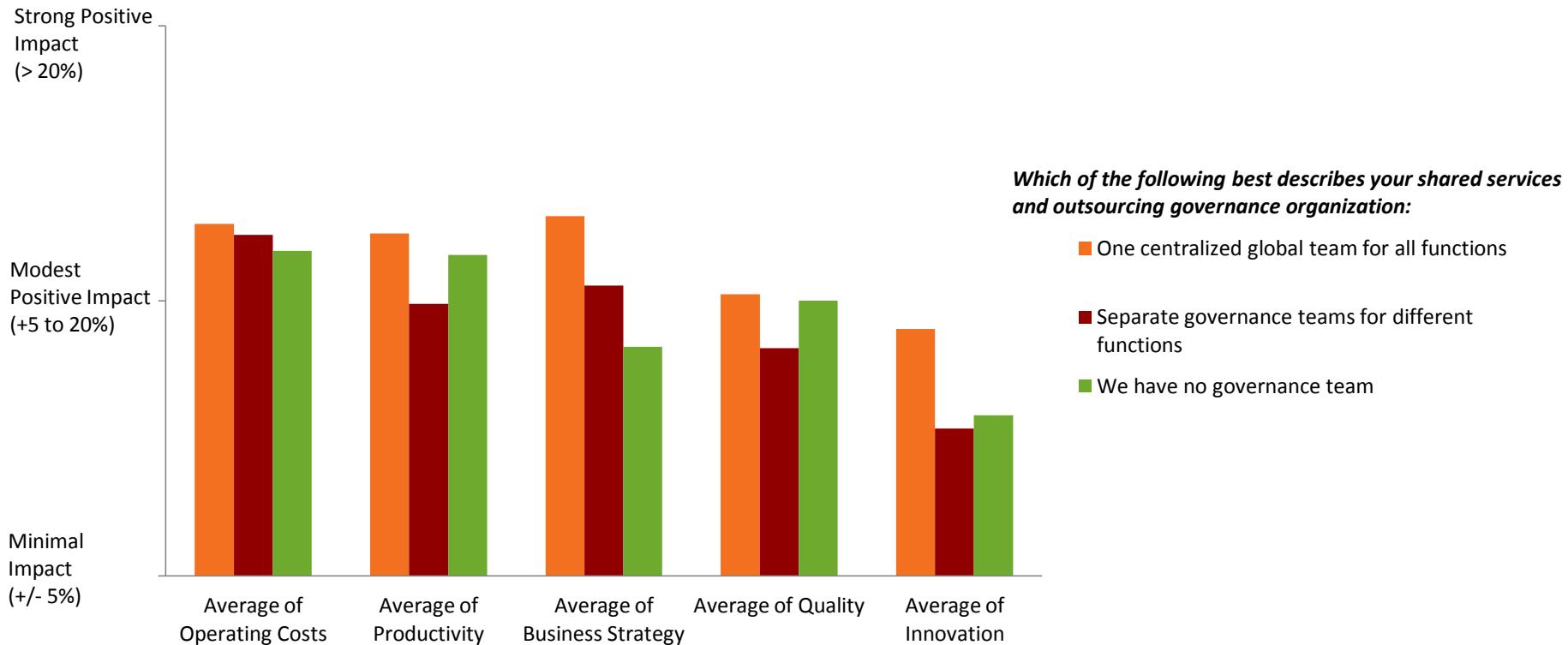


Source: HfS Research and PwC 2012, N = 188 Respondents from enterprises with more than \$3B in revenue

Programs with centralized governance organizations create the best outcomes

Governance Organization Models

Respondents from \$3B+ Enterprises



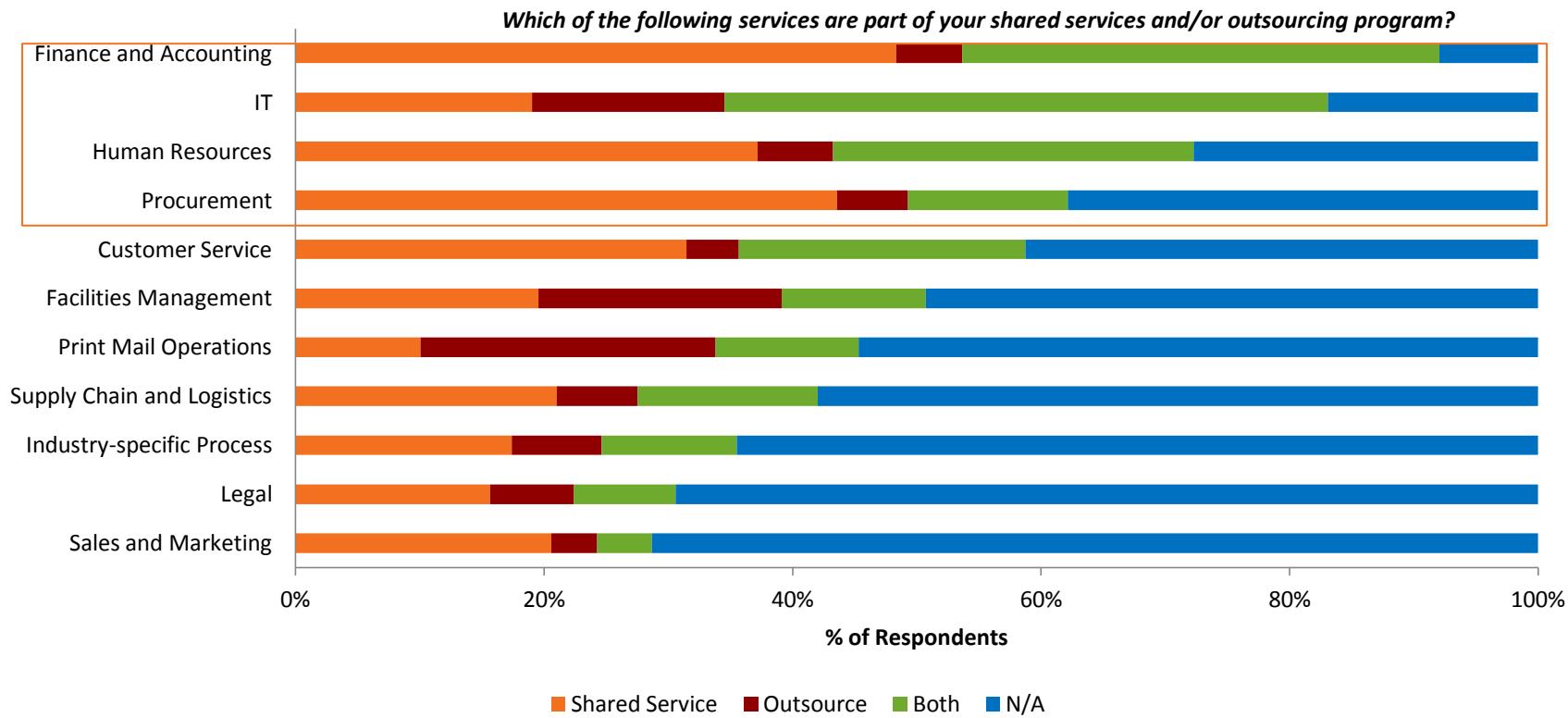
Source: HfS Research and PwC 2012, N = 188 Respondents from enterprises with more than \$3B in revenue

Analysis of question: "In terms of outcomes achieved from your current shared services and outsourcing initiatives, how would you estimate the impact on:"

Shared services is the primary service delivery model for HR, finance, procurement, and customer service

Use of Shared Service and Outsourcing Strategies by Function

Respondents from \$3B+ Enterprises

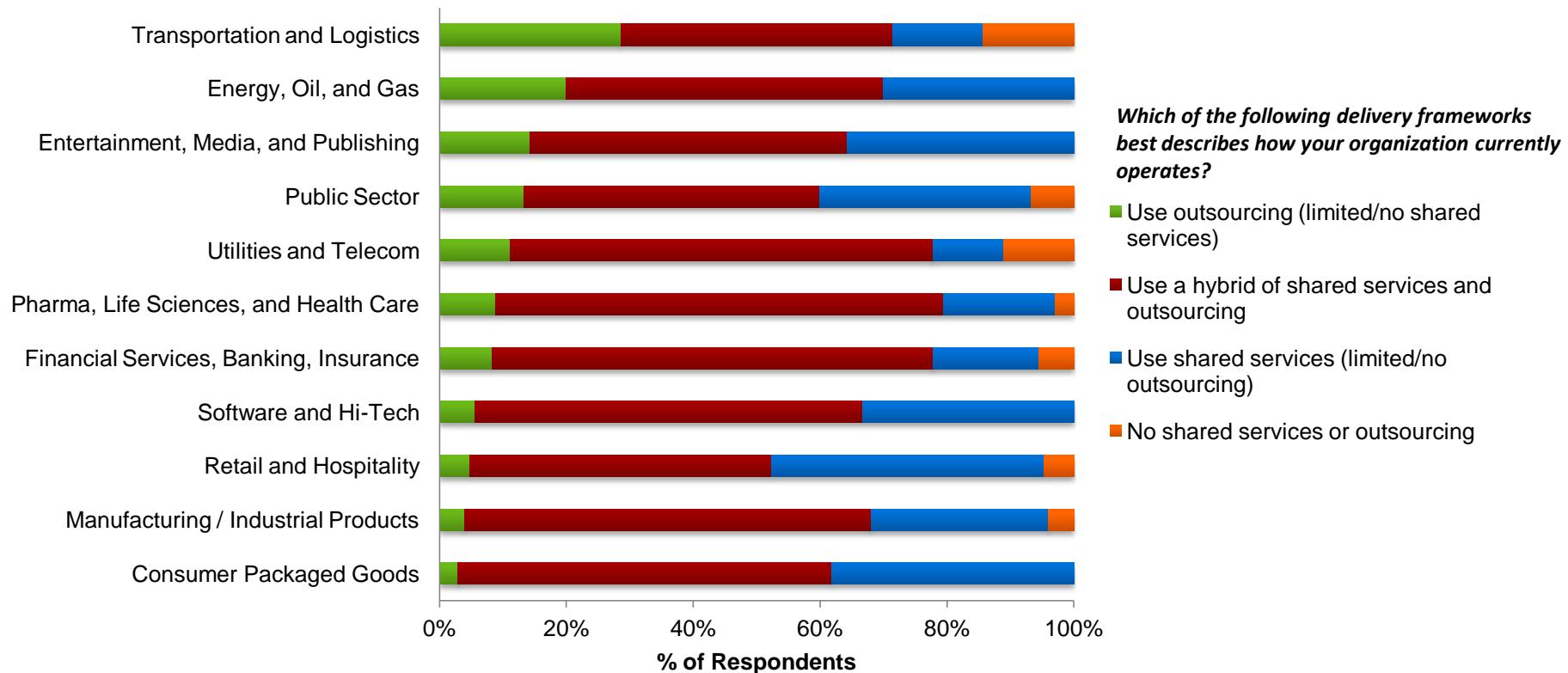


Source: HfS Research and PwC 2012, N = 188 Respondents from enterprises with more than \$3B in revenue

Hybrid or shared services delivery models are the dominant choice across all industries

Industry Use of Sourcing Models

All Respondents



Source: HfS Research and PwC 2012, N = 315 Respondents

Programs that have greater alignment with corporate strategies create better outcomes

Alignment with Corporate Strategies Impacts Outcomes

Respondents from \$3B+ Enterprises

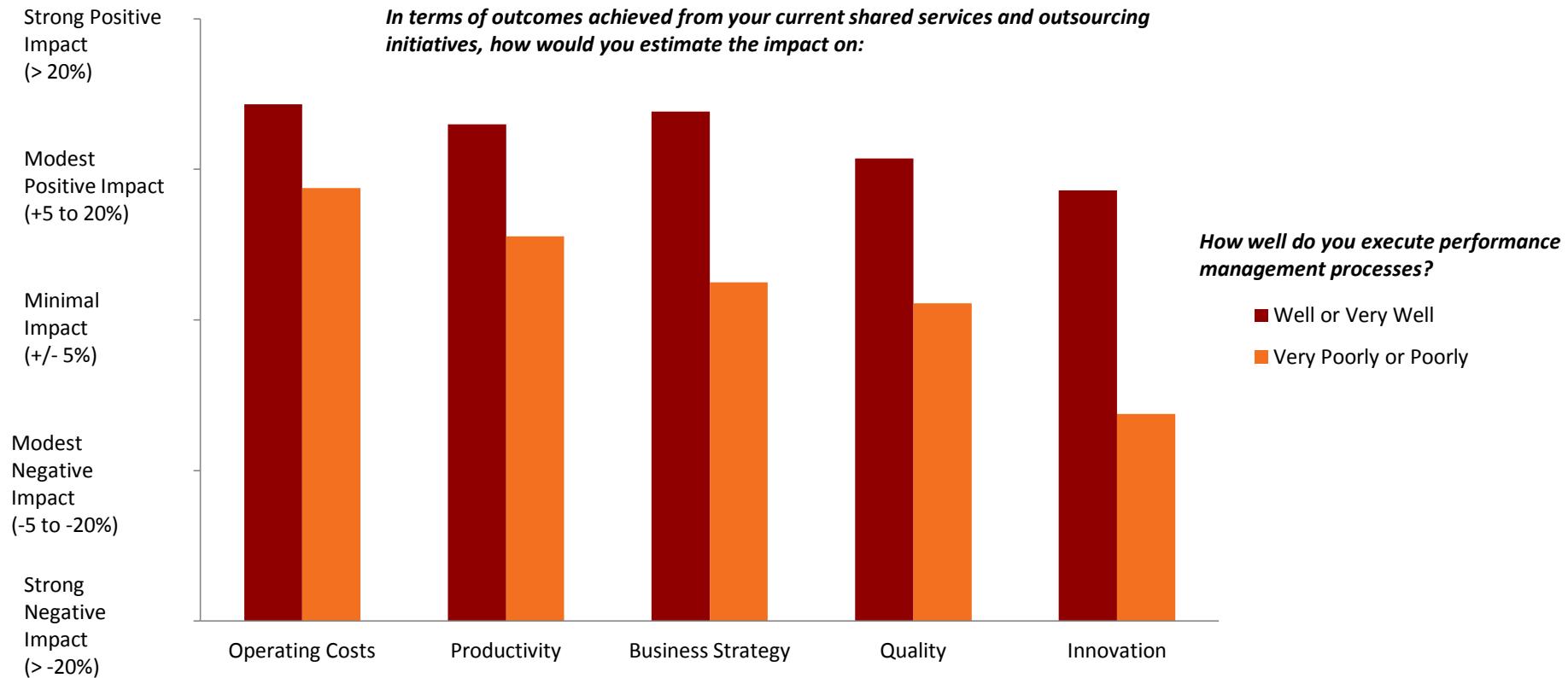


Source: HfS Research and PwC 2012, N = 188 Respondents from enterprises with more than \$3B in revenue

Importantly, those who manage performance create better outcomes

How Well Performance Management Is Executed Compared to Outcomes

Respondents from \$3B+ Enterprises



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