



LEVERAGING GLOBAL BUSINESS SERVICES IN AUTOMOTIVE

Driving cost efficiency and competitiveness through integrated, end-to-end business services

 **EFESO**
MANAGEMENT CONSULTANTS

ORG. TRANSFORMATION

INSIGHT

Are you getting enough value out of your Global Business Services?

Compared to other industries, the deployment of Global Business Service shows massive improvement potentials for the automotive sector

Top-performing **companies outside** the **automotive** sector are getting **real value** out of **Global Business Services**. By providing **integrated, End-to-End** business services **across functions** and **regions** **GBS** do not only enable companies to **save** up to **40-45%** of their **costs**, but also to **improve** their overall **competitiveness** by delivering e.g., **improved quality** and respond to **customer demands** instantly.

There is **development potential** for the **automotive industry**: **Current GBS** are operating by **region** and are providing **Finance-, IT- and HR-related services only**. **Best-in-class GBS** from e.g., Life Science- or consumer goods sector offer **integrated, customer centric services** across all functions by **breaking information siloes**, gaining **organizational** speed and providing **support** in **front-line business areas**, which also enable the **launch** of new **products** and **services quickly**. This will also help **organizations** to be **prepared** for an **integrated, service-driven** business model which will be mandatory for **successfully selling** and **delivering new mobility solutions**.

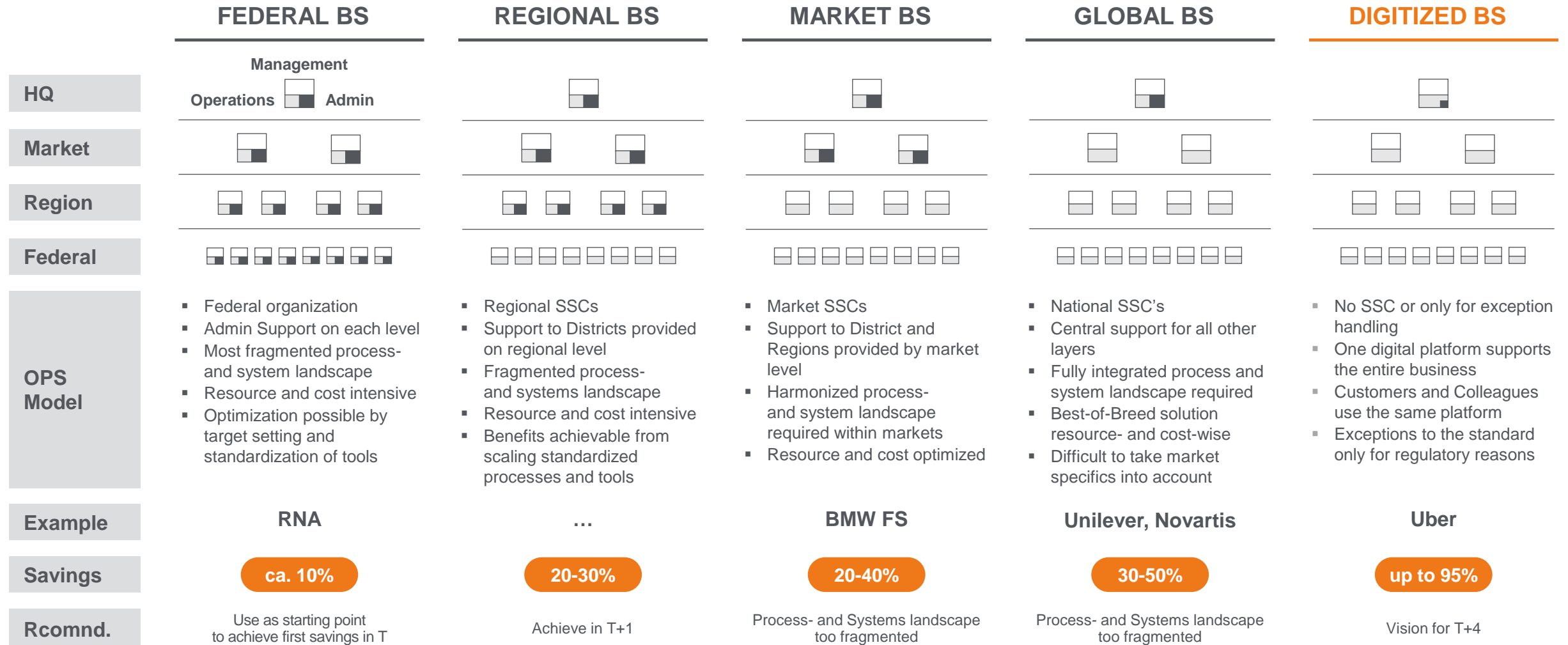
The holistic deployment of GBS can save more than 40% of costs!

From getting **full transparency** of the current **Global Business Services-related operations** to **envisioning** the ambition of your **future GBS setup** – we will help you to **identify unleveraged saving potentials** to stay ahead of the **competition. Fast!**

EFESO is ready to **support** your **transformational journey**.



How to build high-performance organizations – increasing efficiency & effectiveness via GBS can deliver massive savings



Global business services can help automotive organizations to exploit potentials from digital and thrive in the future

Uber-age customers are driving a revolutionary change in the way automobiles are perceived, used and owned today, resulting in a major shift in future profit pools.

The automotive sector, which could still learn from other tech-savvy companies, needs to become agile and quick to respond to this dynamic socio-economic environment.

In the future, **revenue** in the **automotive sector** will be largely driven by **new end-to-end services** instead of just new products. So automotive companies **quickly** need to **transform** their **business model**, from a product-focused towards **service-centric** – and even more **customer-centric**.

EFESO insights have shown that **Global Business Services** (GBS) can help organisations undergo this **transformation easily** and **quickly**. By creating a simpler and more integrated operating model, **GBS** helps organisations to get **faster**, become **more agile** and better at **sharing information** across business functions. In addition, it will also enable you to create and provide **new end-to-end service offerings** and tap into new revenue streams, in effect helping achieve higher value through enhanced quality, increased revenue and **reduced costs**.

However, our insights also show that compared to other sectors **automotive companies** are still **lagging behind** in **GBS maturity** which makes it harder for them to transform. We believe that the main reason for this is the fact that automotive companies still tend to **strongly work** in **silos**, hold information decentralised and operate in a rigid and slow manner. These factors prevent a harmonised and optimal integrated operation.

Find out more about how EFESO's proven expertise and experience can help **automotive companies** to **transform** and **thrive in the future**.

EFESO INSIGHT



33% cost reduction

for **Honda** by transforming their Finance and Accounting operations and creating a new shared services



€40M annual savings

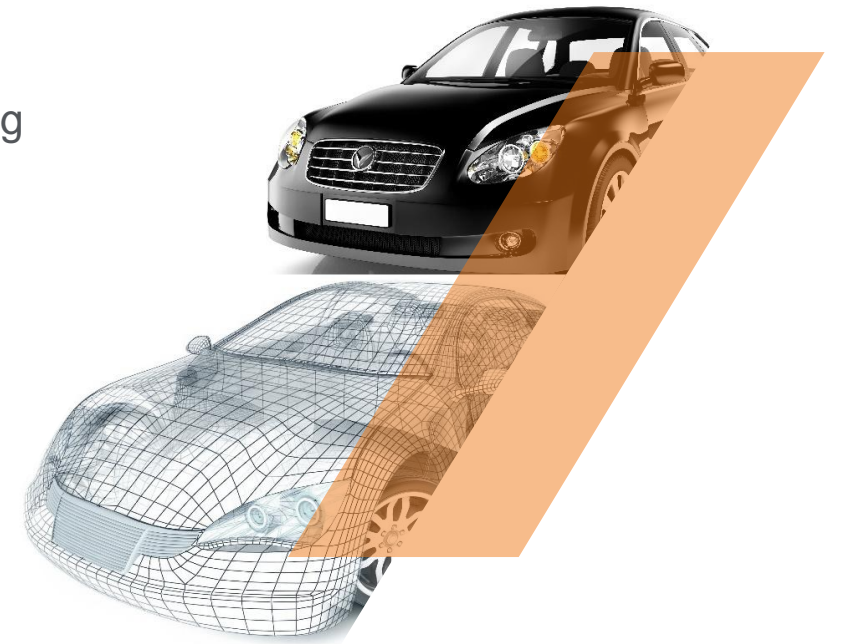
for a **global leader in healthcare solutions** through transformation of its supply chain by establishing a new commercial EMEA business center

The digital transformation is driving a shift in the profit pool for automotive organizations

We can see a dramatic **shift** in **profit pools** is happening. In the **old world**, automotive organizations could mostly rely on their **products**. However, in the new digital world there is an increased demand for **end-to-end service offerings**, putting more focus on After Sales activities. The retail is shifting from dealer to digital and organizations are aiming for their own billing platforms to harvest new revenues

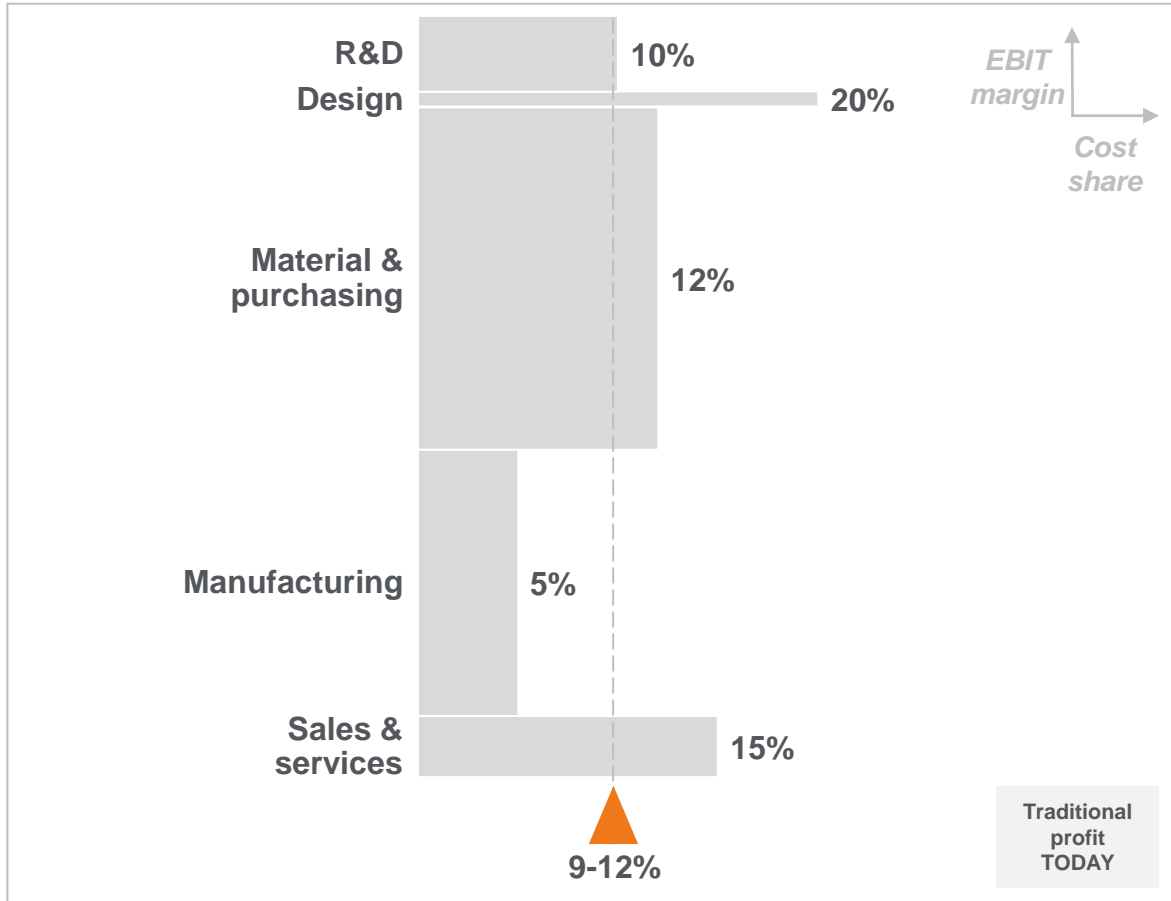
This digital transformation also poses challenges for the automotive companies

- **New data-driven services** need to be integrated into established business models
- Traditional **silos** and **mind-sets hinder customer-centric** actions
- The **silos** thinking doesn't allow the automotive to **move quick**

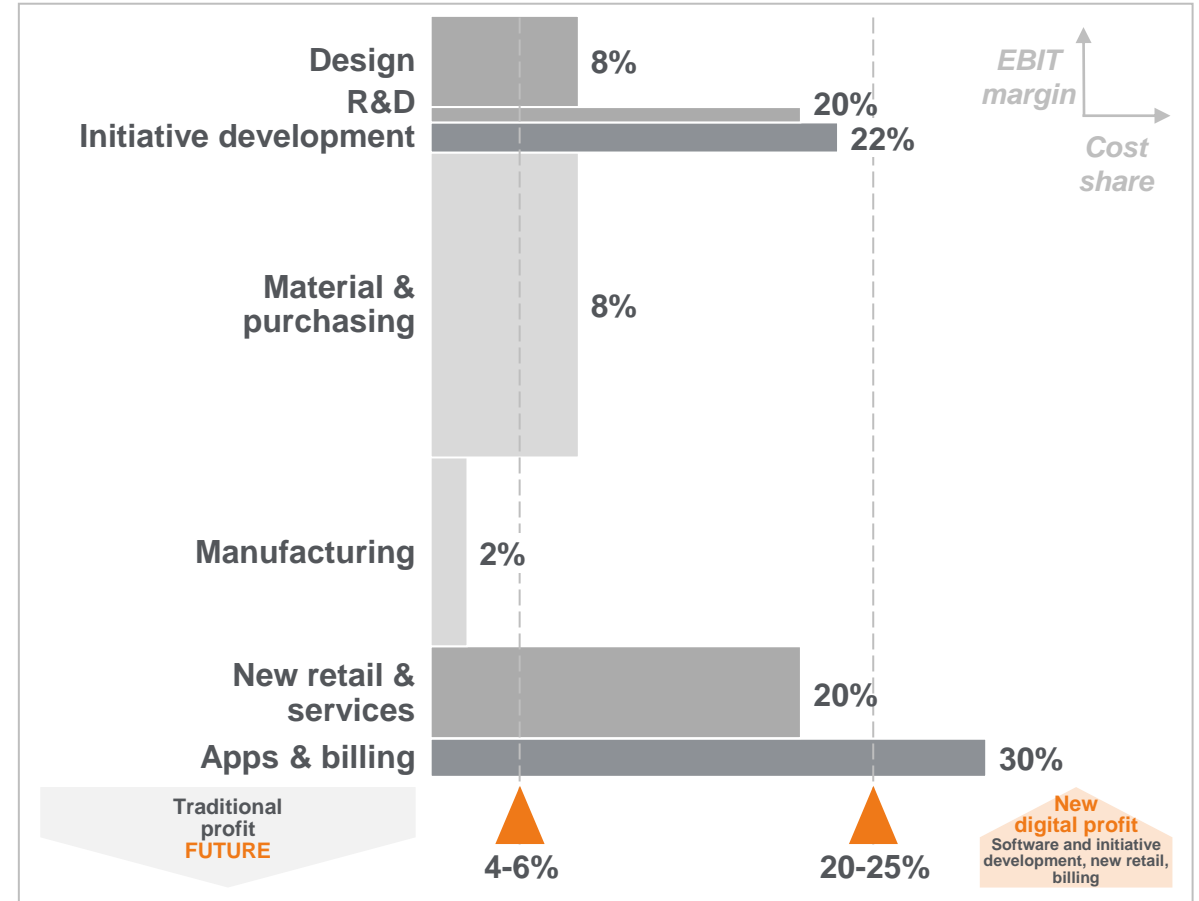


The digital transformation is driving a shift in the profit pool for automotive organizations

Old world



New world



Automotive organizations need to tailor their business model to the new digital era but they are moving slow

In the digital world automotive moves at a slow pace compared to other industries. One of the reasons is that automotive is still mostly organized in silo i.e., **functions** are **organized independently**, and cross-functional thinking is not prevalent. Working in **siloes hinders transformation** to a new business model:

- **blocks quick data** capturing for **baselining** and **improvement**
- leads to **clunky processes** and governance lacking speed
- inhibits **cross-functional** info **sharing** and hence **innovation**
- promotes a **rigid corporate culture** preventing agile working

The **digital transformation** necessitates automotive to eliminate silo thinking and operating and transform to:

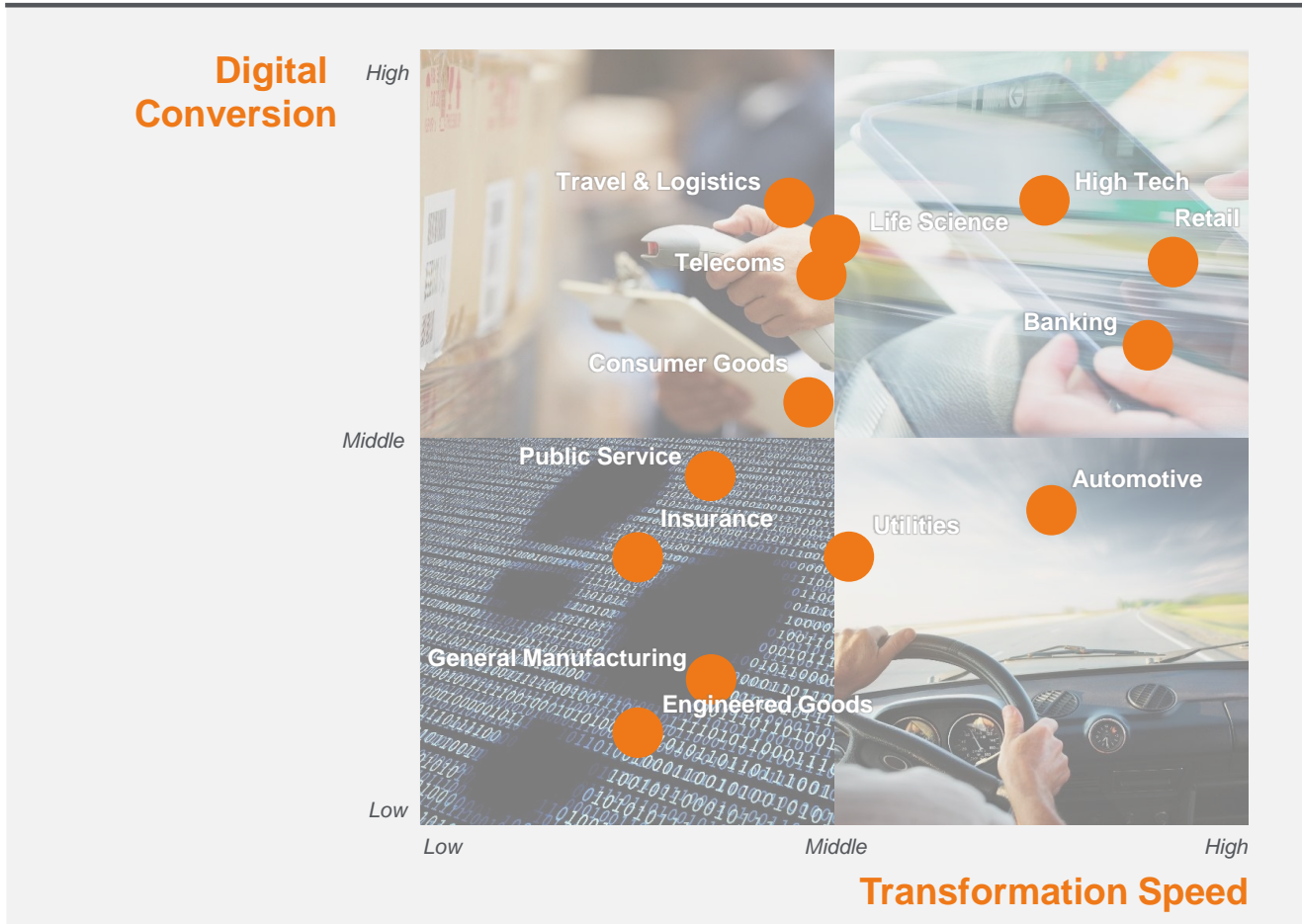
- **enhance speed** and **agility** to respond to customer needs
- **exploit data** and **analytics** to improve **performance**
- **increase revenue** and **reduce costs**

The automotive companies need to **reorganize** themselves, remove silos and **change** the **business model**: from product-focused to customer-centric



Automotive organizations need to tailor their business model to the new digital era but they are moving slow

Digital industry maturity



- 1) **Digital Conversion** gives insight into how **broad digital initiatives** cover the value chain of the industry. This includes **investments** into all **business model** perspectives „Customer Experience & Insight“, „Product/Service Portfolio“, „Value Chain“
- 2) **Transformation Speed** gives insight into how **ambitious** change is driven within an industry by communicating a clear vision, establishing **systems across silos** and **creating** an open and partner like **culture** for digital readiness

GBS in the automotive sector lags behind in maturity compared to other sectors

GBS maturity

In many **top-performing organisations outside** of the automotive sector, GBS delivers **more** than **cost containment**; it enables more **competitiveness** by active **involvement** in **front-line business agendas**.

Automotive lags behind

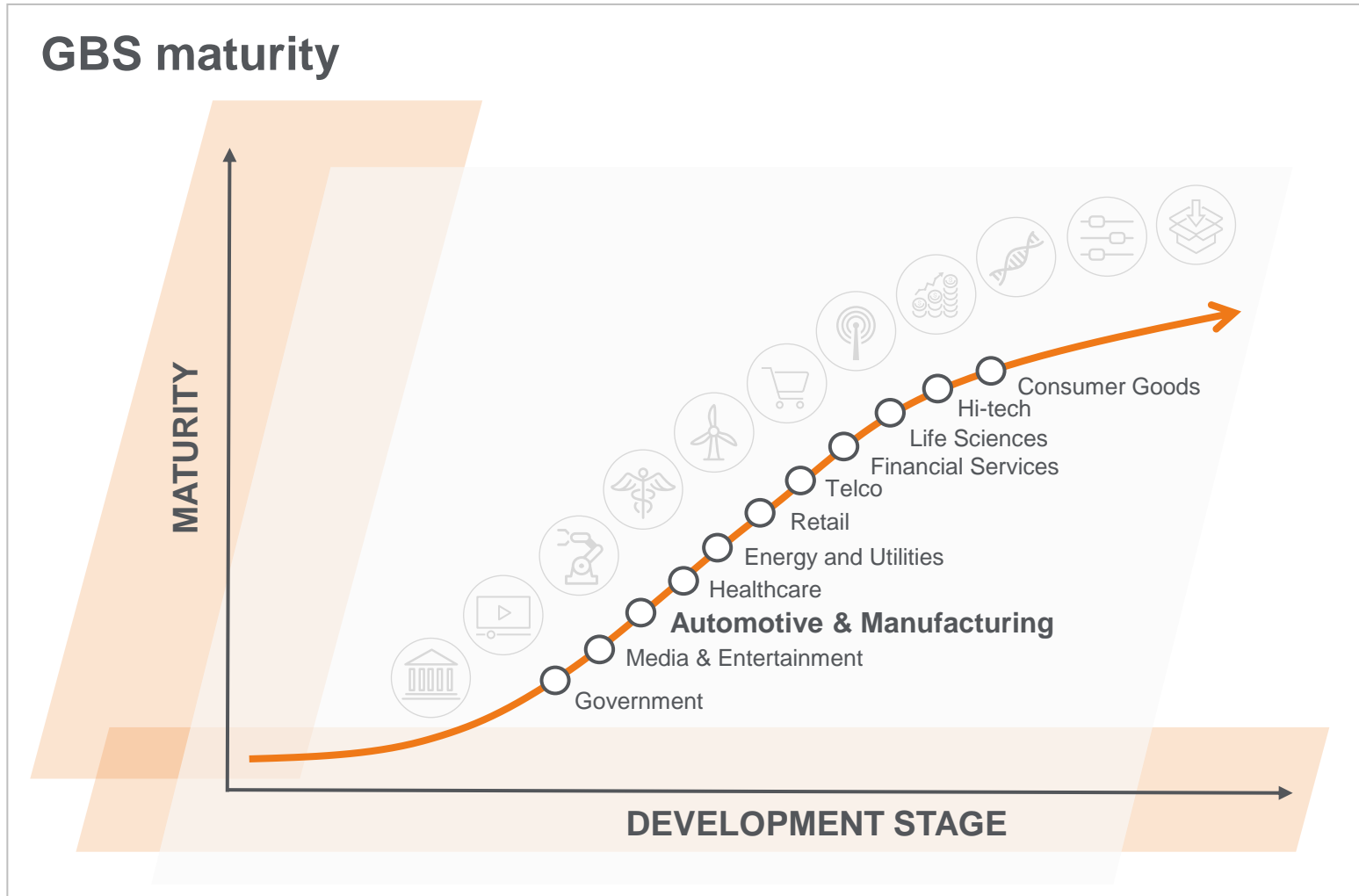
The **adoption of shared services** in the automotive sector, however, shows **development potential**. Although it adopted relatively early, the sector has **not been able to keep pace** with others such as Financial Services, Life Sciences or Telco. **Shared service centres** in the **automotive** sector are **characterised** by a strong **tendency** to operate **per region** and the services delivered are mostly **traditional** with **Finance, HR** and **IT** being the most commonly deployed functions.

Get more from your GBS

A shift in focus towards a **more holistic service offering**, providing **end-to-end services** across **different functions**, and **increased scope** will help to increase **GBS maturity** and **realise greater benefits**.



GBS in the automotive sector lags behind in maturity compared to other sectors



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- **Automotive lags behind**
- Adoption of shared services in the **automotive sector** shows **development potential**. Shared service centers are characterized by a strong tendency to operate **per region** and the services delivered are mostly **traditional** with **Finance, HR and IT** being the most commonly deployed functions
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To transform to new business model, organizations need to remove silos and enable cross functional integration

In the old world, companies could get away with silo thinking...

- The old world allowed for different functions to work in silos as the main focus laid on the **product** and **customer interaction** was **reactive**
- But the **new world** requires **greater cross-functional integration** as customers expect **proactive solutions** such as vehicle informing maintenance needs, and end-to-end service offerings like **telematic services**

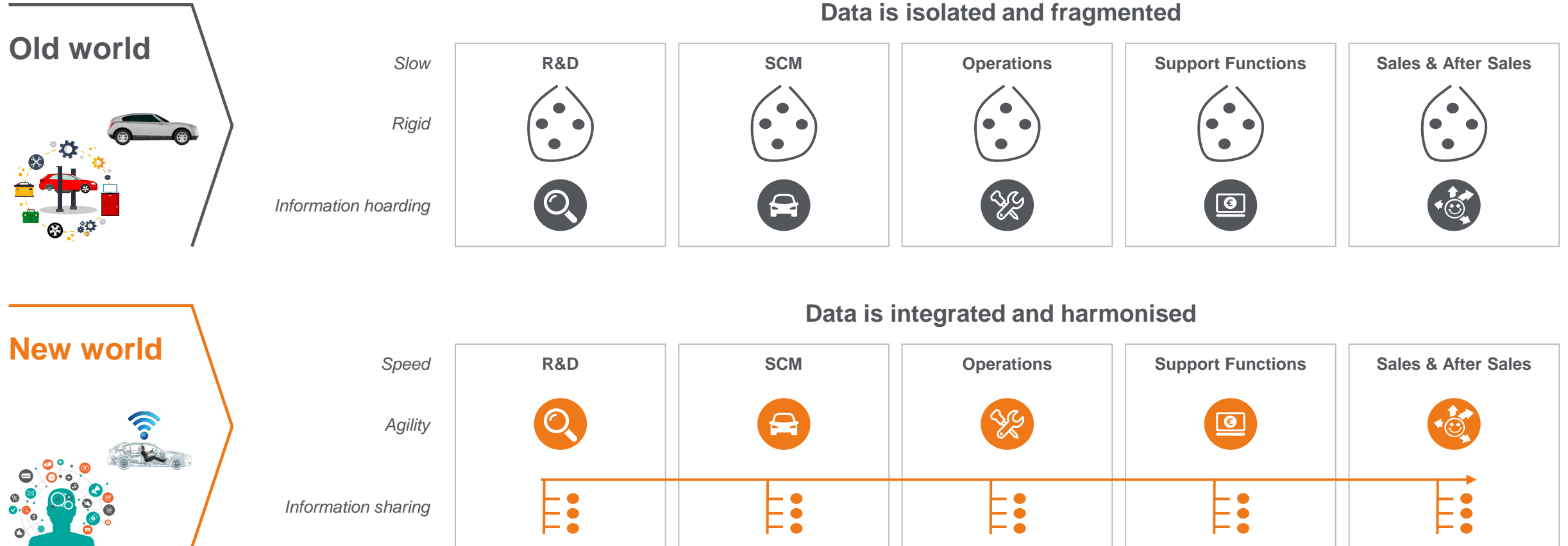
Breaking the silos presents some real opportunities ...

- In order to **improve speed, agility** and information sharing organisations need to break silos and:
 - › ensure that **processes** are **lean** and continuously **improved**
 - › have **integrated functions** supported by common processes
 - › establish **organizational structure** and **operating model** which promotes **continuous improvement**

EFESO's experience shows that when considering a new business model, **5 key elements** need to be reviewed as we will explore next



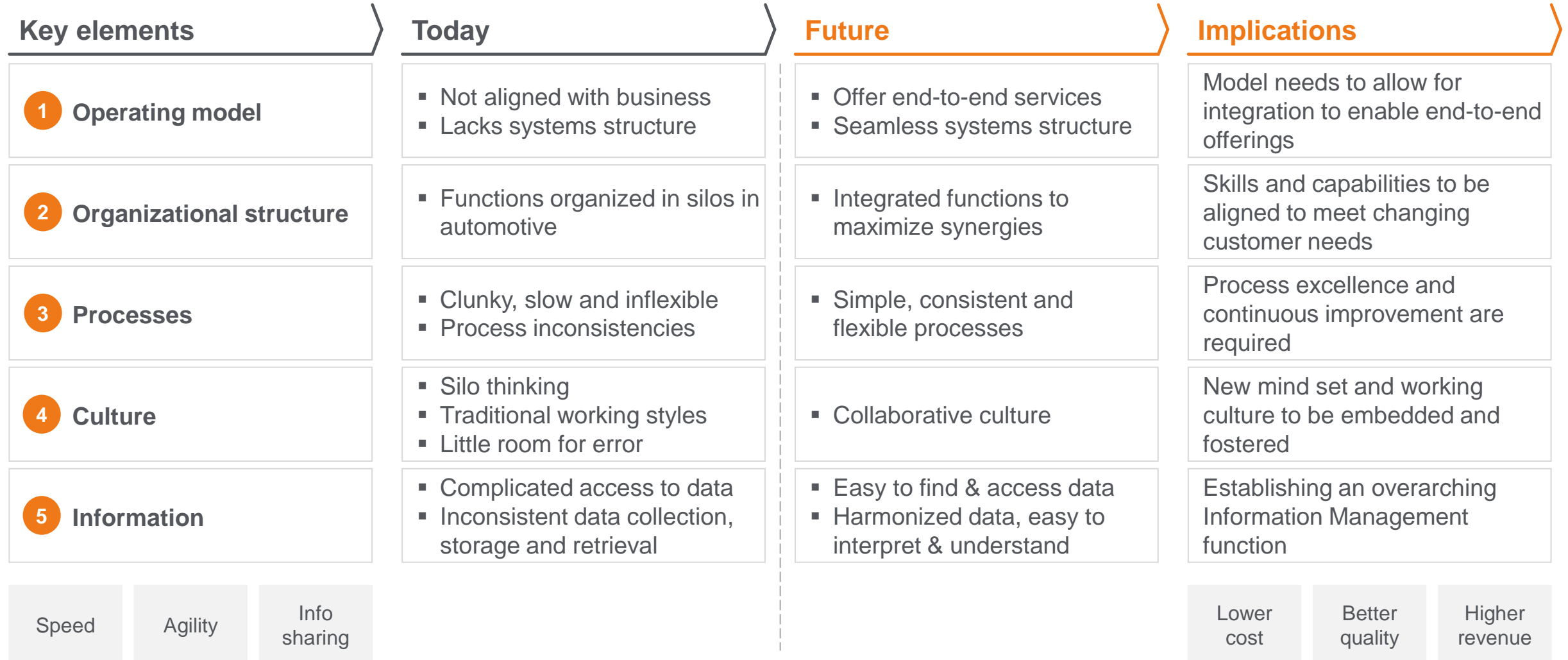
To transform to new business model, organisations need to remove silos and enable cross functional integration



Automotive needs to address silo working and get better at information sharing, working faster, and becoming more agile



Automotive companies need to address 5 elements to improve speed, agility and sharing of information



Global business services leads the way and allows „laggers“ to gain speed – fast!

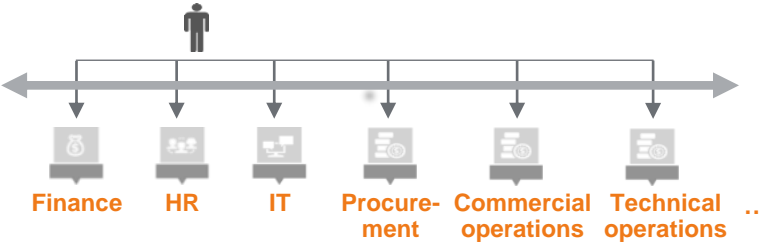
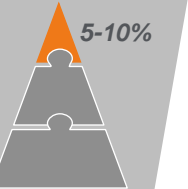
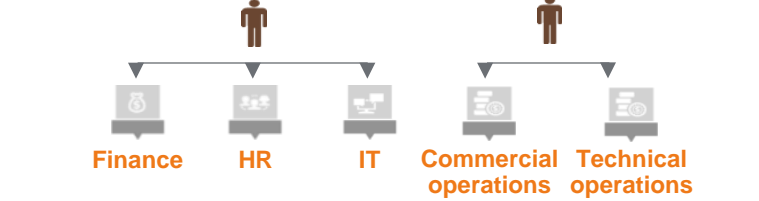

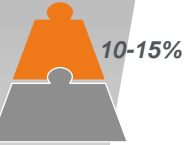



Increased functional scope and cross-functional integration delivers greater value

- **Shared service organizations** have evolved from functional shared services (where functional services teams define the services they offer), towards **multi-functional shared services** (where several functions share a management team), to eventually become a **fully integrated Global Business Services (GBS)** organizations
- The increased **scope** of **GBS** enhances the **value of services delivered** to the business by **simplifying** the **delivery** of **services** by **breaking down** functional **siloes**. This enables **data sharing** across the organization, improves **collaboration** among business units and enhances the **ability** to **quickly respond** to the market by developing **new solutions** and **end-to-end services** that meet customer needs



EFESO knows how to design a best-in-class solution that delivers the right mix in the right shape - from functional to fully integrated optimization

Examples of best-in-class programs

Fully integrated optimization	<p>GSK SAB MILLER NESTLE P&G ZURICH UNILEVER MAERSK GE DHL NOVARTIS MERCK</p>	<p>Global Business Services Leader</p> 	<h3>Key traits</h3> <ul style="list-style-type: none"> Operates as an integrated business Commercial focus on customer-centric services 	<h3>Key benefits</h3> <ul style="list-style-type: none"> Processes and structures centralized Key elements automated/digitalized New services developed 	<p><i>Margin improvements y-o-y</i></p>  <p>5-10%</p>
Multi-functional optimization	<p>HEINEKEN COCA-COLA BALFOUR BEATTY JOHN LEWIS UBS SYNGENTA DIAGEO PFIZER BMW</p>	<p>Shared Services Leaders</p> 	<ul style="list-style-type: none"> Multiple functional shared services Managed partly under one roof 	<p>DELIVERED VALUE</p> <ul style="list-style-type: none"> Processes harmonized Infrastructure shared at lower costs Operating model improved 	  <p>10-15%</p>
Functional optimization	<p>ASTRA ZENECA BBC BT M&S WHIRLPOOL KIMBERLY-CLARK PHILIPS SONY</p>	<p>Functional teams</p> 	<ul style="list-style-type: none"> Separate/ semi-independent functions Highly standardized and simplified, e.g. using digitalization 	<ul style="list-style-type: none"> Minimize demand Reduce unit cost Improve efficiency Improve margins 	  <p>15-20%</p>

Interviews with leading GBS leads (e.g. Novartis) possible to provide outside-in view



Positioning GBS at the core of the automotive business model will also help achieve financial benefits and improved customer service



Reduction in cost

GBS helps to reduce operating costs and deliver solutions to drive efficiency in the business. Here are some examples of cost-savings through shared services offerings

Opportunity



Unexpected component breakdowns



Shared service solution



✓ Reduction in warranty costs by centralised monitoring



Complex dealer network



✓ Consolidation of dealers with centralised oversight



Sourcing knowledge from external sources



✓ Enhanced internal knowledge sharing



Revenue generation

Thanks to an integrated way of working, GBS also helps to offer new service offerings quicker and thus helps generate additional revenue

Opportunity



Meeting customer expectations requires end-to-end offerings



Shared service solution



✓ Broader global customer offerings



Change in sales landscape demands new retail models



✓ Increasing online sales



Increasing customer services and solutions



✓ Active promotion management



Improved quality and customer service

GBS helps to operate cross-functionally, use best practice and deliver consistent quality that meet customer needs and hence enhances overall customer experience

Opportunity



Reduction in breakdowns



Shared service solution



✓ Preventative maintenance by centralised monitoring



Responding to customer needs



✓ Quick and consistent response to customer issues and services



New component sales lead time



✓ Centralised sales and operations management

To release greater value from GBS there are 3 steps to get it right



1 Place GBS at the core of your future business model

We offer vast experience in designing **business models** and we will help you to think more strategically about GBS to allow the transformation into a new and simpler business model



2 Define the right scope

We will help you explore non-conventional functions to identify the **right scope** and improve cooperation between functions



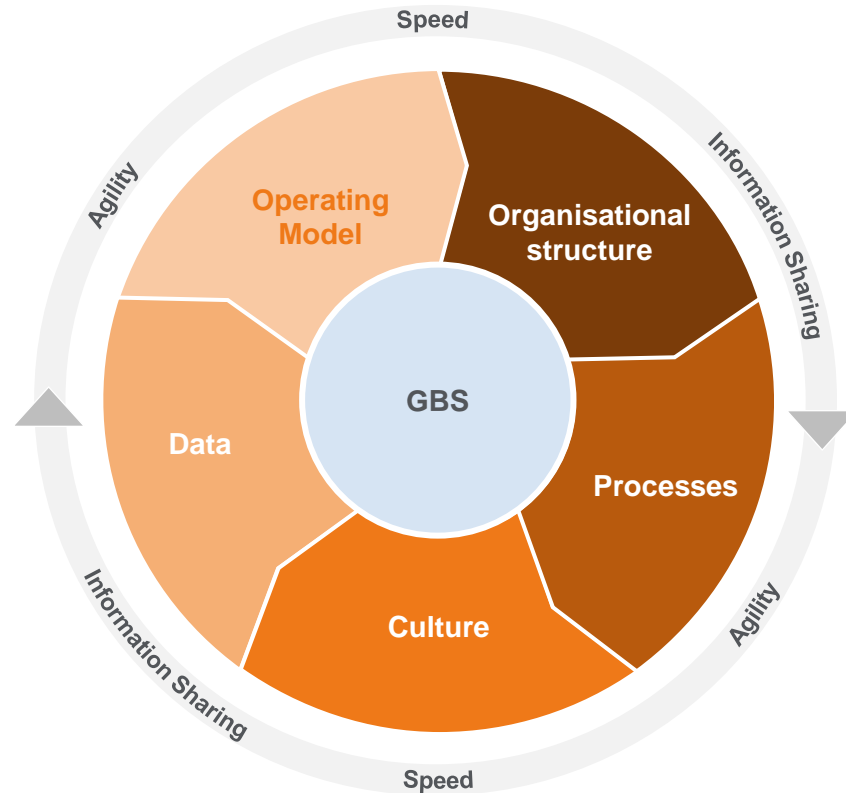
3 Establish an effective global business service concept

We know what it takes to set up and **operate** an effective GBS and will help you to design and build this in order for you to become faster, more agile and handle your data more efficiently

 EFESO's proven approach to implementing GBS can help you get there.



Step 1: Place GBS at the core of your future business model



EFESO will work with you to design or reengineer your business model to allow for optimal integration

EFESO INSIGHT

25% in efficiency savings

for **Unilever** through the creation of a global business service organization, delivering services to 179,000 employees across 100 countries



In order to achieve maximum value from GBS, it is vital to put shared services at the core of your business model to allow for a seamless integration between shared services and the business, which will contribute directly to the bottom line.

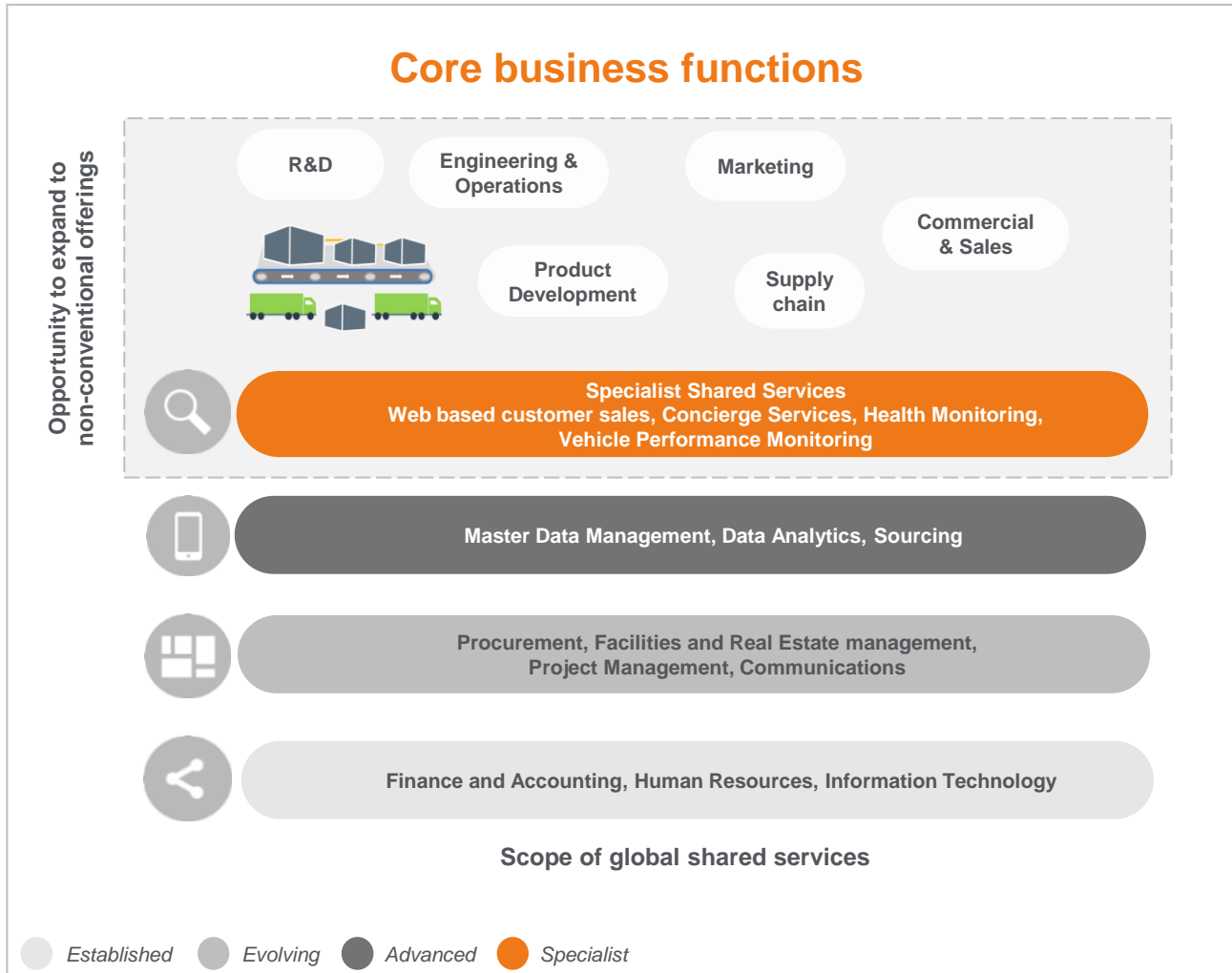
How we can help

We can help you to assess the current maturity and the desired future maturity for your global business services vision.

Having designed and established mature GBS models for top global organisations such as Unilever and Novartis, we understand which areas to explore to get the most value from business services.

Next we will explore the potential GBS services/ offerings in more detail.

Step 2: Define and expand the scope for GBS to include non-conventional areas and gain a real competitive advantage



EFESO INSIGHT



25% reduction in development lead times

for a **global Top 2 Pharmaceutical** company through the build of a Shared Service unit for Product Lifecycle services

Align GBS with the customer needs

To remain competitive, automotive organisations should set up their **shared services** to enable **end-to-end offerings** that respond to the **rapidly** changing needs of customers.

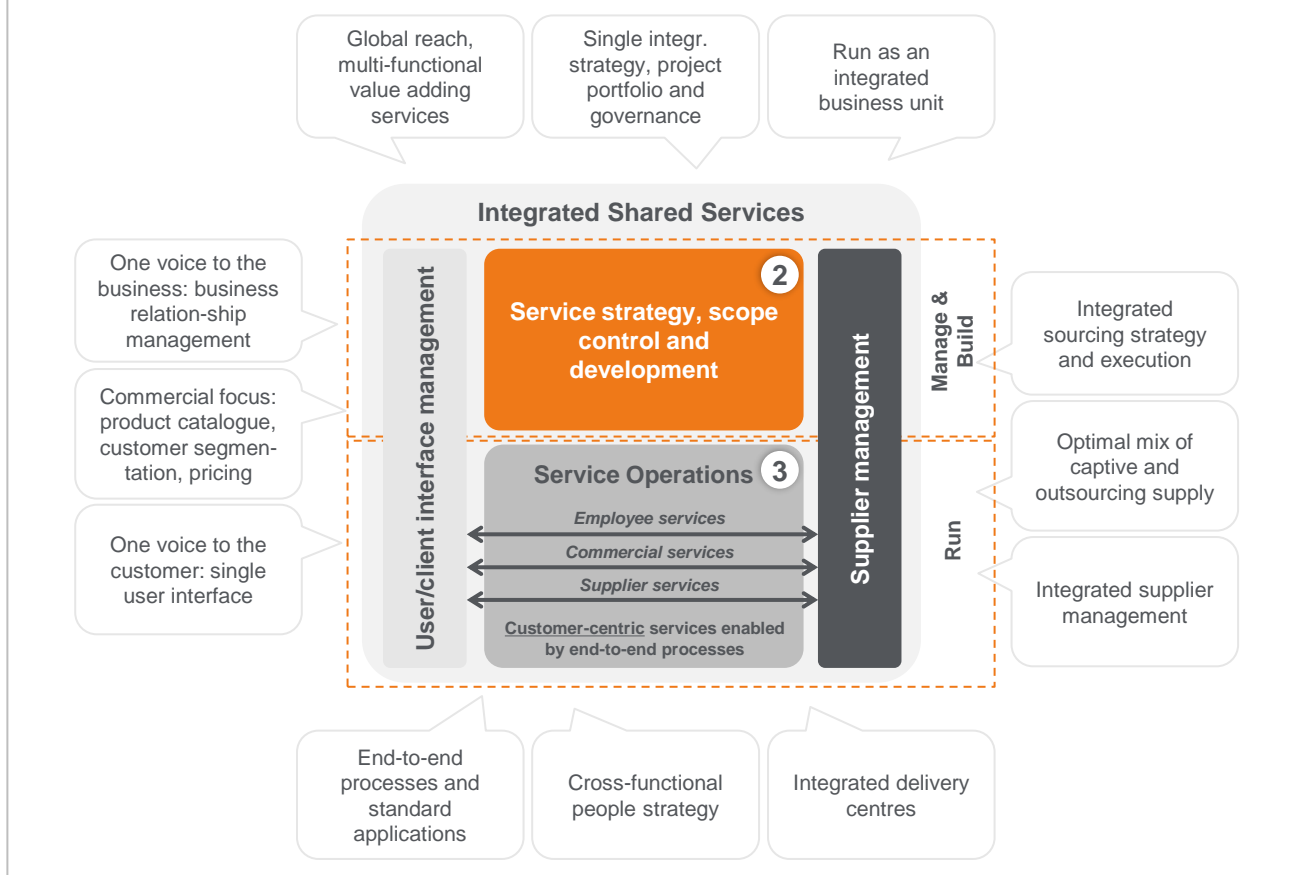
GBS provides the perfect structure to enable cross-functional **integration** and create maximum synergies between different teams required for offering holistic **end-to-end services**.

Increase the scope and reach of GBS

Most automotive organisations initially include traditional areas for GBS such as Finance, HR and IT. However, our research and experience suggests that GBS should be expanding its focus towards the inclusion of non-conventional areas which directly contribute to the **core business** functions and can further increase value.

Step 3: Establish an effective global business service concept to foster fast and rigid benefits realisation

EFESO's GBS reference capability model



EFESO INSIGHT



20% cost reduction

for a **Tier 1 Global Investment Bank**
by developing shared services model for their Risk function

For GBS to deliver maximum value you need to know what capabilities you need to:

- **build** new services which the business requires,
- **manage** those services to ensure these are delivered to the highest standards and
- **run** the delivery of services on a day-to-day basis.

At EFESO, we have built a GBS reference capability model based on our work with world class organisations and considers four key capability areas:

- 1) User/ client interface management
- 2) Service strategy, control and development
- 3) Service operations
- 4) Supplier management



