



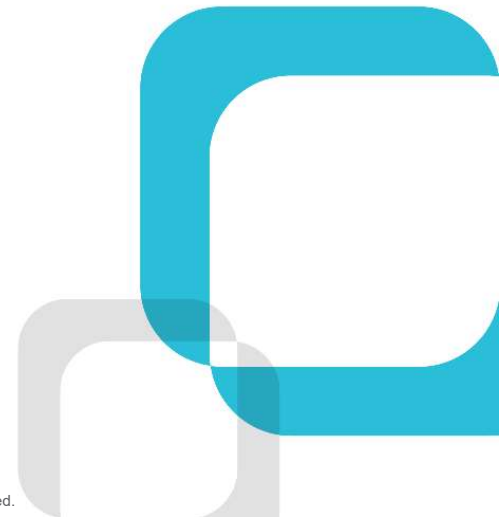
Smart. Focused. Done Right.®

Rethinking HR Optimization in the Age of AI

HR Shared Services and Outsourcing Conference Workshop

December 2025

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MODEL EVOLUTION AND AI's IMPACT



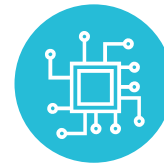
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GETTING READY FOR AI



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Introduction



**ScottMadden
Overview**



**Key Themes
for Organizational
Excellence**

Who We Are

ScottMadden is a management consulting firm with more than 40 years of deep, hands-on experience.



We deliver a broad array of **corporate and shared services consulting services**—from strategic planning through implementation—across many industries, business units, and functions.

Our **knowledge, expertise, and experience are unmatched**—no other firm has helped more clients with more unique solutions.



CORPORATE & SHARED SERVICES

Experience

Our experienced team has been a pioneer in corporate and shared services since the practice began decades ago. We employ deep, cross-functional expertise to produce practical, measurable solutions.

Scope

We have completed thousands of projects since the early '90s, including hundreds of large, multi-year implementations. Our clients range across a variety of industries from energy to healthcare to higher education to retail. Our areas of expertise span the spectrum of middle and back office corporate and shared services.

Services

We help our clients with assessment, strategy, design, implementation, technology, business case and roadmap, governance, program management, and change management.

Smart. Focused. Done Right.®

Areas of Focus



FINANCE AND ACCOUNTING

We help companies **transform their finance and accounting operations**. Through enterprise financial business services, strategic centers of expertise, intelligent automation solutions, hybrid insource/outsource delivery models, and other solutions, we help you increase value for your company.



MULTIFUNCTION/GBS

We move **shared services to the next generation**—integrating finance, human resources, information technology, supply chain, and/or other business services into a single, multifunction shared services or global business services operation that leverages intelligent automation and has effective governance and management.



HUMAN CAPITAL MANAGEMENT

We offer **HR transformation** (including HR shared services), IA solutions, analytics, HR systems (selection, implementation, and optimization), process design and continuous improvement, talent and employee engagement strategy and programs, and payroll—the services your organization needs to excel.



SUPPLY CHAIN

We assist clients across the full range of supply chain processes and have the unique ability to **create alignment between supply chain and its stakeholders**. From crafting new supply chain strategies to restructuring your organization to improving your daily operations, including intelligent automation, we help you with every step.



INFORMATION TECHNOLOGY

From IT assessments and strategic direction to governance, cybersecurity, and risk and compliance management, we can help your organization **get the most out of its IT investment**. We also help you **optimize your projects** to focus on delivering business outcomes not just installed technology.



BUSINESS SUPPORT SERVICES

We help our clients **improve service response to the business**, including through the **integration of various administrative services** into their shared services model. Services often include real estate, facility maintenance, fleet, security, sales and marketing, insurance, customer service, research, and others.

Corporate and Shared Services Capabilities



Assess and Plan

- Strategic alignment and planning
- Operating model alignment
- Feasibility analysis
- Benchmarking
- Statistical and analytical modeling
- Leading practices assessment
- Performance evaluation
- Project planning
- Leadership education and buy-in
- Staff evaluation
- Change readiness assessment
- Site visits



Design

- Current state analysis
- Future state design
- Business case development
- Service delivery model design
- Work scope delineation
- Policy assessment
- Intelligent automation strategy
- Sourcing evaluation
- Organizational design
- Technology evaluation
- Transformation planning
- Implementation planning
- Change management



Build

- Project management
- Service and transaction center build
- Detailed organizational design
- Staffing
- Policy harmonization
- Process redesign
- Intelligent automation build
- Technology design, selection, implementation, and support
- Education and training
- Facility design and setup
- Change management
- Sourcing implementation
- Metrics and dashboarding



Improve

- Analytics setup and deployment
- Operating model improvement
- Governance
- Service expansion
- Cost reduction
- Process redesign
- Intelligent automation implementation
- System enablement
- Enterprise program development
- Merger and acquisition integration
- Field resource development
- Voice-of-the-customer surveys
- Metrics and performance management

Representative Clients

Retail and Consumer Products	Manufacturing and Industrial	Technology and Communications	Higher Ed., Public Sector, Non-profit	Energy and Utilities	Healthcare	Professional Services
						
						
						
						
						
						
						
						

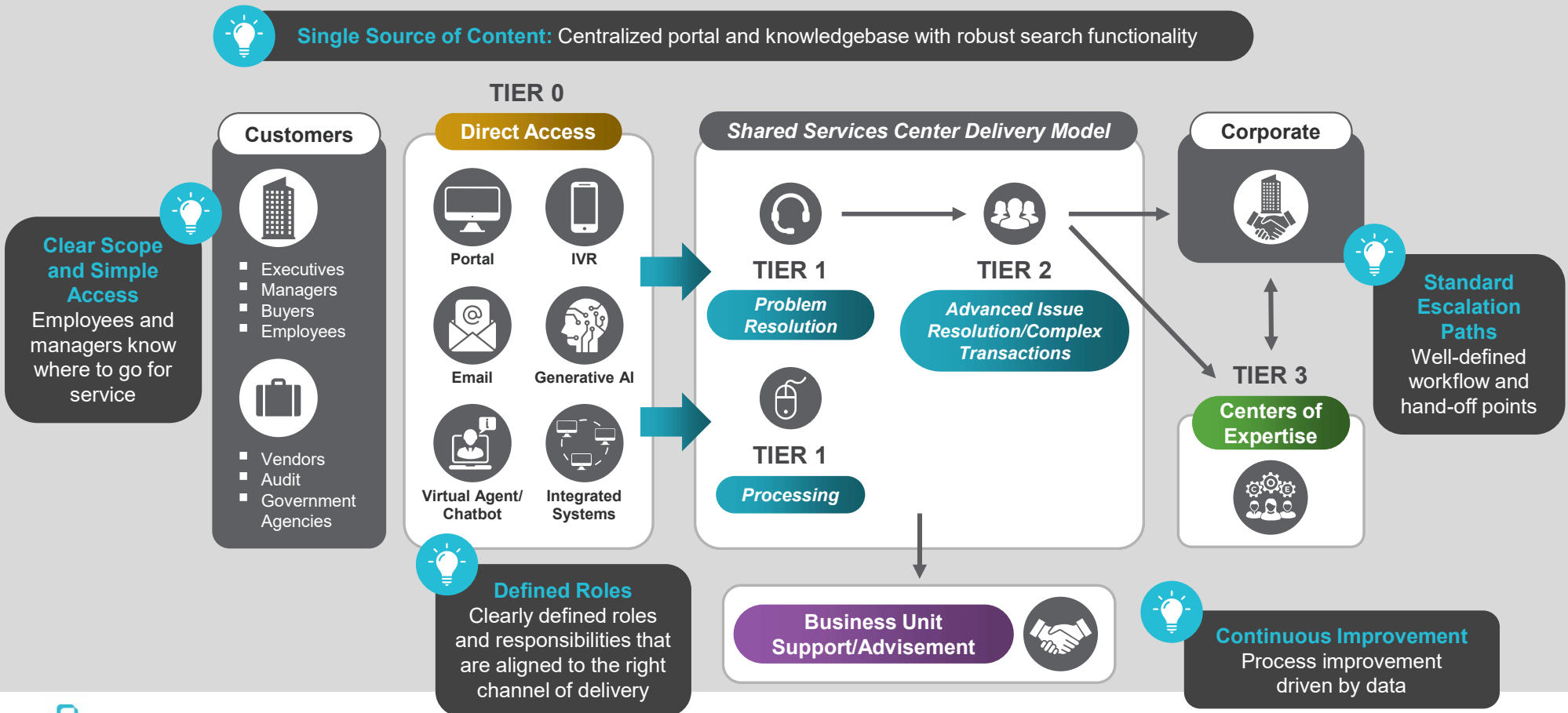
Note: Representative sample; not all-inclusive of clients served. Excludes numerous well-known clients due to confidentiality agreements

Live Poll!

Where are you in your shared services journey?

- A. 1 year or less post-implementation*
- B. 3-5 years post-implementation*
- C. more than 5 years beyond implementation*

Leading Practices Shared Services Operating Model



Benefits of a Shared Services Model

Improve Service Delivery and Transparency

- Better customer experience
- Standard processes
- Common model for expansion
- Performance metrics



Gain Control and Leverage Data

- Improve reporting and analytics
- Improve compliance
- Better decision-making



Cost Control and Scalability

- Skillset and work alignment
- Economies of scale
- Automation of process
- Elimination of redundant work



End-to-End Accountability

- Less rework caused by upstream process issues
- Improved end-to-end process coordination
- Focus on root-cause problem resolution



Benefits of Shared Services – HR Benchmarks

Top-performing service centers operate more efficiently and provide a better customer experience.

Customer Experience in HR

92%

First-Contact Resolution

15 secs

Average Speed to Answer

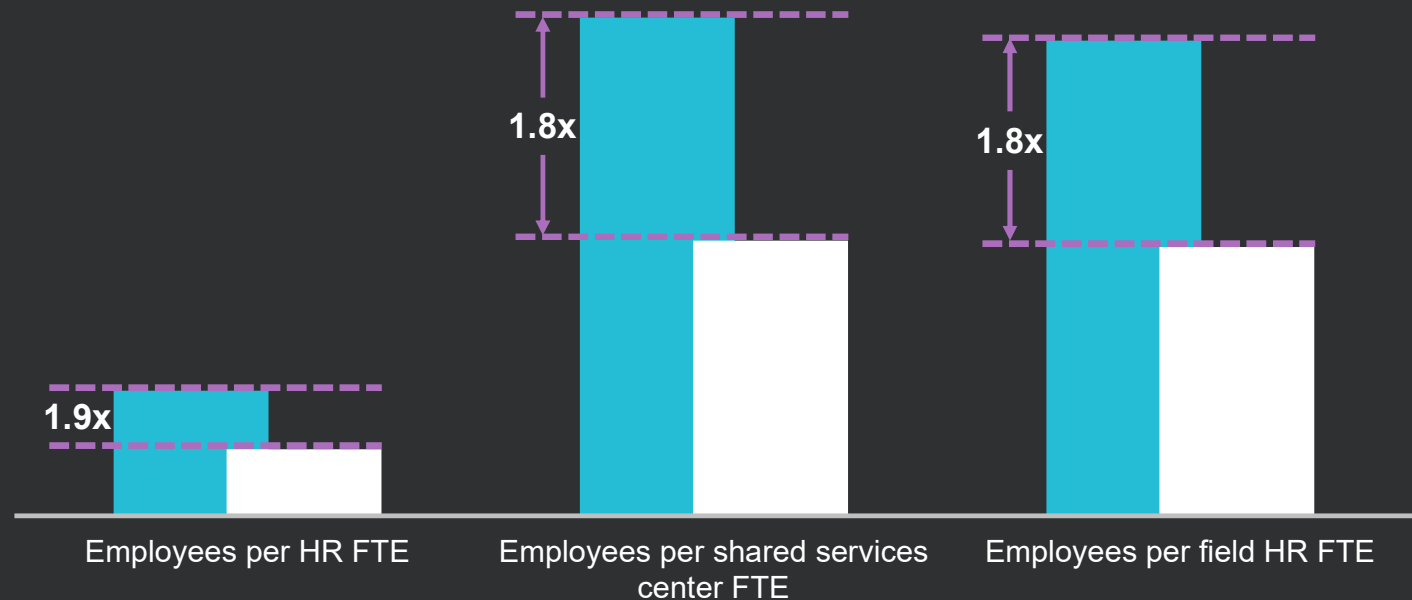
5%

Service Center Employee Turnover



Benefits of Shared Services – HR Benchmarks (Cont'd)

Top-performing HR shared services organizations have significantly better staffing ratios at the median, including their employee service centers.



Common Challenges and Mitigation Tactics

COMMON CHALLENGES

Resistance

Silo Mentality

Lack of
Standardization

Internal Focus

Lack of
Accountability

Limited Innovation
and Stagnation

Poor Organization
or Skill Alignment

Limited
Current State

MITIGATION TACTICS

- Strong, sustained leadership and sponsorship
- Executive sanctioning of the new process
- Stretch goals and aggressive timing
- Effective measurement and rewards
- Leveraging leading practices
- Customer participation
- Work-focused; not functional teams
- Removing current state service delivery pathways (not aligned with future state) at the first opportunity
- Cascaded, frequent communication
- Willingness to spend time and effort in evaluation of current operations
- Visits to successful operations
- Detailed current state assessments and future state design

Opportunities Exist, Regardless of Your Maturity



- Policy harmonization
- Process redesign
- Service delivery model review
- Organizational structure
- Technology implementation
- Governance model

- Process redesign
- Expansion opportunities
- Leverage of leading practices and benchmarks
- Training and staff retention
- Other technology investments
- Multifunction integration
- Governance clarification

- Continuous improvement
- Expansion opportunities
- Customer satisfaction
- Leverage of leading practices and benchmarks
- Career pathing
- Technology optimization
- Multifunction optimization

Shared Services Optimization Framework

Service Delivery Model

- Strategy and Governance
- Scope of Services
- Scope Expansion Strategy
- Sourcing Strategies
- Customer Experience
- Stakeholder Management



Organization and People

- Organizational Structure and Staffing Levels
- Roles and Responsibilities
- Staff Skills, Competencies, and Expertise
- Staff Development
- Career Pathing
- Team and Organizational Culture



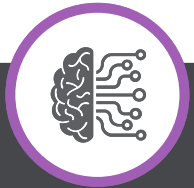
Policy and Process

- Policy and Process Harmonization
- End-to-End Process Orientation
- Compliance with Policies and Processes
- Documentation and Resources
- Continuous Improvement Framework
- Operational Processes



Technology and Data

- Applications and Systems
- Metrics and Success Measures
- Reports, Dashboards, and Insights
- Customer Portal and Self-service
- Knowledgebase and Knowledge Management
- Automation



Service Delivery Model



**Ensure the Right
Governance Structure
is in Place**



Evolve the Model



**Consider Outsourcing
as a Strategy**

Dealing with Strategic Changes

Changes in strategic direction are common as companies pivot to address market changes and pressures.

Are your SSC operations pivoting and evolving to meet strategic needs? Do you have the right governance in place?

Increased Value

- Are we continuing to optimize and add value through expansion and integration?



Outsourced Providers

- Outsourcing unstable or disparate processes is never a recipe for success
- Are there processes that have stabilized under SSC control that would now be candidates for outsourcing?



Are there outsourced processes that would be better managed by the SSC?



Acquisitions

- While you were busy building and stabilizing your SSC, your company made acquisitions. Some of them may even have their own SSC operations...
- Is now the time to integrate them and their standardized practices?



Establish Strong Governance

A governance structure drives increased engagement and accountability within the shared services organization, creates an overall mechanism to manage and prioritize issues/opportunities, and adds visibility for leadership.



Post-implementation Governance Focus

- Manage requests for future policy, process, or technology customizations
- Manage requests for different employee populations to be treated in a different manner
- Uncover and address service issues
- Make critical decisions and set action items regarding changes to scope of services, new employee populations, etc.
- Perform scheduled reviews of the performance metrics



Key Considerations

- Match the governance structure to the potential for issues
 - Small potential for differences = less formal and structured governance
 - Large potential for differences = more formal and structured governance
- Incorporate customers and partner representation
 - Allows customers to influence direction of the service center and ensures responsiveness to business needs
- Establish criteria for evaluating issues and making decisions

Governance vs. Execution

Governance Layer

Identify and prioritize the list that needs to be worked

- Thematic issues
- Prioritization of focus
- Status of existing enhancements
- Maintenance of cross-functional discussion/partnership

Company
Leaders

Business
Customers

Shared Services
Leadership

Shared Services
Operational Leaders

Execution Layer

Support, assign resources, and drive completion against the list

- Dividing the work/issues to be resolved across the teams
- Identifying and documenting the steps to achieve/complete resolution on the issues
- Driving and executing on the fixes/improvements
- Providing status updates back to the governance layers

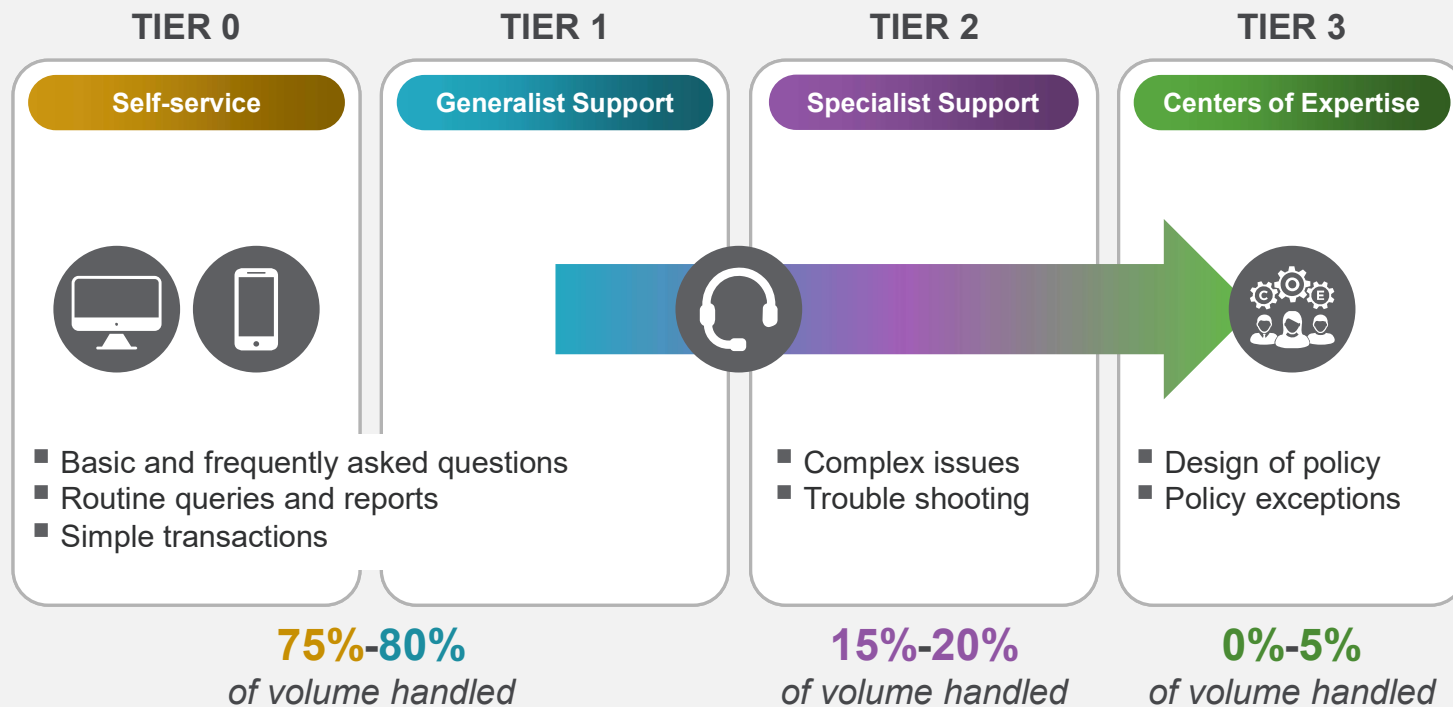
Continuous
Improvement

Customer Care

Tier 2
Functional
Groups

End-user
Technology
Support

Continue to Drive Scope up the Value Chain

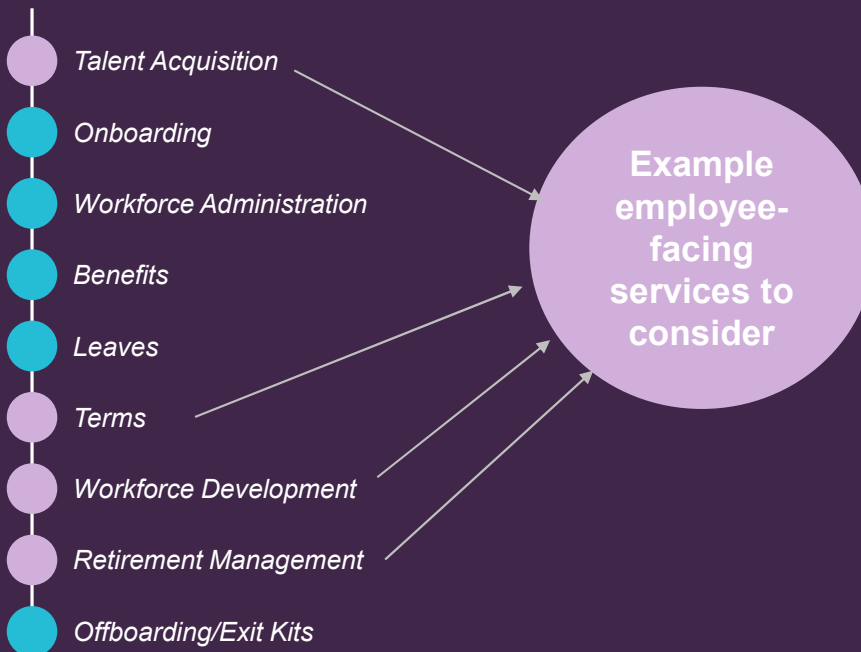


HRSSO Examples:

- Employee Relations
- Labor Relations
- Organizational Effectiveness
- M&A Support
- Business Analytics

End-to-End Process in Service Expansion

Hire-to-Retire



Consider employee-facing work from an end-to-end view to:

- Reduce handoffs
- Drive consistency in service
- Enhance the overall customer experience

Service Migration Approach

Identify

- Identify the pockets of transactional work across the organization that could drive further efficiency for the organization and better customer support

Assess

- Consider the evaluation criteria
 - Fit and complexity
 - Level of effort
 - Cost savings
- Determine the timeline for migration
- Determine the migration type

Migrate

- Complete work across workstreams, as needed by function
 - Revise roles
 - Set new organization structure and staffing
 - Determine facilities needs
 - Improve processes
 - Revamp technology

Finalize

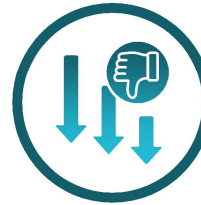
- Assess how the function is performing post-migration
- Establish baseline metrics
- Create reporting and metrics

Advantages and Disadvantages of Growth



Advantages of Growth

- The shared services model works to:
 - Improve service delivery
 - Lower total costs
- Economies of scale
- Synergies (e.g., onboarding of new employees)
- Standardization of processes and elimination of redundant processes
- Shared technology
- Shared management and administration
- Cross-training
- Additional advancement opportunities for shared services employees
- Improved customer service
- Allows business units to focus on core processes



Disadvantages of Growth

- Investment requirements – upfront costs to transition and centralize technology, staff, equipment, and facilities
- Additional bureaucracy
- Size can hamper responsiveness
- Requires broader technical expertise at the top to manage additional functions
- Perception of kingdom-building
- Potential impacts to employees currently performing the work

Despite potential disadvantages, a successful shared services organization must continue to grow, evolve, and demonstrate additional relevance. Failure to do so will lead to stagnation

Consider Outsourcing as a Strategy

Outsourcing is an effective strategy employed by many (if not most) shared services organizations. Choosing the right time to outsource is critical to the strategy's success.

Benefits to Outsourcing

- **Cost Savings:** Outsourcing can reduce operational costs, including labor, infrastructure, and overhead expenses
- **Access to Expertise:** Gain access to specialized skills and expertise not available in-house
- **Focus on Core Activities:** Allows the organization to focus on core business functions and strategic initiatives
- **Scalability:** Easily scale operations up or down based on business needs without the burden of fixed costs
- **Improved Efficiency:** Outsourcing to specialized providers often leads to increased efficiency and productivity

CAUTION

Outsourcing **unstable or disparate processes** transfers the problems elsewhere; control may be limited

Processes that are stable and standardized are ideal candidates for inclusion in an outsourcing strategy, freeing up resources and focus for new opportunities and challenges

When Is It Time to Reconsider Your Outsourcing Arrangement?

Enduring a painful and ineffective relationship with your outsourcing provider leads to ongoing challenges and potential loss of goodwill from your customers.



Signs that your outsourcing relationship is in trouble:

- Poor Communication
- Quality Issues
- Missed Deadlines
- Cost Overruns
- Lack of Flexibility
- Security Breaches
- Dependency Risk
- Cultural Misalignment
- Legal or Compliance Issues
- High Turnover

Customers will not differentiate between services provided by your SSC and those provided by your external BPO providers. Addressing issues with these providers is critical to the overall success of your operation.

Evolution of the HR Service Delivery Model and AI's Impact



**Discuss HR Model
Evolution**

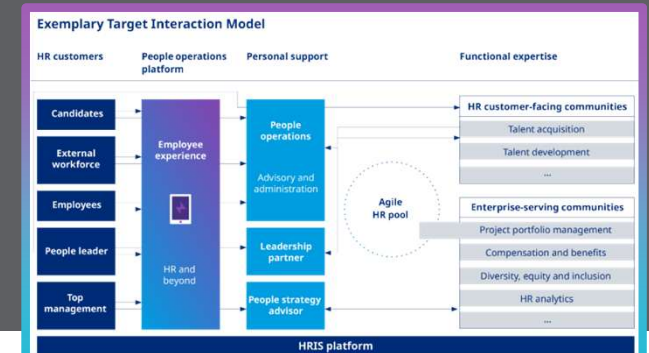
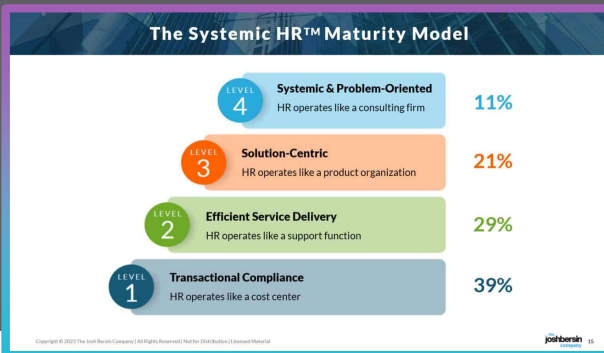
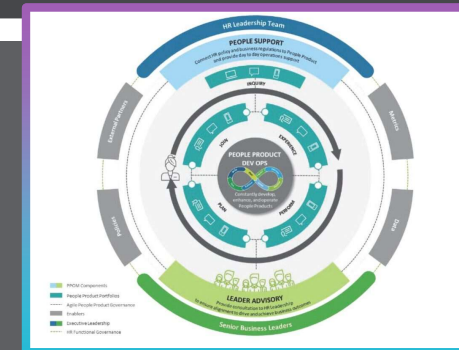
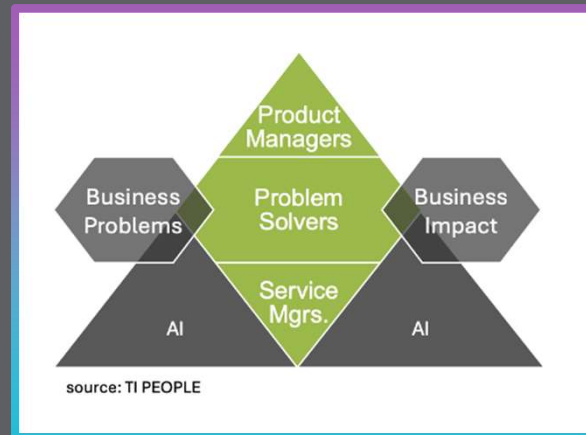
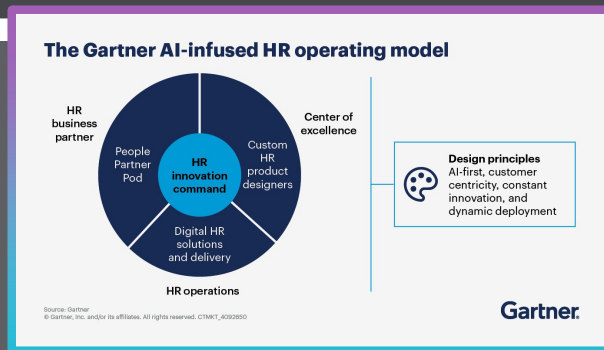


**Consider Impacts of
AI on HR Activities**

Evolution of the HR Service Delivery Model

Service Delivery Model Evolution in the Age of AI

As we anticipate the effects and impacts of AI on service delivery, consultancies have published various views on the evolution expected within the HR service delivery model. Preparing for the future can be challenging amidst this landscape.



Josh Bersin, 2023

Mercer, 2025

Evolving Roles in the HR Service Delivery Model

Several of the new model constructs introduce new roles and focus areas; however, there are similarities to how we talk about HR service delivery. The models require different ways of organizing talent, approaching problems, and leveraging AI.

<i>Role</i>	<i>Similar to</i>	<i>Future Focus</i>
Product Managers	Center of Expertise (COE), Global Process Owners	Own end-to-end HR products and services (e.g., total rewards, talent management, recruiting). Ensure they meet business and employee experience needs.
Problem Solvers	HR Business Partners	Apply cross-functional expertise in agile forums to analyze workforce and business challenges, develop solutions, and deploy strategic projects and programs. Priority is engagement with the business and customer experience.
Service Managers	HR Shared Services	Manage delivery and experience of HR services through digital platforms, self-service, and automation. Can be shared services, managed services, or hybrid.

AI Foundation underpins operations, automating transactions and increasing scale and insights across all layers.

Themes in the Latest HR Models



AI- and Data-Enabled

HR is built on a scaled digital backbone where AI automates, triages, and informs work.

- Strong data, AI, and system integration
- Digital platforms handling routine interactions
- Self-service and automated workflows



Cross-Functional HR Delivery

HR work is team-based and interconnected.

- Reduction of functional silos
- Work organized around business problems, journeys, or solutions
- Product/solution ownership and continuous improvement



Fluid, Flexible HR Structure

HR becomes a flexible resource pool, where expertise moves where priorities are highest.

- Dynamic deployment of HR talent
- Agile pools, communities, pods, or solution teams
- Broad, evolving HR skillsets including consulting, analytics, and tech fluency



Experience-Driven Design

HR is designed around managers and employees.

- HR constructed around employee/manager interactions and experiences
- Deliberate use of digital vs. human support to create a seamless, consistent experience



Business- and Outcome-Aligned

HR is designed to deliver business outcomes: performance, capability, and productivity.

- Focus on measurable business impact and value-based prioritization
- Manager enablement as an outcome lever

What Experts Say About Product-Based HR

Developer Insight

- HR faces a "dual squeeze" of rising expectations with limited resources, capacity, and skills.
- Product thinking adapts core IT principles to redirect HR toward user needs, business outcomes, and end-to-end solutions.
- Starting with user problems rather than internal HR programs or processes leads to meaningful, visible value
- Small, iterative changes starting with a single HR role allow faster learning and lower-risk adoption.

External Perspectives

- A shift from service-first to product-first enables HR to move beyond firefighting toward proactive, scalable, value-adding work.
- Employees expect consumer-grade speed, usability, and personalization, pushing HR toward EX-led design.
- Co-creating solutions with employees strengthens relevance and adoption by grounding products in real user needs.
- Designing around employee needs, not HR's internal processes, can reduce friction, lower ticket volume, and improve overall effectiveness.

Risks/Limits

- Capability gaps (e.g., product management, service design, analytics, and digital fluency) can limit the effectiveness of new HR operating models.
- Structural redesign alone rarely improves performance; poor processes, unclear accountabilities, and weak alignment are the key failure points.
- Organizations need models tailored to their specific context, based on real business needs.
- Any shift requires a compelling case for change and a clearly better alternative, supported by disciplined implementation.

Sources: Applaud, [Evolving HR Operating Models: From Ulrich to AI-Driven HR](#) (2025).

CIPD, [Do current HR operating models serve future needs?](#) (2024).

FlexOS, [Volker Jacobs: "To Flatten the Trough, HR Must Become the Product Team"](#) (2025).

The Hackett Group, [Driving HR Performance with Gen AI](#) (2025).

KPMG, [Smart Tech with human touch: The future of HR with AI](#) (2025).

Talent Strategy Group, [It's \(Still\) the Mortar Not the Bricks](#) (2024).

The Ready, [From Service to Product: A Smarter Way for HR to Work](#) (2025). Published on Medium.

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Key Considerations



Don't underestimate the level of change management and training that will be required to implement the new model.



Governance frameworks must be established before scaling automation to manage AI risks around bias, facts, processes, and employee trust.



Most HR functions are progressing in the agile skills required for this model. The cultural shift in mindset is very real and can be overwhelming in current structures



Many technology solutions promote a technology-first standpoint. HR leaders should think about this as experience-led and human-augmented with AI supporting HR processes.



Many organizations are not structurally or culturally ready to move from a hierarchical to networked, cross-functional HR delivery models. This has implications on the organization of the whole enterprise



Be careful positioning AI as a replacement for human interaction. HR's value is enabling empathy, connection, decision making and culture

HR Activity and AI Analysis Overview



**First
Look!**

Background

Work activity data from nine prior HR clients (2022–2025) was compiled and mapped to a standardized HR activity taxonomy. Each activity was assigned two characteristics:

- **AI Automation Potential** (High, Medium, Low, None)
- **HR Service Delivery Model Tier**

The combination of these two characteristics was the basis for the savings estimates in this study.

Addressing Different AI Adoption Levels

To quantify savings potential across AI maturity levels, the analysis was applied across levels of adoption:

- **Laggard:** An organization that adopts AI slowly due to regulatory constraints, legacy systems, limited budget, or risk-averse culture. Laggards lack foundational readiness in data, governance, and skills, which delays experimentation and adoption
- **Likely:** An organization progressing along a typical adoption curve, implementing AI as it matures in enterprise tools and as business cases emerge. Likely adopters show moderate readiness but rely on external developments to guide their AI trajectory
- **Leading:** An organization with a clear AI mandate, established investments, strong data infrastructure, and a mature governance model. Leaders actively experiment, rapidly scale adoption, and build workforce capabilities to leverage AI responsibly and strategically

AI Adoption Levels Drive Meaningful FTE Savings

Laggard

13%

Median Savings: 19%

21%

Likely

24%

Median Savings: 31%

36%

Leading

31%

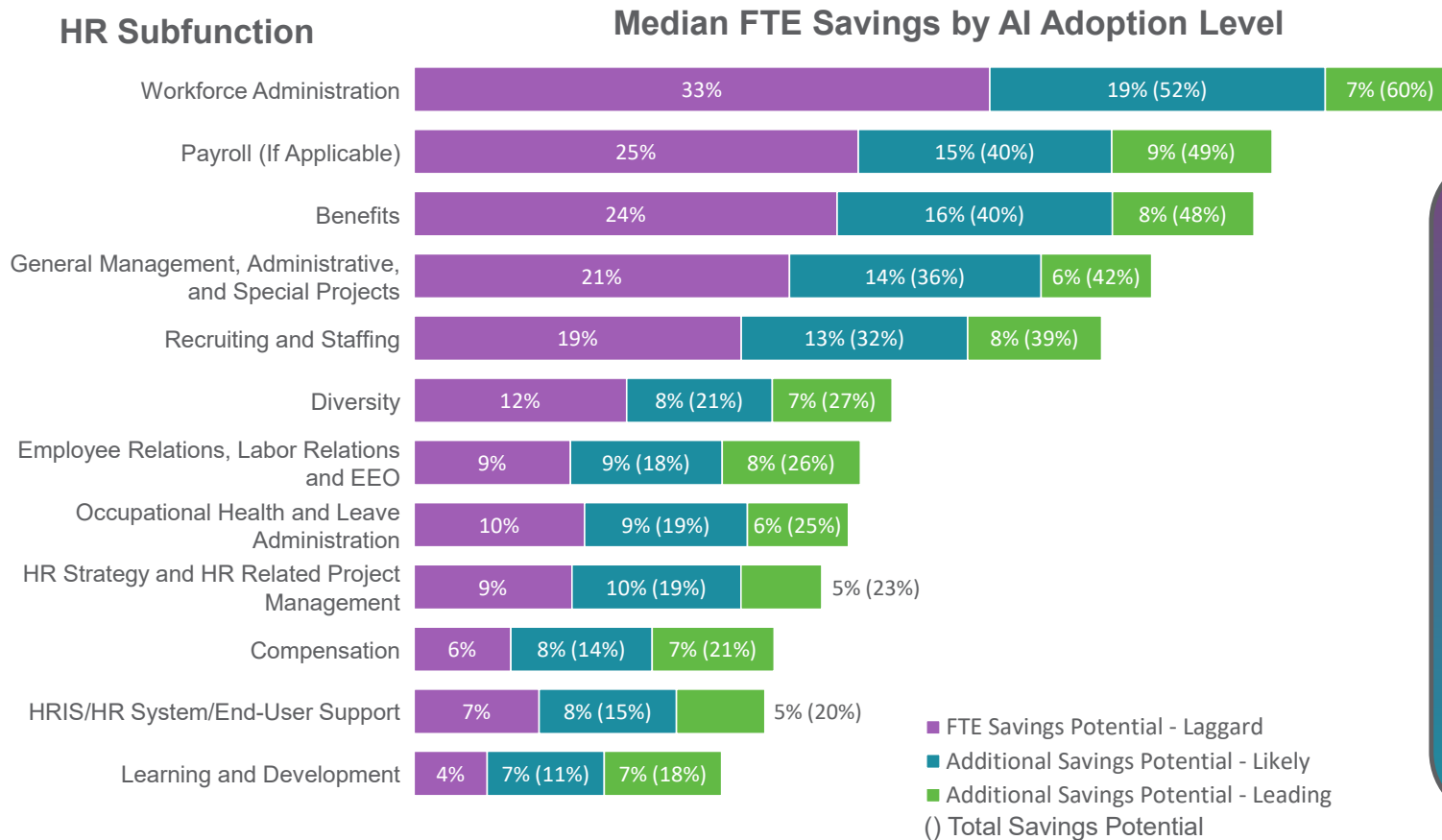
Median Savings: 39%

43%

Higher AI maturity correlates with higher realized FTE savings across HR organizations.

Evolution of the HR Service Delivery Model

AI Automation Potential Varies by HR Subfunction

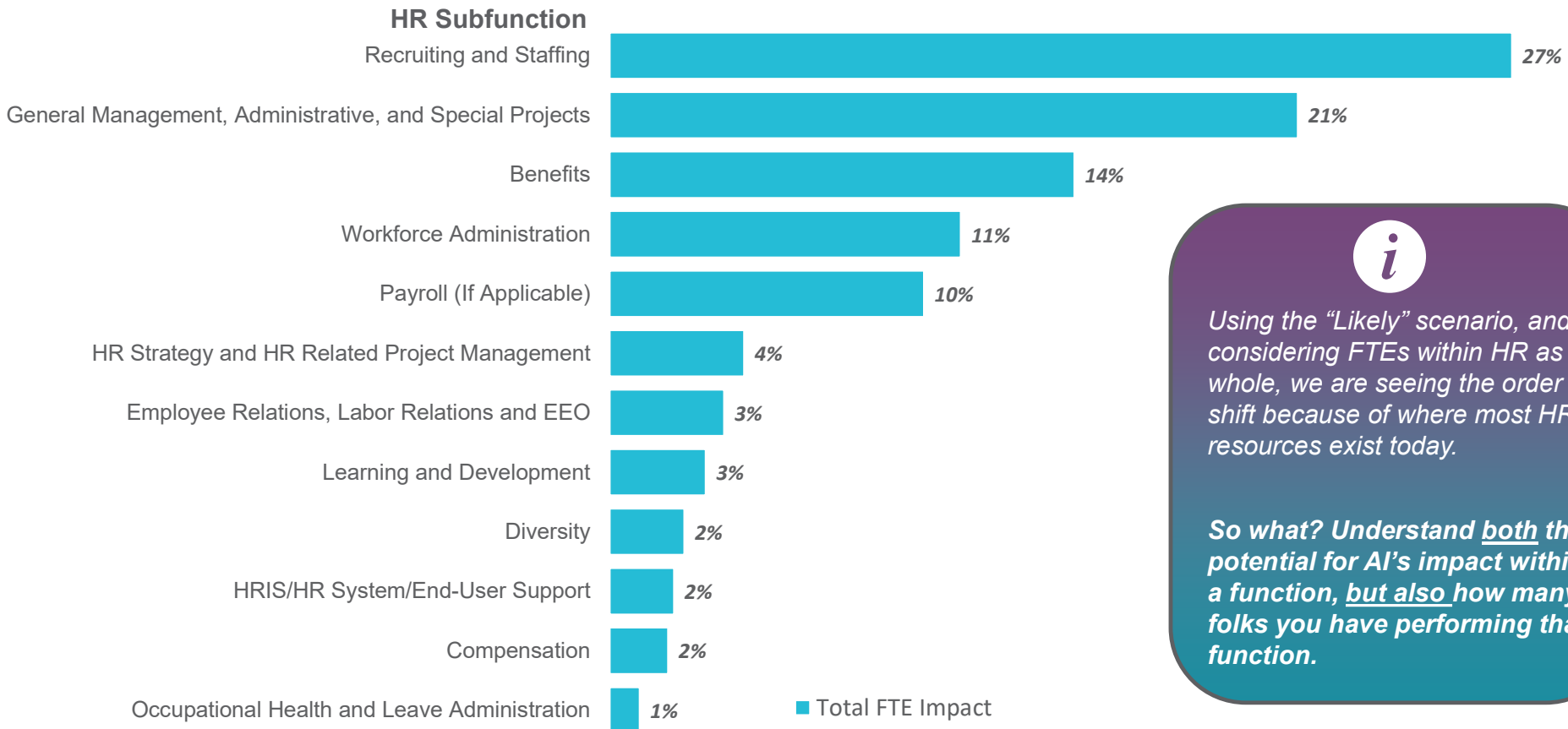


*This chart illustrates the **percentage of work within each HR subfunction that is automatable**—i.e., automation potential relative to the subfunction itself.*

Example: Workforce Administration has the highest automation potential, meaning much of its work can be automated, even though it may not represent the largest share of total HR workload.

Evolution of the HR Service Delivery Model

Highest AI Savings Are Driven by Both Automation Potential and Scale



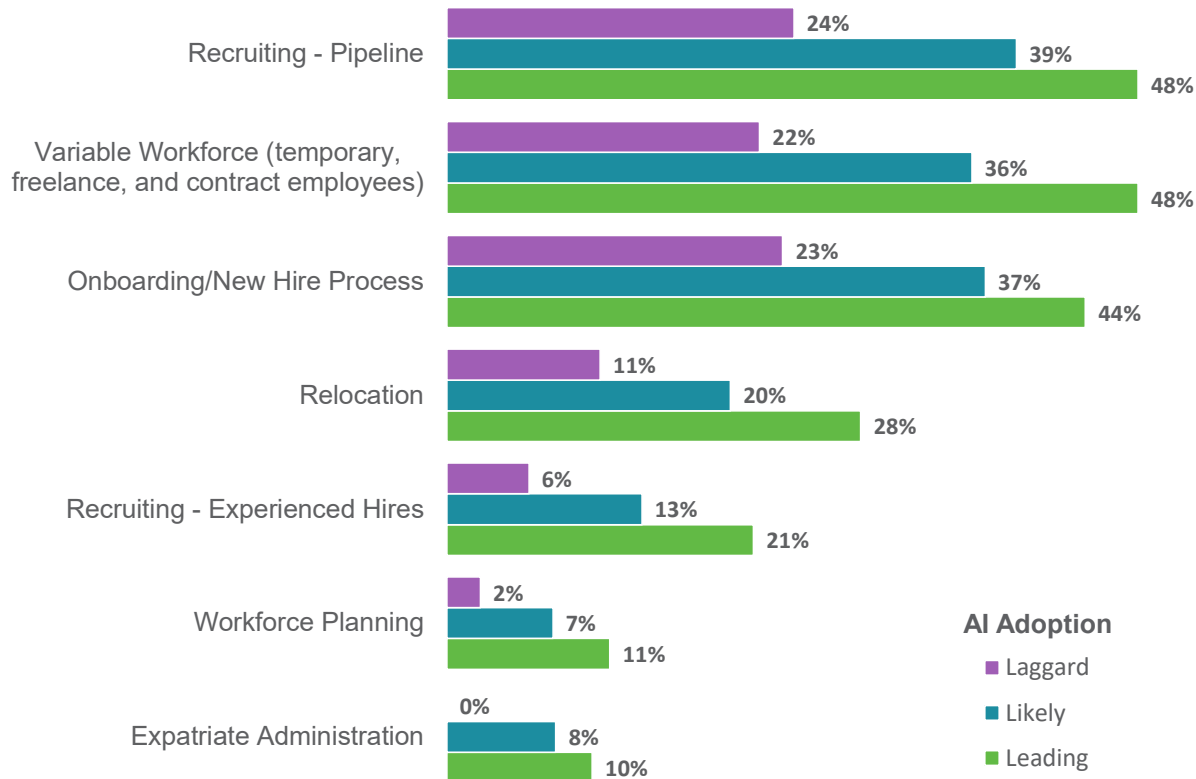
Using the “Likely” scenario, and considering FTEs within HR as a whole, we are seeing the order shift because of where most HR resources exist today.

So what? Understand both the potential for AI’s impact within a function, but also how many folks you have performing that function.

Evolution of the HR Service Delivery Model

Subfunction Deep Dive – Recruiting and Staffing

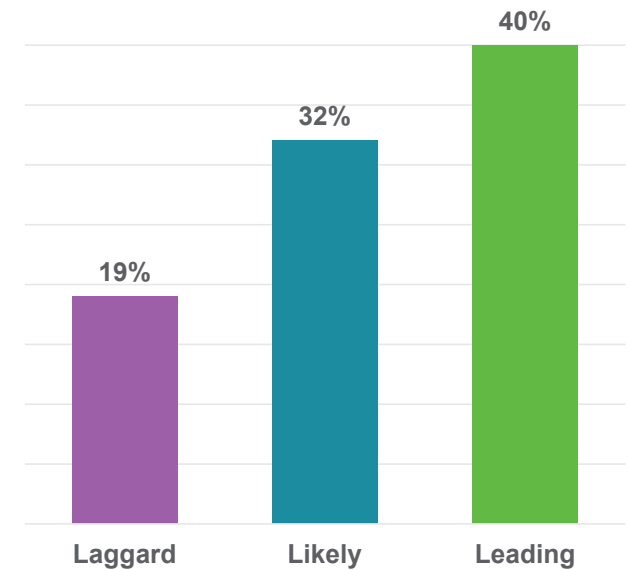
Average FTE Savings by HR Process



AI Adoption

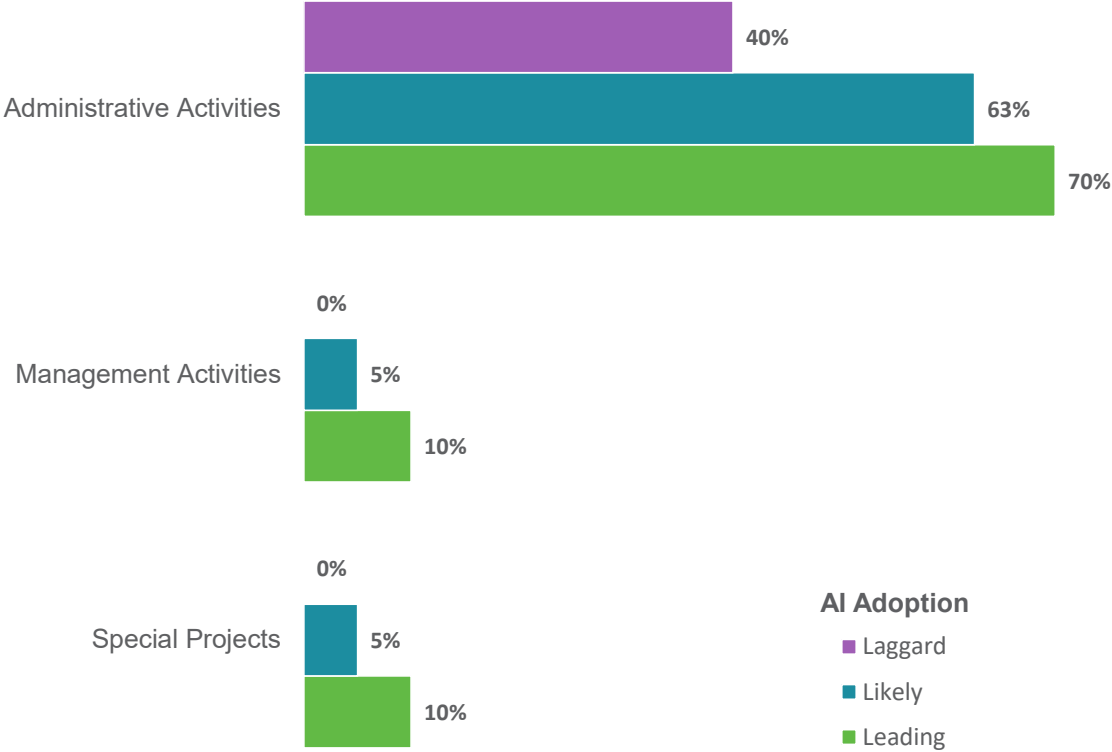
- Laggard
- Likely
- Leading

Overall Average FTE Savings

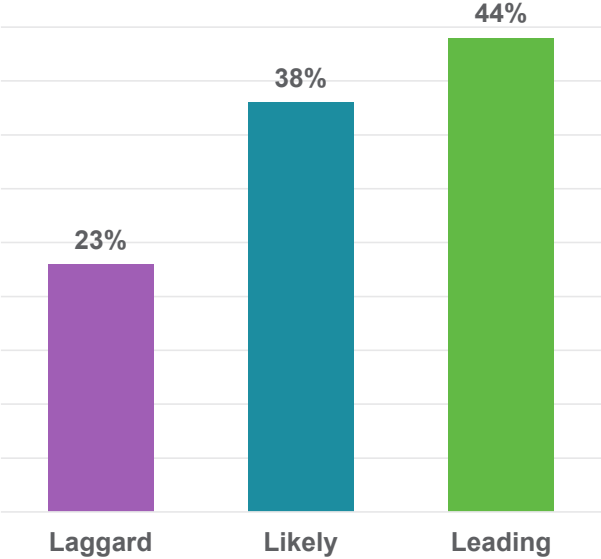


Subfunction Deep Dive – General Management and Administrative

Average FTE Savings by HR Process



Overall Average FTE Savings

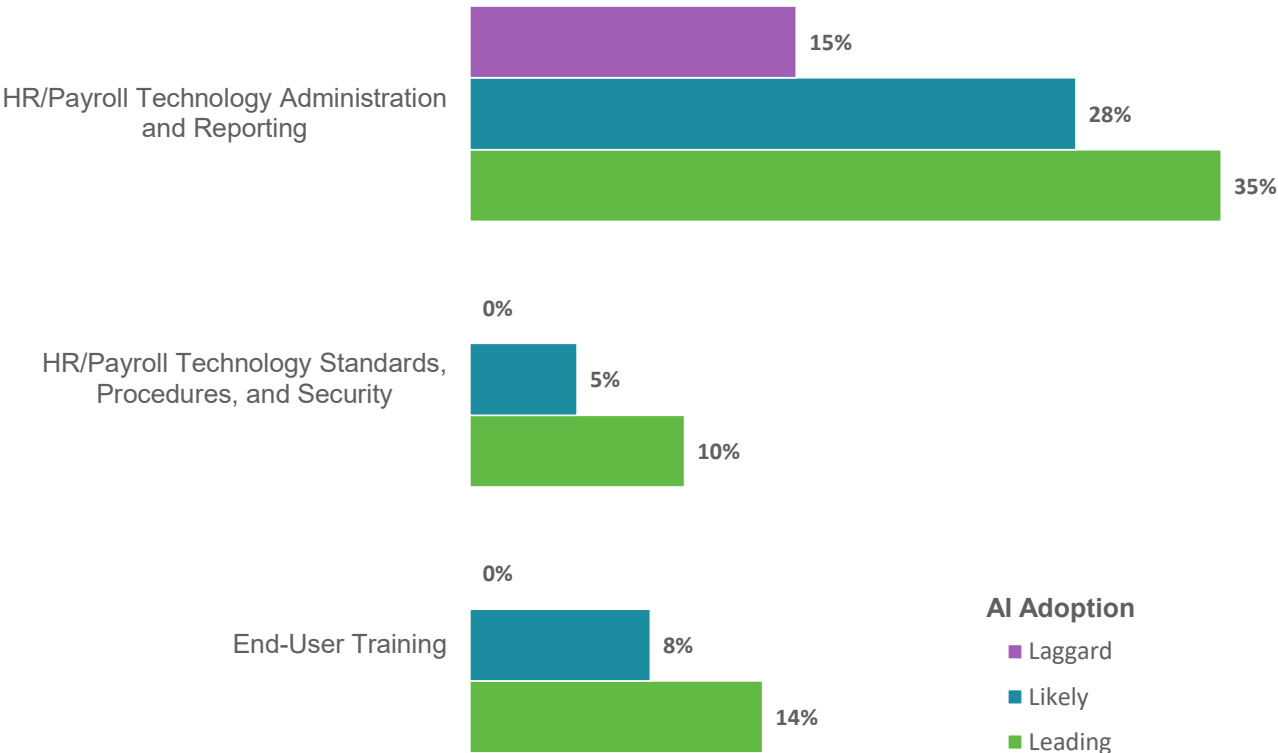


*Percentages derived using actual data from previous HR clients

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Subfunction Deep Dive – HRIS/HR System/End-User Support

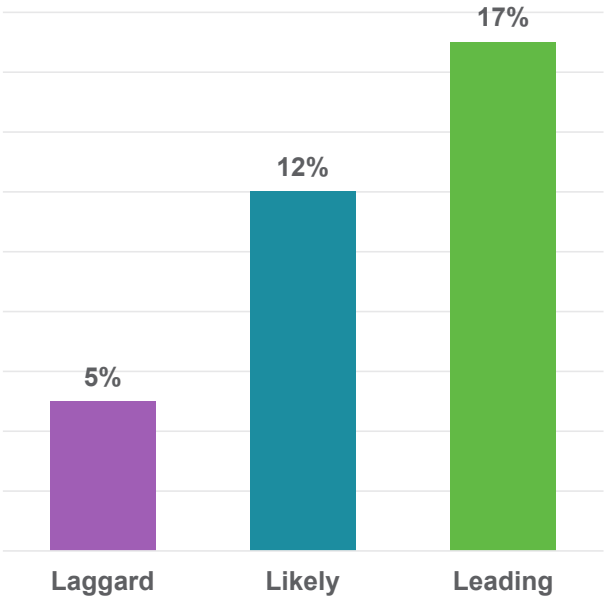
Average FTE Savings by HR Process



AI Adoption

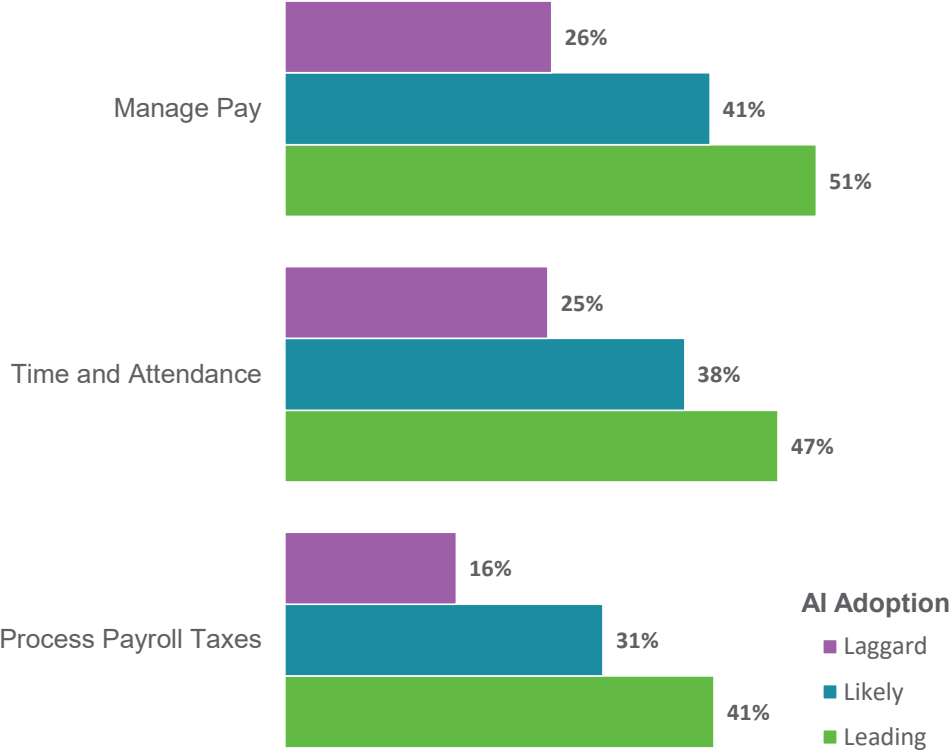
- Laggard
- Likely
- Leading

Overall Average FTE Savings

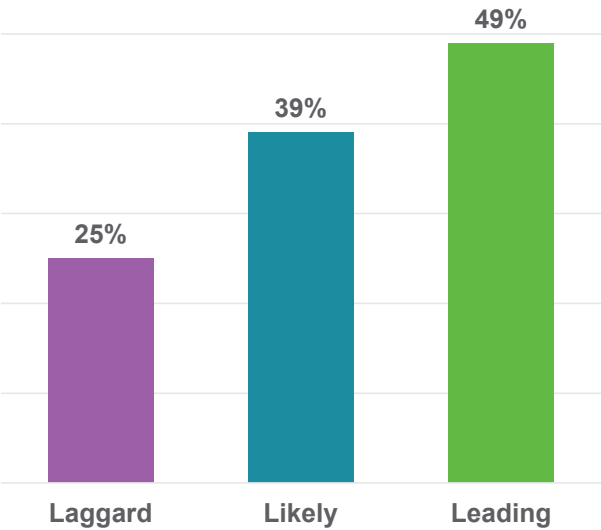


Subfunction Deep Dive – Payroll

Average FTE Savings by HR Process



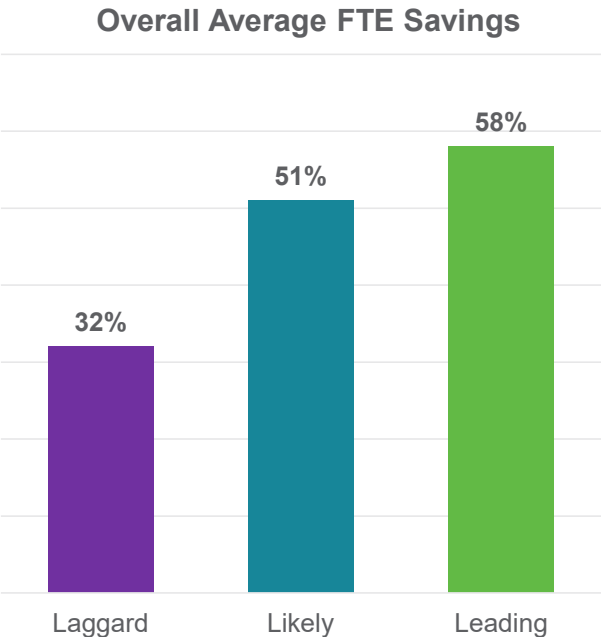
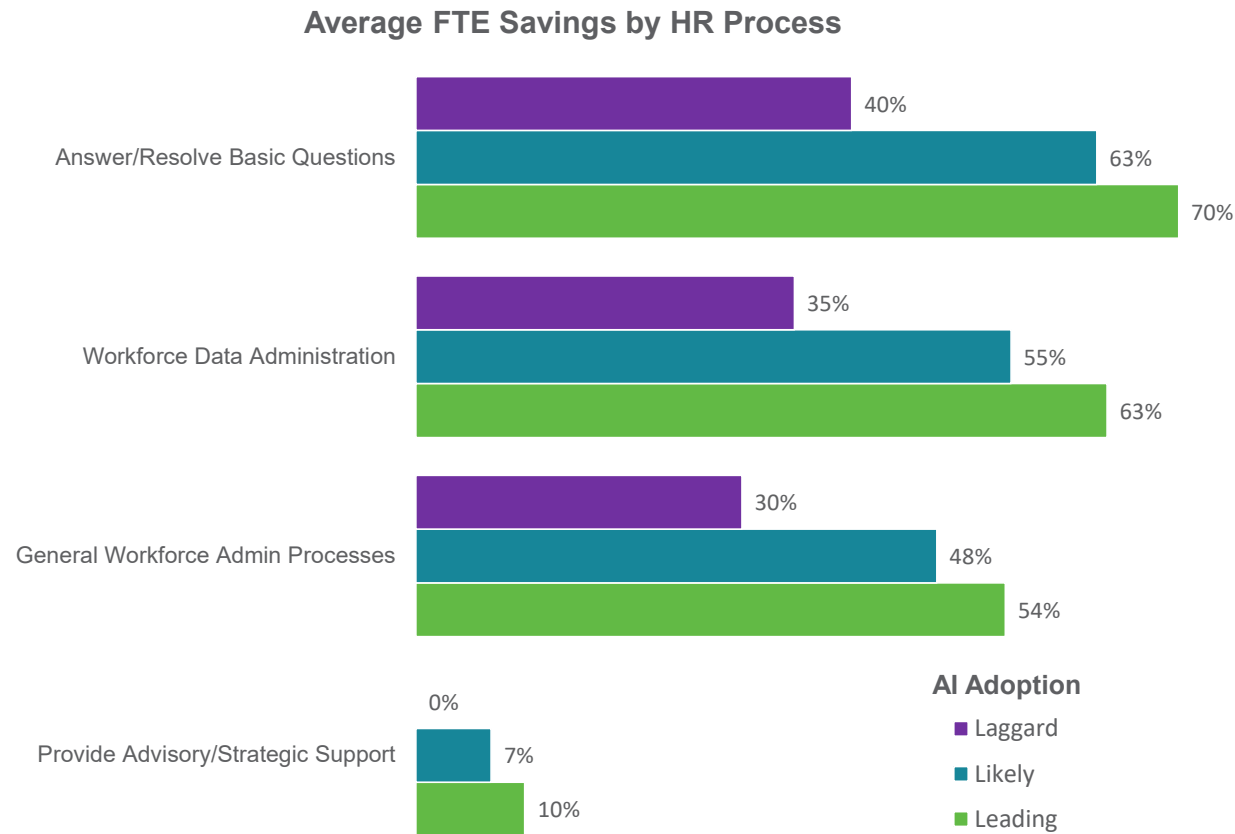
Overall Average FTE Savings



*Percentages derived using actual data from previous HR clients

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Subfunction Deep Dive – Workforce Administration



A Quick Check

Where would you place yourself on the AI journey and expertise at the moment?

1

I've seen the articles, but haven't engaged with it

2

I have engaged with it personally, but without real significance

3

I, or my team, have engaged with it and have started to evaluate use cases

4

I have tried several use cases and have learned a few things

5

I have tried use cases, learned, and proceeded to adjust my use cases, or expectations, as a result

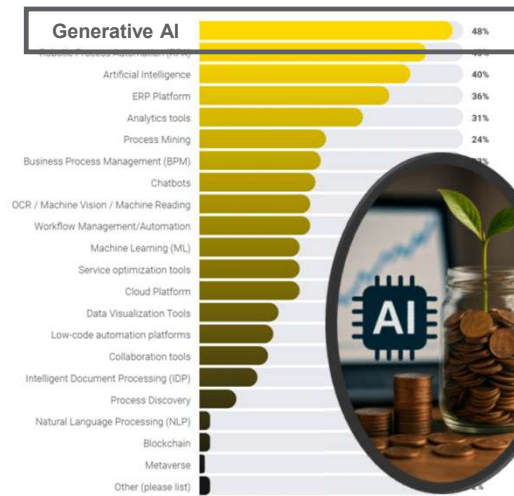
Evolution of the HR Service Delivery Model

So This is Easy, Right? – AI's Adoption Is Still a Challenge...Why?

While SSO investment is flowing into AI, there are sizable hurdles to overcome

What is preventing/slowing down GenAI adoption within SSO/GBS?

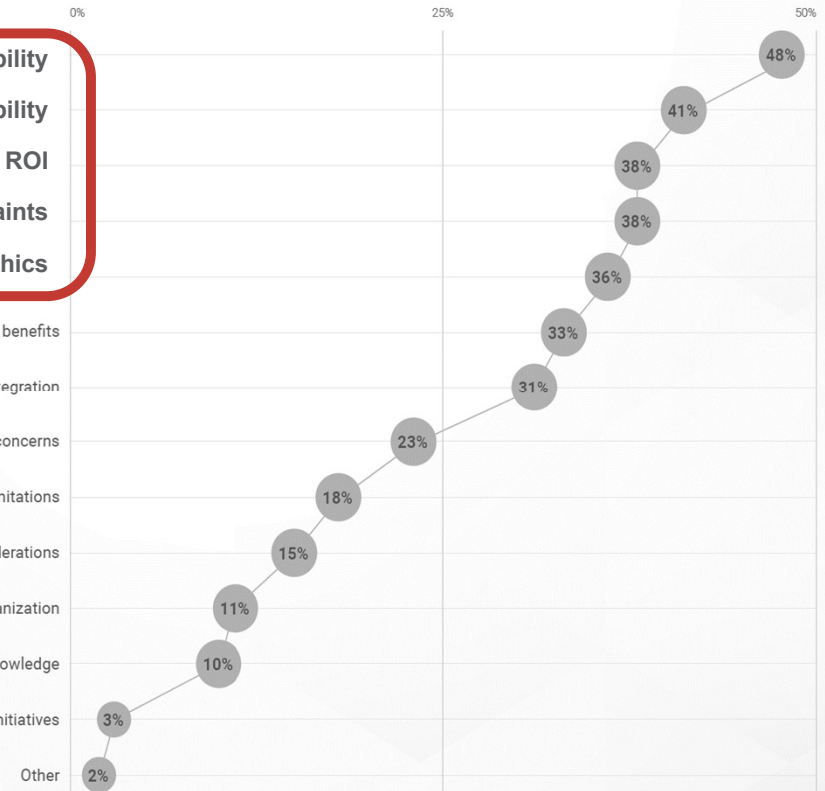
#1 Shared Service Investment



SSON Research & Analytics' State of Shared Services & Outsourcing Industry 2025

Internal capability
Data quality & availability
Opportunities with ROI
Budget constraints
Data privacy, bias, ethics

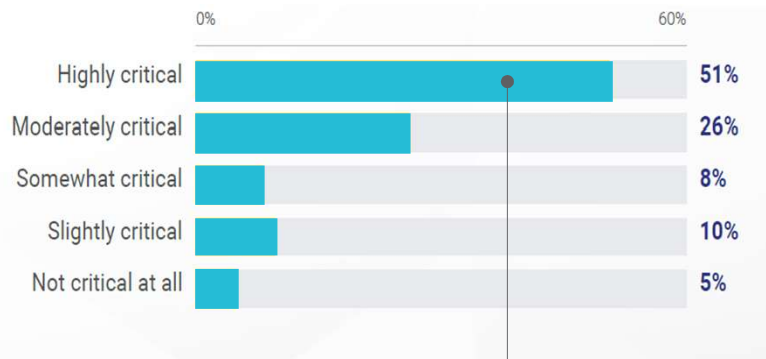
Lack of understanding about Generative AI benefits
Complexity of AI implementation and integration
Regulatory and compliance concerns
Technical infrastructure limitations
Intellectual property and legal considerations
Cultural resistance to AI adoption within the organization
External partner knowledge
Insufficient support from leadership for AI initiatives



Most GBS and Shared Service Organizations Are Self-Starting

Interest exists...but application and planning remain a challenge. Most organizations remain in early stages.

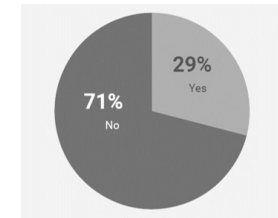
Recent survey of GBS organizations highlighted where they place importance of Gen AI in driving their future business...



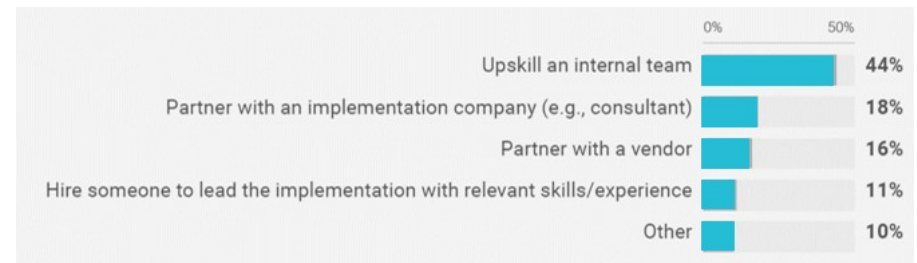
51% of shared services organizations believe that GenAI is HIGHLY CRITICAL!

...but most don't have a roadmap for how to engage and address, with many looking internally to start

Do you have a roadmap in place to support learning about GenAI?



How do you plan to adopt Gen AI practices?



So Considerations in Technology, Process, and People Is Key

The evolution and impact of AI has to be factored into your technology, process, and people in order to extend your shared service impact



Defining your technology strategy, understanding your data and data quality, and assessing how much to do on your own versus wait for your key platforms



Getting specific with your process opportunities, helping your HR teams (and clients) think differently about AI within an existing process



Introducing AI to your people, developing (and recruiting) for the skills necessary to adopt, diffuse, and embed AI into your operations

Getting Ready for AI



**Best Practices and
Common Pitfalls**



**Discuss Supporting
Technologies**

Getting Ready for AI

Best Practices for Deploying Gen AI Use Cases

Successful model deployment involves collaboration between data scientists, engineers, and DevOps teams and functional experts.

1 Containerization

Use container technologies like Docker to package your model, dependencies, and environment. This ensures consistency across different deployment environments.

2 Scalability

Design your deployment pipeline to handle varying workloads. Consider using orchestration tools like Kubernetes for auto-scaling.

3

Monitoring and Logging

Implement robust monitoring and logging to track model performance, resource usage, and errors. Tools like Prometheus and Grafana can help.

8

A/B Testing

Deploy new models alongside existing ones and compare their performance using A/B testing. Gradually transition to the new model if it performs better.

4

Health Checks

Set up health checks to verify that your deployed model is functioning correctly. This helps prevent serving faulty predictions.

5

Version Control

Keep track of model versions and ensure reproducibility. Use Git or other version control systems.

6

Security

Secure API endpoints with authentication and authorization mechanisms. Avoid exposing sensitive data.

7

Continuous Integration/Continuous Deployment (CI/CD)

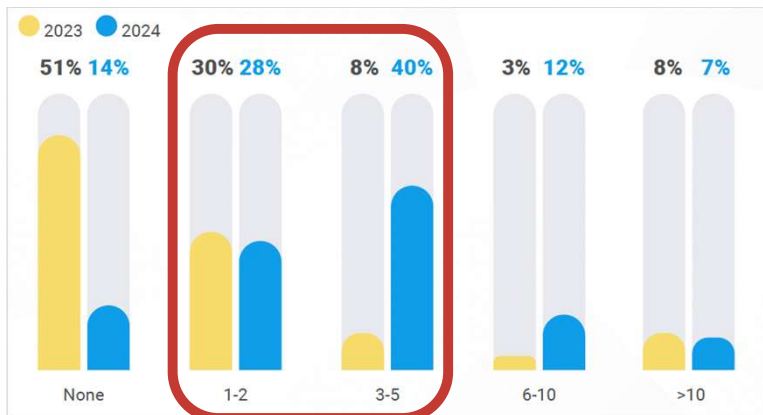
Automate model deployment using CI/CD pipelines. This ensures smooth updates and rollbacks.

Getting Ready for AI

So Where Does That Leave Us? – Engaging in Pilots

With great interest but limited roadmaps – the industry is left with either engaging in pilots and “figuring this out” or waiting for out-of-the-box AI solutions.

Number of GenAI Projects in Shared Services
70% = 1 to 5... But, trending upwards



... or Considering Buy vs. Build (wait for out-of-box solutions)

Talent Acquisition

- Screens resumes; schedules interviews

Workforce Management

- Predicts hiring and staffing needs based on seasonality and other external factors

Smart Document Capture

- Language capture and document classification
- Selection of right process workflow

Service Desks

- Connect the dots for agents by suggesting relevant tasks/content to resolve issues faster



Engaging in Pilots Means Overcoming Three AI Hurdles

Build momentum through quick wins while simultaneously establishing foundational AI capabilities like data management and governance.

The main challenges companies face when trying to launch AI pilots and programs:



Limited AI Understanding: Many teams lack a practical understanding of AI capabilities and **struggle to identify valuable applications.**



Deploy rapid prototypes and showcase vendor offerings: This builds awareness and helps teams **identify meaningful opportunities** for AI applications



Stalled Innovation Progress: The emphasis on **risk avoidance can stall innovation**, preventing companies from implementing new AI capabilities.



Create safe pilot environments: These environments enable learning and experimentation with AI **while the overall governance program matures**



Data Bottlenecks: **Data access and ownership challenges become roadblocks**, delaying critical innovation initiatives.

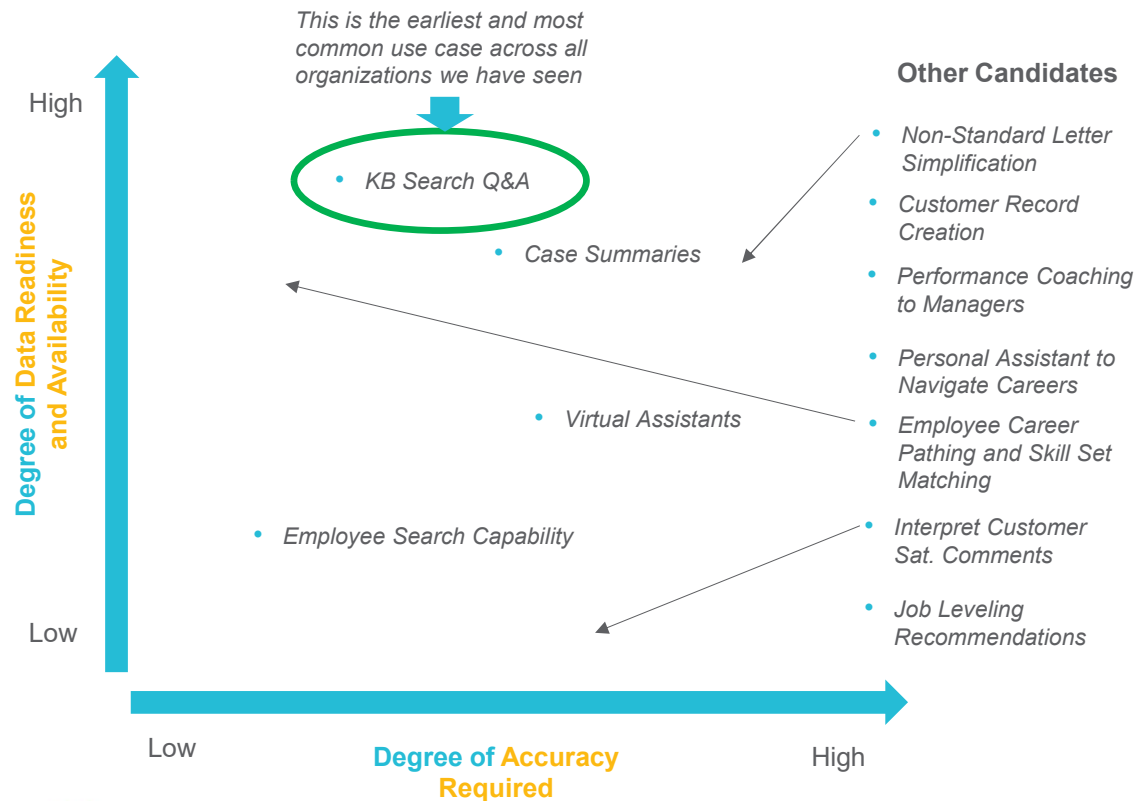


Leverage synthetic data: Using data that mimics your existing data enables you to **bypass data governance and security concerns**

Getting Ready for AI

How to Think About Your Use Cases

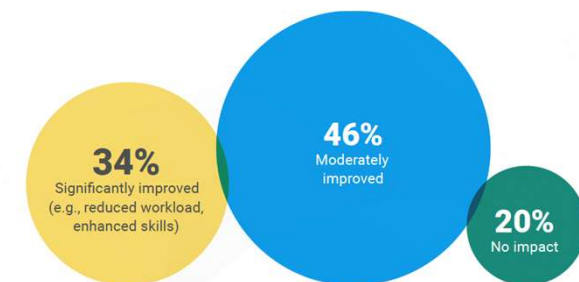
As you consider pilots, there is also value in thinking about your use cases...



What your use cases should tell you (individually and collectively)...

- Data readiness and availability is critical to making something production-ready (i.e., real impact)
- Focusing on uses and intentions that are complementary/supplementary to your work but don't require 100% accuracy (e.g., recommendations, insights delivered to a team)
- High volume and positive service impact move garner attention and move the needle for subsequent resourcing

How has GenAI Impacted Customer Experience



Assess Readiness Before Moving into Production



Data Ready

- ☒ Core fields mapped to source systems
- ☒ Data gaps identified and categorized
- ☒ Pipeline design completed
- ☒ Data quality rules defined
- ☒ Refresh frequency determined

Readiness Status

100% Complete



Tech Ready

- ☒ Architecture design validated
- ☒ Security review completed
- ☒ Integration patterns tested
- ☐ Performance benchmarks met
- ☐ Disaster recovery plan approved

Readiness Status

66% Complete



People Ready

- ☒ Executive champions identified
- ☒ Power users selected and engaged
- ☒ Training materials developed
- ☒ Success metrics defined
- ☐ Change management plan executed

Readiness Status

83% Complete



1. Insufficient Data Quality

Using poor-quality or incomplete data can lead to inaccurate models. Ensure your training data is clean, relevant, and representative of the problem you're solving.

2. Overfitting

Over-fitting occurs when a model performs well on the training data but poorly on unseen data. Regularization techniques and validation sets can help prevent this.

3. Ignoring Ethical Considerations

GenAI can inadvertently learn biases present in the data. Be mindful of fairness, transparency, and ethical implications when deploying models.

4. Lack of Explainability

Black-box models can be challenging to interpret. Prioritize models that provide insights into their decision-making process

5. Choosing the Wrong Algorithm

Selecting an inappropriate algorithm for your use case can hinder performance. Understand the strengths and limitations of different GenAI approaches.

6. Inadequate Model Evaluation

Properly evaluate model performance using relevant metrics. Avoid relying solely on accuracy; consider precision, recall, F1-score, etc.

7. Ignoring Deployment Challenges

Deployment involves integrating GenAI into existing systems. Consider scalability, latency, and maintenance requirements.

8. Not Involving Domain Experts

Collaborate with domain experts to validate model outputs and ensure they align with real-world expectations.

Common Pitfalls and Risks

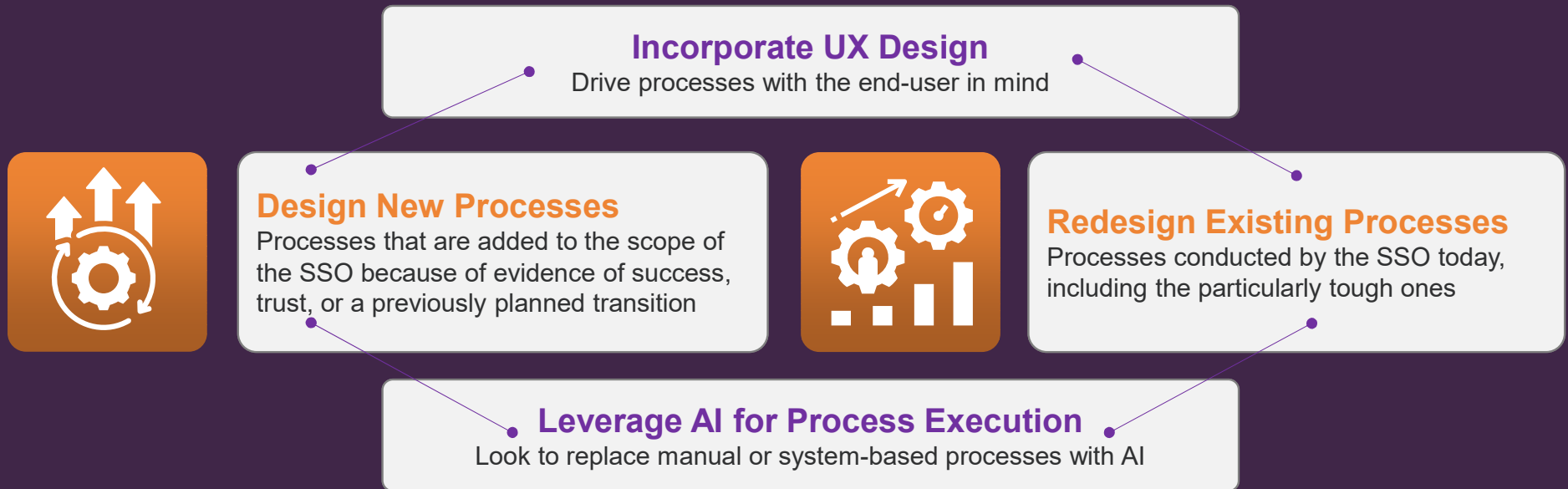
AI and User Experience in Processes



**Augment Process with User
Experience Design and
Proactive AI Design**

Process Improvement – The Next Step

As your shared services organization matures and continuous improvement becomes a larger action area, it's time to take a deeper look at processes that need attention. While this might involve designing processes that are added to the SSO's function, it could also be focused on improving processes you already have.



Adding User Experience (UX) to Traditional Process Design

User experience is different from the traditional assessment and solutioning approaches. While still process-oriented, the customers are the focal point of the evaluation as opposed to the practitioners.

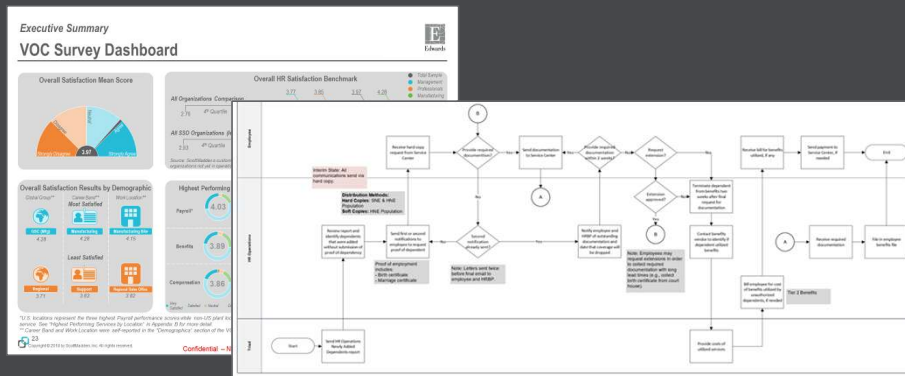
Traditional Assessment/Solutioning

- Volume and process data
- Stakeholder (practitioner/SME) interviews
- Process maps (visualize process)



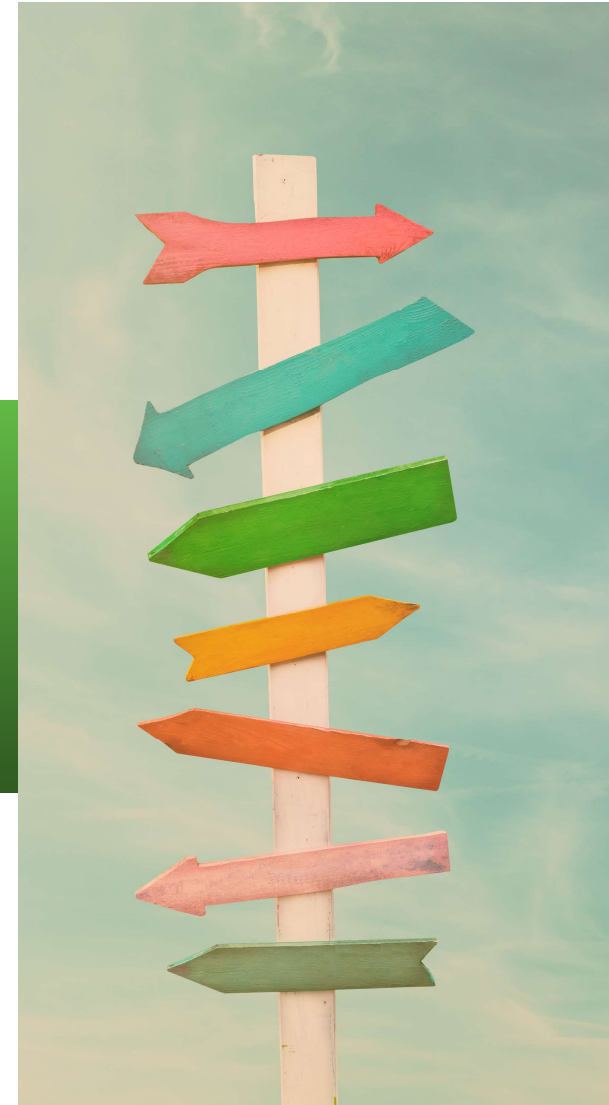
User-Experience Assessment/Solutioning

- User-experience surveys (process focused)
- Customer interviews
- Journey maps (visualize customer actions and pain points)



Include Users in Design!

*A well-designed customer journey map, by persona (leaders, employees, etc.), is a great way to **understand the user's pain points, actions, and emotions.***



User-Experience Design Key Steps

Define Personas and Collect Information

Planning and research on users is the foundation of rethinking the process.

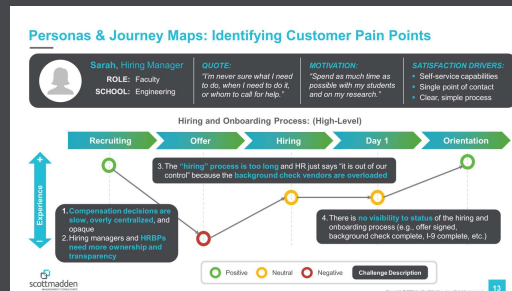
- Define the key stakeholders, or personas
- Collect data on the process; e.g., case data, customer satisfaction results, and administer process surveys
- Interview 3-5 people per persona



Construct Journey Maps by Persona

Journey maps highlight the user experience, pain points, and opportunities for improvement.

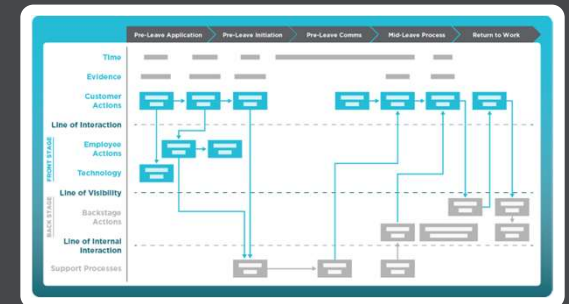
- Break the process into high-level steps
- Rate experience at each step
- Call out key pain points



Service Blueprint

Service blueprints provide an extra level of detail to support a user journey map.

- Add detail on customer actions, front stage actions, backstage actions, and support processes



User-experience design should be incorporated into the traditional process design approach. Layer the journey maps into future state process maps before finalizing processes

Personas and Journey Maps: Identifying Customer Pain Points



Sarah, Employee

LEVEL: Manager

OCCUPATION: Sales

QUOTE:

"The vendor and website are not helpful, so I just call our internal helpdesk regardless of my question."

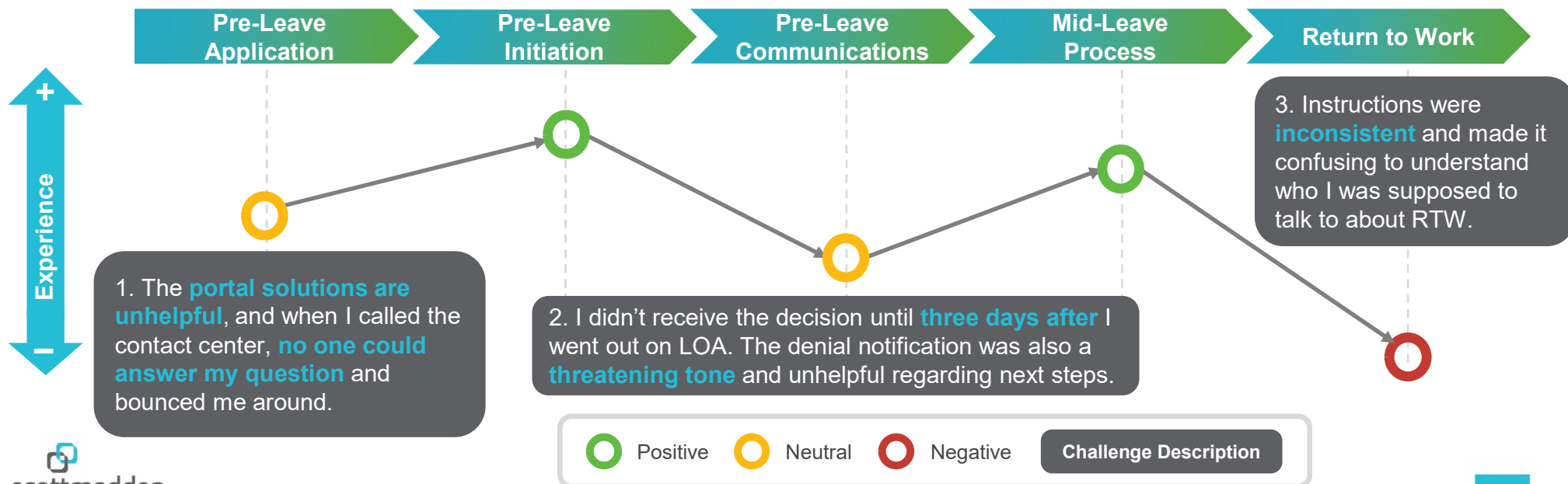
MOTIVATION:

"To be able to recover without concern over the LOA process and my LOA application status."

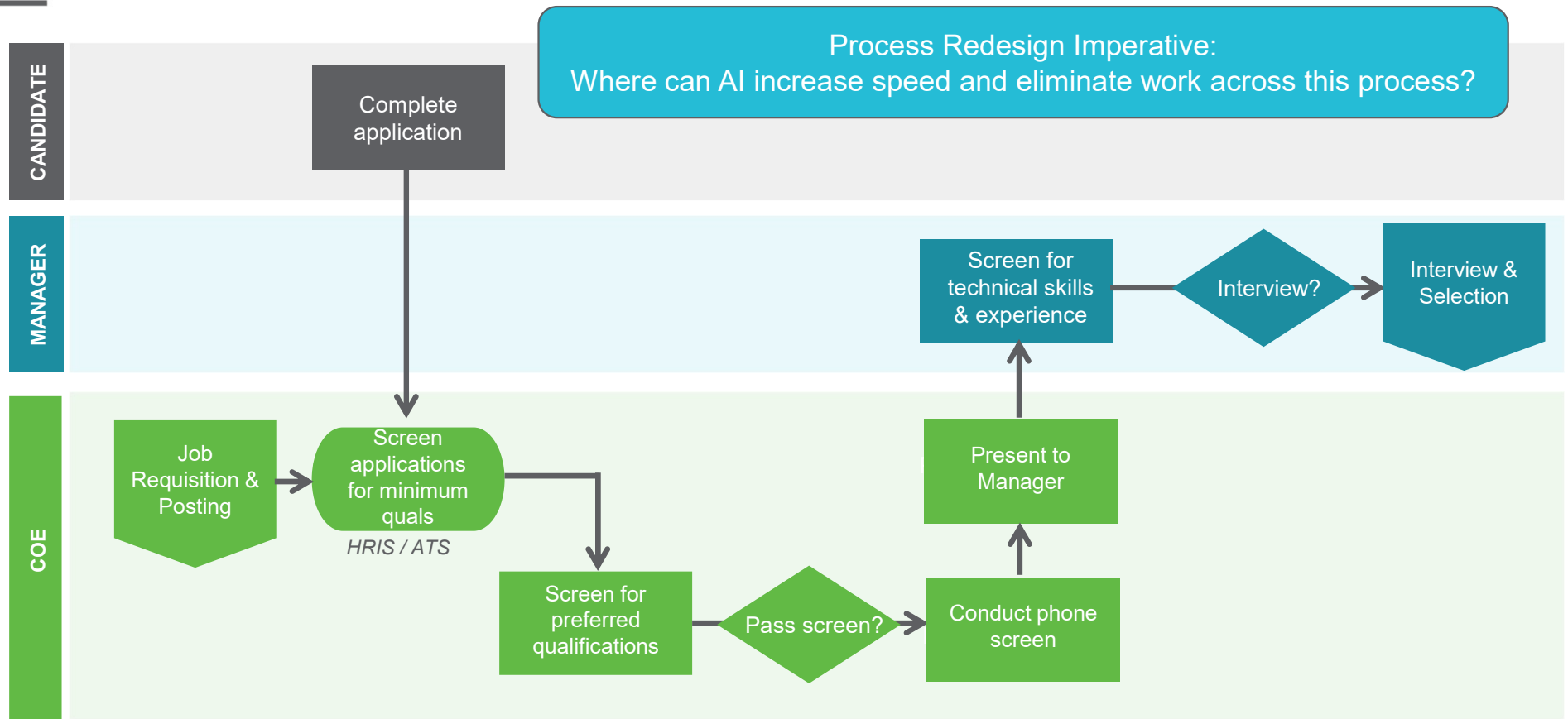
SATISFACTION DRIVERS:

- Self-service capabilities
- Single point of contact
- Clear, simple process

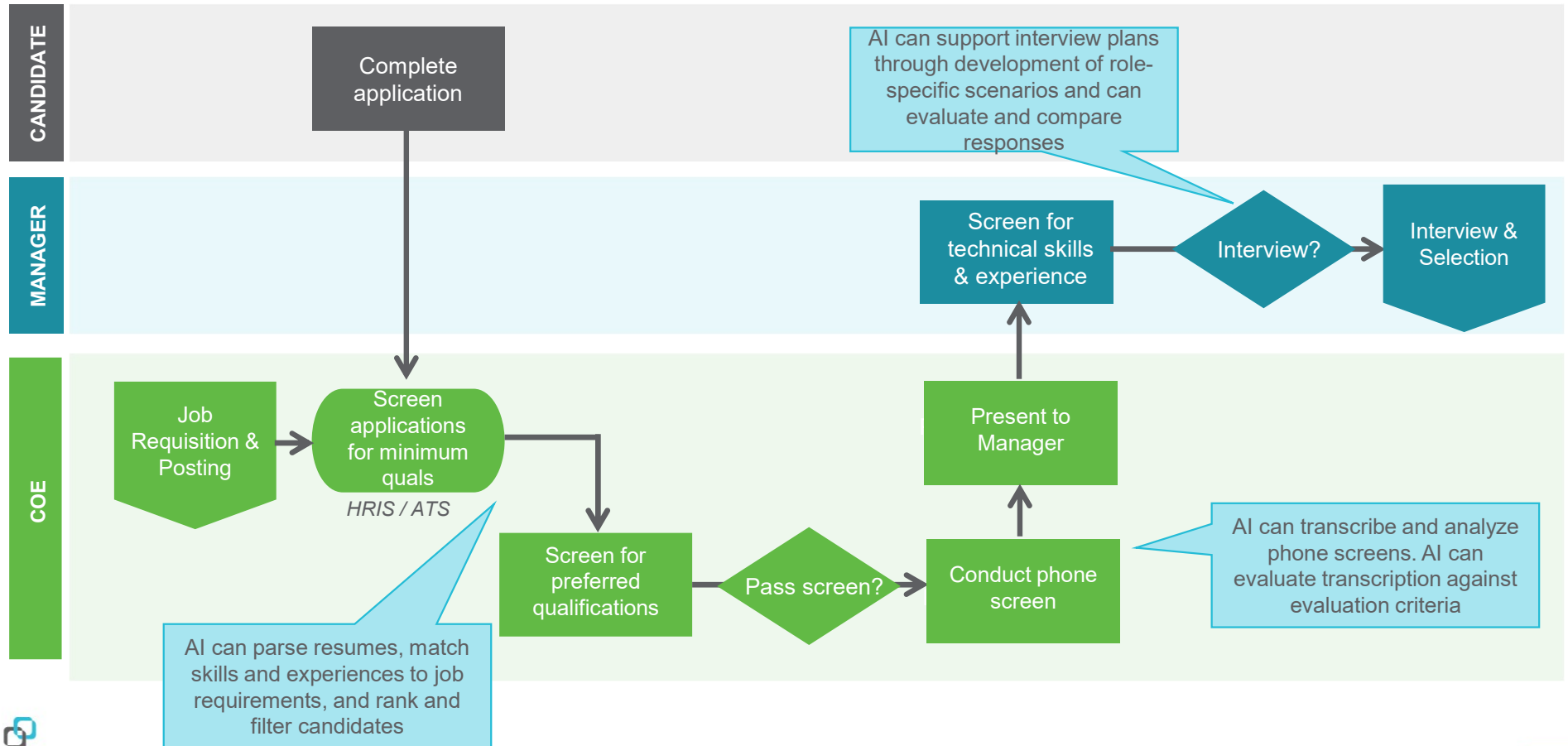
Leave of Absence Process: (High-Level)



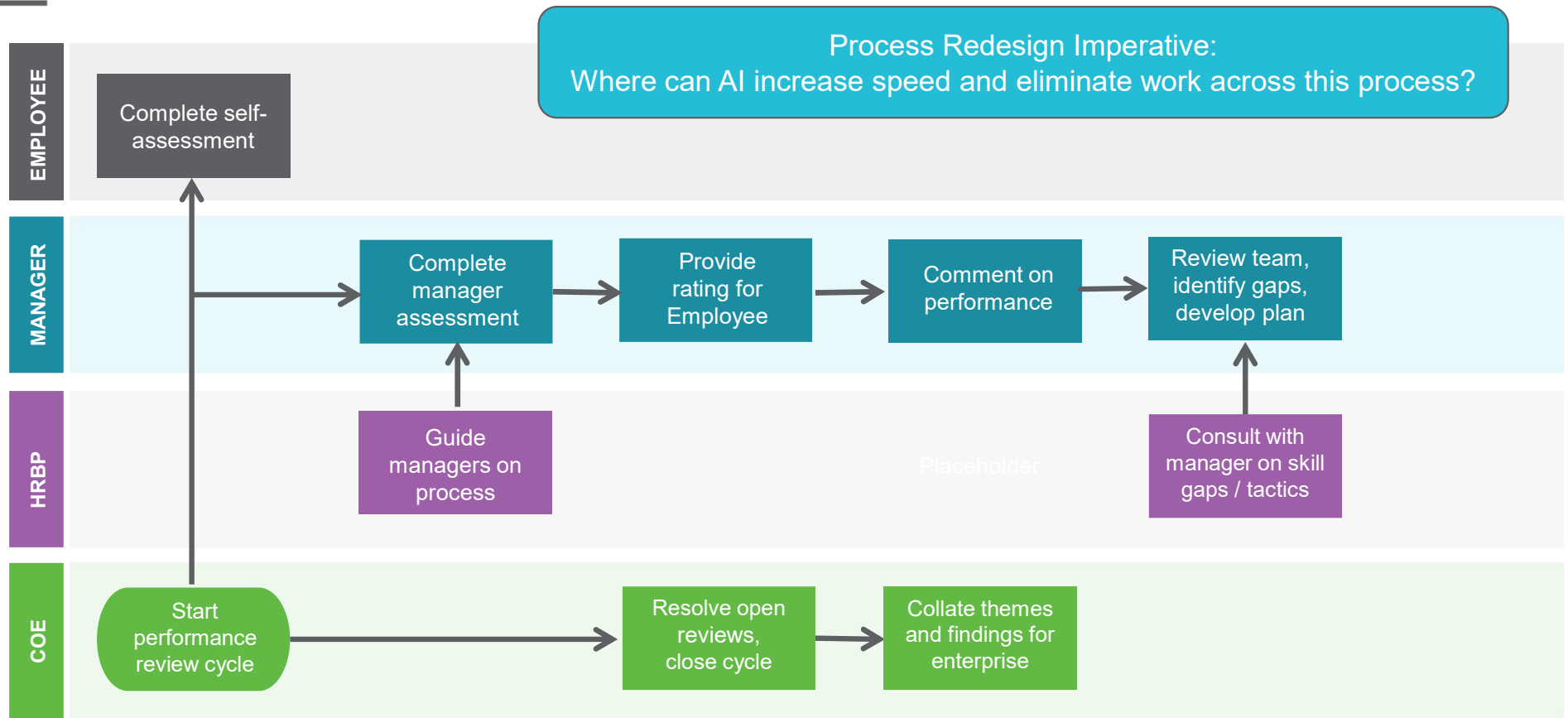
Process Example: Sourcing and Screening



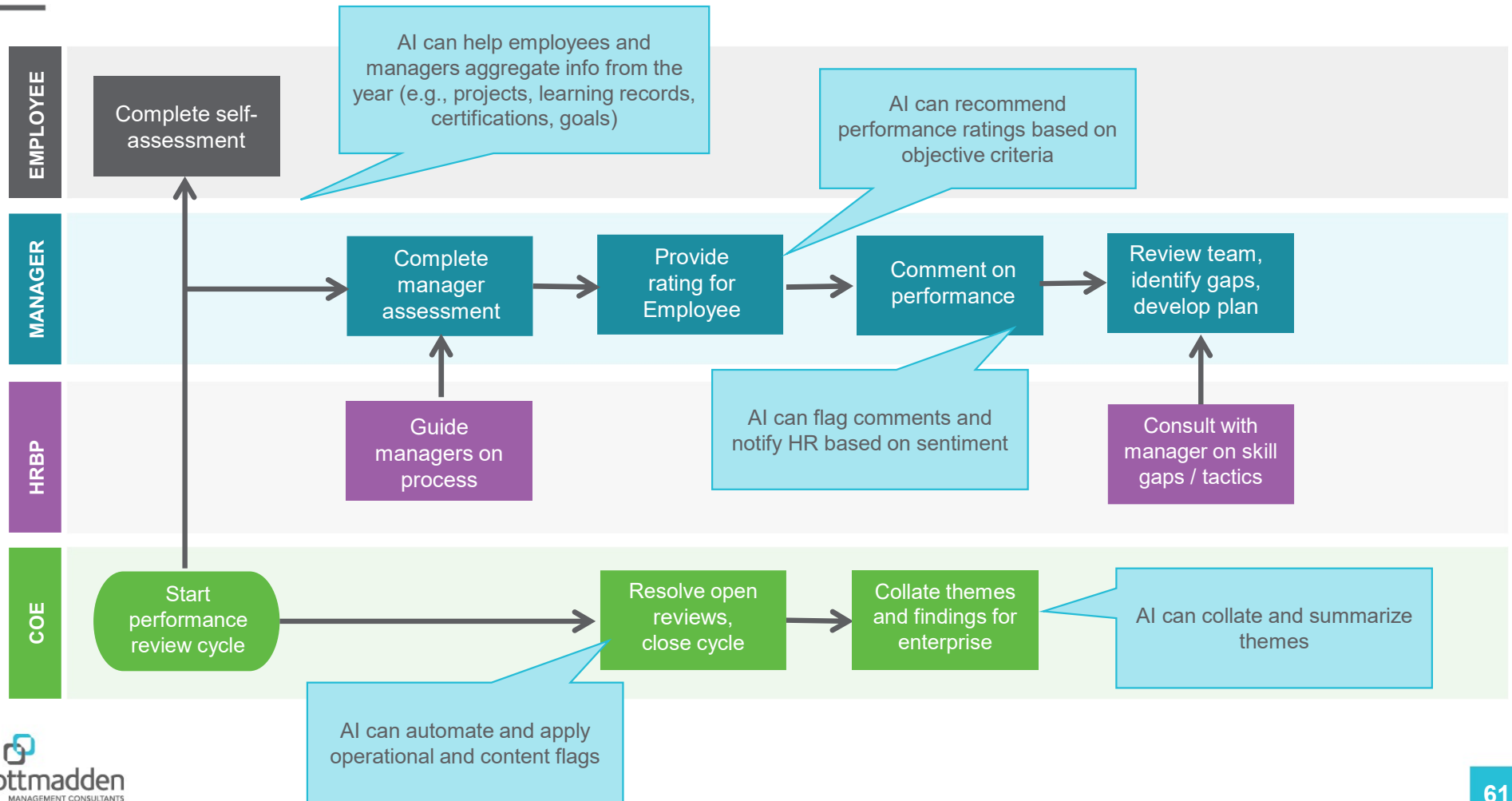
Process Example: Sourcing and Screening



Process Example: Performance Management



Process Example: Performance Management Enabled with AI



Service Blueprint: How It Works

The key elements in every service blueprint include:

1 Customer Actions

Actions completed by the customer or actions/notifications resulting from other parts of the process (e.g., “Receive LOA decision”)

2 Frontstage

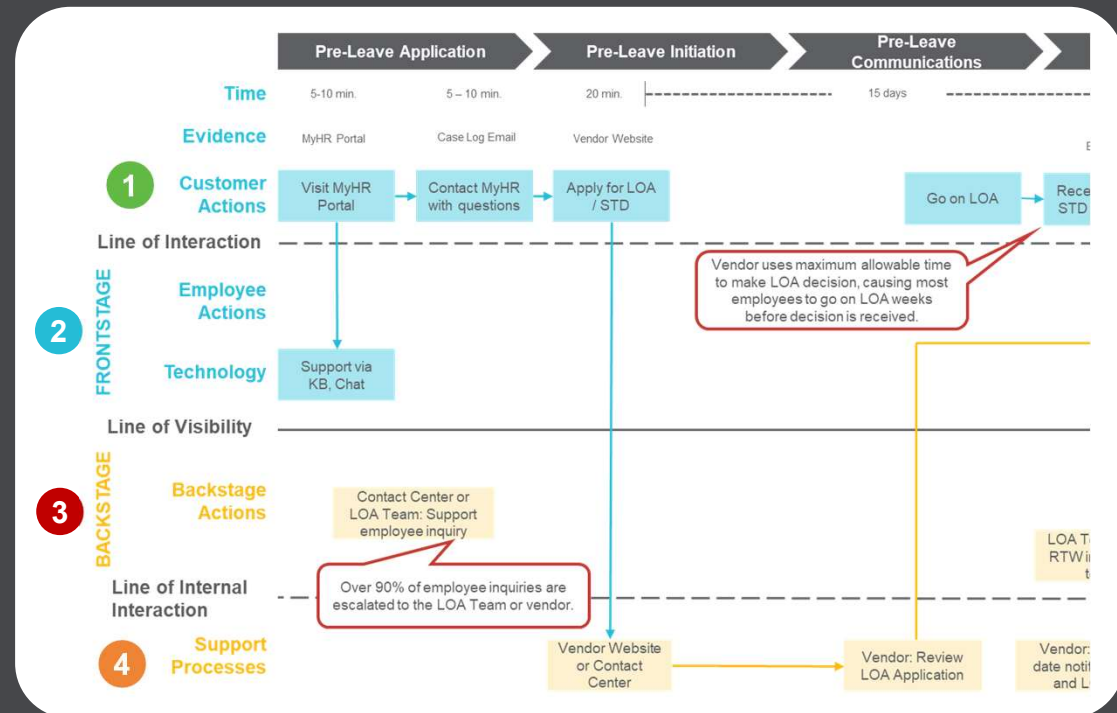
Actions from the customer support or technology interfaces (e.g., direct access) that the customer can see or interact with

3 Backstage

Actions from customer support, vendors, etc. that are not visible to the customer but support the frontstage activities

4 Support Processes

Processes that support the internal team or vendors in supporting the service delivery

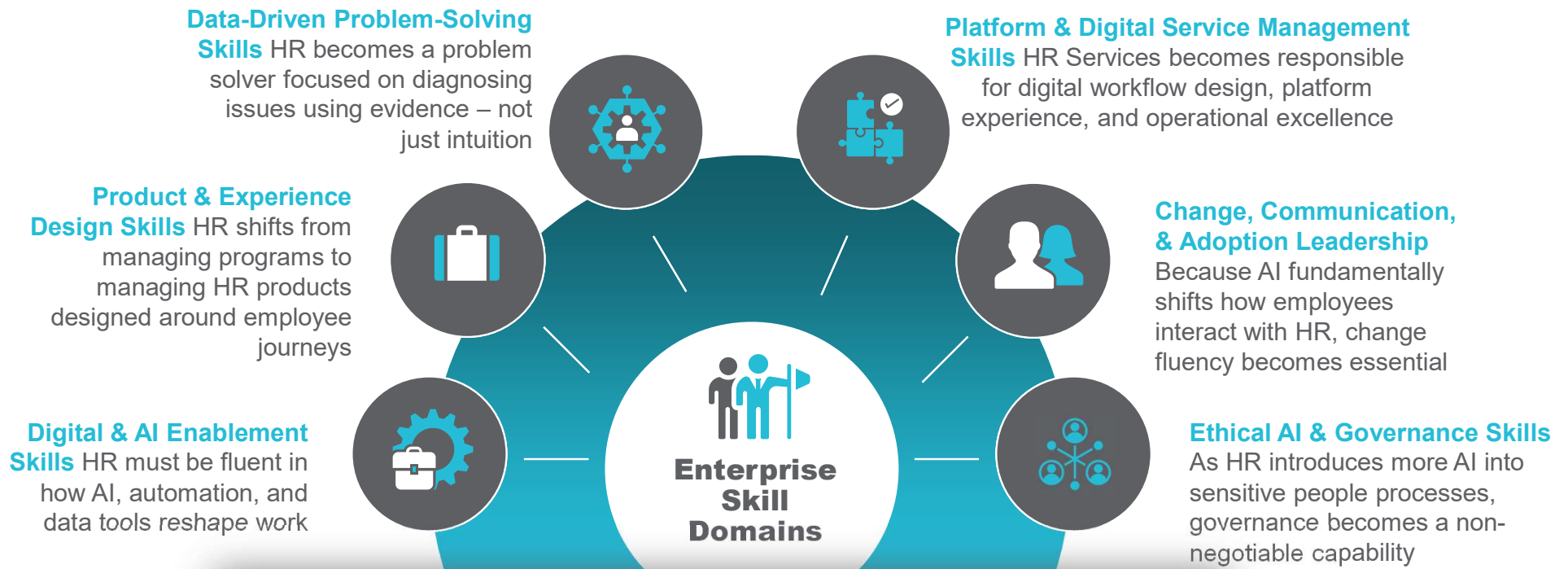


Future Skills for HR



**Evaluate
Competencies and
Upskill Staff – An
Eye to AI**

Skills Required in the HR Function of the Future



Together, these skills enable HR to become a digital, adaptive, insights-driven function.

Six Reasons to Focus on Competencies and Skillsets

As traditional models evolve and expand, organizations should evaluate their leadership and employee competencies to ensure talent requirements remain aligned.



1. Enable Performance Management

Ensure you have the right set of competencies and then measure against them for a comprehensive view of organizational capabilities.



2. Identify Strengths and Gaps

Identify strengths and weaknesses in teams and individuals (e.g., technical, communication, leadership, problem solving)



3. Align Skills with Roles

Match employees to roles and responsibilities that align with their strengths and expertise to increase performance and job satisfaction.



4. Inform Training and Development

Determine the specific skills and knowledge areas where employees may benefit from additional training, coaching, or skill-building programs.



5. Facilitate Succession Planning

Identify high-potential individuals, develop talent pipelines, and prepare for future leadership and skill needs.



6. Drive Continuous Improvement

Address gaps by investing in skill development to enhance performance, efficiency, and overall effectiveness.

Build a Program to Address Skill Gaps



Developing a program to address identified skill gaps can help to ensure a **consistent, top-quality level of service and knowledge** from the team.

Wrap Up

You Have to “Get Out of Your Head” to “Get Out of the Gate”!

1

Start before you're ready

The perfect time never comes. Teams that wait for ideal conditions fall behind those who start with what they have.

“We had 60% of our data ready, so we started there. By month 3, we'd already saved \$200K.”

2

Perfect data is a myth

No organization has perfect data. Successful teams use synthetic data to prototype, then improve with real data iteratively.

“Our synthetic data was 85% accurate. That was enough to prove the concept and get funding.”






3

Momentum matters most

Small wins build confidence and buy-in. Teams that show value early get resources and support for bigger initiatives.

“Our Week 4 demo changed everything. Suddenly, everyone wanted to be part of the project.”

What's Next? ... Here's Five Things to Do

- 1. Examine your shared services strategy.** Is there an opportunity in this climate to leverage your shared services operations as a catalyst for scale?
- 2. Focus on innovations** to shared services that enable efficiency, agility, and scale – all while maintaining or improving customer service.
- 3. Consider the impact of technology and AI** to major decisions, including your expansion strategy, service delivery model, BPO contracts, and system implementations.
- 4. Build on strategies of engagement** that enable a strong corporate culture and continuous learning and development.
- 5. Consider ScottMadden and our SSO Accelerator tool** for an assessment that will generate recommendations to boost the value of your shared services organization.

Wrapping Up

HOUSEKEEPING ITEMS

- Complete SSON's workshop evaluation form to help us improve



**Access our
workshop deck!**

STOP BY SCOTTMADDEN'S BOOTH

- Bring your questions or shared experiences to talk with us in more depth
- Drop a card to gain access to shared services insights and helpful resources
- Participate in our HR Health Check and learn more about our services
- Learn more in our session about Governance and Compliance with AI on Wednesday, Dec 10

Thank you for participating in today's workshop and enjoy the rest of the conference!

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