



# Global Business Services (GBS): Moving towards digitalisation

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**44%** of Shared Services surveyed have adopted a GBS model

Another **20%** planning to move to GBS in the next 3 to 5 years

Source: SSON State of the Global Shared Services Industry Report 2020, page 6



## Organisations are implementing Shared Service Centres as a strategy to increase efficiency, productivity and unlock value

The shared services model has seen widespread and increasing adoption in the private sector globally since it was first used over two decades ago. Organisations establish Shared Service Centres (“SSC”) for benefits such as cost reduction, increased efficiency and productivity and to strengthen the control environment.

Traditionally, SSCs focus on supporting tasks associated with a single function only. As SSC organisations matured, they moved from single to multi-functional activities; to a more holistic end-to-end process lifecycle; and subsequently to Global Business Services (“GBS”) where shared services focus on innovation management and competence centres by providing more complex services for their headquarter functions.

Malaysia is a strong contender as the preferred location for businesses looking to set up a shared services centre, where GBS is the predominant model.

According to the State of the Shared Services Market report 2020 - Malaysia, 4 out of 10 Malaysian-based centres surveyed have been in operation for more than a decade. Even so, Malaysia has been able to continuously attract new set ups as another 40% of those surveyed are in the planning or early implementation stages.

With a range of maturity among SSC organisations in Malaysia, there are differing priorities for these organisations. 59% of respondents are aiming to expand their scope of offering in the next 5 years whilst 52% are looking to leverage automation and smart technology for efficiency. Another interesting point to note is that objective of 34% of respondents is to support enterprises on the digital change agenda and transformation.

It is encouraging that an overwhelming 79% of these respondents plan to use intelligent automation to meet their productivity improvement target and they believe that the biggest skill deficit within their organisations are in data analytics (78%) and automation (44%).



# Digital transformation in GBS

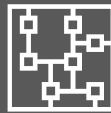


GBS have the opportunity to use their unique position to partner businesses at the outset of the digital transformation and lead in long term planning.



## Cloud-based technology solutions

Process automation and the need for automation to be data-driven is propelling the demand for cloud-based solutions, which offers transparency with a lower cost structure. Cloud solutions also support scaling up automation, and has a lower barrier to entry in terms of data integration.



## Importance of data

Businesses are more attuned to the importance of quality and the accessibility of enterprise data than ever. With the use of intelligent automation, improving data management and analysis allows valuable business insights and intelligence to be surfaced to facilitate business decision-making.



## Robotic Process Automation ("RPA")

The transactional processes found in a shared service environment makes it ideal for the application of RPA, as transactional processes can be automated without having to change existing systems. In addition to the expected improvements in quality, accuracy and productivity, this can also contribute to more efficient and quicker decisions.



## Intelligent automation

Most organisations are focusing on bot-driven automation and are still predominantly using attended automation. As cognitive and machine learning capabilities evolve, we will see insights gained from attended automation drive growth in unattended automation. With GBS having access to systems, data and business leaders, they are in the best position to drive this transformation.



With digitalisation, GBS are no longer confined to routine tasks and will shift focus to value-adding capabilities enabled by technology to **enhance and augment** their workforce

## Key considerations: Machine vs. human skills

Routine tasks		Non-routine tasks	
	Machine	Machine	Human skills
Cognitive tasks	Routine tasks follow explicit rules that can be programmed and accomplished by machines	<ul style="list-style-type: none"> <li>• <b>Scalability</b> to manage complex algorithms</li> <li>• Processing power/ability to detect patterns in big data</li> <li>• <b>Absence of human biases</b>/impartiality in decision-making</li> <li>• Automated, easily configurable decision-making</li> <li>• Tireless learning and continuous improvement</li> <li>• Touchless enabler</li> <li>• Cost efficient</li> </ul>	<ul style="list-style-type: none"> <li>• Creative intelligence</li> <li>• Originality/Innovation</li> <li>• Problem-solving (applying theory and techniques)</li> </ul> <b>Social Intelligence</b> <ul style="list-style-type: none"> <li>• Social perceptiveness</li> <li>• Negotiation</li> <li>• Persuasion</li> <li>• Leadership and accountability</li> <li>• Relationship management</li> <li>• Assisting and caring for others</li> </ul>
Manual tasks	Routine tasks follow explicit rules that can be programmed and accomplished by machines	<ul style="list-style-type: none"> <li>• <b>Technological advancements</b>: expanding what manual tasks are considered “programmable”</li> <li>• <b>Quality and reliability</b>: compared to human labour</li> <li>• <b>Cost efficient</b>: able to place robots within reach of more users</li> </ul>	<b>Perception and agility</b> <ul style="list-style-type: none"> <li>• Finger dexterity (precision)</li> <li>• Manual dexterity (assembly)</li> <li>• Ability to work in an fluid work environment</li> </ul>



# Why is Malaysia the preferred location for GBS/SSC?

## 1

### **Multicultural, multilingual and digitally skilled talent**

- Attractive mix of demographics, relatively young working population at a median of 29.2<sup>1</sup> years
- Cultural diversity and affinity with the region
- Availability of qualified and quality talent
- Speak languages that serve most Asian countries (including English)
- Launch of the #MyDigitalWorkforce Work In Tech (MYWiT) initiative by the Malaysia Digital Economy Corporation (“MDEC”), to digitally upskill the Malaysian workforce
- Ranked 2nd in South East Asia in the Global Talent Competitiveness Index 2020 and ranked 1st amongst the upper-middle income group in the same index

## 2

### **Competitive location especially due to cost effectiveness**

- Talent pool with competitive costs and highly competent
- Ranked 12th globally in World Bank Group’s Doing Business 2020 rankings, which is the 3rd highest in Asia Pacific
- Lowest office rent in Asia Pacific, according to CBRE’s Marketview Asia Pacific Q2 2021 report

## 3

### **Mature technology infrastructure**

- Robust and inclusive digital environment
- Strong global digital ranking at 3rd place in Southern Asia & the Pacific based on the IMD World Competitiveness Center - Digital Competitiveness Ranking 2020 and ranked 6th place in Asia Pacific in the digital resonance category in the 2021 Kearney Global Services Location Index
- Reliable and affordable high-speed connectivity
- Commitment by the Malaysian government through the National 4IR policy to strengthen the digital infrastructure of the nation via strategic investment projects<sup>2</sup>

<sup>1</sup> Department of Statistics Malaysia Official Portal, Current Population Estimates, Malaysia, 2020

<sup>2</sup> National Fourth Industrial Revolution (4IR) Policy, Pg. 51





Malaysia ranks 3rd based on financial attractiveness, people skills and availability and business environment.

Source: A.T. Kearney's Global Services Location Index 2021

## Why is Malaysia the preferred location for GBS/SSC? (cont'd)

### 4 Geographical stability

- Least affected by natural disasters which mean fewer business disruption

### 5 Tax and incentives

- A wide range of tax incentives have been offered to investors
- Strong government support through various agencies
- Competitive corporate income tax and personal tax rates
- More than 70 tax treaties<sup>3</sup> signed with countries around the world



Availability of skills and expertise is a factor for **69%** of respondents in evaluating potential SSC locations.

Source: SSON State of the Global Shared Services Industry Report 2020



Other top factors in evaluating potential SSC locations - labour cost, language and cost of overhead operations.

Source: SSON State of the Global Shared Services Industry Report 2020

<sup>3</sup> [Malaysia's tax treaties with countries around the world](#)

# Malaysia's initiative towards a digital economy

To deliver Malaysia's aspirations towards becoming a regional leader in the digital economy, the Malaysia Digital Economy Blueprint (MyDigital) and other initiatives such as the Malaysia Cyber Security Strategy (MCSS) 2020-2024 and the National Digital Network (JENDELA) were launched to accelerate Malaysia's progress as a technologically advanced economy.

Additionally, Malaysia has also launched the national policy on the Fourth Industrial Revolution (National 4IR Policy), aimed at increasing the country's readiness in harnessing the potential of 4IR.

## 3 principles of MyDigital



- Inclusivity
- Ethics
- Trust

## 3 objectives of MyDigital

- Encourage industry players to become creators, users and adopters of innovative business models under the digital economy
- Harness human capital that is able to thrive in the digital economy
- Nurture an integrated ecosystem that allows society to adopt digital economy

## 6 thrusts to support the objectives and vision of MyDigital



- Drive digital transformation in the public sector
- Boost economic competitiveness through digitalisation
- Build enabling digital infrastructure
- Build agile and competent digital talent
- Create an inclusive digital society
- Build a trusted, secure and ethical digital environment

## MCSS 2020-2021 aims to achieve:



- Effective governance
- Strengthen legislative framework and enforcement
- Catalysing world class innovation, technology, R&D and industry
- Enhancing capacity and capability building, awareness and education
- Strengthening global collaboration

## JENDELA



- Strengthen connectivity to the international submarine cable network
- Roll out 5G nationwide
- Strengthen cloud computing services

# Malaysia's initiative towards a digital economy (cont'd)

## 4 thrusts to support the objectives of National 4IR Policy



Leveraging the synergy of the physical, digital and biological worlds to transform the entire ecosystem based on four policy thrusts:

- Equip the people with 4IR knowledge and skill sets
- Forge a connected nation through digital infrastructure development
- Future-proof regulations to be agile with technological changes
- Accelerate 4IR technology innovation and adoption

The National 4IR Policy will be supported by the Malaysia Digital Economy Blueprint, which together will be the guiding documents to leverage the potential of 4IR.

The National 4IR Policy advocates the use of technology for society, business and government.

## 5 foundational 4IR technologies



- Artificial intelligence
- Internet of Things (IoT)
- Blockchain
- Cloud computing and big data analytics
- Advanced materials and technologies



Only **15%** of respondents believe that their intelligent automation is at an advanced stage<sup>4</sup>



Only **27%** have primarily implemented unattended automation<sup>5</sup>

## Outcome targets of the National 4IR Policy by 2030

- Top **20** in the Global Innovation Index
- **30%** productivity increase across all sectors, compared to 2020 levels
- Transform **20%** of semi- and low-skilled labour to highly skilled labour

<sup>4</sup> Source: SSON State of the Global Shared Services Industry Report 2020, Pg. 18

<sup>5</sup> Source: SSON State of the Global Shared Services Industry Report 2020, Pg. 19



# How we can help

## Phase I: “Start Up”

## Phase II: “Growth”

## Phase III: “Expansion”

## Phase IV: “Maturity”

### Accounting Support

- Reconciliations support, Chart of Accounts mapping and recording
- Accounting policy and advisory services
- GAAP implementation
- Review service-level agreements (SLA)
- Preparation/review of policies and procedures manual
- Secondment of resources

- Standardise reporting templates
- Review of accounting policies/accounting papers/annual updates
- Preparation of financial statements and outsourcing of the GBS statutory reporting process

### Training and Education

- Financial reporting and preparation
- Updates to regulatory/accounting changes (Tax + GAAP)
- Development of training programmes and curriculum

- Train-the-Trainer programmes
- Implementation of e-learning tools
- Outsourcing of the training function
- Subscription to PwC Academy’s online courses and e-learning programmes
- Development of digital skills strategy

### Process advisory and assurance services

- Scope migration assessment
- Controls benchmarking/assessment
- Documentation of process mapping/flowcharting and test scripts
- GBS/SSC controls standardisation
- IT systems and processes review

- Evaluation of opportunities and areas for automation, improvements and efficiencies (RPA, controls efficiency review, etc)
- Controls compliance testing for management
- Service Organisation Controls reports to provide assurance to users of GBS/SSC

### Tax advisory services

- Maximisation of tax efficiency for both corporate income tax and indirect tax
- Assessing and advising on the appropriate tax incentives available
- Understanding and managing business set-up or tax planning
- Transfer pricing reviews

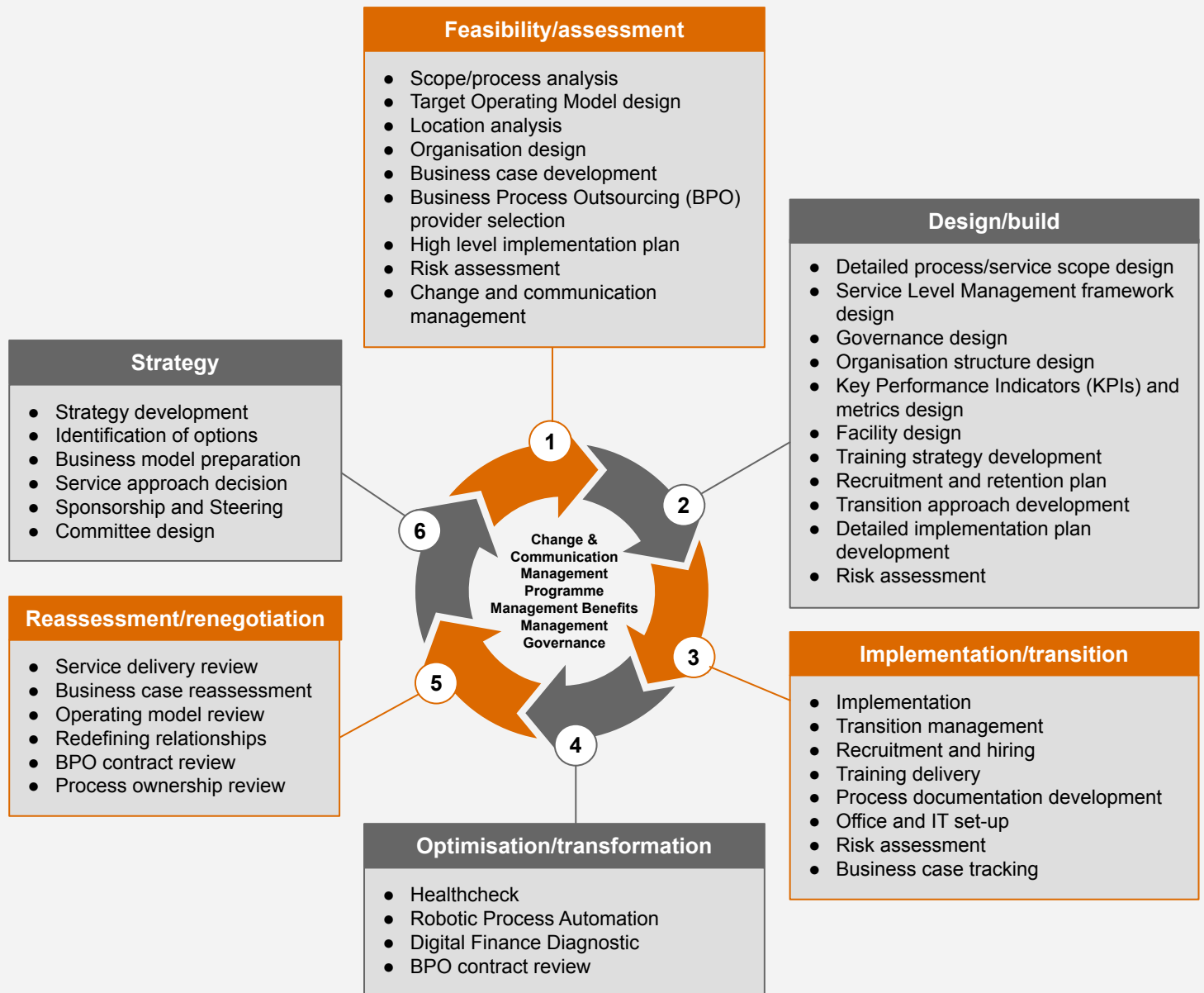
### Attestation services

- Control assurance reports and SLA reviews (e.g. independent attestation of performance metrics)
- Agreed-upon procedures
- Cybersecurity or IT systems reviews



# How we can help (cont'd)

With our vast experience in the SSC/GBS environment, we are also able to assist businesses embarking on the SSC/GBS journey with end-to-end outsourcing advisory. Leveraging the expertise of our team globally, we will walk with you throughout the process to help you meet your objectives and goals.





# How we can help (cont'd)

In this digital age, data and technology is becoming an increasingly indispensable part of GBS. Companies will need to focus on data integrity and formulate a strategy to use data in bringing the company to the next level.

1

## Use of data and technology in GBS/SSC

- **Data validation** – Confidence over data integrity at the inception point of new processes or additional work scope migrated to the centre
- **Process Intelligence (PI)** – Using process mining tools to form a comprehensive view of any process with an easy-to-use dashboard
- **Process efficiency monitoring** – Monitor efficiency of processes across systems and functions
- **Robotic Process Automation** – Automate routine processes, to reduce processing time
- **Insights through visualisation** – Using data visualisation to derive meaningful insights and a view of the 'big picture'
- **Data quality** – Continuous data quality assurance, forming the foundation of accurate data processing
- **Controls compliance** - Identification of non-compliant transactions through pre-set exceptions cases
- **Anomalies/outliers** – Identification of anomalies through various data dimensions via the Financial Processes Analyser (FPA) tool

## Tools and technology

2

### Process Intelligence with Celonis

**Optimise your operations for the future** by analysing your business processes, based on **real-time data**.

Process mining with Celonis allows businesses to react to observations immediately and optimise operations for the future.

### Connect

PwC Connect tool is a web-based portal designed to request and **exchange documents and information in a secure manner**.

Its project management and collaborative workflow capabilities provide **real-time**, efficient and secure information sharing at every stage, accessible anytime, anywhere.

### Continuous Controls Monitoring

**Highly customisable tool** that empowers decision makers to be **kept informed over performance** against:

- Process efficiency monitoring
- Risk monitoring
- Management reporting
- Trends

### Alteryx

Alteryx delivers **end-to-end automation of analytics, machine learning and data science processes**, providing the agility needed to accelerate digital transformation

3

## How we can support

### On Premise

Technology and infrastructure hosted in-house. We will collaborate with you to develop the platform for better flexibility with options for customisation and expansion.

### Training

Training to upskill your people, through interactive practical experience.

### Ad-Hoc

Tapping into PwC's skills to perform deep-dives/task-based analytics.

PwC's upcoming online B2B [Marketplace](#) for an array of technology and academic solutions to key business issues

### Cloud-based solutions

Provide implementation support to SSC/GBS to gain access to relevant Software as a service ("SaaS") solutions, to reduce cost of operations and bring value to the business



# Speak to us

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