

Road Map for Service Delivery Enhancement

- **Plan - Define Scope**
- **Plan - Map Capabilities**
- **Plan - Identify Existing SS/COE's**
- **Assess - Prepare**
- **Assess - Screen**
- **Assess - Value**

Road Map for Service Delivery Enhancement

- **Plan - Define Scope**
 - **Prepare a list of In-Scope organizations within Company**
 - **Details of Budgeted Expenditure / FTE Count**
 - **Identify Existing SS/COE**

Determined as Corporate Services

- Legal / GAIRD
- CEC
- IT
- Investments
- Audit
- Marketing
- HR
- Finance
- CSSG
- Capability Sourcing
- Global Brand & Marketing
- Real Estate
- Procurement
- Communications
- Other

Definition of Corporate Services

Corporate should globally deliver services that:

Manage Risk	Enhance Quality	Drive Efficiency
<p>Where providing greater business unit autonomy would unduly impact the risk profile of the organization</p>	<p>Provide value from pooled expertise, greater consistency, and/or quality where benefits cannot be realized in business alone</p>	<p>Provide scale benefits of low cost and high efficiency where benefits cannot be realized in business alone</p>
<p><i>Examples:</i></p> <ul style="list-style-type: none"> • Audit Governance • Enterprise Risk Management 	<p><i>Examples:</i></p> <ul style="list-style-type: none"> • Investor Relations • Investments Portfolio Management 	<p><i>Examples:</i></p> <ul style="list-style-type: none"> • Enterprise Infrastructure Management • FACT Reconciliations

Mode of delivery for Corporate Services - Version2

How should Corporate capabilities be delivered?

What type of services should Corporate deliver globally?

Should they be delivered as Shared Services or Centers of Expertise?

Should they be delivered at standard or tiered levels of service?

- Does this capability protect the enterprise from undue risk?
 - Does this capability provide value from pooled expertise, greater consistency, and/or quality where benefits cannot be realized in the Businesses alone?
 - Does this capability provide scale benefits of low cost and high efficiency that cannot be realized in the Businesses alone?
-
- Shared Services:
 - Is this a scalable capability with high potential for standardization?
 - Is it transactional/highly-repeatable in how it is delivered?
 - Does it utilize commonly available skills?
 - Centers of Expertise:
 - Does the capability serve as a repository of expertise and deliver benefits from scarce resources and pooled knowledge (cultivation and dissemination)?
 - Does the capability drive competitive advantage?
-
- Standard service levels:
 - Does a standard level of service adequately meet business needs?
 - Would a general cost allocation methodology sufficiently meet business needs?
 - Tiered service levels:
 - Would varying service levels drive business value?
 - Would establishing a unit costing approach to charge service users for actual usage generate benefits outweighing costs?

Mode of delivery of Corporate Services – Version 1

Shared Services

Leverage Labor

- Scalability
- Commonality
- Transaction-oriented/highly repeatable processes
- Less specialized skills

Centers of Expertise

Leverage Knowledge

- Central repository of knowledge and expertise
- Scarce resources
- Advisory in nature
- Highly specialized skills drive competitive advantage

Driving Shared Services / Centers of Expertise to full potential provides Company with an opportunity to “raise the bar” on service delivery capabilities and performance

Mode of Delivery for Corporate Services-Version3

	Key Question	Scoring	“Yes” (to navigate Decision Tree)
1	Complexity <ul style="list-style-type: none"> Does it use a commonly available skill set? 	1 <40% FTEs L30- 3 60%-80% FTEs L30- 5 >90% FTEs L30-	<ul style="list-style-type: none"> >80% employees L30 or below
2	Scalability <ul style="list-style-type: none"> Are there significant potential scale benefits? 	1 <25 FTEs (FA only) 3 50-80 FTEs (FA only) 5 >150 FTEs (FA only)	<ul style="list-style-type: none"> >50 employees
3	Pooled Knowledge Benefits <ul style="list-style-type: none"> Are there significant benefits from pooled knowledge? <ul style="list-style-type: none"> Expertise cultivation Knowledge dissemination 	1 Pooling has no impact on expertise cultivation or knowledge dissemination 3 Pooling moderately improves expertise cultivation or knowledge dissemination 5 Pooling significantly increases expertise cultivation or knowledge dissemination	<ul style="list-style-type: none"> Average score across both dimensions greater than 3
4	Strategic Advantage <ul style="list-style-type: none"> Does it generate strategic advantage? 	1 No strategic advantage generated 3 Moderate strategic advantage generated 5 Generates significant strategic advantage <hr/> Evaluated based on these dimensions: <ul style="list-style-type: none"> Alignment with strategic goals Generation of competitive advantage Enhancement of ability to win / charge more Value to customer 	<ul style="list-style-type: none"> Score of 4 or 5
5	Regulatory or Legal Significance <ul style="list-style-type: none"> Does it have significant legal, regulatory or compliance implications? 	1 No legal / reg. / compliance implications 3 Minimal legal / reg. or compliance implications 5 Significant legal / reg. or compliance implications	<ul style="list-style-type: none"> Score of 4 or 5

SS/COE Identification Criteria

Shared Services

- Are services performed for multiple business units or locations?
- Can the service leverage scale to reduce cost ?
- Can the skill set and technologies be shared across the enterprise?
- Does the process have consistent customer requirements
- Are activities repetitive?
- Can the standard operating procedures can be documented ?
- Are the FTE's or equivalent efforts for a business unit > 1000 FTE?

Centers of Expertise

- Does the service require a specific domain knowledge?
- Is there any specific educational background required to provide services?
- Does the process support on specific business problems?
- Is the process non-transactional in nature?
- Does the service employ <1000 but more than 100 FTE equivalents?

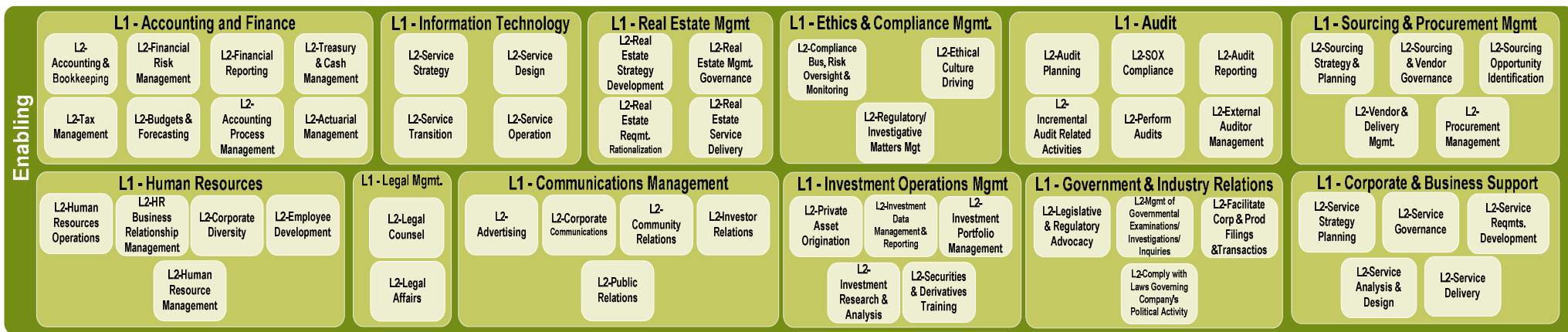
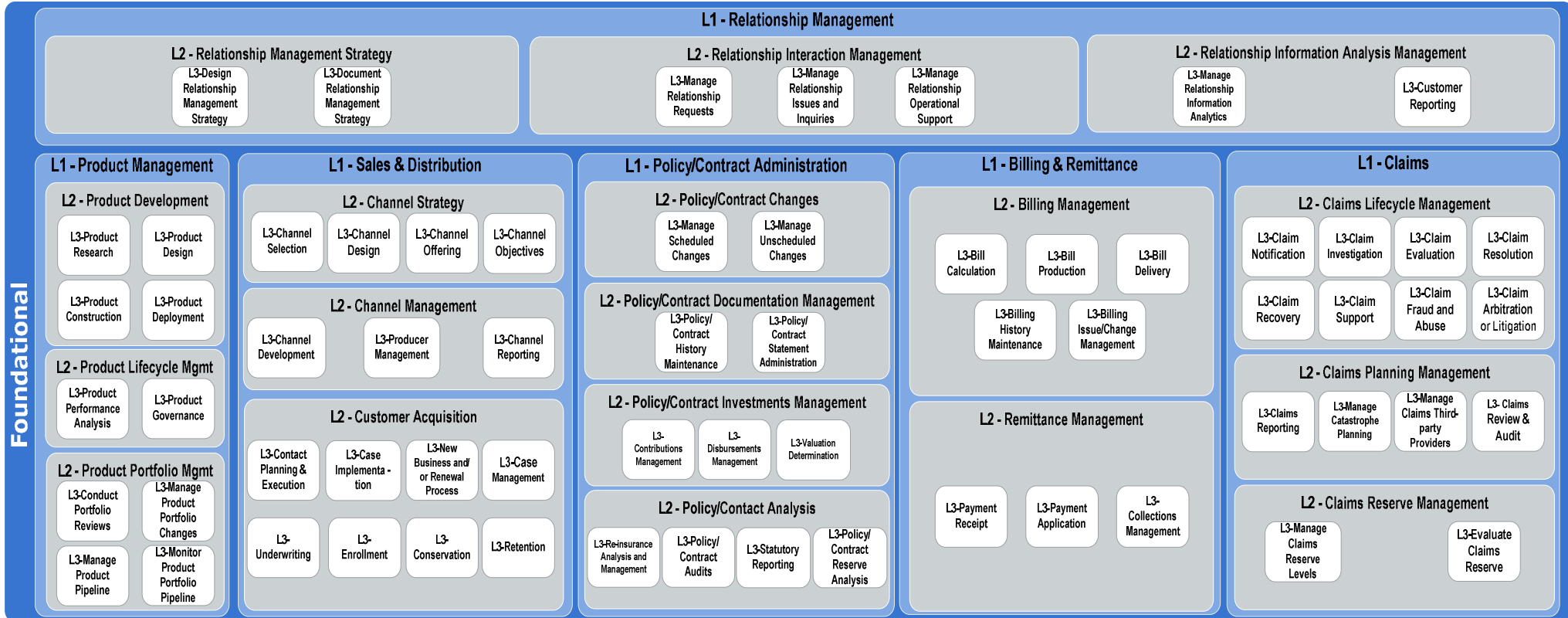
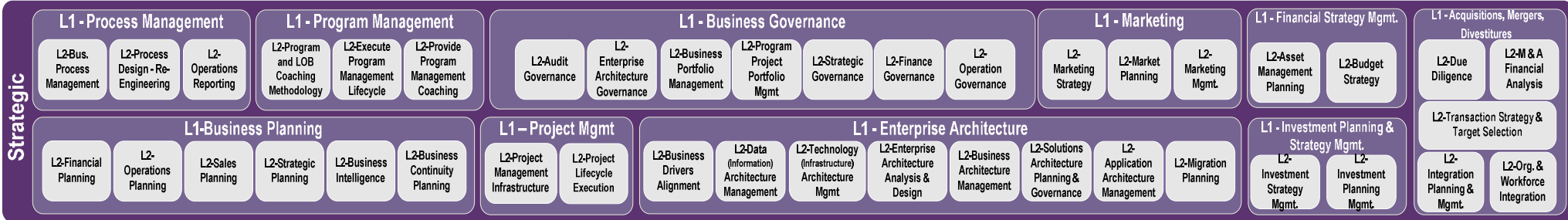
Proposed “Version 2” Evaluation Matrix - Test

Attributes	CSSG	GOSC	Audit Team	HR Service Center	GAIRD	Tax	Risk Management
Services performed at different divisions or locations	●	●	●	●	●	●	●
Can leverage scale efficiencies based on volume	●	●	●	●	●	●	●
Skill set and technologies can be shared across enterprise	●	●	●	●	●	●	●
Consistent customer requirements	●	●	●	●	●	●	●
SOP can be documented	●	●	●	●	●	●	●
More than 1000 FTE's	●	●	●	●	●	●	●
Shared Service Attributes	5/6	6/6	0/6	2/6	1/6	0/6	0/6
Subject matter guidance	●	●	●	●	●	●	●
Unique skill set requirements	●	●	●	●	●	●	●
Focus is on specific business problems	●	●	●	●	●	●	●
Non-transactional in nature	●	●	●	●	●	●	●
<1000 but > 100 FTEs	●	●	●	●	●	●	●
COE Attributes	1/5	2/5	5/5	4/5	4/5	5/5	5/5

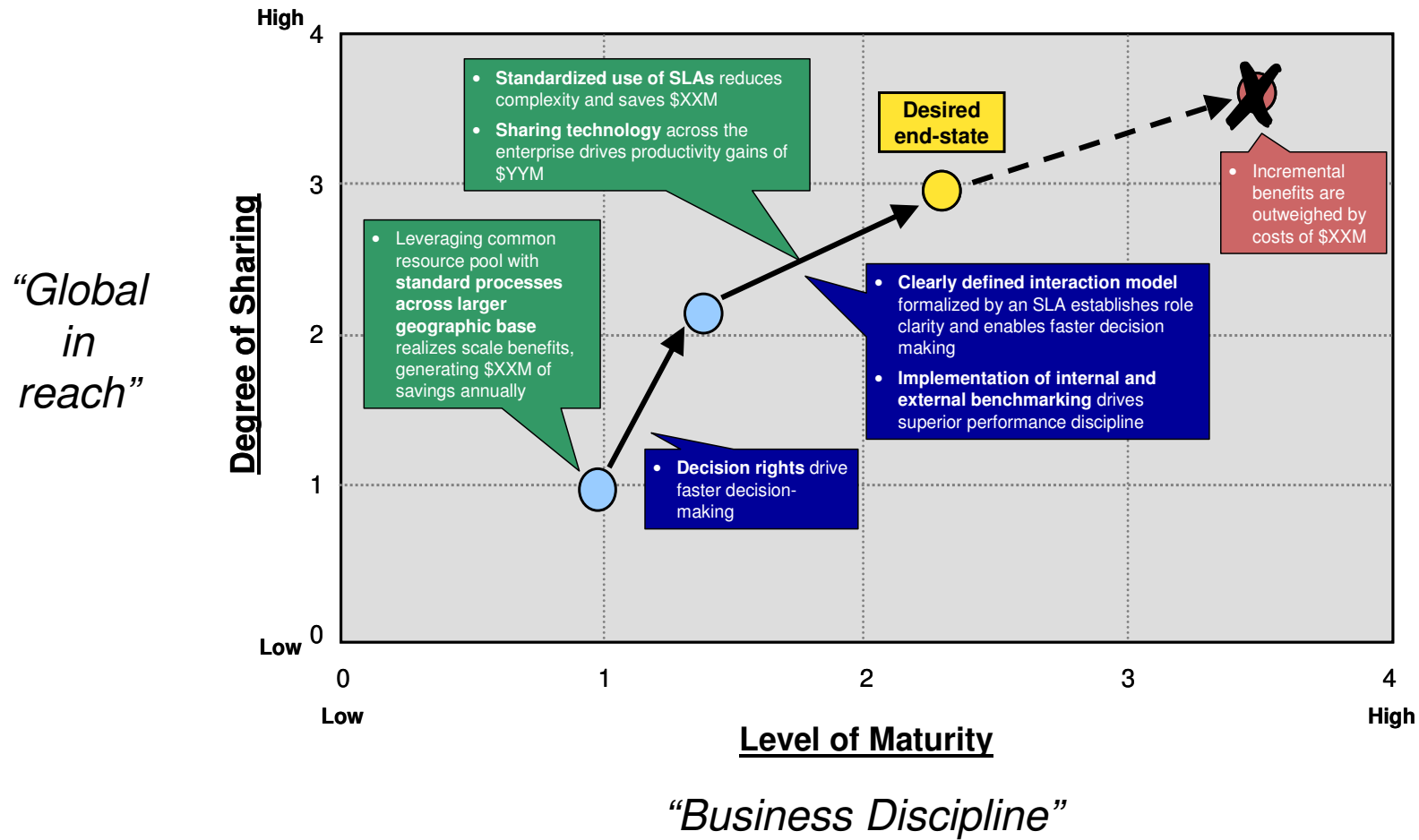
Yes ● No ●

Road Map for Service Delivery Enhancement

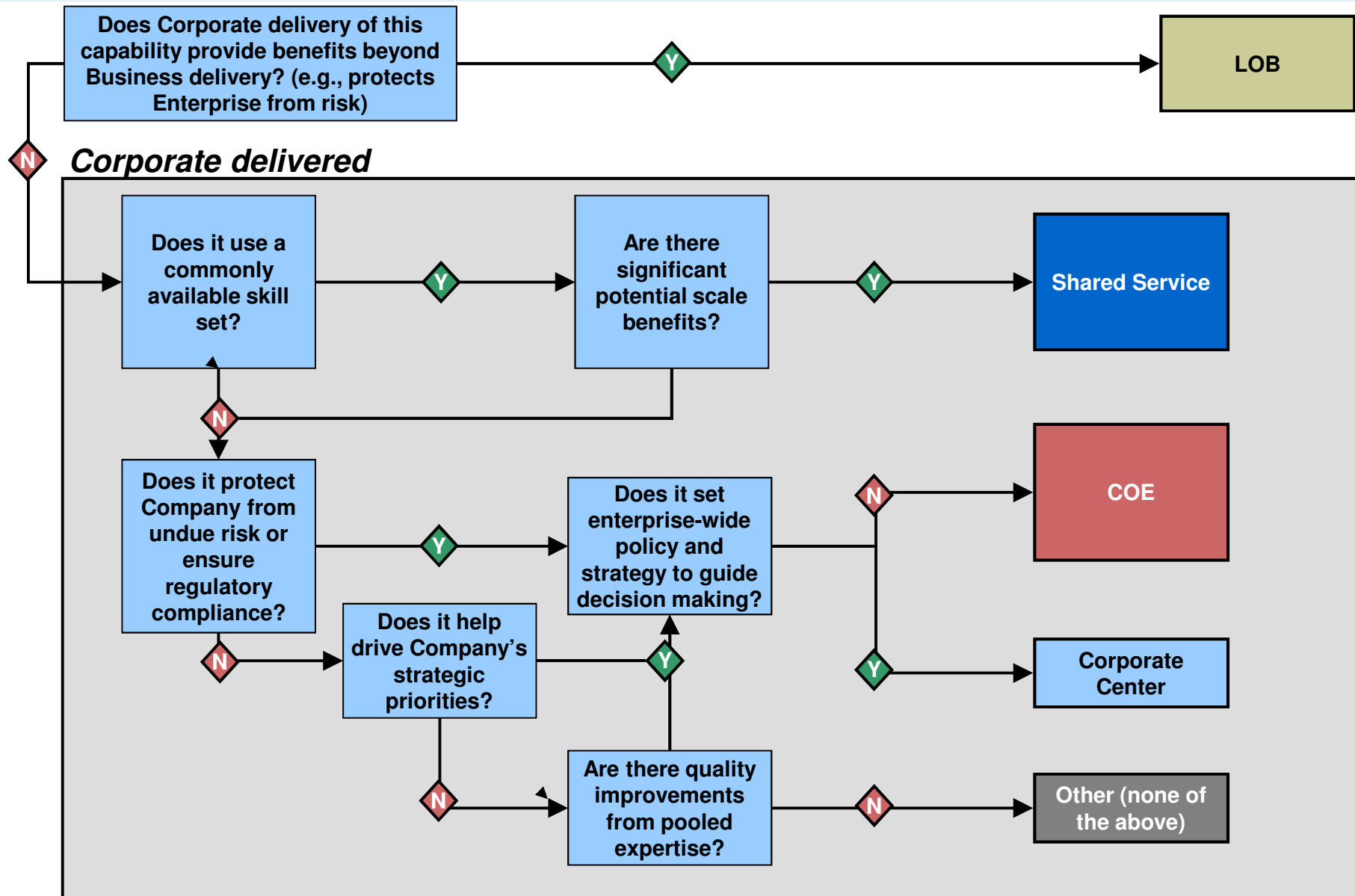
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EOM Service Delivery Road Map



The following decision map can be used to categorize capabilities as Shared Services, COE, CC, or Other



Notes: Identified Corporate Center capabilities currently include ERM, Accounting Policy, Investor relations, Executive HR Strategy and Policy and Non-cash management treasury 13

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Maturity: Questions for discussion

- Are any of the maturity gaps surprising? Would you have expected other capabilities to have significant gaps?
- What role should EI play in enhancing the maturities of the IT-wide capabilities?
- Which capabilities would you consider most important to develop into a Shared Service or Center of Expertise?

Sharing: Questions for discussion

- Are any of the sharing gaps surprising? Would you have expected other capabilities to have significant gaps?
- For which capabilities, are the sharing gaps driven by fragmentation across LOBs/customers vs. across service towers (e.g. Distributed Web, Mainframe, Storage, etc.)?
- What role should EI play in enhancing the sharing of the IT-wide capabilities?
- Which capabilities would you consider most important to develop into a Shared Service or Center of Expertise?

Talent Identification Toolkit

Parameters	Questionnaire	Define Key Roles	Conduct Talent Reviews	Identify Next Generation Leaders	Manage Talent Pool	Communications Management	Project Management	Relationship Management
Maturity (Rate 0-4)	What is the level of maturity of the initial capability?							
	What is the desired level of maturity in the future?							
	What is the greatest opportunity to mature this capability?							
	How critical is it to take this capability to the desired level of maturity?							
Sharing (Rate 0-4)	What is the level of sharing or standardization of the initial capability?							
	What is the desired level of sharing or standardization in the future?							
	What is the greatest opportunity to share or standardize this capability?							
	How critical is it to take this capability to the desired level of sharing or standardization?							

Shared Services will be an optimal mix of internal and sourced, middle/back office solutions

Front office functions

- Generally not suitable to share or source
- Examples include sales and account management

Middle office functions

- May be shared or sourced depending on specific situation
- Examples include underwriting guidelines, compensation policy

Back office functions

- Bias should be to share and potentially source back office functions
- Examples include payroll, claims and policy administration

Adapted for regulatory and language requirements, organizational readiness, etc

The US Business operating model leverages a hybrid of Company and vendor sourced solutions

EXAMPLE 1

Product development and distribution

- *Front office* is comprised of product development and distribution, and manages customer relationships
- Business units are located in the US to ensure proximity to customers

Middle office functions

- *Middle office* manages operations and business units, and serves as the interface between the front office and back office

GOSC

Company

Sykes

Other specialized vendors

Company captive offshore center

Domestic US operations and call centers

Offshore call centers

Other on-shore and offshore back office specialized vendors (e.g. LabOne, Pershing, ACS)

- *Back office* is comprised of hybrid sourcing solution-sets
- Each caters to distinct US Business capabilities

Before Alico, Company Europe leveraged a hybrid of Company and vendor sourced solutions

EXAMPLE 2

Product development and distribution

- “Front office” is comprised of country locales with production and distribution
- Country locations enable the business to cater to specific local business requirements

Middle office functions

- *Middle office* manages operations and business units, and serves as the interface between the front office and back office

Dublin Shared Service organization

Select operations for entire Europe region

- *Back office* is comprised of hybrid sourcing solution-sets
- Each caters to distinct Company Europe capabilities

Capita

Record keeping and other admin for UK only

IPSI

Record keeping and other admin for rest of Europe

Dimensions of Assessment

Dimension	Questions	Weight	
Risk	Does this capability help to manage risk for the Company		
Quality			
Efficiency	Is this capability executed in a cost-efficient manner		
Enable Strategic Investment Decisions	Does this capability enable strategic investment decisions?		
Global deployment	Can this capability be globally deployed?		
Provide Differential advantage in the marketplace	Does this capability provide for a differential advantage in the marketplace?		
Customer (Business) see value in executing this capability	Does your customer (business) see value in performing this capability?		
Necessary to meet regulatory requirement	Is this capability necessary to meet regulatory requirements?		
Sourcing Candidate	Can this capability be sourced?		
Total			

Capability Assessment Dimensions

- Assess the Tech & Ops capabilities based on the following dimensions:
 - Core - A capability will be considered as 'Core', if it meets at least one of the following **criteria**:
 - Does it (the capability) help **manage risk**?
 - Does it (the capability) **enable strategic decisions**?
 - Non Core - *capabilities that don't provide a differential advantage for the business in the marketplace (i.e. exhibit common frameworks, methodologies, processes that can be found in similar companies)*
 - Maturity – the degree of maturity the capability has within a given organization and across T&O
 - **Data collected will provide analysis in the following:**
 - Share-ability – degree of potential cross-pollination and leverage-ability across T&O and within the business (i.e. relationship management)
 - Service Delivery – potential areas for Shared Services/COEs
 - Location where mature/immature capabilities reside

