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## **Finance shared services deliver business benefits to majority finds KPMG survey**

### *Streamlined finance function help businesses weather the downturn*

**Two thirds of organizations that have set up finance shared services have realized the expected business case benefits. The benefits of reduced costs in the back office have helped businesses focus more resources on their core revenue generating activities, according to a KPMG survey of 230 senior European finance executives, undertaken by CFO Europe. In these troubled times, consolidating and streamlining finance processing activities has freed finance to focus on things close to the organization's heart such as improving profitability by assessing revenue improvement or cost reduction opportunities and managing liquidity across their businesses. According to Mark Bownas, Deputy Senior Partner of KPMG in Hungary, Budapest continues to be a compelling choice as a location for such centers, mainly due to the quality of the available workforce, the well-developed infrastructure and the proximity to Western European headquarters.**

However, KPMG's international survey found that organizations implementing shared services should not underestimate the effort required to make them successful. 21 per cent of respondents rated their organization's shared services as poor or below average, and in addition, 30 per cent said their programmes hadn't delivered their original business cases. Those that were successful had made great strides in standardizing and improving processes and were seen as leaders within the rest of their organizations.

The survey showed that whilst most organizations had continuous improvement programmes in place, these were delivering limited benefits. Two thirds of these programmes are achieving cost reductions of 5 per cent or less and many respondents said that investment had dried up after the initial set up phase. "This would support our finding that showed areas of automation were missing within many shared services operations." - Daniel Rona, Associate Partner, KPMG commented.

In addition, the survey found a great degree of correlation between those organizations that listened to their customer's feedback and the quality of their service. "Unsurprisingly, those organizations that invested in taking customer views seriously and responding appropriately were better placed to provide a high quality service. Moreover, when organizations need to adapt to tougher conditions, these organizations will have better agility to respond to changes in their business requirements" - Daniel Rona added.

The KPMG survey also showed a strong ambition by organizations' to use the current investment in shared services and grow these operations. Over 70 per cent of respondents want to grow their finance

shared services into the higher complexity areas such as management information and reporting whilst more than 60 per cent want to expand the geographic reach.

“The findings of this report are encouraging for the business environment in Hungary,” said Mark Bownas, Deputy Senior Partner of KPMG in Hungary. „Companies recognize the additional benefit that can be gained by locating their service centers off-shore. The quality of the available workforce, well-developed infrastructure and the proximity to Western European headquarters continue to make Budapest a compelling choice on a location for such centers. Companies that are already here seem to be expanding, whilst we regularly receive requests for information from multinationals seeking to set up operations here,” he added.

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