SSC 4.0: The next-gen digital strategy for shared service enterprises
Business process services industry has continuously evolved with remarkable changes marking every stage of its growth. It has progressed from centers managing functional support services to multifunctional regional shared service centers. Today, shared service centers (SSCs) manage not only processes but also infrastructure maintenance, application development and other integrated technology builds, in what is more commonly known as Global Managed Services. Apart from collaboration, a key aspect of success in this model, businesses seek value beyond the savings from synergies, process standardization and arbitrage – the traditional levers. The SSCs that adapt to the changing business demands are able to grow their operations and provide better value and customer experience as well as identify gains while controlling the cost outlay for customers.

Forward thinking service providers have moved away from transactional operations and today leverage business insights to identify areas that can contribute to the revenue and profitability of the business without compromising on control and compliance. Avenues such as Automation, Analytics and Augmented technologies are being leveraged in this digital era to bring a balance between control, efficiencies and business insights. By offering innovative solutions through robotics, artificial intelligence, analytics and digitization, the industry is gearing up for the next phase of its evolution - SSC 4.0 – The intelligent multi-mode global super-office.

The three growth phases of SSCs

A snapshot of the evolution will help you understand what the future holds in the next phase for the industry.

SSC 1.0 Functional Service Centers – Strengthening controls and lowering costs

In the first phase of process outsourcing, locally distributed functional operations developed into functional service centers (see Figure 1). Process controls helped lower cost of business operations through reduction of facilities and administrative costs. Labor arbitrage provided by the centers located in tier 2 cities reduced costs. Typically, these Functional Service Centers invoiced the business on an as-is cost or a fixed price model.

Figure 1: Shared Services Centers 1.0
As the Internet became widely accessible across the world, it allowed for operations to shift to low cost locations. With this, regional shared services facilities were set up in cities across the world with main focus in Asia (see Figure 2). A significant change during this phase was the utilization of centralized data.

Access to valuable data gave insights to business performance, which led companies to adopt Lean and Six Sigma practices to standardize. These regional service centers adopted an FTE-based pricing model, which not only delivered labor arbitrage but also committed efficiency gains through process design changes.

**Process controls helped lower cost of business operations through reduction of facilities and administrative costs.**

**SSC 2.0 Regional Service Centers – Delivering value beyond cost arbitrage**

Figure 2: Shared Services Centers 2.0
**SSC 3.0 Global Managed Services – Becoming more strategic**

As Big Data began playing a powerful role in business strategy, global business service centers started offering analytics-based solutions to companies. Technology advancements automated several processes including accounts payables, cash applications and supplier collaboration which brought in further efficiencies. The focus in this phase is to bring a balance of process efforts between control, efficiency and insights leveraging automation.

Also, large scale adoption of Cloud technologies by software vendors made available technology without upfront investments in licensed enterprise applications. With this, organizations started moving to an as-a-service economy with business processes solutions gaining momentum (see Figure 3).

Business Process as a Service (BPaaS) received wide acceptance as an agile delivery model for global business services. Through multitenancy on Cloud, consumption-based transaction pricing model, centralized data management, and a shared labor pool, BPaaS gave companies additional value beyond efficiency.

Technology, infrastructure and services were integrated ensuring scalability and agility for faster go-to-market. Batch processing got more efficient through superfast Robotic Process Automation. This is the stage of SSC we are currently experiencing, which is a balance of digital adoption and automation.
So what does the future hold for shared services centers?

With voice recognition and cognitive intelligence, language and cultural barriers will seize to exist. Cost arbitrage will be provided with robots taking over real-time decision processes through multi-mode (email, chat, mobile) channels. This will eventually change the commercial modeling of global business services. The Industry will evolve into **SSC 4.0 Digital Service Centers – The intelligent multi-mode global super-office.** The bionic office will make your global business services location agnostic, and then the big question will be – ‘what skills will you retain’?

Next generation digital strategy for enterprises will provide predictive outcomes, proactive controls and hyper automation while being bundled as an output or outcome based offering. The five aspects that will stand out among other features you will experience during this phase are:

- **Cognitive Intelligence:** Imagine Robotic Process Automation fitted with a ‘brain’! That’s right, services enabled by cognitive virtual assistants capable of exhibiting skilled workman intelligence, will drive business from virtual centers. We will see improved productivity and quality through non-linear, real time insights-driven recalibration of processes and transformation of customer services desks.

- **Wider Adoption of Predictive Analytics:** CxOs look at data to predict the future and plan strategies and are looking for that ‘Nostradamus’ algorithm that is able to predict their future business trends with reliable accuracy. Predictive Analytics will scale new heights with algorithms leveraging cognitive intelligence to provide analytical and advisory services. This will lead to more accurate predictions and wider adoption of predictive analytics in business decisions. We will have predictive analytics evolve to prescriptive analytics where you will see risk mitigates for future events!

- **Controls to Counter Fraud and Cyber Attacks:** In a Digital Service Center, you can expect new types of risks to hit your business. Solutions would not only provide customized advance warning insights concerning infiltration of cyber security but also recommend actions to avoid and withstand these attacks increasing resistance to cyber threats. You will also experience tools driven by an enhanced data-centric approach to anomaly detection. Systems will revolutionize fraud prevention through data-driven risk assessment and process controls, and will achieve process improvements based on monitoring of incidents, leveraging the power of Artificial Intelligence.

- **Digitalization as a Service:** Traditional BPO services will transform into consultative and project related services. BPOs will focus on building intellectual property, which can be simulated and customized for specific business requirements. You will start seeing a lot more of ‘as a Service’ products such as Transition and Transformation as a Service and Automation as a Service.

- **Output and Outcome based Pricing:** Finally, Digital Shared Services will open up new possibilities to price on a result or outcome. This will ensure CxOs pay only when the program objectives are delivered! What is truly required for the next phase of growth is a collaborative approach with people and technology enablers to drive innovation and business transformation. Investment in products and solutions in the above mentioned areas will define the future of the Shared Services industry!
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