

# How GenAI Can Augment the Conventional Shared Service Model





# Introduction: AI as an exponential growth catalyst

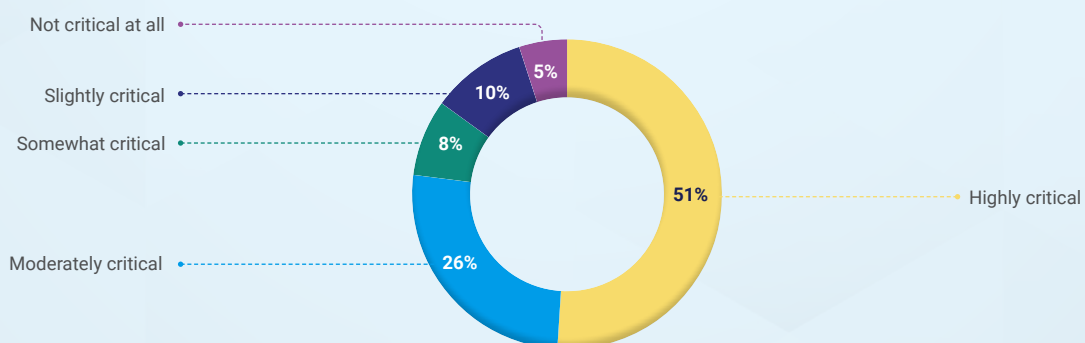
In the evolving landscape of business operations, the traditional shared services model has been a cornerstone for efficiency, standardization, and cost-effectiveness. As the demands on these services grow and the pressure to deliver more [value] with less resources increases, the industry has embraced artificial intelligence (AI) as a transformative lever that can reshape how services are delivered and encourage organizations to relook at the traditional tiers and channels that have defined shared services and GBS models for years.

AI encompasses a broad range of technologies that enable machines to mimic human intelligence and react to human prompts or even emotional cues. AI accesses and learns from data, identifying patterns, making decisions, and improving over time without explicit programming. Generative AI's ability to develop new content in various formats, often indistinguishable from that of humans, has piqued the interest of shared services operators. Among the ever-increasing menu of available technologies, what is most important for shared services is the understanding that there is no single technology that solves all problems. Therefore, it is important to resist the temptation to divert energy and resources from optimizing suites of solutions to a singular new technology, i.e., Generative AI (GenAI).

However, in the shared services context, GenAI does offer a powerful new tool to the "automation toolbox" that can generate content from a wide (or narrow) assortment of internal and/or external data. So now the task at hand is to explore what parts of our processes will benefit from a technology that offers the capability to generate text, translate documents, develop or enhance visual content, and/or generate computer code to execute tasks.

The SSON Research & Analytics team conducted a survey of 150 shared services and GBS leaders in Q4 of 2023 to better understand the impact of GenAI on their organizations. This report is written on the basis of the survey's findings to highlight where the market is today, but also where the opportunities (and hurdles) exist for competitive shared services.

## CRITICALITY OF GENERATIVE AI

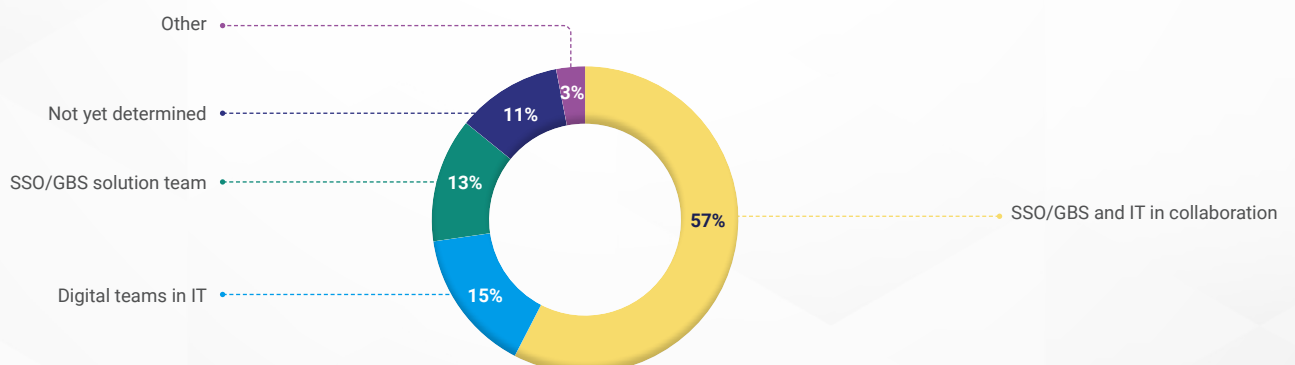




# What We Have Learned to Date

Whether we are implementing technology suites, point solutions, or simply testing use cases, these initiatives deserve a home along with agreed upon “house rules” on decision rights – whether centralized or decentralized. Though business units may develop their own automation initiatives, entirely decentralized decision rights often result in stakeholder confusion, conflicting data and sub-optimal solutions for the enterprise. Given the centralized context of shared services/GBS, we see nearly six out of 10 enterprises relying on their shared services organization (in collaboration with IT) to explore and deploy GenAI. In addition, some shared services are entirely responsible for this. Enterprises recognize, therefore, that a “center of expertise” (CoE) approach is the most effective way to roll out AI. This does not mean that everything must reside in a CoE. Conversely, centralizing all intelligent automation work would likely lead to bottlenecks and extremely slow rollouts. As we see more technology like RPA, Desktop Agents, and GenAI, which lend themselves to “citizen development,” it makes good sense to *empower the citizens to develop!* Perhaps a CoE might develop enterprise IA strategy, find preferred vendors to work with, ensure quality checks, test data security and monitor ROI – while decentralized business units get to work developing solutions that work best for their unique processes.

## WHO IS RESPONSIBLE FOR GENAI EXPLORATION & DEPLOYMENT?

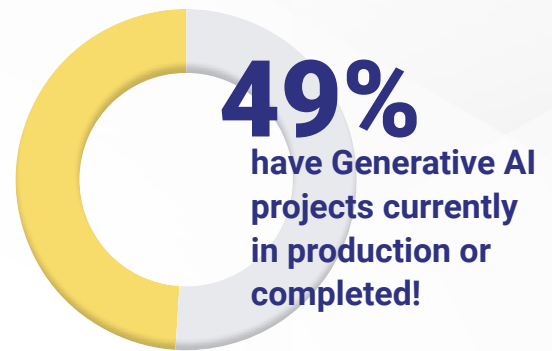


## Internal GenAI Pilots

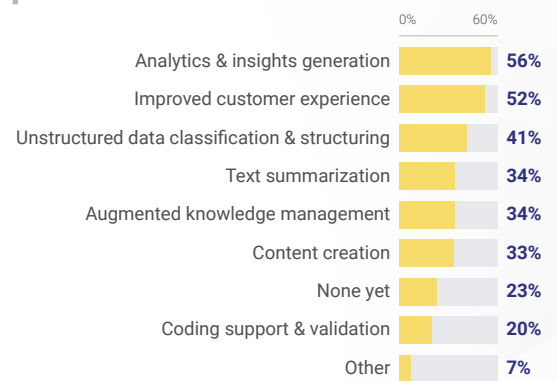
As per SSON Research & Analytics (SSON RA) research, nearly half the shared services surveyed have already launched GenAI projects or even completed them. The most typical use case is currently focused on analytics and insights, the impact of which is felt across many processes and functions, specifically customer-facing or employee-facing engagements, where self-service is a desired channel. In line with this, improving customer experience is the focus for more than half the use cases currently being executed.

ScottMadden, a specialist shared services consultancy, has performed several GenAI pilots and discovered a few other important factors. Once again, all roads point to the data. Whereas Large Language Models (LLMs) like ChatGPT and Claude access data across a vast span of open sources, your pilot will likely need to quarantine your own data, which may reside in numerous places, have conflicting formats, and/or have outdated or wrong information. Turning an LLM loose on all your data and expecting accurate answers is fallacy. *Your data will very likely require curation, cleaning and formatting to achieve desired results.*

Shared services leaders cite insufficient AI skills in their organization as an inhibitor. ScottMadden confirms that a certain level of resilience and perhaps augmentation needs to be embedded in your AI team. It can be easy to write-off failed use case results as hallucinations or defective GenAI. Success is dependent on team members challenging results, developing hypotheses, trying alternative approaches, reformatting data, and generally refusing to give up. *Most use cases will not deliver the expected results on the first try.*



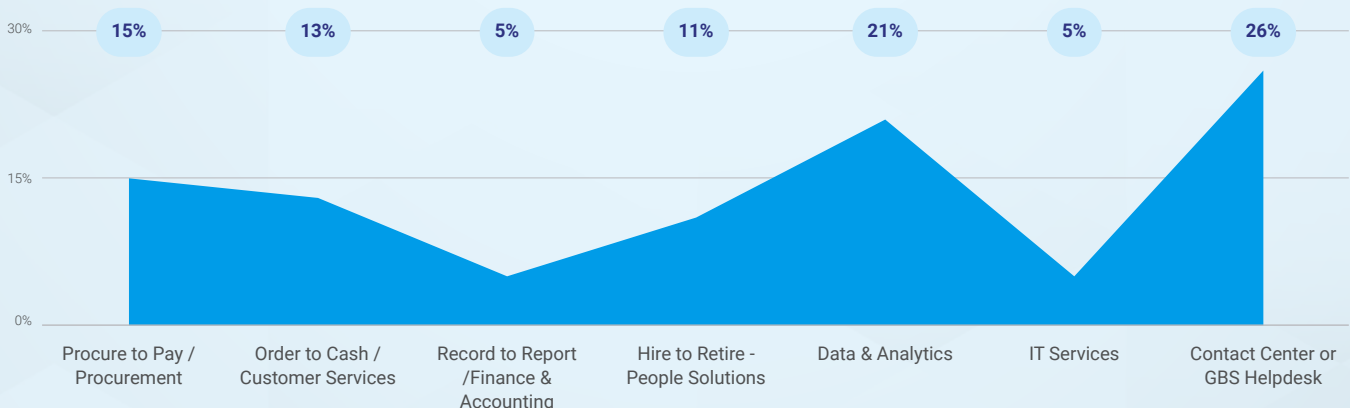
### WHAT TYPE OF USE CASES ARE YOU CURRENTLY PURSUING WITH GENERATIVE AI?



## What Works Well

Where GenAI is deployed most easily, according to SSON RA research, is within a contact center or help desk type scenario that is heavily dependent on accessing customer or employee data to provide solutions. Today, knowledge articles tend to reside in one place and are already used for a similar reason. However, GenAI might also access case notes and call recording transcripts to highlight the best responses and solutions. There is a lower probability of encountering conflicting data when information resides in one place. As might be expected, data and analytics also rank in the top opportunities for GenAI. Analytical insights may come directly from in-house and/or open-source data queries but may also come in the form of generating complex computer code, which data experts can use to test correlation models and better extract insights from data.

### WHERE DO YOU THINK IT WOULD BE EASIEST TO DEPLOY GENERATIVE AI WITHIN SHARED SERVICES' SCOPE AT PRESENT?

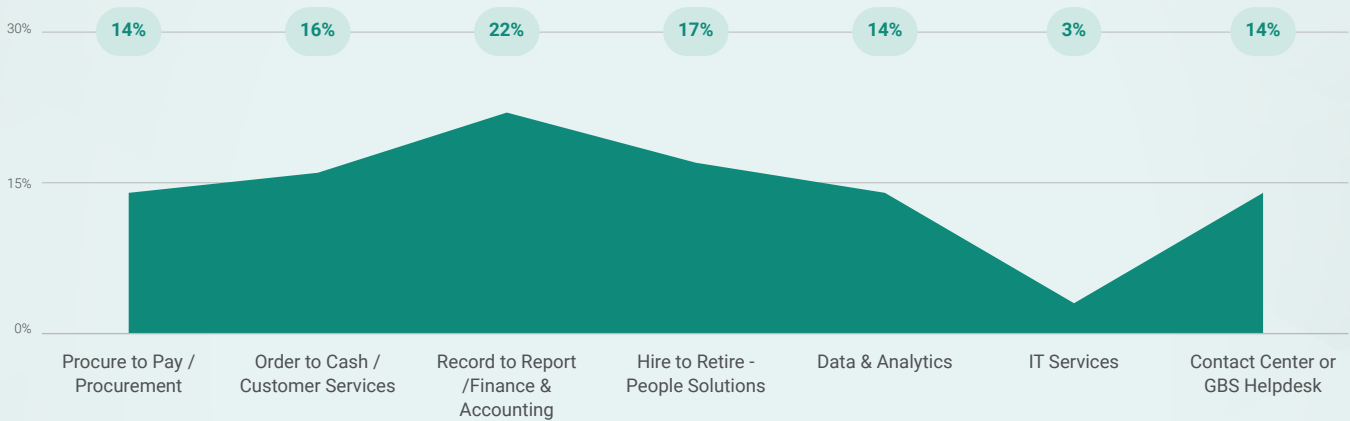


# What Does Not Work Well

Conversely, where the business case is lucrative, but the complexity of operations is not so conducive to adopting GenAI is in record-to-report, according to SSON RA. This may be attributable to data being sourced from multiple systems, geographies, currencies, accounting standards, etc. According to ScottMadden, internal testing has identified simple issues like the need to reformat different embedded tables, or explicit instructions in command prompts. GenAI may not recognize the most recent data as the best data unless this is explained in the prompt. In addition, the tolerance for errors in accounting and financial reporting is extremely low, likely diverting AI resources to other processes than record-to-report.

The core challenge to adoption remains rooted in the human element: the lack of understanding, skills, or capability of the workforce is the main reason shared services are still lagging behind in the adoption curve. Other concerns are around data quality, availability, and accuracy – all foundational to the successful use of artificial intelligence and areas that would need to be addressed as a priority (see section below).

## WHERE DO YOU THINK THE BUSINESS CASE IS SIGNIFICANT, BUT THE COMPLEXITY OF OPERATIONS MIGHT SLOW DOWN GENERATIVE AI'S ADOPTION?



## WHAT IS PREVENTING / SLOWING DOWN GENERATIVE AI ADOPTION WITHIN SSO/GBS?





## Where Are We Going?

The most fundamental framework to begin with is the shared services tiered delivery model. Enterprises are encouraged to re-imagine the delivery model and think about the *nature* of the work vs the work activity itself. If the work involves deep insights and interpretation of data, it might belong in a Tier 3 CoE. Work that involves problem solving and functional expertise might be placed in a Tier 2 Escalation Group. Repetitive, transactional work or customer facing work might be located in a Tier 1 Transaction Center or Contact Center, while work that can be done by systems can be pushed to Tier 0 Self-Service. *Why not think about technology suites in the same way?*



## Rethinking the Service Delivery Model

The variety of functionality in automation has expanded to a point that we can now apply “technology skill sets” in a similar way that we focus human skill sets on our delivery model Tiers. Let’s break it down:



**Tier 0 Self-Service** lends itself to technology that can access data and deliver conclusive answers. Until most recently, these included knowledgebase systems, interactive voice response systems, and chatbots. Enter GenAI, which offers an expanded capability to learn from broader data sets such as voice transcripts or case ticketing data to deliver a more interactive engagement with the end user, with real time language translations if needed.



**Tier 1 Transactional Services** are best suited for ERPs and Best of Breed “bolt-on” solutions, which can move repetitive data quickly, and perform matching and route information to predefined locations. Robotic Process Automation may also play a role here to address occasional anomalies that require a prescribed series of keystrokes. There are fewer opportunities for GenAI to surpass other best-of-breed systems in pure data processing.



**Tier 1 Customer Facing Services** were traditionally handled by contact centers with agents and headsets assisted by telephony technology. Today, virtual agents (or cognitive agents) can answer questions with ever-increasing accuracy and in numerous languages without having to consider work shifts to manage time-zones. GenAI has the potential to learn from the best answers agents have provided to quickly close cases and deliver those answers to an agent. Properly structured data can quickly be accessed by agents with LLMs to deliver answers that might not be pre-programmed into a knowledgebase. Better yet, to push these answers back down to Tier 0 self-service.



**Tier 2 and 3 Problem Solving and Analytical work** has traditionally been delivered through Excel spreadsheet analysis. AI might assist by finding patterns or anomalies in large data sets while GenAI might assist in rapid research of in-house or opensource data.



## Sweet Spots

The “sweet spot” for AI and GenAI integration and impact is heavily focused on business intelligence and analytics as well as customer service. This is where most shared services are planning to leverage AI. This also aligns to the processes that shared services leaders believe would most benefit from GenAI (78% say data and analytics, 57% say contact centers or help desks). We also see significant confidence in AI for order-to-cash and procure-to-pay issue resolution. All of these areas require the ability to access data in various formats and stored across various systems, to determine and execute an optimal path – including making intelligent decisions around exceptions management. Where AI promises to have the most significant impact on shared services is in the three areas outlined below:



### Driving Self-Service Capabilities:

AI significantly enhances self-service capabilities within shared services by providing intuitive, user-friendly interfaces and automating routine queries and tasks. AI-powered chatbots and virtual assistants can interact with users in natural language, resolving common issues and providing information without human intervention. GenAI can take this a step further by creating dynamic, personalized responses and generating content such as detailed reports and customized documents on demand.



### Finding Anomalies:

AI excels at anomaly detection, a critical function in shared services, especially in financial operations where identifying irregularities can prevent fraud and errors. Machine learning algorithms can analyze vast amounts of transactional data in real-time, identifying patterns and flagging deviations that may indicate potential issues. GenAI enhances this capability by simulating different scenarios and stress-testing systems to predict and uncover subtle anomalies that traditional methods might miss.



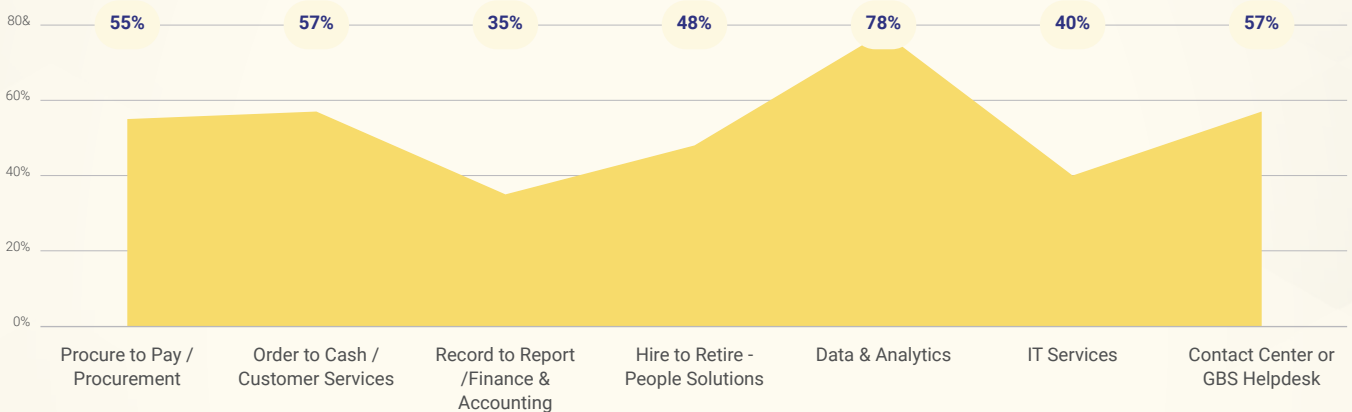
### Leveraging Analytic Formulas:

The power of AI lies in its ability to process and analyze large datasets rapidly, providing deep insights and actionable intelligence. AI-driven analytics can uncover trends, correlations, and causal relationships that inform strategic decision-making. GenAI further enriches this by creating sophisticated data visualizations and generating predictive models or code that forecast future trends based on historical data.

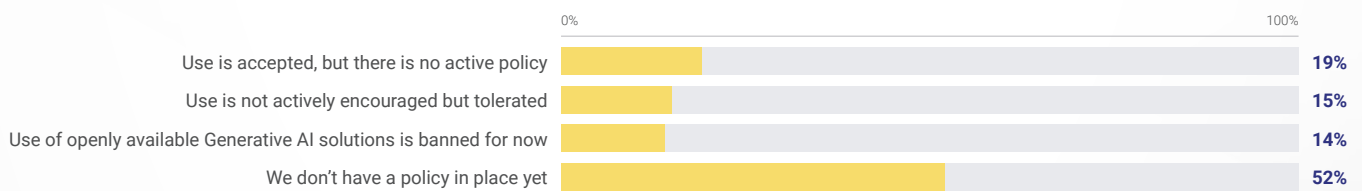
### WHAT TYPE OF NEW SSO / GBS SERVICES DO YOU PLAN TO OFFER SUPPORTED BY GENERATIVE AI?



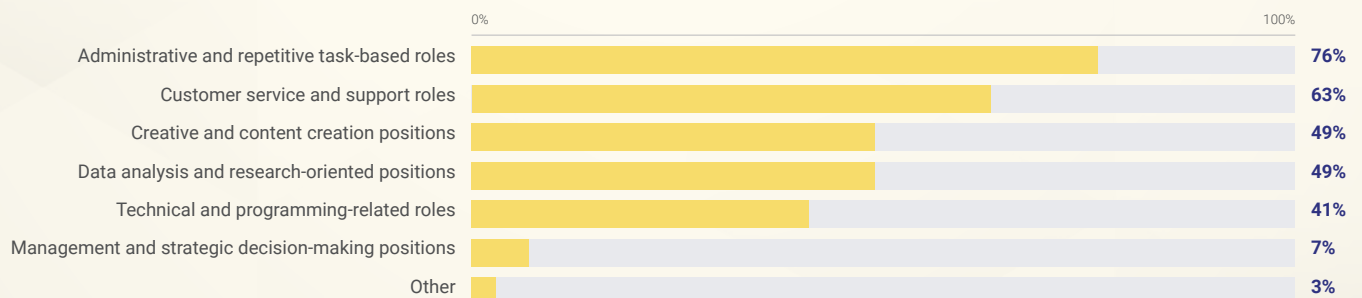
### WHICH PROCESSES DO YOU THINK WOULD BENEFIT MOST FROM GENERATIVE AI (E.G., CHAT GPT)?



### HOW DO YOU PLAN TO GIVE GBS EMPLOYEES ACCESS TO GENERATIVE AI FOR WORK?



### WHICH JOBS DO YOU FORESEE BEING MOST IMPACTED BY GENERATIVE AI?





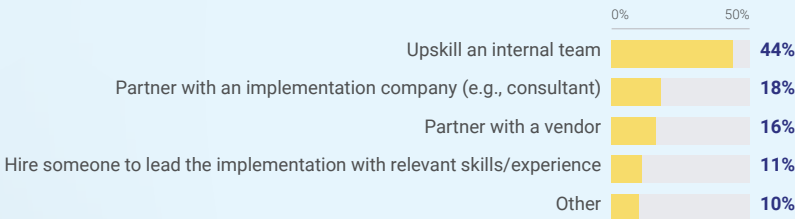
# Getting Started with GenAI

Now the pressure is on! Most shared services leaders are feeling the heat from their organization in terms of, “What are we doing with GenAI?” – which leads to the next question: “Where do you start?” The mind generally shifts to use cases and the art of the possible. Most organizations can learn more by “playing in the GenAI sandbox” than by reading about what others are doing with GenAI. It may seem logical, from what we’ve learned in automation, to go to the business lines and solve one of their big problems. *But is that the best approach with GenAI?*

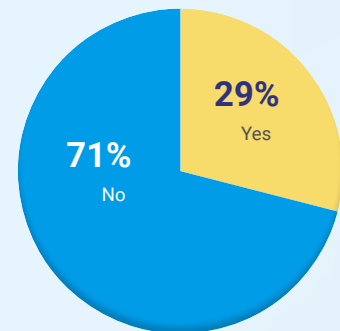
## Prioritization

Before you embark on a roadshow to the business units in search of their biggest problem, you might remember that all roads lead back to your data and the condition of it. Why not start there? Where do you have large amounts of trusted data that can fuel a GenAI engine? Internal testing has revealed that the format of the data counts, too. Despite the promises, don’t expect GenAI to easily sort through a stack of spreadsheets with data in various formats, units, currencies and come back with reliable answers. A good first step is to ask, “Where do I have a lot of useful data that might feed a use case?” Prioritize benefit to the business after you have found the reliable data! This beats launching into a big business problem and promising results but then discovering the data condition prohibits a reliable answer. Over promising to the business units without assessing the supporting data will only kill your AI program momentum.

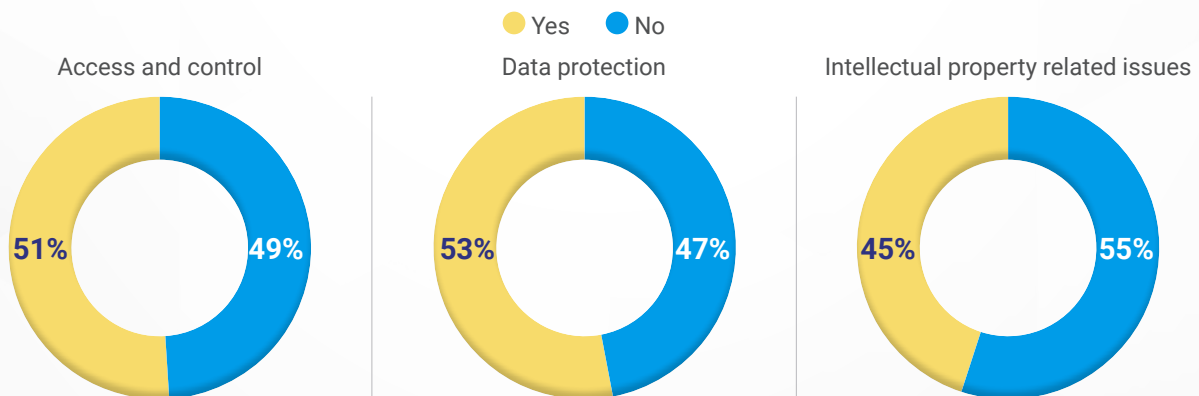
### HOW ARE YOU ADOPTING/ PLANNING TO ADOPT GENERATIVE AI?



### DO YOU HAVE A ROADMAP IN PLACE TO SUPPORT LEARNING ABOUT GENERATIVE AI?



### IF YOU HAVE A GLOBAL POLICY IN PLACE TO GUIDE GENERATIVE AI USE, DOES THIS INCLUDE...

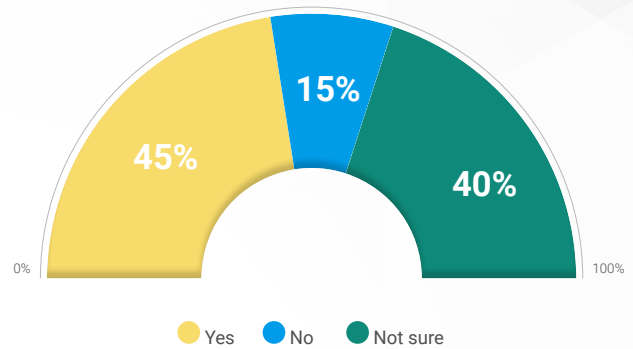


## Governance

The term “governance” can mean many things to different people. Let’s assume it means “decision rights” for GenAI programs for this point. This can be the most daunting barrier to transitioning successful use cases that have been conducted in a safe environment to your real operational production environment. Don’t underestimate other stakeholders’ ability to pull the emergency brake: IT Security will want to ensure you are not exposing your intellectual property to the world; Internal Controls will want to pressure-test the solution for fraud potential; Legal/Risk will want to ensure there is no bias or hallucination potential that exposes the company to litigation; HR will want to ensure you are not triggering union grievances by changing jobs. Then there are decisions rights around the data itself. Is it your data to use, or do you need to ask permission from another department?

All of these questions point to pre-planning and early involvement of multiple departmental stakeholders. Iron out the decision rights early with stakeholders. Who decides upon use case priority? Who determines what technology to use? Who is in charge of quality assurance? Who does the AI configuration? Who tracks the business case and monitors results? A small amount of up-front pre-planning and AI education will help ensure a smoother transition to a production environment when the time is right.

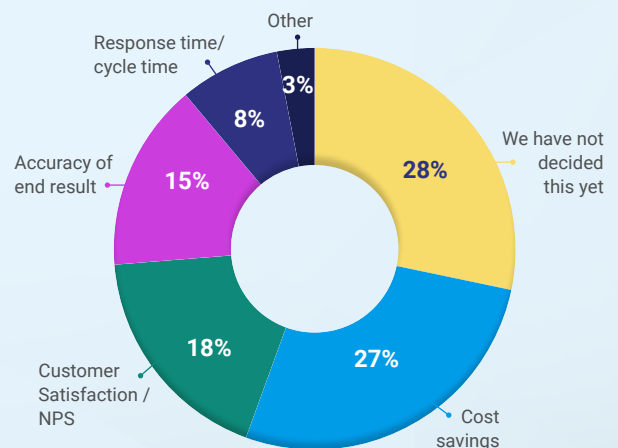
### ARE YOU CONCERNED ABOUT POSSIBLE INHERENT BIAS IN GENERATIVE AI?



## Conclusion

The technologies we have in our automation toolbox today, or even those that we will have in the very near future, have the capability to take out large amounts of manual work. It is time to re-imagine our delivery models with far less Tier 1 and Tier 2 work and with the addition of new channels that offer a superior user experience. But to effectively master AI functionality we need to begin adapting our delivery models *now*, and begin working on our underlying data infrastructure and decision rights (governance). This will ensure that our workforce is familiar with, and well versed in, AI functionality/setup and that our AI solutions scale quickly and create the massive impact we are seeking.

### HOW DO YOU / WILL YOU MEASURE THE SUCCESS OF GENERATIVE AI? I.E., WHAT ARE YOUR KEY METRICS?





## About ScottMadden's Corporate & Shared Services Practice

ScottMadden has been a pioneer in corporate and shared services since the practice began decades ago. Our corporate & shared services practice has completed thousands of projects since the early 90s, including hundreds of large, multi-year implementations. Our clients range across a variety of industries from energy to healthcare to higher education to retail. Examples of our projects include business case development, shared services design, shared services build support, implementation, and improvement.

[FIND OUT MORE HERE](#)



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