



ACCOUNTANTS FOR BUSINESS

# Finance transformation: expert insights on shared services and outsourcing



# FIVE MINUTES ON...

## Finance transformation: expert insights on shared services and outsourcing



The true prize of successful finance transformation is to unlock value, improve shareholders' return and create competitive advantage. The continuous use of shared services and outsourcing as a tool is testimony to the fact that CFOs are prioritising the re-engineering and transformation of finance activities.

This has significant implications for the profession and ACCA. As finance models evolve, so too will the career opportunities for ACCA students and members. Across the end-to-end finance model, new finance roles will evolve, new career paths will emerge and new skills and capabilities will be required. These developments represent a superb opportunity for finance professionals to drive future organisational success. As the global

body for professional accountants, ACCA will be at the forefront of supporting organisations in their initiatives as our qualification is uniquely positioned to deliver the new finance and business capabilities required.

This report draws insights from finance leaders and provider organisations representing global businesses. It is essential reading for those seeking an understanding of successful finance transformation and sets out a new platform for debate across the profession.

A handwritten signature in black ink, appearing to read 'Helen Brand'. The signature is fluid and cursive, with a large initial 'H'.

**Helen Brand**  
Chief executive, ACCA

# Key findings

## 1 NO TURNING BACK FROM SHARED SERVICES AND OUTSOURCING

The report concludes that there is no turning back from shared services and outsourcing as a finance transformation tool. The benefits – transparency, lower cost, greater efficiency, standardisation and improved governance, and more – are now taken for granted by the industry.

## 2 DIFFERENT APPROACHES TO FINANCE TRANSFORMATION ARE EVIDENT

The scope of finance transformation varies according to the business priority. There is not a 'one size fits all' model. For some organisations, transformation is simply focused on improving finance processes. For others, it is a business solution that unlocks value across the organisation and drives business performance.

## 3 CORRELATIONS BETWEEN FINANCE TRANSFORMATION AMBITION AND SOURCING STRATEGY ARE EVIDENT

There is a strong relationship between how the finance function model operates in practice, and the level of transformation ambition. If the business' primary goal is improving the efficiency of the finance function, the sourcing model of choice is often outsourcing. The process efficiency, flexibility, scalability and continuous improvement that business process outsourcers can provide are all cited as key benefits. Where broader business transformation is required, the finance function tends to use both shared services and outsourcing, often referred to as hybrid structures. Those using shared services claim they are able to engineer greater proximity to the core business and establish sound relationships grounded in the same culture.

## 4 COST REMAINS THE STARTING POINT

The starting point for finance transformation is typically a drive for reducing the cost of the finance function. Standardising and centralising processes help improve transparency of finance operations, and provide greater coordination and scale, reducing cost and driving operating efficiency. In turn this leads to freeing up valuable finance function resources to support the business in 'higher value' areas, for example, decision support and business insight. However, finance leaders recognise the business is not concerned about a better finance function *per se*, but rather the 'more' – how do I get more cash, more information, more service, more business intelligence to drive business performance. To them, delivering 'more' does not end with the outsourced or shared services delivery of finance processes.

## 5 LEADERS DIFFERENTIATE BETWEEN PROVIDER CAPABILITY

Finance leaders suggest that not all finance and accounting outsourcing providers are created equal with some providers being very good 'operators' and others being more strategic in approach. As such, a particular provider may be well positioned to improve the efficiency of the finance function, but may not always be the right one for a full transformation programme that seeks to drive improved business performance and outcomes.

"SHARED SERVICES HAVE BEEN AN OVERWHELMING SUCCESS AND ARE NOW RECOGNISED AS A KEY COMPONENT OF A BEST PRACTICE FINANCE FUNCTION. THERE IS NO TURNING BACK."

PETER MOLLER, PARTNER, DELOITTE

"THE CFOs THAT I WORK WITH SEE FINANCE TRANSFORMATION AS A VEHICLE AND TOOL TO DRIVE CHANGE. WHAT THEY ARE MOST INTERESTED IN NOW IS PERFORMANCE."

ANOOP SAGOO, SENIOR EXECUTIVE, BUSINESS PROCESS OUTSOURCING, ACCENTURE

"WE SEE AN ENTIRELY NEW HYBRID ORGANISATION EMERGING WITH INNOVATION AND END TO END INTEGRATION, BRINGING A TRULY GLOBAL PERSPECTIVE"

AUSTEN MCDONACH, FINANCE AND ACCOUNTING LEADER, EUROPE, GLOBAL PROCESS SERVICES, IBM

"OUR STARTING POINT WAS SIMPLIFYING PROCESSES."

PATRICK VAN HOEGAERDEN, FINANCE TRANSFORMATION DIRECTOR, EUROPE, COCA-COLA

"THE MAIN REASON WE SELECTED OUR PROVIDER WAS THE FLEXIBILITY AND ABILITY TO CREATE BUSINESS SOLUTIONS TO SUIT OUR ORGANISATION."

JOANNA REYNOLDS, GLOBAL SHARED SERVICES LEAD, MARSH & MCLENNAN

For the full report: [www.accaglobal.com/transformation](http://www.accaglobal.com/transformation)

## 6 FINANCE TRANSFORMATION SUCCESS RESTS ON CHANGE MANAGEMENT

Change management is viewed as the single largest barrier to finance transformation success. While most finance leaders stressed the need for good communication, several focused on the essence of change – the organisation’s ability to absorb new ways of working. Change management is also made more complicated by the fact that shared services and outsourcing operations typically cross geographic borders and involve different cultures. The typical problems cited included poor communication of the change process, ineffective programme management and insufficient resources to manage the change process. For their part, providers remain confused as to why clients still do not deliver change management effectively.

“IN ALL THESE FINANCE TRANSFORMATION JOURNEYS, THE HARDEST PART IS ALWAYS CHANGE MANAGEMENT.... THERE’S A NATURAL PUSHBACK TO CHANGE.”

GRAHAM RUSSELL, DIRECTOR OF BUSINESS PROCESS OUTSOURCING, WPP GROUP

## 7 THE ‘RETAINED’ FINANCE FUNCTION CAPABILITY IS THE PRIME DRIVER OF VALUE, YET IT IS STILL A MISSED OPPORTUNITY

The capability of the retained finance team is also a significant barrier to transformation success. From the client side the challenge for finance leaders is no longer ‘am I doing the right thing by adopting a remote model?’; it is now a question of ‘how does the retained team add value and how can we implement a complete end to end vision for finance that best supports the business?’ Our experts see ongoing concerns about the ability of the retained finance team to work within a different finance function model, both from the standpoint of engagement and capability. In particular, the roles and skills of the retained finance team have typically not been well articulated, impacting on the ability of the finance function to support the business most effectively.

“MANY BUSINESSES STRUGGLE TO DEFINE BUSINESS PARTNERING ROLES CLEARLY AND COMMUNICATE THE TRANSITION, RESULTING IN ACCOUNTABILITY CONFUSION, SKILL GAPS IN THE RETAINED TEAM, LOSS OF TRUST BY THE BUSINESS, AND UNCLEAR CAREER PATHS.”

JAMES MEADER, PARTNER, ERNST & YOUNG

## 8 CLIENT – PROVIDER RELATIONSHIP CONTINUES TO BE MISALIGNED

Finance leaders are vocal about the natural misalignment between themselves and the provider, believing that service delivery is often suboptimal; different incentivisation approaches, varying transformation expectations and goals, and different economic interest in transition speed. Finance leaders express concern that some providers promote a ‘one size fits all’ approach to the finance model, whereas providers question the ambition of finance leaders to drive the level of change required. Both parties agree that there is also a question of getting the right balance in the relationship – providers still need to be able to tell the client things they may not want to hear; ‘tough love’ is cited as a key buying value in provider selection.

“FOR PEARSON, ‘CULTURAL FIT’ AND ‘TOUGH LOVE’ WERE BUYING VALUES IN OUR PARTNER SELECTION.”

JOHN ASHWORTH, HEAD OF FINANCE TRANSFORMATION, PEARSON

## 9 SERVICE AND SERVICE DELIVERY

Whilst cost benefits have been realised through finance transformation activity, there is a sense that ‘service’ benefits are more elusive. Respondents agreed that a good service to clients from providers goes beyond simply meeting service level agreements (SLAs). It requires an understanding of what is important to the client in terms of what can be done to significantly improve business performance, and to work together to drive these changes.

“GREEN SLAs ACROSS THE BOARD DO NOT MEAN YOU ARE A HAPPY CUSTOMER.”

PASCAL HENSSEN, SENIOR VICE PRESIDENT AND COO, GENPACT EUROPE

# About ACCA

ACCA (the Association of Chartered Certified Accountants) is the global body for professional accountants. We aim to offer business-relevant, first-choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management.

Founded in 1904, ACCA has consistently held unique core values: opportunity, diversity, innovation, integrity and accountability. We believe that accountants bring value to economies in all stages of development. We aim to develop capacity in the profession and encourage the adoption of global standards. Our values are aligned to the needs of employers in all sectors and we ensure that, through our qualifications, we prepare accountants for business. We seek to open up the profession to people of all backgrounds and remove artificial barriers, innovating our qualifications and their delivery to meet the diverse needs of trainee professionals and their employers.

We support our 147,000 members and 424,000 students in 170 countries, helping them to develop successful careers in accounting and business, with the skills needed by employers. We work through a network of 83 offices and centres and more than 8,500 Approved Employers worldwide, who provide high standards of employee learning and development.

## About this report

This report presents insights from global experts on finance transformation and the use of shared services and outsourcing. The report explores current issues, challenges and opportunities, and presents unique perspectives on how successful transformation programmes can be delivered.

The report was developed and produced by ACCA. The content was created from a series of interviews with shared services and outsourcing experts from across the world.

If you are a CFO, finance director or finance leader with responsibility for finance transformation or finance shared services and outsourcing, and would like to contribute to ACCA's ongoing research and insight programme in this area, please contact Jamie Lyon at [jamie.lyon@accaglobal.com](mailto:jamie.lyon@accaglobal.com) or +44 (0)20 7059 5513.

## Accountants for Business

ACCA's global programme, Accountants for Business, champions the role of the finance professional in all sectors as true value creators in organisations. Through people, processes and professionalism, accountants are central to great performance. They shape business strategy through a deep understanding of financial drivers and seek opportunities for long-term success. By focusing on the critical role professional accountants play in economies at all stages of development around the world, and in diverse organisations, ACCA seeks to highlight and enhance the role the accountancy profession plays in supporting a healthy global economy.

[www.accaglobal.com/accountants\\_business](http://www.accaglobal.com/accountants_business)

# ACCA wishes to thank the following global experts for their contribution

**Accenture** – Anoop Sagoo, senior executive, Business Process Outsourcing



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**Coca-Cola** – Patrick Van Hoegaerden, finance transformation director, Europe



**Deloitte** – Peter Moller, partner



**Ernst & Young** – James Meader, partner



**EXL** – Terry Balzanella, vice president for the EXL Centre of Excellence for Finance and Accounting in Europe



**Genpact** – Pascal Henssen, senior vice president and COO, Genpact Europe



**IBM** – Austen McDonach, finance and accounting leader, Europe, IBM Global Process Services



**Infosys** – Gautam Thakkar, vice president and global head, Enterprise Services BPO



**Kimberly-Clark** – Simon Newton, vice president, Shared Services



**KPMG** – Claudio Altini, director, Sourcing Advisory

**Marsh & McLennan** – JoAnna Reynolds, global shared service lead

**Pearson** – John Ashworth, global head of business process outsourcing

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**TCS** – Vijay Damle, vice president operations

**Unilever** – Christian Kaufmann, vice president finance services

**WPP** – Graham Russell, director of business process outsourcing

**Yahoo** – Caroline Curtis, senior director, Controllership Accounting and Reporting, EMEA

