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SERVICES & OUTSOURCING NETWORK

ONE YEAR IN: **DID COVID-19 STOP GBS AND SHARED SERVICES EVOLUTION IN ITS TRACKS?**

PLUS: HOW TO ENSURE THE SAFETY OF YOUR WORKFORCE AS OFFICES REOPEN

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Introduction

It's time to reflect and ponder – was COVID-19 a boost for GBS and shared services?

There's no question that enterprise shared services models – whether single- or multi-function, or true integrated global business services – delivered on their promise. Keeping costs down...check. Administer reduction in force and even pay cuts...check. Push the boundaries of inadequate business continuity systems...check. Close the books accurately and on time...check.

In the wake of the COVID-19 (Coronavirus) outbreak, companies around the world were forced to scale back, administer layoffs and pay cuts, and find new ways of making things work from a distributed stay-at-home environment. This put real pressure on shared services and GBS organizations, pushing the boundaries of business continuity plans, piling on pressure to downsize, and straining relationships with BPO providers (who are living the same nightmare in countries with even less support and resources).

Over a year later, what impact did the pandemic have? To answer that question, SSON ran a survey during the period April-May 2021, taking the pulse of the business services industry after what was (and still is) the most profound impact upon life as we knew it, and asking the question: was COVID-19 a game changer for the shared services model? Or did it merely move the dial a bit?

The data highlighted eight significant trends.

About the survey

The survey was administered over the period April to May 2021. More than 100 enterprises, representing shared services organizations located in APAC, EMEA, and the Americas, responded. The majority of organizations have annual revenues of >5bn US\$.



Finding 1: The model held up well

Other than working from home and sitting on interminable Zoom calls rather than being in an office, it's almost as if service delivery didn't miss a beat. A year post shut down, respondents tell a good news story when it comes to service delivery operations.

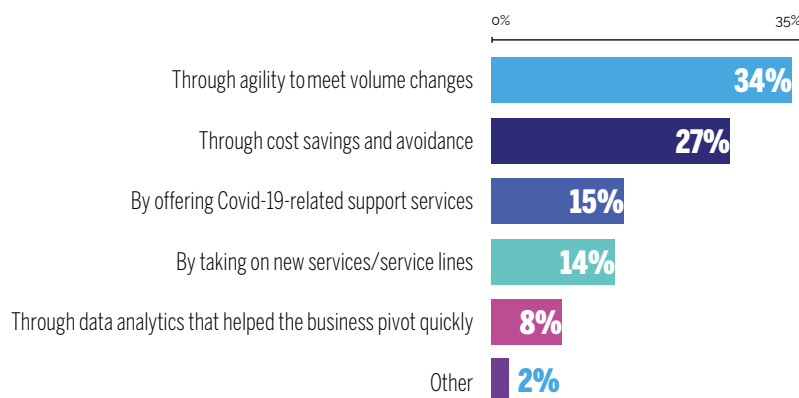
The headline? The model proved itself resilient.

Respondents overwhelmingly say that they have delivered enterprise resiliency through agility, cost savings, and extraordinary COVID-related support.

When asked how they rated the impact of the pandemic overall on delivery, nearly 70% of respondents indicated *limited to no impact* on their service delivery operations with an even better story when it comes to the impact on service capacity, where 80% are at pre-COVID or higher levels. The model has indeed proved itself resilient.

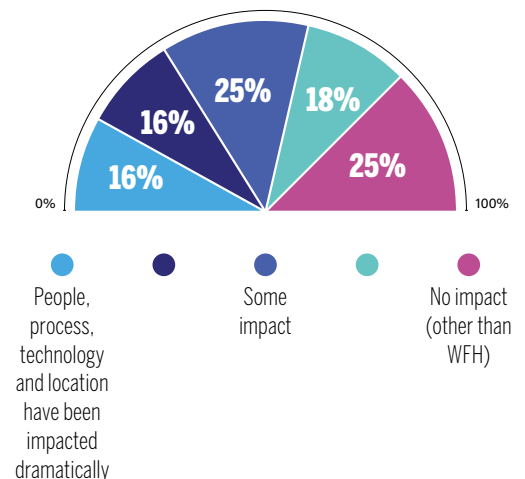


How has your shared services operation supported enterprise resiliency over the past year of the pandemic?

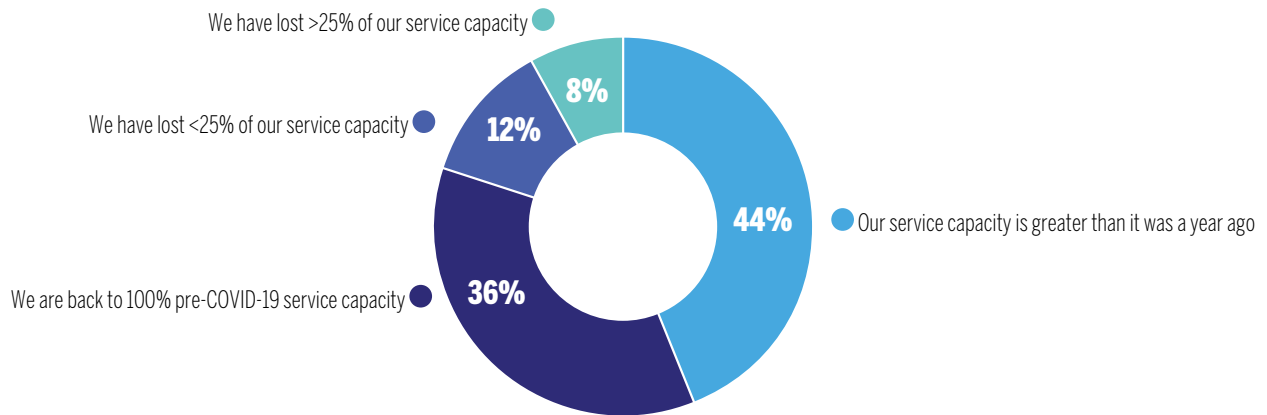


Source: SSON Analytics

How would you rate the impact of the pandemic overall, on your service delivery operations?



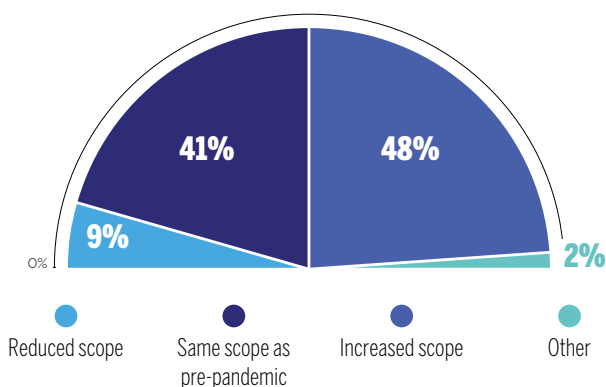
One year on, how is your SSO/GBS service capacity impacted?



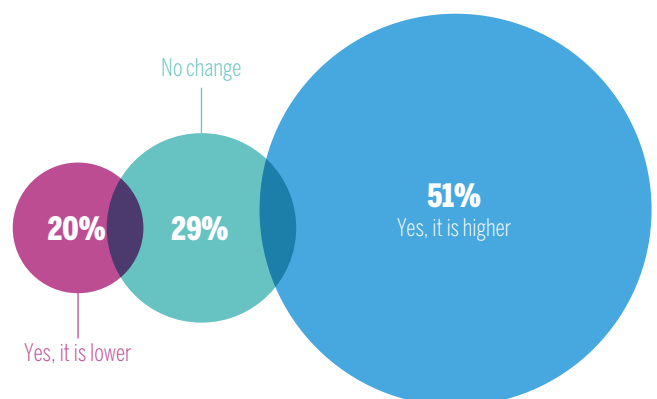
This resiliency supported the growth of capacity, and by association, scope. Nearly 50% of respondents say that they have been able to increase their scope of work, while 41% have held firm delivering the same scope as at pre-pandemic levels.

The data suggests that capacity is a product of employee productivity. When asked whether there was a change in employee productivity as a result of the pandemic, 51% say yes, likely as a result of more flexibility, elimination of commuting time, and fewer other distractions. However, respondents see a downside to this bump: burnout.

How has your scope of work been affected, as of today?



Have you seen a change in employee productivity as a result of the pandemic?



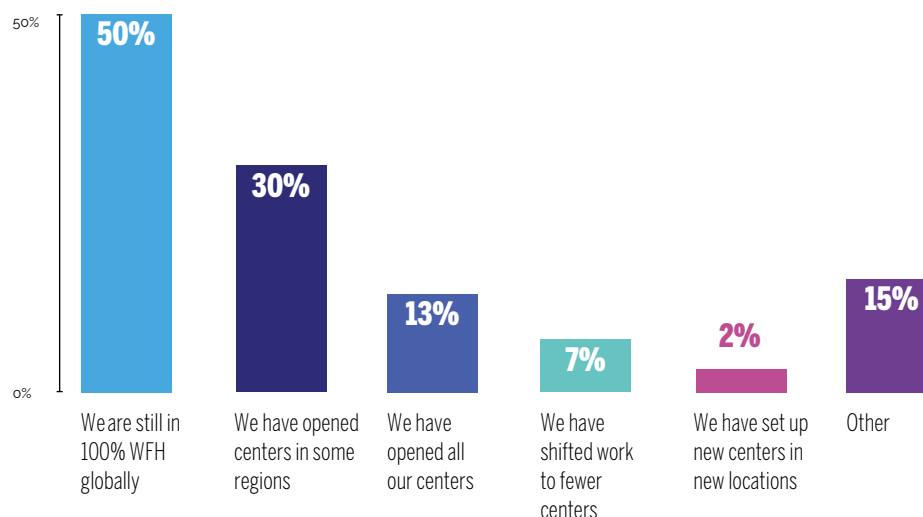
Finding 2: Too early to change location or sourcing strategy

The pandemic turned upside down the belief that physical proximity is critical to the success of the model. As of the date of the survey, about half the respondents are still operating at 100% work from home, challenging the previously commonly held assumption that location was a critical success factor in service delivery. Only 43% of respondents say they have opened some or all of their centers to date.

The delivery footprint has fundamentally stayed the same. While it's too early to tell whether GBS and shared services location strategies will be indelibly altered by the pandemic, there is not yet a palpable locational shift. New locations aren't yet on the map, while some respondents have experienced a minor footprint contraction by shifting work between centers.



To what extent are your centers back in operation?

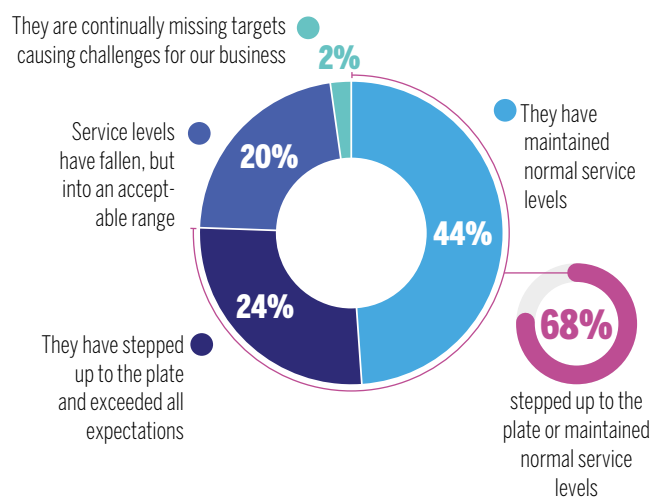


Finding 3: The news of outsourcing's death are grossly exaggerated

In the main, and despite anecdotes to the contrary, outsourcing as a delivery model also held up according to the survey. Respondents haven't repatriated work at scale, nor have they radically changed their partnership strategy. When asked how business process outsourcers have performed during COVID-19, more than two-thirds say *the same* – or in some cases *even better* – than pre-pandemic levels, with a shout out for providers by the remainder. Not surprisingly, respondents report that there is a direct correlation between the quality of the provider's team, and their performance; if the pandemic has proven anything, it's the power of alignment and transparency that makes a difference in business process delivery success.

Going forward, respondents suggest they will not change their approach to harnessing the power of outsourcing for service delivery.

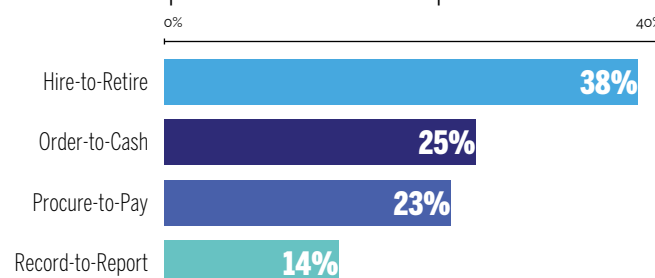
If you work with a BPO, how have they performed thus far?



Finding 4: Some disruption in processes

When asked about challenges in process delivery, respondents confess that operations were not smooth sailing. No surprise then that hire-to-retain (H2R) was cited as under the most pressure from COVID-19 as a result of layoffs, work from home processes and tax compliance. O2C was a close second. Given the fact that for most enterprises, the pandemic made cash king, GBS and shared services processes were under great pressure.

Which processes experienced the highest level of disruption as a result of the pandemic?



How to ensure the safety of your workforce as offices reopen (and ensure business continuity)

Supporting a phased return through mobile apps

New interactive tracing technologies help organizations make complex decisions around how to respond to positive coronavirus cases when they occur, along with tracking workforce vaccination insights to determine the safest onsite work environments. This is critical to maintain a safe work environment and determine which employees can come into the office based on vaccination records and exposure. In addition, these solutions offer real-time oversight on who has tested positive or been exposed, who they were in touch with, and where they were – enabling the complex management of facilities and human resources to minimize risk.

Fifteen months after offices closed down more or less overnight and many employees found themselves forced to carve out a personal home office space, there are moves afoot to reopen office buildings and figure out the “new normal.” This is being driven by organizations’ needs to re-establish a sense of normalcy, leverage engagement, and make use of expensive office facilities as large segments of the population are successfully vaccinated against the COVID-19 virus.

However, for many people across North America, concerns remain. The pandemic’s impact was too large and too all-encompassing for a simple “open for business” sign on an office door to suffice. Organizations have spent the better part of a year planning on how – or *whether* – to move employees back to the office, how to orchestrate a hybrid workplace, what precautions need to be taken, and how to adjust office space to a *suddenly shrunk* in-office population.

Nicole White, who is the environmental, health and safety lead at Volkswagen Group of America has been thinking about this problem for over a year. “When we

left the office on March 13, 2020, we thought we were going home for a few weeks. By the time we will reopen all offices in July, it will have been 16 months,” she explains.

Given that White’s responsibilities extend to the half a dozen warehouses across the country that contain critical vehicle parts – some as large as a million square feet – it was necessary to figure out a way to monitor ‘essential’ workers much sooner than their office reopening plans.

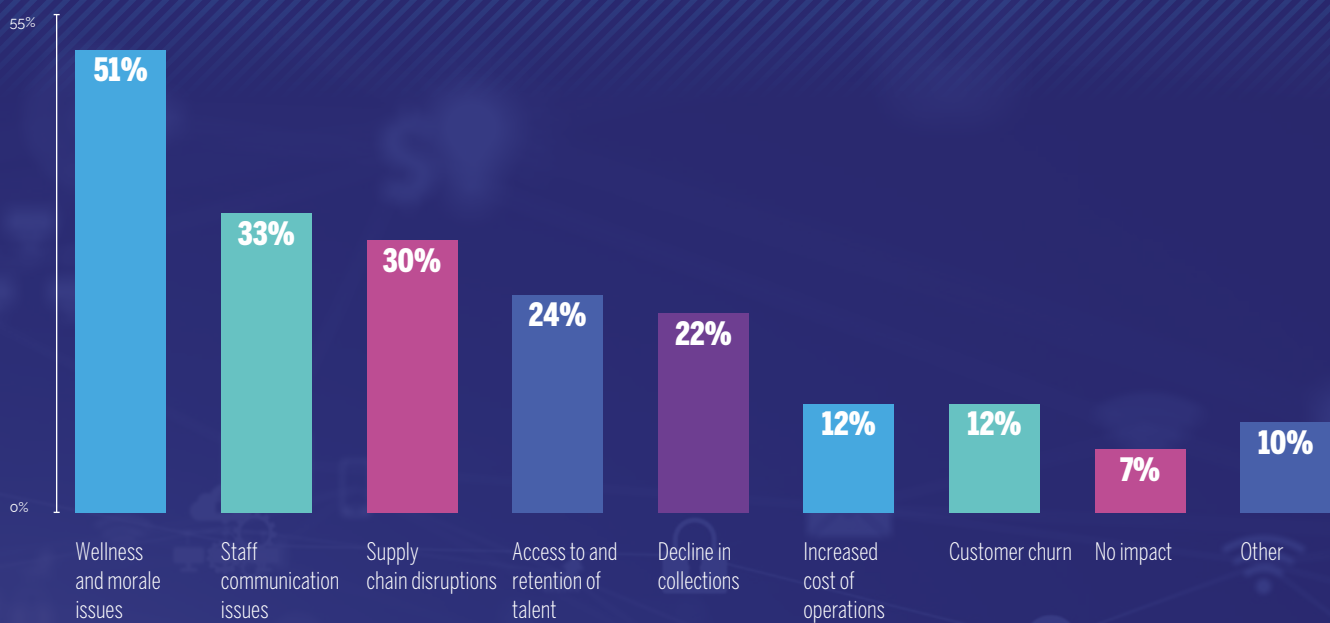
“We had to keep the warehouses open and keep vehicle testing going, with the added challenge that many of these employees don’t have login access,” she explains. “So we decided on a mobile app solution that allowed us to leverage personal phones to monitor their health status. The most important thing is to keep the workforce safe.”

This strategy will continue as, in July, vaccinated employees will be welcomed back to offices, initially on a voluntary basis. Tracking vaccination status has been a key part of this decision, White explains.

“We are already collecting daily data on employees’ vaccination status and their plans to be vaccinated, which is helping us develop our back-to-office strategy,” she explains. “As of September, we’re going to also allow unvaccinated employees back into the workplace. So the ability to track vaccination status, exposure, and health data is going to be even more important.”



Which of the following reflect the most significant impact of the pandemic on your enterprise's business?



Indeed, as organizations return to physical offices, employees will need to be reassured that they are safe at work, their concerns are heard, and problems immediately addressed. Over the past year, mental wellness and morale issues have been a huge concern for shared services leaders. SSON market research lists these as the *leading operational impacts* for shared services leaders, by a large margin. No-one wants to unnecessarily add to existing worries.

With 70% of shared services indicating their staffing levels are either the same or have even *increased* since the pandemic hit*, it's critical to assure employees that their health and safety are being closely monitored and tracked, and that any decisions regarding office occupancy and access are based on real time information. There is no wiggle room when it comes to committing to safe practices at work in this environment. The ability to recruit and retain talent will depend on how well organizations manage and communicate their *safety at work* strategies – and with nearly a quarter of shared services confirming they are struggling to hire the right talent in the current environment, and a similar segment saying retaining talent is a problem, any gaps in procedure may prove very costly.

Demonstrating that employees' health is a second-to-none priority will go a long way towards presenting a brand in the best light.

Countries like South Korea, having learned from earlier health crises, proved exemplary in taking a proactive approach to testing, tracking and tracing those suspected of being infected, with the result that they managed to flatten the curve and bolster confidence well ahead of other countries. Now organizations that want to stand out will need to show the same proactive competency.

Technology has been quick to fill this gap. Appian, for example, started developing a Workforce Safety solution in March of 2020. It came together very quickly, as Nas Owusu, Solutions Success Manager, explains: "We put our best developers on the project, as it was urgent to come up with a solution. While we've been fine-tuning the technology over the past year, the basic capability came together very quickly and was rolled out after just a week."

The solution supports workforce health and safety by leveraging live data to determine what is safe and what presents a risk. For organizations that have been playing something of a guessing game to figure out how to build a safe workplace, a mobile-based app that funnels employee data is helping to make the right choices.

Footnote: *according to SSON Analytics data

“The reality is that some employees will be vaccinated and some won’t”

“Each organization is unique and therefore needs to determine its own approach for what makes its workforce safe, but there are certain fundamental facts that need to weigh into that decision. What we are doing is encapsulating the lessons learned during the pandemic to support the complex work environment that is emerging as a result,” Owusu explains. “The reality is that some employees will be vaccinated and some won’t, and organizations will need to determine who is allowed into the office and who is not. So, based on *employee data* they will be issuing workforce passes to allow access.”

The challenge is that individual situations may change, day-to-day. A parent may be compromised as a result of their child being exposed to COVID-19 at school, for example. Reflecting data in the system immediately is crucial so appropriate actions can be taken.

In the case of Appian’s Workforce Safety solution, proactive contact tracing is combined with case management capabilities to confirm, notify or isolate staff as required. Tailored health screening questions drive daily health assessments, and issue automated passes for permitted facilities. It also helps define capacity limits by location based on local government regulations. The low-code nature of the solution means updates can easily be integrated without involving IT.

In fact, one of the capabilities that is proving popular, explains Owusu, is around incident management. In its original iteration this allows for a health threatening “incident” to be logged into the system and any affected parties to be automatically alerted. If an individual becomes sick, for example, the tracking element immediately highlights who that individual has been in contact with on any given day, automatically alerts them and their manager, and ensures that their work passes are deactivated.

“This capability means any issue can immediately be reflected in the app, effectively taking the communication out of email,” Owusu says. “But it also can be applied to any incident – a broken elevator, for example. It also includes a resource center for easy dissemination of announcements.”

To fine-tune the app, Appian worked closely with a team of medical experts at George Washington University who are aware of the value health-monitoring systems can offer beyond COVID-19, helping during flu season or addressing any number of health issues that might emerge. “Right now, we’re not even certain that COVID-19 will fade away given the lack of herd immunity,” explains Owusu. “So, for the foreseeable future, contact tracing may remain a necessity.”

The application is built on the Appian platform, accessible via mobile or a web browser, and comes pre-loaded with a set of questions reflecting CDC guidelines. But it can also be configured to specific requirements. Employees are asked to fill out survey questions regarding vaccine status and exposure to the virus, before they request an office pass on a particular day. Based on their data, that request is either granted or denied.



"Where granted, this permission can also integrate with electronic badges," says Owusu. "What's noteworthy is that organizations aren't just making these decisions on the basis of employees' health, but also on the basis of whether employees have a conducive home working environment."

In order to meet local office density regulations, for example, organizations need to ensure that individuals who can't work effectively at home are given priority in the office. As such, the tool is hugely effective in optimizing workforce decisions around who can come into an office and who should stay home. Passes can also be limited to specific floors or facilities, to minimize exposure or interaction and manage capacity.

At Volkswagen, White has found the ability to work through a centralized dashboard invaluable, as her small department is tasked with monitoring and tracking VW operations' health and safety nationwide. "It's given me, my staff, and our employees enormous peace of mind," she explains. "They know we are looking out for them, and have taken the minor inconvenience of having to log their health status every day – it takes no more than 30 seconds – in stride. It means that we are building up a robust database across our 5,000 US-based staff, which will help determine our decisions with regards to office occupancy."

While getting employees back into the office safely is significantly enabled by this kind of a solution, its greater value may derive from the ability to manage the complex work environment that enterprises are faced with today.

"It has given me enormous peace of mind," confirms White, "as we navigate thousands of employees coming back to the office. And while we're not using the full capability of the tool right now – there are certain limitations based on what IT will allow us to access – it has definitely helped reassure our staff and our management that we are taking all possible precautions."

5 DIMENSIONS OF A WORKFORCE SAFETY PROGRAM

1. Vaccination

Not everyone who returns to the workplace will be vaccinated. Planning for a partially vaccinated workforce is important, which means building in agility.

2. Ventilation

With airborne diseases, ventilation is critical to mitigate spread. Ensure ventilation is effective, and consider how people move through a physical space. Occupancy limits in closed areas are key.

3. Health and Safety Protocols

Health and safety protocols impact morale and provide peace of mind to employees. They should include visitors, employee travel, and onsite requirements.

4. Testing and Surveillance

Technology can be leveraged to minimize outbreaks in the workforce. Contact tracing solutions can limit the impact of an outbreak, and flag areas to be disinfected.

5. Data Analytics

Make the most of modern technologies to gain insights on workforce safety, and maintain a view of your risk exposure.

Finding 5: Let's solve today's challenges with digital... and wait for transformation

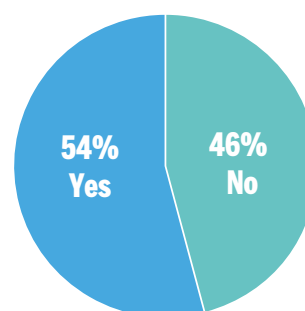
When asked whether, as a result of COVID-19, shared services took on a bigger role in driving digital transformation across the enterprise, responses were nuanced. Three themes are suggested by individuals' comments and the data.

First, in the words of one respondent, "the pandemic has been a booster for a roadmap already defined." The data indicates that over half of those participating in the survey were able to accelerate their automation initiatives as a result of the pandemic.

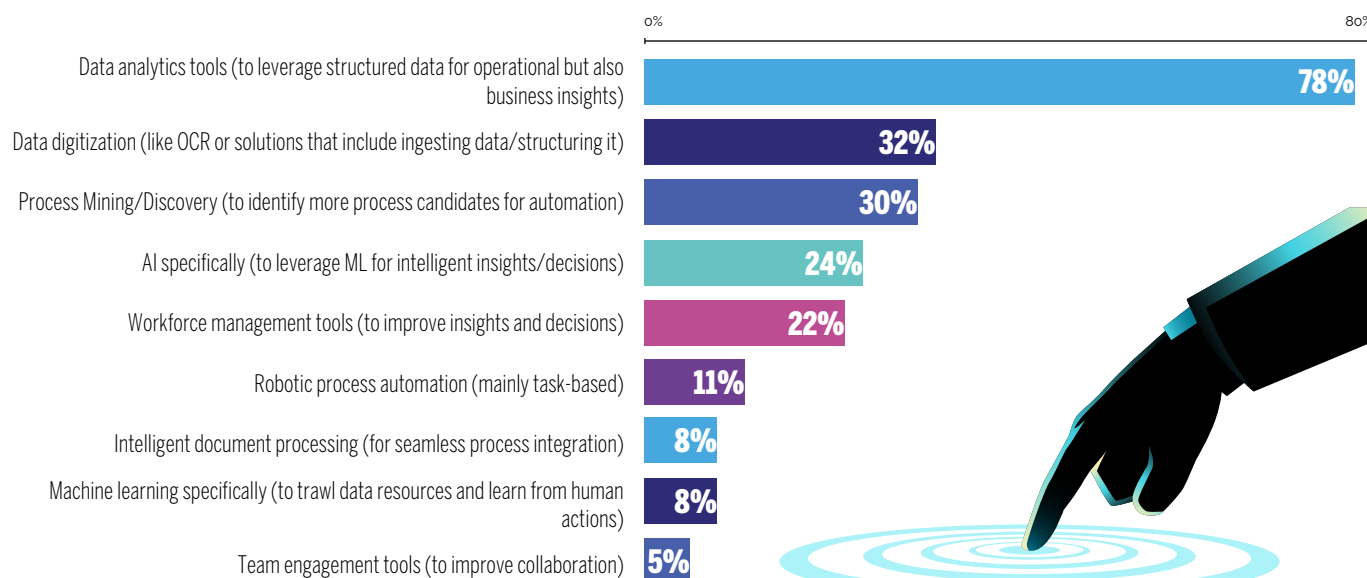
Second, the need for data in a world turned upside down accelerated plans for an increased focus on analytics, RPA and process mining. And, COVID-19 forced others to push the digital boundaries, getting more out of previous digital investments or forcing service partners to transform their processes, saying "no more excuses."



Over the past year, did you accelerate your automation initiatives as a result of the pandemic?



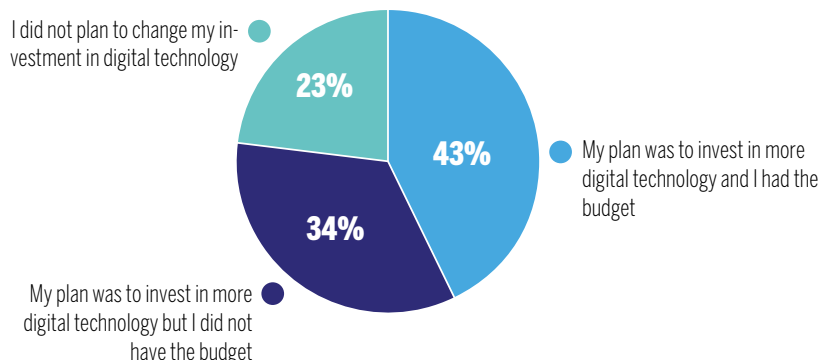
Which technologies are you/will you rely on most for data insights?



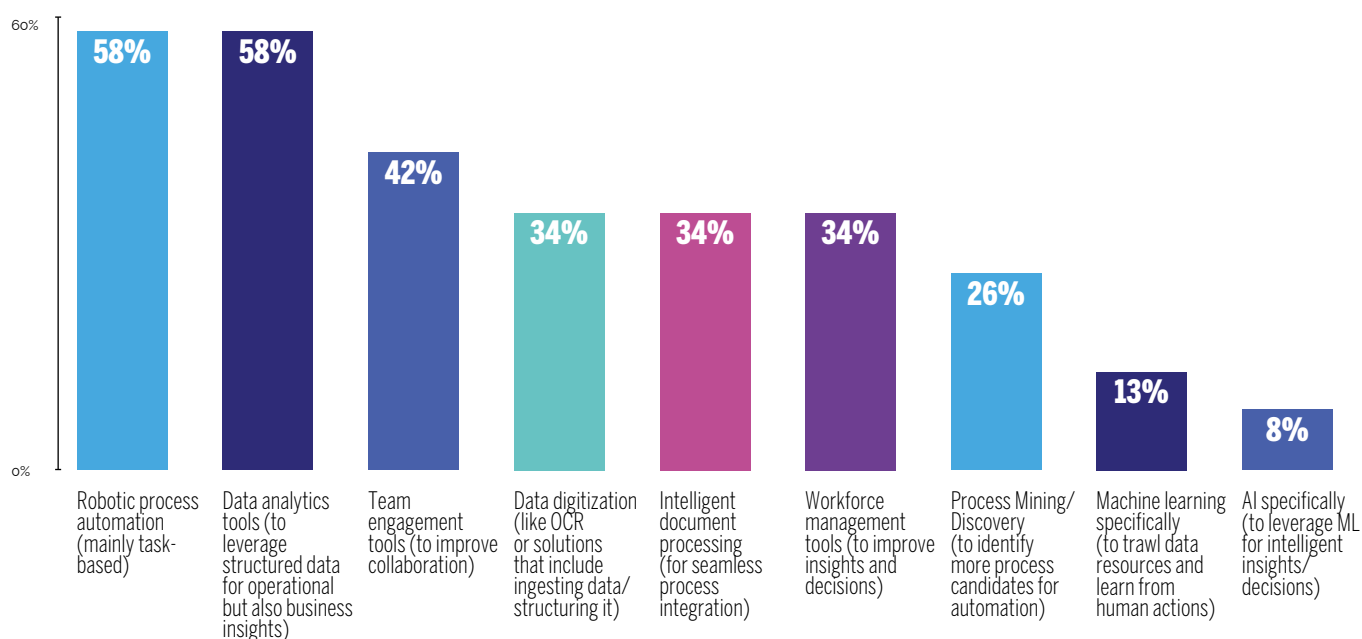
And finally, although the desire to digitize is evident in 77% of respondents' answers, not all were able to invest accordingly, as shown in the chart below. This implies that, in the race to digitize, the front and middle of the enterprise house was first in line for investment.

When respondents were implementing programs, they focused on RPA to reduce cost, and – no surprise – collaboration solutions to facilitate WFH. In short, solving immediate problems and creating resiliency was the priority. Fewer leaders state that investments in workforce management (34%) made the list, perhaps due to the fact that incorporating new resourcing strategies in operations was not high on leaders' priorities. Notably, despite the hype, ML and AI were not prioritized; respondents did not see these technologies as solving their immediate problems.

How did your investment in digital technology play out in 2020 as a result of the pandemic?



Which technologies are you/will you rely on most to ensure resiliency?



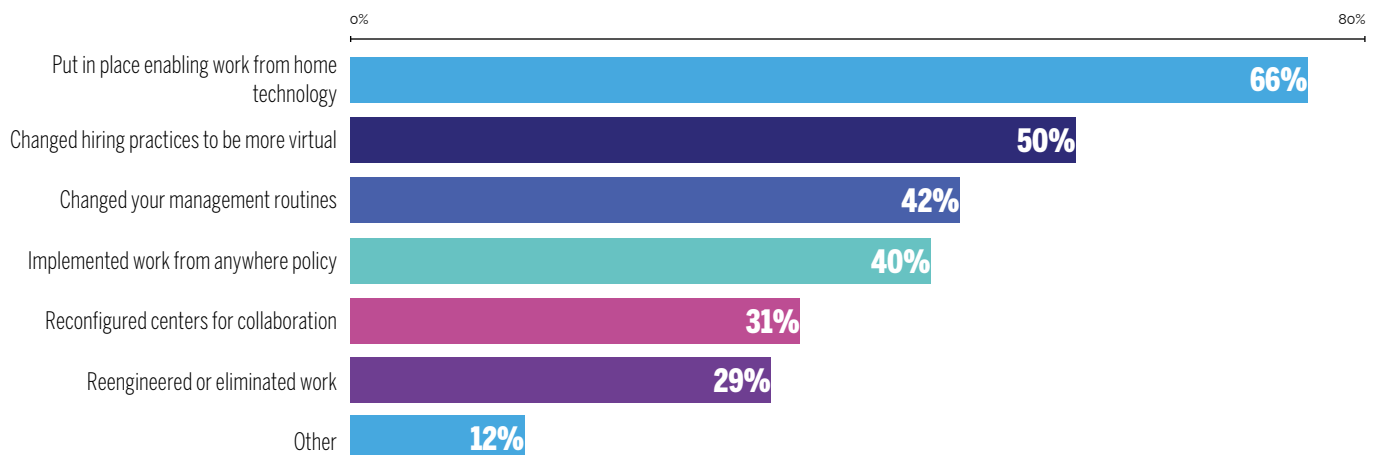


Finding 6: FOW synonymous with WFH/WFA

When respondents were asked which future of work initiatives they have implemented as a result of the pandemic, the answer was resounding: work from home (WFH) and work from anywhere (WFA).

GBS/shared services organizations were consumed with enabling WFH as opposed to embracing all aspects of FOW. As the following chart shows, the majority of respondents' energy was focused on enabling WFH technology, and adapting hiring practices to support WFH/WFA. At the same time, workways have also been changed as leaders adjusted management routines to adapt to the new normal

What Future of Work initiatives have you implemented as a result of the pandemic?



Finding 7: Almost no blood on the streets... and limited people change

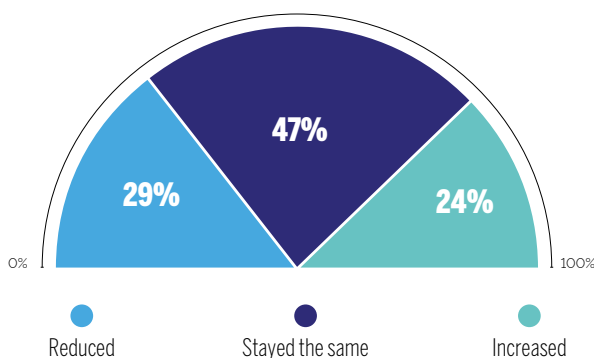
When asked whether staffing levels changed as a result of the pandemic, most respondents say their organizations avoided mass layoffs...or increased levels of hiring. Perhaps this is in part due to the fact that the model was instrumental in keeping the corporate wheels running. *More* was achieved with *less* due to expansion of capacity and the application of analytics; this suggests that COVID-19 staffing patterns may become permanent.

This statement is underscored by answers to the question **'how might your resourcing strategy evolve as a result of the pandemic?'**

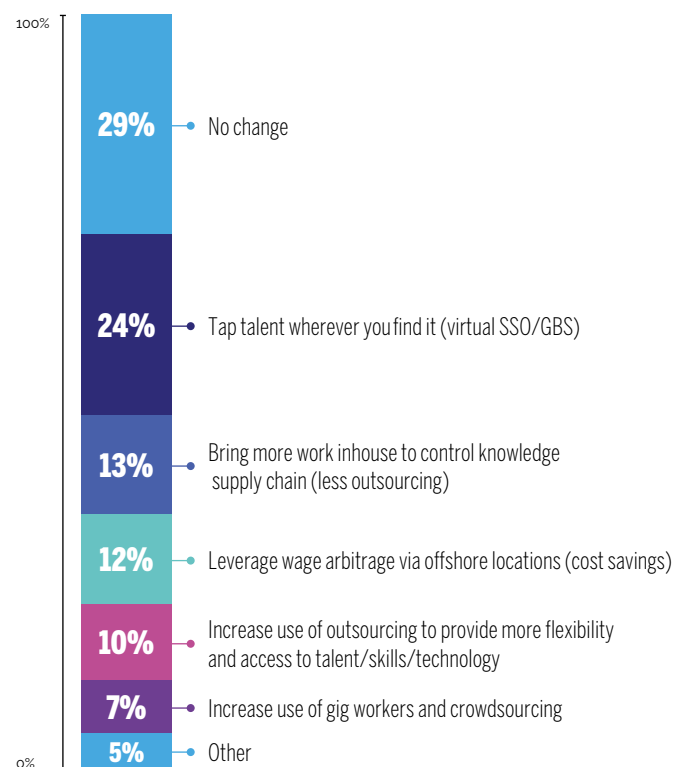
In rank order, 30% state no change, while 22% have seen more offshoring and outsourcing activity. Thirteen percent have retracted their outsourcing volumes, in part due to the heightened need to understand and control supply chains. In keeping with the fact that respondents see FOW as WFH – as opposed to rethinking the talent model – fewer than 25% are experiencing a switch to virtual.



How have overall SSO/GBS staffing levels changed, as a result of the pandemic?



How might your resourcing strategy evolve as a result of the pandemic?





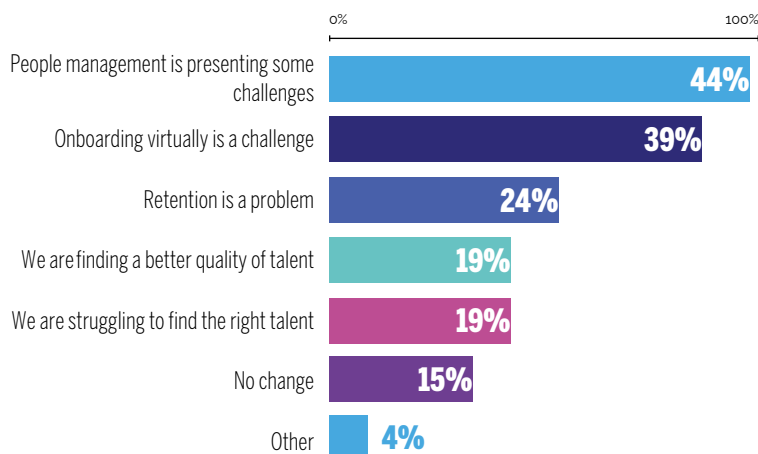
Finding 8: The big story is talent management

The pandemic caused a perfect storm for GBS and shared services leaders. When asked how talent management was impacted as a result of the pandemic, we unlocked a Pandora's box of challenges. Respondents shared comments via free text to highlight people management challenges such as onboarding, attracting the right people, and the inability of workways to support the new normal when it comes to day-to-day engagement and connectivity.

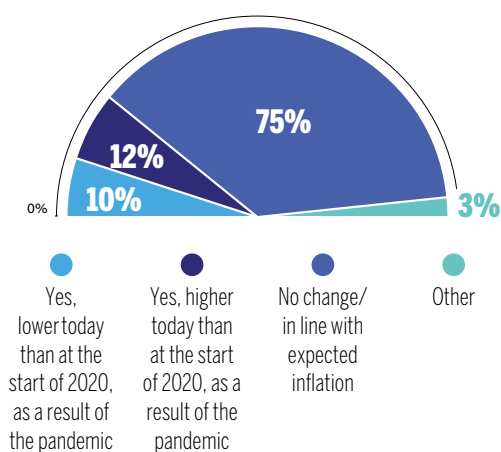
While leaders have virtual operations in their sights, it is proving to be a challenge. At present, the systems, processes and marketplaces to support virtual workforces do not widely exist in the shared services/ GBS industry.

And although compensation levels stayed primarily flat during the pandemic, respondents suspect all bets are off going forward as the dust clears, growth ramps up again, and people no longer demonstrate the same loyalty.

How is your talent management impacted as a result of the pandemic?



Have you experienced changes in salary costs as a result of the pandemic, in your location?





So, what does all this mean? Was COVID-19 ‘good’ for GBS and shared services models?

Certainly, there is a good news story here that can be summed up in one word – legitimacy. Any naysayer about the model now has no ground to stand on as shared services organizations stepped up to the plate. And the evidence, although anecdotal at this point, is compelling: Stories about filling out service footprints and adding to the service catalog are now coming fast and furious.

But, fundamentally, did much evolve?

Granted, we all went home to work, but one could say that was a pandemic imperative, not a conscious choice to advance the model. We changed our ways of working to allow for family disruptions and altered hours, but that was in response to a new normal. We moved to digital, but most initiatives were planned and funded pre-COVID-19 and generally accelerated by business exigencies. We talked about future of work as the future of GBS and shared services, but spent most of our time sorting out *return to office* strategies. New resourcing strategies were on our radars but disrupting employment any more than necessary was simply not in the cards.

What's the upshot?

Don't underestimate the importance of legitimacy. The precondition for the evolution of GBS and shared services organizations is getting out of survival mode – no longer rationalizing why we should be embedded in every progressive enterprise's operating model. Only when we have sufficient respect do we have the air cover to create value beyond a cheap transaction factory.

The bottom line: GBS and shared services models earned a seat at the table but did not fundamentally evolve the model as a result of the pandemic. But the stage for evolution has been set! Once stakeholders pivot to growth from survival, budgets free up, and there is space to think and plan (as opposed to react), we should see unprecedented change.

ABOUT APPIAN



Appian helps organizations build apps and workflows rapidly, with a low-code automation platform. Combining people, technologies, and data in a single workflow, Appian can help companies maximize their resources and improve business results. Many of the world's largest organizations use Appian applications to improve customer experience, achieve operational excellence, and simplify global risk management and compliance. For more information, visit www.appian.com.

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The [Shared Services & Outsourcing Network \(SSON\)](#) is the largest and most established community of shared services and outsourcing professionals in the world, with over 170,000 members.

Established in 1999, SSON recognized the revolution in support services as it was happening, and realized that a forum was needed through which practitioners could connect with each other on a regional and global basis.

SSON is a one-stop shop for shared services professionals, offering industry-leading events, training, reports, surveys, interviews, white papers, videos, editorial, infographics, and more.

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