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digital transformation  
without the right  
engine?**

GBS as a transformation engine:  
making it real.



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# GBS innovation needs a mindset shift, not just a pure technology focus.

Global Business Services (GBS) has the potential to be the transformation engine for the wider organization, and with good reason: GBS knows more about processes, owns more data and leverages more technology than any single function. It's a pioneer of cross-functional working.

But depending on the maturity and remit of an organization's GBS, there are some necessary steps to realizing that potential.



## Dream big but start humble

GBS has been, and always will be, about efficiency. Productivity is the home base for GBS, and it should always be really good at it at the same time as any evolution beyond this.

Transformation starts with good quality data, but many GBS organizations are challenged by data that need a thorough clean-up before it can be the basis for automated or end-to-end (E2E) processes.

Some GBS organizations have created data lakes and used them in, for example, accounts payable processes, to prescribe how to correct invoices and in turn enable automation and analytics in the processes.

For some, however, standardization seems impossible as the world keeps moving - when one standard is reached, there are already new trends established, necessitating change. However, GBS establishing data analytics and visualization can force a global standard to be adopted within the organization, which creates momentum for improving overall performance.

Creating new service level agreements (SLAs) that underpin the new role GBS is taking over is another basic effort that needs to be taken. GBS could ask itself, should we measure value to the business, customers and suppliers? Delivering SLAs relating to customers means GBS could be taken more seriously faster.

# Earn the mandate for transformation

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GBS must - before asking for a new and extended mandate to become a transformation engine - prove its own value and market it.

For GBS organizations to get heard does, of course, require some form of mandate, ideally by having a sponsor at board level. GBS needs to build credibility, as trust is gained little by little. GBS needs to build on its success as a cost and efficiency driver, market it to the board, and ensure it has the right competencies to set it up for its future, transformative role.

This is a journey that demands collaboration and a complete shift in mindset. The traditional back office work will still be part of what GBS does, but will also be co-creating and business partnering with the front of the organization. The self-perception of GBS needs to evolve from “we serve the business” to “we are the business.”

GBS should address key company challenges by providing not just reporting, but insights too - for example, identifying via data points where money is being leaked in the flow of a process. This can help improve revenue, margins and compliance. By proposing use cases for the application of, for example, process mining, and organizational approaches to it, GBS can show how it

practically could use insight to drive value into the business.

Some GBS organizations have already proven their excellence in certain areas to the extent that they now act as internal consultants, which drives change within the wider organization. This supports, for example, the adoption of new business models by providing global solutions to deliver local outcomes - an example of the concept of “glocalization.”

Expertise-based evolutions like this address a fundamental question of how to mix multidisciplinary people: GBS must collaborate in order to transform, because siloes will not achieve results. The organizational design structure has to be broken down in order to put brains together.

This, of course, is a big step for GBS and the wider organization. So, fostering communication around the fact that transformation is enterprise-wide, rather than GBS being an isolated transformation engine, will help make the case to the board. And with a seat at the table, GBS will earn the mandate to drive transformation both top-down and bottom-up.





## Apply a comprehensive new approach to innovation

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Blockchain, AI and Data Visualization are some of the next must-haves for GBS organizations. But so is a completely new, purposeful approach to developing and driving innovation.

GBS organizations today are wired for continuous improvement. So, for GBS to have these competencies, and also competencies for disruptive innovation, is another dimension. Disruption requires a different approach, and many people currently within GBS don't have the right mindsets to unlock the potential of technology. On top of this, there are naturally budget and prioritization constraints to enabling the evolution of GBS.

There are different ways to start a GBS innovation journey, however the following 5E's can effectively help GBS organizations balance the CEO's demands for efficiency, with the ambition to drive innovation: envision, enable, ecosystem, execute and expand.

According to this approach, GBS should, for example, link the operational and development budget and follow the 70:20:10 principle - spending 70% of budget on operations, 20% on continuous improvement and 10% to establish a robust digital innovation platform that can help drive 10x disruptive projects. This 10% could even be funded by GBS from its own efficiency improvements.

Additionally, the debate around innovation often focuses less on the what, and more on the how: technology is here, and more is arriving every day - so how do we apply it?

But it's better to start by asking why.

By starting with clear reasons for innovation, GBS can foster bottom up ideation, use global think tanks to exchange and identify innovative ideas between transformation and operations, work with an ecosystem of technology partners, and new collaborators such as university students, while monitoring the start-up space for solutions to test and implement - all with much greater purpose.

In conclusion, for GBS to become a transformation engine, it first needs to change its mindset. GBS needs to think holistically, as a business owner, not just a supplier of services. It must go beyond the operational, while still proving its excellence in efficiency and productivity, and show the board the quality of its ideas and the scale of extra value it can deliver to the wider business. Only then can GBS change the mindsets of others and win the trust to drive wider transformation.

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