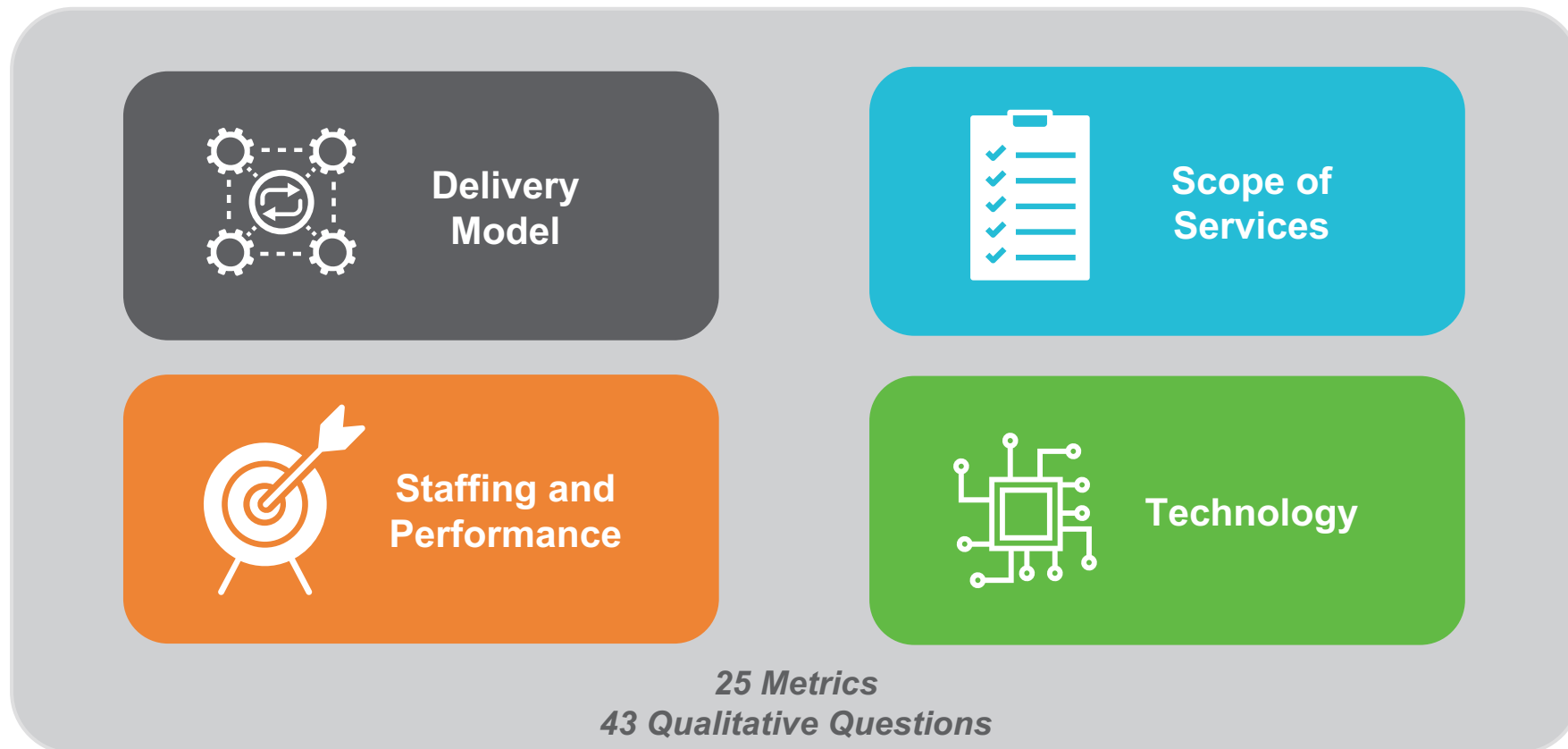# Finance Shared Services Benchmark Highlights

2020 ScottMadden and APQC Finance Shared Services Benchmarking Study

October 2020

About the Study

ScottMadden and APQC recently completed the fifth cycle of our Finance Shared Services Benchmarking Study. Study scope covers four major areas:
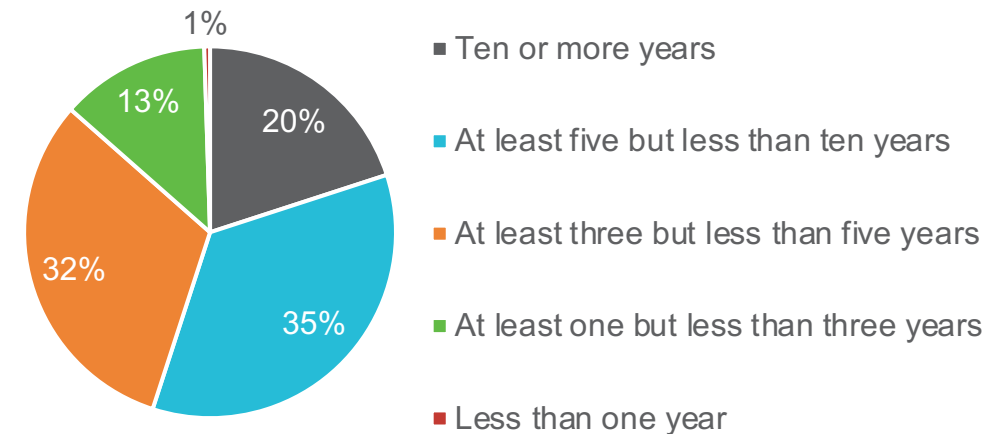
Delivery Model

Scope of Services

Staffing and Performance

Technology

25 Metrics
43 Qualitative Questions
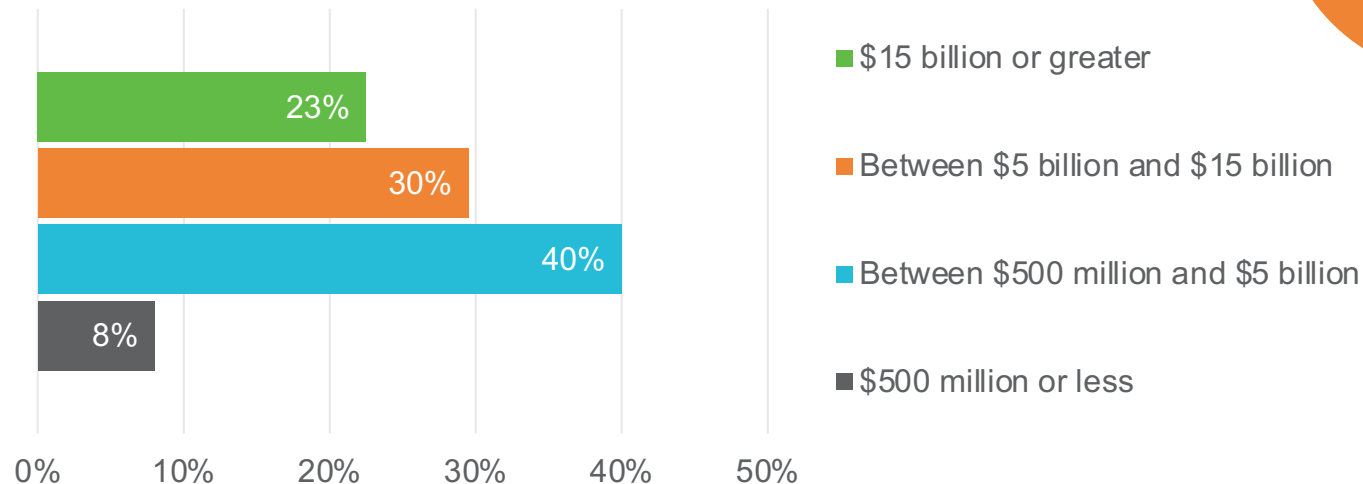
Participant Characteristics

The results summarized represent 200 participants from the last two cycles

- All participants are U.S. or Canada based
- 87% of participants have been operating more than three years; more than half of participants have been operating for more than five years
- Company size is balanced across the revenue profiles, with median revenue of $11.9 billion

How long has your shared services center been operating?

- Ten or more years
- At least five but less than ten years
- At least three but less than five years
- At least one but less than three years
- Less than one year

1% · 20% · 35% · 32% · 13%

Business Entity Revenue

- $15 billion or greater — 23%
- Between $5 billion and $15 billion — 30%
- Between $500 million and $5 billion — 40%
- $500 million or less — 8%

0% 10% 20% 30% 40% 50%

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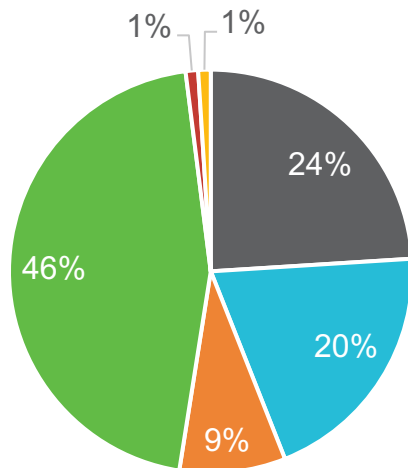
Geographic Model and Governance

- 53% of study participants reported using a GBS model
- A majority of SSCs report to a finance executive

To whom does your SSC report?

Finance executive	65%
Multi-function shared services executive	24%
Matrixed between finance and multi-function shared services executives	10%
Non-finance executive	2%
Other	0%

Geographic Model

- Single global center physically located in one space
- Regional centers with global management and integration
- Site/country-specific centers with global management and integration
- Regional centers run independently
- Site/country-specific centers run locally
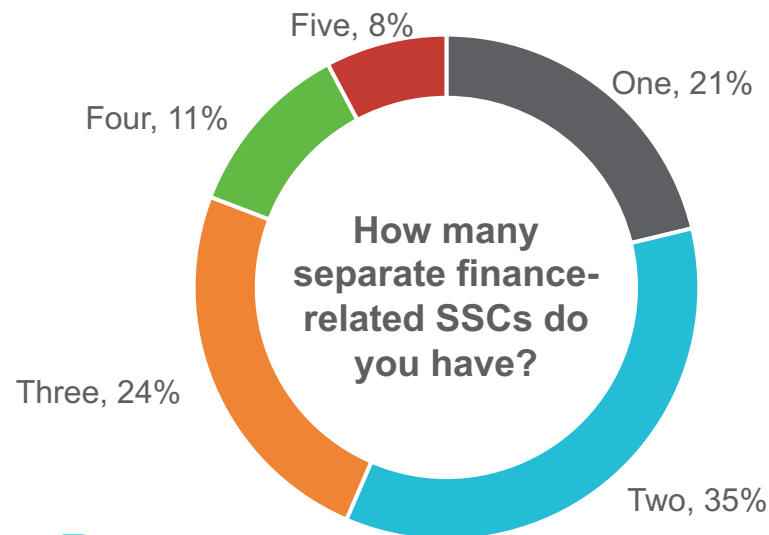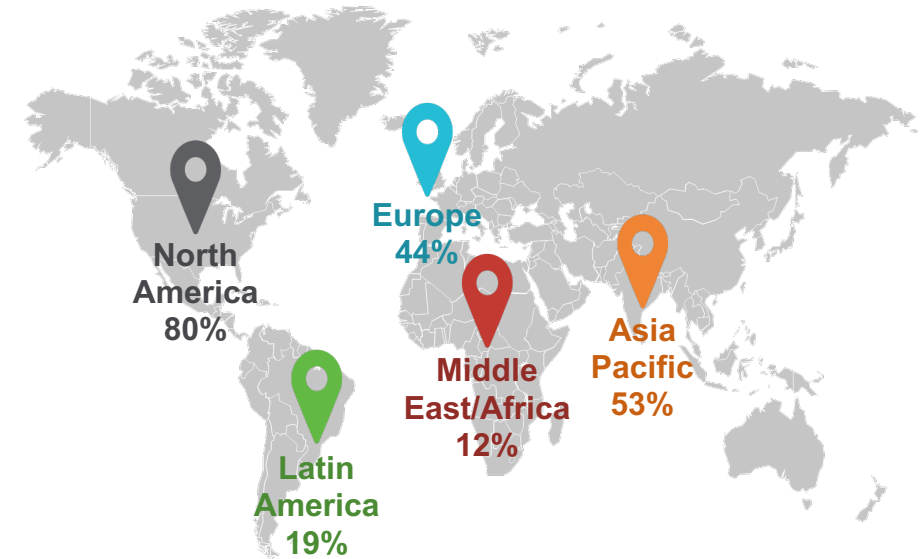- N/A - my organization does not have global operations

Pie chart values: 24%, 20%, 9%, 46%, 1%, 1%

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Global Locations

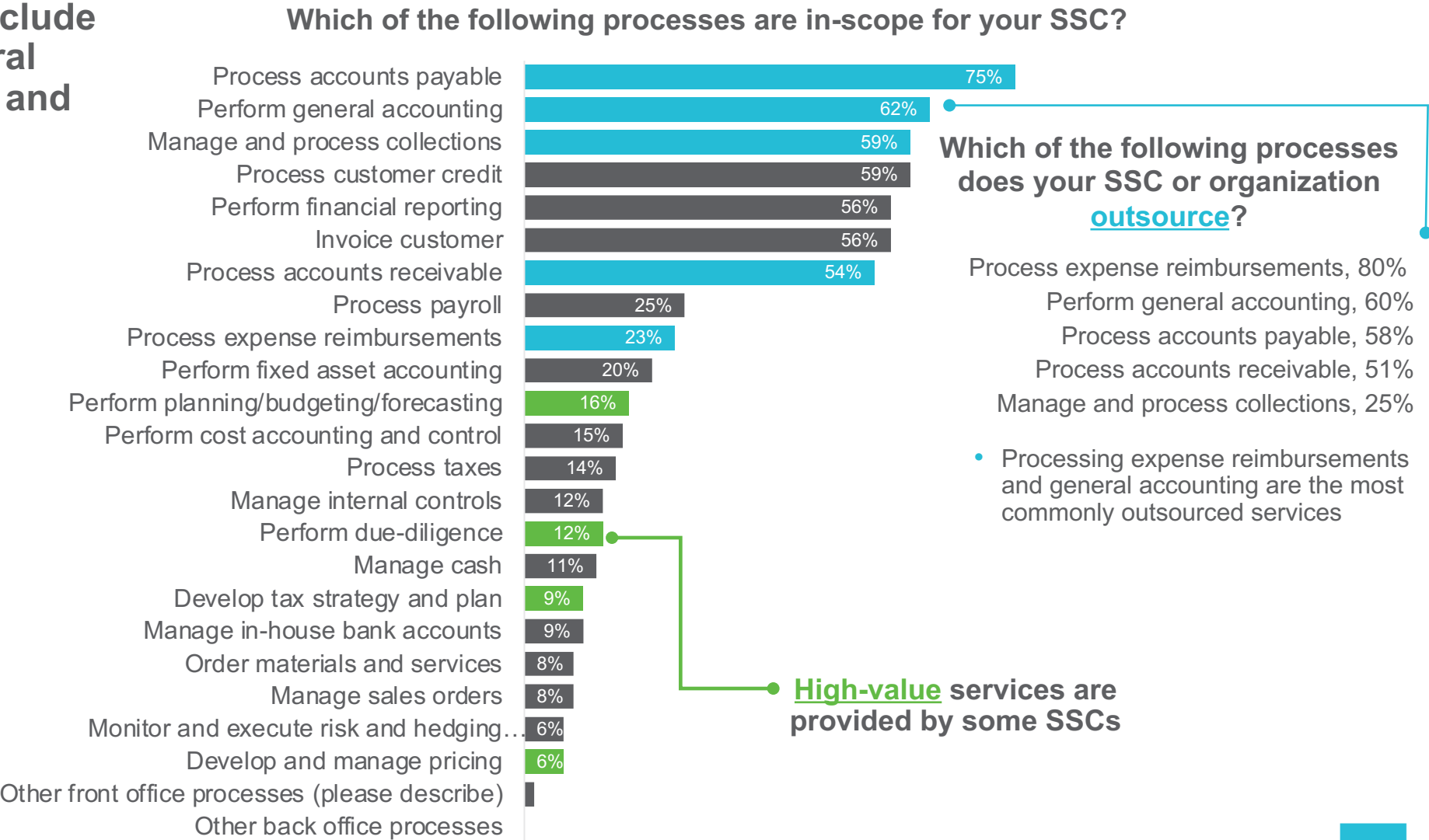**In which regions are your SSCs located?**

- 80% of study participants reported having SSCs located in North America, followed by 53% in Asia Pacific and 44% in Europe
  - 69% of study participants reported having SSCs located in more than one region
- 79% of participants have more than one SSC, and two-thirds of SSCs serve more than one country

North America **80%**

Europe **44%**

Middle East/Africa **12%**

Asia Pacific **53%**

Latin America **19%**

How many separate finance-related SSCs do you have?

- One, 21%
- Two, 35%
- Three, 24%
- Four, 11%
- Five, 8%

How many countries receive services provided by your SSC?

- At least 40 countries, 11%
- Only one country, 34%
- At least 10 countries, but less than 40 countries, 30%
- At least two countries, but less than 10, 25%

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Scope of Shared Services

The __most common services__ provided by the SSCs include accounts payable, general accounting, collections, and customer credit.

Which of the following processes are in-scope for your SSC?

Process	%
Process accounts payable	75%
Perform general accounting	62%
Manage and process collections	59%
Process customer credit	59%
Perform financial reporting	56%
Invoice customer	56%
Process accounts receivable	54%
Process payroll	25%
Process expense reimbursements	23%
Perform fixed asset accounting	20%
Perform planning/budgeting/forecasting	16%
Perform cost accounting and control	15%
Process taxes	14%
Manage internal controls	12%
Perform due-diligence	12%
Manage cash	11%
Develop tax strategy and plan	9%
Manage in-house bank accounts	9%
Order materials and services	8%
Manage sales orders	8%
Monitor and execute risk and hedging…	6%
Develop and manage pricing	6%
Other front office processes (please describe)	
Other back office processes	

Which of the following processes does your SSC or organization __outsource__?

Process expense reimbursements, 80%

Perform general accounting, 60%

Process accounts payable, 58%

Process accounts receivable, 51%

Manage and process collections, 25%

- Processing expense reimbursements and general accounting are the most commonly outsourced services

High-value services are provided by some SSCs

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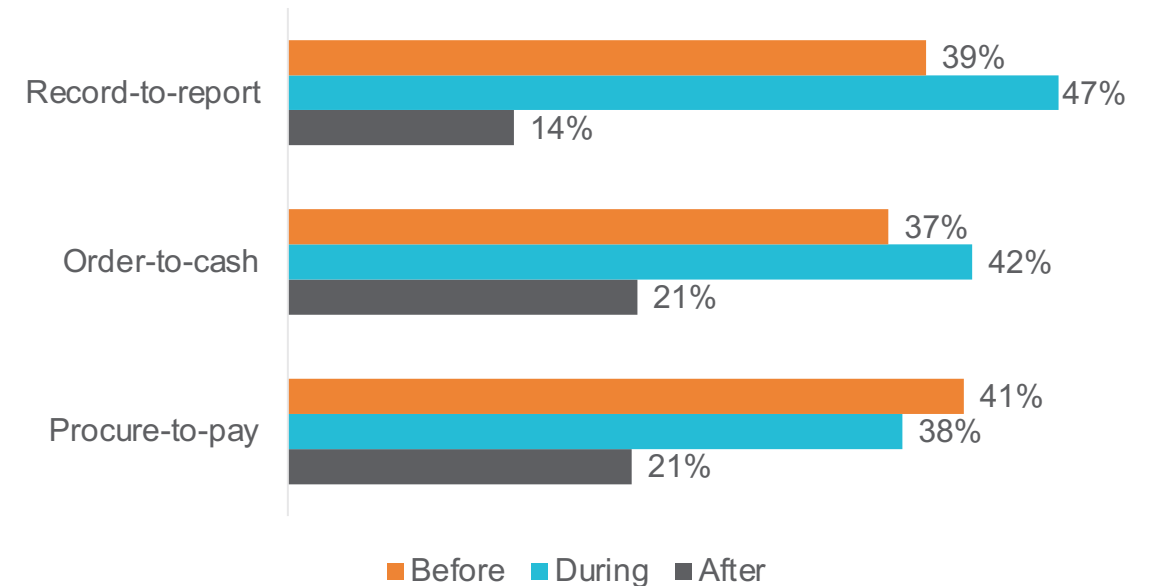# E2E Process Adoption and Timing

Most SSCs have adopted one or more end-to-end (E2E) process

- A majority implemented the processes before or during shared service implementation
- The most common in-scope E2E processes are procure-to-pay and record-to-report

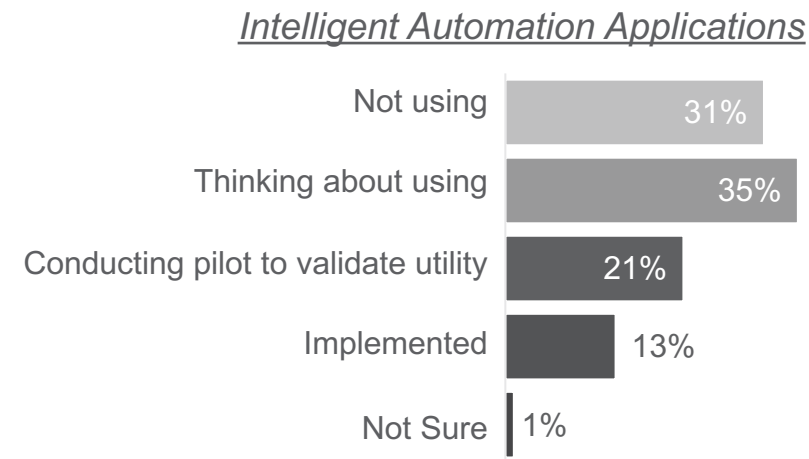**Which of the following E2E processes are in-scope for your shared services center?**
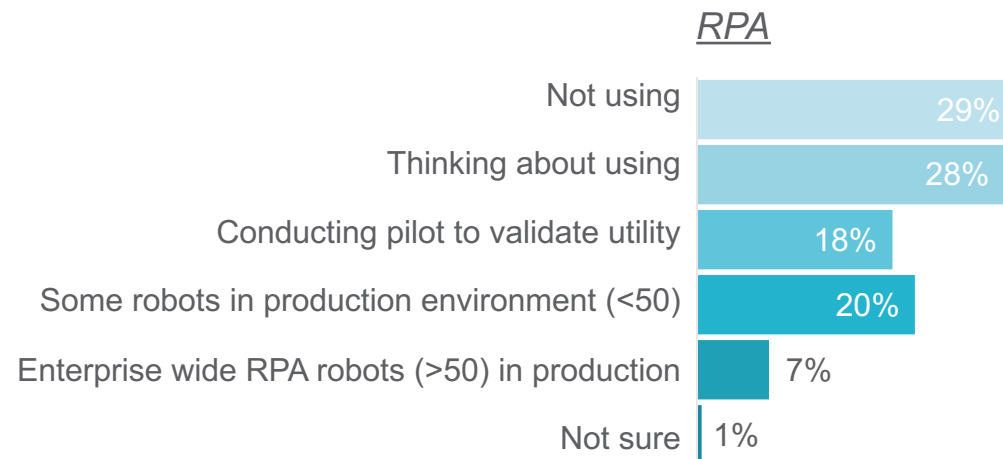
- Procure-to-pay: 70%
- Record-to-report: 62%
- Order-to-cash: 59%
- Other: 5%
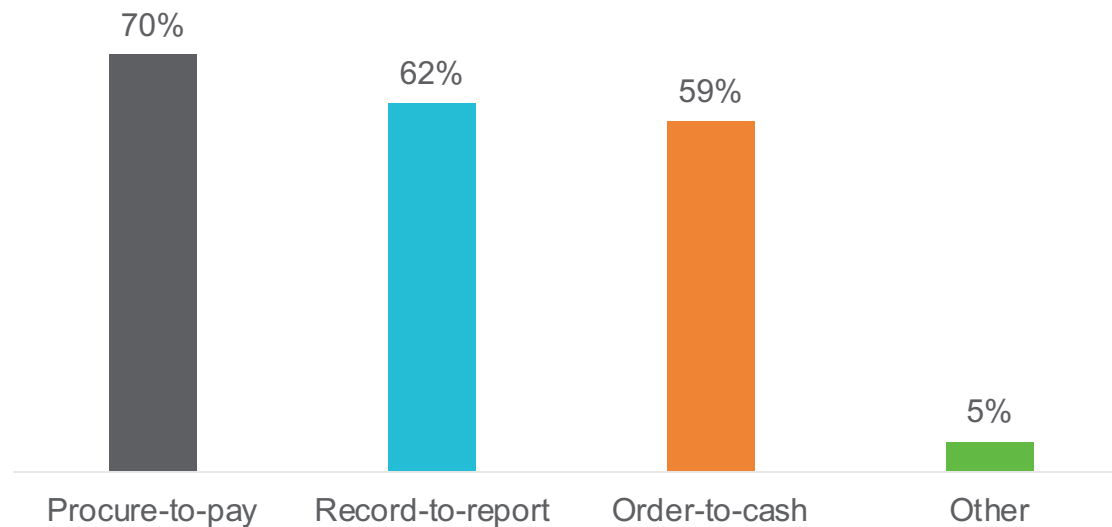
Did you implement E2E processes before, during, or after shared services implementation?

Record-to-report
- Before: 39%
- During: 47%
- After: 14%

Order-to-cash
- Before: 37%
- During: 42%
- After: 21%

Procure-to-pay
- Before: 41%
- During: 38%
- After: 21%

Legend: Before / During / After

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RPA and Intelligent Automation Applications

- 27% of participating SSCs are harnessing the power of RPA, with another 46% piloting or thinking about using
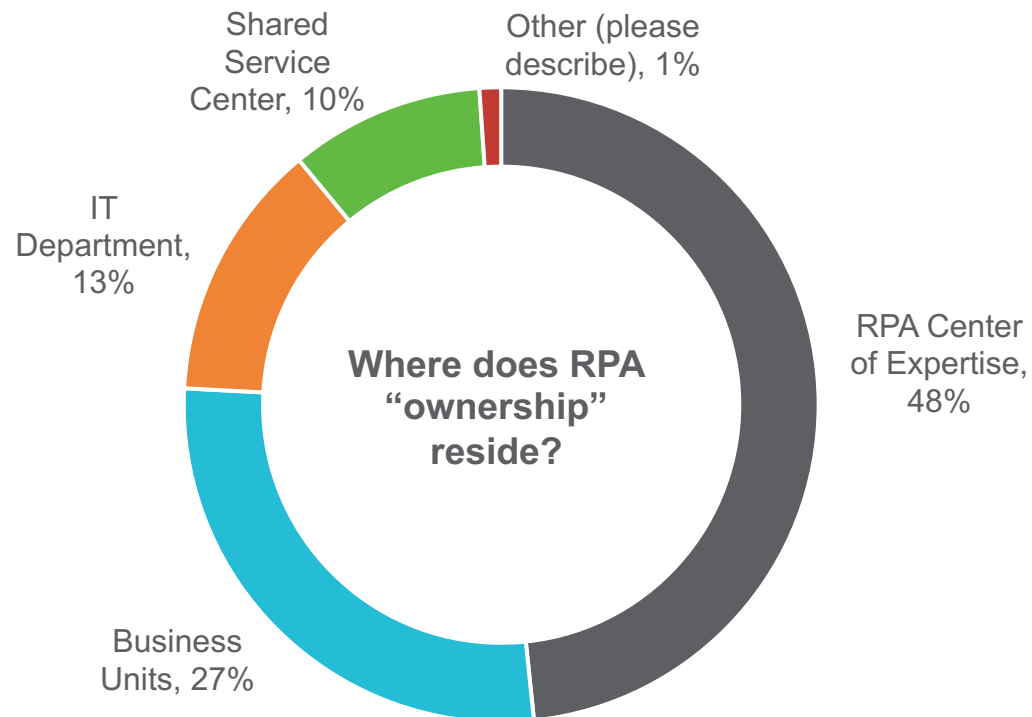- While only 13% have implemented IA applications, 56% reported piloting or thinking about using

To what extent does your SSC use RPA/intelligent automation applications?

RPA

Not using	29%
Thinking about using	28%
Conducting pilot to validate utility	18%
Some robots in production environment (<50)	20%
Enterprise wide RPA robots (>50) in production	7%
Not sure	1%

Intelligent Automation Applications

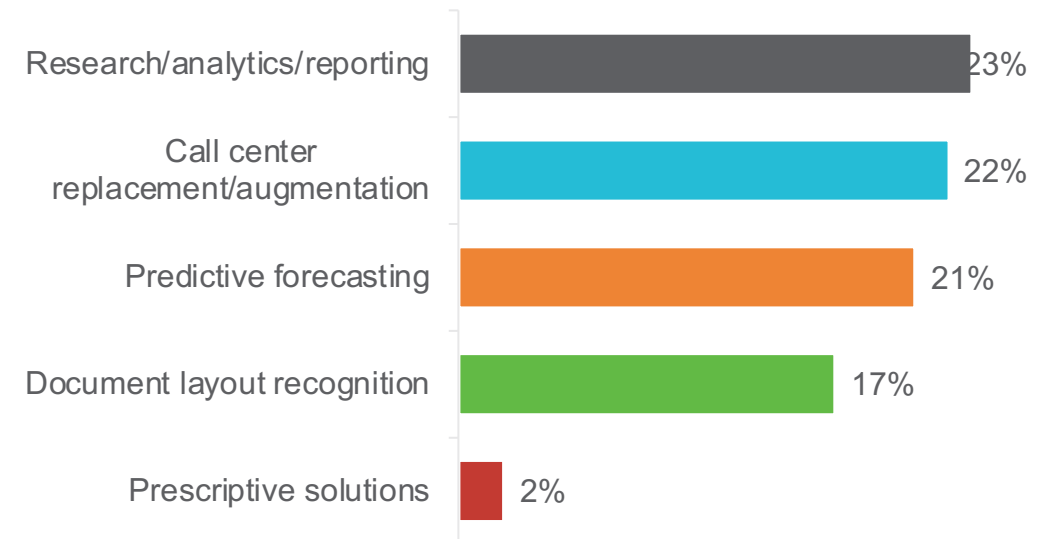|	
Not using	31%
Thinking about using	35%
Conducting pilot to validate utility	21%
Implemented	13%
Not Sure	1%

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RPA and Intelligent Automation Applications (Cont'd)

- ■ 48% of SSCs indicated their RPA ownership resides in an RPA center of expertise; another 27% have RPA residing in business units
- ■ Organizations are most commonly using intelligent automation applications for research/analytics/reporting and call center replacement/augmentation
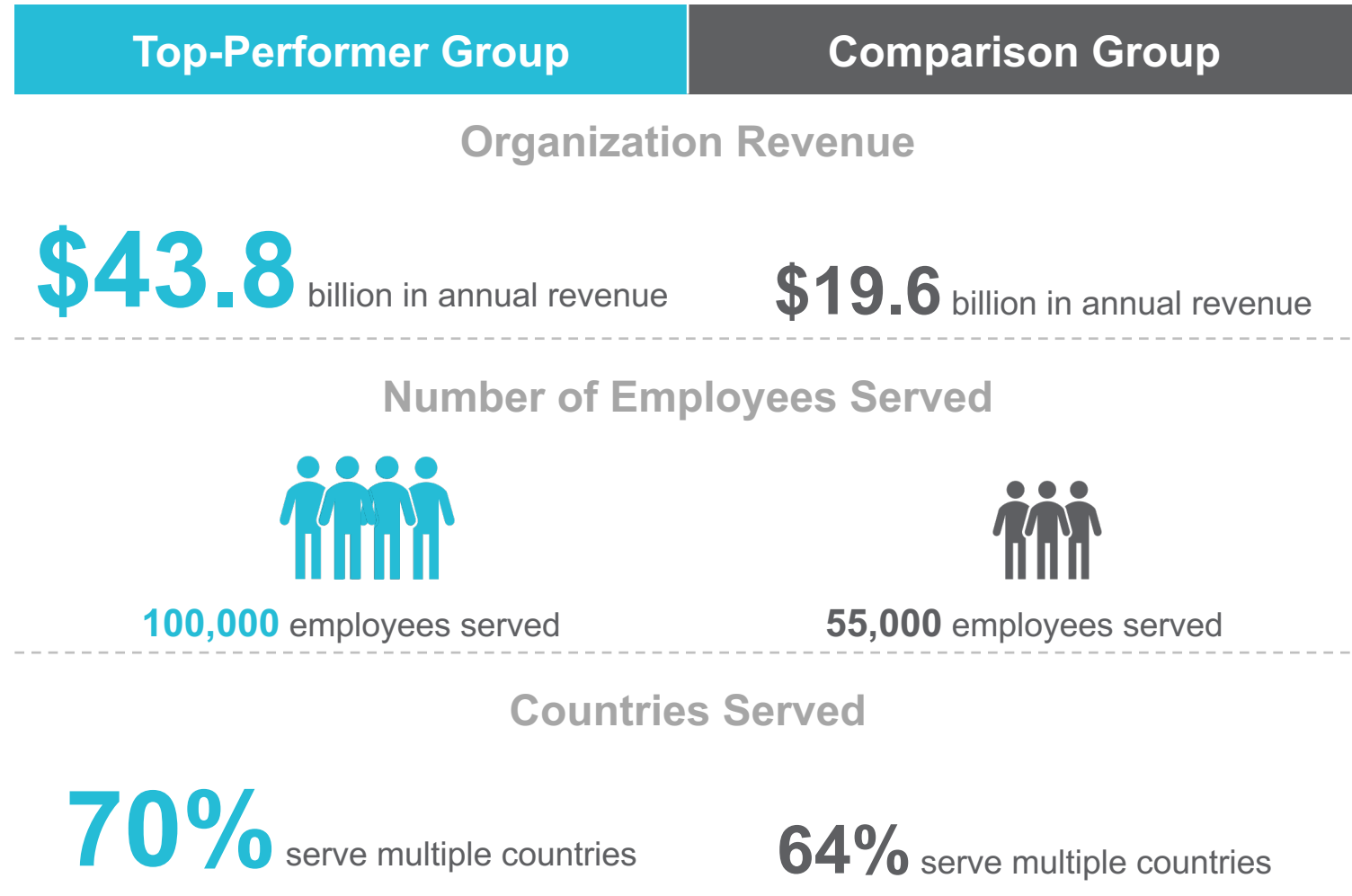

Where does RPA "ownership" reside?

- Shared Service Center, 10%
- Other (please describe), 1%
- IT Department, 13%
- RPA Center of Expertise, 48%
- Business Units, 27%

For which purposes are you using intelligent automation applications?

Research/analytics/reporting	23%
Call center replacement/augmentation	22%
Predictive forecasting	21%
Document layout recognition	17%
Prescriptive solutions	2%

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Who Are the Top Performers?

Top performers generally have:
- Greater organization annual revenue
- More employees
- Slightly broader global coverage

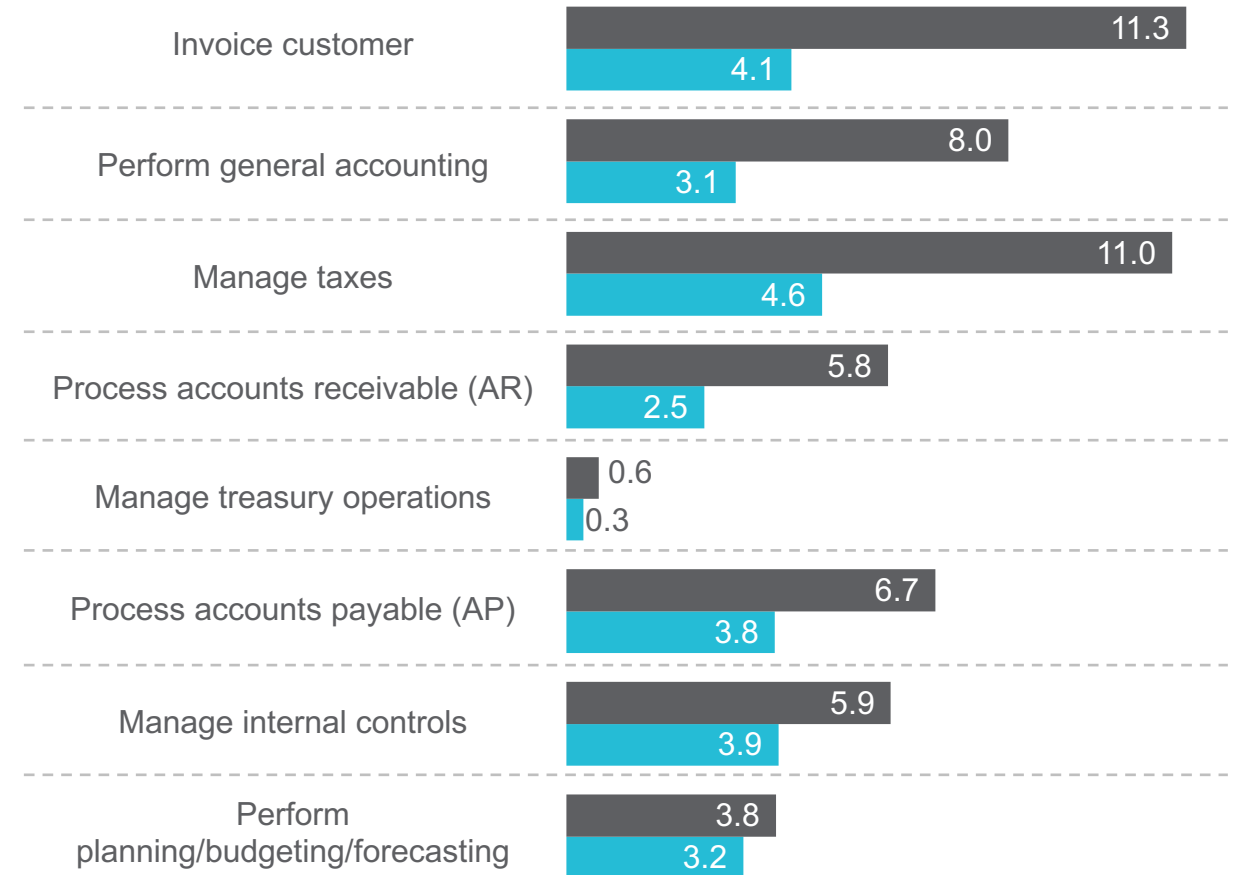| Top-Performer Group	Comparison Group
Organization Revenue	
$43.8 billion in annual revenue	**$19.6** billion in annual revenue
Number of Employees Served	
100,000 employees served	**55,000** employees served
Countries Served	
70% serve multiple countries	**64%** serve multiple countries

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Staffing Metrics Comparison

Top-performing finance shared services have significantly better staffing ratios

- Two times more efficient overall
- Nearly three times more efficient in staffing major finance processes

Median number of finance function FTEs across the entire organization per $1 billion revenue
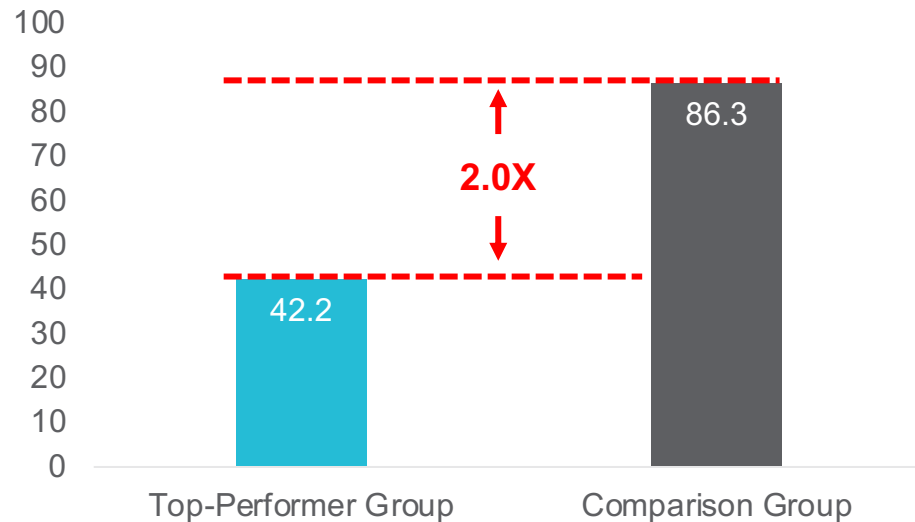
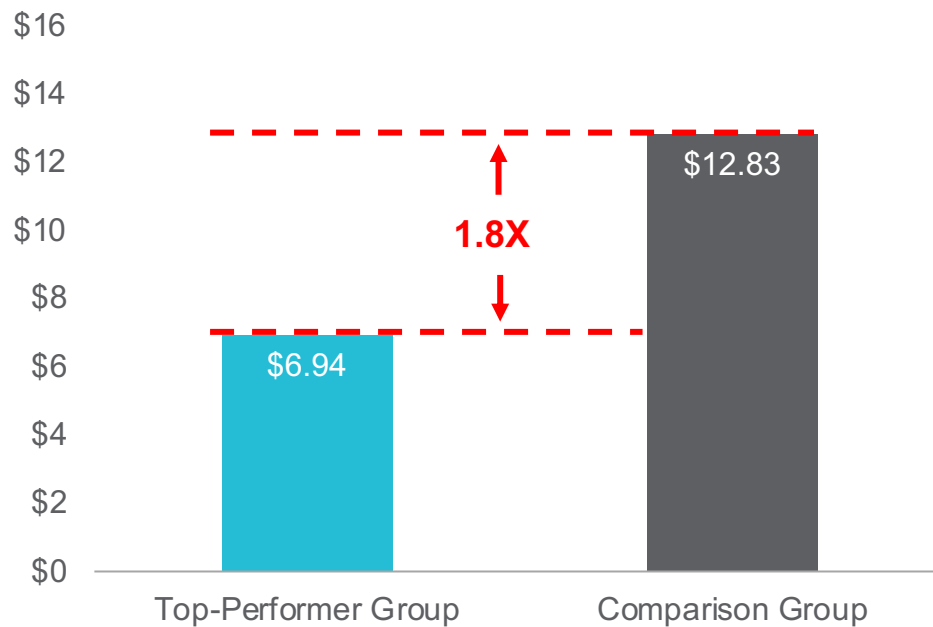**Median number of FTEs that perform the following processes per $1 billion revenue**

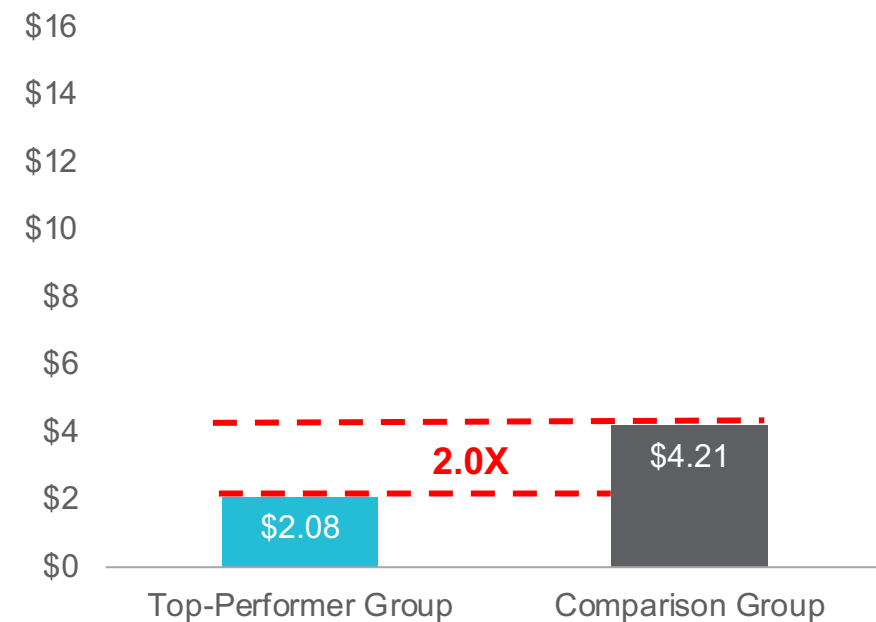
	Comparison Group	Top-Performer Group
Invoice customer	11.3	4.1
Perform general accounting	8.0	3.1
Manage taxes	11.0	4.6
Process accounts receivable (AR)	5.8	2.5
Manage treasury operations	0.6	0.3
Process accounts payable (AP)	6.7	3.8
Manage internal controls	5.9	3.9
Perform planning/budgeting/forecasting	3.8	3.2

Bar chart values: Top-Performer Group = 42.2, Comparison Group = 86.3, 2.0X

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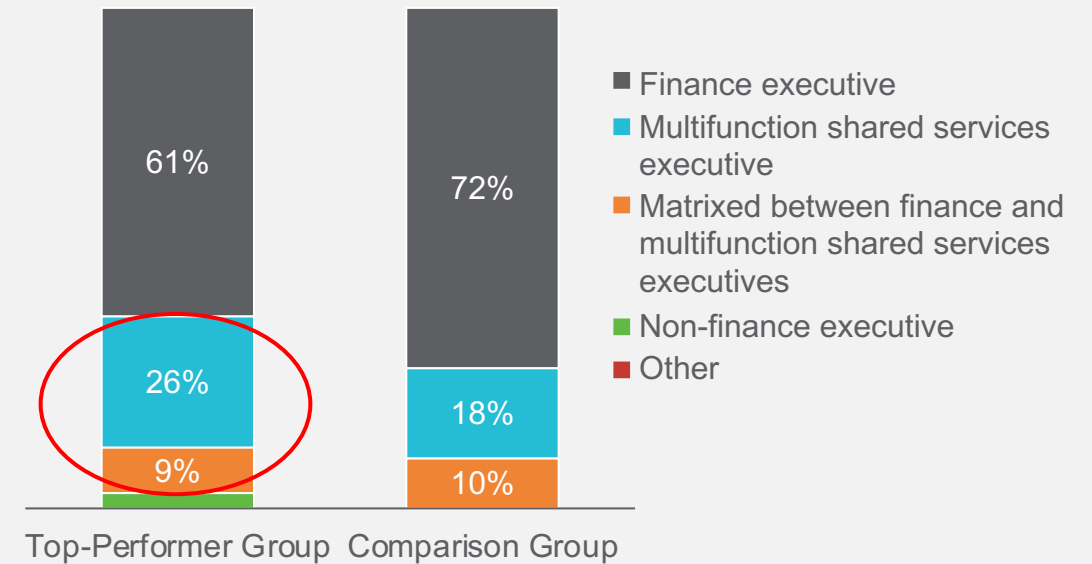# Characteristics of Top Performers: Governance and Structure

Top-performing SSCs typically leverage the global process owner role for global process governance.

What governance models does your SSC use in any capacity for global process governance?

- ■ Top-Performer Group
- ■ Comparison Group
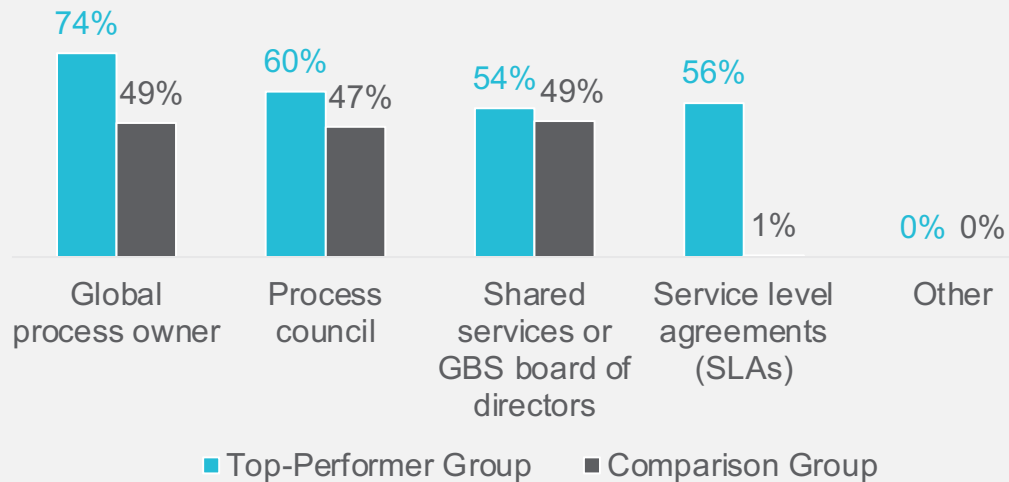
Top-performing SSCs in our study show more evidence of being part of multifunction models.

To whom does your shared services center report?

- ■ Finance executive
- ■ Multifunction shared services executive
- ■ Matrixed between finance and multifunction shared services executives
- ■ Non-finance executive
- ■ Other

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Summary

- Why strive for top performance?
  - Significantly better staffing ratios
  - Larger cost advantage
  - Higher productivity

- While not conclusive, top performers across key metrics show these characteristics:
  - Are from larger organizations
  - Show broader global coverage
  - Are more often part of multifunction shared services organizations
  - Leverage GPO role and SLAs for global process governance
  - Have dedicated finance employees to handle inquiries and thus show higher first contact resolution rates
  - Have greater E2E process adoption
  - Deliver high-value services through more centralized models
  - Use technologies and advanced analytics to further enable SSCs

Want to Learn More?

The benchmarking study is open for participation through December 2020

- Access this study through this link to receive a customized participant report from APQC
  - https://www.apqc.org/SMaddenFMSSO2020

If you'd like to learn more about how ScottMadden can help you optimize your Finance Shared Services delivery model or if you are interested in a custom benchmarking assessment of your organization, please <u>contact us.</u>

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