



How GBS can earn the mandate to drive Digitization

Global Business Services (GBS) will always be about efficiency. But with the right ideas, resources and support, it can also become the engine of digital transformation for the entire organization — based upon and underpinned by a clear board mandate.



GBS has evolved from a cost-saving, efficiency-driving resource and is increasingly being trusted with more innovative and value-adding activities. GBS is evolving well beyond its initial role as a company's operational workbench into a strategic bet towards digitalization. As speed in digital technology adoption increases, GBS can help to find answers to the challenges of the Transformative Age – as the engine room of a company's digital strategy and transformation journey.

The drivers for this role change vary: for some GBS organizations, increasing sophistication and expertise mean it's a natural next step. "We recently merged GBS with our IT organization, and with that came the mandate to drive digitalization within the company," says Reto Sahla, CIO and Chief Digital Officer, Global Business Services at Mondelez. "GBS is perfectly positioned to get the mandate for digitalization and end-to-end processes: most processes are there already, we have the process experts, and we own innovation too. That mandate represents the appreciation the company has for us."

For others, it's a matter of ambition. "In GBS we want to be together with the business to drive bottom line and market share," says Yasmin Mohd Ramzi of Tenaga Nasional Berhad. "We want to be at the table, and light up our line of business to contribute growth, otherwise GBS will just be seen as a cost center."

Whatever the driver, GBS needs to earn the mandate to drive digitalization: GBS must prove its own value, and market it.

To get to the moon, start with today's problems

Delivering great service at low cost is the price of entry for every GBS organization.

Demonstrating a history of success is essential – and so is showing how to fix today's problems.

To do so, GBS can apply emerging technologies to a company's support functions and showcase its capabilities for creating new operational best practice, for example in the area of Purchase-to-Pay: "The accounts payable process can still involve millions of invoices coming in on paper and a lot of manual work," says Joehren Volk, CEO of Invoice Sharing. "Now it's possible to create intelligent, humanised algorithms to manage those processes."

With GBS being the first adopters of such solutions, opening up huge potential for process redesign, its impact on the wider organization becomes more tangible.

On the other hand, Marc Thewes, EY Americas GBS Leader, identifies one current trend in GBS that others need to follow: "GBS is increasingly refocusing on the customer, what their interests are and how they drive GBS efforts to expand its scope," says Marc. "In driving efficiency, customers may have been a bit of an afterthought, but it's something GBS needs to nail otherwise it won't be given the opportunity to expand its scope beyond efficiency."

At the same time, GBS should actively upskill its workforce by recruiting different profiles to meet future needs - this can also help convince the C-suite that GBS is about making things happen. "Value for money and cost reduction will remain an important factor, but GBS will increasingly be about agility, fast implementation and high service levels, with young people eager for change and to improve things," says Fabian Raschke, Chief Financial Officer at Grünenthal.

A strong base of excellent operational performance, space to showcase problem-solving capability and adding value for a company's customers, are all examples of how GBS can get onto a board's agenda. But this alone will still not make the case for a digital transformation mandate.



Show the way to value

Painting an appealing vision can really help convince management that GBS should have the mandate for digitalization – for example, showing how to apply successful GBS concepts elsewhere in the organization: "With our GBS, we focused on being brilliant about delivering basics but at the same time enabling the whole organization's transformation journey," says Shelley Davies, Director, Process Excellence and Automation at BT.

GBS should also take the initiative and actively address key company challenges by providing not just reporting, but insights too – for example, identifying via data points where money is being leaked in the flow of a process. This can help improve revenue, margins and also compliance.

GBS leaders often have knowledge of every process, all the data and technology, which, as Tony Saldanha, former P&G Vice President Next Gen GBS puts it, enables GBS to say to the C-suite "why don't we use modeling and simulation for product R&D, which GBS can provide as a service, to develop our new products at 70% of the cost and 70% of the time of conventional R&D?"

Another way to showcase GBS value is to develop an "equity of innovation" by taking some of its own cost savings or budget and showing through very quick, disruptive innovation projects what GBS can do for the enterprise. Advanced GBS organizations hold a portfolio of innovation investments that suppose 10% of their budget while other 30% of it are dedicated to continuous improvement and the remaining 70% of their budget to normal day-to-day operations.

By following up with their innovation investments, GBS organization are enabled to offer the biggest and most important value proposition to their parent companies: they

can bring to the table their capacity to anticipate how and when to fundamentally change processes, due to a profound understanding of how the customer base, their needs, and consequently the organization's business models are going to change.

Seek support and sponsorship

Earning the mandate for transformation is, of course, a big step for GBS and a gamble for the wider organization. This is why fostering communication around the fact that transformation is enterprise-wide, with a clear need for a strong, agile transformation driver will also help make the case to the board.

"GBS has to sell it to every level of the organization," says Shelley Davies. "Board approval doesn't mean everyone in the organization will fall in line – so we must align GBS transformation with that of the whole organization."

"GBS has to be able to market its value, which may not come naturally," says Yasmin Modh Ramzi.

In summary, stakeholder management, communication and a good sense of its own achievements and capabilities are essential for GBS to gain wide support and sponsorship for its next evolution.



Conclusion

Delivering operational excellence and cost savings are basic achievements that GBS organizations need in order to develop a position of operational strength. From there, modern GBS can start their journey towards being a company's digitization driver. On that way, they should adopt an attitude of profound entrepreneurship, make visible their achievements to the wider enterprise and seek early top management support for their ambition.

In any case, the point in time to act and convert former, rather transactional GBS centres into innovation and technology labs has come. Taking into account the increasing speed of technology achievements, GBS organizations are best positioned to put their energy into earning the mandate as digital transformation engine: "More than ever before, boards and CEOs are asking GBS to become a transformation engine, while still maintaining responsibility for driving savings and top line value creation. It's the most exciting time ever to be a GBS leader. We have the opportunity to be heroes in changing our entire company's business model", says Tony Saldanha or as Uday Kumar, Vice President Sales at Ascendum, puts it succinctly: "This is the era of hyper-scaling, and the era of hyper-speed, and the winner takes it all."

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