SETTING UP A FINANCIAL SHARED SERVICES CENTRE FOR SUCCESS

How Cloud-Based Automation Supports Your Global Initiatives

SETTING UP A FINANCIAL

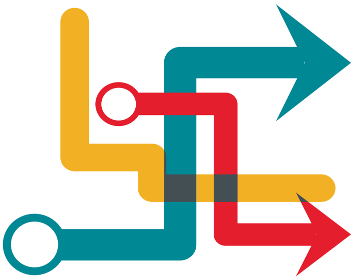
SHARED SERVICES

CENTRE FOR SUCCESS

How Cloud-Based Automation Supports Your Global Initiatives

IF YOU'RE GOING TO DO IT, DO IT RIGHT.

Enterprises that restructure their financial operations into a shared services centre (SSC) often only scratch the surface of potential gains. Why? **Failure to adopt a fully developed strategy.**



For 20+ years, many businesses have enjoyed the cost savings, operational efficiencies and process quality improvements that SSCs were designed to deliver — but often not to the fullest extent.

Today, competition has become more intense, cost control more important, and process efficiency pivotal. Financial leaders with SSC ambitions must consider strategies that go beyond immediate gains to pave the way for continual improvements as the SSC model matures. Otherwise, goals are unfulfilled and money is left on the table.

Have you considered cloud-based accounts payable (AP) automation as a supporting technology to your SSC? If so, you're already on the right path.

Reading this eBook puts you a step ahead ...

SETTING THE RECORD STRAIGHT ON SHARED SERVICES

Centralisation may be a component of SSCs, but they are **NOT** one and the same.

What sets a SSC apart is that it acts as a separate business entity within a company — a kind of "internal outsourcing" outfit. A SSC model enables resources to be leveraged organisation-wide, with a broader methodology focused on continuous quality improvement and process standardisation.

As a result, businesses using a SSC can expect agreed-upon service levels, higher coordination, improved scalability and lower costs. Recent research has shown that US firms achieve **cost savings of 40% – 70% within two years of establishing an SSC**.[1]

CENTRALISED & DECENTRALISED AP OPERATIONS:

WHERE THEY COME UP SHORT

DECENTRALISED

- Operating costs are higher
- Harder to manage payments
- Differing standards & methodologies
- Lower visibility & coordination of data

VS

CENTRALISED

- Lack of redundancy for disaster recovery
- Potential for payment processing delays
- Rigid cost of operation allocation
- Tend to be more bureaucratic

[1] *Shared Service Centers*: From Cost Savings to New Ways of Value Creation and Business Administration, August 2014. Strikwerda, J.

AUTOMATION HAS THE POTENTIAL TO HELP REDUCE COSTS SIGNIFICANTLY SOMETIMES AS MUCH AS → 70%.

MANUAL WORKFLOWS CAN BE DONE MORE QUICKLY (AND MORE ACCURATELY) BY A COMPUTER AND EMPLOYEES ARE FREED UP TO FOCUS ON OTHER TASKS.[2]

[2] AP Processing Cost Reduced 70% with JD Edwards and IntelliChief, 2017. IntelliChief.

STANDARDISE AP PROCESSING WITHOUT DISRUPTION.

One of the biggest obstacles to a successful SSC setup is resistance to change. AP automation, although a change itself, can calm a lot of fears via **seamless consolidation.**

Research shows, whatever your desired outcome, laying out a framework defined by collaboration (as opposed to fragmentation) increases the likelihood of success dramatically. Maintaining non-standard policies only opens the door to the same issues a SSC was put in place to fix.

Automation is a great tool for expediting consolidation but many CFOs and CIOs approach with caution. After stabilising operations the last thing they want to do is introduce a new element that could disrupt the business.

Automation solutions maintain business continuity by providing external and unified AP workflow, even in multiple ERP instances. This addresses diverse systems in SSCs without disruptions and includes logic to avoid errors. And, with 24/7/365 monitoring, the provider can allow you to include locations in different time zones.

END-TO-ENDPROCESS ALIGNMENT IS NOW THENORM.ACCOUNTS PAYABLE LEADERS MUST COLLABORATE ON PROCESS IMPROVEMENT AND GLOBAL PROCESS STANDARDISATION TO GET AHEAD.

Source: The Hackett Group

MEASURE AND EVALUATE KPIs WITH AUTOMATION.

No matter how standardised your SSC is, **you can't manage what you can't measure.**

As SSCs evolve financial leaders need to be adept at measuring what's working and what's not. The higher level of insight into the effectiveness, efficiency and customer satisfaction levels of their operations, the easier it is to identify areas of need.

Using benchmarks like key performance indicators (KPIs) is something every SSC should be doing. But how do you know which KPIs to choose or how your standards measure up to best-in-class performers?

Automation can be a key driver for elevating your KPI standing. Not only is it proven to boost performance (faster processing, improved accuracy, etc.), real-time tracking and electronic archiving give managers full transparency. Consequently, they can get better measurements of AP activities and metrics that were previously unattainable.

EVALUATE

Cost of each invoice

Timeliness of payments

Discounts captured due to early payments

Level of automation already implemented

MEASURE

# of invoices processed per month

# of invoices processed per employee

# of invoices that may automatically process

# of suppliers

7 TIPS FOR MASTERING MODERN-DAY FINANCE SSCs

Here's our take on the 7 suggestions outlined in Gartner's report[3] about making a successful transition to shared services:

01 Standardise finance systems before moving to shared services.

Finance shared services deliver the most benefits when they're implemented along with a single-vendor finance system.

02 Define your global chart of accounts structure before moving to shared services.

This involves not just defining the actual "account" segment of the chart of accounts, but also the other elements in the coding block and how these will be used.

03 Group CFOs must be prepared to get their hands dirty.

This means the group CFO must be prepared to become personally involved in the selection and design of the global finance system.

04 Be prepared to remove in-country finance operations.

The economies of scale gained by moving in-country finance staff to the SSCs enables organisations to offer higher-value services back to the countries.

05 Standardise low-value-add processes globally.

Most of the cost savings realised from finance shared services come from the centralisation of processes into a small number of SSCs located in areas of lower-cost labour.

06 Before you proceed, ensure that shared services are right for you.

CFOs and CIOs must thoroughly assess the challenges, as well as the potential benefits, before starting down the path to finance shared services.

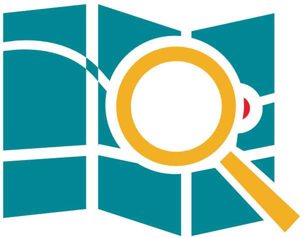
07 Finance shared services must be strategic to succeed.

Finance shared services projects are successful when they're part of a strategic business initiative with clear sponsorship from the CEO, the CFO and the executive management team.

[3] Implementing Finance Shared Services: Benefits and Best Practices, December 18, 2012. Gartner.

ACHIEVE ULTIMATE CONTROL, OVERSIGHT & ORIENTATION.

Want your SSC to generate better process quality? You're going to need **strong process ownership.**



Each day, a lot of untapped information circulates through an AP department — when an invoice was processed, who processed it, what really caused the payment delay, etc. Lack of governance and poor process clarity can impact the day-to-day decisions made by the SSC process/services owners and put the company at risk during an audit.

A shared services model improves orientation by standardising AP operations, yes, but control and visibility into the purchase-to-pay process is often inadequate. Automation fills in these gaps.

An intelligent, cloud-based AP automation solution arms organisations with the tools they need for rapid decision making and auditable data. Real-time tracking capabilities display views of invoices along electronic workflow steps, so any invoice can be tracked or evaluated at any time.

HOW AP AUTOMATION WORKS

Accounts Payable automation can be deployed centrally or locally, combining innovative technologies such as intelligent data capture, touchless processing and electronic workflow to seamlessly support your SSC initiative.

END-TO-ENDAUTOMATION

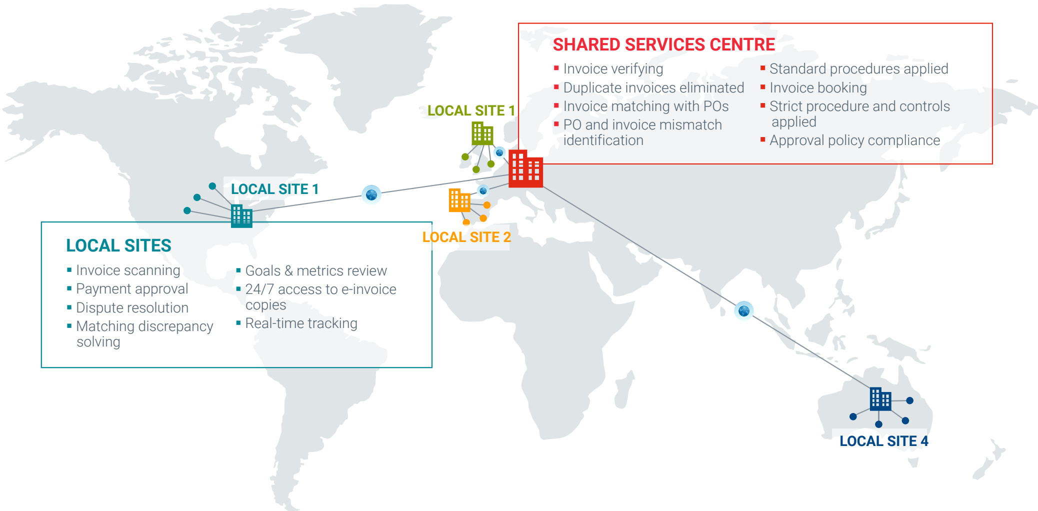
Receive & Scan
Scanned or electronic invoices are entered into an automated workflow.

Extract
Invoice data is accurately extracted and integrated into the ERP.

Verify & Manage
PO or non-PO invoices are easily orchestrated.

Archive
Invoice copies are safely and securely stored.

Follow
Invoices can be monitored and measured at any time.



A SNAPSHOT OF SUCCESS

Want to know what an AP automation success story looks like? Look no further than Culligan France, a world leader in water treatment products.

With invoices being manually approved and mailed out to its SSC, Culligan replaced it's outdated infrastructure with an automated AP solution, allowing invoices to be delivered directly to the SSC via email or automatic mail sorting.

90

OF INVOICES PROCESSED IN ONE CLICK

90% of invoices processed in one click

40%

HOURS

Invoices pre-approved in ERP and sent for validation in 48 hours

LEARN MORE!

Download the Culligan case study here!

WE ARE ESKER.

Esker is proud to offer a best-in-class P2P automation solution specifically designed to help companies improve their strategic supplier relationships and transform the way they purchase, book and pay. As a global leader in AI-driven process automation software, Esker's expertise also goes beyond P2P processes. Over 11,000 companies around the world use Esker solutions to automate other business processes, including: order management, accounts receivable and more.

www.esker.com.sg

EB-AP-SG-001-A