

IBM Institute for Business Value

IBM benchmarks demonstrate the effectiveness of Service Delivery Models for Finance and Operations functions



Benchmark data quantifies the value of shared services and outsourcing

Overview

The IBM Institute for Business Value provides a business process benchmarking service that helps clients measure their current state and compare their performance against peers. These benchmarking services can be provided as part of a Finance transformation initiative or similar engagement.

An analysis of data from over 350 benchmarking study participants quantifies the benefits an organization can gain through the use of service delivery models (SDMs). Benchmarking data shows that Finance organizations that have adopted SDMs – defined as shared services, outsourcing or some hybrid combination – experienced material improvements of as much as 100 percent in efficiency, and reduction of 50 percent or more in costs associated with performing finance and accounting operations.

The basis for increasing performance

Organizations operating in today's increasingly volatile and uncertain global business climate are more dependent than ever on effectively partnering with the Finance organization to successfully navigate this complex environment. Over the years, Finance organizations have played an increasing role in developing enterprise strategy and helping achieve tactical objectives to improve operational performance, drive cost reduction, identify new revenue opportunities and forecast future performance. Increasing demands for this type of support have necessitated that Finance transform itself to become more efficient, and in so doing, free up resources from traditional accounting transaction activities in order to provide more resources dedicated to decision support.

Findings from the IBM 2010 Global CFO Study, with over 1,900 participating senior Finance executives, support the notion that adopting Service Delivery Models (SDMs) drives better value, scalability, efficiency and controls.¹ The CFO Study found that a main driver of Finance function efficiency, particularly in accounting transaction processing and operations, is the adoption of common process and data standards. The study found that this can be achieved by addressing three key change enablers:

1. A flexible SDM, in the form of shared services, outsourcing or a hybrid combination
2. Global process ownership, which is an essential prerequisite for transformation to common processes and data
3. A common financial system that enables and sustains common processes and data.



