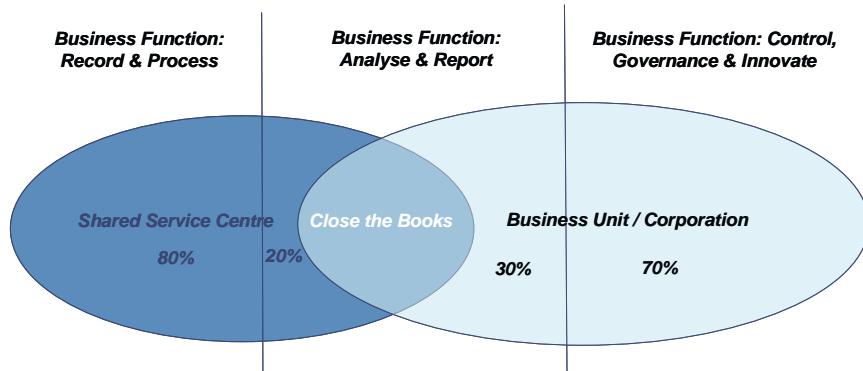


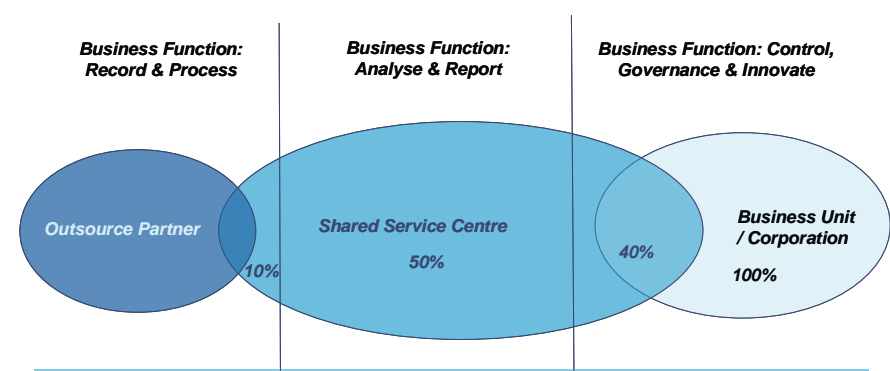
Shared Services Evolution: Moving up the Value Chain

Phase 1: Initial Setup



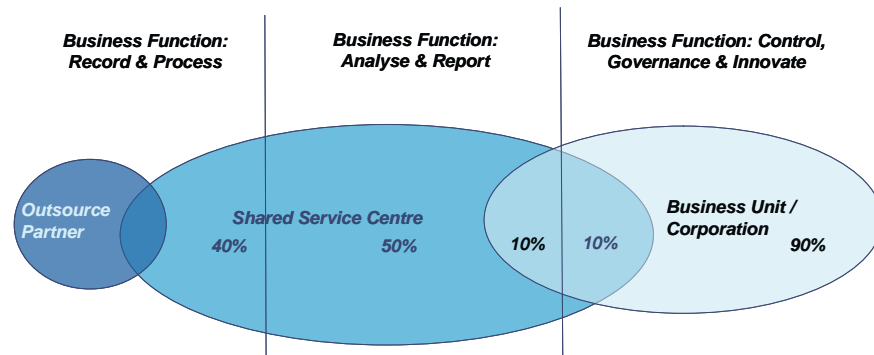
SSC primary function is processing and month-end. The rationale for SSC is standardisation of processes and IT platforms and potential cost savings in procurement and labour arbitrage. SSC generally not charging for services which are mandated by the corporation.

Phase 3: SSC as Business Partner



SSC primary function is reporting & analysis, internal control development and operation, and management of outsourcing program which is now extensive. SSC executive at board level engaging with divisional executives. SSC offers innovative services e.g. project management. SSC charges for all services on a time and materials basis.

Phase 2: Development of Business Partner Model



SSC primary function is reporting and analysis; management accounts, financials, budget/forecast, variance analysis operational KPIs etc. Outsourcing of "pure" processing functions begins e.g. AP, AR. Continuous improvement in process adds value. SSC "owns" the business IT applications and becomes a centre of excellence for rolling out new functionality (i.e. innovation). Procurement and vendor management programs migrate to SSC => SSC becomes responsible for enforcement of corporate standards and controls.

Moving up the Value Chain

In today's challenging environment, organisations need to make focused investments to improve their competitiveness and reduce cost. Organisations with existing Shared Service Centres are continuously looking for opportunities to extract more value from these structures. PwC see a three phased approach to this development and outline overleaf some of the initiatives being adopted by SSC's in enhancing their service offering and improving efficiency and effectiveness.

If you wish to discuss any of the attached in further detail, please contact:

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Shared Services – Moving up the Value Chain

The following represent initiatives followed by Shared Services Centres once established to enhance the service being offered and embed efficiency & effectiveness within the operation.

- **Automation** - The SSC drives operational efficiencies through the implementation of automated solutions including workflow; scanning; EDI; intranet portals; etc
- **Benchmarking** - The performance of the SSC is assessed by benchmarking its metrics with peer organisations
- **Benefits Realisation** - Operational targets, which are aligned to organisational strategy and factored into management performance incentives are monitored and managed on a consistent basis.
- **Business Partnering** - The SSC takes a proactive role in producing budgets and forecasts, analysing operational results and working with the business to develop programs to improve operational efficiency and effectiveness, e.g. working capital management; procurement; project management.
- **Centres of Excellence** - Activities are consolidated globally into individual centres of excellence to leverage optimal cost / performance
- **Compliance** - The SSC develops an integrated compliance framework focused on functions, processes and operations and takes responsibility for ensuring corporate and fiscal compliance across a range of activities like VAT; Intrastat; SarbOx; internal audit; controllership; etc
- **Continuous Improvement** - Programs like Six / Lean Sigma are initiated to identify and drive through operational efficiencies and effectiveness within the SSC. Many of these programs involve and impact other functions across the organisation.
- **IT Systems** - New systems developments or enhancements are co-ordinated by the SSC, liaising with the Business and IT in optimising functional requirements and deliverables.
- **New Activities** - The remit of the SSC is extended to include new services in the areas of finance, HR, supply chain, marketing, IT, etc
- **New Operations** - The remit of the SSC is extended to include the operations of additional or acquired entities
- **Outsourcing / Off-shoring** - Cost, skills and resourcing issues are addressed by outsourcing or off-shoring non-core activities to 3rd parties or captive operations in lower cost jurisdictions
- **Post Implementation Reviews** - The business case for Shared Services is challenged through post implementation reviews ensuring service level agreements are being met; headcount targets are achieved; and reporting and communications are operating seamlessly.
- **Project / Change Management** - The disciplines of project and change management are firmly embedded within the SSC to ensure all new or incremental programs are managed professionally.
- **Relocations** - SSC's are relocated in part or in full to lower cost jurisdictions
- **Risk** - The SSC develops an integrated risk management approach to effectively identify, assess and manage risk exposure across internal activities and operating companies
- **Service Level Agreements** - SLA's are established and agreed between the SSC and the field to clarify the split of responsibilities for each activity, ensuring no grey space. The SLA is a flexible document, monitored for compliance via the governance structures set to manage service delivery.
- **Staff / Career Development** - Staff retention is improved and performance enhanced by providing definitive career plans to staff and investing in their development.
- **Statutory Reporting** - Responsibility for statutory reporting is assumed by the SSC and is delivered through i) local country resources; or ii) SSC resources; or iii) outsourced professional firms; or iv) some combination of these.
- **VAT** – VAT compliance and liaison with fiscal authorities responsibility is assumed by the SSC.