

## The Death of the Function...and the Rise of GBS

By Bob Cecil, Timberstone Partners

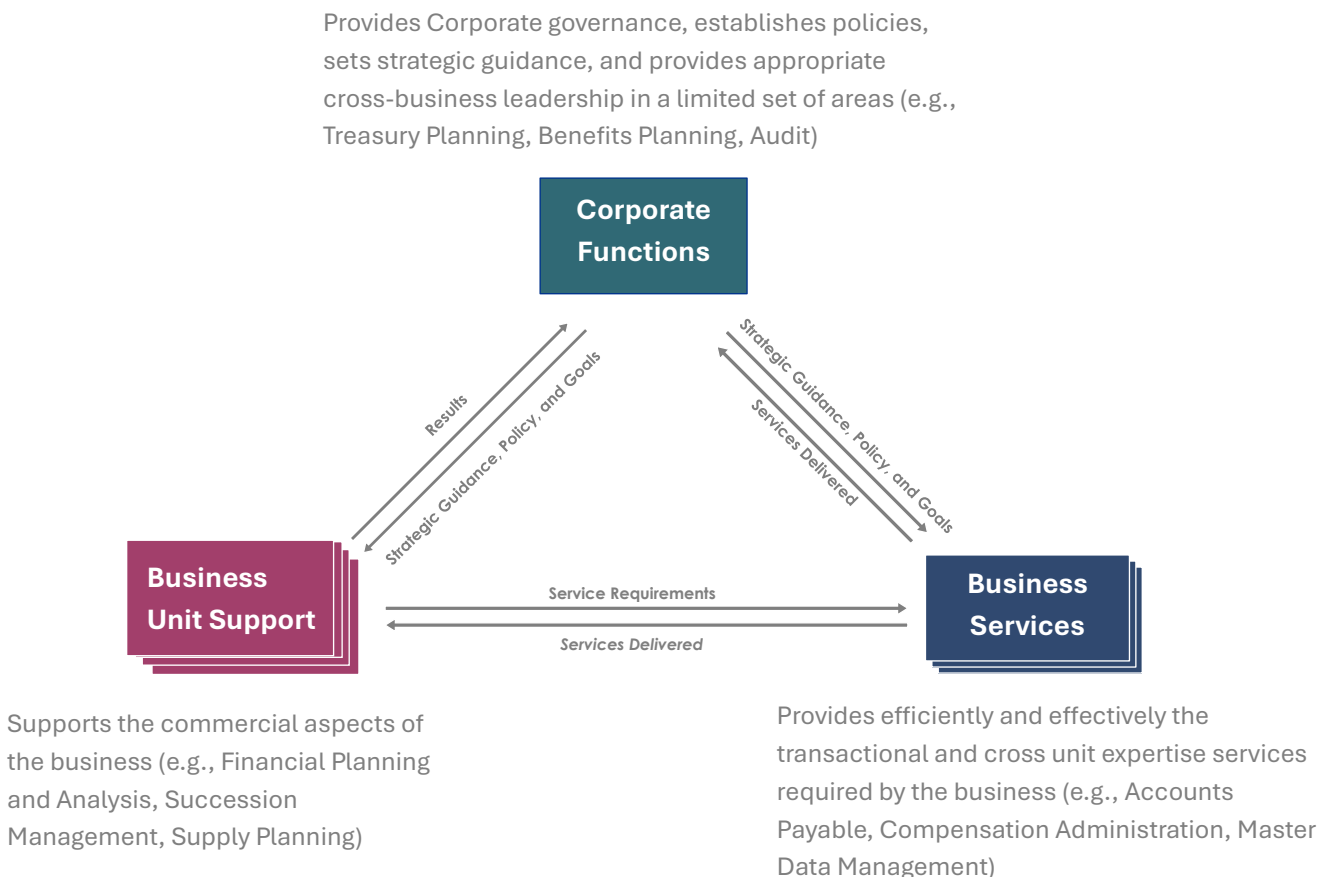
There was an interesting theme coursing through many of the panel discussions at the recent 2025 Shared Services and Outsourcing Week (SSOW) in Orlando. In various sessions, panelists predicted that functions (e.g., Finance, HR, Procurement) would go the dodo bird's way and be replaced by some version of Global Business Services (GBS) combined with automation.

We've been around enough "death of" predictions (e.g., "Death of GBS," "Death of Outsourcing," "Death of the Captive") to be skeptical. Therefore, we thought providing a deeper perspective on the topic would be helpful.

### What do we mean by "Death of the Function"?

Let's start with the basic premise around the demise of the function. One of the SSOW panelists described functional work in 4 tiers: 1) Managerial, 2) Decision Support, 3) Transactional, and 4) Automation. The goal is to progressively shift work from tier 1 to tier 4, enabled by artificial intelligence (AI), process simplification, standardization, and automation. As a result, the role of the function diminishes.

Organizationally, consider the diagram below how functional work is typically distributed among units within the company to test the theory.



## **Corporate Functions**

At the “Corporate” level, consider the following functional activities:

- **Functional Strategy:** For example, HR may drive a strategy of creating locational talent hubs required to support the business strategy. Similarly, Procurement may drive a strategy of strategic partnerships. Each function must have its own strategy tightly supportive of the overall business strategy. Almost by definition, strategy is intended to provide competitive differentiation. So, ideas of standardization seem to contradict this goal. Some levels of AI may help support functional strategy development, but we predict this core activity will remain.
- **Policy, Control, and Compliance:** This is an area ripe for the use of AI. For example, consider contract authoring and compliance, where AI can be used to ensure standard terms and conditions relevant to particular situations are adopted. We already see work reductions in areas such as audit. We predict that while this activity won’t be shifted to other organizations from Corporate, it will diminish with the use of AI.
- **Asset Management:** Whether it be tangible assets (e.g., cash, inventory) or intangible assets (e.g., human capital, intellectual property), corporate functions are often the primary stewards of these assets, applying specialized knowledge. We predict AI will help augment these knowledge areas but not replace them. On the periphery, some of these activities will be moved to GBS, but for the most part, they will remain at the corporate level.

## **Business Unit Support**

Functionally, this is the domain of decision support and performance management to achieve commercial goals. The underlying data and processes related to decision support and performance management can be simplified and standardized and then optimized using AI. We have already seen some of this work (e.g., supply planning, first-level financial planning and analysis, master data management) moved to GBS aided by AI. However, we don’t dismiss the need for business context for these activities. Areas like data ownership and decision rules underpinning AI that rely on business context will still be needed. Nor do we expect that the complexity of decisions will abate. While some of this functional activity will be standardized, optimized, and moved to GBS, a large and continually growing amount will remain.

## **Business Services**

Transactional work has already been moved into either a shared services or GBS organization for most companies. These organizations are on a continual journey of

simplification, standardization, and automation. As mentioned above, as some of the mostly knowledge-based functional work in Corporate or Business Units is simplified, standardized, and subject to automation, specific activities will be absorbed into Business Services. We predict that in most cases, these organizations will take the lead role on behalf of the enterprise in the quest for simplification, standardization, and automation.

### **The Evolving Role of Functions**

In summary, we believe predicting the function's death is premature. However, the functions will need to be much more fluid in their roles and value contributions.

- Corporate-level functional activities of strategy, governance, and specialized expertise will remain, but will be augmented by AI
- There will still be functional business partners acting as part of the business unit teams, as context and collaboration will still be necessary. There will be an evolving need for decision support, with first-line analysis being provided by a business services or a center of excellence organization.
- GBS will not only take on more functional activities as they move down the tier structure cited above, but will also be the lead orchestrator of this movement.

Only time will tell if our predictions are correct. Let the debate begin!