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MANAGEMENT CONSULTANTS

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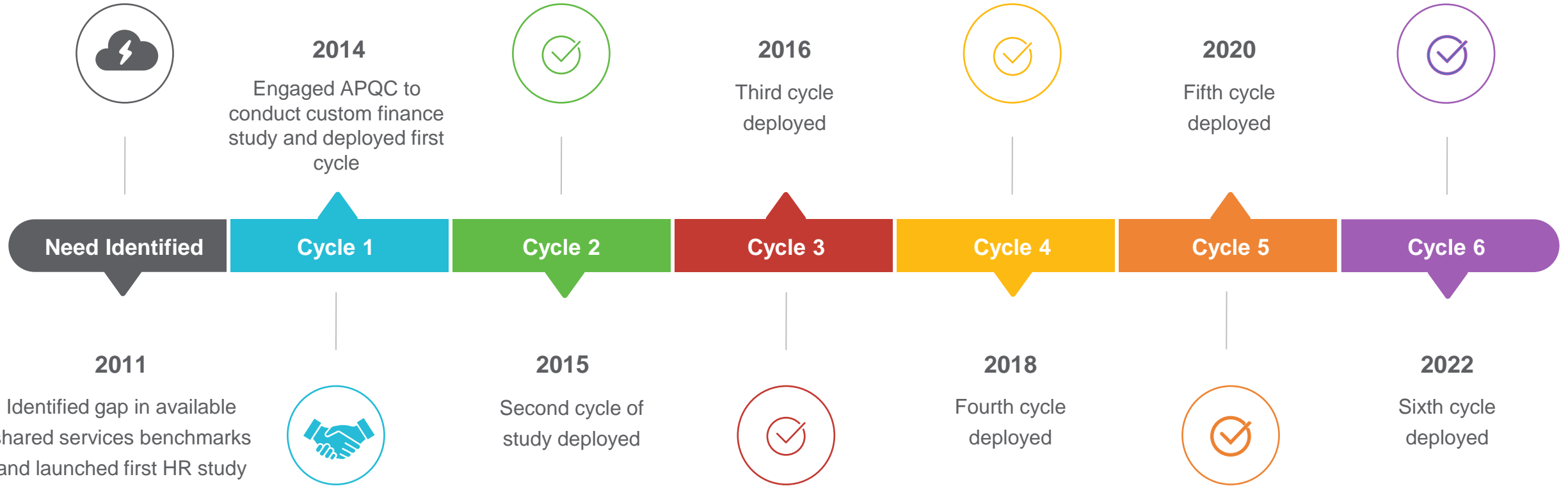
# Finance Shared Services Benchmark Highlights

2022 ScottMadden and APQC Finance Shared Services Benchmarking Study

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July 2022

# About the Study



## Available Benchmarks and Topics

Metrics across various categories are available through the benchmark study. Additional topics covered include global models, governance, technology and automation, and analytics.

### Cost and Savings

- Total cost to perform the finance function per \$1,000 revenue
- Total cost to operate the finance shared services center(s) per \$1,000 revenue
- Total cost to operate the finance shared services center(s) per finance shared services center employee
- Amount of non-labor savings generated from the implementation of shared services per \$1,000 revenue

### Staffing

- Total number of finance function FTEs per \$1 billion revenue
- Number of FTEs that perform the process group [below] per \$1 billion revenue
  - Invoice customer
  - Perform general accounting
  - Perform planning/budgeting/forecasting
  - Process accounts payable
  - Process accounts receivable
  - Manage internal controls
  - Manage taxes
  - Manage treasury operations
- Total number of finance employees dedicated to “problem desk” or “customer care” inquiries as a percentage of finance shared services center employees

### Efficiency and Other

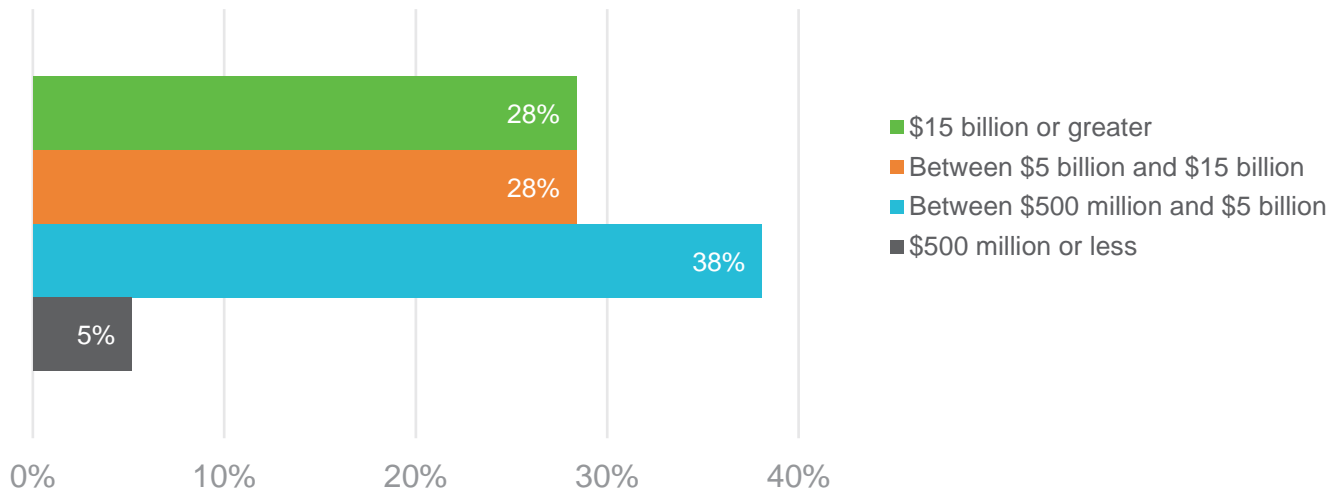
- Number of invoices processed per FTE who performs the process “invoice customer”
- Number of invoices processed per FTE who performs the process “process accounts payable”
- Number of receipts processed per FTE who performs the process “process accounts receivable”
- Total number of purchase orders placed per employee responsible for creating/distributing purchase orders
- Cycle time in days to complete the monthly financial close
- Total number of ERPs or ERP instances
- Percentage of journal entries that are automated or system generated
- First-contact resolution rate for the finance shared services center

# Participant Characteristics

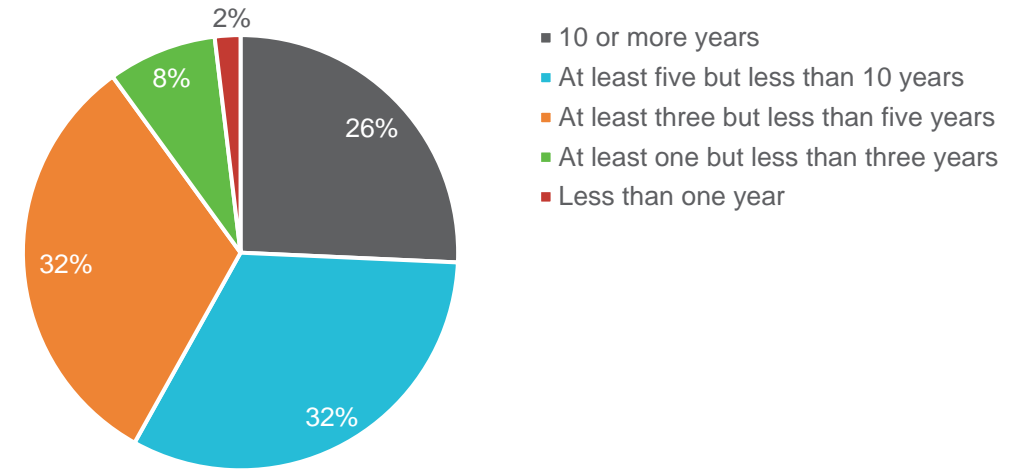
The results summarized represent 210 participating organizations

- All participants are U.S. or Canada based
- 90% 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 \$7.8 billion

Business Entity Revenue

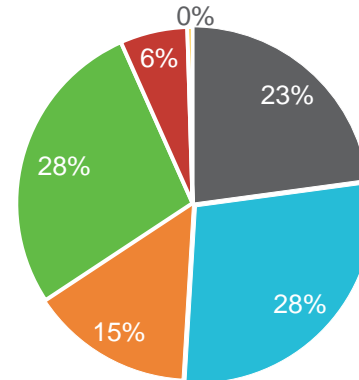


How long has your shared services center been operating?



# Geographic Model and Governance

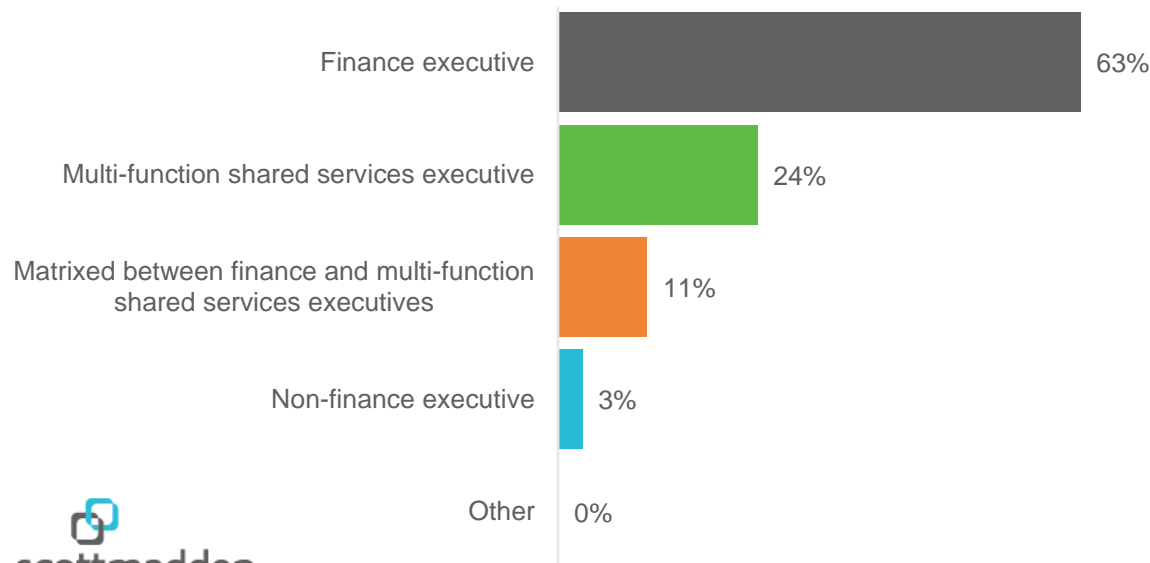
- 66% of study participants reported using a GBS model
- A large majority of SSCs report to a finance executive
- While the number of organizations whose SSCs report to a finance executive has decreased over time, SSCs that have adopted a matrix-reporting relationship or report a non-finance executive have increased



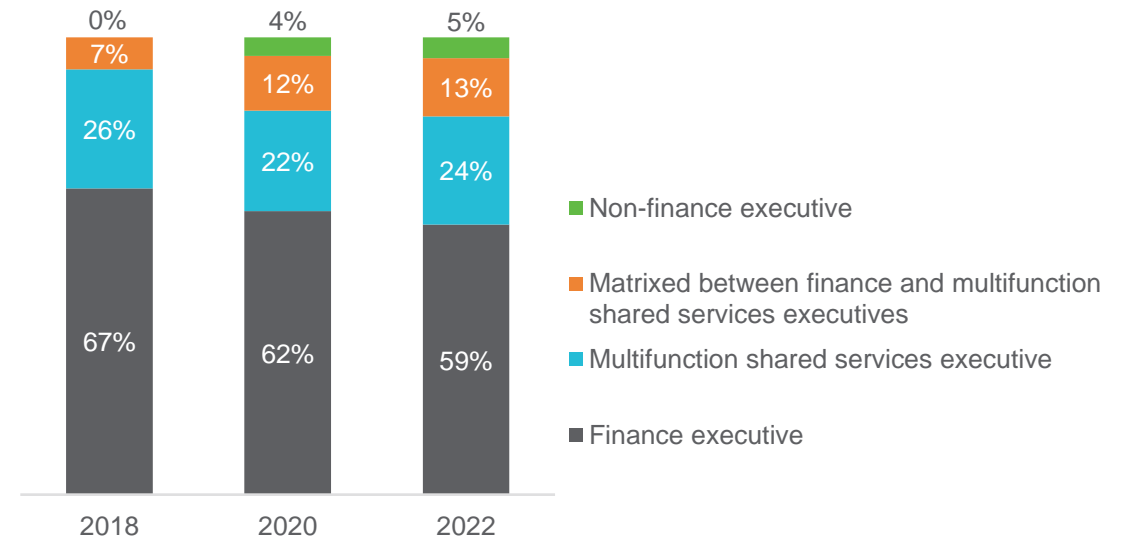
## Geographic Model

- Single global center physically located in one space **GBS**
- 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

## To whom does your SSC report?



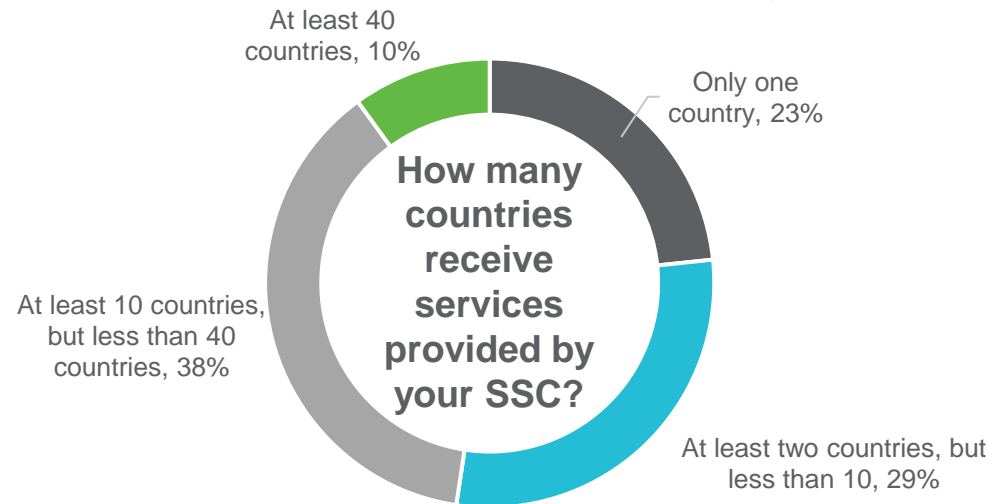
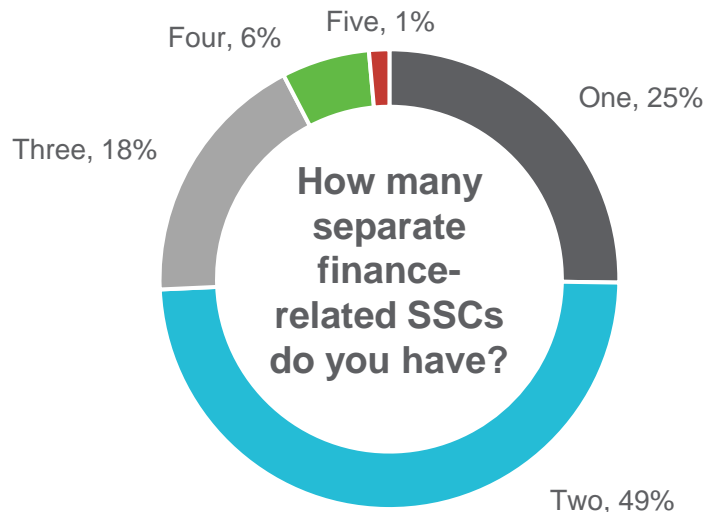
## How have finance governance models changed each cycle?



## Global Locations

- 80% of study participants reported having SSCs located in North America, followed by 49% in Europe and 46% in Asia Pacific
  - 77% of study participants reported having SSCs located in more than one region
- 75% of participants have more than one SSC, and two-thirds of SSCs serve more than one country

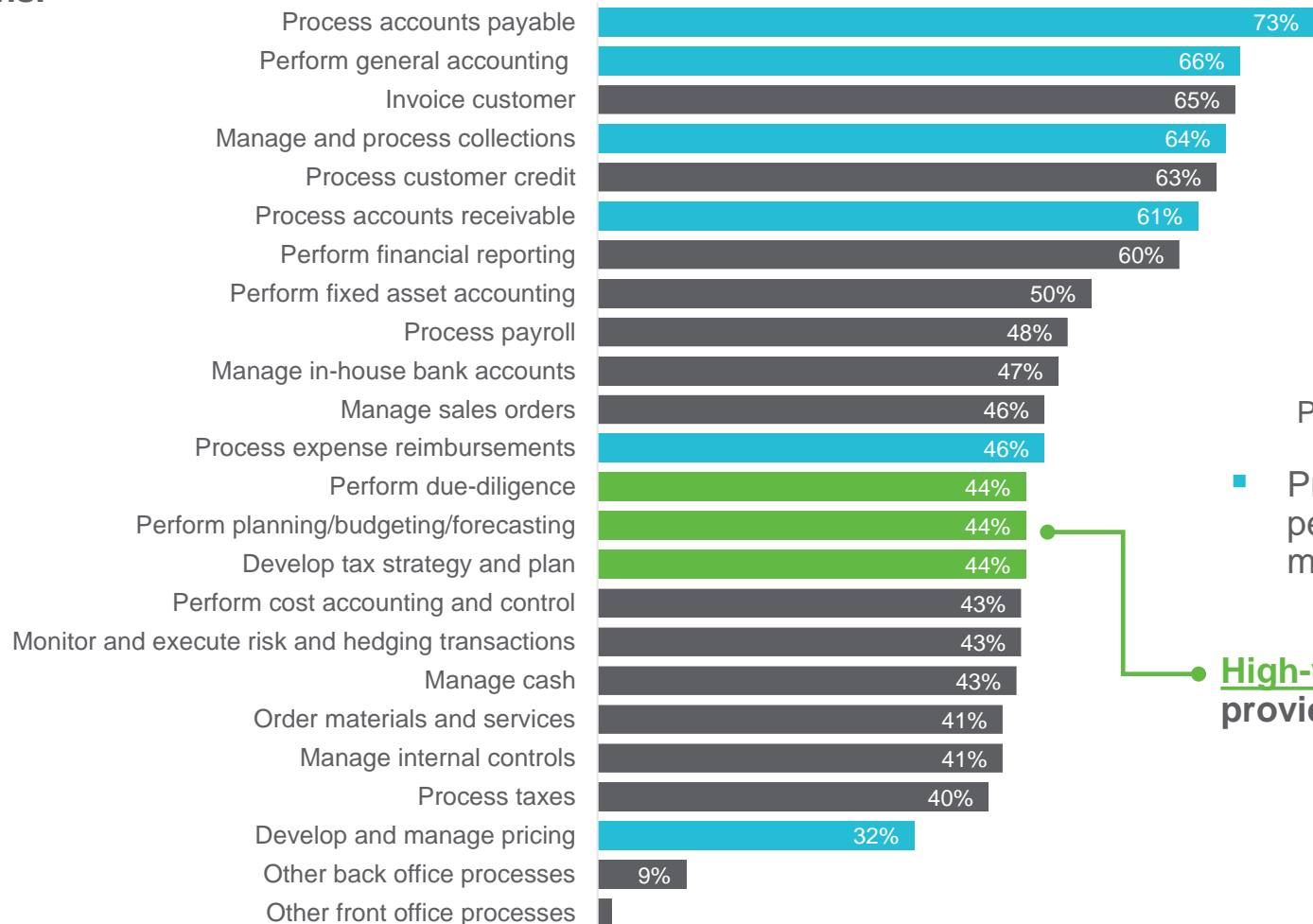
### In which regions are your SSCs located?



# Scope of Shared Services

The most common services provided by the SSCs include accounts payable, general accounting, invoicing, and collections.

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



Which of the following processes does your SSC or organization **outsource**?

- Process accounts payable, 73%
- Perform general accounting, 66%
- Manage and process collections, 64%
- Process accounts receivable, 61%
- Process expense reimbursements, 46%

Processing accounts payable and performing general accounting are the most commonly outsourced services

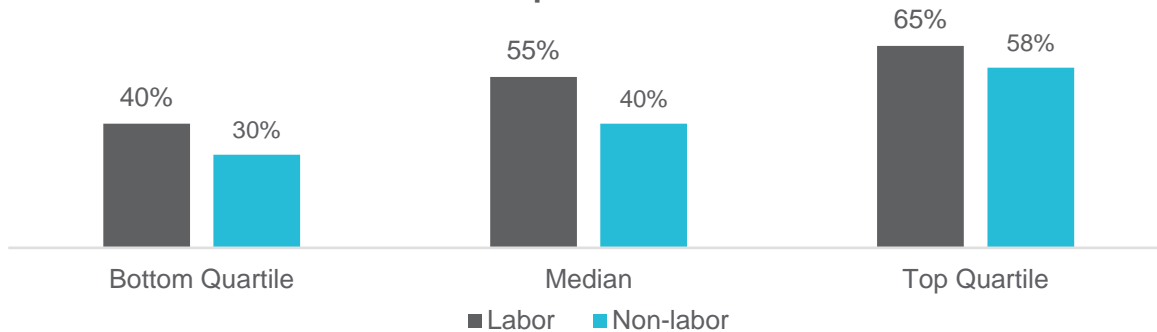
**High-value** services are provided by some SSCs

# Cost Savings from Shared Services

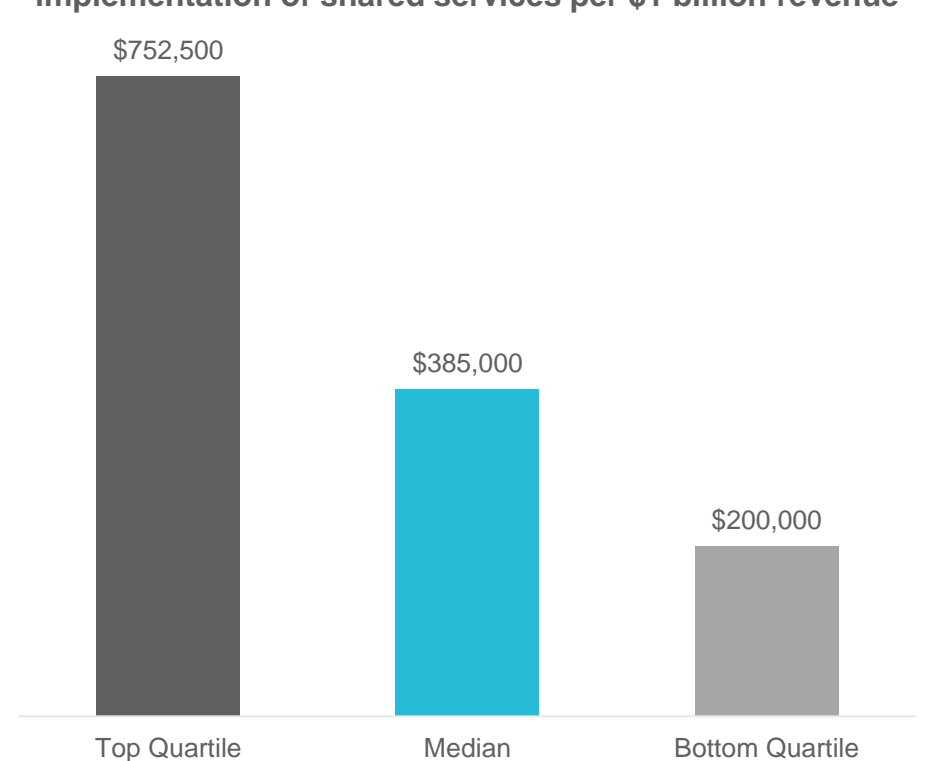
Unlike prior cycles, SSCs indicate that labor savings exceeds non-labor savings from implementing shared services

- The most common types of non-labor savings include AP discounts and working capital
- SSCs are saving an average of \$385,000 per \$1 billion revenue in non-labor savings

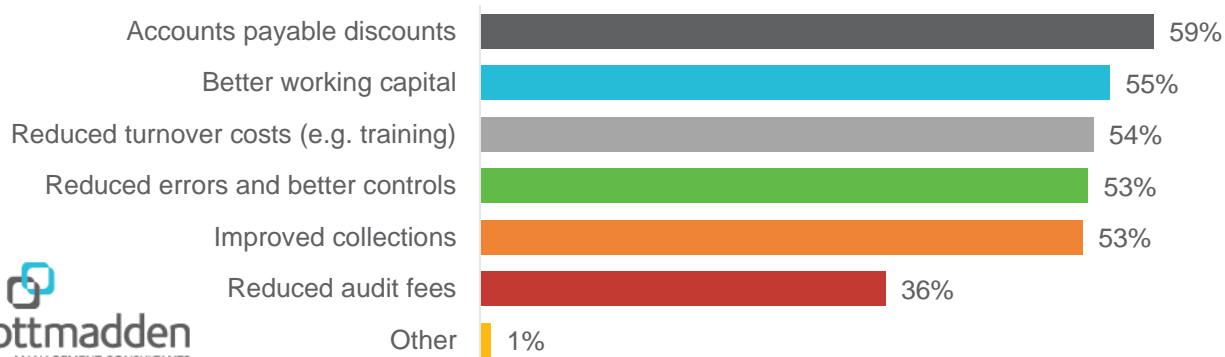
Percentage of savings observed by the SSC through implementation of E2E processes



Amount of annual recurring non-labor savings generated from the implementation of shared services per \$1 billion revenue



Which of the following non-labor cost savings have been observed as a result of the implementation of your shared services center?



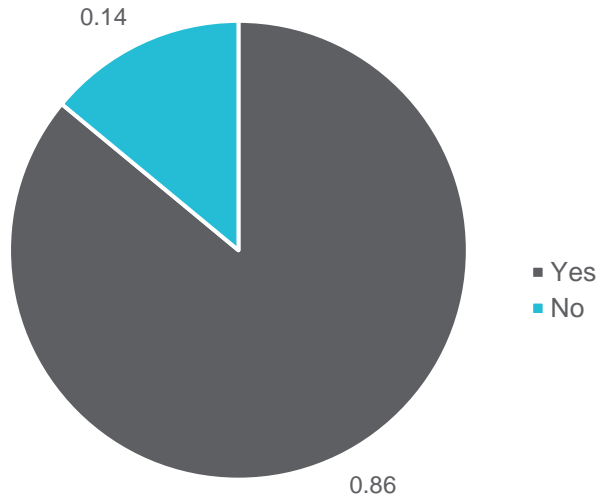


# Finance Customer Care

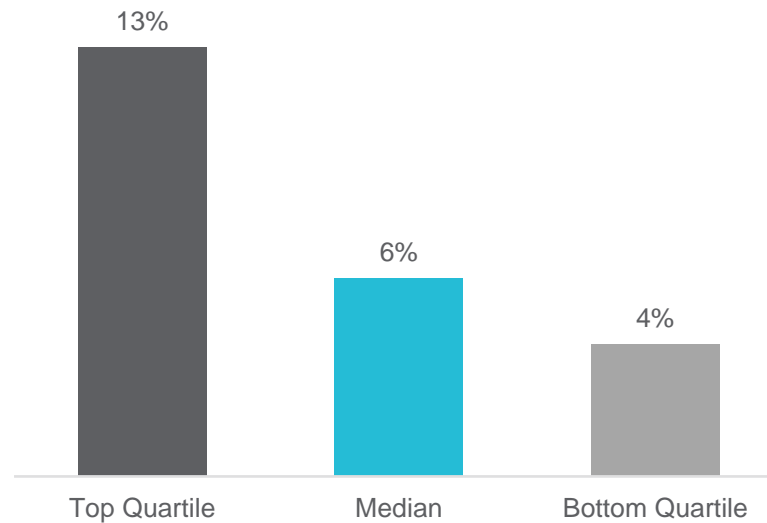
**86% of participants channel inquiries to a dedicated group of finance employees**

- At the median, 6% of finance SSC employees are dedicated to resolving these inquiries
- The median first-contact resolution rate for finance SSCs is 85%

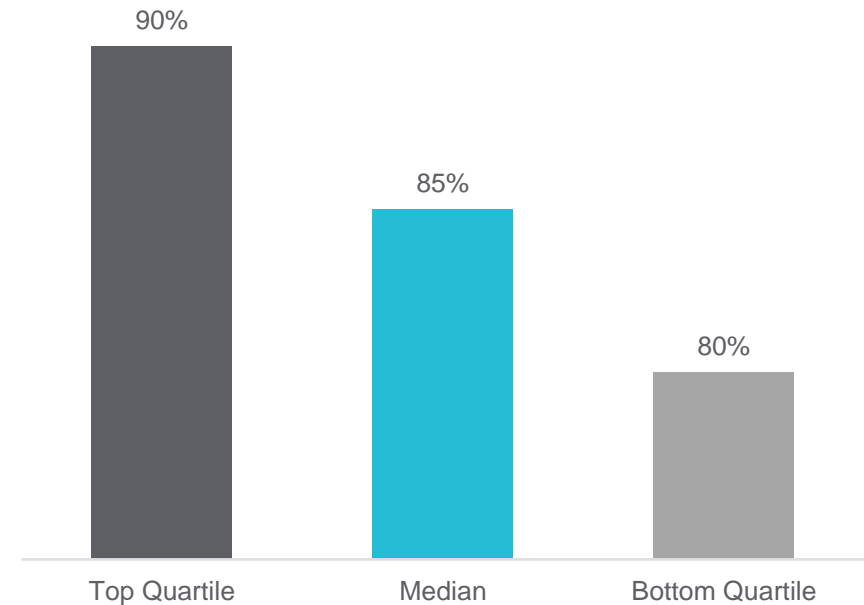
**Are questions from employees, contractors, vendors, etc. received via phone, email, chat, etc. channeled to a dedicated group of finance employees?**



**Total number of finance employees dedicated to “problem desk” or “customer care” inquiries as a percentage of finance shared services center employees**



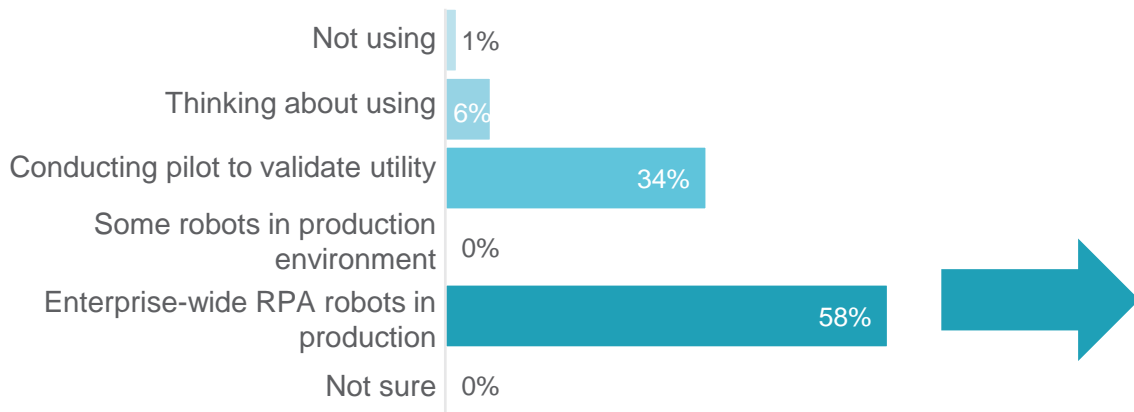
**First-contact resolution rate for the finance shared services center**



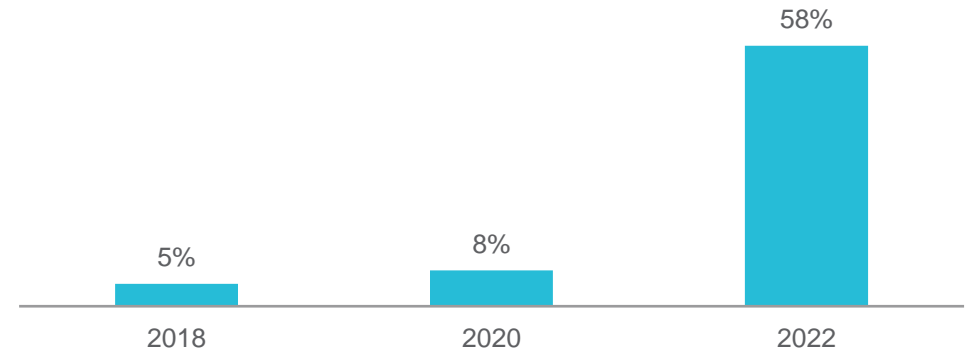
# RPA and Intelligent Automation Applications

- While only 27% have implemented IA applications, 56% reported piloting or thinking about using
- 27% of participating SSCs are harnessing the power of RPA, with another 46% are piloting or thinking about using
- Organizations show a dramatic increase in the utilization of both RPA robots and IA applications post-pandemic

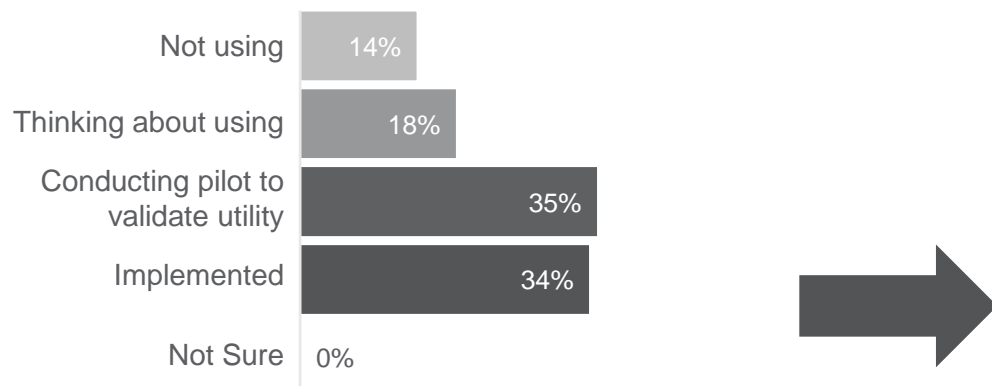
To what extent does your SSC use RPA robots?



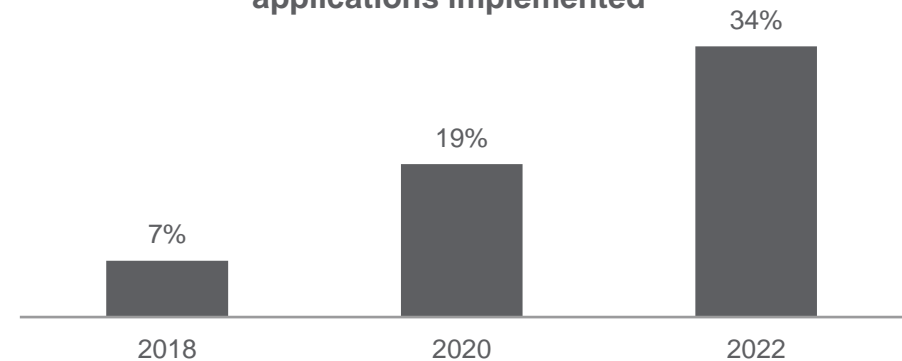
Organizations with enterprise-wide RPA robots in production



To what extent does your SSC use intelligent automation applications?

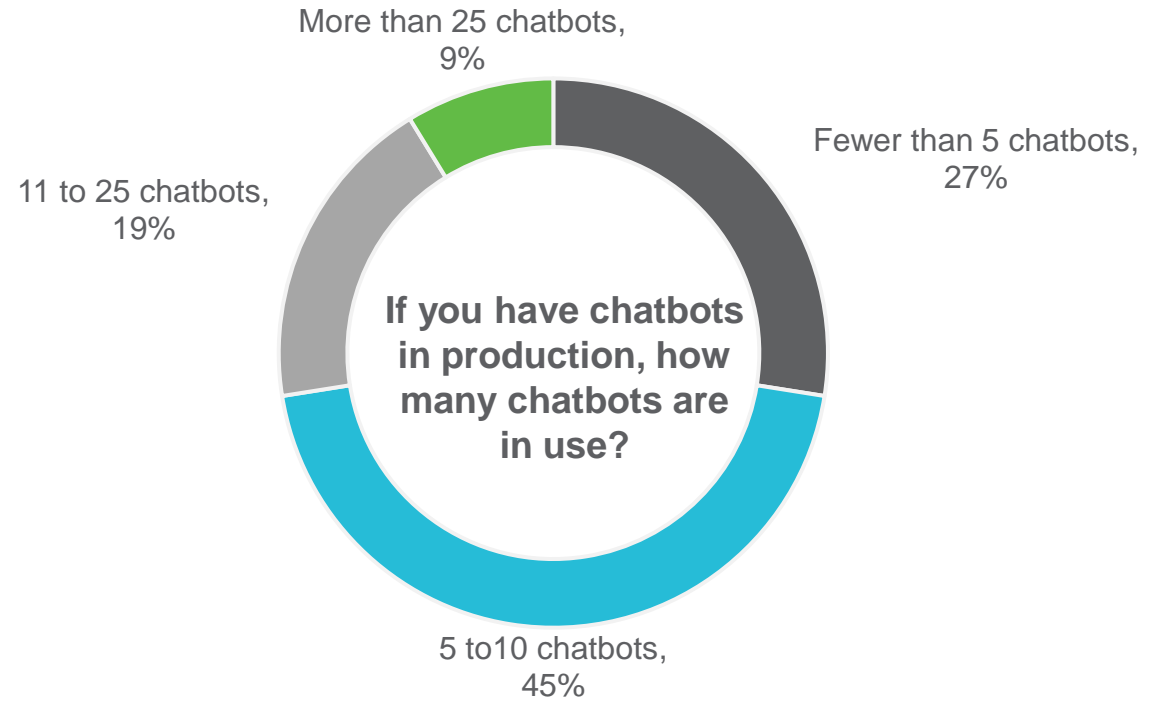
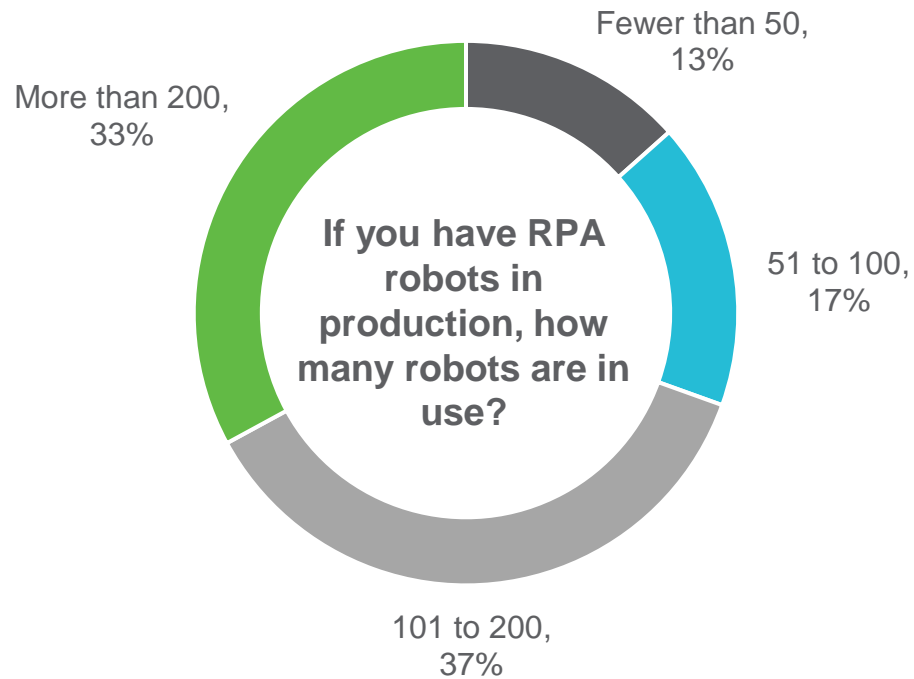


Organizations with intelligent automation applications implemented



# RPA and Chatbots in Production

70% of survey participants have more than 100 RPA robots in production, and 73% report having at least five chatbots in production.

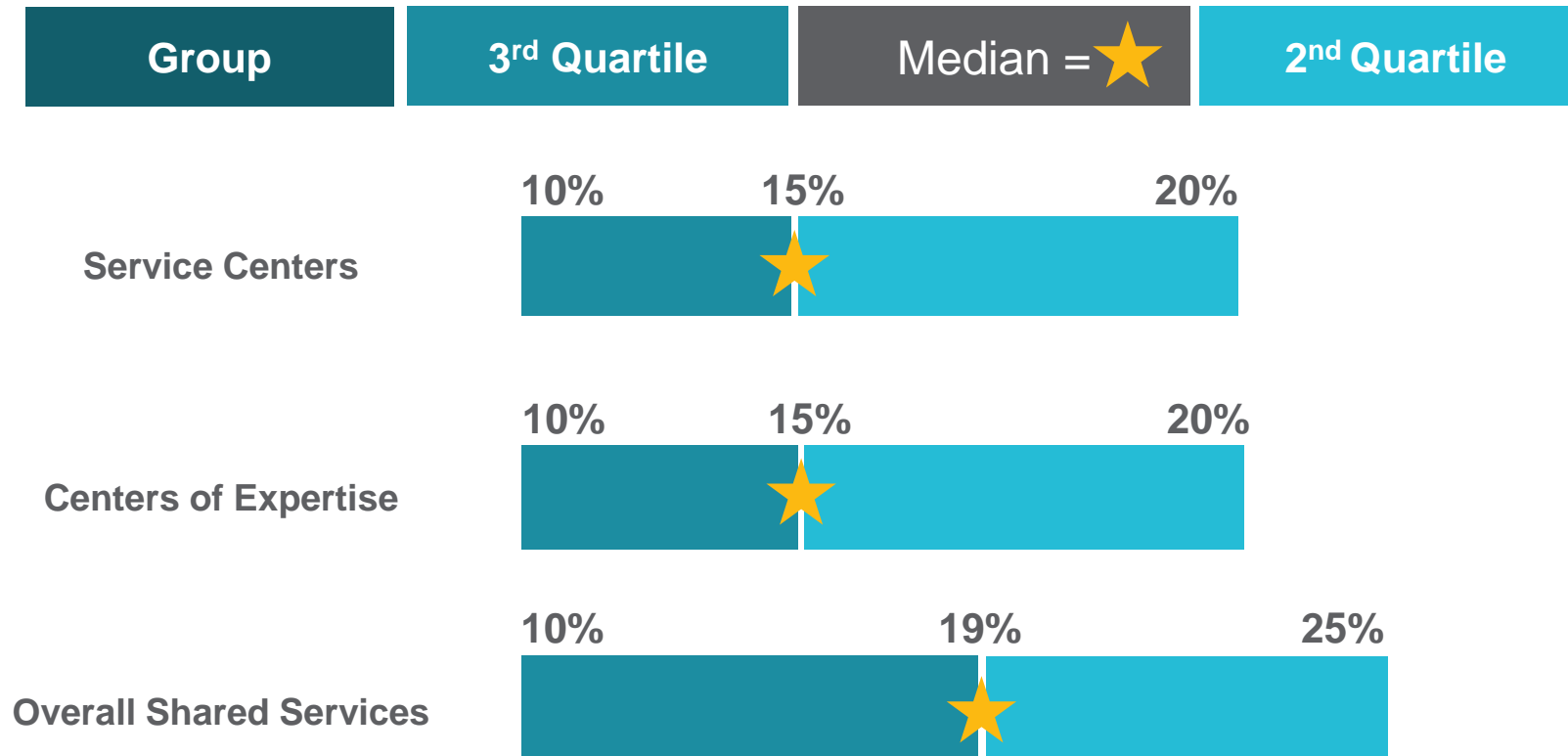


# Virtual Workforce

Study participants expect a median of 19% of their overall shared services workforce to be virtual

- Participants also expect 15% of their service centers and centers of expertise to be virtual

In the “new normal,” what percentage of your finance shared services workforce in the following categories do you expect to be virtual?

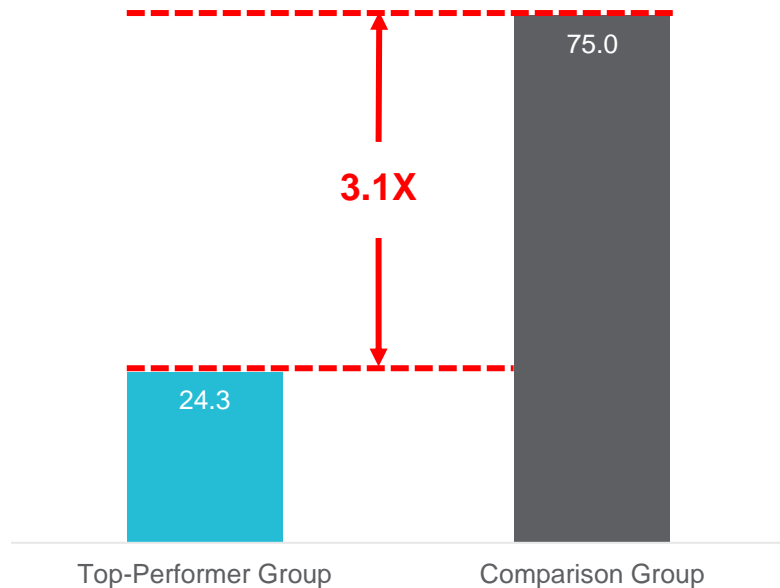


# Staffing Metrics Comparison

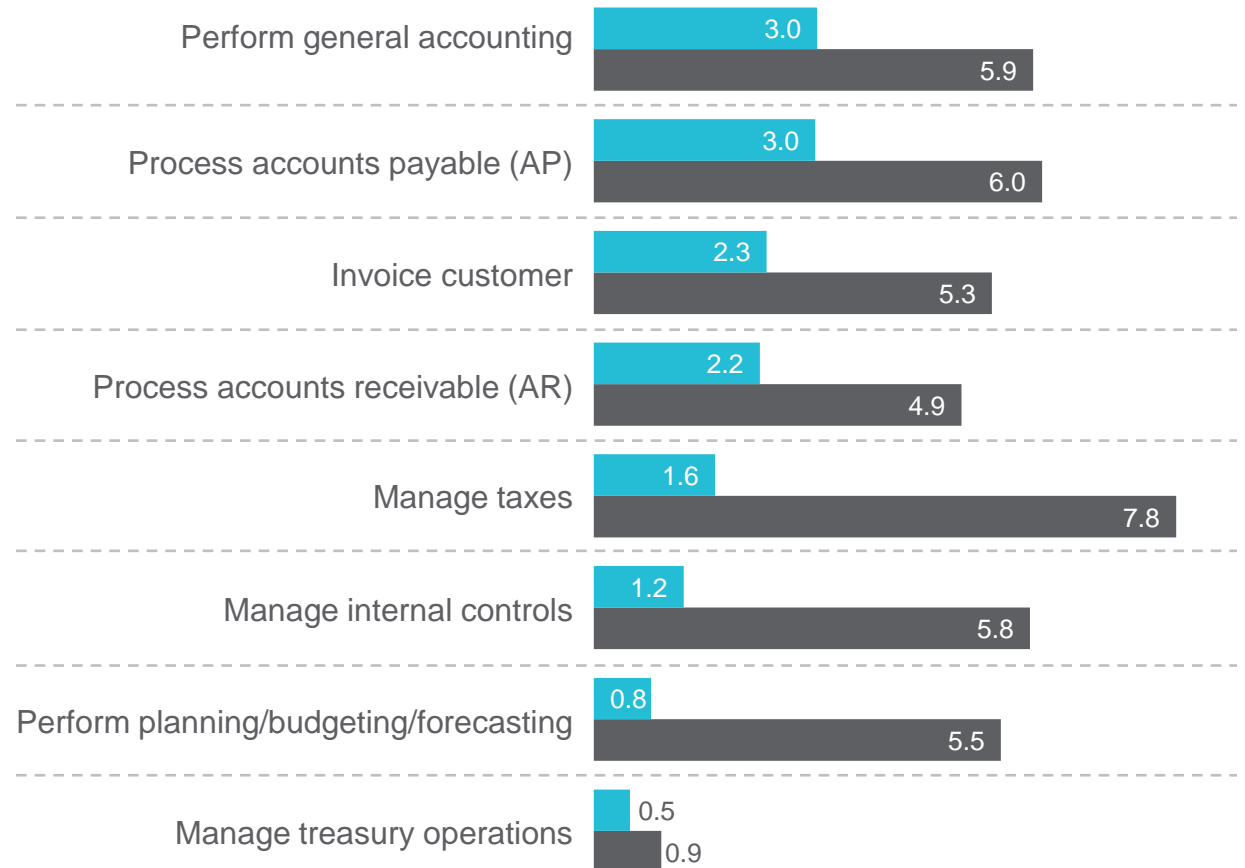
Top-performing finance shared services centers have significantly better staffing ratios

- 3.1 times more efficient overall
- Typically, 2 to 6 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

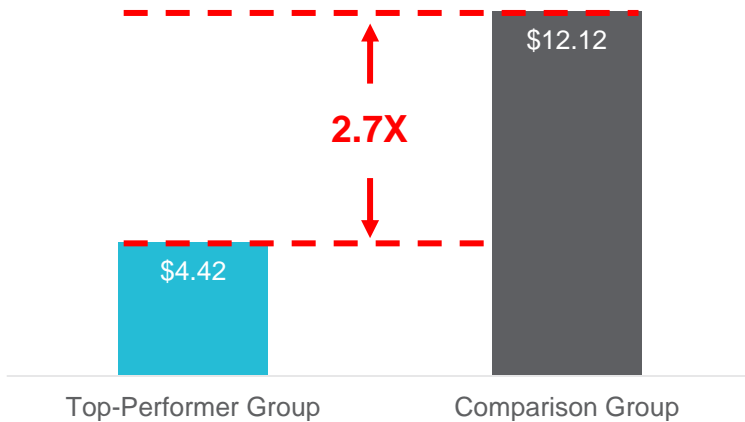


■ Top-Performer Group ■ Comparison Group

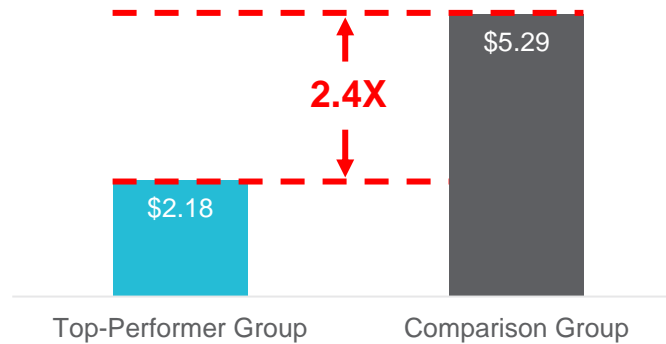
# Cost Metrics Comparison

Top-performing organizations operate at a larger cost advantage for finance overall as well as in their finance SSCs.

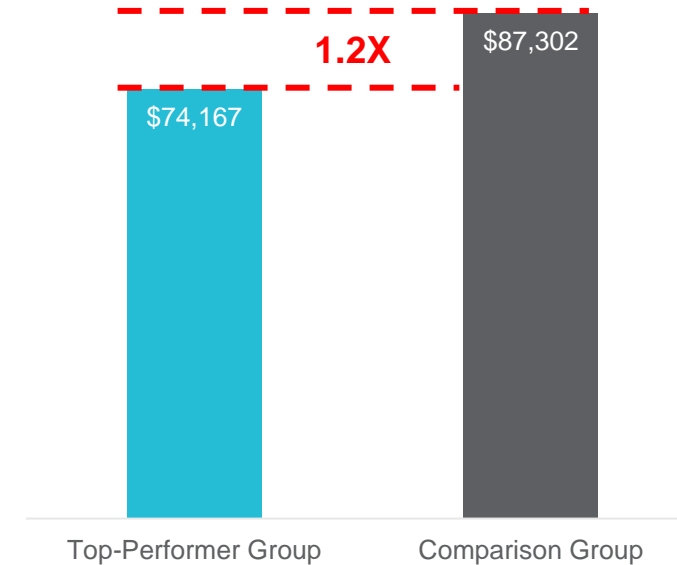
Total cost to perform the finance function per \$1,000 revenue



Total cost to operate the finance shared services center(s) per \$1,000 revenue



Total cost to operate the finance shared services center(s) per finance shared services center employee



## Summary

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### Why strive for top performance?

- Significantly better staffing ratios
- Larger cost advantage
- Higher productivity and efficiency

### Top performers across key metrics show these characteristics:

- Are from larger, more mature organizations
- Show broader global coverage
- Leverage process council or board of directors for global process governance
- Have dedicated finance employees to handle inquiries
- Have greater E2E process adoption
- Deliver high-value services through more regionalized models
- Use intelligent automation and advanced analytics to further enable SSCs

## Want to Find Out How You Compare?

Contact us at [info@scottmadden.com](mailto:info@scottmadden.com).

### ScottMadden and APQC's Finance Shared Services Benchmarking Study

- Unique benchmarking study performed every other year
- No cost to participate
- Detailed report of all metrics and qualitative results are available
- Peer group comparisons are provided

