



# Connect your business services to the future

**People,  
customers,  
technology**

2019

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[kpmg.ch](https://www.kpmg.ch)



# An overview of our practice

## Who are we?



KPMG has **distinct capabilities, access to research and resources to** assist our clients with a broad set of issues including risk, transactions, tax and compliance.



We are a **team of over 1200 professionals globally** who specialize in assisting clients with shared services centers and outsourcing initiatives.



We help clients **strategize, implement and enhance** their shared services and outsourcing operations to improve value realization from their support function delivery.



### **Independence**

We offer unbiased advice, keeping only our clients' interests in mind, and are independent of any down-stream outsourcing or technology platforms.



### **Well-established track record**

KPMG International has been deemed to be among the World's Best Outsourcing Advisors on numerous occasions, most recently in 2018.



### **Relationships with service providers**

We have active relationships with many Tier 1 and Tier 2 service providers in the market.



KPMG International has been consistently ranked among **IAOP's Top rated Outsourcing Advisors** globally



KPMG member firms have served more than **75 per cent of the Fortune 100** companies across the world



KPMG in Switzerland has delivered **more than 150 projects** over the last five years

## What sets us apart?

# Key considerations in building a leading business services organization



Does your service delivery model effectively leverage various sourcing channels (shared services centers, outsourcing or hybrid models) and locations (offshore versus near shore)?



Does your target operating model design for service delivery integrate all key elements like people, organization, processes and technology? Does it also include robust performance management, centralized governance and a value realization framework?



Is your transition management office equipped with the right skills, competencies and tools to undertake and manage complex transition programs successfully in reduced time and without cost overruns?



Is your current service delivery effective, and does it deliver the envisaged value to your organization? Have you leveraged the various transformation levers efficiently to drive excellence?



Have you increased the value derived from your service provider relationships by critically examining sourcing strategy, competently negotiating contracts and effectively managing service provider performance?



Have you identified where automation can deliver significant benefits to your organization? Are you already investing into RPA and reaping the advantages? Is there scope of further improvement?



Have you identified the next growth opportunities for your service delivery organization? Is your strategy in line with the way industry leaders are leveraging the latest disruptive solutions, delivery models and technologies?



**KPMG Switzerland's Shared Services and Outsourcing Advisory helps clients with the above issues by not only assisting in strategizing and assessing opportunities, but also in implementing the devised approaches.**

# Streamline your GBS journey

KPMG understands the pressures business leaders face every day, adapting to constant change and disruption. Our Shared Services and Outsourcing Advisory practice is a recognized leader in GBS initiatives; we can provide you the tools, knowledge, insights, and data you need to build value, achieve sustainable process improvements, and align services with your organization's overall business strategy.

It's not an easy or quick journey if you're just starting to figure it out. But KPMG knows the road. We have the experience and capabilities to help you every step of the way to mature your business services and drive high-value, sustainable transformation.

## Ten dimensions of operational excellence



## Change and program management

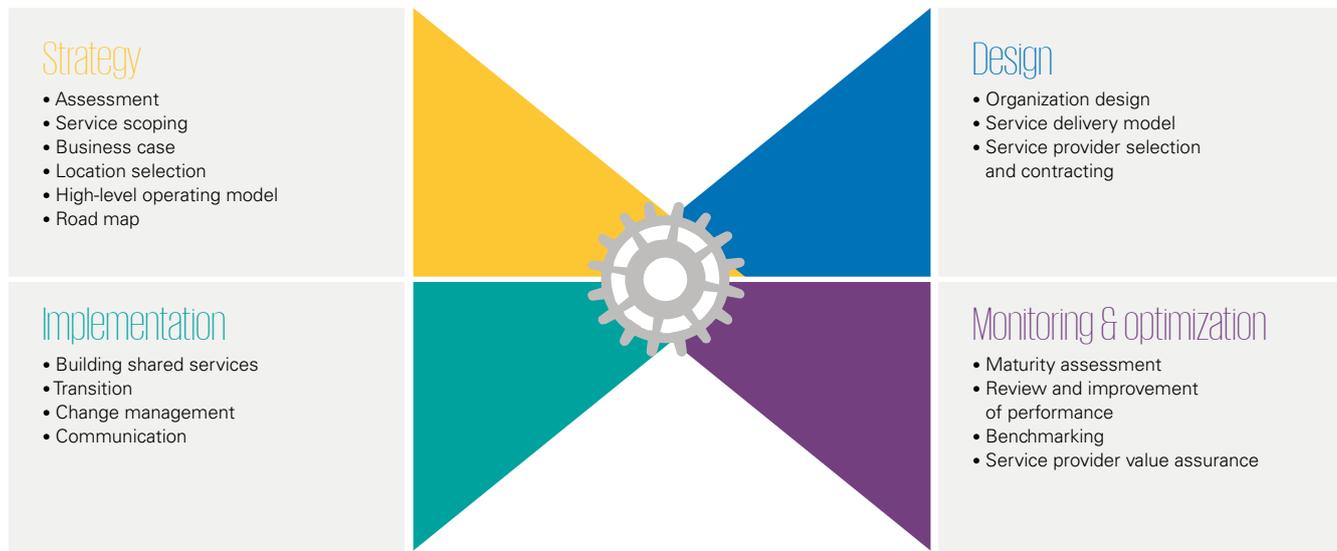
A focused, holistic approach for getting the people and the enterprise ready, willing, and able to fully adopt and sustain changes through targeted strategies promoting understanding, buy-in and ownership. Change management helps to achieve greater realization of expected benefits, reduce resistance, and mitigate risks that might undermine the value of the initiative.

# Our expertise supports your GBS journey

- 01**  **Delivery and sourcing strategy.** Align your GBS value proposition with your corporate strategy for greater overall success.
- 02**  **Service portfolio.** KPMG will help you maintain your focus on creating value and managing risk by aligning your governance and business strategy with functions at various levels of maturity.
- 03**  **Data and analytics.** Gain greater insights into corporate strategy and improve enterprise operations by realizing the true value of your data. With analytic dashboards, we can help you evaluate, shape and enhance GBS performance.
- 04**  **Talent management.** Retain, reward and recognize GBS staff and leaders for their insights, innovation, customer focus and contributions with effective talent management practices.
- 05**  **Process excellence.** Companies with higher levels of GBS maturity and optimization are better able to integrate processes across geographies and functions – ensuring end-to-end linkage of GBS and non-GBS processes.
- 06**  **Enabling technology.** Move toward GBS maturity by adopting a digital services environment that connects customers, employees and service providers. Build more digital, mobile, and socially-centric services and engagement models; create a virtual workforce and services organization; and standardize IT applications and systems.
- 07**  **Enterprise services governance.** GBS serves as an independent operating unit, and governance and accountability should be aligned with functional leaders and other managers. We can help support you with GBS services that are accessible through an intuitive, simple interface.
- 08**  **Commercial perspective.** Run your global business services like a business that's aligned with your enterprise's long-term objectives using a customer relationship model.
- 09**  **Tax and risk optimization.** Align and embed relevant tax data and financial controls in the new operating model. We can help you structure that appropriately, and analyze GBS locations and pricing decisions.
- 10**  **Change and program management.** Achieve greater benefits, reduce resistance to adoption, and mitigate risks with effective change and program management. KPMG can help GBS managers explain why the change was needed, share performance results, and get feedback from stakeholders.

# An overview of our methodology

KPMG's Shared Services and Outsourcing Methodology is a set of approaches that helps large enterprises, conglomerates and service providers realize greater value at lower overall service delivery costs.



Develop Strategy	Design	Implementation	Monitoring and optimization
<p>Assess service delivery model options and design strategy</p> <ul style="list-style-type: none"> <li>• Opportunity assessment</li> <li>• Baseline (full-time employees, service level agreements, volume, cost)</li> <li>• Assess outsourcing/offshoring feasibility</li> <li>• Process scope finalization</li> <li>• Build the business case</li> <li>• High-level target operating model design</li> <li>• Location analysis and selection</li> <li>• Risk assessment</li> <li>• High-level implementation roadmap</li> <li>• Intelligent assessment and strategy</li> </ul>	<p>Design a detailed target operating model and roadmap</p> <p><b>SSC:</b></p> <ul style="list-style-type: none"> <li>• Shared Services Center design</li> <li>• Site selection</li> <li>• To-be process design</li> <li>• Organization design (SSC and retained organization)</li> <li>• Technology blueprint</li> <li>• Design performance management framework</li> <li>• SSC: entity and legal structure</li> <li>• Chargeback model design and agreement</li> <li>• Intelligent automation</li> <li>• Outsourcing:</li> <li>• Service provider selection</li> <li>• Negotiation and contracting</li> <li>• Vendor governance</li> </ul>	<p>Transition the organization to a new operating model</p> <p><b>SSC:</b></p> <ul style="list-style-type: none"> <li>• Shared Services Center build</li> <li>• Readiness assessment</li> <li>• Transition management</li> <li>• Change and communication management</li> <li>• Taxation and transfer pricing impact assessment</li> <li>• Knowledge transfer and work shadowing</li> <li>• Transformation office set-up</li> <li>• Service level agreements</li> </ul> <p><b>Outsourcing:</b></p> <ul style="list-style-type: none"> <li>• Service provider transition management</li> <li>• Vendor management office setup</li> </ul>	<p>Identify improvement opportunities</p> <p><b>SSC:</b></p> <ul style="list-style-type: none"> <li>• Maturity assessment</li> <li>• Shared Services Center diagnostic</li> <li>• Service portfolio review and optimization</li> <li>• Governance health check</li> <li>• Benchmarking</li> <li>• Cost reduction and efficiency improvement</li> </ul> <p><b>Outsourcing:</b></p> <ul style="list-style-type: none"> <li>• Service provider strategy review and portfolio balancing</li> <li>• Outsourcing contract value assurance</li> <li>• Contract renegotiation/remediation</li> <li>• Additional RPA opportunities assessment</li> </ul>

# To whom we service

Large enterprises  
and conglomerates

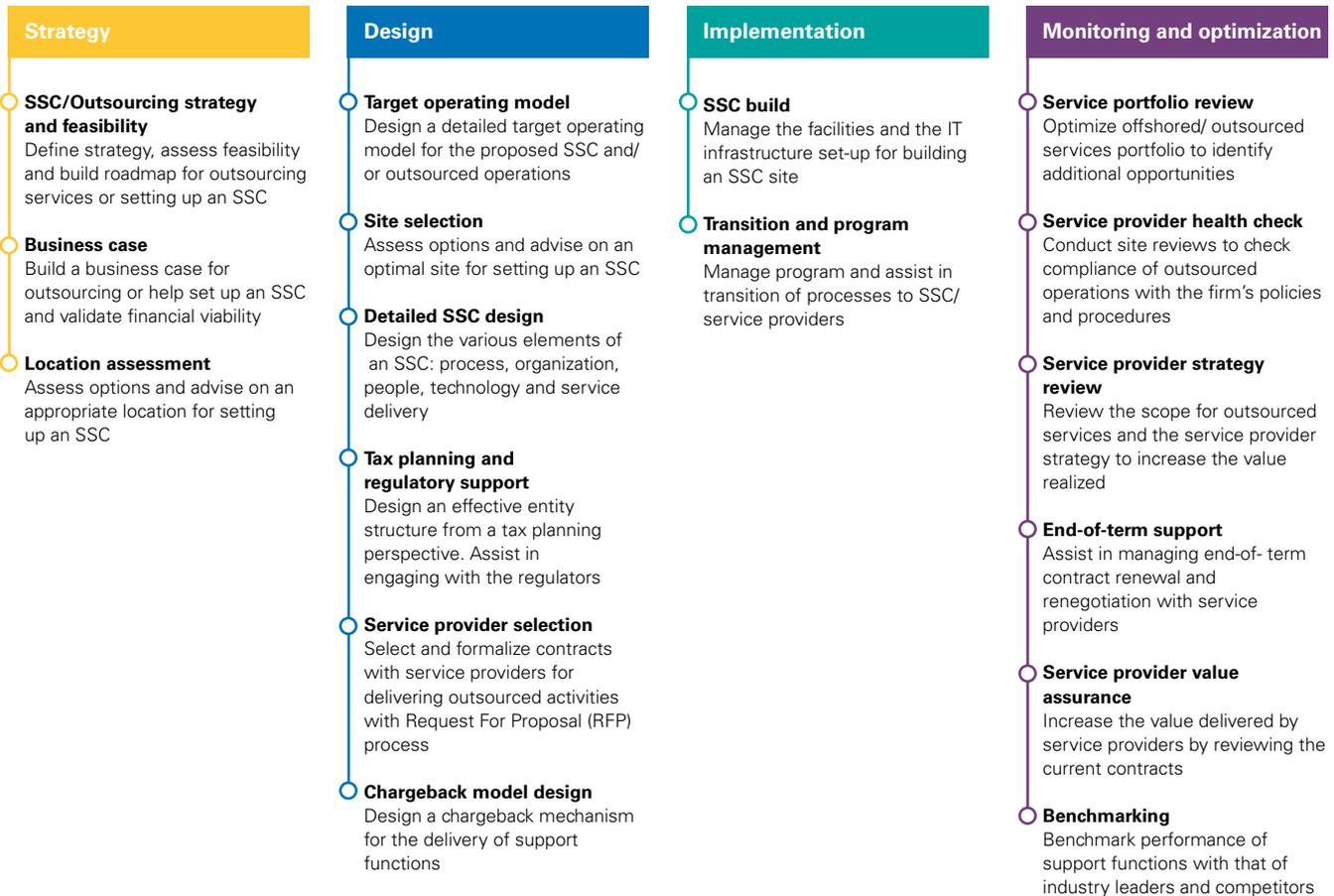


## Key consumers

- Large businesses and conglomerates
- Head offices of global businesses
- Global businesses looking for sourcing advice
- Businesses wishing to introduce automation



## KPMG's services



## Companies with Shared Services Centers (SSCs) or Global In-house Centers (GICs)



### Key customers

- Companies having Shared Services Centers (SSCs)
- SSC and GBS Maturity assessment
- Companies ready to take on Intelligent Automation initiatives
- Performance assessments and gap assessments
- Identifying outsourcing opportunities to build additional capacity



## KPMG's services

### Strategy

- **Growth strategy**  
Formulate a strategy and assess the feasibility to increase the scope and scale of SSCs
- **Go-to-market strategy**  
Develop a go-to-market strategy to offer an existing service portfolio to other companies
- **Location assessment**  
Assess options and advise on appropriate locations for setting up/growing an SSC

### Design

- **Detailed SSC design**  
Assess and redesign various elements of an SSC to incorporate growth plans
- **Service provider selection**  
Select and formalize contracts with service providers for delivering outsourced activities
- **Service management framework**  
Assess and redesign a service management framework to improve the SSC performance

### Implementation

- **Transition management**  
Manage program and assist in transition of identified additional processes to an SSC
- **Program management**  
Manage program and implement strategic initiatives at SSCs

### Monitoring and optimization

- **Maturity assessment diagnostic**  
Assess performance maturity of SSCs by comparing them to the leading global practices with the help of a short study
- **Operations improvement**  
Diagnose value leakages and re-engineer operations to enhance the performance of an SSC
- **Cost optimization**  
Optimize costs of running SSCs to increase the value delivered
- **Process re-engineering**  
Assess and redesign existing processes by leveraging quality management techniques and lean methodologies
- **Quality management support**  
Assist in implementing a quality management framework within SSCs
- **Benchmarking**  
Benchmark SSC's performance with industry leaders and competitors
- **Service provider assistance**  
Assist with service provider selection, contracting, contract renegotiation, service provider strategy, etc.

# KPMG service offerings



# SSC / Outsourcing strategy and feasibility study

## Key client considerations

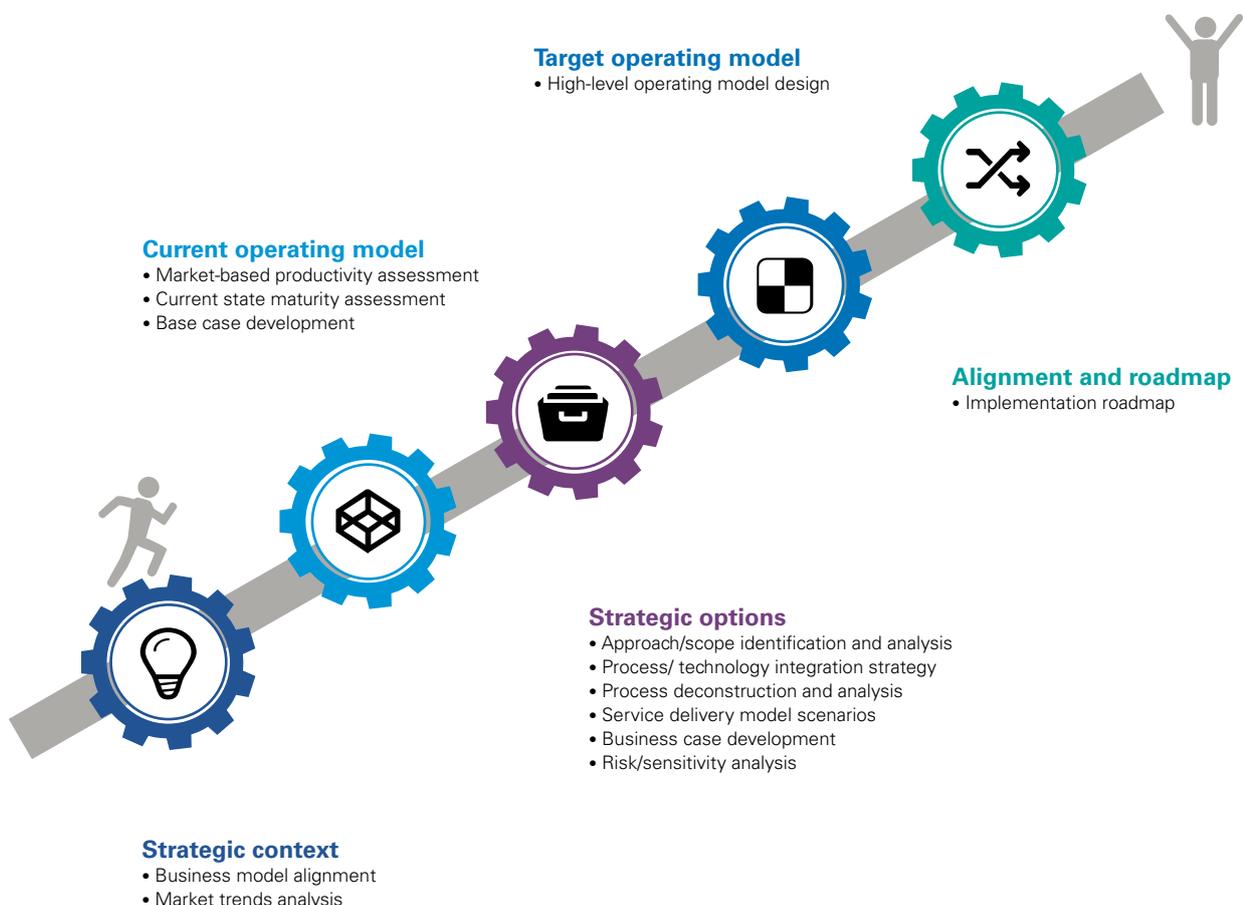
- Are our sourcing practices comparable to global standards and those followed by our peers?
- Are we struggling with high operating costs, especially for our support functions?
- Does our organization spend a lot of time in dealing with non-core function issues?
- Do we want to set-up an SSC or outsource support function activities, but are unsure of the benefits?
- Are we struggling to build a strong case for change within our organization?

## KPMG's approach

We assist clients in defining their SSC/outsourcing strategies and carry out a detailed feasibility assessment for outsourcing/offshoring initiatives to enable them to objectively evaluate the potential benefits and risks.

## Outcomes

- Understand new sourcing trends and maturity of current sourcing practices in comparison with global standards
- Identify the right model and target state for operations
- Understand the various benefits (tangible and intangible) as well as risks associated with the initiative
- Build a case for change for SSC implementation/outsourcing
- Take a well-informed decision and adopt a planned approach to an SSC setup/outsourcing decision.



# Intelligent Automation Services

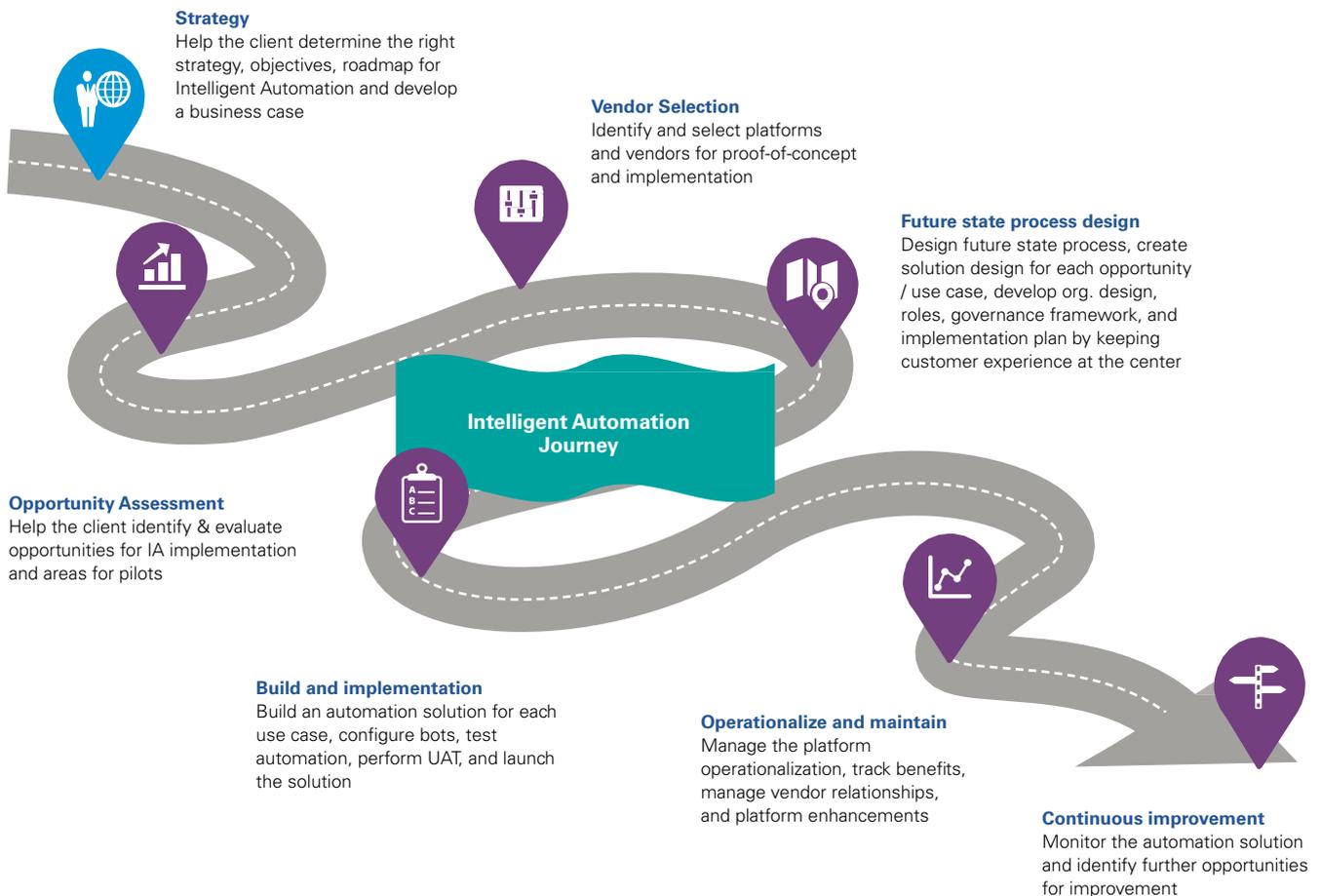
## Key client considerations

- What functions and processes are most suited for Intelligent Automation (IA) and offer greatest potential benefits? Do we understand how IA affects governance, risk, change management, and talent strategy?
- Which opportunities are available to implement IA and which platforms and service providers would be best-suited for my specific needs? How prepared are we as an organization to maximize the benefits of IA?
- How can we design an IA implementation roadmap? How can we ensure smooth implementation?
- What will the future workforce look like and how will the digital operating model fit in?

## Outcomes

- Intelligent Automation strategy with timelines, investment requirements and benefits case
- Economic and qualitative business case that generates stakeholder buy-in
- Prioritized potential vendor landscape and preliminary benchmarking inputs enabling collaboration with the vendors that fit best
- Directional opportunity assessment and readiness assessment for automation at the functional and operational level
- Implementation roadmap, design and solution architecture; governance model and change management strategy
- Institutionalization of Intelligent Automation and continuous improvement program implementation
- Intelligent Interactions leading to significant cost reductions, improved efficiencies, and enhanced customer experience

## KPMG's approach



# Business Case

## Key client considerations

- What are the financial viability and the expected benefits from outsourcing our operations or setting-up an SSC?
- How do we realistically model various costs associated with setting up an SSC or outsourcing our operations? What are the expected transition costs and how much will it cost to run it?
- Do we have access to various cost benchmarks? What efficiencies can we expect once the SSC is set up?
- What is our worst case scenario? Do we understand how the various drivers in a business case affect the financial viability?

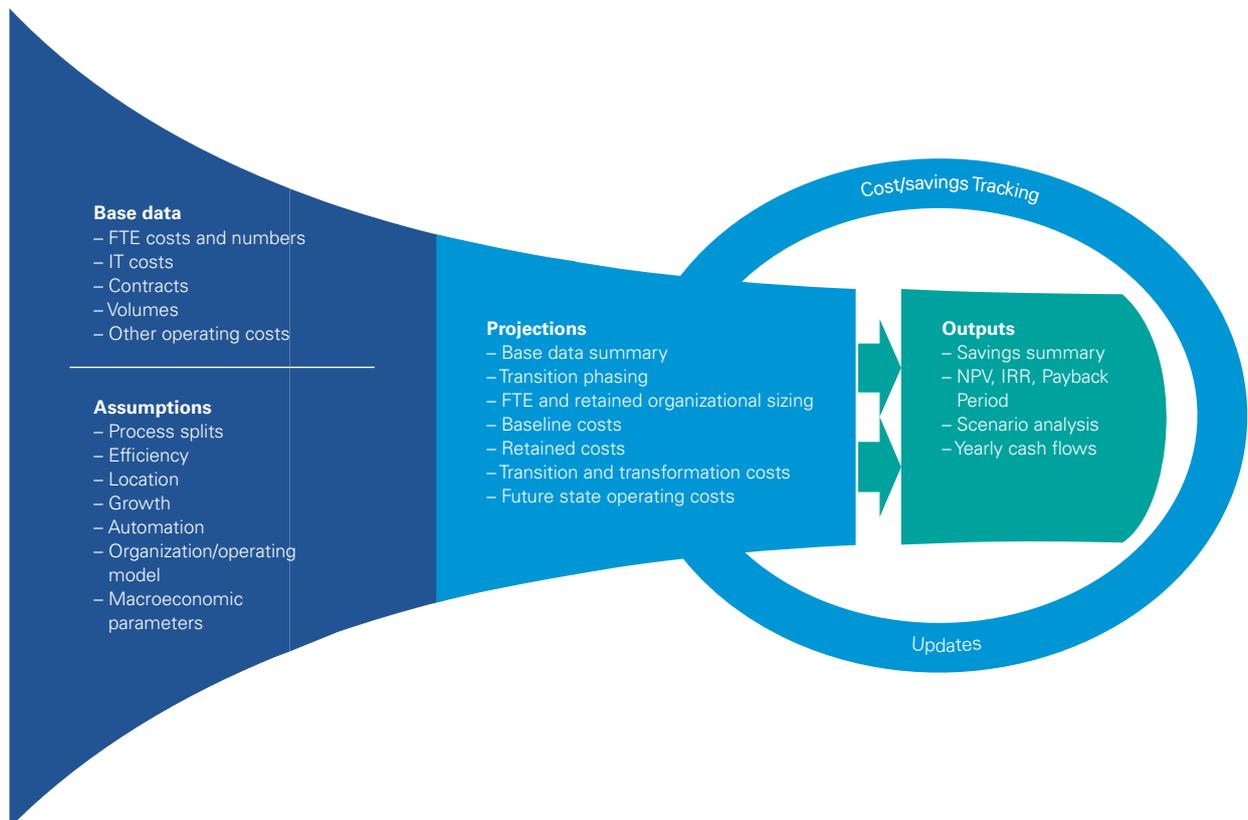
## KPMG's approach

Detailed, scenario-based business case where all assumptions are backed by in-depth research, enabling clients to take informed decisions.

## Outcomes

- Detailed business case that can accurately forecast expected costs and potential benefits to enable informed decision making
- Realistically modelled assumptions by leveraging KPMG's in-depth research on various industry benchmarks
- Financial viability of outsourcing operations or setting up of an SSC, with high-degree of concurrence between the business case and actual project costs.

## Business case framework



# Location Assessment

## Key client considerations

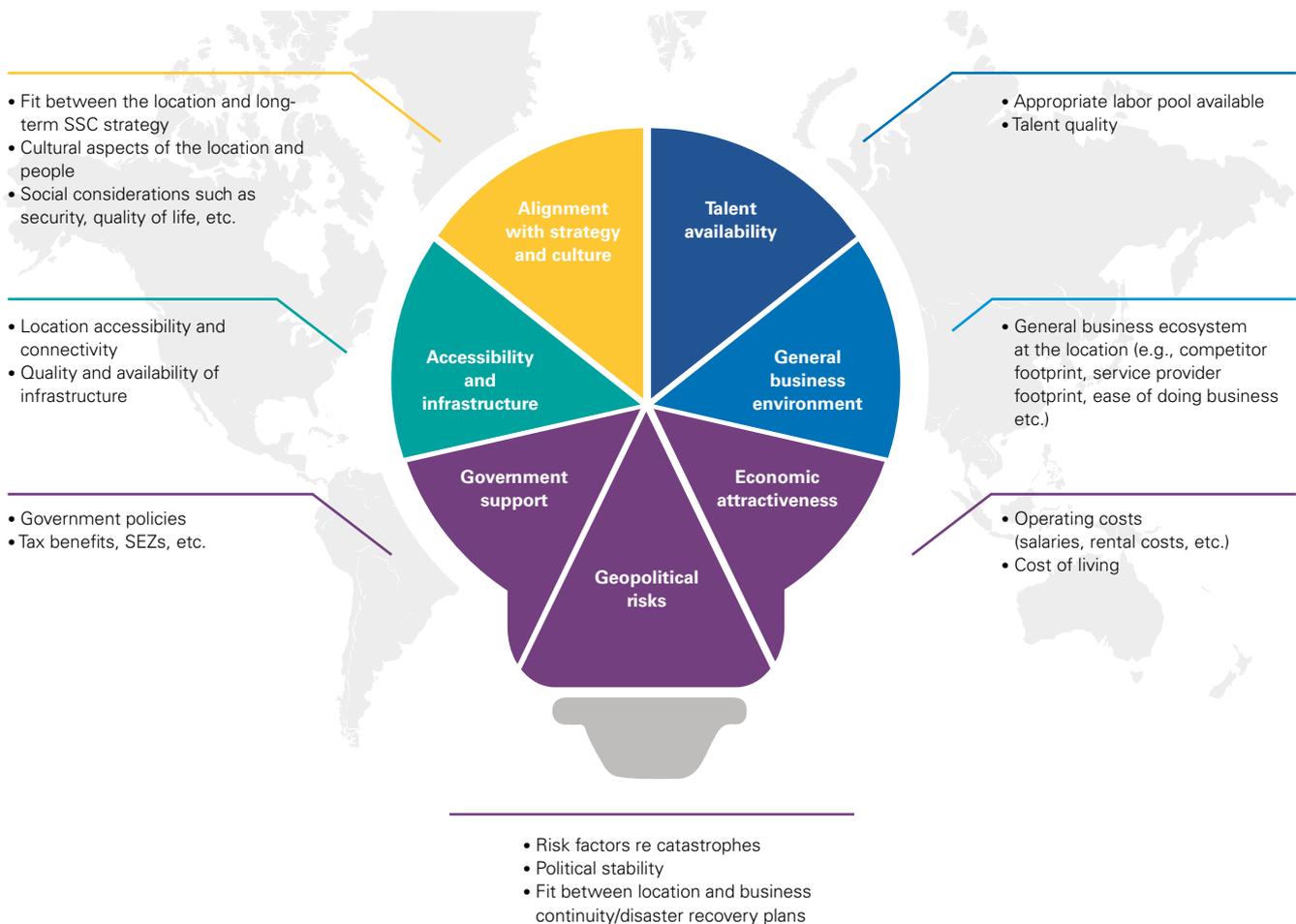
- Have we effectively leveraged low-cost locations in our delivery model?
- Do we have access to the 'right talent' at the proposed/ existing locations? Which are the preferred locations for a particular function?
- Which are the upcoming new locations? Do we understand the market trends at these locations?
- Do we know how our peers are changing their location strategy?

## KPMG's approach

Help clients select appropriate locations for their business by holistically evaluating each location across multiple dimensions and bringing in thorough understanding of new market trends.

## Outcomes

- Effective location strategy for SSCs (Shared Service Centers)/GDC (Global Delivery Centers)
- Identifying an attractive location for delivering specific services (such as IT, contact centre, F&A, etc.) and servicing customer geographies (such as Americas, Europe, APAC, etc.)
- Identifying the right mix for the location portfolio to reduce cost, while helping to ensure access to the 'right talent'.



# Target Operating Model

## Key client considerations

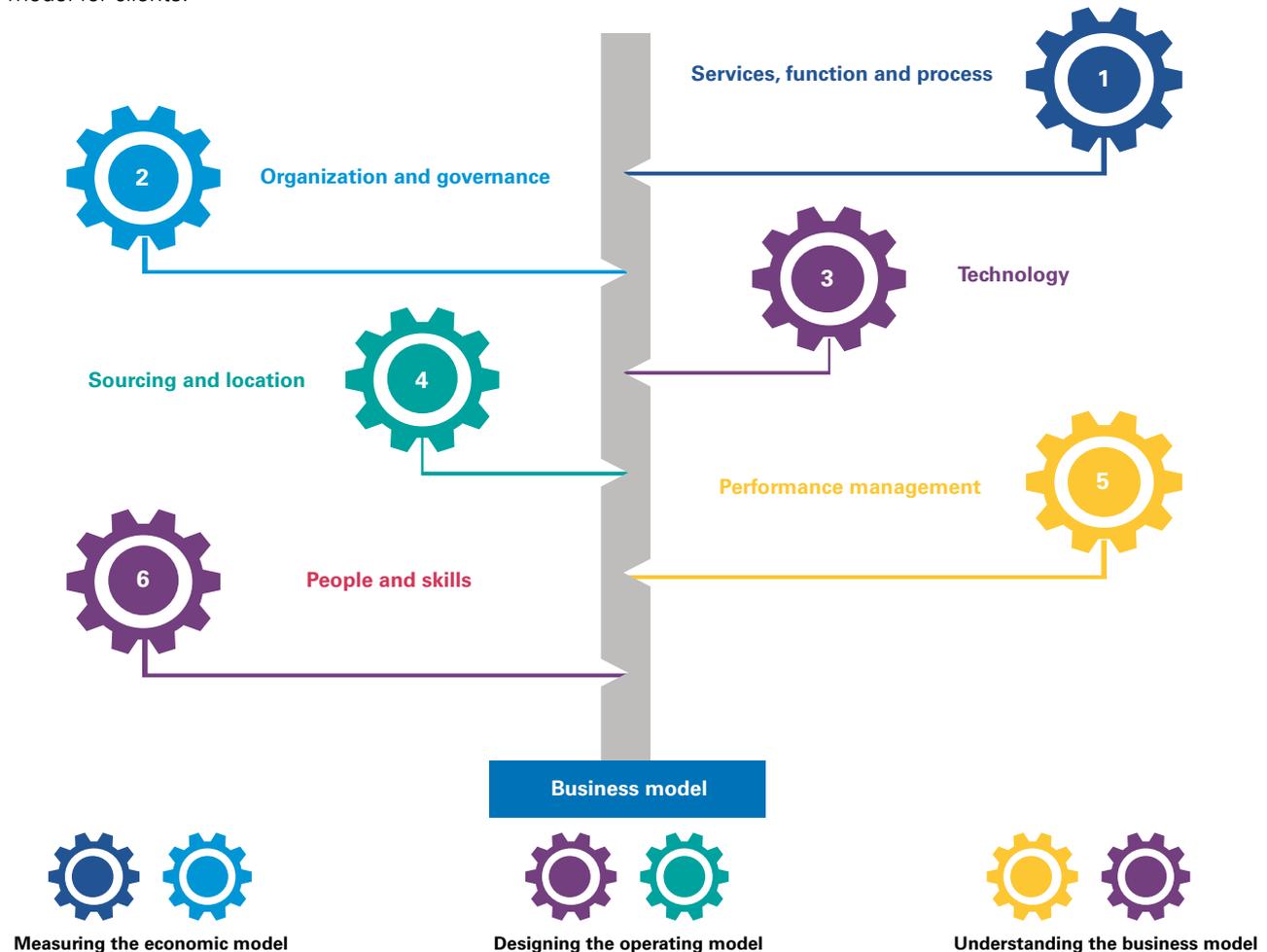
- What is a suitable operating model for our business?  
How can we leverage SSCs/service providers as a means to optimize our costs?
- How can we optimize service delivery across our SSCs, service providers and the retained organization?
- What are some of the key considerations for designing a target operating model?
- Is the existing operating model scalable and flexible enough to achieve our growth targets and incorporate changes in the scope/scale?

## Outcomes

- Optimized operating model with standardized processes, clarity on the roles and responsibilities, and elimination of value-leakages to increase the value delivered
- Scalable and flexible operating model that addresses future requirements like additional scope, changes in scale, changes in business focus, additional regulatory requirements, etc.
- A well-designed operating model that helps in achieving increased customer satisfaction and reduced cost of operations.

## KPMG's approach

Our framework focusses on deploying an appropriate analysis and design techniques for each component of an operating model to design/optimize the target operating model for clients.



# Service provider selection and contracting

## Key client considerations

- Are we planning to outsource certain activities to a service provider? How do we select a suitable service provider? What are the factors that we need to consider?
- What is an effective pricing and negotiation strategy for us?
- What should the structure of the contract be? What terms need to be included?

## KPMG's approach

KPMG as an independent sourcing advisory has in-depth experience with service provider selection processes and maintains relationships to several leading outsourcing service providers. We help clients get the most out of their service provider relationship by advising them with the industry-leading practices for RFPs, negotiations, due diligence and contracting.

## Outcomes

- Selection of a suitable service provider by conducting a competitive and exhaustive RFP process
- Negotiation strategy that can increase the value from the preferred service provider(s)
- Effective contract with the service provider leveraging benchmark contracts prevalent in the industry.

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### Scope

- Finalize scope to be outsourced

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### RFI & RFP process

- Identify probable service providers
- Develop and release Request for Information (RFI)
- Shortlist service providers
- Prepare RFP
- Issue Request For Proposal (RFP) to shortlisted service providers
- Resolve service provider queries

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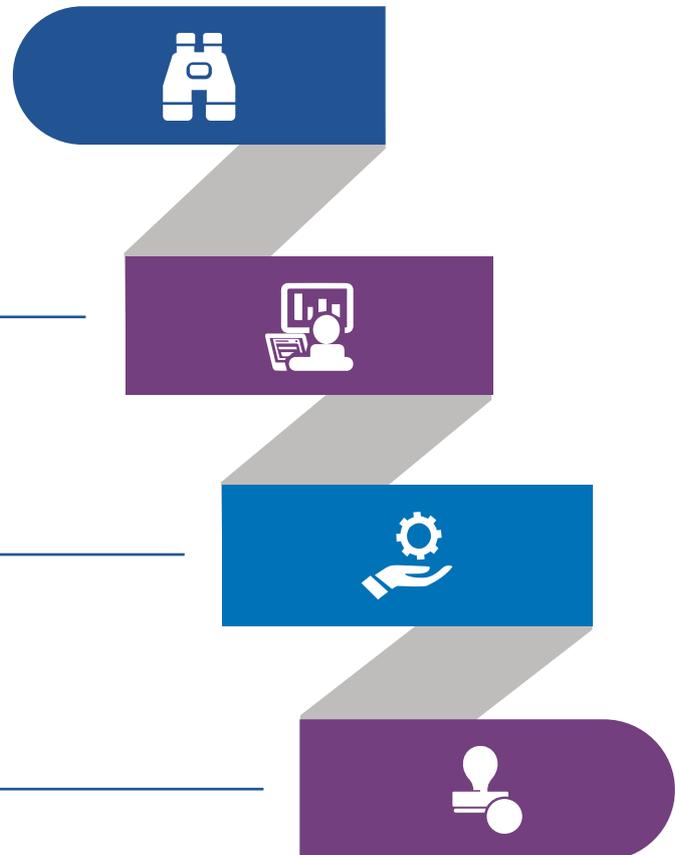
### Service provider selection

- Evaluate service provider responses
- Conduct due diligence
- Negotiate pricing and terms of contract
- Select service provider(s) for a business award

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### Contracting

- Develop a contract and Statement of Work (SOW)
- Finalize SOW
- Sign master agreement and SOW



# Detailed SSC design

## Key client considerations

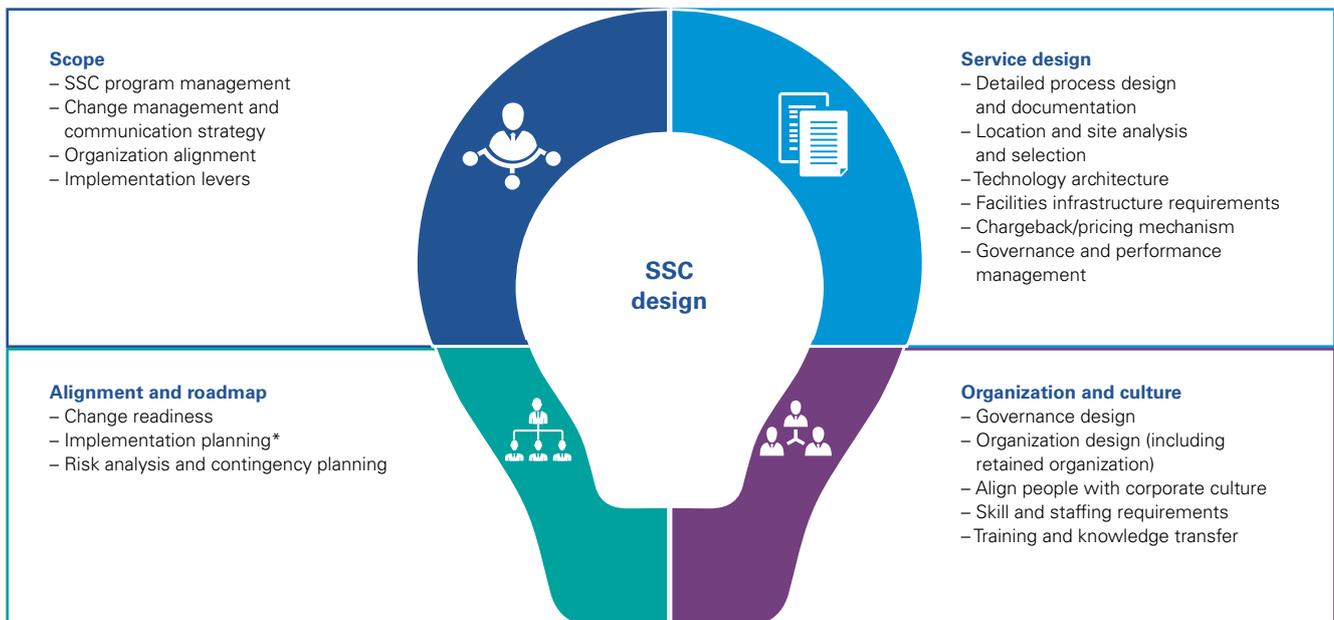
- Is our SSC designed in a way to ensure efficient delivery of services? Do we have an extensive view of various processes across the different service delivery platforms?
- Do we have the right competencies and skills available to address challenges related to processes, organization, people and technology in the SSC design?
- How can we avoid a misalignment between an SSC strategy and the already existing initiatives and projects?
- What changes are required in our existing SSC to add in-house scope? How can we effectively leverage our existing capabilities and manage performance?
- How do we bring previously outsourced services back in-house under our SSC?

## KPMG's approach

Well-tested, structured approach and wealth of experience in designing SSCs for clients.

## Outcomes

- Completed design blueprint with an implementation plan for an SSC leveraging KPMG's well-established expertise to design SSC elements and plan implementations
- Revamped design blueprint for existing SSCs that can bring additional in-house scope (previously outsourced, presently on-shore processes, additional geographies or business units, etc.)
- Potential benefits beyond consolidation and standardization to help achieve adaptability and scalability, sustained process efficiencies, effective governance, effectively leveraging technology and right corporate culture
- Close alignment between already existing or other planned initiatives/programs and SSC set-ups in order to harness synergies among the various programs.



\*Implementation planning includes transition sequencing, facility and IT build-out plan, on-boarding and training plan and synergy planning for already existing initiatives.

# Chargeback model design

## Key client considerations

- What are the chargeback models being used by industry leaders? What are the potential benefits and shortcomings of the various models?
- What factors should be considered while designing a chargeback model for an SSC?
- Which chargeback model would fulfill our business requirements?

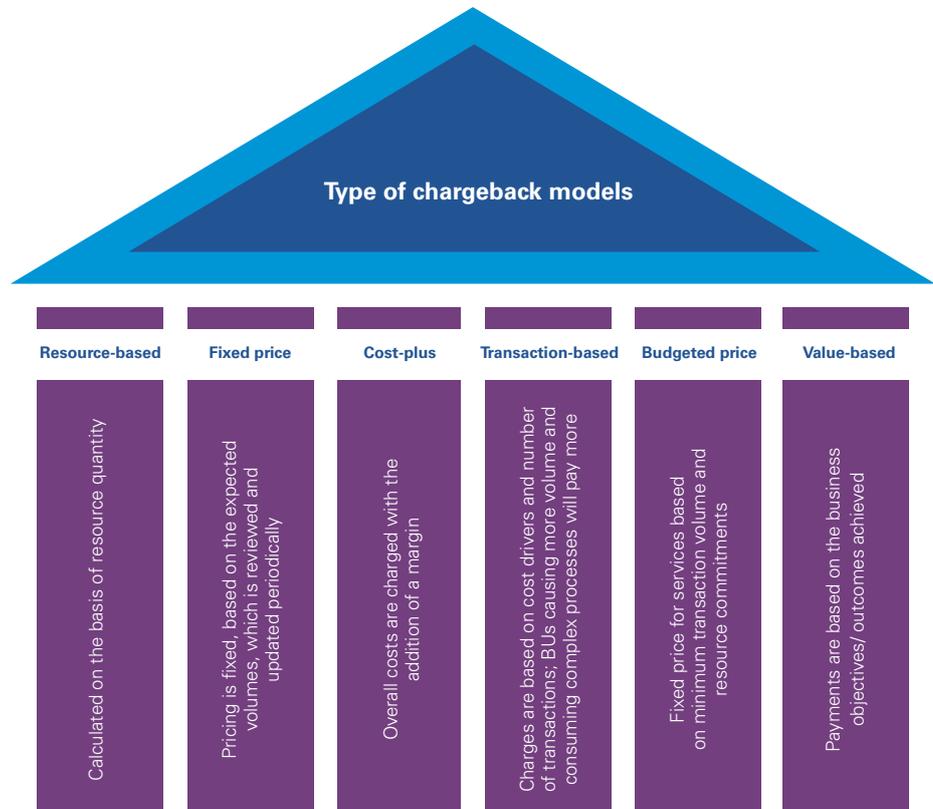
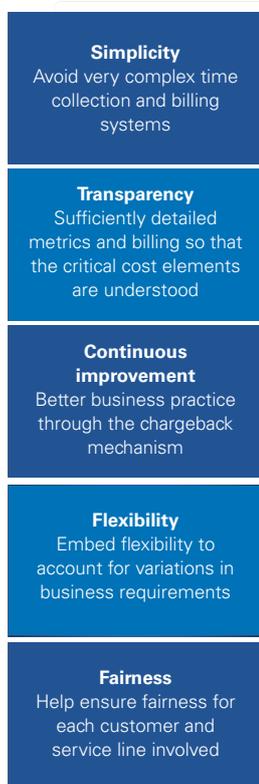
## Outcomes

- A suitable chargeback model for the SSC in line with the company's business requirements
- The existing chargeback model is benchmarked with peers and industry leaders
- Chargeback model that is in line with fiscal and regulatory requirements.

## KPMG's approach

In-depth understanding of chargeback models and well-established expertise in designing and implementing various types of chargeback models for our clients.

## Design principles



# Shared services center build

## Key client considerations

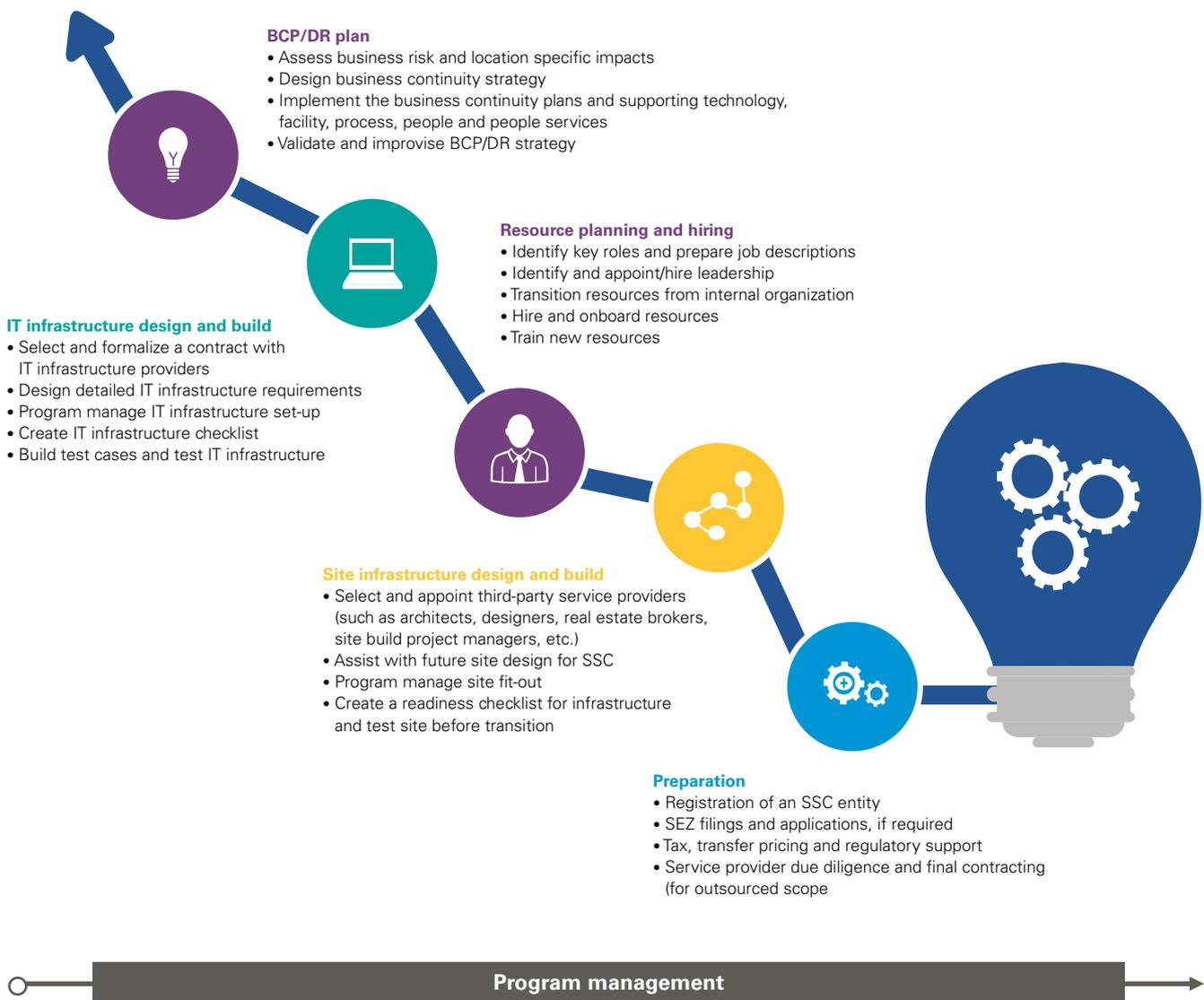
- What kind of infrastructure and technology does our SSC need?
- Which service providers are suited for building our SSC (both facility and IT infrastructure)?
- Do we have the right competencies and skills to track our SSC build? Is our SSC facility and IT infrastructure ready for transition?
- What is the business contingency plan (BCP) / disaster recovery (DR) plan for our support function delivery?

## KPMG's approach

Well-established expertise and experience in managing complex SSC build programs to achieve on-time and successful SSC go-live for our clients.

## Outcomes

- Achieve complex SSC building program involving multiple service providers with both reduced cost and time overruns
- Effective tracking of the overall program and structured program management for timely site-readiness and go-live of the SSC.



# Transition management

## Key client considerations

- Do we have the right competencies and skills to manage a large-scale transformation such as a new SSC set-up/SSC expansion or outsourcing of operations to a third-party service provider?
- Does our transition initiative require coordination across multiple stakeholders, geographies and business units?
- What is the probable impact of inefficient transition planning regarding the timelines, budget and service continuity? How can we mitigate such risks?
- Are the stakeholders within our organization aligned with the transition initiative?

## Outcomes

- On-time delivery of transition initiatives with reduced cost and time overruns
- Alignment and buy-in of stakeholders through effective change management and communication
- Efficient utilization of various resources by detailed planning and effective program management
- Regular status updates on transition initiatives in various relevant governance forums
- Pre-emptive mitigation and speedy resolution of various risks and issues.

## KPMG's approach

Extensive support, from mobilization to post-implementation stabilization and optimization, to help clients undertake complex transformation initiatives.

### Plan and mobilize

- Mobilize resources and transition kick-off
- Coordinate project logistics
- Service provider selection (if applicable)
- Project plan, roles and responsibilities
- Project governance
- Program management office set-up
- Transition strategy and scope finalization
- Steering committee

### Monitor and deliver

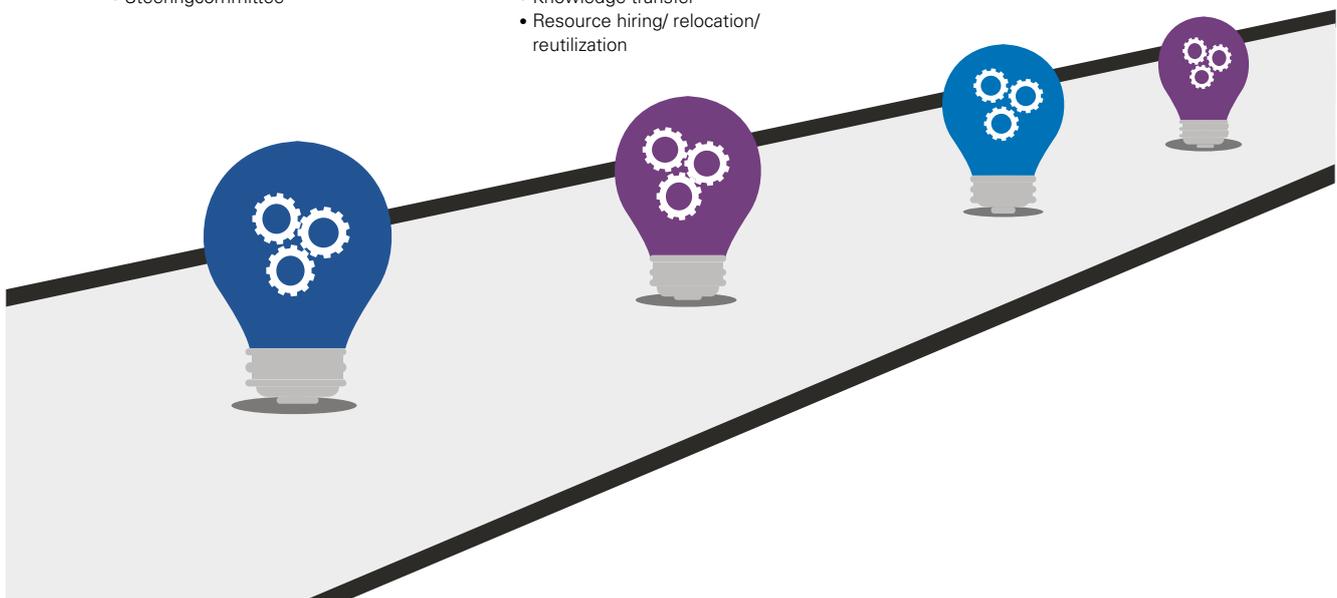
- Sign-off and toll gates
- Coordinate communications
- Risk/Issue management
- Status updates and governance meetings
- Training and onboarding
- Technology roll-out
- Knowledge transfer
- Resource hiring/ relocation/ reutilization

### Stabilize

- Benefits tracking
- Service delivery and performance metrics
- Post go-live, issue tracking and remediation

### Optimize

- Continuous improvement



# Benchmarking

## Key client considerations

- How are our support functions performing in comparison with our competitors and peers?
- Is our operating cost above or below the average industry benchmark?
- What is the current level of performance of our SSC against that of industry leaders in terms of cost, performance and organizational key performance indicators (KPIs)?
- What are the prevalent pricing benchmarks for outsourcing contracts in the market?
- For service providers: are we overpricing our deals and losing out to competition?

## Outcomes

- Provide detailed benchmark report comparing the performance against that of competitors and industry leaders
- Identify areas to be improved and insights to help rationalize cost, improve performance and define a roadmap to achieve the desired state
- Gain in-depth understanding of pricing prevalent in the industry for outsourcing contracts (enabling organizations to sign competitive deals/ helping service providers price their deals competitively).

## KPMG's approach

Evolved benchmarking methodology and access to in-depth research on industry KPIs to help clients benchmark their performance.



# Digital Transformation

## Key client considerations

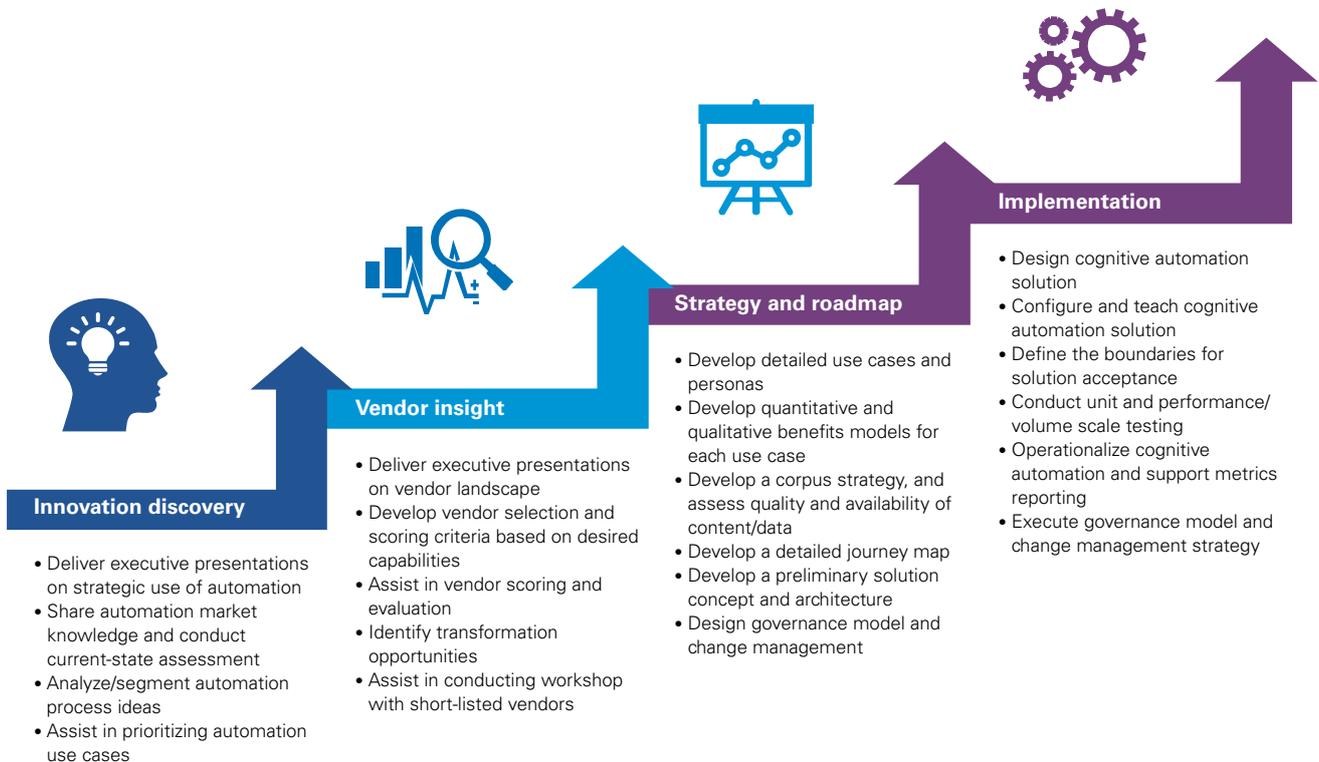
- Which functions and processes are most suited for automation and offer the greatest potential short-term and long-term benefits?
- Are you assessing your current mix of delivery centers and locations? Do you understand the implications for your governance, taxes and risk?
- Will your talent management and succession planning practices provide the training and experience necessary to groom the next generation of leaders?
- Are you aware of your political environment and potential changes to immigration, trade, and manufacturing policies?

## KPMG's approach

Evolved framework for assessing digitalization opportunities across the organization for maximum benefit

## Outcomes

- KPMG helps you to transform your business service delivery to improve value, increase agility, and make business performance sustainable. We bring together expertise in global business services, shared services, outsourcing risk, transactions tax, and compliance.



**Change Management  
Governance, Center of Excellence  
Risk Management – Security, Privacy, Vulnerability etc.**

# Shared services center growth strategies

## Key client considerations

- Have we leveraged our SSC for all possible BUs and geographies? How can we do this?
- Are we exploiting our SSC to the maximum? Could we use the SSC to support additional functions?
- Is there a case for portfolio realignment within the SSC and the retained organization?
- Can the SSC also deliver any judgement-intensive processes? How should we increase the scope of our SSC?
- How can we grow our SSC and increase the value for the parent organization?

## KPMG's approach

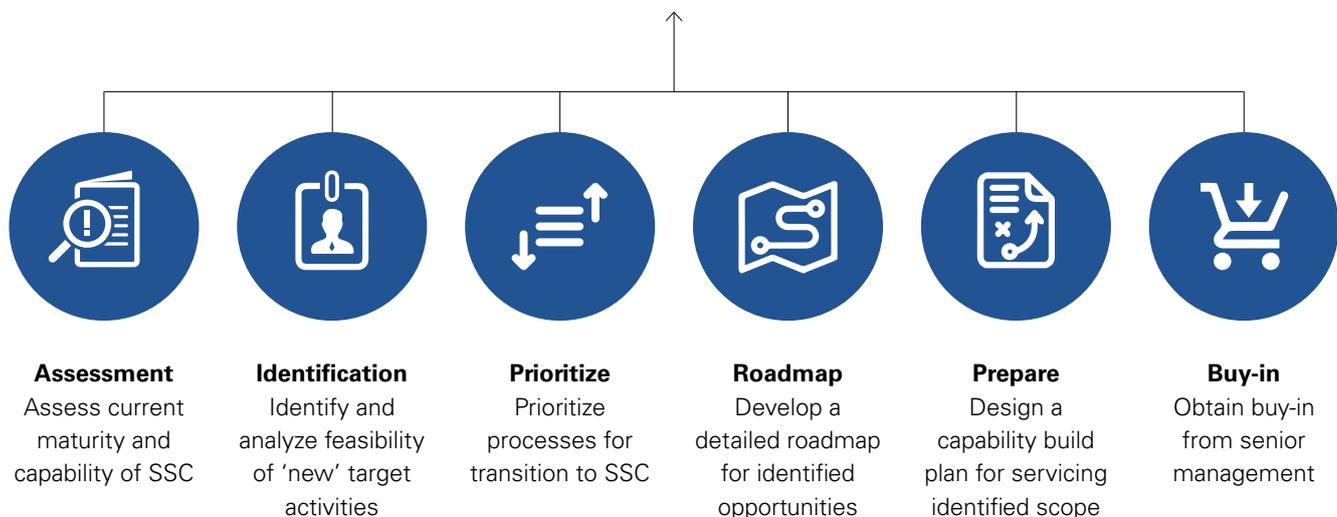
Evolved benchmarking methodology and access to in-depth research on industry KPIs to help clients benchmark their performance.

## Outcomes

- Identification of growth opportunities for the SSC, such as additional functions, geographies, processes and entities to be serviced through the SSC
- Understanding the feasibility of servicing the identified functions, geographies, processes and entities
- Exploration of future growth strategy (including investment plan, capability building plan) for the SSC
- Roadmap for growth/expansion to enable increase in value realized from the SSC/outsourcing relationship.

## Dimensions of SSC growth

Functions	Geographies/regions
Lines of business	Processes



# Service management framework

## Key client considerations

- Do we have productivity and quality issues in our service delivery? How does our service management framework compare with industry peers and competitors?
- Are we tracking and monitoring the relevant KPIs and SLAs? Are we dissatisfied with the SSC's performance despite SLA compliance?
- Are we using effective technologies and processes to track and manage the performance of our SSC or service providers?
- Do we frequently have unresolved issues? How do we ensure that we have robust risk management framework in place?

## Change management

- Change control process
- Service catalog maintenance
- Service contract management
- Benchmark and market conformity check

## Risk and Control

- Quality and controls processes (e.g. management reviews, training, etc.)
- Risk and compliance
- Knowledge management
- Business continuity and disaster recovery

## Financial management

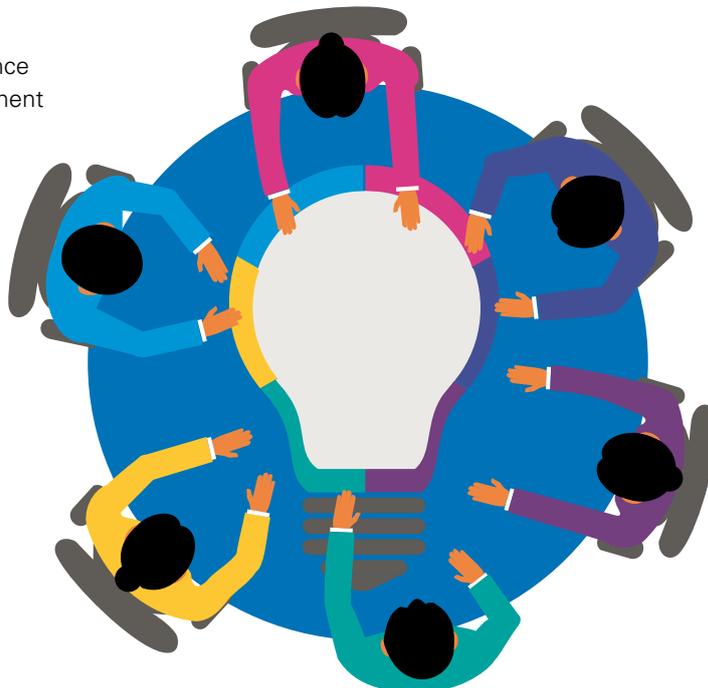
- Service charging mechanism
- Costs to be charged

## KPMG's approach

Well-established expertise of designing and implementing a service management framework for service delivery, for both SSCs and service providers.

## Outcomes

- Robust service management framework in line with industry leading practices
- Ability to track and monitor the relevant SLAs and KPIs for the SSC/service provider
- Effective processes and appropriate technologies to manage performance of the SSC/service provider
- Proactive risk management and speedy resolution of issues.



## Performance management

- Performance management process
- SLAs and KPIs
- Performance dashboard
- Non-conformance management

## Governance

- Decision making
- Terms of reference for a forum
- Establish roles and responsibilities
- Escalation process

## Relationship management

- Customer interaction process
- Issue management
- Query management process
- Customer feedback survey (voice of the customer)

# Maturity assessment diagnostic

## Key client considerations

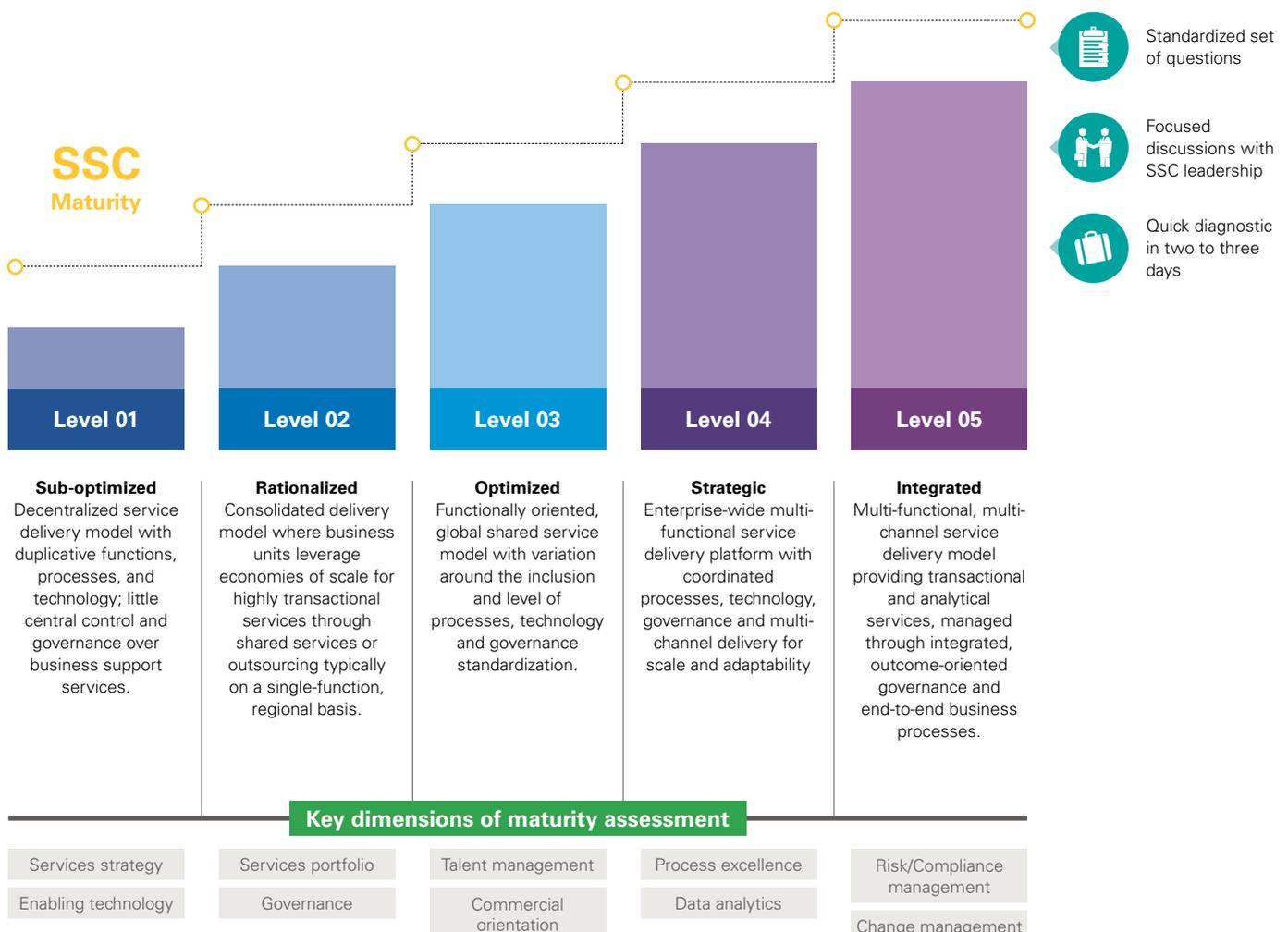
- What is the current level of maturity of our SSC? How can it move up along the maturity curve?
- Where does our SSC stand in comparison to industry leaders and peers?
- How can our SSC mature from catering to back-office operations to the middle and the front-office?
- How do we drive positive customer experience, product innovation and process optimization in a cost-effective manner?

## KPMG's approach

Client assistance with a short diagnostic study that culminates in a detailed analysis of the client's SSC maturity in comparison to KPMG's SSC maturity framework.

## Outcomes

- Evaluation of the current maturity level of an SSC against that of industry leaders and peers using KPMG's database
- Provision of detailed findings and recommendations across the ten key dimensions of a maturity assessment
- Identification of key improvement opportunities and creation of an implementation roadmap for achieving the desired maturity state
- Identification of key initiatives required to address strategic imperatives, such as positive customer experience, product innovation, growth towards high value-add processes, process effectiveness, cost-effectiveness, etc.



# Operations improvement

## Key client considerations

- Where do we have gaps in our current operations in comparison to industry leaders and how can we remediate these?
- How do our peers and competitors deliver services? How can we make our operations more competitive?
- Are we focused on delivering enhanced value from our SSC/GDC? Do we have a dedicated continuous improvement program at our SSC/GDC?
- Is our SSC/GDC stagnating, making it impossible for us to improve or grow?

## KPMG's approach

Client assistance with a short diagnostic study that culminates in a detailed analysis of the client's SSC maturity in comparison to KPMG's SSC maturity framework.

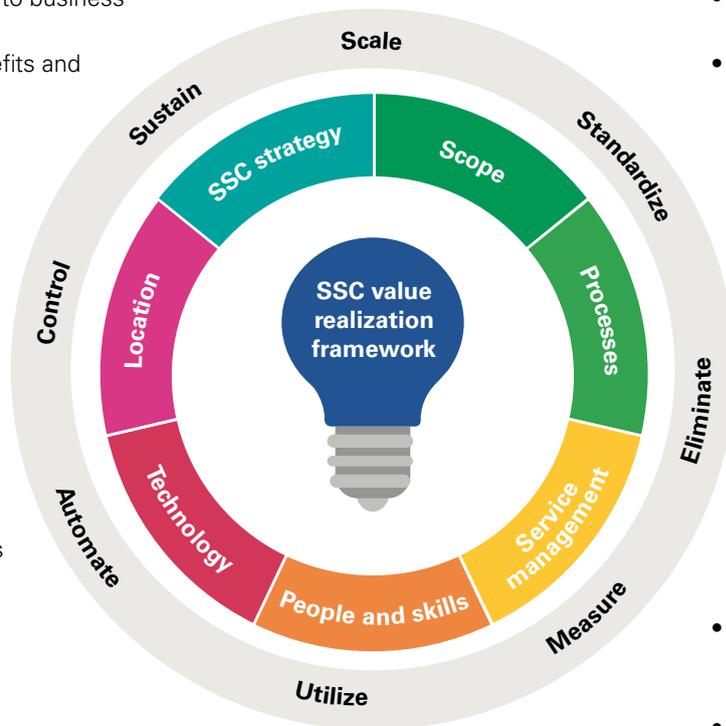
## Outcomes

- Holistic assessment of the existing operational maturity and identification of gaps with respect to global leading practices and standards
- Identification of improvement opportunities to enhance the value realized from the SSC/GDC and achieve cost and productivity benefits
- Prioritization of opportunities and creation of an implementation roadmap required to address the strategic imperatives
- Implementation of key initiatives to enable realization of strategic imperatives and drive the next level of improvement and growth at the SSC/GDC.

- SSC strategy is aligned to business requirements
- Expected financial benefits and savings are realized

- Physical facilities are in line with industry and global standards
- Facility is capable of supporting future expansion plans

- Repetitive manual tasks are automated
- "Small scale" IT tools are deployed
- The ERP platform is standardized



- Higher value processes are transitioned to SSC
- SSC scope is expanded to other functions, business groups and geographies

- Standardize processes and leverage leading practices
- Continuous improvement culture
- Appropriate degree of control

- SSC operates as a trusted business partner to its customers
- SLA/KPIs are measured and reported
- Governance is in place

- SSC organization reflects leading practices, e.g., span of control management layers
- SSC staff is effectively skilled for the jobs

# Cost optimization

## Key client considerations

- Are our operating costs higher than those of our peers and competitors? Has our operating model been optimized to achieve our cost goals?
- How can we save costs? Can we optimize our costs to drive sustained profitability?
- Are the high operating costs eating into our profit margins and making us uncompetitive? (for service providers)

## KPMG's approach

Assisting clients to improve their bottom-line by helping them optimize their costs by leveraging methodologies such as quality management techniques and lean programs. Cost optimization for service providers generally focuses on four major cost heads: operating costs, overhead costs, back-office costs and working capital.

## Outcomes

- Rationalization of expenditure and reduction of costs without impacting the quality of service delivery
- Identification of redundant and unnecessary costs that impact the bottom-line without adding value
- Identification of the most suitable operating model for operations
- Lean operations with improved efficiency and effectiveness
- Enhanced competitiveness with respect to peers and competitors.

## Operating costs

- Focus on reducing operating costs by
- Optimizing direct/indirect procurement
  - Outsourcing optimization
  - Improving sales effectiveness
  - Industrializing (service delivery and process efficiency)
  - Reviewing contracts
  - Implementing LEAN approaches
  - Rationalizing manpower cost



## Working capital optimization

- Fill the demand-supply gap in the market while increasing realizations and reducing the lockup and Work In Progress (WIP)
- Cash flow cycle improvement
  - Finance integration
  - Asset management
  - Cost reductions
  - Working capital reduction



## Overhead costs

- Help ensure optimization of indirect costs such as Travel, IT & communication, employee benefits, stationary, etc.
- Process and system optimization
  - Spend rationalization
  - Overhead cost reduction
  - Optimized sourcing



## Back office costs

- Reduction of total overall costs of delivering support services such as F&A, HR, IT, Procurement, Admin etc.
- Shared services cost reduction
  - Utilization improvement
  - Workforce productivity improvement
  - Governance effectiveness
  - Technology enablement
  - Skill mapping
  - Operating model review
  - Manpower sizing

# Service provider strategy review

## Key client considerations

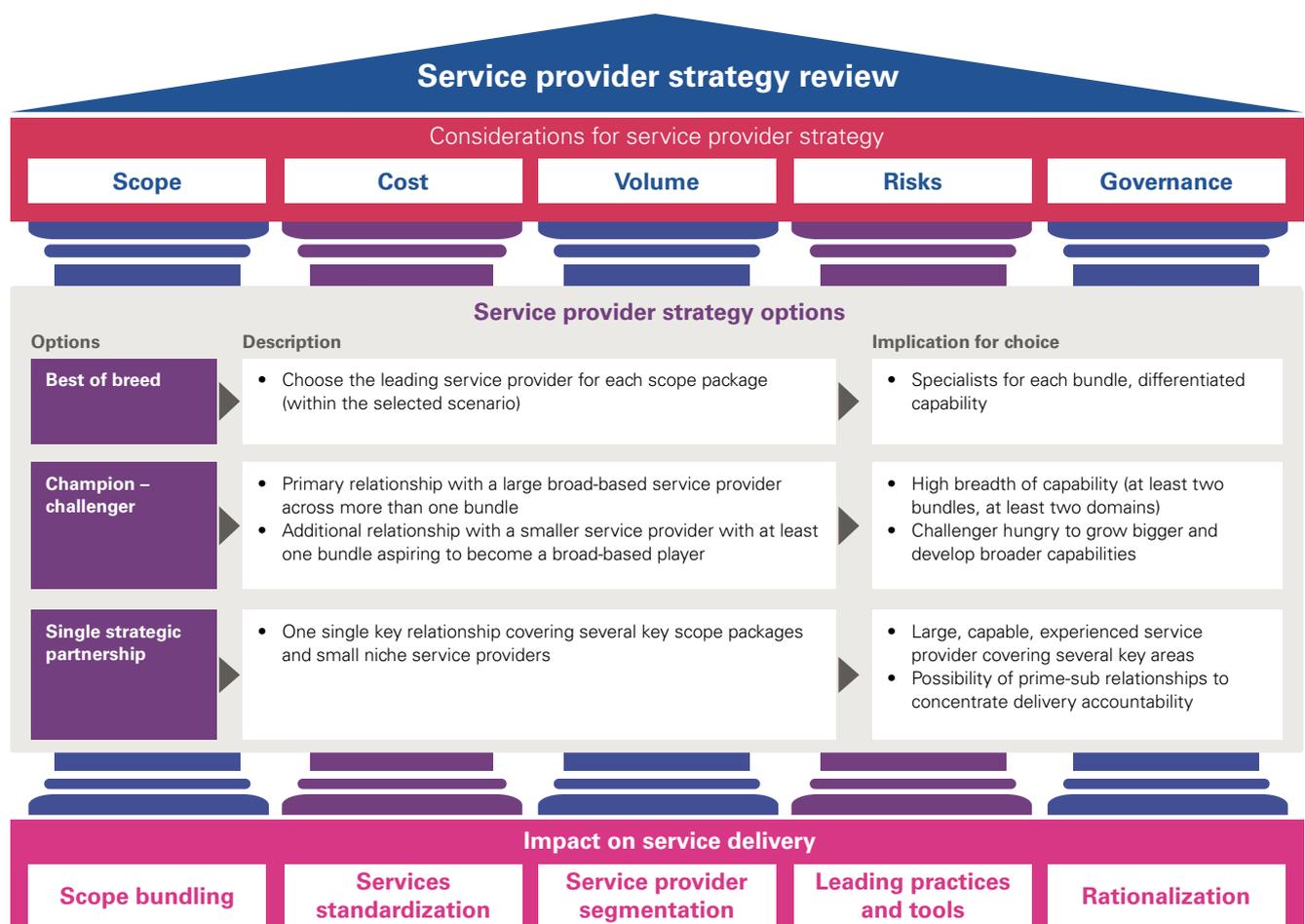
- Is our service provider strategy aligned with our growth strategy? Have we identified a growth path for our relationships with strategic service providers?
- How should we bundle our processes for outsourcing? What should our service provider strategy be?
- How do we segment our service provider base? Have we moved away from a one-size-fits-all approach and need to fine-tune our service provider strategy for each segment of the service provider base?
- Have we identified our strategic service providers? Have value drivers like innovation and sustainability taken a back seat because of excessive focus on cost savings?
- Have we rationalized the existing service provider base? How do we ensure competitiveness among our major service providers? Have we augmented our return from existing service provider spend?

## KPMG's approach

In-depth understanding and experience in designing service provider strategy for support function outsourcing

## Outcomes

- Alignment of the service provider strategy with that of the business objectives and transformational levers
- Optimized costs by re-balancing service provider spends and rationalizing the existing service provider base
- Increased value delivered by service providers by shifting focus to value creation and innovation, enabling identification of strategic service providers and creating growth paths for these relationships
- Competitiveness among different service providers, effectively leveraging economies of scale
- Effective bundling for different services and an appropriate portfolio strategy for outsourcing.



# Service provider health check

## Key client considerations

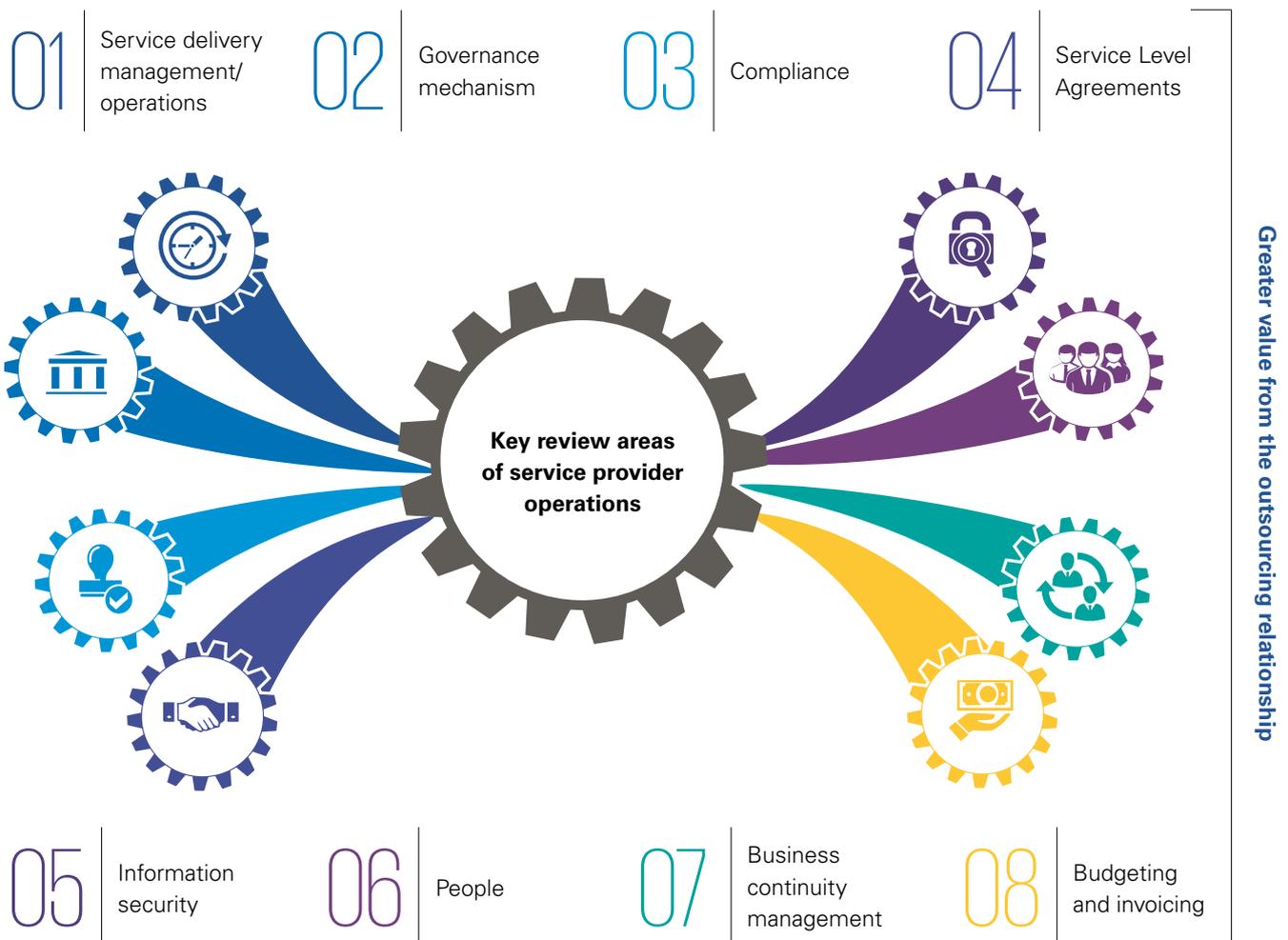
- How compliant is our service provider with the standard operating procedures and policies? What are the implications of any deviations?
- Do we periodically conduct service provider assessments to review their current processes, evaluate their effectiveness and address any gaps?
- How frequently do we conduct physical site visits and floor walks to assess a service provider's physical, information and network security, etc.?

## Outcomes

- Audit of the current status of the outsourcing initiative, identification of gaps among business objectives, planned and actual delivery of services
- Profiling of risk exposures from service providers and identification of areas of improvement
- Identification of misalignments with the service providers and enhanced process and quality of decision-making
- Detailed service provider assessment report with KPMG's recommendations.

## KPMG's approach

Exhaustive service provider health check to help clients plug any gaps in service provider performance and the value realized from outsourcing relationships.



# Service provider value assurance

## Key client considerations

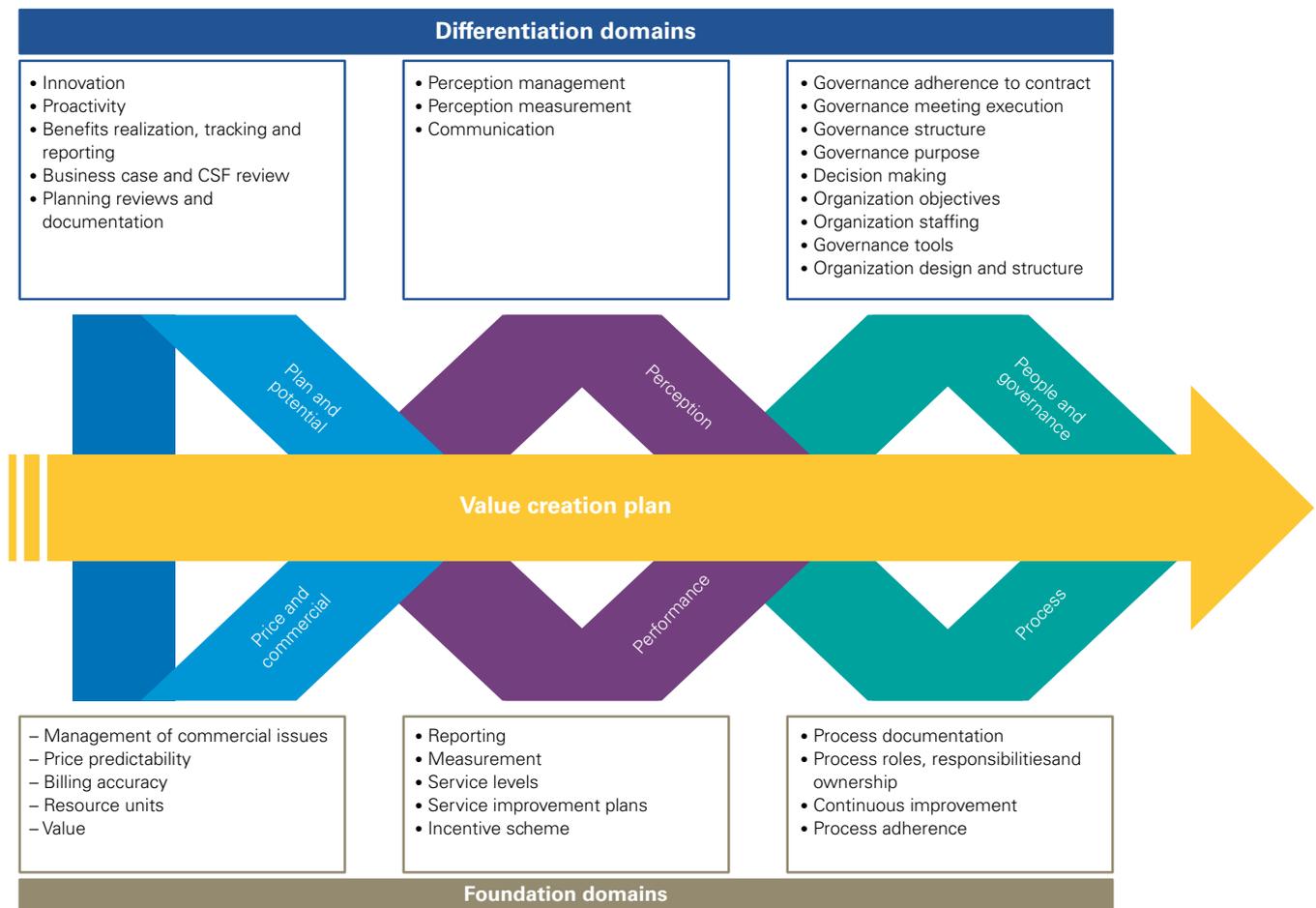
- Is our service provider portfolio and long-term business strategy aligned?
- Are we getting the 'promised value' from our service providers?
- Do we have a holistic view of the value delivered by our service provider when renegotiating contracts?
- Do we have the right competencies and skills to manage contracts and service providers?

## KPMG's approach

Our 6P framework is designed to evaluate the 'actual value' delivered by the existing outsourcing relationships and enhance the value realized from these relationships.

## Outcomes

- Measure the actual value delivered by the service providers
- Structured negotiation approach and robust processes to help negotiate competitive contracts that are in line with new trends in the market
- Optimized service provider portfolio aligned with the long-term business strategy
- Recommendations on renegotiating/dividing/terminating the existing contracts (as required) to successfully address gaps in the existing service provider contracts and fulfillment of future business requirements.



# Business due diligence support

## Key client considerations

- Is the target investment a strategic fit for our organization?
- What are the key services and value propositions of our target company?
- Does the company's business plan hold up in the current industry scenario? Will the company be able to achieve projected revenues and profits?
- How mature are our target company's operations when compared to its peers and competitors?

## KPMG's approach

Exhaustive pre-deal due diligence by analyzing the target organization's business plan, position in the industry, service offerings and operations, including its third-party providers.

## Outcomes

- Detailed analysis of the target company's key services/products and current positioning within the industry
- In-depth analysis of the target's operations, talent and comparison with peers and competitors
- Analysis of the target's revenue pipeline and feasibility of the business plan projections.

### Operations

- Study the processes, organization structure, roles, SLA management, quality and operations to understand maturity of the target company's operations

### Value proposition

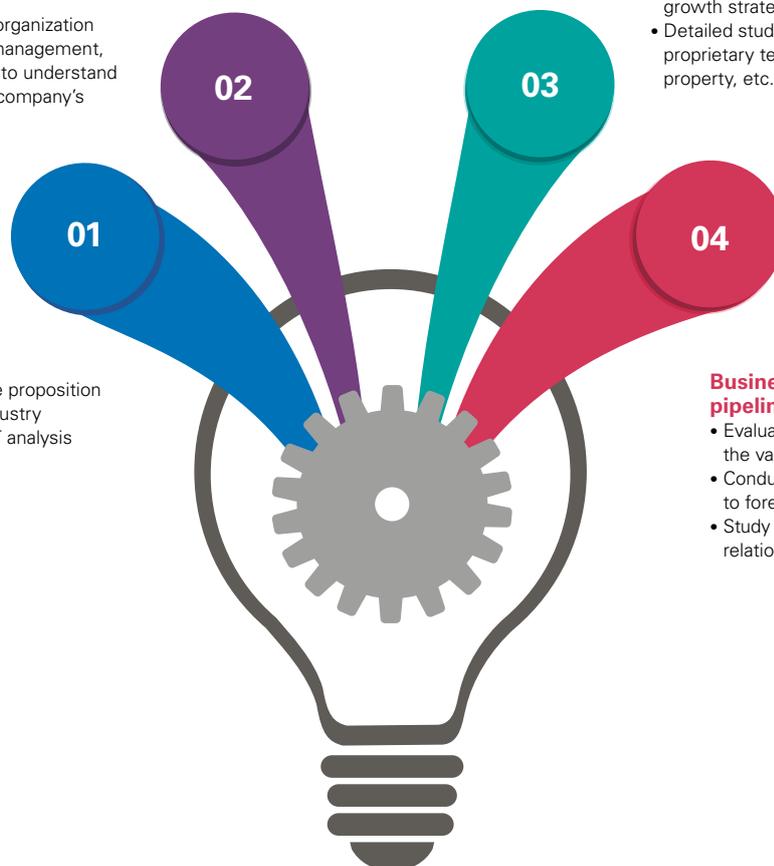
- Analyze the target's value proposition and positioning in the industry
- Perform a detailed SWOT analysis of the target company

### Synergies

- Review the target's synergies with the existing business and future growth strategy
- Detailed study of the quality of talent, proprietary technologies, intellectual property, etc.

### Business plan and revenue pipeline

- Evaluate the business plan and study the validity of projections
- Conduct an analysis on the pipeline to forecast future growth
- Study the company's client relationships



# Post-deal integration support

## Key client considerations

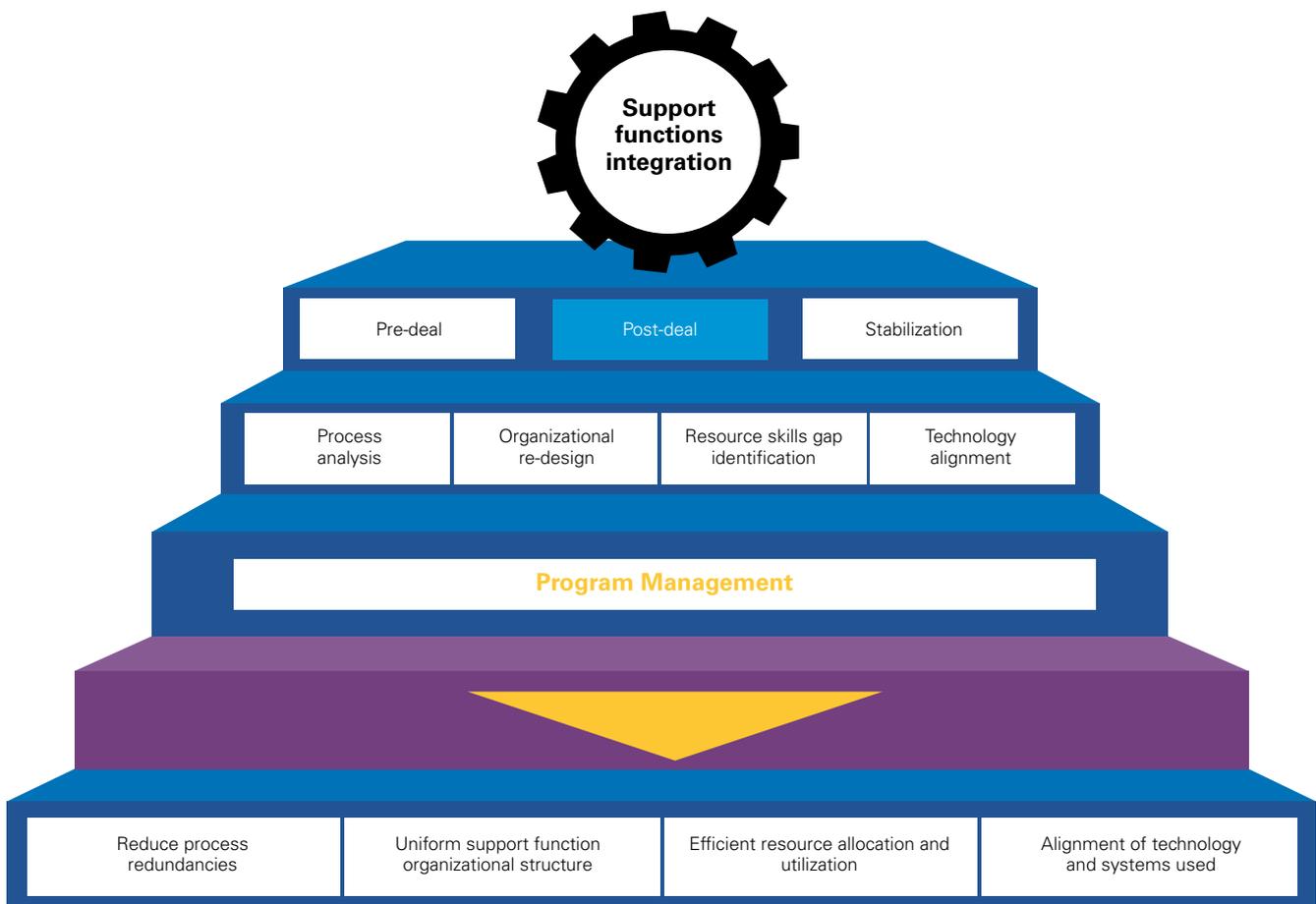
- Have we realized the value expected after the integration/divestiture?
- Can we integrate support functions to reduce our costs after the integration/divestiture?
- Do we need program management support to the transform delivery of our support functions?

## Outcomes

- Detailed support function roadmap to help realize envisaged value from the integration/divestiture
- Project management support to transform delivery of support functions in the post-integration/post-divestiture stage.

## KPMG's approach

Assisting clients in realizing value from support function delivery in the post-integration phase.



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