A new age is dawning in service delivery, one that forward-looking companies cannot afford to ignore. Enterprises still focused on cost savings instead of more effective global processes are in danger of being left behind.

For years, the primary focus for enterprise process improvement was cost reduction centered on labor arbitrage and efficiency gains in transactional activities. The most progressive companies, however, have passed the point where these strategies create advantage.

Complex businesses use end-to-end processes with global stakeholders: manufacturing goods in China using parts shipped from all over the world to sell in North America. Such global processes require a global outlook. Companies must now look “over the horizon” at operations from end-to-end, with a view toward standardization and overall business outcome rather than mere cost reduction.

While laggard companies continue to focus on cost savings, progressive pioneers are working to adapt their delivery structures to accommodate change rather than manage the status quo. More and more, organizations are moving toward centralized, standardized delivery models built on a hub-and-spoke strategy.

Flexible, adaptive, scalable

Global service delivery (GSD) structures are organized by country, by geography, or as a global hub-and-spoke model using a hybrid of global, near-shore, regional and in-country resources to deliver the most effective services at the best cost.

An effective GSD model allows rapid incorporation of new information driven by markets, competitors or new regulations. Its adaptive nature creates an organization that continuously incorporates best practices and drives process effectiveness. It lets companies tap global intellectual capacity, bringing depth of experience and manpower to improving processes and creating a more scalable and flexible operating structure.

A GSD model breaks an overall process into parts that can be provided from wherever they are delivered most effectively at the most optimal cost. This flexibility is key to adapting the model to accommodate core requirements.

How do you achieve the right model?

A manufacturer’s delivery requirements are quite different from those of a service organization. Achieving an optimal GSD model means asking the right questions:

- Which GSD model can best consolidate the organization’s disparate operations into a cohesive strategy that will enable the company to meet its business objectives?
- Which provides the best integration of current operating units and their people, processes and technology?
- Which best balances variable workloads and staff resources to deliver high performance, accommodate language requirements, address customer sensitivities and optimize risk?
- Which allows for the highest degree of process standardization and alignment, scalability and flexibility?
- Which provides opportunities to leverage technology investments across organizations and geographies, standardizes the technology footprint and supports future business requirements?
- Which allows the company to leverage labor advantages, processes and technologies geographically while mitigating risks from natural disasters, political instability and other factors?
These questions underlie the broader discussion of how to maintain competitive advantage. F&A has seen steady evolution of delivery models, but to attain real differentiation, the organization must examine core and non-core F&A activities and understand how each contributes to its competitive position. An organizational component that does not contribute to the value chain must be reorganized or eliminated. Reorganization may entail reengineering processes, or it may mean locating resources in geographies where they can better interact with local regulators and maintain compliance.

One successful hybrid F&A structure arose from a major company’s goal of having “the best finance function in Pharma.” This involved maintaining close local customer relationships. Their GSD model for transactional services is driven largely by language. Regional delivery centers service operational areas or language-specific customers. For specialized financial services, the provider handles data collection while the client handles business knowledge, rules and strategic decisioning for each country. With the new model now functioning at a high level, the company is working toward a globally managed specialist finance organization and transactional services.

**Strong foundations of people, process and technology**

Optimal GSD models are built on a deep, knowledgeable and geographically advantageous talent pool, overcoming a single country being unable to support the required scale or depth of knowledge. They facilitate rapid expansion by tapping qualified talent across regions, and provide continuous training that expands the skill base and encourages retention.

Good GSD models are built on innovative technologies that enable high levels of visibility, compliance and risk management. The company must adopt technologies that help to standardize and automate processes, tighten governance, and provide timely insight into operations. Cloud technologies in particular facilitate cost savings while providing real-time, end-to-end visibility and standardization. Because clients need not own the technology, hire new personnel or retrain existing staff, cloud-based solutions are ideal for quickly gaining access to new or emerging markets. They also expedite significant system changes without lengthy transitions or heavy upfront investments.

**The partner advantage**

Partner organizations provide instant access to a trained global talent pool with hands-on experience in varied industries, detailed local knowledge and diverse skill sets. Best practices developed through many engagements accrue to every client’s advantage. Look for a partner operating on a standardized process model that can be readily applied across the company’s footprint.

A top-performing provider’s processes are often backed by analytics that set standards, measure performance and determine which key metrics will achieve client goals. A provider with a strong change management program can smoothly apply a combination of people, process and technology that drives significant value across the entire organization from day one. The most successful providers share risk through incentive pricing models that focus on enhancing value rather than on reducing costs.

**Global is more achievable than ever before**

The cost efficiencies and greater overall effectiveness gained from leveraging a global pool of highly trained resources, more effective processes and innovative technologies provide solid reasons for global service delivery. The more responsive GSD models now emerging may be the answer to the seemingly insurmountable problem of how to “go global” without sacrificing the flexibility or economies of scale gained by leveraging a partner organization.