

Management Information System
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Week – 12
Managing Global Organizations and Global Projects
Lecture – 58
Shared Services

Hello everybody! In this section, in the previous section, I told you; last one of the last book points was ‘shared services’. So, I will you know; spend one session on this ‘shared services’ because it is a very-very useful business model which is followed by various organizations and it brings in lot of cost saving and means lot of justification too; it gives an economic sense. Although it has needs again, lot of information management support.

So, that is where why it is I want to discuss it in this MIS course because although it is a business function which is going on but the back end, the whole thing works on platform-easier information system. Unless you have a very good IT and information system back up and strategies in place it will not it will not be able to do justice to the shared service.

Because it is a bit of a complex way of style of operating ones but once it gets going you can stabilize that; it will bring in definitely lot of cost saving to the organization and that is why it is such a popular service.

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What is Shared Services....

Defining shared services

Organizations share delivery of similar services across locations / countries to :

- ✓ reduce cost,
- ✓ enhance efficiency and
- ✓ improve quality

However, it requires careful design of the Organization's structure , governance and IT backbone for high quality Management Information System, to ensure that it achieves the level of cooperation required to implement an effective shared services model.

Seamless and real-time communication play a key role in the effectiveness of MIS for the success of the Shared Services.

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So, what is shared service? The shared service organizations share delivery of similar services across locations countries, reduce cost, enhance efficiency and improve quality. That is each, let us take, let us say, purchase for example, you know purchase is an important function. Now, suppose it is a multinational company you have your companies in various countries say, may be hundreds of countries across Asia-Europe us.

Now, each company will have the purchase department because everybody every company they have factory they are purchasing things. Now, you can have a centralized purchase system think about a centralized purchase system which can purchase for each of these companies some key raw material.

Let us take say, Coca-Cola; the Coca-Cola; one of the key raw material is whatever the ingredient was a secret formula or whatever may be, so, for they need various ingredients to make that because it is just not one item; so, it, several items goes into that some ratio. So, nobody knows very few people let us says that is a very secret thing it is very famous you know.

Now, it might ask independent individual countries to buy those material independent make the composition as per the secret formula or it can source those important ingredients from centrally maybe that shared service is working out of say Romania in Europe. Why Romania again? Because for the establishing the shared service then they prefer again a low cost country.

So, countries like in this East Europe Poland, Romania etcetera they host many shared services because they also have several advantages in the sense they speak multiple language German, etc. apart from the local language German French etcetera.

So, multi-language skills are available there are several of the advantage why they are located in those places and their salaries are not so, high, but you can have them also out of countries like India or China or whatever. Let us like say, the Nescafe or the Unilever company; so, they make coffee for example.

Now, you say India you have Nescafe etcetera Unilever making coffee etcetera and for making coffee you need that coco seeds and all that which comes from mostly comes from Africa or Brazil or such places in bulk. So, that can be purchased centrally because that is a major raw material. So, major cost component.

So, if you buy that item centrally in bulk obviously, you will get lower advantage price advantage cost advantage you can buy it at a lower cost you can ensure more quality etcetera. The other smaller items they need to run a company you need so, many things you have to purchase operation maintenance spares etcetera that you leave it to the local units they are purchase department, but the shared service handles those things.

So, that is one example again we will come back to some more examples later on as we move, but this has to explain the concept of what is a shared service and the purpose is of course, reduce cost, enhance efficiency and improve quality. However, it requires careful design of the organization structure, governance and IT backbone for high quality management information system.

To ensure that it achieves the level of cooperation required to implement an effective shared service model, now every country individual they need their raw material right that coke let us take that coffee coco seed, now I need to know how much stock I have when it is coming to an end then what is the delivery time lead time the shipment time suppose that seed will come from Africa or wherever.

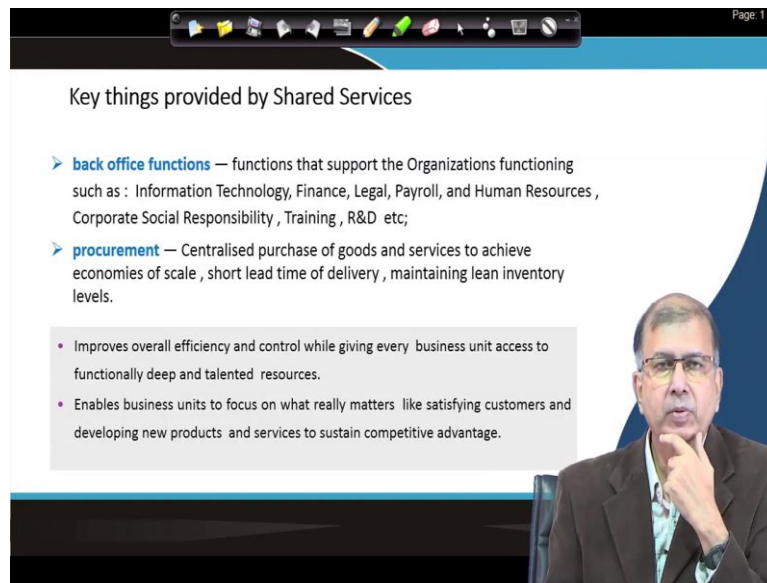
So, it has to come to India, it has to go to Japan, it has to go to Philippines, it has to go to China, it has to go to all these say Australia and so, many countries. So, everywhere the travel time lead time will be different.

Now the whole thing is we manage centrally from the headquartered shared service in Poland. Now they are the team again through of course, not India through these your MIS system and ERP are linked etcetera we will need to have very-very good information as to when the material should be delivered to these in individual countries.

So, that none of them have suffered from any loss of production the raw material is not the shortage short supply. Also at the same time you cannot supply too much more because inventory, we have talked earlier what is, what the effect of having unnecessary inventory, extra inventory piled up because then that is blocking your money cost is.

So, that is where it needs high quality management information system that is what it is saying it is high quality management information system to ensure that it achieves the level of cooperation required. Seamless and real time communication play key role in effectiveness of MIS for success of shared services.

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The image shows a presentation slide titled "Key things provided by Shared Services". The slide content includes:

- **back office functions** — functions that support the Organizations functioning such as : Information Technology, Finance, Legal, Payroll, and Human Resources , Corporate Social Responsibility , Training , R&D etc;
- **procurement** — Centralised purchase of goods and services to achieve economies of scale , short lead time of delivery , maintaining lean inventory levels.

Below the main text, there are two bullet points:

- Improves overall efficiency and control while giving every business unit access to functionally deep and talented resources.
- Enables business units to focus on what really matters like satisfying customers and developing new products and services to sustain competitive advantage.

On the right side of the slide, there is a video overlay of a man in a suit and glasses, looking thoughtful with his hand to his chin. The slide is part of a presentation, as indicated by the "Page 1 / 1" in the top right corner.

So, it needs to be seamless and real time communication. Key things provided by shared services; back office functions what are the areas where shared services works? Various not purchases one example I give you. Functions that support the organizations functioning such as information technology.

So, IT itself can be a shared service, common IT shared service across the other various companies of the different countries. Finance you can have a centralized finance say treasury or whatever some finance function can be centralized completely you do not have to have local of that in each country.

Legal can be centralized as a shared service, payroll human resource, the HR because the HR policies are normally you know they come from centrally again from the headquarters. Headquarters can form a shared service division to manage the HR for all the countries. So, we do not have to repeat have HR everywhere maybe we have one or two just for the integration sending communication etcetera, but you do not need a large HR department.

So, 90 percent of that work can be done from a shared service the balanced ten percent has to be done locally to implement that and communicate the etcetera talk to the local people. CSR nowadays you must be hearing about lot of things about corporate social responsibility training and of course, research.

So, many functions can be operated through shared services the major one which we actually shared services started with the whole movement is procurement. Purchase as I was talking centralized purchase of goods and services to achieve economies of scale short lead time of delivery and maintaining lead inventory levels. So, proper inventory control management again inventory is blocks up almost 70 to 80 percent of your working capital for manufacturing companies.

Hence the first time people thought that let us try to obviously, let us focus on that try to bring in as much saving as possible in my inventory management. So, can I have a central procurement? A shared service for all the companies large companies all the countries everything will be managed from one location.

So, they can, they will work together about, etc. at the same location; they will handle for everybody and then they can bring it all those inefficiencies, etc. and then negotiate with the suppliers because now you are purchasing in bulk from one location. So, you can negotiate better, you are in a strong position for better price and all that. See it improves overall efficiency and control while giving every business unit access to functionally deep and talented resources.

So, what is happening since it is centralized you can have the best of talent suppose you have country wise you select from your purchase department the key people the best person and then bring them over to that shared service location wherever it is say Poland. So, that you select one or two people from India or someone China from whatever the best people. So, what you have is in that shared service you have your best quality people there. So, best quality people will; obviously, do the best job.

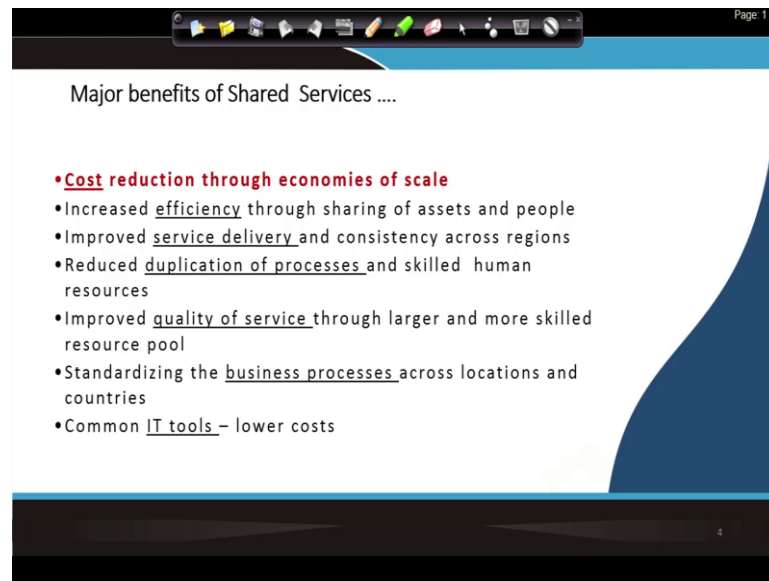
So, it improve it will improve overall efficiency and control because you have the best people doing it for you. It enables business units to focus on what really matters like satisfying customers and developing new products and services to sustain competitor (Refer Time: 09:42) what it means is that, the local units down they now they do not have to bother about the purchase procedure of the entire the key ingredients or key raw materials.

So, that somebody else is taking care by shared service division in Poland. So, I am free of that. So, and I focus on my core businesses basically marketing selling, customer relationship etcetera etcetera how to build customer relationship and things like that. So, I am freed from a

major activity of buying a row key raw material because it blocks a lot of money, that key raw material.

So, I am free of that. So, by management can now focus on my senior management team the finance CFO etcetera and then focus on other things like actually selling more product.

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So, that is more business more profit etcetera major benefits of shared services. Cost reduction of course, we have talking through economies of scale increased efficiency through sharing of assets and people. So, the efficiency part also we talked in the last slide that we bring in the best people and bring them over in the in the central place.

So, we increase the overall efficiency of the purchase procedure because the best guys have come together and joined as a team. Improve service delivery and consistency across regions again since it is centrally managed you can ensure better service delivery and consistency across regions and you have the best brains you know the most efficient people managing the whole show so, I mean the quality of everything will be very good top class.

Reduced duplication of process and skilled human resource because when each country is doing the job there will be lot of duplication of processes of course, because you are doing the same thing in various countries, but in a shared service situation every it is just done being done centrally. So, there is no question of duplication and no wastage of human resources you are utilizing your human resources in a much better way.

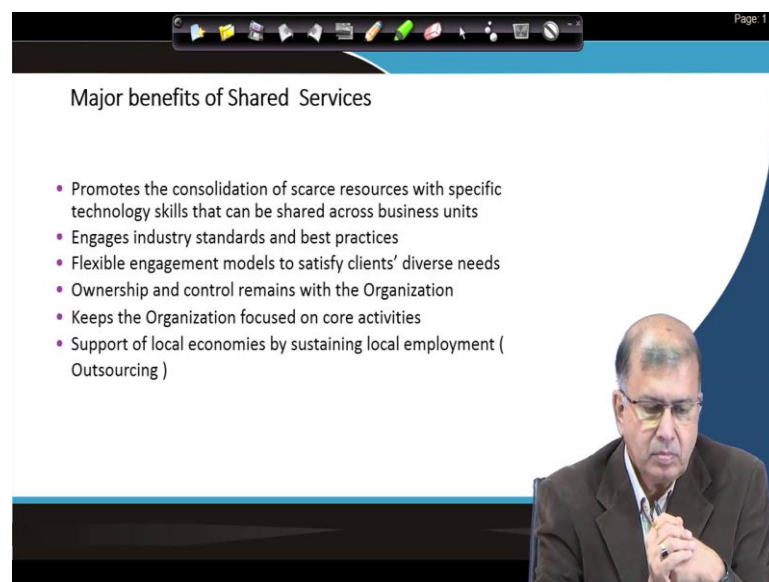
Improved quality of service through larger and more skilled resource pool this is a repetition we already talked about it the more skilled people we are getting it centrally. So, quality of services getting improved, standardizing the business process across location and countries which is very significant here.

Because if you leave it to individual countries they will finally, develop their own processes sometimes the supplier will say make some requests why cannot you do these payment terms etcetera its I am in problem its. So, many; so, you sometimes you know tamper with the established processes and you change some things rules.

So, finally, over the period of years you see each country they are purchasing rules there has been some change and overall finally, after few years we will see there is lot of differences in the purchase procedures from the common thing which was set up initially by the central organizations.

So, if you, but if you have a centralized shared service of course, that question does not arise because it is all now centralized in one place. Common IT tools lower costs again you have using common IT tools for managing this whole thing. So, cost will be managed better.

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Major benefits of Shared Services

- Promotes the consolidation of scarce resources with specific technology skills that can be shared across business units
- Engages industry standards and best practices
- Flexible engagement models to satisfy clients' diverse needs
- Ownership and control remains with the Organization
- Keeps the Organization focused on core activities
- Support of local economies by sustaining local employment (Outsourcing)

Major benefits of shared services continue it promotes the consolidation of scares resources with specific technology skills that can be shared across business units. So, you have a very

good say IT person here in one country now his skill and talent can then be shared if he goes to a centralized shared service then his talent can be utilized by all the countries.

So, his skill level suppose he is an expert in something can be utilized. So, he is an expert in ERP system ACP system. So, fees working out of a shared service, then he can give his expertise to all the countries all the companies local countries, but if he was you know in struck to say India for example, he is very good, but then the India management will not let him you know give him time to work help others etcetera.

So, he will be busy with the India's specific problems. So, his knowledge is not being utilized by other countries engages industry standards as a best practices. So, again when we are talking about a centralized system so, obviously, the best practice and etcetera can be very easily implemented because its again at one place not you do not have to implement that in say 100 countries suppose that company has got say operations in 100 countries.

So, you have to go on implementing it in 100 locations but here we have to just locate a, implement in one location that is your centralized shared service. So, the thing becomes obviously, much simpler, easier, better, cheaper wherever you are trying to do any change; flexible engagement models to satisfy clients' diverse needs.

So, clients are always asking for you know this is not purchase in some other thing any other area the clients asking for something. So, if you have a flexibility because now you are working out to one-centered shared service, you can give, deliver, give a better service to your clients; needs large clients but otherwise because if we leave it to the country level, individual level; so, each will you know, handle it in a different way.

So, there will be multiple types of services being offered to the same maybe customer and he might get confused, but here once you do it through a central shared service, things will be more uniform. Ownership and control remains with organization of course; an ownership will remain in the organization because now it is set in one location centered. So, better control can be done.

Because purchase is one area where sometimes many thing wrong things are done lot of you know favoritism you prefer some supplier and then for whatever reason probably and then you know for power happens lot of bribes etcetera things happen.

So, many things can happen, go wrong in a purchasing system especially when you are dealing with large suppliers and large quantity, large amount, etc. but if you have it centralized, then you know you need controls to manage your purchase system.

So, that there it is done without any mistake or without any bad intention causing maybe loss to the company, etc. So, that can be done best through control central control and we have many of the organization in one place. So, everything can be managed and controlled. So, for purchasing that that said which started the whole thing the shared service business with purchasing.

And, why purchasing again because it was lot of money it is blocking up your 70-80 percent of working capital. So, that everything everybody's focus is on there. So, this is why we need efficiency, this is where we need benefit, this is where you need to cut costs and minimize loss and no misdeeds because we have to ensure that we get the right thing, the right quality, at the right price, at the right time.

So, somebody will supply a substandard material quoting for the other material, the higher quality and the some, the actually will come with substandard and then your product will become defective and you will earn a bad reputation in the market. So, such many wrong things happen through purchasing systems.

So, that is those are the things which can be avoided or eliminated when you are going in a shared service model. Keeps the organization focused on core activities yes. So, the local organizations can focus on the core activities of manufacturing, quality selling, etc., servicing because one of the major headache of these buying of the costly components is taken care of by centrally.

Support a local economies by sustaining local employment, outsourcing now what happens is when I open a shared service center decide to open a shared service center in Poland? Suppose, I did not have any existence in Poland and Poland government invites me they give giving lot of benefits, etc.; why do not you come and open organization there.

So, we decided we will open a shared service organization based on Poland because of several advantages the government is giving plus the cost of labor is lower compared to European other countries and American etcetera and they have many skills that IT skills and purchasing skills and language skills etcetera. So, they can talk to you know different

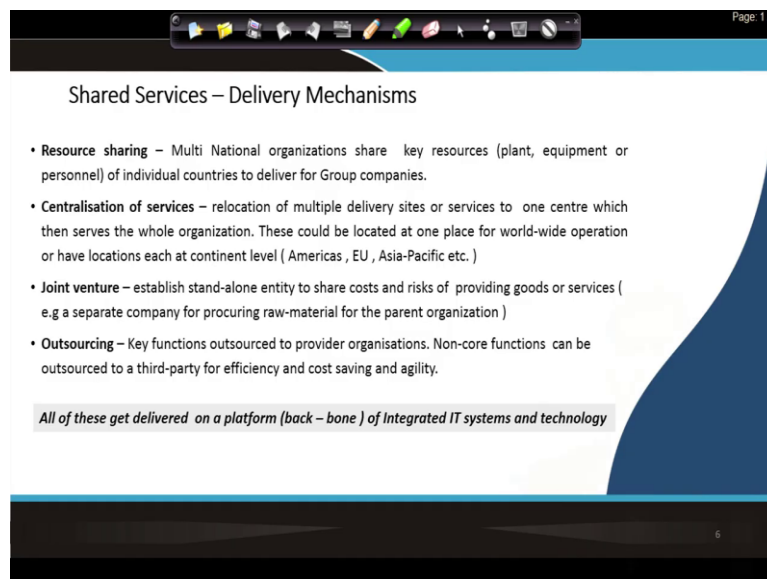
countries etcetera because you need language skills like Spanish German French because you are serving for so, many countries.

So, when you open up a local center you are actually encouraging employment there. So, you are doing a service to the local area that that city or town of or wherever in Poland you are doing it by generating local employment there. So, that is another advantage where you spread out like these create lots of other shared services center you are encouraging local employment.

So, the employment whenever you open a new thing there are two types of employment what is the direct employment and the indirect employment. Direct employment is the people who actually you recruit and pay them salary and indirect employment is people who you can do business with your organizations in by supplying things services doing services etcetera.

So, that is called as indirect employment. So, they get employment and income because you have set up a factory and they are delivering a service for example, for you. So that is ok one of the good thing which is a benefit of shared service.

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Shared Services – Delivery Mechanisms

- **Resource sharing** – Multi National organizations share key resources (plant, equipment or personnel) of individual countries to deliver for Group companies.
- **Centralisation of services** – relocation of multiple delivery sites or services to one centre which then serves the whole organization. These could be located at one place for world-wide operation or have locations each at continent level (Americas , EU , Asia-Pacific etc.)
- **Joint venture** – establish stand-alone entity to share costs and risks of providing goods or services (e.g a separate company for procuring raw-material for the parent organization)
- **Outsourcing** – Key functions outsourced to provider organisations. Non-core functions can be outsourced to a third-party for efficiency and cost saving and agility.

All of these get delivered on a platform (back – bone) of Integrated IT systems and technology

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Now, the delivery mechanism what are the various delivery mechanisms of shared services? Resource sharing of course, multinational organizations share key resources, plant equipment or personnel of individual countries to deliver for group companies.

So, that is one thing even resource can be plant and equipment also because I said like India you have got extra capacity why do not you make it for Nepal or Sri Lanka or Burma local countries nearby and supply them.

So, they do not have to add capacity because they have suddenly got more demand you have got spare capacity. So, do it and send it. So, I do not have to invest money etcetera and of course, here mostly we are talking about personal the sharing shared service sharing centralization of services relocation of multiple delivery sites or services to one center which then services a whole organization.

So, basically we are talking about one physical center where there will be some sort of relocation. This could be located at one place or for worldwide operation or have locations each at continent level.

So, there could be two kinds one is one likes a Poland center can serve the entire world, but again depending on the size and skill of the operations etcetera you may decide not to load everything in one center, but you can have region specific center for example, I was saying Americas, European Union, Europe union Asia pacific etcetera.

So, you split out the world in maybe three or four major regions as per your business model. So, America is on one side European Union the and the Asian Asia pacific regions three or maybe Africa etcetera something like that 3 or 4 and for each of the regions you have a shared service. So, the shared service which is servicing only Americas, shared services only servicing European Union a shared services supporting only Asia pacific.

So, that is another way of doing it you have to work out it depends on each company organization what they need the size the scale of operations etcetera. Joint venture see it is another delivery mechanism is known as joint venture is that establish standalone entity to share costs and risks of providing goods or services example a separate company for procuring raw materials for the parent organizations.

So, what you do is you form as different company maybe a subsidiary which can be 100 percent owned by you or you can have a maybe a joint venture company with a local company. So, you see you go to Poland ask a local joint company can you join with us yes. So, you take 30 percent of the share I will say invest 70 percent equity and we form a joint

venture company. And that company now does this shared service thing as a independent business.

So, it is not a division anymore department for you its a separate company altogether either fully owned or joint venture with another entity does not matter and that company is giving you the service of supplying your important raw material.

So, this has got itself some advantage in the sense that again you some most some of the headache you have to take giving it to a separate company runs on its own. So, they will take care and they will be competing with other suppliers, etc.

So, lot of efficiencies you know get generated because of such management style I would say. But it could it could be joint venture means there is some other entity involved or it could be a 100 percent subsidiary what advantage sometimes is he can always high weight of sell it off to somebody and they run it for you

So, there could be various strategies for you. Right happens in ah you know IT industry computer hardware etcetera you say motherboard for example, the motherboard is supplied by assembled and supplied by another party. So, it is a key ingredient for your pcs and laptops, but you do not want to do it yourself, you give it to somebody and they supply.

So, main advantages you can get them at a lower cost because their employee cost may not be same as yours could be lower than yours depending on the location companies various companies at different pay scales, some companies are high paying companies. So, their labor costs are high, but you can now give it to companies which for which the labor cost is not so, high

They are outsourcing key functions outsourced to a provider organization, non-core functions can be outsourced to a third party for efficiency and cost saving and agility. Sometimes, if you take the non-core functions maybe not so, important material suppose you do not want to have a purchase department at all I outsource it.

So, key functions I give it to some big large organizations to take care and all the smaller items I give it to maybe other smaller companies who can do it much cheaper because the smaller companies are located in third world countries that employees are much cheaper lower costs. So, the entire purchasing functioning cost I can bring down drastically by

utilizing outsourcing as a model. It has got its risk agree say anything you do any model here will have its own you know risk and benefit.

So, there is a benefit side is of course, your saving cost and minimizing some of your headaches due to operational headaches etcetera because it is being handled by somebody else and the risk is, you are dependent now on a another company and they might they might the people might lose leave their job or that company can go bust.

For example, that is small company can go make some loss or get go out of business or it happens that that owner etcetera and they do some other thing they divert some money etcetera some money gets diverted from the company and the company say flops.

So, they go out of business the if they go out of business suddenly then now its problem for you then you are stuck because your row material everything purchase was being handled by them and you do not have people now.

So, there is an emergency situation; either you have to look for another sub-contractor or third party; outsource party immediately or you have to hire some people immediately and start the, restart the operations, purchase operations on your own. So, that is a risk.

So, sometimes you know you do 50-50 not all of it. So, dependency again how much you will offload to others that is your strategic decision. Obviously, it is not a good idea to offload 100 percent you should retain your own purchase department lean purchase department to some extent so, that in case of emergency they can you know suddenly take back start operating and manage the whole situation till you find a better solution long term. And all of these are work on a platform backbone of integrated it systems and technology.

So, that is where we come in here from the m I s perspective. So, whatever delivery mechanism etcetera you choose that is a strategic decision management decision that could be a tactical decision; however, you need a very good information system to handle any of this. Any of this you need a very good information system because it is all information driven operation.

And, you have to be always aware of what is going on like tracking your order the simplest example I give like when you place an order with Amazon and then you keep tracking day by day, it has been packed it has been shipped from the factories come to the regional

something, now it will move to your city and then it will be delivered tomorrow. So, day by day you know what is, where your stuff is. Now for a retailer or individual customer those things are very simple it is a book or whatever if it comes two days late it does not matter.

But industrial situation scenario when it is a B2B business to business procurement etcetera then we talked about just in time in the previous section you know what is the significance when a some inventory is expected on day such and such its gets delayed by one day two day three day. It can become very-very; well; a big problem for the manufacturing line where there is a material shortage, the whole production comes down, such a stop.

So, it is a major loss. So, that situation and this is, but to understand how what they are doing is I was explaining giving that Amazon example and how we track. So, same sort of this tracking also has to be there and it's all again information driven managing, you need a proper, good MIS to handle that; that's the scope of shared service in a business enterprise.

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Scope of Shared Services in a business enterprise.....

FINANCE	HR	IT
<ul style="list-style-type: none">• Planning and Budgeting• Treasury/Cash Management• Internal Audit• Tax• Foreign Exchange• Business Support Analysis	<ul style="list-style-type: none">• Benefits Administration• Records Management• Training & Development• Relocation Services• Recruitment• Payroll	<ul style="list-style-type: none">• Hardware & Software• Application Development• Data Center Operations• Standards• Technology Planning• Security• Cloud• ERP, CRM, SRM, KM etc. enterprise softwares

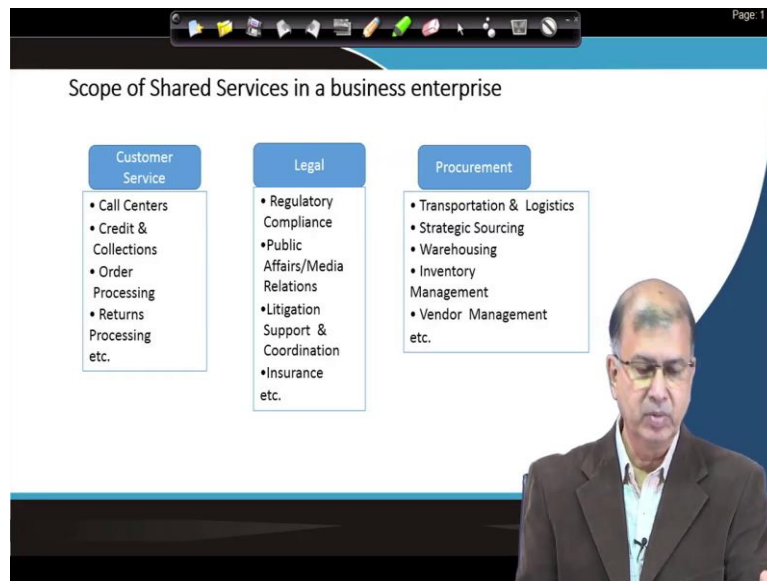
Now, we are talking mostly business enterprise. So, we have talked finance, HR, IT. So, in finance these are the areas where you can have a shared service planning budgeting treasury cash internal audit tax.

So, various finance functions which can be handled centrally through shared service, HR similarly benefits administration records management, nothing here to explain, just sub-functions of HR which can be handled through a shared service. And IT hardware, software,

those decisions can be taken centrally, application development of course, data center operations' standards, technology planning, security, cloud, all the ERP, etc.

So, all of these sub functions within IT or within HR within finance are areas where you can think about shared services to save cost.

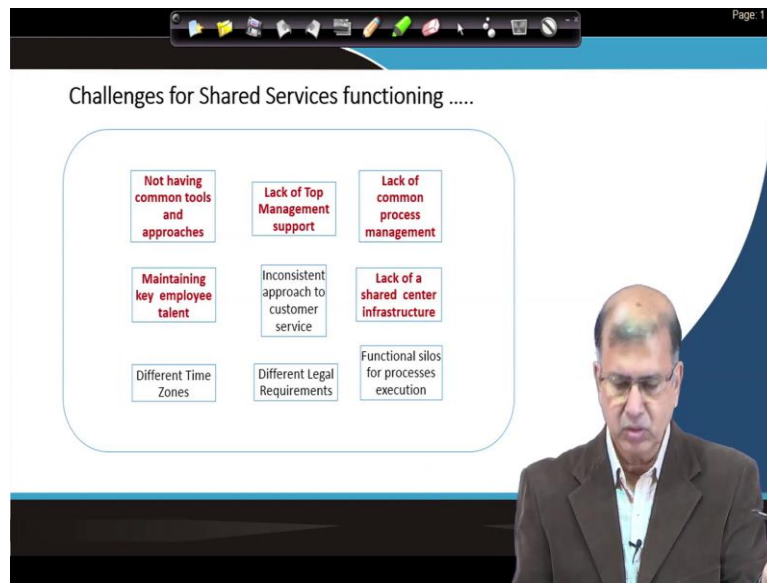
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Similarly, customer service legal and procurement. Procured we have talked a lot talk transaction transportation logistics, but these are just sub functions also we can have shared service separately just warehousing just inventory management just vendor management for example.

So, you can take one of the sub function and start a shared service to get some advantage of course, the more you do the more advantages you get the more cost benefit you get. Legal the entire thing where most of the areas can be done on a shared service basis, but it should be done on a shared service basis and customer service again we know call centers credit collections order processing.

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Challenges for the what are the challenges for support service functioning is, not having common tools and approaches the ones in red are the more prominent ones the very important not having common tools and approaches, lack of top management support, lack of common process management, maintaining key employee talent. So, the shared services is a very complex operation. So, you need very high quality employee.

So, retaining them is a problem because they tend to leave lack of a shared center infrastructure. So, that infrastructure is what we are talking about the information technology, information systems in consistent approach to customer service this is not so, important here a relatively the red ones are very important different time zones yes you have to since you have to service so, many countries they are in a different time zone this is one of the challenge, but not a very major one..

Different legal requirements; because country-to-country the legal requirements vary; so, you have to, you should have representative from your large say, company, you cannot have it for all 160 companies but they should be aware of the country x like China; they will have different sort of legal rules; India, different rules, etc.

Functional silos for process execution of course, whenever if you try to build cannot break the functional silos that is a challenge to shared service because all these things can operate only when it is all networked and connected no silos no boundaries.

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Challenges for Shared Services functioning – Change Management

- ❖ Biggest challenge is fear of reduced importance ,for the employee, when 'business processes' get shifted to a Shared Service Organization , which would usually be in a different country.
- ❖ Consolidation of common functions in a single location would result in staff reduction
- ❖ Staff relocation to different country with associated problems (family issues etc.)
- ❖ Reporting to managers from different country , different cultural background , habits etc.
- ❖ Need to learn new technologies
- ❖ Working in multiple Time Zones

Management the biggest challenge is fear of reduced importance for the employee when business process gets shifted. So, when you create a shared service organization suppose you create a center in Poland and you shift the people, people feel threatened.

One is because we are getting dislocated it is a new country, different country, different culture you will be working with people from you do not know various countries different cultures, what are their management styles and what sort of politics will happen.

So, lot of all these things unknown things coming because you know you are used to suppose you are sitting in a Bangalore office and working for last 10 years, now you or the company tells that we are starting a shared service and you are one of your key talents. So, we will shift you to we will locate you to Poland.

Fine its maybe dine say supplement find it interesting you are going to Europe you have to shift with family and children's education all those practical things come play a problem. And, then on top of that you it is an unknown environment and these people whom we have never met seen they will come and they will work as colleagues and bosses etcetera.

So, many things can go wrong or go different or maybe become uncomfortable situation. So, that is the major change management issue. Consolidation of common functions in a single location would result in staff reduction. So, obviously, because cost advantage means you

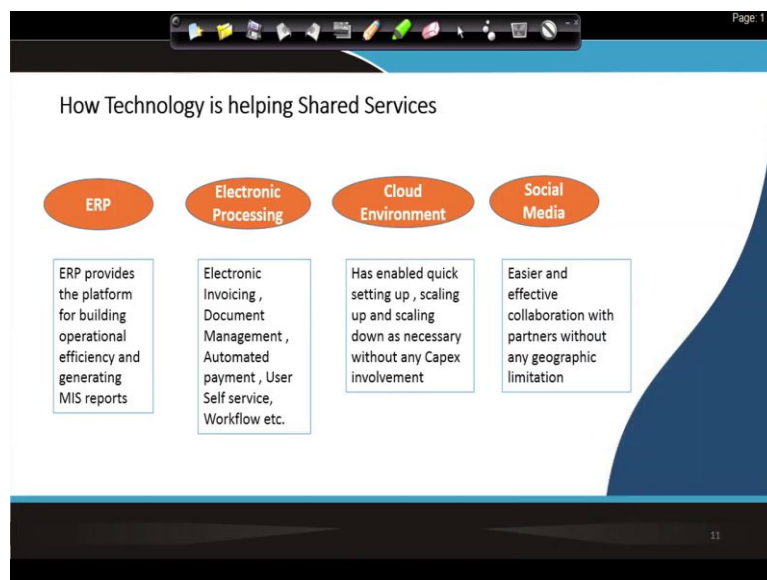
will be reducing some employees. So, that is a concern for the employee perspective that some people will lose their job.

Staff relocation to different country with associated problems; I have talked about family issues, school, children so, the schools etcetera. Language problem your family, wife etcetera when they go out for shop etcetera in Poland probably English is not a common language there so, that becomes a challenge. Reporting to managers from different country, different cultural background, habits etcetera I have talked.

Need to learn new technologies; yes, because in shared service, it will use new systems, new technologies and working in multiple time zones again; yes, because you will be doing almost a 24 by 7 type of service since, South America, in say, that is why one of the solution to that is having regional shared service; so, have a shared service for Americas.

So, there is only 1 or 2 time zones shared service by entire European union for example, maybe just 2 or 3 time zones, Asia pacific again 2 or 3 time zones. So, there you minimize these cultural things, time zone things, etc. when you have such a regional shared service that was one of the idea of why not one single, central shared service but region-specific shared service. How technology is helping the shared service?

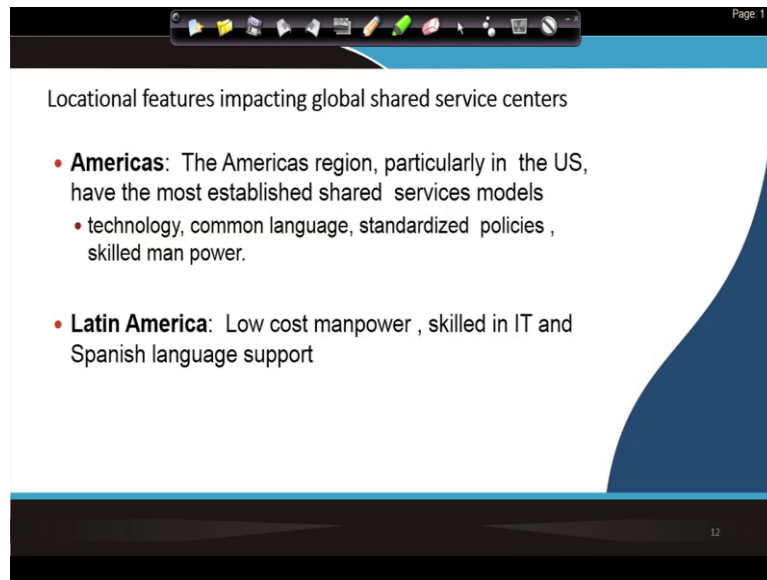
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ERP, electronic processing, cloud environment, social media; so, as I said it is a base without a technology you cannot do that. So, these are the IT systems which you need ERP, electronic

processing, cloud environment and social media. The descriptions are given here; you can read what the advantages are but very essential, absolutely without which you cannot work these new systems.

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Locational features impacting global shared service centers

- **Americas:** The Americas region, particularly in the US, have the most established shared services models
 - technology, common language, standardized policies, skilled manpower.
- **Latin America:** Low cost manpower, skilled in IT and Spanish language support

So, local locational features impacting global shared service centers these are the some country specific cultural issues are mentioned Americas, particularly US are the most established shared service model because America is of course, the business environment is the most matured technology, common language, standardized policies, skilled manpower; all are the advantages of Americas. Latin America: low cost manpower, skilled in IT and Spanish because they speak Spanish as a Spanish language support.

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Locational features impacting global shared service centers

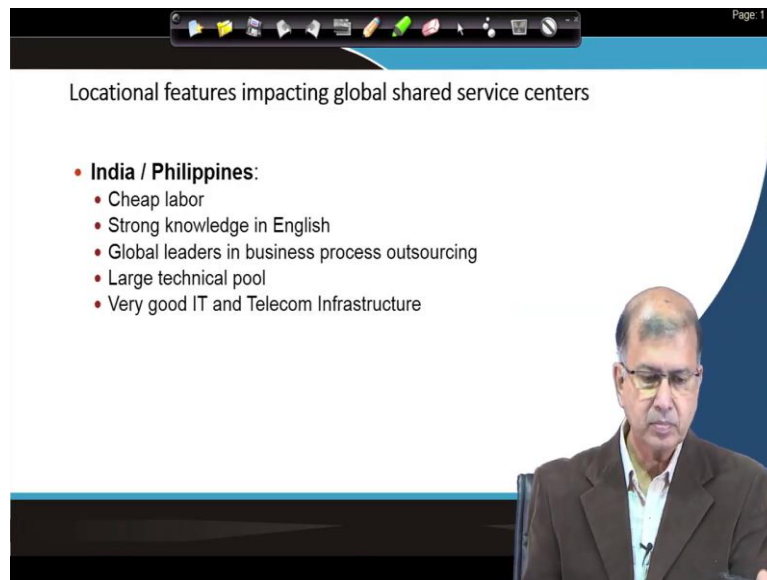
- **Eastern Europe:**
 - EU process knowledge
 - Multi European language support
 - Moderately expensive labor
- **China:**
 - China is in its infancy stages of developing shared services organizations
 - Most large manufacturing companies have a base in China
 - Lack of English knowledge

So, that is these are the factors you consider when deciding where to locate my build my new shared service. Eastern Europe I was talking about Poland or Romania and all that European Union they have this European Union process knowledge because European Union has their own rules regulations.

Multi European language support French, German, Spanish etcetera and moderately expensive; not very cheap, not very expensive moderately expensive. China; China is its infancy stage of developing shared service most large manufacturing companies have a base in China.

So, there it might have make some sense if you have a Chinese shared service, at least they can speak in mandarin and things like that but they have a problem with English. So, they cannot serve probably too many countries otherwise, but since the large manufacturing company located in China. So, the shared service in China means and they can talk in mandarin. So, they can give the service.

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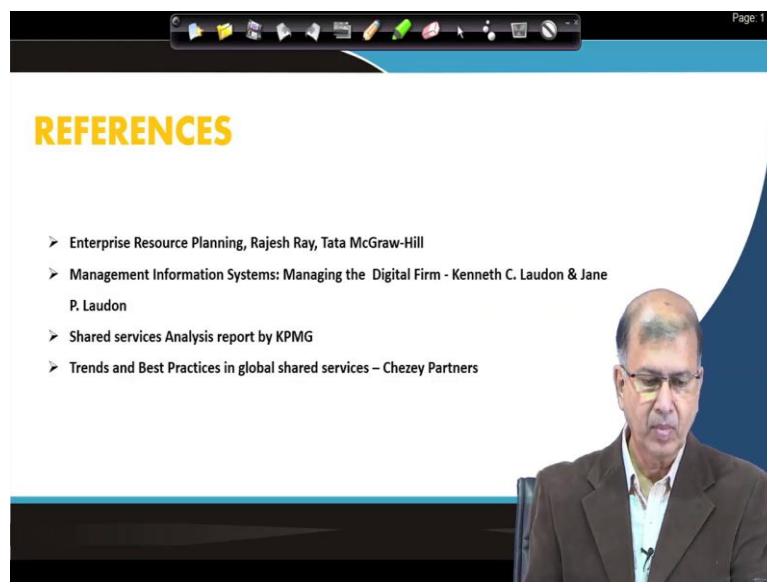
Locational features impacting global shared service centers

- **India / Philippines:**
 - Cheap labor
 - Strong knowledge in English
 - Global leaders in business process outsourcing
 - Large technical pool
 - Very good IT and Telecom Infrastructure

The slide is part of a presentation, as indicated by the 'Page 1 / 1' label in the top right corner. A video inset in the bottom right corner shows a man with glasses and a dark suit speaking.

India, Philippines: cheap labor strong knowledge in English the advantage is global leaders in business process outsourcing, large technical pool, very good IT and telecom infrastructure. So, these are all advantages that is why you have so, many shared services also in India.

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The slide is part of a presentation, as indicated by the 'Page 1 / 1' label in the top right corner. A video inset in the bottom right corner shows the same man from the previous slide speaking.

So hopefully, I will explain the basic features various features of shared service the advantages, benefits and the risks very important and of course, the significance of information system why information system is so much required. So, there are some extra

material your shared services analytics report analysis report by KPMG, trends and best practices in global shared service - Chezey Partners.

So, that is the thing if you want, if you are going to internet, you will find plenty of information again on, specifically, on 'shared services'. So, I would request you to read one or a few of them to increase your knowledge.

Thank you!