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# Finance Shared Services Benchmark Highlights

2024 ScottMadden and APQC Financial Management Shared Services Benchmarking Study

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Published April 2025

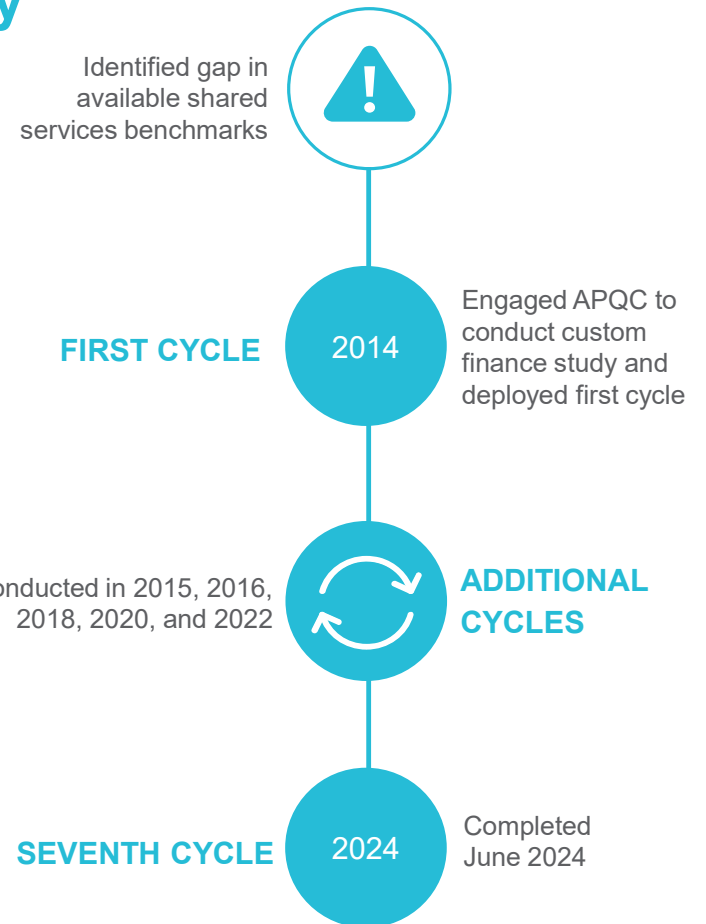
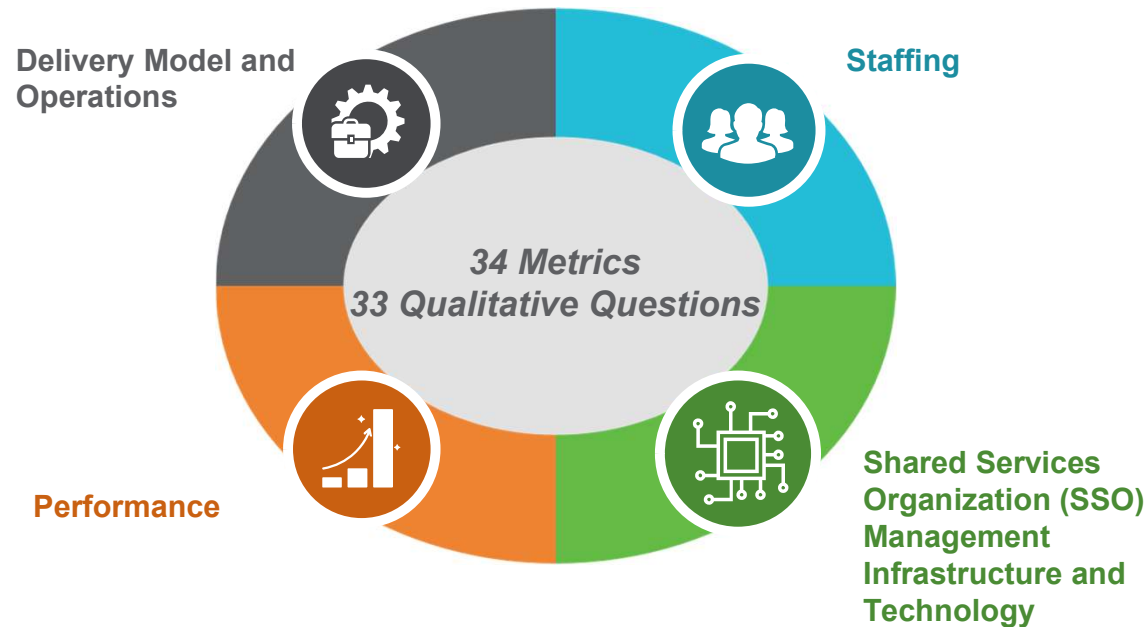
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## Finance Shared Services Benchmark Highlights

# Finance Shared Services Benchmarking Study

ScottMadden partnered with APQC to develop and conduct a custom study on a biennial cycle focused on finance shared. The scope of the study covers four main categories of metrics and qualitative information.



## Finance Shared Services Benchmark Highlights

# Available Benchmarks and Topics

The study produces benchmarks on costs and savings, staffing, and efficiency, while also collecting data on global models, governance, technology and automation, and analytics. This provides a broad view of the operations of finance SSOs.

### Cost and Savings

- Total cost to perform the finance function per \$1,000 revenue
- Total cost to perform the finance function as a percentage of revenue
- Total cost to perform the finance function per business entity employee
- 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
- Number of finance shared services centers

### Efficiency

- 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
- Percentage of total spend handled through purchase orders
- Cycle time in days to complete the monthly financial close
- Total number of ERPs or ERP instances
- First-contact resolution rate for the finance shared services center

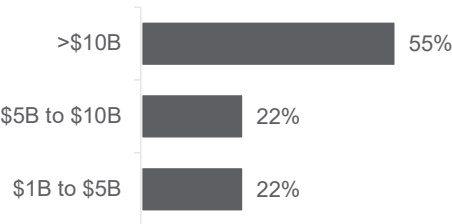
Finance Shared Services Benchmark Highlights

Participant Demographics

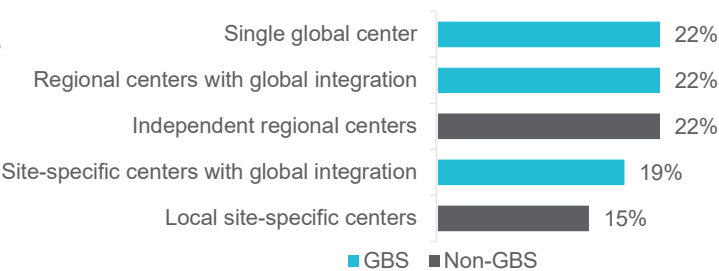
The study includes data on 103 SSOs across revenue ranges, industries, and operating maturities

- All participating SSOs are based in the United States or Canada, with about three-fifths of participants operating a global business services (GBS) model
- 91% of participants come from SSOs that have been operating more than three years, with more than half operating more than five years
- Company size is balanced across number of employees and trends toward revenue above \$10 billion, with median revenue of \$12 billion

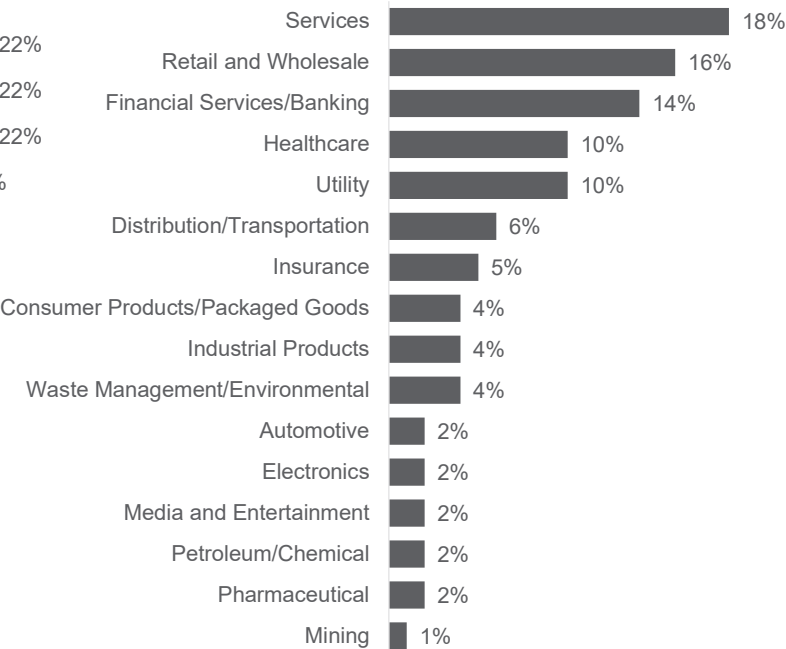
Organizational Revenue



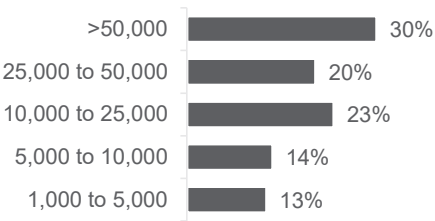
Geographic Model



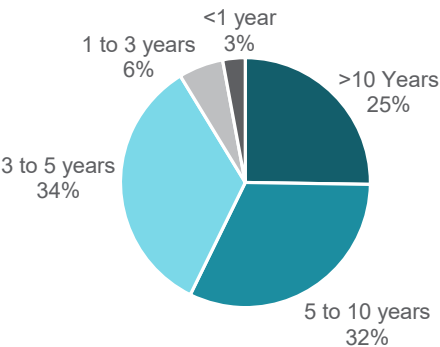
Industry



Number of Employees



Maturity

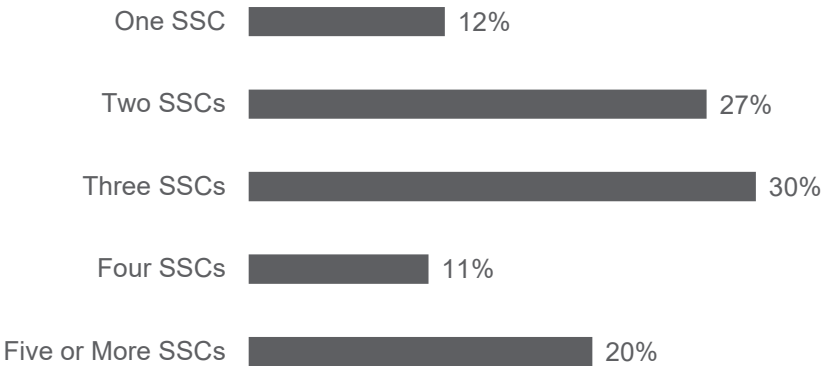


# Global Locations and Geographic Models

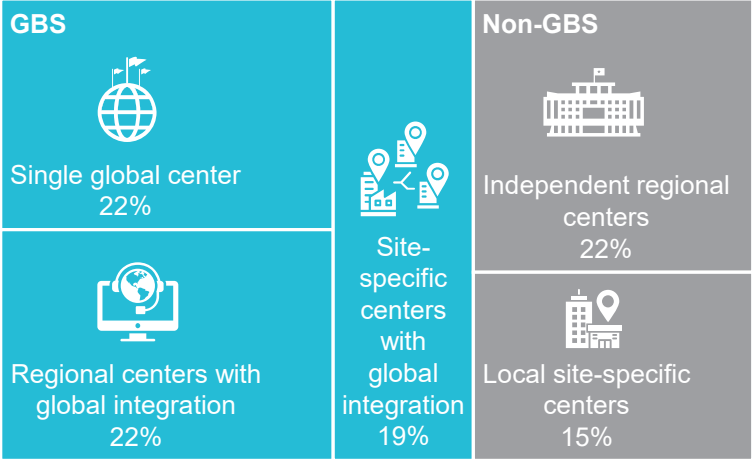
Representation from different geographic models is balanced

- 63% of study participants reported using a GBS model, consistent with the last cycle of the study
- 68% of study participants have two to four shared services centers
- 50% of study participants reported having shared services centers located in more than one region
- 46% of study participants serve more than 10 countries with their shared services centers

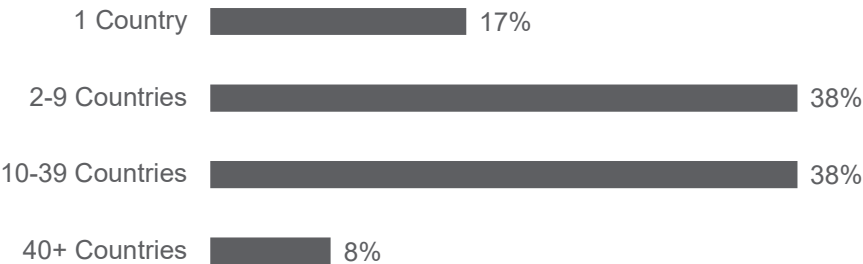
Number of Shared Services Centers



Geographic Model



Number of Countries Served



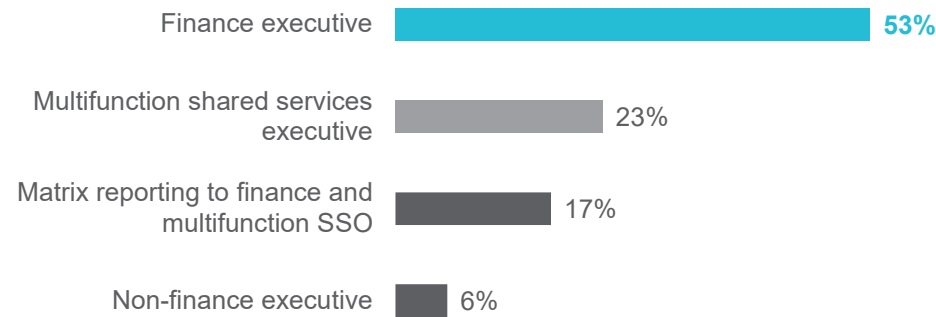
Finance Shared Services Benchmark Highlights

Governance Practices

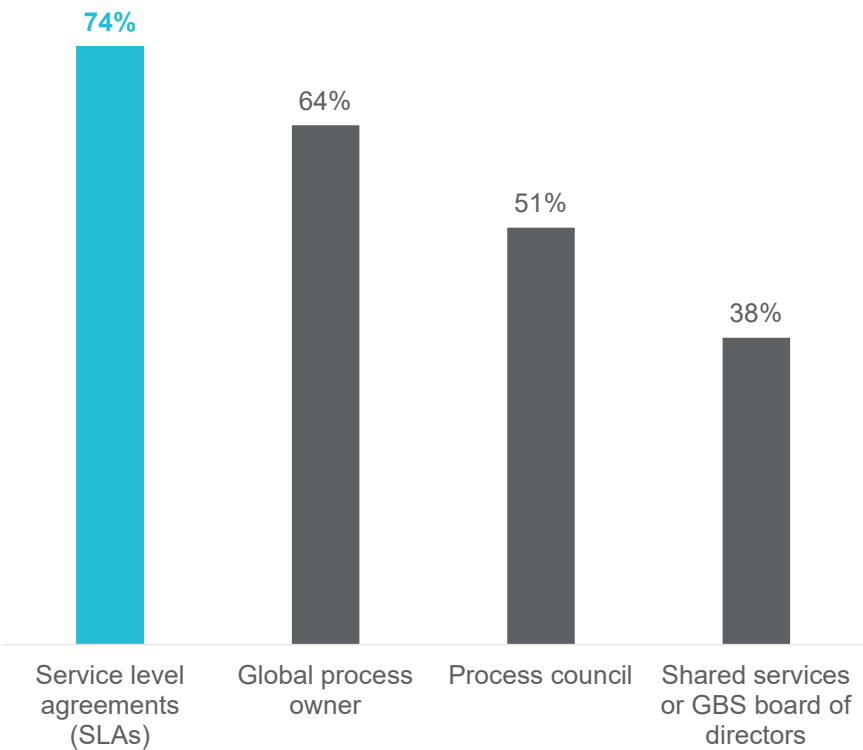
SSOs indicate diverse approaches to governance and service level agreements (SLAs)

- The majority of finance SSOs report to a finance executive, though the adoption of matrix reporting relationships or reporting to a non-finance executive have increased over time
- 74% of SSOs have adopted SLAs for governance, the highest percentage since 2018

Governance Model



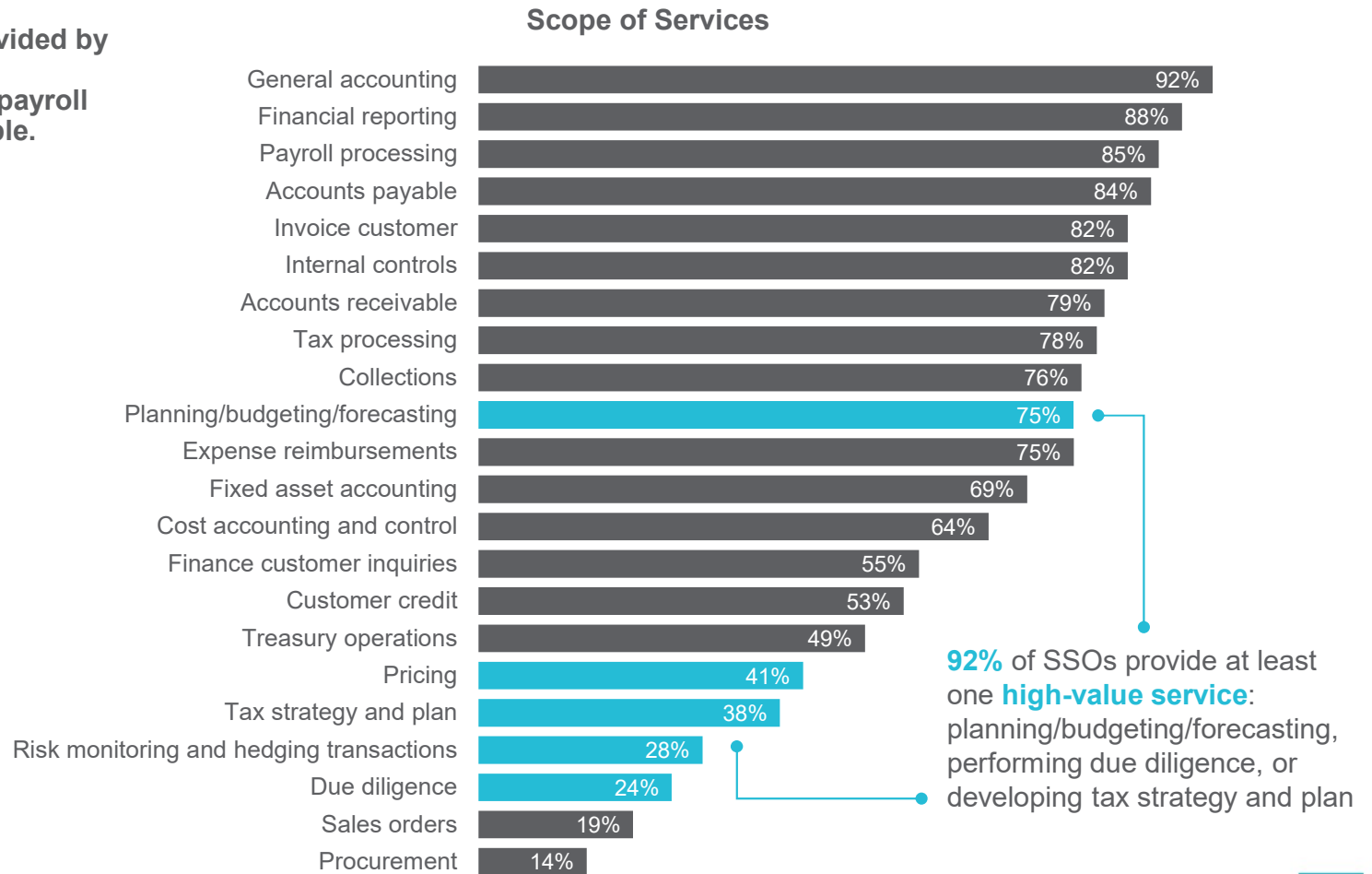
Global Process Governance



## Finance Shared Services Benchmark Highlights

# Scope of Finance Shared Services

The most common services provided by finance SSOs include general accounting, financial reporting, payroll processing, and accounts payable.

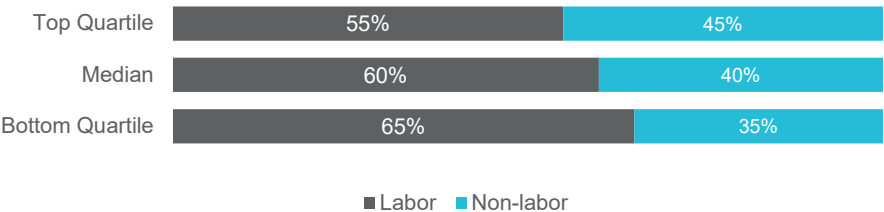


# Cost Savings from Shared Services

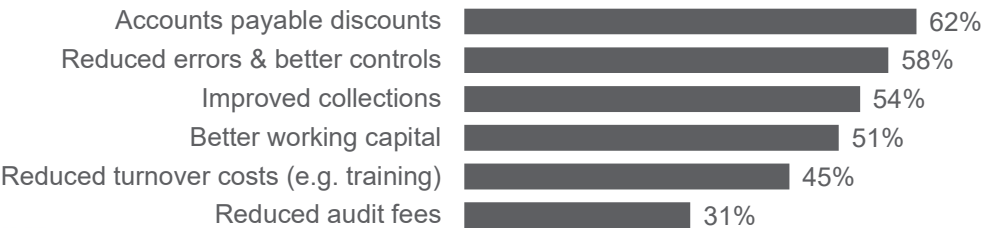
SSOs indicate that labor savings exceeds non-labor savings from implementing shared services

- The most common types of non-labor savings include AP discounts and reduced errors and better controls
- At the median, SSOs are saving \$593,128 per \$1 billion revenue in non-labor savings annually

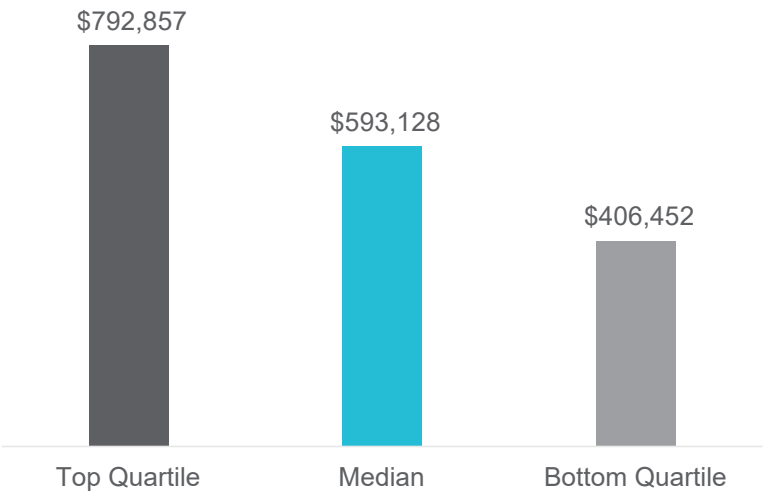
Percentage of savings generated by SSO



Non-labor cost savings observed through implementation of shared services center



Amount of non-labor savings generated from the implementation of a finance shared services center per \$1 billion revenue



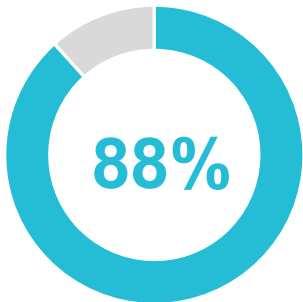


Finance Shared Services Benchmark Highlights

# Finance Customer Care

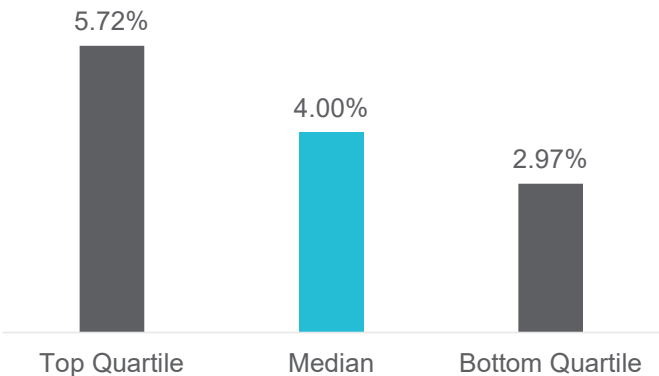
88% of participants channel inquiries to a dedicated group of finance employees

- At the median, 4% of finance employees are dedicated to resolving these inquiries
  - This is a decrease from the last cycle, which may be due to increasing numbers of other types of finance employees
- The median first-contact resolution rate for finance shared services centers is 90%

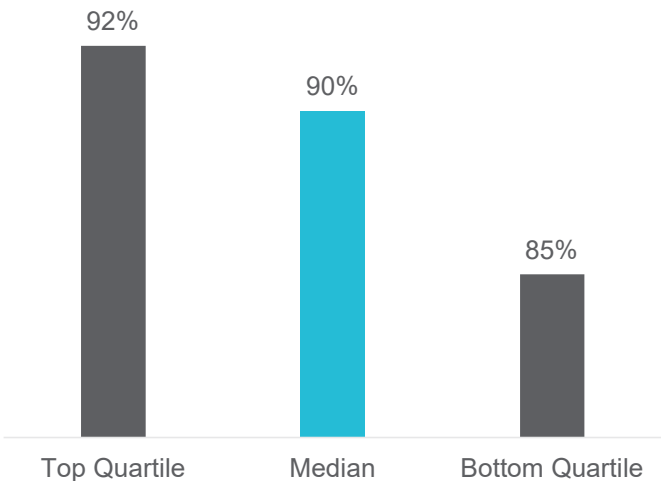


Channel questions from employees, contractors, vendors, etc. via phone, email, chat, etc. to a dedicated group of finance employees

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

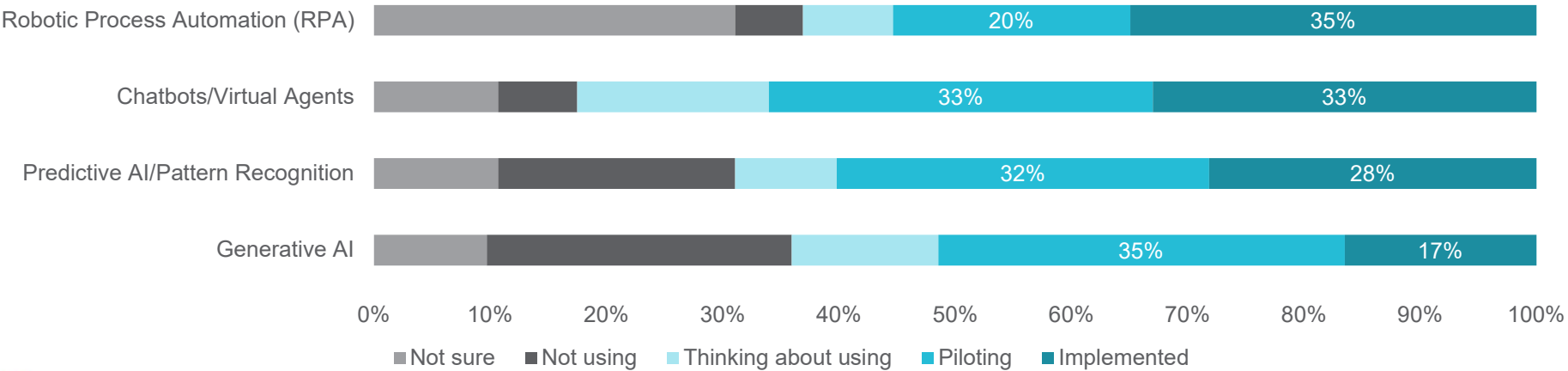


# Automation Technology Implementation

Organizations exhibit varying levels of technology adoption, with 76% of SSOs either piloting or implementing at least one automation technology

- **Chatbots have widespread acceptance**, with 66% of organizations either piloting or implementing them and only 7% not using them
- **RPA is the most-implemented technology**, with 35% of organizations leveraging it to streamline repetitive tasks. Surprisingly, 31% of respondents indicated “not sure,” standing out in comparison to the other technologies, suggesting that RPA efforts may not be widely communicated or well understood
- **Generative AI is the most-piloted technology**, with 35% of organizations actively exploring its potential. Interestingly, 26% of respondents have chosen not to use generative AI, signaling cautious adoption or specific use cases

Extent of Intelligent Automation Technology in SSOs

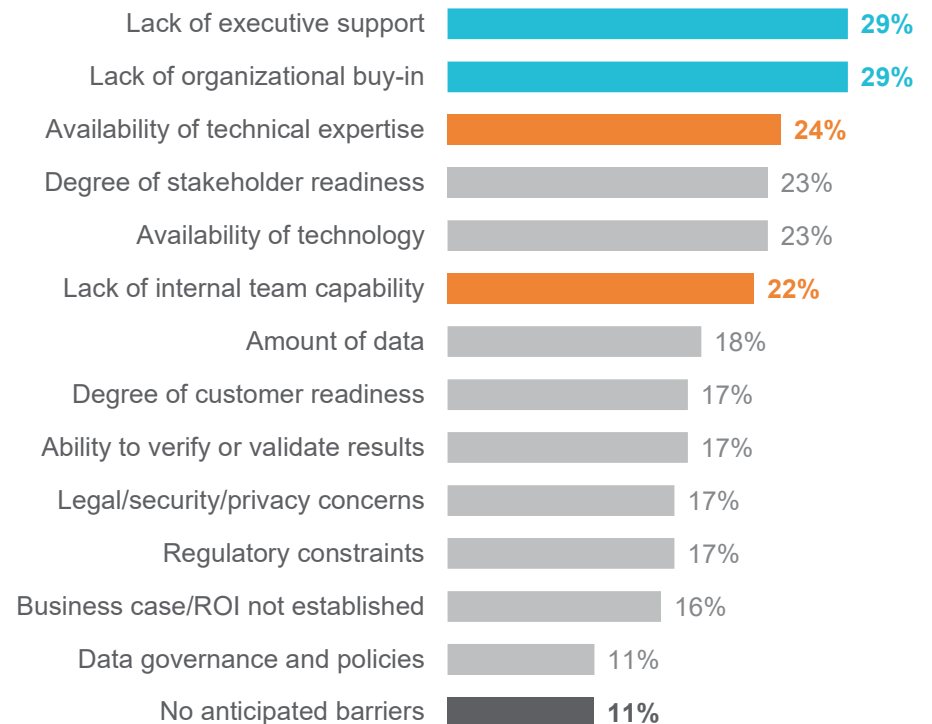


## Challenges in Adopting Artificial Intelligence

The top challenges in adopting predictive or generative AI are lack of executive support, lack of organizational buy-in, and availability of technical expertise

- The **top two challenges**, executive support and organizational buy-in, are interrelated: organizational readiness often begins with executive endorsement, and executives who perceive a positive organizational culture are more likely to support initiatives and decisions aligned with that culture
  - Indeed, 25% of the respondents who chose either of these options selected both, one of the highest correlations
- Lack of executive support also correlates with regulatory constraints: 9% of all respondents selected both options
- **Competency challenges** (i.e., availability of skilled resources or technical expertise and lack of internal team capability) were cited by 43% of organizations, suggesting a need for additional talent through development or acquisition
- 11% of organizations indicated **no anticipated barriers** to predictive or generative AI
  - Interestingly, this lack of anticipated barriers does not directly correlate with technology adoption: 18% of those who do not anticipate barriers are not using predictive or generative AI, and only 27% of these organizations have fully implemented predictive or generative AI

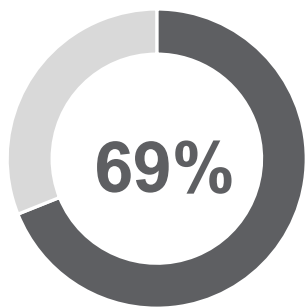
### Main Challenges in Adopting Predictive or Generative AI



# SSOs are Working in Office

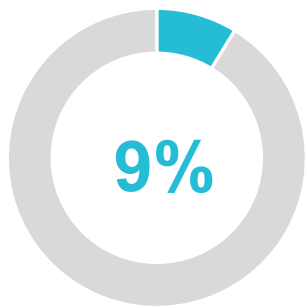
In general, SSOs are working in person

- More than half of organizations expect to have shared services staff physically present in the office five days per week
- No organizations had expectations of staff to be in office fewer than three days per week



## EXPECTED IN OFFICE 5 DAYS PER WEEK

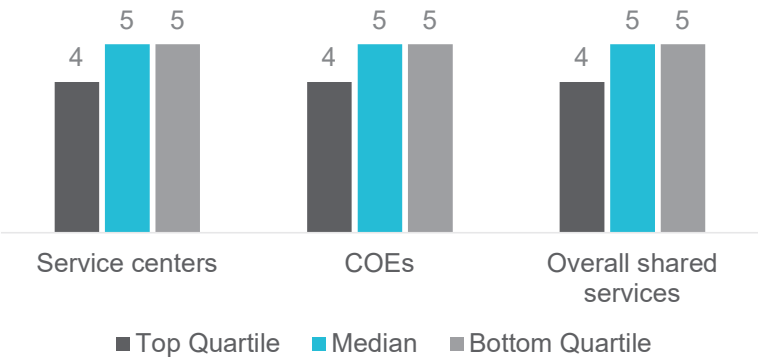
For overall shared services workers



## EXPECTED IN OFFICE 3 DAYS PER WEEK

Any type of worker: service centers, COEs, or overall

Number of days per week workers are expected to be in the office



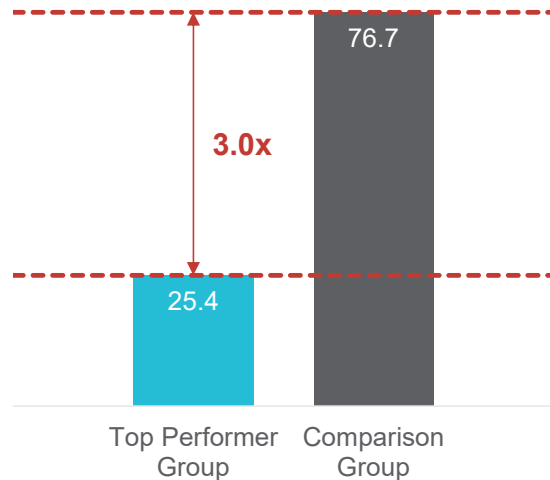
## Finance Shared Services Benchmark Highlights

# Top Performers are More Leanly Staffed

### Top-performing finance SSOs have significantly better staffing ratios

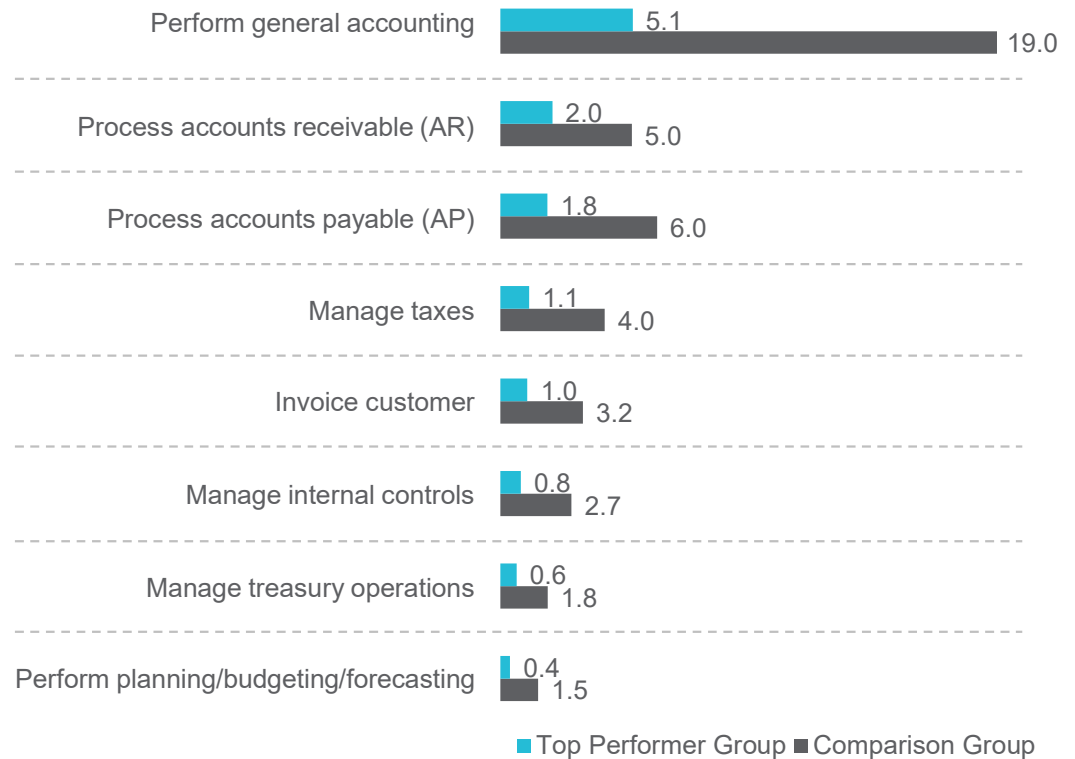
- Top performers are three times more efficient overall in staffing
- Top performers are 2.5x-3.9x more efficient in staffing major finance processes

#### Median number of finance function FTEs per \$1 billion revenue



Top performers are defined as the participants consistently achieving top-quartile performance across eight key performance indicators, demonstrating excellence in staffing, efficiency, customer service, and cost.

### Median number of FTEs that perform the following processes per \$1 billion revenue

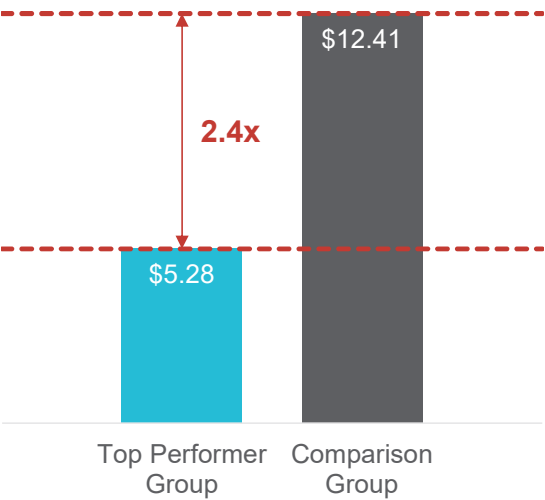


# Top Performers Operate at a Cost Advantage

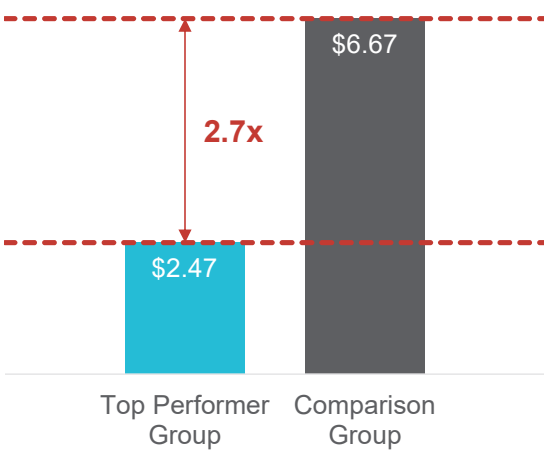
Top-performing organizations operate at a larger cost advantage for finance overall as well as in their finance SSOs at the median

- Top performers invest more in their service center per service center employee, which may enable their greater efficiency

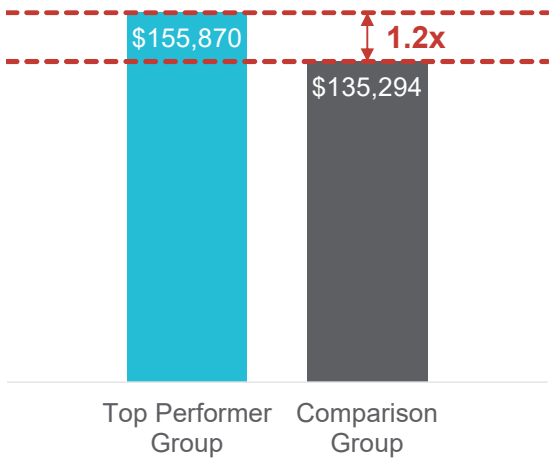
Median total cost to perform the finance function per \$1,000 revenue



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



Median total cost to operate the finance shared services center per service center employee



## Characteristics of Top-Performing Finance Organizations

Further analysis of top-performing organizations highlights these characteristics:



REPRESENT MORE MATURE ORGANIZATIONS WITH BROADER GLOBAL COVERAGE



LEVERAGE GLOBAL PROCESS OWNERS FOR PROCESS GOVERNANCE



HAVE GREATER END-TO-END PROCESS ADOPTION



USE TECHNOLOGY, AUTOMATION, AND ADVANCED ANALYTICS TO ENABLE SSOs

## 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 conducted every other year
- No cost to participate
- Receive detailed report of all metrics and qualitative results
- Peer group comparisons are provided

