



# BOOSTING GLOBAL BUSINESS SERVICES FOR A POST-COVID WORLD

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**W**HEN THE COVID-19 PANDEMIC struck, some enterprises adapted with remarkable speed. For example, it took just 48 hours for one global chemicals company to shift more than 85% of its staff to working from home, communicating through videoconference. Similarly, within one week, a global consumer products company moved four-fifths of its shared services activity from Asia to the Americas. And in the chaos of suppliers shutting down, a major automaker secured its most critical procurement transactions from its business service center without losing a beat.

Other companies stumbled, taking weeks to adjust. More often than not, the difference had to do with the quality of their global business services (GBS) group—the part of a large corporation that oversees shared services and functional support. The most adaptive and proactive enterprises generally had a centralized, digitally enabled GBS in place, providing well-coordinated, paperless end-to-end (E2E) support at scale for locations around the world. When the crisis came, GBS already had a contingency plan.

The resilience of GBS in the face of the pandemic represents the latest in a string of successful outcomes for a management trend that is still relatively recent. It's only been during the last ten years that many global companies shifted their shared services organizations (SSOs) and centers of excellence to full-scale GBS. Now, instead of fragmented functional silos, they have comprehensive internal organizations with one set of KPIs, interoperable technologies funded by shared resources, and an organization based on E2E processes oriented toward customer outcomes. With a combination of stronger internal structures and closer ties to the business, the GBS leader can make the larger enterprise more capable and adaptive to change.

## GBS Takes the Stage

The global business services concept took hold in many companies in the mid-2000s because of its strategic focus, E2E organization, agility, and highly scalable cost structure. Now GBS leaders are further advancing their visibility and value. They are the

focal point for digital transformation and the early adopters of new ways of working.

This is important because the pandemic will not be the last global crisis. Indeed, there have been many others in recent years, including trade wars that reoriented supply chains, natural disasters like floods and wildfires, and sudden population movements. Resilient companies have a natural competitive advantage because they can quickly bring together relevant people and resources to tackle these challenges.

There are three primary ways in which GBS can further raise its game within the larger enterprise. It can lead the way in the digital transformation of E2E processes. It can integrate the parts of the business through comprehensive platforms that link technology and human experience at a more basic level. And it can become the central hub of activity for new ways of working, including, but not limited to, the integration of remote work and face-to-face office presence.

### Lesson 1: Create Digital End-to-End Processes

The GBS concept represents an evolution of functional organizations. These used to

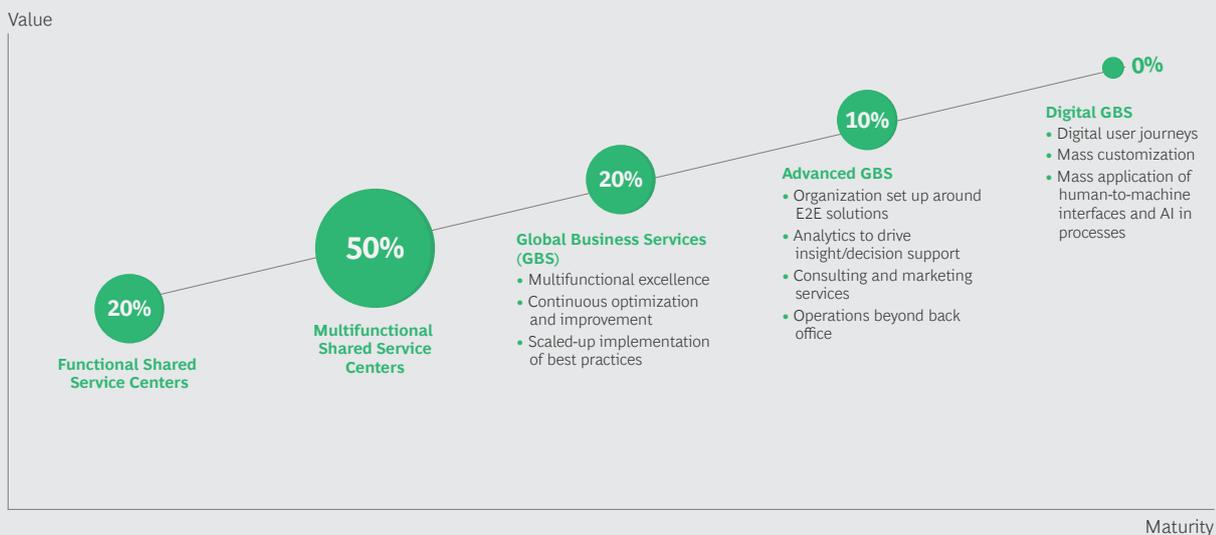
be grouped by specialization—finance, human resources, IT, procurement, and marketing—and were typically designed as shared services or within business units, with each division reporting to its own leader. But as organizations mature, they have been structuring themselves around end-to-end (E2E) processes instead. (See Exhibit 1).

Examples of E2E processes include procure-to-pay (P2P), involving all sourcing activity and related finance, and order-to-cash (O2C), encompassing aspects of marketing, responsive innovation, and customer experience. An O2C system covers every aspect of the customer fulfillment journey, from placing an order to paying to navigating future orders and returns. Once-separate functions like pricing, marketing, finance, and customer service now share one pool of data and participate in common projects. Each E2E process is led by a global process owner: a leader who assembles the right people, technology, and other resources and who manages KPIs that track outcomes relevant to the whole journey.

E2E structures succeed because they integrate internal services more tightly with outcomes relevant to customers and

EXHIBIT 1 | The Evolution of Global Business Services as Companies Mature

Estimated percentage of global companies at this level of maturity in early 2021



Source: BCG experience and analysis.

strategic business priorities. In an ordinary functional structure, processes take a “waterfall” approach, where one group’s work must be complete before decision rights move to another. This process presents a number of pitfalls. Information compiled at each stage of the process may be incompatible; data may be lost or need to be rechecked; and operations are optimized for part of the system rather than the whole. At times of change or stress, these minor hitches become breaking points.

With an E2E process, such as O2C or hire-to-retire (H2R), all aspects of customer or employee experience are integrated, with the full support of interface design. (Exhibit 2 shows the value of various types of E2E processes, as reflected in KPIs.) Because GBS groups share resources and thus have much less duplication, they can move projects along quickly, with much of the activity taking place concurrently. They have thus established a good track record for speed, accuracy and quality, low costs, and continuous improvement. During the COVID-19 pandemic, GBS allowed companies to rapidly adjust to a fast-moving environment.

The E2E structure also positions GBS as a catalyst for overall digital transformation. The change often starts at GBS before diffusing throughout the organization. Processes like P2P and O2C require dynamic contract development, automated invoicing, and other advanced technological capabilities. The search for talent in fields like artificial intelligence requires HR staff and recruiters to build their own digital acumen, if only to place people appropriately in teams. Once GBS has internalized these new capabilities, its people can help migrate them to other parts of the company.

## Lesson 2: Build Scalable Platforms

Every successful company is figuring out how to develop the digital acumen to bring its human and technological capabilities up to speed. This is not primarily a technological procurement issue, where choices are made based on traditional vendor relationships. It’s a matter of putting teams into place who can design, develop, and use applications as needed. Among functional groups, only GBS has the scale to introduce these kinds of digital practices across a global enterprise.

EXHIBIT 2 | E2E Processes Managed by Global Business Services

Process	 Procure-to-pay (P2P)	 Order-to-cash (O2C)	 Record-to-report (R2R)	 Hire-to-retire (H2R)	 Connect-to-resolve (C2R)
<b>Description</b>	Sourcing to offer the best product for the optimal price	Customer fulfillment, providing visibly excellent transactions and boosting satisfaction	Finance and accounting, yielding transparency and insight with integrity and compliance	Employee and contractor experience, fueling the business through the best talent possible	Customer experience, providing best-in-class service and E2E outcomes
<b>Recent advances</b>	<ul style="list-style-type: none"> <li>AI-based supplier screening</li> <li>Negotiation tools and coaching bots</li> </ul>	<ul style="list-style-type: none"> <li>Customer credit scoring based on data analytics</li> <li>Payment date prediction</li> <li>Collection assistants</li> </ul>	<ul style="list-style-type: none"> <li>Mass-customized reporting in real time</li> <li>Cross-functional collaboration platform</li> </ul>	<ul style="list-style-type: none"> <li>AI-based application screening</li> <li>Mass-customized learning and development</li> </ul>	<ul style="list-style-type: none"> <li>Seamless multichannel experience</li> <li>Utilization optimizer</li> </ul>
<b>Exemplary KPIs</b>	<ul style="list-style-type: none"> <li>&gt;70% reduced processing time with lower personnel costs</li> <li>Better negotiation outcomes</li> </ul>	<ul style="list-style-type: none"> <li>Up to 20% reduction in DSO</li> <li>3–5 days/month back to focus on what is core</li> <li>Enhanced customer experience</li> </ul>	<ul style="list-style-type: none"> <li>40%–50% staff reduction</li> <li>Actionable insights to every stakeholder</li> </ul>	<ul style="list-style-type: none"> <li>&gt;65% reduction in HR staff at &gt;30% higher productivity</li> <li>Digital talent: Recruiting and retainment</li> </ul>	<ul style="list-style-type: none"> <li>Sustained positive trends in Net Promoter Scores</li> <li>Inspiring customer journeys</li> </ul>

Source: BCG experience and analysis.

Note: The list of processes and elements for each process are illustrative examples and not exhaustive.

To realize true digital E2E processes, scalable platforms are a key prerequisite and accelerator. A scalable platform is a digital-enabled hub, typically managed by GBS, that connects every part of an E2E process with interoperable software, data, and analytics. Cybersecurity, cloud services, and analytics are automatically provided, and the common user interface makes it easy for people to migrate productively to new tasks and (virtual or face-to-face) locations. Because their interfaces can easily be adapted to a similar look and feel, platforms can give employees (and selected contractors) a common user experience, seamless and rapid interactions with other people and data analytics, and the ability to easily shift projects and work on common endeavors. (See Exhibit 3.)

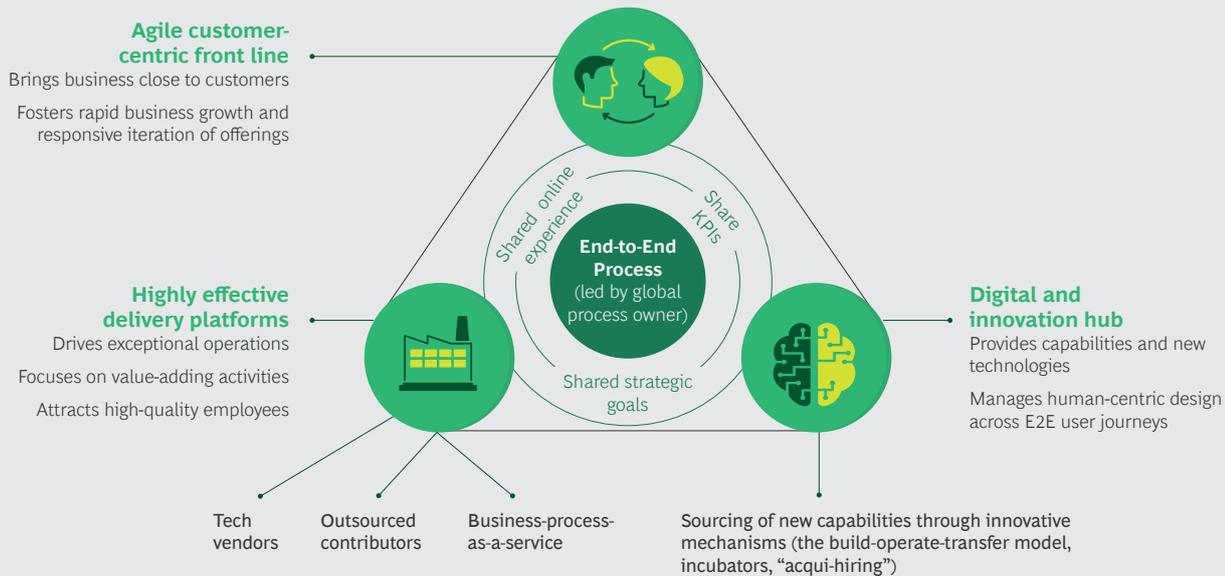
Platforms change the ways in which the enterprise manages its geographic footprint. A typical large corporation has several hubs of functional expertise located around the world. Previously, they were separate; now, they share a high-speed digital infrastructure connecting all business units, enabling remote working, and balancing the support load on a global basis. If a hub in Prague is overloaded and can't support a customer-facing team in Seoul, the workload may instantly shift to Buenos

Aires or Hyderabad. The digital platform may also connect with business process outsourcing providers, making it easier to integrate them into the company's operations and to shift between them rapidly and flexibly.

The use of scalable platforms also transforms the company's ability to manage data. A platform provides a single user interface through which data is gathered and interpreted. Intelligent analytics, using machine learning algorithms, are available in real time through a common interface. There is also a high level of transparency: people throughout the enterprise can see what is happening with every process. For example, pre-GBS, if someone needed to know whether to authorize the return on a large order, several departments would have to be involved. Now the decision is managed by the O2C process and informed by evidence on the platform: the customer's purchase history, likelihood of fraud, margins on the offering, shipping costs, and relevant data about warranties, customer preferences, and satisfaction.

Because all the data in the enterprise—and from its supply chain and other sources—is pooled this way, there is a greater tendency toward real-time decision making, with rou-

EXHIBIT 3 | Anatomy of a Platform-Based GBS Organization



Source: BCG experience and analysis.

tine decisions often made by an AI system and all controls available through the platform. Because GBS serves all the organization's business units, it is the natural home for this activity. GBS teams become protectors and managers of the data infrastructure. The platform has enough rapid interconnections and always-on availability that GBS does not become a bureaucratic gatekeeper, walling off access.

Ten years ago, sharing data and software globally in this way was technically very difficult. Within most companies, some groups had operated in isolation for years, with their own external vendors and little or no connection to other operations. Now, with cloud-based infrastructure, there is much more interoperability between on-premises systems within each company. Because a single GBS also facilitates the connections between systems by outside vendors, companies are much less likely to have multiple business units with incompatible technology.

The value of digital platforms became more evident with the COVID-19 experience. In response to the pandemic, they were used to consolidate and rationalize incompatible systems, coalescing them into a single transparent vehicle. The pandemic also highlighted the importance of resilience: the ability to react instantly and effectively to unexpected events—not just to prevent or reduce problems, but to take advantage of fast-moving opportunities. Scalable platforms promote resilience in several ways, offering smart redundancy and backup solutions and fostering instant and comprehensive communication.

### Lesson 3: Establish New Ways of Working

In the E2E processes championed by GBS, decisions are typically made by cross-functional teams, all oriented toward the same goals. Systems are already set up to enable collaboration, and all priorities are clear, aligned with the same KPIs and other indicators of success. E2E processes are also better equipped to make use of broad-scale digital innovations such as shared data,

real-time analytics, robotic process automation, and digital prototyping. Conventional SSOs do not perform this way; in a recent BCG survey of functional leaders, 70% of GBS leaders said their services incorporate multiple functions, compared with 48% of SSO leaders. Forty-six percent of GBS leaders called themselves service-oriented rather than process-oriented, compared with 33% of their SSO counterparts.

One example of this new way of working is the rise of the pandemic task force in many companies. As the COVID-19 virus spread, top leadership teams in many businesses organized themselves into impromptu “SWAT teams” (like the “special weapons and tactics” teams that manage emergencies in US law enforcement). The team would meet daily to resolve urgent issues such as payment receivables and cash flow—for example, deciding which products to keep manufacturing during the lockdown and which to suspend until the supply chain recovered. Ordinarily, it might have taken weeks to make decisions at this level; but because of real-time data and other support from GBS, they were made and implemented in an evidence-based way at lightning speed.

Now that the pandemic is maturing, the SWAT approach is being adapted by business teams beyond top leadership. GBS is now an essential operational partner, participating directly in a wide range of business activity. It provides the business continuity plan—a blueprint for organizing and operating task forces. Because it works through comprehensive E2E structures, GBS is itself resilient. If one functional group is unable to contribute for any reason, other sites jump in to compensate, or else GBS manages the outsourcing. And if critical new capabilities are suddenly needed, they can be reached rapidly through the GBS network.

The rise of GBS organizations has also made it possible to think freshly about reskilling staff—training people to meet rapidly changing job requirements. This is much easier to manage on an enterprisewide level, where learning and development re-

sources can be applied at a global or firm-wide scale. GBS organizations typically oversee training for their own staff, as well as for the customer-facing parts of the organization (their internal customers) and occasionally some members of the supply chain.

An upskilling and reskilling ethic is an ingrained cultural element of the new GBS organizations. Everyone working in an E2E process is assumed to be a lifelong learner. There are new skills on both the tech side and the human side to take in every year.

This ethic differentiates GBS from the SSO model. Shared services involve transactional work, often set up to reduce labor costs through outsourcing or lower-cost staff locations. GBS is more oriented to continuously optimizing processes, raising productivity, and adding more value to the business. This gives GBS organizations more of a top-line impact. For example, they may recommend sales force augmentation through AI, or bring marketing and R&D people together to consider the impact of a new product. They may promote more effective uses of IT or more action-oriented reporting from finance. In all cases, these organizations catalyze continuous improvement and strategic thinking, so that GBS is always ahead of the game, in sync with top leadership.

## Making the Transition

Once you decide to expand and improve the GBS role in these three areas—E2E processes, digital platforms, and new ways of working—the first step is to assess your company’s maturity. How advanced is the digital knowledge of your workforce? How integrated and accessible are your IT systems? Has your GBS evolved to become a catalyst for change, or is it still following the practices of a traditional SSO? Where are the biggest gaps between where your organization is now and where you hope to be, and how can GBS help address these gaps?

At BCG, we use the word “bionic” to refer to the type of company in which digital technologies and human capabilities con-

tinually evolve together. Bionic companies are well equipped for innovation-oriented challenges, such as personalized medicine and manufacturing on demand. They practice continuous innovation, relying on a single GBS group for infrastructure and support.

Exhibit 4 shows examples of the role GBS can play in digital transformation in three overarching domains: technology enablers (involving advanced digital hardware and software), human enablers (involving new skills and organizational innovations), and those directly related to outcomes. There is always a temptation to develop these independently, but a transformation of this sort must be holistic: a full circle of change that is closely linked to the company’s overall strategy and purpose.

A GBS group plays a key role in all these domains. It has its own long-term goals: creating value for the larger enterprise. This aligns it to the core purpose as articulated by the company’s top executives. Its view of technology is similarly oriented to the company’s core outcomes—not defined by legacy technologies or vendor relationships, but by the value that comes from linking separate systems together and emphasizing productivity. In enterprise resource planning, this is sometimes referred to as a “lean core” approach, meaning that all technologies are integrated together across business units without getting bogged down in an extensive migration. An enlightened GBS can oversee this. Instead of periodic upgrades that require occasional system overhaul, it can create a digital platform that continuously evolves and seamlessly integrates everything together.

On the organizational side, the GBS approach allows for steady, manageable change, including raising people’s skills in close coordination with new digital technology and embracing new ways of working such as agile teams and virtual colocation. The emerging platform organization can be set up as a GBS initiative. This structure also allows for coordinated outcomes: the increasing automation of routine tasks, new value

## EXHIBIT 4 | Elements of a Digital (“Bionic”) Transformation



Source: BCG experience and analysis.

creation through data-driven decision support, and much enhanced customer experience. The prevailing workplace of the future—a gamified, highly socialized E2E environment—will thus appear first in companies with a strong GBS.

If you are a GBS or business leader interested in accelerating this change and benefiting from the related outcomes, remember that every enterprise is different. You can't simply benchmark what other companies have done. Instead, start the effort by creating a few successful prototypical efforts. These might be intensive change efforts in one or two business units with urgent needs to overcome silos and simplify complex procedures. Choose areas where you can make early gains and set an example. Some of these may already be underway because of the pandemic.

It might take as little as four to six intensive weeks to show results. Then convene an agile team to bring your early successes to scale. Continue to iterate, monitoring successes and failures as more E2E processes come on board. A digital transformation is never complete because customer needs

and wants are not static, nor are the technological advances or the skills for mastering them.

**T**HE COVID-19 CRISIS represents a call to action for many companies. The pandemic has shown that, with an adept global business services group, very large companies can make constant change a way of life. This prepares companies for the many crises and surprises that are expected during the next few decades. The need for resilience brings the value generated by GBS into the spotlight: supporting and protecting key resources of the company, protecting liquidity through end-to-end oversight of procure-to-pay and order-to-cash processes, and providing executive teams with timely data to make informed decisions. During the next few years, nearly every company will bring its functional activities together in this E2E fashion. The most successful companies, in any industry, will be those who do it early.

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