The Handbook for Modern GBS Scope Expansion

Evolving Shared Services Beyond Cost Centers in 2026 and Beyond

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How GBS Builds Business Value Through Scope Management

Insights from **Bob Cecil**, Partner, **Timberstone Partners LLC**

Introduction: The Evolution of GBS Scope

Since the 1980s, when the first organizations adopted the shared services model, the concept of scope expansion has been central to the development of Global Business Services (GBS). Initially, companies established individual functional shared services for transaction processing, such as Finance or HR shared services. Over time, these individual units were consolidated under a single organizational and governance structure, giving rise to the term GBS. As GBS organizations evolved, they began to incorporate not only transactional services but also middle- and front-office functions, along with centers of expertise based on specialized competencies. This transition led many companies to rebrand their GBS units as *Global Business Solutions*, reflecting their broader and more integrated role within the organization.

The Drivers of Scope Expansion

The trend toward expanding GBS scope is expected to continue and even accelerate, propelled by several key factors:

Artificial Intelligence (AI):
The increasing use of AI, particularly agentic AI, necessitates tighter integration across end-to-end processes and the data that supports them.

Stakeholder Expectations:
After realizing initial cost savings in the early years of GBS implementation, customers and stakeholders now demand benefits beyond cost reduction.
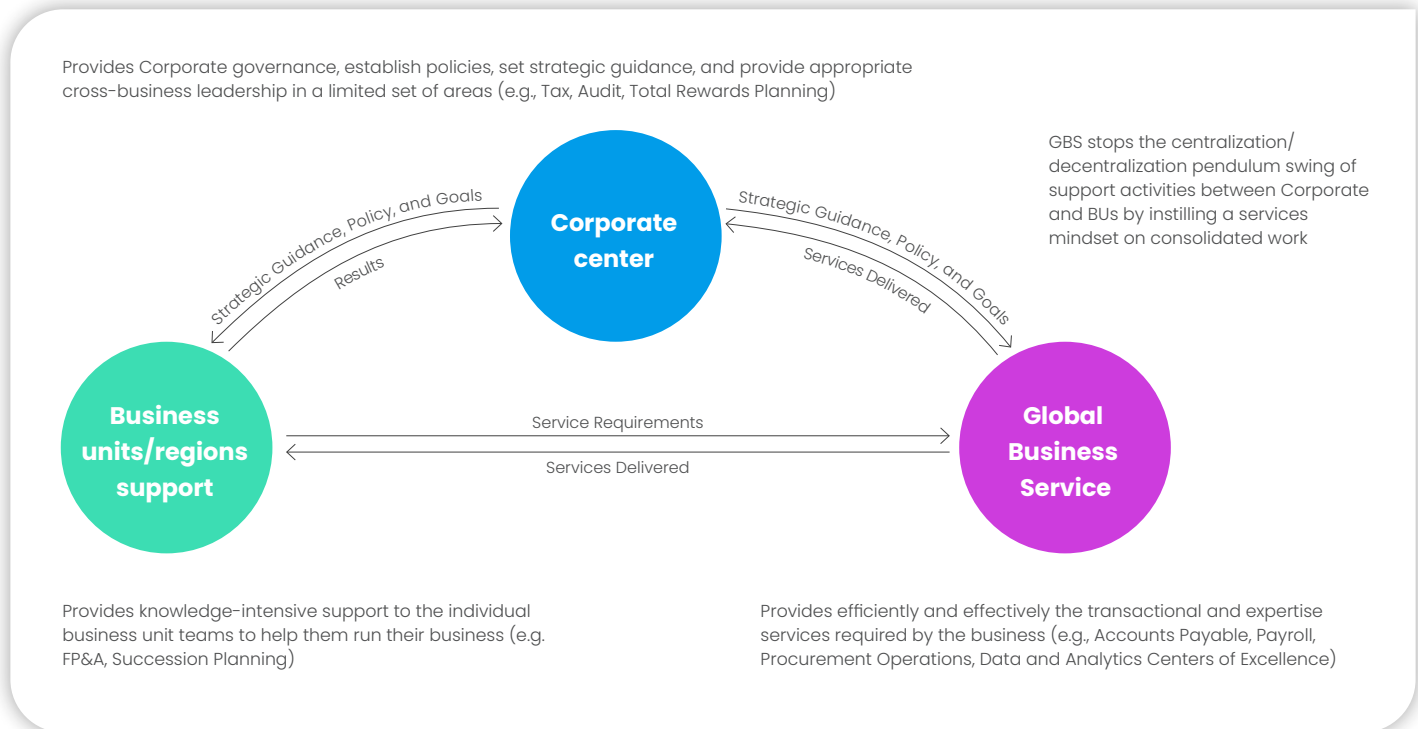
Proven Value:
GBS has established itself as a preferred operating model, delivering both cost efficiency and transformative business outcomes. This credibility positions GBS to expand its scope further.

Assessing the Appropriate Scope

To determine the optimal scope for GBS, organizations should begin by categorizing activities as candidates for GBS versus those best suited for the Corporate Center or individual Business Units. This evaluation should include a comprehensive review of front-, middle-, and back-office processes. As the graphic below depicts, the most suitable candidates for GBS are activities that are common across multiple business units and can be structured around a "buy-sell" relationship between GBS and its internal customers.

Provides Corporate governance, establish policies, set strategic guidance, and provide appropriate cross-business leadership in a limited set of areas (e.g., Tax, Audit, Total Rewards Planning)

GBS stops the centralization/ decentralization pendulum swing of support activities between Corporate and BUs by instilling a services mindset on consolidated work

Corporate center

Strategic Guidance, Policy, and Goals

Results

Strategic Guidance, Policy, and Goals

Services Delivered

Business units/regions support

Service Requirements

Services Delivered

Global Business Service

Provides knowledge-intensive support to the individual business unit teams to help them run their business (e.g. FP&A, Succession Planning)

Provides efficiently and effectively the transactional and expertise services required by the business (e.g., Accounts Payable, Payroll, Procurement Operations, Data and Analytics Centers of Excellence)

For every viable candidate, it is crucial to assess the value that incorporating the activity into the GBS model may provide compared to other organizational structures. Various criteria can help define and measure this value:

- Are economies of scale being achieved by consolidating work into a more efficient operating model?

- Are economies of skill realized by aggregating specialized competencies across the company?

- Is the integration of related processes on an end-to-end basis leading to improved business outcomes, especially through process redesign and digital technologies?

- Can demand for services be matched with supply using service management practices?

- Is data integration across different areas being enhanced, which is especially important in the context of AI?

- Is the company's ability to work across silos strengthened to meet evolving business needs?

The extent of value creation will vary depending on the company's nature and strategy. For example, a low-margin commodity business may prioritize economies of scale, while a highly specialized services business may focus on economies of skill.

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Considering the Operating Model

Beyond these standard criteria, the operating model should also be considered. In some cases, GBS may function under a "landlord" model, providing physical space and people management but not ownership of process and technology design. In such instances, significant value from end-to-end process integration is unlikely, even if individual subprocesses reside within GBS. Additionally, organizations should realistically assess their ability to secure the necessary internal or external resources and credibility to expand services.

A Caution on Scope Expansion

It is important to recognize that expanding scope should not be an end in itself. Pursuing scope expansion solely for its own sake is risky and has often led to failure. GBS leaders who have made scope expansion their primary objective have sometimes been perceived as "empire builders" and subsequently replaced. The true objective should always be to create value for the business. In some cases, expanding scope enables greater value; in others, reducing scope may be the better option. The most effective GBS organizations treat their service portfolios as organic, adapting to changing company strategies and trends.

This handbook is designed to guide you through the process of managing GBS scope, offering insights into trends, benefits, case studies, and best practices. Above all, it is essential to remain focused on the overarching goal of creating business value.
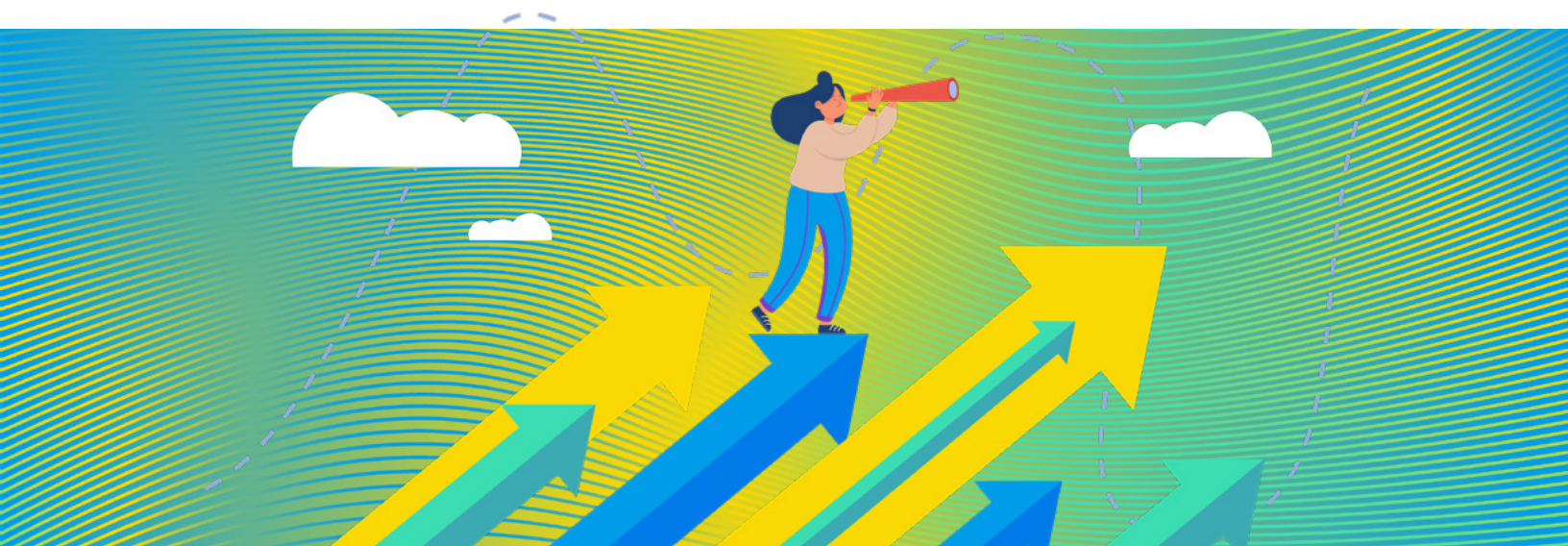
Current Trends: From Back-Office to Value Generation

According to Deloitte's **2025 Global Business Services (GBS) Survey**, half of GBS organizations have been operating under the model for over a decade, a clear indicator of the industry's growing maturity. As such, many shared services are shifting their focus from traditional back-office functions, such as invoice processing, order management, and payroll, toward driving enterprise-wide value creation and strategic integration.

In fact, 81% of organizations reported that growing their GBS is *necessary* to support more functions. In an increasingly competitive landscape characterized by saturated markets, economic volatility, and rapid digitization, shared services must evolve beyond their traditional roles. To maintain relevance and drive competitive advantage, GBS must embrace the next era of value creation. The survey highlighted that functions such as procurement (51%), supply chain/manufacturing (29%), and real estate (20%) are being increasingly integrated into GBS.

This focus on scope expansion is reflective of wider GBS priorities:

3 Trends Defining the Future of Scope Expansion (Visual Asset)

1. **Customer-driven growth:** Rising customer expectations are accelerating GBS scope expansion, and 79% of organizations define their company culture as "actively trying to be customer-centric." An integrated GBS model provides end-to-end insights into customer behaviors and preferences, fostering better CX.

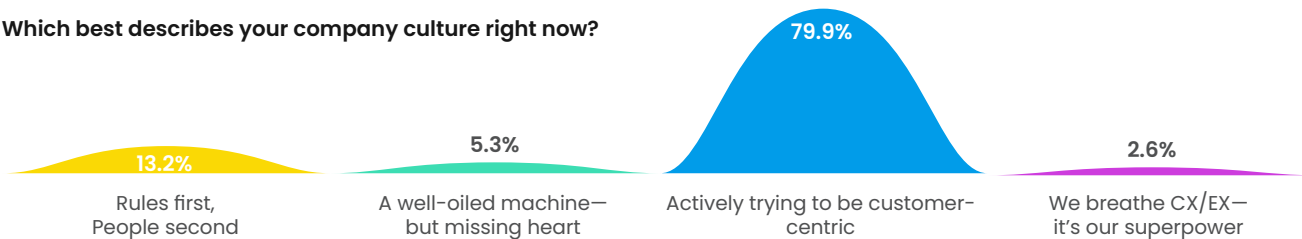**Which best describes your company culture right now?**

13.2%	5.3%	79.9%	2.6%
Rules first, People second	A well-oiled machine—but missing heart	Actively trying to be customer-centric	We breathe CX/EX—it's our superpower

Figure 1: CX & Service Excellence in GBS Virtual Summit

2. **From cost center to value generator**: As GBS organizations mature, many are redefining their role from traditional cost centers to strategic CoEs. While 36% of organizations still cite quantifiable cost savings as their primary driver for continuous improvement, a growing number are shifting focus. Nearly a quarter prioritize contributions to strategic transformation, and 20% highlight their impact on customer experience (CX).

If you could pick only one driver for continuous improvement at your organization right now, what would it be?
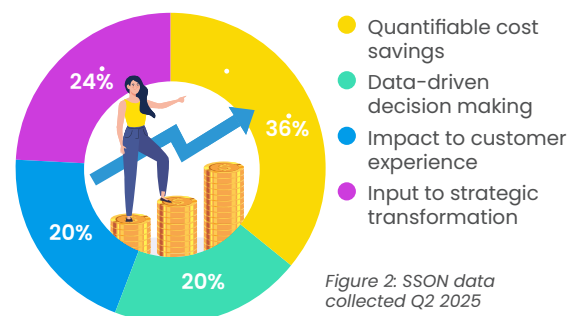
- Quantifiable cost savings
- Data-driven decision making
- Impact to customer experience
- Input to strategic transformation

Figure 2: SSON data collected Q2 2025

3. **Technology and digitalization:** According to Deloitte, approximately half of organizations plan to prioritize next-generation capabilities such as generative AI and advanced analytics. These capabilities are enabling GBS to add more complex and judgment-intensive services such as forecasting, pricing analytics, and ESG reporting.

Why is Scope Expansion Critical for GBS?

During the first 3 years, GBS implementation (if done correctly) reportedly delivers around 30% in operational cost savings; however, these benefits often plateau after centralization and standardization are complete. Without a strategy, organizations risk being stuck "chasing the 1%", pursuing marginal gains that offer diminishing returns. To remain agile and continue delivering value, GBS must evolve beyond its traditional back-office and encompass more strategic, customer-facing, and innovative functions.

Strategic scope expansion unlocks key benefits that reposition GBS as a true value generator:

Enabling further cross-functional collaboration that drives top-line impact.

Sustained value creation by introducing services such as analytics and customer engagement.

Enhanced customer experience through integrated, end-to-end visibility.

A unified data strategy, breaking down silos between front-office and operational data to enable smarter decision-making.

Increased talent development, positioning GBS as a strategic partner in transformation and attracting talent eager to contribute to impactful initiatives.

For example, analysis from Oliver Wyman notes an upward trend in functional penetration in best-in-class GBS organizations. The most common GBS functions, such as HR, IT, and Finance, have upwards of 50% GBS penetration rates.

Functional Penetration Observed in Best-in-Class GBS Organization
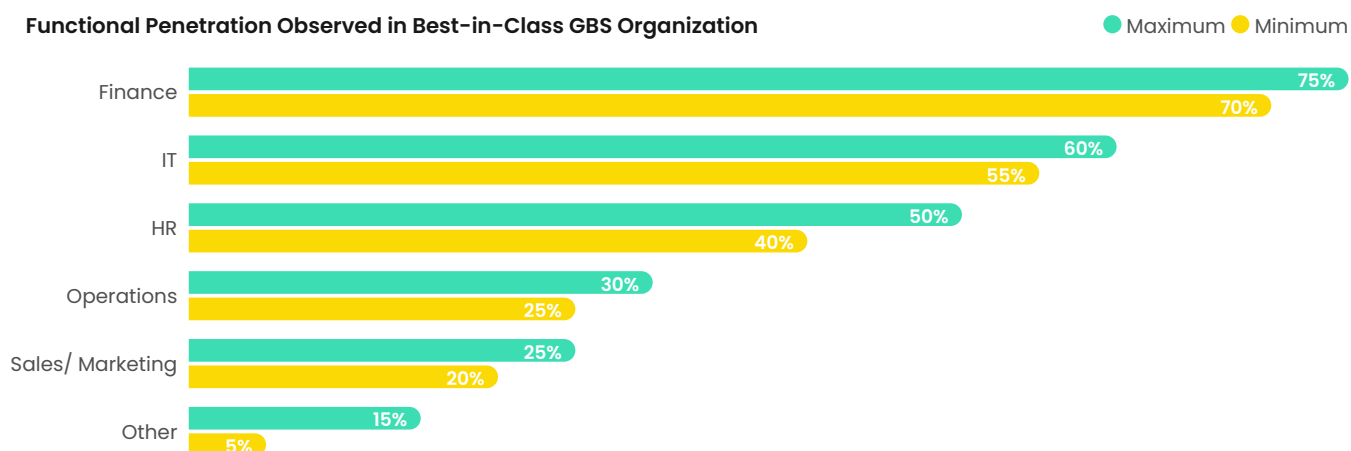
● Maximum ● Minimum

Function	Maximum	Minimum
Finance	75%	70%
IT	60%	55%
HR	50%	40%
Operations	30%	25%
Sales/ Marketing	25%	20%
Other	15%	5%

Figure 3: From Overhead to Value Add: Seizing the 2030 Global Business Services Opportunity, Oliver Wyman

How GBS Leaders Approach Innovative Scope Expansion

From Clinical Trials to Brain Surgery: The Expansive Vision of GBS

Insights from **Rob Bradford**, VP, Global Business Services, **Kimberly-Clark**

What are some innovative scope expansions that your organization has undertaken? And why have these functions appeared quite unconventional for GBS?

If I go back through my history, each company has slightly different areas that they would consider to be innovative; it really depends on the industry.

For example, if I go back 20 years to the first company for which I was responsible for the GBS, it was a medical device company. We started with the same core functions for GBS- finance, HR, and procurement. But we quickly got through that scope, and we were starting to look at things that push the boundaries. Now, 20 years ago, I can tell you nobody was doing GBS with sales or marketing back then, but those were areas that we decided to try.

The other function was specific to that industry. As the company was releasing new medical devices, they had to go through an FDA-approved process of clinical trials, where a lot of data has to be gathered, processed, and analyzed. Several external providers specialize in helping with these studies, but we wanted to do a lot of that stuff in-house in a low-cost model.

> So, I worked with our Chief Medical Officer and his team to bring a lot of the clinical trial work into GBS. Now, we didn't actually run the clinical trials. We weren't the ones administering shots to patients, but we did get all of the data on the back end. We provided a lot of the analysis and insights from those clinical trials and helped run the trial projects.

At some companies where I led GBS, we owned other very non-traditional functions, such as post-merger integration. Typically, companies use expensive consultants to undertake that work, but that was actually brought into GBS- our people did it. At my last company, we supported brain surgery in GBS. So, there are many functions that move GBS way up the value chain, things that people never expected.

What criteria should leaders use to assess if a function is a good candidate for GBS- especially when pushing the norm?

First off, we don't assess at the function level. Every function includes a mix of GBS-aligned and non-GBS-aligned work. That's why we focus on service placement at the activity level.

We look at it in two dimensions:

1. Who should do the work?

2. Where should the work be done?

On the "who" axis, you've got your typical players. Options include the business or function itself, a captive GBS, an outsourced provider, or, more recently, AI. We've added AI as a fourth option to question if there is a task that should be automated from the start. For example, if you have an activity that requires a lot of intellectual property or market-moving information, that's probably not something I'd want to give to an outsourced provider. So, we use a framework with seven key questions that help us assess each activity and determine the best placement.

On the "where" side, we consider factors like localization. For example, if an activity requires native-level language skills, like many sales tasks, then even a fluent non-native speaker might not be suitable. Once we answer all the questions, we generate a scatter plot in our tool. From there, we can group activities.

> [...] My approach is that no function is entirely off-limits or entirely in-scope. It's the activities themselves. It's not the whole function.

Take sales, for instance. I get that salespeople want to maintain customer intimacy. But if you've got a fax machine in a warehouse receiving orders that someone has to manually enter into SAP, does that really require an expensive onshore salesperson? That's why we drill down to the activity level.

Beyond looking at tasks instead of functions, are there any other ways you'd suggest for securing buy-in and overcoming resistance from function owners?

Absolutely. This is a key lesson for any GBS leader: even functions that are a natural fit for GBS often resist at first. There are a couple of things that I think help:

1. **Have the "Darth Vader" conversation:** You need to say, "I'm not the evil empire here to take everything away. I'm here to help you achieve your goals. Let's work together to move the right things and protect the rest." It's about building trust.

2. **Align with their goals:** GBS shouldn't have independent goals from the business. If the CEO or CFO says, *"Move 2,000 people and save X number of millions,"* that turns me into a bulldozer. Instead, I ask, *"How much trapped value do you think you have? If you're not sure, let me help you figure it out."*

3. **Take baby steps:** Put together a comprehensive strategy. Even if we agree on ten activity groups to move, we don't move them all at once. We use a stair-step model: phased, deliberate, and strategic, building on incremental successes.

Did any of your scope expansions push you to rethink SLAs or OLAs?

> *I'm a big believer in setting up expectations. If you take on a service without an SLA, you're setting yourself up for failure. But it's also important to recognize that GBS is just one part of an end-to-end environment. We rely on others to do their part, and that's where OLAs come in.*

As you move up the value chain, things get a bit cloudier. At the transactional level, it's easy. Take accounts payable, for example. If the PO is clean and approvals are in place, we can cut the check with minimal issues. But clinical trials? That does not look like a transactional process. There may be ten different departments involved: marketing, sales, engineering, IT. The SLA becomes much more complex, and the OLAs multiply as more factors can disrupt that process.

> *My advice? Let the SLA and OLA match the complexity of the work. As you move up the value chain, you should put a lot more time and energy into getting it right.*

Are there any surprises, either positive or challenging, that you weren't expecting when you went into some of these projects?

I think the biggest surprises have been at the personal level.

I've walked into groups where I thought I had a 10% chance of getting any work, because the work was so personal or high-stakes, only to find a stakeholder who was incredibly open and innovative. They'd say, *"I don't know if this will work, but I'll be your partner. Let's figure it out."* On the other hand, I've encountered senior stakeholders who were combative from day one: *"You don't add value. Get out of my world."*

> *So, the biggest surprises for me come from stakeholder relationships. If you get a good stakeholder, build a good rapport and trust, you can accomplish anything, even brain surgery, through GBS.*

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When Trust Meets Innovation: How Siemens Built Engineering Capabilities into GBS

Insights from **Kai-Eberhard Lueg**, Executive Advisor for EY and Chairman GBS Council Europe, and Former Corporate VP GBS Operations, **Siemens**

To start, what was the innovative scope expansion your former organization undertook? Why was this function seen as unconventional for GBS?

Shared services organizations and GBS have traditionally grown around finance, like accounting and controlling, then possibly business administration, and also in the broader scope of the commercial area, such as SCM and HR. And some technical services, mainly of a transactional/ repetitive nature.

> *But the technical services are very seldom engineering. Few GBS organizations handle engineering.*

We began the project in 2020 with a customer who trusted us to scale up an engineering team for them, and we successfully expanded to over 800 people. Within two years, we transitioned to new locations, such as from the US to India. So, this was really a new service; this was a completely new field for Siemens GBS. And of high magnitude, with a transition of more than 800 in headcount in just over two years.

Why engineering? What criteria did you use to assess whether it was a good candidate for GBS?

We had already exploited a lot of the traditional GBS areas, and then we looked for functions that are number one, *location independent,* and number two *repetitive*, but not necessarily transactional. Number three, and this may surprise you, was *fast reaction times,* because if you have decentralized small units, the peak management in high load times is usually a challenge. So, the bigger the functions you have together, the better you can optimize the resource deployment. The question was, where can GBS provide additional value, not only to the classical functions, but also directly for the business.

How do you build buy-in and overcome resistance from owners who may be protective of the engineering function?

To begin, I must say that it had been my vision for many years to enter the field of engineering. Then we found a customer who trusted us from the beginning, they knew us from other services in the traditional fields. Having said that, *what did we do?*

1. Talk, talk, talk, talk; getting close to each other, understanding each other, putting ourselves in the other's shoes. *What is important to our internal customer handling the external customer?*

2. From a resource standpoint, we took over some experienced engineers from the customer side. But we also hired many, many new engineers. In close sync with the customer.

3. On the management side, we mixed in experienced shared services managers, who know how to manage a new structure, for cross-border collaboration.

There was some resistance. And of course, there were mistakes, and then there were people who said, *"We knew it!"* But I think we had a great team that quickly learned, and we had a customer who supported us when we made mistakes and believed in us, and that was extremely helpful. With that, we overcame the hurdles.

> *I don't think it would have been possible with a customer who didn't know us. It was a really innovative new field, and with a new customer, it would have been very difficult. But this customer knew and trusted us from other areas.*

How did you structure the migration/ integration of this function into GBS?

There was a huge new part, obviously, which was hiring engineers, training them together with the customer, because this technical expertise did not exist at GBS.

> *But aside from these engineering specifics- the build-up of resources, knowledge, and experience- this was business as usual. I was surprised myself. A lot was rather similar to accounting, controlling, the service provisions in SCM, HR, business admin- you name it.*

[…] Of course, engineering in many aspects is more complex than HR, OK. But still, in the management of these structures, not a big difference, if at all. That was a surprise for me as well, how much turned out to be familiar territory. The cross-border collaboration, the workflows, the resource management, and the service delivery management are not that different.

What new capabilities (technology, talent, partnerships) were required to make the expansion possible?

OK, there is one difference. We had a lot of experience in optimizing and digitizing workflows and processes in the financial, business admin, commercial, SCM, and HR areas, but engineering workflows and tools- like CAD systems and computer-aided engineering- those are very specialized. And we in GBS were not so arrogant as to say, *"We know better."*

> *So, we used the customer's structures, workflows, and tools. Here and there, we were able to give some input or ideas on how to optimize. But the main ownership, which is different from the other services, was still with the customer-side engineering departments.*

What were the measurable outcomes (efficiency, revenue, CX, innovation, speed)?

The usual answer is cost, but I start differently- *quality*- because these engineers work on external customer projects in GBS. When we say "customer," we mean internal customers in our organization, typically. But in this case, it was about the engineering of customer projects, so there is a direct impact on the business side- orders received, turnover, and also their result. So, quality comes first. We measured that rather simply in terms of errors, first pass yield, first time right, and number of reworks required.

Number two is *time*- turnaround time, time required to process. Because if a customer project is delayed or, as I mentioned before, has quality issues, then the impact on the P&L of our internal customer is much higher than the cost savings we provide by having optimized services from cost-efficient locations within GBS.

But also, of course, cost: cost performance. There, we differentiate between the cost efficiency provided by cost-efficient locations in GBS and the ongoing optimization of resources, workload management, refinement of workflows, automation, etcetera.

What I did not mention here is customer experience, because we are in the first phase of development, but in the more traditional or seasoned services that shared services organizations provide, the customer experience and the user effort are areas typically vastly underexploited. The responsible shared services organization entrusted with services from their customer has the obligation not only to optimize until handover of delivery, but also beyond! We can call it the new end-to-end, not only to optimize services until the service delivery point, but also beyond: to improve how much efforts result on the customer side.
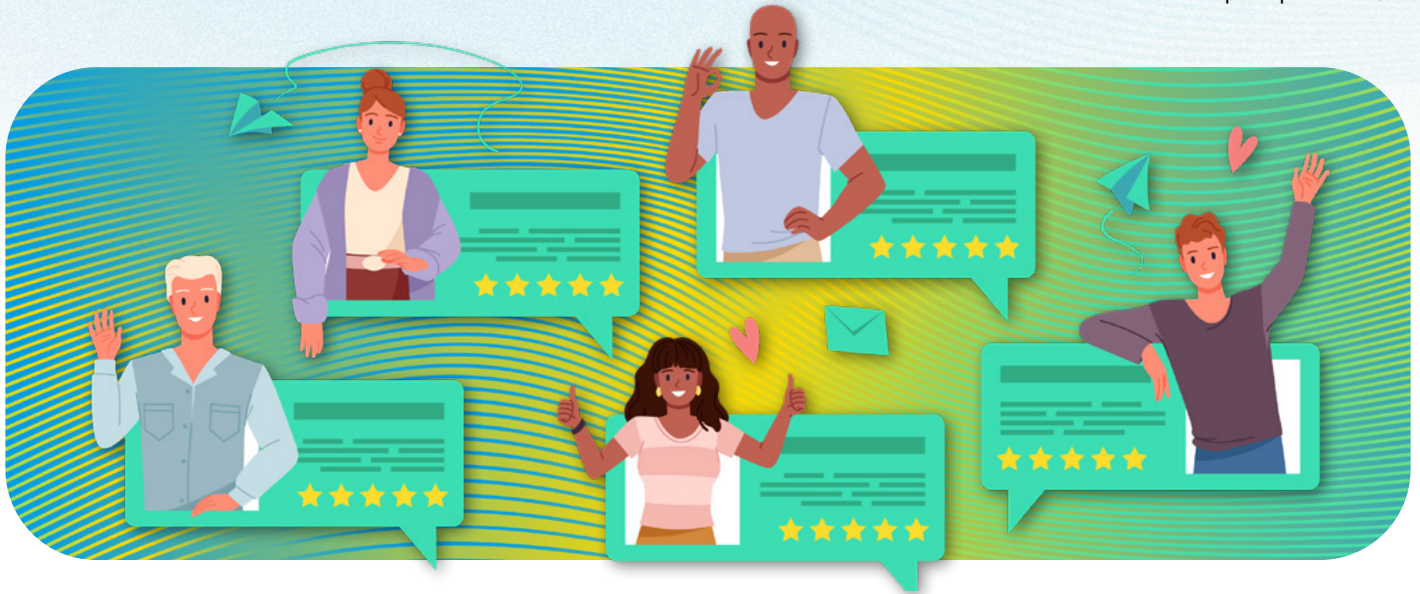
What surprised you most about the journey, either positively or as a challenge?

As number one, I would mention the ability of the organization- once it is set in motion- to cope with new topics. At the beginning, we thought, *"Oh, it's engineering, it's completely new. What resources do we need? What is the risk? The customer depends on us."* So, we needed to be 100% sure, 110% sure, to minimize risks and not let the customer down.

We set up structures and reporting and resources and extra resources, and I watched it myself, morning, lunchtime, evening, because I gave my personal word. But the positive surprise was that I shouldn't have worried that much, because with the ability of the organization, and the experienced transitions teams which were very motivated, it was great to experience: how many professional helping hands engaged and how the GBS network supported. Many issues solved themselves.

This led to the second surprise: the speed of development. You feel, as a manager, at first, that the topic is small and you need to care, and you need to push, and you need to manage. But then it gets bigger and bigger, and so to speak, self-propelled.

It was like a snowball. You first form it, and you think it needs to be rounder, and you want it bigger. That's when it's small. But then it gets bigger and bigger, and then it's rolling on its own, it's safe. So that was the second effect.

Number three, which also wasn't really a surprise, was the great support from the customer organization. From the top level, who said, "We trust GBS, let's make it work together." But also, from single engineers and all the middle managers in between, how much support we got to make it a success. Not to make it a failure, but to make it a success.

We also had some lessons learned along the way, just to mention two:

1. You need transparency, but too many KPIs are also not helpful. Pick a few, make them meaningful. If you get a forest of KPIs, you can't see the single trees. Everybody has an idea for a key KPI, but limit these to the most important ones.

2. Secondly, delay is a delay. The worst that can happen is that you squeeze everything and then you keep the final deadline despite the delayed start, and what you get is rubbish. So professional planning: a delay is a delay.

Normally, optimism kicks in. You have a delay, but then the customer says, *"But this deadline is important, can it be somehow managed? If we optimize here and assume you get people who can be trained faster…"* and then your own organization says, *"Yes, and we speed up and we can do it quicker,"* etcetera. Then optimism fuels optimism, but it becomes unrealistic. A delay is a delay.

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Best Practices for Successful Scope Expansion (Visual Asset)

Secure executive sponsorship and governance

- Ensure visible C-suite support and clear, unified governance.

- Standardize KPIs and reporting across hubs and services to avoid fragmentation.

Clearly and continuously detail the value

- Develop comprehensive frameworks with input, process, and outcome metrics.

- Move beyond efficiency KPIs to include business outcomes, CX, and revenue.

Leverage technology and data

- Invest in cloud, analytics, AI, and RPA to support new services.

- Build a strong digital backbone for real-time data sharing and insights.

Align with business needs and innovate

- Expand in areas tied directly to enterprise priorities (e.g., sustainability, CX, growth).

- Encourage an innovation mindset, funding promising ideas through agile approaches.

Invest in talent and culture

- Upskill staff in digital, customer engagement, and strategic skills.

- Define career paths from transactional to strategic roles.

- Foster a culture where GBS staff see themselves as business partners, not just process owners.

Closing Comments:
The Road Ahead for Modern GBS

As GBS continues to mature, scope expansion has become a strategic decision to sustain relevance and deliver enterprise-wide value beyond initial cost savings. Forward-thinking GBS organizations are no longer confined to back-office operations, redefining their roles to include strategic, customer-facing, and innovation-driven functions. Technology plays a pivotal role in this transformation. Advanced capabilities are enabling GBS to offer judgment-intensive services. However, successful scope expansion not only relies on technology but also requires strong alignment and sponsorship.

The future of GBS lies in its ability to create sustained business value. By driving growth, enhancing customer experience, and positioning itself as a strategic partner, GBS can evolve into a central force for enterprise transformation.

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