Transforming GBS operations: A leap into the digital era

May 2025

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> Global business services (GBS) organizations must adopt essential foundational elements to thrive. Strengthening these foundations, including an operational excellence management system, is critical for boosting the performance of the existing GBS scope and supporting its growth.

Maria Saggese
EY Global and EMEIA GBS Solution Leader

Introduction

In an era marked by rapid change and growing uncertainty, global business services (GBS), shared service organizations (SSO) and global capability centers must not only meet customer expectations but also ensure cost efficiency. The challenge lies in achieving year-on-year productivity targets while fulfilling service and experience level agreements and maintaining operational agility.

How can organizations effectively manage globally distributed workforces and foster alignment across functional silos?

Additionally, how can they harness the potential of emerging digital technologies, such as generative AI (GenAI), to create value in their day-to-day operations?

In recent years, most organizations have taken significant steps in the digitization and integration of their processes. Using a restaurant as a metaphor, GBS has been heavily investing in creating a first-stop shop for its customers and users, represented by the dining area, while also focusing on the integration of functional business processes, represented by the kitchen.

The front end
(the dining area)

The way the customer interacts with the restaurant affects the way the food tastes, the menus look and the service is experienced.

The work itself
(the kitchen)

The methods employed by the cooks to prepare food, along with the utilization of recipes, ingredients and tools, play a crucial role in creating meals for customers.

For most organizations, this journey started with the integration of functional business processes into a unified enterprise resource planning (ERP) system (such as S/4HANA, Oracle or Workday), reducing the complexity of the technology landscape. Following this, many organizations have or are implementing technology orchestration platforms and intranets (e.g., ServiceNow) for functions and their operations to create a first-stop shop for customers and users.

While these investments have brought significant benefits in terms of customer experience and standardization, organizations are struggling to deliver on the quality expectations while remaining cost competitive. The challenge is only becoming bigger as increased scope and reach of GBS are creating more (organizational) complexity. This applies both to captive and outsourced operations.

The problem

Are you struggling to monitor, manage and improve the efficiency of your operations?

Despite advancements, organizations continue to face challenges in effectively monitoring, managing and enhancing the efficiency of their operations, particularly in leveraging technology for these purposes. Technologies such as robotic process automation (RPA), intelligent document processing, and process and task mining often yield only incremental and fragmented improvements. A significant hurdle remains in engaging and empowering the workforce in this digital era. Historically, lean management systems fostered visual management and promoted hands-on collaboration in problem solving and continuous improvement. However, in today's landscape, companies experience the following challenges:

Organizations are spending more time collecting, consolidating and reporting, instead of analyzing the root cause and actioning on performance results.

Teams are lacking visibility in their daily work and team performance (floor visualization) and are missing the appropriate digital tooling for (day-to-day) tracking, monitoring, problem solving and continuous improvement.

Ineffective and inefficient collaboration across systems, applications and tools is further impacting productivity and slowing organizations down.

Employees are spending large amounts of time in meetings and checking their mailboxes following up on information, actions and escalations and trying to align across tiers, functional silos and geographies.

GBS needs to move to an **integrated management system** that truly fosters a culture of operational excellence in the digital workspace.

However, solutions that are currently available in the market primarily focus on:

Process execution

Automation

Business Process Management

Insights

While each of the solutions has its own distinct benefits (even more when they are combined), what is missing is an integrated vision and approach toward truly digital and intelligent operations.

Despite efforts to drive for Operational Excellence companies are falling short of capitalizing on opportunities

85%
of companies claim to have operational excellence (OpEx) programs …

… but few of these are **successfully implemented on a large scale.**

Typical OpEx implementation challenges

Lack of clear vision and ambition for OpEx supported by top management

Unclear objectives and year-over-year improvements and tower contribution to GBS objectives

Improvement knowledge and ownership limited to a few people (e.g., only specialist black belts)

Struggling standardizing, scaling and sustaining OpEx ways of working

Never-ending lists of projects and actions, not linked to performance

Lack of data and insights and inability to track value realization

Lack of visibility in (daily) work (floor visualization) and digital tooling for problem solving

Without intervention, this leads to organizations losing traction or even failing to sustain performance over time

In short, traditional operational excellence programs face limitations in their impact and are under constant pressure to remain sustainable.

> **GBS should draw inspiration from manufacturing operations, where industry leaders have embraced the Industry 4.0 and 5.0 revolution, building on their *management systems* to create *smart factories*.**

These factories unlock unprecedented performance levels by integrating their operational excellence management system with data, GenAI and digital operations, all while maintaining a human-centric approach.
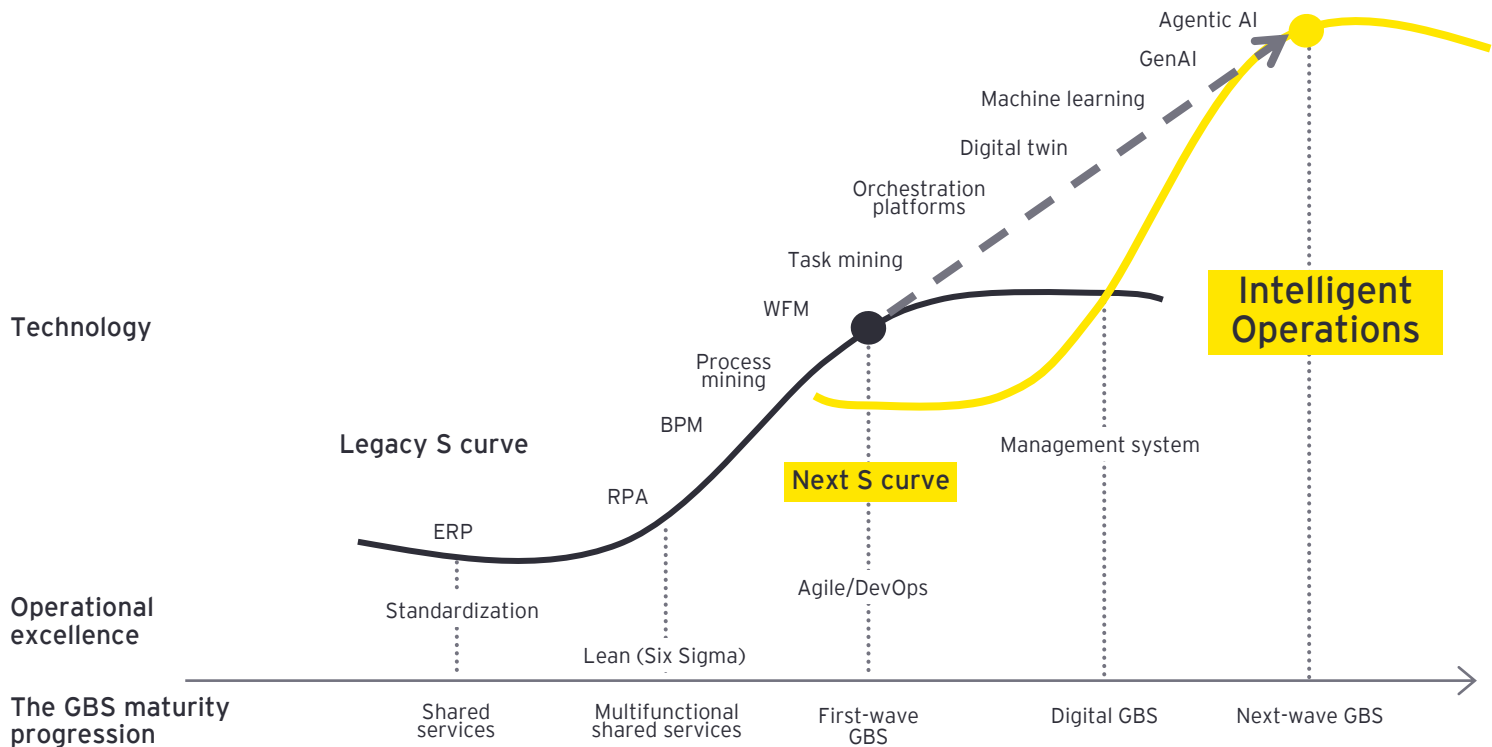
Key concepts explained

Operational excellence *management systems*, such as Procter & Gamble's Integrated Work System and Toyota's Total Productive Maintenance, focus on delivering value to customers through continuous improvement, loss elimination and standardized work routines. These systems emphasize a holistic framework that integrates all aspects of an organization – strategy, customer, processes, quality, people – while fostering a culture of total employee empowerment. Unlike traditional lean approaches, which may concentrate on specific processes or tools, these management systems promote a comprehensive, adaptable way of working that encourages employee involvement at all levels and establishes a consistent drumbeat for seamless workflow across the organization.

A *smart factory* is a highly digitized and connected facility that incorporates advanced technologies such as the Internet of Things, GenAI, machine learning, digital twins and big data analytics. Its primary goal is to optimize processes, enhance efficiency and minimize downtime. Built on the foundations of an integrated management system, a smart factory is designed to create a flexible system capable of self-optimizing, adapting to new conditions in real time and autonomously managing production. The smart factory is a manifestation of the technological advancements and principles of both Industry 4.0 and Industry 5.0.

Our view

Integrating operational excellence leading practices with digital technology will transform GBS operations

GBS is at a pivotal inflection point: the new S curve of performance is centered around the customer and unlocks new sources of value. Technology has transitioned from being a mere enabler to a key differentiator. It is crucial not only for enhancing productivity and enabling better, faster and more cost-effective decision-making but also for aligning globally distributed workforces and dismantling functional silos to deliver exceptional service.

In our definition, **Intelligent Operations** refers to the integrated use of data, GenAI and advanced technologies to run, continuously improve and optimize business operations. This relatively new concept is gaining traction alongside the rise of Industry 4.0 and 5.0 and introduction of management systems in GBS. While businesses have always aimed to optimize their operations, the advent of new technologies, such as machine learning and GenAI, along with innovative software development approaches like low-code and no-code platforms, has made this concept a tangible reality.
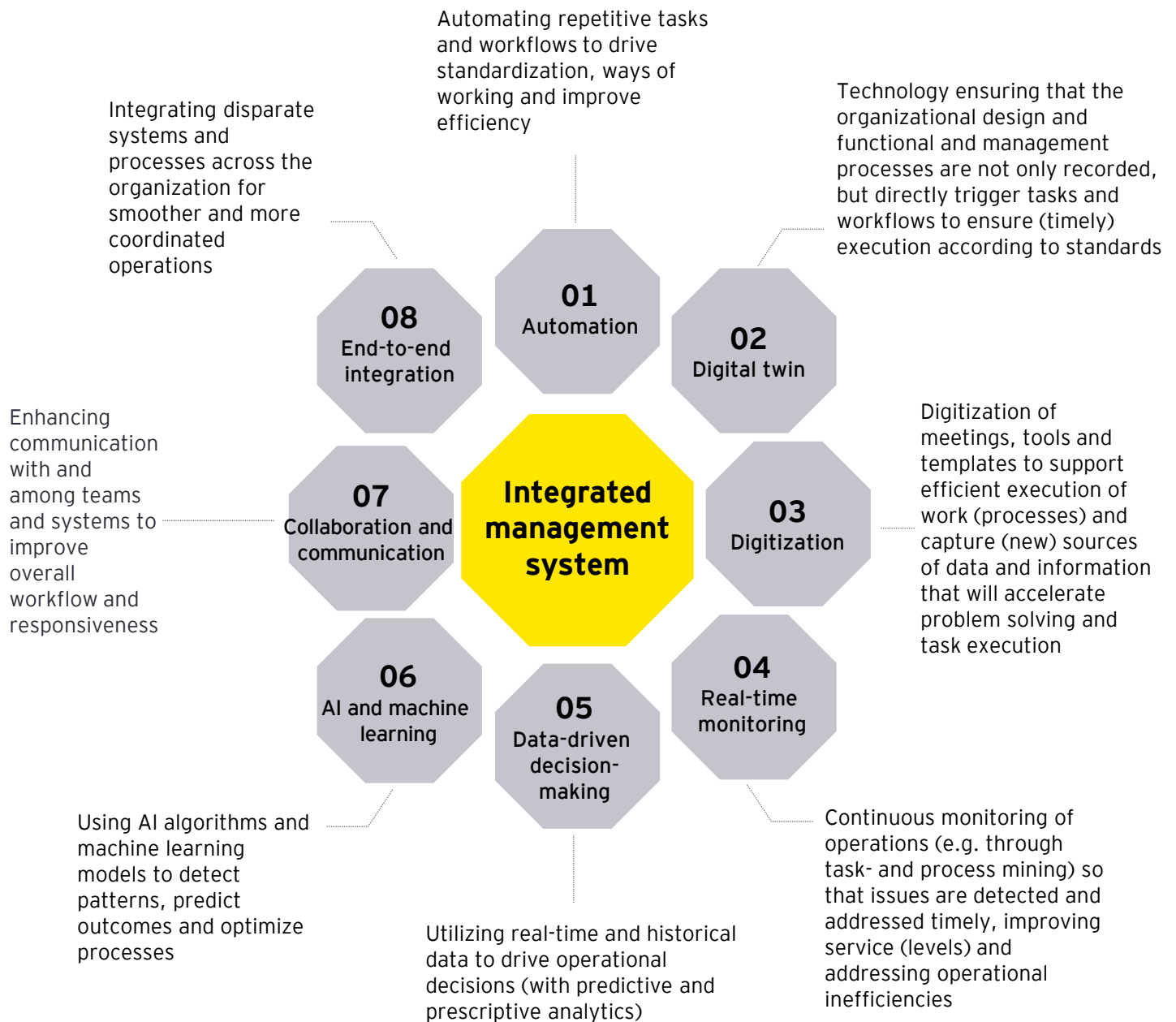
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GBS should consider data, AI and technology not just as enablers, but as integral parts of their operations. It is key to understand how to combine operational excellence leading practices with digital technology into an Intelligent Operation that significantly increases performance.

Kees Meurders
EY Global Intelligent Operations Solution Leader

Key elements of Intelligent Operations

Automating repetitive tasks and workflows to drive standardization, ways of working and improve efficiency

Integrating disparate systems and processes across the organization for smoother and more coordinated operations

Technology ensuring that the organizational design and functional and management processes are not only recorded, but directly trigger tasks and workflows to ensure (timely) execution according to standards

08 End-to-end integration

01 Automation

02 Digital twin

Integrated management system

Enhancing communication with and among teams and systems to improve overall workflow and responsiveness

07 Collaboration and communication

03 Digitization

Digitization of meetings, tools and templates to support efficient execution of work (processes) and capture (new) sources of data and information that will accelerate problem solving and task execution

06 AI and machine learning

05 Data-driven decision-making

04 Real-time monitoring

Using AI algorithms and machine learning models to detect patterns, predict outcomes and optimize processes

Utilizing real-time and historical data to drive operational decisions (with predictive and prescriptive analytics)

Continuous monitoring of operations (e.g. through task- and process mining) so that issues are detected and addressed timely, improving service (levels) and addressing operational inefficiencies

The **integrated management system** is a structured framework that provides the foundation to facilitate and accelerate the transition to Intelligent Operations. It provides the routines as well as the performance drumbeat to plan, execute, monitor and improve the service delivery processes. This system typically includes standard work processes (and supporting methods, tools and skills) for strategy deployment, performance management, customer feedback, quality management, workforce management, employee engagement and continuous improvement, all aimed at driving operational excellence.

Intelligent Operations should be integrated, people centered and embody operational excellence through a management system

While many organizations have embraced certain key elements of Intelligent Operations, these efforts are often technology driven, resulting in only incremental and fragmented (one-off) improvements. We believe that Intelligent Operations must be fully integrated, centered around people and developed in harmony with business operations, with an operational excellence management system and its capabilities as a foundation.

Irrespective of your role, there should be one easy-to-use platform where you can directly turn insights into action.

Powered by **low-code/no-code (LCNC) platform technology** that integrates functionalities such as business intelligence, workforce management (WFM) and business process management (BPM), along with **GenAI**, and **digital twin** technology, Intelligent Operations platforms are built on the foundation of an **operational excellence management system.** These platforms are designed to effectively design, monitor, manage and improve operational efficiency, enabling organizations to:
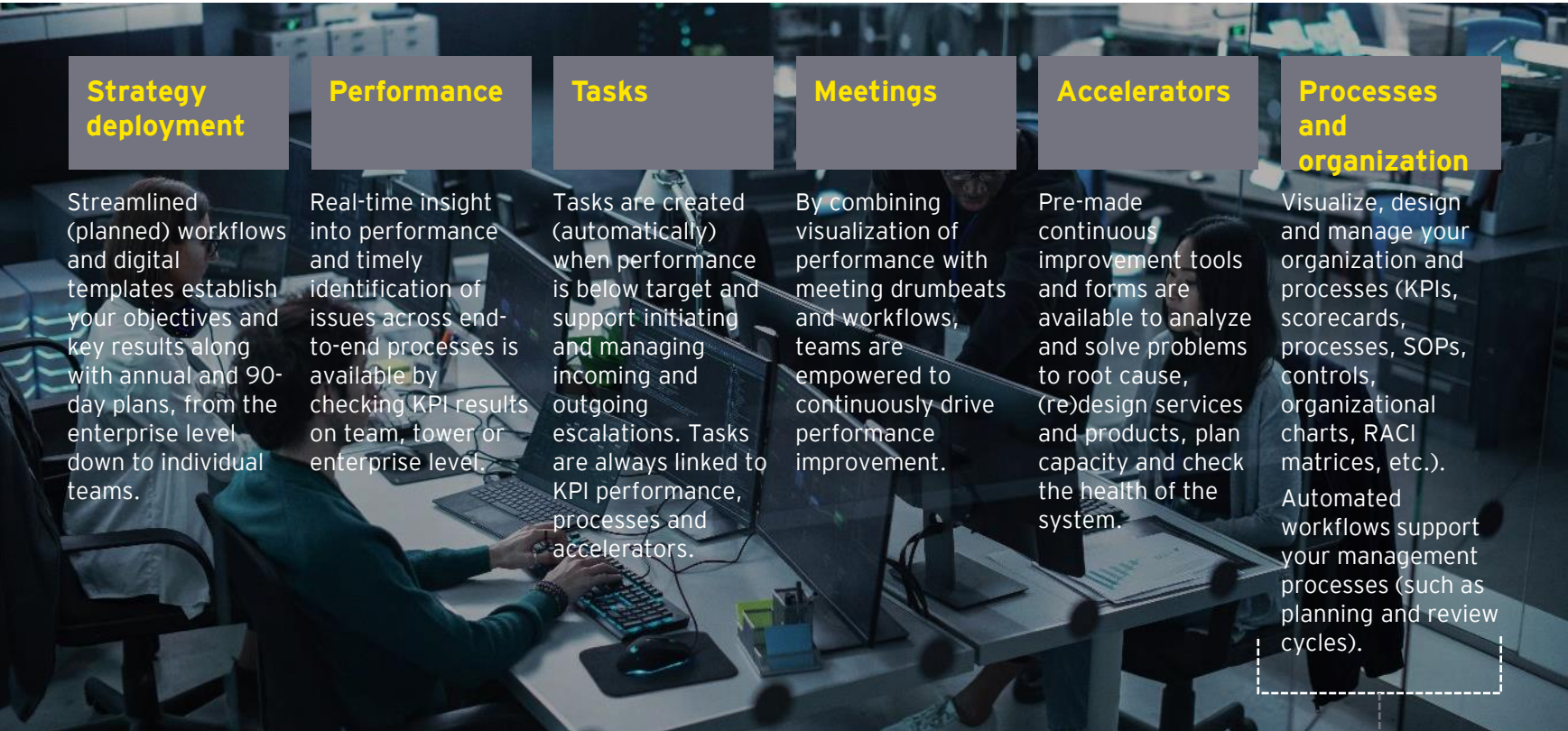
1	2	3	4	5
Deploy corporate strategy from enterprise to team level	Steer your organization across end-to-end processes and tiers	Establish a Lean operations mentality to optimize utilization and productivity	Empower teams and accelerate performance improvement	Increasingly automate self-learning agentic AI powered ways of working

The rise of LCNC platform technology (e.g., Microsoft Power Platform, Mendix) enables organizations to create applications with minimal or no coding experience. Low-code platforms provide a visual development environment with drag-and-drop features and pre-built templates and components, allowing developers and non-developers alike to build applications quickly. No-code platforms take this a step further by allowing users to create applications entirely through visual interfaces without writing any code.
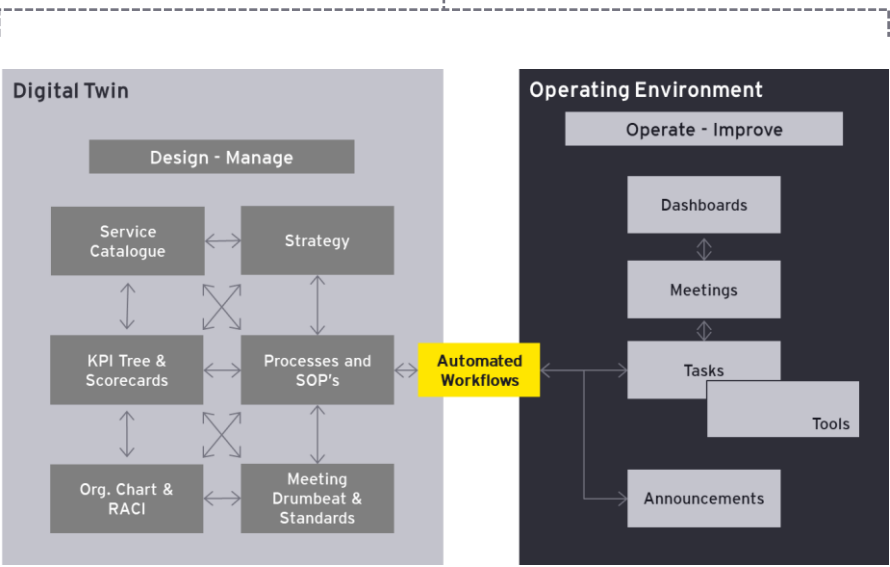
Reasons to use LCNC solutions to power your Intelligent Operations:

- *Speed of development*. These approaches can significantly reduce the time required to develop applications, enabling faster deployment and iteration.

- *Flexibility and agility*. LCNC technology allows for quick adjustments and modifications, making it easier for businesses to adapt to changing requirements and market conditions.

- *Integration capabilities*. Many LCNC platforms offer built-in integrations with other tools and services, facilitating seamless data exchange and enhancing functionality.

- *Cost efficiency*. By minimizing the need for extensive coding and reducing development time, organizations can save on labor costs and resources.

- *Reduced technical debt*. By using standardized components and templates, organizations can minimize the complexities and potential issues associated with traditional coding practices.

Based on the foundational routines and drumbeat of the organization, key features of an Intelligent Operations platform would include:

Strategy deployment	Performance	Tasks	Meetings	Accelerators	Processes and organization
Streamlined (planned) workflows and digital templates establish your objectives and key results along with annual and 90-day plans, from the enterprise level down to individual teams.	Real-time insight into performance and timely identification of issues across end-to-end processes is available by checking KPI results on team, tower or enterprise level.	Tasks are created (automatically) when performance is below target and support initiating and managing incoming and outgoing escalations. Tasks are always linked to KPI performance, processes and accelerators.	By combining visualization of performance with meeting drumbeats and workflows, teams are empowered to continuously drive performance improvement.	Pre-made continuous improvement tools and forms are available to analyze and solve problems to root cause, (re)design services and products, plan capacity and check the health of the system.	Visualize, design and manage your organization and processes (KPIs, scorecards, processes, SOPs, controls, organizational charts, RACI matrices, etc.). Automated workflows support your management processes (such as planning and review cycles).

Today, in most organizations the operating design and standards are captured in a myriad of formats and tools (e.g., spreadsheets, slide decks) and specialized applications (ranging from performance management software to document management systems and BPM tools). As a result, information is dispersed across various systems and databases. By designing and managing the operating design and standards in the digital twin and creating a plug-and-play connection with the operating environment, the Intelligent Operations platform will truly serve as the engine to design-manage-operate-improve your operations.

AI will unlock the value of data to enable faster, better and cheaper decision-making, problem solving and task execution.

Whereas the applications of (Gen)AI are endless, there are three practical use cases we would advocate to prioritize for the Intelligent Operations platform:

1. Analytics AI: providing ready-to-discuss analyses of performance deviations and trends
2. AI Assistant: providing agents with direct and actionable answers on (execution of) standard work (by referring to service catalog, knowledge articles and standard operating procedures (SOPs))
3. Agentic AI: providing recommendations for actions on performance deviations (by analyzing historical data and actions as well as the current design of processes and organizations)

The adoption of Intelligent Operations will leapfrog GBS into the new digital era, delivering significant benefits and value. However, it is important to recognize that there is no one-size-fits-all solution when it comes to designing Intelligent Operations. Those organizations that choose to pursue a more integrated vision are anticipated to consistently reap greater rewards by:

- Establishing a foundation for Intelligent Operations through an integrated management system that provides the routines as well as the performance drumbeat to design, operate, manage and improve the service delivery processes

- Building a strong data foundation, prioritizing the key performance indicators (KPIs) and metrics that are essential for the performance drumbeat

- Prioritizing the integration and standardization of the operating design and standards by leveraging digital twin technology and adopting a centralized approach

- Defining a development roadmap based on capabilities instead of technologies and linking it to clearly defined performance objectives

This will result in improved efficiency, increased speed of execution and improved reliability, transparency and control. In addition, there will be a significant productivity uplift (up to 40%) while organizational drag is greatly reduced. This will unlock unprecedented performance levels, contributing to the success of GBS and the wider enterprise alike.

KraftHeinz

Kraft Heinz is a pioneer in Intelligent Operations. In collaboration with EY, it codeveloped a leading-edge digital solution, powered by Microsoft and digital twin technology. With the Intelligent Operations (IO) App supporting GBS in its digital transformation journey, the solution aims to further integrate and digitize process operations and OpEx ways of working.

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Our GBS has successfully designed and implemented the Kraft Heinz Management System (KHMS) significantly enhancing the reliability and efficiency of our GBS operations. However, with the current paper-based process in place, we continue to face challenges in effectively monitoring, managing and improving the efficiency of our office operations.

The IO App will enable and accelerate our journey toward Operational Excellence through KHMS while also delivering additional business benefits such as increased productivity, enhanced transparency, improved employee satisfaction, faster execution and data-driven insights.

Serge de Vos
Global Head of of Business Services, The Kraft Heinz Company

Conclusion

The transformations in SSO and GBS require a robust operational foundation. This foundation is essential not only to maintain cost competitiveness but also to support the leap to the next S curve of maturity for GBS.

A logical progression in this digital transformation journey is the further integration and digitization of operations, referred to as the "control room." GBS should draw inspiration from industry leaders in manufacturing and embrace the digital revolution, particularly the concept of the smart factory. This approach will shape the next phase of GBS's digital transformation.

The successful adoption of Intelligent Operations will significantly enhance performance. By embracing new ways of working and rapidly adopting advanced capabilities, organizations can achieve better alignment and increased speed of execution — transforming insights into action. Furthermore, the ongoing digitization and automation of operational processes will directly impact productivity. The integration of GenAI into daily operations will enable faster, more effective and cost-efficient decision-making, problem solving and task execution.

As a result of these achievements, the anticipated efficiency improvements will be substantial. The implementation of failproof and standardized ways of working will not only reduce effort and costs over time but also enhance overall operational resilience.

GBS operations leaders should articulate a clear vision on what Intelligent Operations looks like and the value that it can unlock and design their transformation journey accordingly. The foundation for Intelligent Operations is a fit-for-purpose operational excellence management system, built on industry best practices. Put on top of that the transformative potential of emerging technologies and the potential is almost endless.

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> The future belongs to those who are disciplined about how they innovate — not by chasing the latest trends, but by focusing on the values and outcomes they want to create, and then enabling them with the convergence of new and amazing technologies like next-generation AI, synthetic data and more.
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> The approach outlined in this article is a blueprint for transforming global business services through practical, digital integration that empowers our teams, refines our processes and sets a robust foundation for the next frontier. All of this is a great example of our applied innovation strategy that helps create tangible value for our people and our clients.
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> **Joe Depa**
> EY Global Chief Innovation Officer

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