



GRADATIM

# SHARED SERVICES BUSINESS PROCESS UTILITY MODEL

## An Overview

Organizations need strategies that would unlock the “stored value” within their existing operations and help improve performance and profits.

Over the past few years changes in the market environment have compelled enterprises to look for high performance strategies to achieve and sustain profit margins and enhance investor performance. In doing so, companies have begun to identify and unlock the “stored value” within their existing operations.

One of the largest sources of “trapped value” is corporate IT spending. Enterprises invest significantly in solutions designed to automate non-differentiating business processes within independent lines of business. These enterprise software installations hold substantial amounts of value. Organizations need strategies that would unlock this value and help improve performance and profits.

Infrastructure rationalization emerged as a popular way to release this value, via two mutually exclusive strategies - centralization and decentralization. However, organizations are discovering that they require the benefits of both centralization and decentralization in order to accommodate investor demands for profit growth.

Centralization is most valued for its cost control capabilities. Centralization offers substantial scale, resulting in reduced per-transaction cost. However, this approach reduces flexibility for individual business units. Decentralization, on the other hand, unlocks value within the organization through strategic focus on individual lines of business. But decentralization may result in duplication of non-differentiating processes across the enterprise. This often results in higher per-unit costs across the company.



## Unlock the Internal Value - Develop New Departmental Capabilities and Methodologies

For most of the high-growth period of the last ten years, IT departments have mainly focused on maintaining operational continuity and integrating new acquisitions and lines of business into the overall company.

To cater to the growing demands, IT departments focused on platforms that enabled a wide variety of functional specifications. Most IT departments, therefore, were drawn towards “best of breed” solutions. These solutions offered a specific “horizontal” set of functionality that touched many processes throughout the enterprise, handling many immediate functionality needs. But, individual professional competencies became application-oriented, rather than being process-oriented. This led to a hodge-podge process-supporting infrastructure consisting of overlapping enterprise software with redundant functionality and high-maintenance middleware. This resulted in substantial costs - on average, only 7% of software functionality that was paid for was actually used.

Now, companies have realized the importance of adopting new platforms that will enable the implementation of shared non-differentiating processes while eliminating the traditional pitfalls.

The main challenges for organizations looking to unlock the value in their existing environment are high costs, risk and low returns. To add to this, new IT initiatives are often prohibitively expensive to launch and maintain. For companies that are already facing slowing earnings growth, the risk of such IT projects failing to meet the profit objectives is very high. IT projects also suffer from a prolonged delay to realizing value and usually provide only a ‘one time impact to cost’.

To address this, forward-looking IT departments are beginning to create the internal organization and technical infrastructure necessary to fully enable a new methodology that goes beyond the traditional centralize/decentralize option. This new methodology, we know today as “Shared Services” has therefore emerged as a viable option for most organizations.

## How Does the Shared Services Utility Model Help?

The shared services model is a viable solution which allows for ways to adopt a systematic approach to technology adoption by combining the benefits offered by both centralization and decentralization.

Shared services enable organizations to realize the cost benefits of centralization and the strategic benefits of adopting best practices in business processes.

The shared services model allows a company to refine and extend competitive advantage of each individual line of business. The model delivers the economic benefits inherent with scaling while allowing organizations to focus on more important and core strategic issues and competition.

Shared services can be described as “internal outsourcing” of non-differentiating business processes from individual business units to a central process provider that is internal to the company.

Shared services are built on a foundation of strong IT processing capabilities. These technology capabilities are critical for delivering the level of uptime and performance needed for operationally critical processes of individual business units.

Effective implementation of shared services requires best-of-breed business practice knowledge. Business practice knowledge incorporates both methodology and “process know-how” enabling an internal shared services provider to implement important processes once handled by individual line of business units - quickly, easily and reliably



## Implementing the Shared Services Model – Key Challenges and Determinants

Organizations seeking to establish shared services within the enterprise need to establish a unit to provide shared services to business units across the enterprise. These Business Service Providers (BSPs) usually differ from traditional IT organizations in substantial ways.

- Internal BSPs are usually treated as separate commercial lines of business, with profitability and revenue requirements. Since revenue for the BSP comes from individual business units decisions to “internally outsource” non-differentiating business processes - BSPs no longer have the elements of “budget” and “cross-company mandate” that traditional IT departments have wielded
- Since shared services are often a discretionary expenditure for individual business units, successful internal BSPs will generate internal value propositions based upon ROI for each business unit. Individual functional achievements “within budget” are no longer measures of evaluation - all expenditure decisions will be driven by business unit economic requirements within a competitive environment
- Internal BSPs handle considerably greater transaction volume and demands for service than traditional IT organizations, owing to the whole-process orientation

The success of such internal BSP deployments wholly depends on service quality. Quality of offerings must be consistently acceptable across units and processes. Individual business units must receive comparable quality within the same process along with similar levels of reliability across processes that are outsourced to the BSP.

To successfully develop, implement, and maintain shared services, the BSP must have domain expertise within individual lines of business to understand the variation that each has within commonly shared processes. Further, it must be able to demonstrate a competitive level of competence to individual business units to win sufficient confidence for implementation.

## A Unified Platform for Shared Services to Ensure Success

A unified and strong platform is an important prerequisite for implementing the shared services model. This is essential to provide the consistency, scalability, predictability, flexibility and rapid time-to-market.

The enabling technologies within the solution provide the pre-integrated platform necessary to develop, automate, and standardize industry business processes across line of business units, while easily interoperating with existing legacy architectures. This process-focused approach eliminates the need to purchase and integrate traditional IT components such as EAI, workflow, CRM, imaging, and other cross-enterprise technologies, making it particularly appealing to enterprises seeking to reduce technology-associated cost, risk and time-to-market.

### Outsourced Shared Services: The next wave in Business Process Outsourcing

Progressive organizations are today considering partnering with providers of shared services rather than build the capability in-house. Especially in industries where the volume of transactions is very high, outsourcing can directly have a positive impact on the profitability of the organization.

Also being referred to as Business Process Utility (BPU) Service Providers, such players extend the advantages of traditional outsourcing to provide organizations with a better way of improving their business performance. In short, a BPU delivers common business process services to numerous entities in a dispersed system of sourcing locations.

BPU services are delivered on a single technology platform which is common for all organizations in that particular industry. Customization is limited in BPU services, but not completely eliminated. So, organizations can get off the ground quickly using standardized processes, but at the same time, customize as necessary for their needs.



## Gradatim: On Demand, Multi tenant Business Process Utilities Solution

Led by the vision to simplify business operations through an innovative combination of technology and services, Gradatim is one of the pioneers in business process utility services. Gradatim's on demand, multi tenant business process utilities deliver repeatable and consistent services that fulfill industry specific business needs and provide real economies of scale. Gradatim's shared services BPU model is based on strong technology platforms built on principles of Service Oriented Architecture (SOA).

The technology platform is flexible and capable of supporting any operational and technological requirements for multiple companies. The unique technology helps in building and operating a shared business process utility model. Gradatim's expertise spans item processing, enterprise content management, business process management, and workflow technologies for different industries.

Gradatim's enabling platform for the BPU provides the aggregation necessary to unlock this value from nonperforming assets. By sharing one common, efficient, automated process for a given non-differentiating area across an entire industry (or a number of companies within an industry) BPU offers continuous cost savings.

A number of design features provide the Gradatim's Platform with the ability to lower costs via aggregation. These features include multi tenancy (a single installation shared among multiple companies), web enabled functionality, transaction security and allowing the customer ownership of its data.

The increased volume and downward-shifted cost curve makes a utility attractive to other companies in the industry, which would seek to join it and reap immediate cost benefits. The continuous addition of new members of the utility would result in ever-increasing transaction volume along the new cost curve, consistently reducing per-transaction costs for every member of the utility

Gradatim's technology solutions are a combination of software and business practice knowledge resulting in a "Shared Services" Operating Platform.



With the Gradatim solution, internal BSPs can realize the following benefits:

- ◆ Lower Cost of Business Processes
- ◆ Improved Customer Interaction
- ◆ Faster Time-to-Market
- ◆ Full Interoperability With Existing Architecture and Infrastructure
- ◆ Lower Total Cost of Ownership.

**Lower Cost of Business Processes:** The Gradatim solution automates numerous functions within each process, eliminates paper processing, reduces process bottlenecks and shifts many functions to lower cost alternatives such as self-service or a low-cost outsourced call center. These benefits significantly improve the efficiency of targeted business processes, providing internal BSPs with greater flexibility in pricing, deployment, and ROI.

**Improved Customer Interaction:** The Gradatim solution provides an integrated, unified view of a customer across lines of business. This view allows the internal BSP to understand total customer value across processes and even business units. This provides the lines of business (via the BSP) with the opportunity to deliver personalized service across sales channels, such as contact centers, dealer networks and self-service. This unique capability provides BSPs with a powerful differentiator when proposing process-centric solutions to lines of business.

**Faster Time-to-Market:** Gradatim's integrated solution component framework allows its customers extremely fast time-to-market. By utilizing the Gradatim solution, internal BSPs are typically able to give their clients comprehensive market functionality in only 90 to 120 days.

**Full Interoperability with Existing Architecture and Infrastructure:** Gradatim's integration platform is designed to extend user-facing enterprise applications to back-end ERP, custom and legacy environments. This integration platform allows a user to view all of an enterprise's systems' interfaces through a single application of choice, creating the appearance of a single system. This also eliminates the need for the extra training that would otherwise be required to implement a traditional EAI solution across the extended enterprise.

**Lower Total Cost of Ownership:** Pre-integrated and customized Gradatim solutions for each line of business, dramatically reduces the cost of system implementation. It also eliminates the need to reintegrate the multiple components with each release. They are designed for delivery as a service, making them inherently more compatible with internal BSP business models and reducing the cost of deployment, upgrades, maintenance and operation.



The Gradatim platform delivers a unique opportunity for internal BSPs to grow revenues and reduce business costs.

***Gradatim enables your company to execute on the promise of shared services while providing a road map to future improvements.***

Gradatim's solution for shared services accommodates the legacy infrastructure of existing business units while serving as a platform for true enterprise shared services. Further, it builds a foundation for the implementation of the Business Process Utility, a methodological approach to outsource nondifferentiating processes that creates continually declining per-transaction costs over time.

Through its process orientation, cost reduction capabilities, pre-integrated yet customizable nature and inherent compatibility with the newly competitive internal BSP environment, the Gradatim solution serves as a unique and powerful platform for implementation of shared services.



# GRADATIM

Established in early 2007, Gradatim is a privately held IT company with offices in India, Australia and Singapore. Headquartered in Bangalore, Gradatim is a pioneer in the sphere of Business Process Utility services. Our mission is to simplify business operations through an innovative combination of Technology and Services. Gradatim's on demand, multi tenant business process utilities deliver repeatable and consistent services that fulfill industry specific business needs and provide real economies of scale. Robust industry strength technology platforms are the underpinning of Gradatim's delivery model. Our expertise spans item processing, enterprise content management, business process management, and workflow technologies.

Gradatim's multifaceted management team, drawn from world-class organizations, brings together successful entrepreneurial experience, deep domain knowledge, and global market exposure. The Gradatim business model focuses on delivering value to users by providing a technology platform that is scalable, on demand, and robust. Enabling customers to manage change and provide flexibility in business process execution is the core theme of Gradatim's business.

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