

The Rise of Digital COEs in GBS Organizations

By Bob Cecil

The Importance of Digital COEs

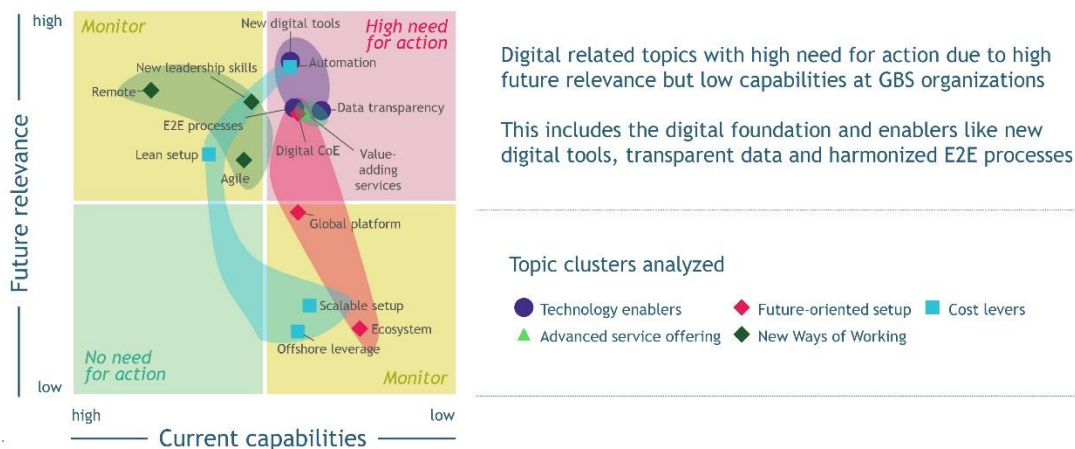
Covid-19 served as a catalyst for many companies to accelerate their digital transformations. Global Business Services (GBS) organizations were a hidden gem for many companies to weather the pandemic through digital initiatives because of their unique capability to work across the enterprise.

But the jury is still out for the post-pandemic period as to whether these were simply one-time heroic efforts (e.g., equipping work-from-home) or whether companies have built sustainable models for digital transformation. Leading GBS organizations are stepping to the forefront by providing **digital Centers of Expertise (COEs)**. These COEs are becoming necessary enablers of digital transformation at scale by consolidating typically scarce expertise into a common unit that serves some or all the enterprise. A digital COE may be defined as an organization of shared expertise to scale the deployment of computer technology and related methods, structures, and skills to achieve the goals of the enterprise.

The opportunity and need for digital COEs within GBS is highlighted in SSON's report "[The Future of GBS is Digital](#)". As shown in the graphic below, digital COEs are highlighted as one of the highest GBS needs for action in the survey of over 140 organizations.

The Future of GBS is driven by digital

Future relevance, current capabilities at GBS



Source: SSON, BCG, EY - GBS of the Future, 2020

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As the report suggests, GBS organizations still have a way to go on establishing digital COEs. This is part of the ongoing journey for GBS organizations as they continue their progression from pure transaction processing centers to competency centers.

The Top 5 GBS Digital COEs

Digital COEs common to GBS include:

- **Data Management** focused on improving the efficacy of master data.
- **Analytics** focused on turning information into insights.
- **Intelligent Automation** focused on both automation and augmentation of human effort.
- **Experience Management** focused on improving both customer and user interactions.
- **Process Management** focused on both the efficiency and effectiveness of end-to-end processes.

[SSON's State of the Shared Services and Outsourcing Industry Global Market Report 2021](#) indicates as shown below the priority being placed on master data management, analytics, and intelligent automation among shared services and GBS organizations.



Not all digital COEs are necessarily organized as distinct units nor necessarily housed within GBS when another enterprise organization is well equipped to provide the needed expertise. For example, Human Resources may naturally host a user experience management COE, but GBS may host this service if it already provides other employee services. There is also a growing trend toward amalgamating GBS digital COEs into either an *overall transformation or continuous improvement COE* or in clusters such as *data and analytics* that recognize the natural interdependencies between domains.

Boston Scientific provides a representative case for the deployment of digital COEs within GBS. A more detailed overview of their journey is depicted in SSON's article [From Shared Services to Global Business Services to Global Capability Centers to Global Intelligent Enterprise](#). In short, Boston Scientific GBS is actively guiding the digital health of the enterprise through automation, data, cognitive solutions, and the like. One of their keys to success is building talent from both internal and external sources.

Digital COEs Have a Unique Operating Model

Digital COEs are organized and governed in distinctly different ways than traditional shared services transaction processing teams. Most notably they work in a more federated model across the enterprise. They serve as an orchestrator of value creation across participants from multiple entities as shown below.



Common themes hold for all COEs albeit each will have its own unique characteristics (see an example of a Process Management COE in my soon to be posted SSON report, *User Delight through End-to-End Process Management* on SSON's website).

Common responsibilities of GBS digital COEs include:

- Providing expertise skills and consultation
- Guiding domain strategy and initial pilots
- Managing domain knowledge and providing education
- Managing the portfolio of efforts
- Managing value identification and realization.

Making Digital COEs Work

A wide range of issues contribute to the successful launch of a GBS digital COE. We recommend you adhere to the following key principles.

1. Take a value first approach to selecting your COEs.

While industry trends and best practices are certainly helpful, start with an assessment of the overall company's digital needs, capabilities, and strategies supported by solid opportunity cases. This will keep you grounded in practical value creation instead of theory. If for instance the greatest need and lowest capability is around better decision making pursue some form of data and analytics COE. If productivity improvement is most critical focus on intelligent automation and process management. If customer and user loyalty are most critical focus on an experience management COE.

2. **Carefully define the governance and organization model.**

As outlined above, COEs typically operate in a more federated model requiring you to carefully articulate governance and shared roles and responsibilities across a variety of units.

3. **Lead with talent.**

Successful digital COEs focus on all aspects of the operating model - people, process, data, and technology. Too many organizations get enamored with selecting and implementing technology first. But talent availability is often the most critical gating factor. Needed COE leadership and team skills include digital fluency, collaboration, influence, and problem solving to be able to drive improvements across a wide array of technical and business stakeholders. Consider external partners to fill internal talent gaps.

4. **Take an agile development approach.**

Avoid the trap of making large upfront investments with unclear returns that sap the momentum from a digital COE deployment. Instead take a test and learn approach prior to full scale deployment. Select early use cases that will allow you to build confidence in the value contribution of the COE. A common strategy is to select use cases more closely related to other GBS services before expanding scope to the broader enterprise.

5. **Actively build engagement and adoption in new ways of working.**

Pay particular attention to securing the right sponsorship and executing a comprehensive change management program inclusive of communications and training.

Summary

There has been a 50/50 split between GBS and shared services organizations who *have* and those who *have not* taken on a bigger role in driving digital transformation as a result of the pandemic, according to over 100 respondents to the recent SSON state of the industry survey.

The leaders are separating themselves from the rest. Digital COEs present an opportunity to join the lead pack. The post-pandemic era presents a unique window for GBS organizations to build the digital muscle of the enterprise in a scalable and sustainable manner.

Seize the day.