



This consists of the **implementation, development and growth of Shared Service Centres (SSC) in Spain.**  
 A SSC is an organisation that consolidates and standardises the management of the provision of certain functions that are common to more than one business division and/or country, providing cost efficiency, higher quality service and better control. That is, it is a **business unit** that is responsible for **centralising certain services of a business group** in order to **generate synergies and economies of scale.** It aims to **reduce costs, consolidate functions and avoid duplication** of efforts among different business units.

### ORIGIN OF THE INVESTMENT OPPORTUNITY



This opportunity arises from the need for companies to achieve **cost efficiency**, higher **quality service** and better **control.** These companies are by enlarge **multinationals in different places that commit to Spain.**

In many organisations, transaction processing and other support services are carried out in different locations, and often **without the processes being completely homogenised.** The philosophy of sharing services lies in the **concentration of activities** being undertaken in a dispersed manner. The goal is to provide the highest quality services, **which increases the added value of the services** offered as well as the costs of providing them potentially actually being reduced.

Adopting the formula of a SSC means that it acts as a **business unit**, which provides **administrative services to other business units**, freeing these to focus their time on the production, analysis and business.

**Common functions** in more than one business division and/or country that are managed from a shared service centre are: **Finance, Human Resources, Information Systems, Logistics/Purchasing, Sales/Marketing, Real estate/Property and Legal.**

### LOCATION OF THE INVESTMENT OPPORTUNITY IN THE SECTOR VALUE CHAIN



In many organisations areas in charge of providing the same service are **duplicated** but in different places. These common services are **suitable to be grouped together** as long as they are **routine high-volume operations** and/or manage **information affecting all areas of the business.** That is when the **creation of a SSC** arises. This shared service centre can **make use of internal resources** or **all or part of a service can be outsourced.** Tracking the results of SSC falls into the last point of the value chain.

### DIFFERENTIATING FACTORS OF THE INVESTMENT OPPORTUNITY

CONSUMER/USER	COMPANY/INNOVATION	SOCIETY
<ul style="list-style-type: none"> <li><input type="radio"/> Innovation</li> <li><input checked="" type="radio"/> Price</li> <li><input checked="" type="radio"/> Quality</li> </ul>	<ul style="list-style-type: none"> <li><input checked="" type="radio"/> Operations</li> <li><input type="radio"/> Supplies</li> <li><input type="radio"/> New business lines</li> </ul>	<ul style="list-style-type: none"> <li><input type="radio"/> Environment</li> <li><input type="radio"/> Well-being</li> <li><input type="radio"/> Safety</li> </ul>
<p>The independent business unit that carries out a core process is understood to be the consumer/user. Therefore, the <b>operational advantages</b> of this model are:</p> <ul style="list-style-type: none"> <li>• <b>Standardisation and efficiency of processes and systems.</b></li> <li>• <b>Specialisation.</b></li> <li>• <b>Implementation of Best Practises.</b></li> <li>• <b>Measurement and continuous improvement of costs and service level.</b></li> <li>• <b>View of the process .</b></li> </ul>	<p>The <b>corporate benefits</b> are:</p> <ul style="list-style-type: none"> <li>• Management model <b>optimisation</b> and control.</li> <li>• <b>Scalability</b> of new businesses.</li> <li>• Platform for <b>geographic expansion.</b></li> <li>• <b>Reducing structural costs.</b></li> <li>• Greater <b>visibility and control</b> of working capital.</li> <li>• Increased <b>productivity.</b></li> <li>• Greater <b>flexibility and efficiency</b> in system development (savings in implementation costs).</li> </ul>	<ul style="list-style-type: none"> <li>• From the point of view of the country, the implementation of corporate SSCs in Spain can contribute to the <b>shaping of a specific economic sector in Spain</b> around shared service centres, in addition to being a <b>strong argument for moving to Spain</b> for other foreign companies undertaking activities in this field. The proliferation of corporate SSCs has an <b>impact due to the high usage and increase in capacity of connectivity infrastructure,</b> reusable by other socio-economic actors.</li> </ul>

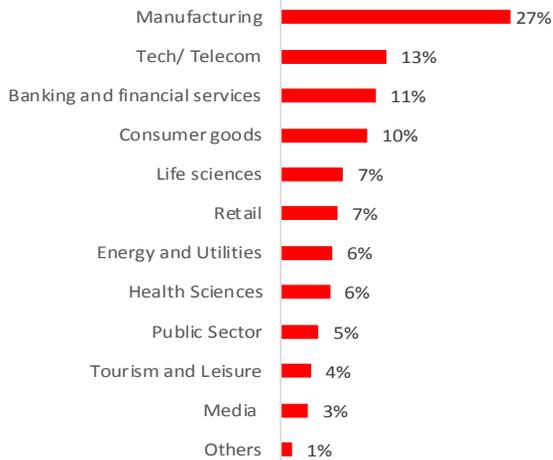
### INVESTMENT OPPORTUNITY LIFE CYCLE



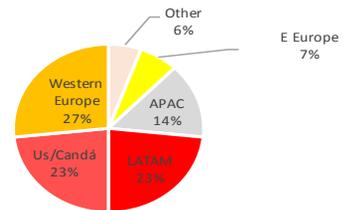
The SSC concept emerged in the mid-90s in response to the **need to reduce costs within organisational structures** at a time of **strong global expansion** of multinational companies. The economic future and the evolution of these companies in recent years have transformed both the conception and future expectations of the SSCs and they are now **becoming stronger**, with the **economic crisis** leading to further increases in the pressure on businesses to **increase competitiveness.** This challenge is particularly **relevant for multinationals** that generate a large volume of business and **operate in different markets**, that is, they have global activities.

## CHARACTERISTICS OF THE SSC SECTOR (1) y (2)

## Company Industry



## SSC localisation



## Functions managed in SSCs



## DEMAND

## COMPANIES DEMANDING SSCS

- The industry with most Shared Services Centres in operation is **manufacturing** (27%), followed by **Tech/Telecom** (13%), Financial Services (11%), Consumer Goods (10%) and Life Sciences.
- In Spain, these sectors are **represented by large multinational companies**, highlighting the existence of a strong business network, the origin of potential demand for SSCs. Around **13,000 foreign affiliates** have a presence from various countries, predominantly Germany, France, the United States, Great Britain and Italy.

## GROWTH

- Internationalisation** is one of the main avenues of growth and expansion for any company. In times of crisis, the search for **new markets** to find new potential customers becomes a necessity. This translates into an **increase in multinational companies that need a SSC to reduce costs** and focus on value-adding tasks. The trend of internationalisation is **constantly evolving** and along the same lines, **growth in companies' use of SSCs is predicted**.

## SUCCESS STORIES

**RICOH**  
imagine. change.

**RICOH Shared Services Centre for Southern Europe.** The SSC, which currently employs more than 400 people and occupies 3,000 m<sup>2</sup> in the building of the headquarters of RICOH Spain, has become a key part of RICOH's EMEA region. The centre has integrated back office services from France, which are added to those already offered for Spain, Portugal and Italy. The choice to consolidate in Sant Cugat del Vallès is a **commitment by the Group to the metropolitan area of Barcelona**, which in recent years has positioned itself as a **strategic enclave**, both because of its ability to attract talent from around the world as well as the facilities the surroundings provide for the development of such projects. RICOH is a benchmark in Sant Cugat for all multinationals.



**Bayer believes in Spain to deliver shared services to its subsidiaries in 22 countries.** The Bayer SSC in Barcelona gives greater added value in the areas of accounting, controlling, and information technology. It serves 22 countries including Greece, Turkey and Latin America. This decision positions the Service Centre in Barcelona as a **key location in the overall strategy of the company**, which has four shared service centres outside of Germany and two centres in this country. In addition, Bayer **shows confidence in the professionals in this centre** and confirms the commitment of the Group in the allocation of **tasks with high international added value to Spain**.

**CEPSA**

**Cepsa is part of the trend towards Global Business Services (GBS).** Cepsa's Global Business Services (GBS) project, was launched in 2013 and goes a step beyond the SSC itself, offering a **centralised model for management environments**. This formula allows a **single model for all business processes to be used**. GBS centralises a cross-section of functions in **4 management environments** in order to achieve operational excellence, improve service levels, accelerate business results and create a platform to promote growth. These 4 management environments are: **Corporate, SSC, Business Partner and Local Support**. This model allows Cepsa to **constantly evolve, increasingly focusing on improving business management and optimal management of value, talent and innovation**.



## POSITIVE FACTORS FOR INVESTING IN SPAIN

### Favourable factors in Spain for the development of the opportunity

#### Spain as a geographical hub

Because of its **geographic proximity** and **socio-economic ties**, Spain is considered to a platform for doing business in other areas, such as Latin America, Africa, Mediterranean countries and Middle East.

For this reason, many multinationals choose our country as a hub for their operations centres.

#### Big business bet on Spain

**Big companies locate their SSCs in Spain**, including: GM, HP, Michelin, Coca-Cola, Air Products, Ricoh, Almirall, Agilent Technologies, Bayer, Brightpoint, Techdata, Chep, Daimler, Desigual, Ericsson, Tui, Schlinder, Seat, Abertis, TOYS-R-US, Gamesa, Iberdrola, Nixdorf, Adecco Manpower, Avis Europe, Ericsson and Fiat.

#### More than 13,000 foreign subsidiaries in Spain

The number of subsidiaries of **foreign companies in Spain has grown steadily** in recent years. Reaching more than 13,000 companies in early 2013. <sup>(3)</sup>

Therefore there is an **increased potential market** in our country for the development of this opportunity.

#### Social factors

Spain has an economically **active population of 23,026,800**. Compared to other OECD countries the Spanish population is relatively young: 16% of the population is under 16; **66% are between 16 and 64 years** and only 18% are over 65. Most of the employed population is concentrated in the **service sector, which is the most important in the Spanish economy**.

### Favourable factors for the sector in Spain

#### Macroeconomic situation

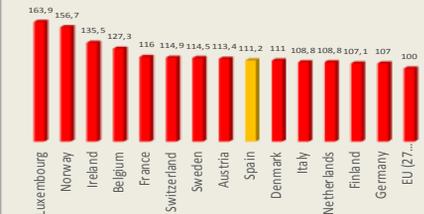
The **Spanish GDP grew 1.4% in 2014 and was higher than the average of the countries of the European Union (1.29%) and the eurozone (0.85%)**. Other relevant EU partners grew at a slower pace, such as: France (0.2%) and Italy (-0.4%). <sup>(3)</sup>

#### Labour market

Wage costs are more competitive than in the major European economies, labour costs (cost/hour) are below the average of the EU-27, and labour productivity is higher than the EU average.

It is ranked **4<sup>th</sup> in Europe in terms of people with tertiary technical/scientific education**, and one of the highest in Europe in terms of continued employment and business process outsourcing.

#### Productivity per employee Index



Graph created using Eurostat data  
(Index, EU 27 = 100)

#### Suppliers

The strength of Spain is the **balance between care provided by the staff and the price** the companies have to pay for the service. Spain has a young, highly qualified population and with competitive costs in the context of Western Europe, especially in the case of graduates.

Moreover, **Spanish is an important economic asset for Spain**. It is now used by **450 million people**.

#### Incentives

In order to **promote investment, employment, competitiveness and economic growth**, the state and other public authorities are developing and consolidating a broad and comprehensive range of aid and incentives, giving special emphasis to the promotion of permanent employment.

#### Geographic location

Spain is **within reach of three main regions**: the **European** region, the **Mediterranean** region and the **Atlantic** region. Spain is considered to be the gateway between North Africa and Europe, and a key link to Latin America, not only because of its geographical location but also because of its strong historical and cultural ties with the region. In Spain the **Canary Islands** play a key role with regards to **maritime traffic with West Africa**.

#### Quality of life

As with most of the Spanish production sector, shared service centres are mostly concentrated in **large cities and surrounding areas**. Madrid and Barcelona are preferred by companies to place these units. Spain enjoys over three thousand hours of sunshine a year, which makes the country one of the warmest in Europe.

The climate contributes to the enjoyment and comfort of people, and is very favourable for both companies in sectors highly conditioned by the weather; and for those who seek environments that facilitate their operations.

#### Technological and research infrastructure

SSC technology has evolved greatly in the last 5-10 years. However, the two main tools used are still ERP and Excel but many solutions have appeared in recent years integrated with ERP and other business systems that enhance efficiency.

At the moment a trend of new advanced technologies is starting to be seen, such as Robotics.

In Spain, the leaders in SSCs have a good technological base and a **presence in large technology companies**. The **main lever** for further progress in efficiency and added value will be **Technology**.

#### Distribution of Shared Service Centres



#### Transport infrastructure and logistics networks

There are **250 airlines** operating in Spain in its 47 airports; its high-speed rail network is the 2nd best in the world and the best in Europe; it is ranked **1st in the EU for its motorway network**; and it has excellent sea connections to its **46 ports** distributed along the Atlantic and Mediterranean coasts.