



## **CGIAR Consortium**

### ***Consultancy Service to Support Shared Location Services Strategy***

## **Key Findings and Recommendations**

May, 2013

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## Executive Summary

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Building on the Shared Services assessment conducted in 2009, Accenture Development Partnerships were retained to evaluate how best to implement shared service models in both Addis Ababa and Dhaka and make recommendations on how to scale those models to other locations.

Conversations with numerous stakeholders in Addis Ababa, Dhaka, and CGIAR Consortium Center headquarters personnel, as well as high level financial analysis of the CGIAR Consortium Centers in Dhaka confirmed that the CGIAR Consortium is well positioned to take immediate steps towards realizing or improving upon the benefits of shared services in both locations.

Our immediate recommendations for the CGIAR Consortium towards that goal are to:

- 1. Work with ILRI management to formalize, re-brand, and professionalize their shared service offerings at the ILRI campus in Addis Ababa, while at the same time adjust the governance model to move from a “landlord/tenant” model to one more representative of “mayor/city council”.** The ILRI campus already provides services that are valued by the hosted centers. However the lack of service level agreements, strong financial management, agnostic branding, and collaborative governance limits the benefits that are being realized. While the necessity to abide by the host country agreement and the risk burden that ILRI bears should not be understated, there are concrete actions the ILRI campus can take in the immediate term that can improve the quality of services being offered while creating a better spirit on campus.
- 2. Conduct a detailed, bottom up, strategic facility rationalization exercise in Dhaka to determine the best options available for the CGIAR Centers to move to a single facility in the medium term.** A top down analysis of four professional sites where Centers could co-locate in Dhaka was carried out. By leveraging a high level Excel modeling tool and cost data gathered from each center, it is anticipated that rental costs would increase approximately \$730K USD per year across all the Centers if the leading facility candidate (old DFID building) was chosen. This could be partially offset by approximately \$360K USD in savings from shared services. Initial analysis also shows significant qualitative advantages that can be gained from moving to a single facility and therefore a more thorough and strategic analysis of facility options is warranted.
- 3. Develop the model for a separate shared service entity that provides services at the country level on an ‘opt-in’ basis for participating CGIAR Centers.** This entity (the CGSSE) should have a central governing board made up of representatives from all participating Centers, and a single director with reporting responsibility back to the Consortium Office as well as the CGSSE board. The CGSSE should be instantiated once per country which it is servicing, with local staff and management in charge of the administration and execution of the shared services. These local instances should provide a suite of shared services which differ depending on the country - offering only those which allow it to be cost neutral and removing services with insufficient

demand to achieve economies of scale. This would service both locations with shared facilities and those without, but each Center should be able to choose which shared services to purchase. In addition, Centers which opt to leverage the CGSSE should have representation on the local governance committee.

CGIAR should develop the business and operating model for this entity and aim to have the first instance piloted within the next 6 months, providing further analysis proves the business case.

- 4. Begin the pre-requisite steps to implement facility independent shared services, leveraging the model developed above in Dhaka.** Assuming Dhaka as the pilot site for the CGSSE, there a number of steps that can be taken in parallel to recommendation #3 which will prepare Dhaka for the CGSSE pilot. These include centralizing policies such as HR and procurement, defining the legal structure for the CGSSE in Dhaka, and defining the demand amongst Centers for shared services in order to put together the pilot shared services catalogue.

The CGSSE pilot should not be dependent on the existence of a single facility, though the benefits it offers will be enhanced if the majority of the Centers operate from the same building. One is not dependent on the other, hence the recommendations to pursue both in parallel.

In the longer term, CGIAR Consortium should look to:

- 5. Replicate the CGSSE model in other geographies leveraging the lessons learned from the pilot in Dhaka.** An aggressive approach should allow for a second geography to be piloted within 6 months to 1 year of the first, and for a global rollout to begin 1 year after that.
- 6. Understand the impacts of existing host country agreements in countries they wish to target, whether a single consortium based host country agreement would be more favorable, and what would be necessary to secure it.** Current host country agreements do not prevent CGIAR from moving forward with the CGSSE, however there are many benefits that will be easier to achieve should one be in place.
- 7. Investigate where land agreements with the government provide opportunities for long-term, low cost campus creations.** Favorable opportunities such as the ILRI campus in Addis Ababa may exist elsewhere and would only be possible with the strength of the consortium. This may provide the best long term facility strategy for certain geographies including Bangladesh.

With dedicated focus, measurable goals, and leadership support and accountability, CGIAR Consortium is well positioned to achieve many of the benefits outlined in the original Shared Services assessment and the Centers in both Addis Ababa and Dhaka could provide excellent opportunities to pilot new models and act as a benchmark for a larger scale rollout. The remainder of this document will dive deeper into the recommendations above and the rationale behind them.

## Scope of Assessment

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The CGIAR Consortium operates from more than 250 site locations (including Center headquarters). These sites are distributed geographically and potential consolidation gains are evident in facilities in the different regions.

Current facility services include safety & security, housing, transport, HR, physical facilities (buildings, auditoriums, labs, and schools), storage, finance and budget, food and catering, installations, architecture, utilities, maintenance and site operation management.

While some sharing is already taking place between Centers with success, facility duplication still occurs especially in areas of office space, infrastructure and support staff (reception, security, etc.) The scope of this effort is to explore whether there are opportunities in two specific locations to increase efficiency and reduce costs by rationalizing facilities and facility support and propose scenarios for implementation of those opportunities, thus creating new opportunities for researchers to work together.

The vision of the Consortium is to have a set of consortium operated sites where pools of finance, vehicles, administrative support, and research support facilities are shared to achieve economies of scope and scale. The common sites would create greater opportunities and synergies for researchers from different Centers and Programs.

In evaluating two specific locations in Addis Ababa and Dhaka, some of the potential benefits include:

- Improved facility services across country staff – system wide approach leading to more focused and streamlined facility operation, common standards and processes reinforcing a more efficient way of doing business.
- Cost reduction and efficiency gains in Facilities & Personnel – rationalization of facility and facility support, allowing the Consortium Members to save by reducing duplication
- Elimination of redundant negotiation – Consortium wide host agreements providing harmonized costing and pricing, savings from elimination of custom agreements and increased transparency.
- Faster ramp up of new research programs in the region – increased facility sharing leading to greater staff collaboration.

Other benefits include research harmonization, potential umbrella host country agreements, and more. However the scope of this effort was limited primarily to back office shared services.

This report will provide insights into the critical success factors necessary to achieve the benefits above, and the recommended steps and approaches for doing so. It focuses on both the short term tactical changes that can be implemented at both locations to achieve immediate benefit as well more strategic options for managing shared services at a country level, with a focus on delivery of those services via a single, shared facility within the country.

An Excel model was created to allow any geography to conduct a high level facility rationalization exercise and determine whether a more detailed look at facility consolidation is warranted. This model can be used as the basis for an eventual business case towards facility consolidation that would also take into account more qualitative benefits and risks for which financial value cannot be attributed.

## Approach

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The primary approach to gathering information contributing to the Key Findings and Recommendations was through interviews with multiple Centers at each location and headquarters personnel for selected Centers. The stakeholders interviewed at each Center varied from country leads through to finance personnel and researchers. Headquarters stakeholders were primarily head of operations and finance of their respective centers.

The following table provides an indication of the Centers interviewed and the region they represented.

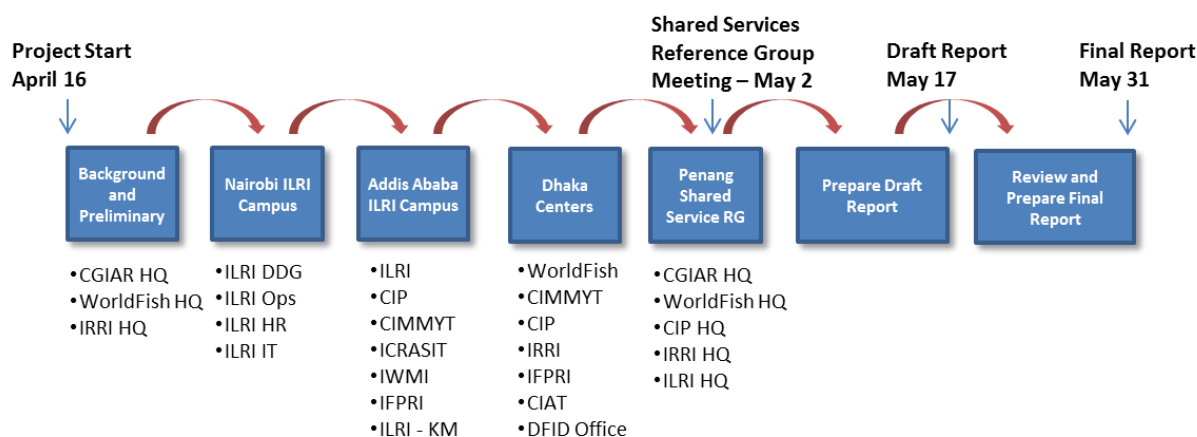
Center	Dhaka	Addis	Headquarters
Office of CGIAR			√
ILRI		√	√
CIP	√	√	√
CIMMYT	√	√	
ICRASIT		√	
IFPRI	√	√	
IWMI		√	
CIAT	√		
IRRI	√		√
WorldFish	√		√

In addition to these interviews, other sources of information leveraged include:

- CGIAR Shared Services Findings and Recommendations – 2009 – Accenture Development Partnerships
- Phase 1 Report – Initial Advice on Building Suitability – 2013 – AIA Facilities Planning Consultant
- Host Country Agreement between Government of Ethiopia and ILRI – 1995
- Host Center Agreement between ILRI and hosted centers
- ILRI Addis Ababa Campus Financial data provided by ILRI
- Dhaka Center financial data collated and provided by WorldFish

It is important to note that the observations made in this document are often a direct reflection of the points of view of those interviewed, and were not necessarily validated for factual accuracy nor do they represent the views of an entire Center. In some cases the points of view or visibility that a site specific Center has will differ with the view point of headquarters and vice versa.

The overall timeline and approach to the project is represented as follows:



## Key Findings

### Addis Ababa

The conversations held at the ILRI campus in Addis Ababa centered around hearing both the ILRI and hosted Center points of view on 3 main areas:

1. Value of the shared services being provided to all hosted Centers and how they do or do not enable the hosted Center to work more effectively.
2. Quality of administration of the shared services and any challenges associated with the service levels delivered.
3. Extent of collaboration and cooperation between hosted Centers and the degree to which operating out of a single campus would enable collaboration.

#### 1 – The value of the shared services being provided

Across the majority of the hosted centers, there is a clear appreciation of the value of the services being provided by ILRI towards the maintenance of the campus and facilities as well as towards services such as travel, procurement, HR, and transport. The smaller and new Centers recognized the value of being able to quickly set up and begin research rather than worrying about utilities, security, infrastructure, housing, etc. They were immediately able to take advantage of the base services that ILRI offered, positively impacting on their ability to be immediately effective.

*“The type of services provided is exactly what you need as a center”*

*“We really like this compound. No office in Addis can compare”*

*“Using the ILRI finance team introduces another set of eyes and reduces the likelihood of fraud”*

There is also value attributed to the concepts of shared procurement, IT, finance, travel, and transportation services. While many of the Centers would prefer to be able to operate within their own institute’s policies, none are inherently against the idea of those functions being provided to multiple Centers by a single shared entity.

The single policy approach and the uniformity that it enforces challenges the centers. It creates conflicts with their own policies as dictated by HQ, causes some resentment amongst their national staff, and hinders their ability to operate in a way that is conducive to their work. One example given was around procurement lead times and the diligence around customs clearance. Certain seeds must be planted within a very narrow time window and one Center felt that long lead times and approval processes within the ILRI procurement workflow caused delays that meant missing the planting season.

## **2 – The quality of the administration of shared services**

*“While we appreciate the concept of all the shared services being provided, where possible, we try and avoid using them”*

*“We would be ok with the costs if we had more visibility into how they were calculated and more notice on when they were increasing”*

*“Outsourcing can create panic amongst the hosted institutes”*

While hosted Centers are uniform in that they see the value in the shared services being provided, there was equal uniformity in their displeasure in how those services are delivered and governed. The four primary areas of complaint are:

- a) Lack of a customer service mentality** - Though it was understood that ILRI’s core function is not to provide shared services and therefore there is a certain amount of leniency afforded to the level of service provided, multiple Centers mentioned a general lack of courtesy, urgency, and follow up on requests provided by different shared services. Other Centers perceived that ILRI receives priority and preferential treatment in terms of services requested and efficiency of processing. The host Center agreements indicate the services to be provided, an indication of which are optional and which are mandatory, and the costs associated. However no service level agreements exist to set hosted Center expectations on speed and quality of delivery. Without SLAs, measurement of quality and efficiency is not possible, which in turn contributes to poorer customer service.
- b) No transparency of information** – While most Centers made mention of high cost of services, their primary complaint was not about the actual costs, but general distrust in whether they were the right costs and on what basis the costs were being levied. The perception is that ILRI is making profit from the services they provide, and while it may be within their rights to do so, it leaves a sour taste amongst the hosted centers. Centers would prefer to have greater visibility



into the overall costs of running the campus and shared services, especially in situations where those costs are increased.

- c) **Lack of visibility into campus strategy** – Centers desire a better understanding into the overall strategy for the campus – further underlining the need for transparency. For example, what is ILRI’s vision concerning the hostels, residential housing, the club, office upgrades, outsourcing of services, etc. While no one stated they were entitled to know, this type of visibility contributes to a more inclusive feeling within the campus.
- d) **Lack of input into decision making** – Centers expressed their feeling of a “tenant/landlord” relationship with ILRI, with no ability to voice opinions or influence decisions about campus investment, policy, and costs. Specific examples mentioned were decisions to discontinue transport services, outsource campus security, and change medical clinic services. Centers recognized that ultimate decision making lies with ILRI, but desire more involvement in the decision making process - which would again lead to a more inclusive feeling and ownership over the campus. In the past, a staff council existed with the intention of creating a bridge between the staff of all Centers and management, but was canceled due to a perceived lack of management participation.

An additional point of concern raised by ILRI is that the Addis campus is currently close to full capacity and without a mechanism for resolving demands for additional space, the decisions currently default to ILRI. Conflict in this area, whether it be between ILRI and the hosted Centers or between the hosted Centers themselves could lead to long term damage to broader center-level collaboration, either for shared services or research collaboration.

Even though hosted Centers expressed a desire to be more involved in decision making and more aware of information regarding the campus and shared services, they were also quick to point out their hesitancy to invest any further as a center. Most of this sentiment is associated with the short term nature of their programs and uncertainty about how long the Center would operate from Ethiopia. It should be noted that this is a hosted Center view which may not have the full visibility to a more holistic strategy that headquarters may have for the region.

*“Campus must walk the fine line of appealing to Centers to keep them here but also not being overburdened with the services necessary to do so”*

ILRI management is aware of the general complaints and desires of the hosted centers, but face the burden of providing a wide set of services that are not related to their core mission, livestock research. Because of a very longstanding and favorable host country agreement with the Government of Ethiopia, and being the only ones to have a host country agreement, they are forced into a position of control in order to reduce the risks they inherently take on by hosting other Centers in their campus. By officially employing all staff from any hosted center, ILRI inherently accepts the responsibility for the behavior and actions of those staff. Any non-adherence to the laws of the Government of Ethiopia or to the terms of the host country agreement by those staff would result in ILRI being liable. This includes any immigration, procurement, and even traffic violations.

ILRI faces a catch-22 - needing to implement greater control and higher chargebacks in order to reduce their financial risk and risk with the Government, but also needing to host other Centers at their campus in order to generate revenue, therefore being more accommodating than in a true “landlord/tenant” relationship. ILRI’s own programs are not sufficient to justify the full cost of the campus, and with a recent reduction in unrestricted funding, do not have discretionary funds with which to invest in the campus.

The ILRI entities providing shared services, such as the supply chain department, engineering department, and hospitality department face challenges in their ability to deliver those services. For example, it was noted that the hostels need to run at 100% occupancy in order to re-invest and provide services that are commensurate with other hotels nearby. However, Centers are directing their guests to hotels, resulting in 60% occupancy at the hostels, lack of revenues for upgrades and services, and a self-perpetuating cycle.

Each shared service entity is responsible for recovering its costs, but struggles to do so unless each hosted Center fully leverages those services. Another example is procurement. When procurement is executed outside the ILRI process, the revenues that would have been generated from that procurement are lost. The supply chain team indicated that more and more procurements are being done outside the system, even vehicle purchases, which results in lost revenue as well as higher risk for ILRI.

### **3 - The extent of collaboration and cooperation between hosted centers**

Fostering collaboration and cooperation between the Centers and their research staff is one of the principal benefits of operating out of the same facility. Through discussions with both ILRI and the hosted centers, most agreed that while being in the same facility does provide some advantages, a common place to work has not resulted in substantial collaboration. The primary driver is shared research objectives and the introduction of CGIAR Research Programs (CRPs) that require multiple Centers to contribute to an outcome. Without CRPs, Centers would continue to operate very independently in the absence of other incentives to collaborate.

Most institutions seemed to welcome the CRPs and the benefits of long term funding and the opportunity to work with other centers, though some opinions were more skeptical.

Opinions on the CRPs aside, it is clear that they are crucial to collaboration between Centers and will be the driving factor in increased Center collaboration. A common facility can enable those interactions and improve the efficiency of Centers that need to work together by eliminating logistical barriers that might otherwise exist, especially in geographies with poor infrastructure.

*“We need to create a social atmosphere and encourage the ‘human element’ to get more collaboration”*

Some aspects of the shared campus were specifically mentioned by ILRI and hosted Centers as having contributed to the interaction between staff. The knowledge center and library was highlighted as a valuable place to interact and gain awareness of other center’s programs. The Zebu club is popular and

provides a place for staff to socialize. Especially amongst local staff, the opportunity to share a coffee together can lead to the type of conversations that result in the sharing of information. The general atmosphere of the campus itself also fosters social activities.

*“I go running each day with someone from CIP”*

The attitudes towards cooperation appear to be positive and it was mentioned that there is a lot of trust between scientists. One of the reasons is that the lack of any center’s headquarters at the campus creates a more informal, less competitive, and less protective atmosphere. Centers welcome the initiatives by the ILRI Knowledge Management and Information Services team such as the “Campus Coffee Mornings” and workshops on topics that are relevant to all centers. Some Centers requested more trainings as an additional shared service that they would value. The ILRI Knowledge Management team has also taken up initiatives to consolidate journal subscriptions and individual Intranets so that a greater wealth of knowledge is available to everyone at a lower overall cost.

## **Dhaka**

The conversations with the six CGIAR Consortium Centers operating out of Dhaka were focused on getting the center’s point of view in three main areas:

1. The degree of collaboration and cooperation that was currently happening between Centers and whether moving to a single facility could enable it further.
2. The overall benefits and challenges that each Center would face in moving to a shared facility.
3. The benefits and prioritization of shared services.

### **1 – The degree of collaboration and cooperation between centers**

Similar to in Addis, Centers related through programs felt they collaborated well due to the necessity to work together. There are fewer CRPs driving the work in Bangladesh, but some of the bilateral funded programs are cross-center. In each of these cases, the Centers agreed that they worked well together, but only came together for specific meetings unless they are already located in the same facility, such as IRRI and CIMMYT. The spirit of collaboration is also present in non-research related activities such as WorldFish and IRRI jointly taking initiative of the search for a common facility.

*“If we collaborated more, we could think about problems better at a system level”*

*“There is a lot of synergy we could gain by collaborating more with the other centers”*

As in Addis, Centers agreed on the benefits of further collaboration in research as it could make them more efficient and think more holistically about the problems they were trying to solve. For example, CIP and WorldFish collaborate around the opportunities for farmers to benefit from sweet potato crops that grow well around fish ponds. The ability to share common expertise, such as gender or conservation agriculture, was also mentioned as a benefit of greater collaboration.

*“Unless there is a meeting, we don’t meet”*

Again, as at the ILRI campus in Addis, the feeling is that a common facility would not be the primary driver for collaboration, but would help enable it in situations where it would otherwise not have happened. Centers were excited about the idea of common research facilities, cafeteria, and common spaces. They were also encouraged by the idea of convenient common training programs, the ability to listen in on lectures from other centers, and working side by side with other researchers, all things they wouldn't otherwise travel from one Center to another to participate in. Centers were even open to the idea of open seating arrangements by program rather than by center, an idea that wasn't so well received in Addis.

## **2 – The benefits and challenges of moving to a new facility**

Led by IRRI and WorldFish, each of the Centers has participated in an evaluation of moving into a common, shared commercial facility in Dhaka. A separate consultancy has evaluated four different potential commercial properties and the detailed findings from that evaluation can be found in their report.

Each Center is currently operating from converted residential buildings. Two centers, IRRI and CIMMYT currently operate from the same building while IRRI and CIAT also share a separate building with the others all located relatively near to each other. Of these centers, CIMMYT and WorldFish indicated an intention to move offices and were waiting to understand the outcome of the facilities evaluation before making any decisions.

Operating out of their current residential facilities offers the Centers a number of benefits including low rent, short term leases, safe and quiet locations, and flexibility to adjust their space as necessary. Those Centers that operate within the same building also have the benefit of sharing certain services such as security, parking, and cleaning services.

However, the residential facilities also come with many drawbacks:

- Technically not zoned for businesses, Centers run the potential risk of zoning violations.
- Often not in zones with clear transport avenues and pose a risk for potential evacuations.
- Do not meet international occupational health and safety standards - such as for fire escapes and handicap accessibility.
- Separate washrooms for males and females are often not available.
- Parking is limited.
- Backup electricity is not always available.
- General unprofessional appearance inside and out as primarily intended for residential use (the exception being the IFPRI offices, for which IFPRI invested \$400,000 USD in order to create a professional atmosphere).

The potential benefits from collaboration and the lure of additional features such as a common information center, cafeteria, storage and lab space, and others, each local Center shows an interest in moving to a shared facility should the conditions be conducive for doing so. Additional benefits such as a stronger visible presence of CGIAR Consortium, larger and more professional meeting and conference

spaces, and the overall attractiveness to donors of operating out of a single facility were also mentioned. The local Centers also recognize the potential benefits of additional shared services which will be described in the next section.

The center’s point of reference with regards to facilities comes from their current facilities and from the 4 other facilities being evaluated by the space consultancy. With that in mind, there are two primary points of concern to move to a shared facility.

- a) **Substantially increased office rent** – Using the old DFID facility as a point of reference, initial calculations show that office rent for each Center will rise between two and seven times their current rents if each were to move into that facility, a difference of between \$7,000 and \$24,000 per month depending on the Center [See Figure 1]. Each local Center indicated an inability to absorb this level of increase in costs and is unwilling to allocate program funding for better office space. They have not done a full financial analysis which takes into account other savings derived from shared services and lessened exposure to risk. Centers have also not evaluated lower cost, non-commercial options to share a single facility. The expectation of each local Center is that the office of the consortium would help to mitigate a portion of the cost increases which represents an example of where local Center perspectives and those of the office of the consortium and Center headquarters may not align.

	CIP		WorldFish		IRRI		CIMMYT		IFPRI	
	Current	Projected	Current	Projected	Current	Projected	Current	Projected	Current	Projected
<b>Rent (monthly)</b>	\$1,800	\$8,680	\$4,500	\$18,444	\$4,881	\$28,968	\$2,000	\$13,019	\$6,000	\$15,189
<b>Sq. Feet</b>	4,000	3,089	8,500	6,564	13,350	10,309	6,000	4,633	7,000	5,405
<b>Staff</b>	28	28	55	55	64	64	23	23	25	25
<b>Cost per sq. foot</b>	\$.45	\$2.81	\$.53	\$2.81	\$.37	\$2.81	\$.33	\$2.81	\$.86	\$2.81
<b>Cost per staff</b>	\$64.29	\$309.98	\$81.82	\$335.35	\$76.73	\$452.62	\$86.96	\$566.06	\$240.00	\$607.57

Figure 1 – Based on externally developed facilities report and information provided by each center. Projected square feet estimated based on current percentage of sum of square footage of all centers. United Group commercial center leveraging 3 floors and 30,000 square footage of space used as point of reference. Costs do not include maintenance, parking, taxes, or one time furnishing and set up costs. Calculations intended to be illustrative and not exact. Projected staff does not take into account growth projections.

- b) **Long term commitments** – Four of the Centers do not have country offices and are operating single projects based on a single source of funding and as such are more hesitant to commit themselves to any long term rental agreements. In the case of IFPRI, they are unsure whether it is worth it to go through the discomfort of a move when they may only operate out of the new Center for a maximum of one year. With the fear of long term commitment, they were much more open to a scenario where they could rent space for shorter periods of time from a central entity that owned the longer term lease, such as the office of the consortium or another center. It is important to note that these are the views of local staff who do not have as much visibility to the long term strategic plans of their headquarters in the region. Therefore they are only evaluating ability to commit on the basis of their program alone, rather than a wider breadth of programs that may be intended.

Other points of concern which were more specific to particular Centers included disagreements on location, availability of wet lab space, and amount of space necessary to facilitate their senior staff.

### 3 - The benefits of shared services

*“We could have a single procurement officer across all centers. We could never otherwise do that.”*

Independent of moving to a single facility, Centers believe that there are many areas that can provide benefits if provided through a shared service, provided that service levels would remain high especially in term of speed of processing. Specific services mentioned are shown in the table below [Figure 2]:

Shared Service	Description	Dependent on Single Facility?	Requires Single Policy
Security	Staff and policy to provide physical building security, regional security monitoring, as well as building access, access cards, and guest passes. Also a single approach to emergency preparedness	Yes	Yes
Facility Management	Management services to run and take accountability for the facility and the services it provides	Yes	Yes
Research specialists	Some research expertise could be shared such as GIS specialists, gender specialists, nutrition specialists and environment specialists	No	No
Food and catering	Common provision of day to day and event specific catering	Yes	N/A
Bulk Purchasing	Combining and centralizing orders of computers, phones, office equipment, visitor accommodation, stationary, rental vehicles, airline tickets and vendor management to achieve volume discounts	No	Yes
Procurement	Creation of a procurement officer and centralized procurement team to manage entire procurement process	No	Preferable
ICT Infrastructure	Common network, ISPs, backups, access	Yes	Yes
ICT Support	Common help desk for network and desktop support	No	Yes
Cleaning and Maintenance	Common cleaning and building maintenance service	Yes	No
Human Resources	Common staff to administer HR policy, payroll, recruitment, and other HR matters	No	Preferable
Travel	Single point of all travel requests including flights, accommodations, vehicle rental, and visas for incoming and outgoing staff	No	Preferable
Legal and Insurance	Staff and policy to manage legal matters associated with facility, staff, and liaisons with Government	No	Yes

Utilities and Power	Single approach to the acquisition of power and backup power	Yes	N/A
Transport services*	The use of a common pool of vehicles and drivers allocated on as needed basis to centers	Partially	Yes
Other admin	Other administration services such as receptionist, clerks, messengers, etc.	Yes	No

**Figure 2**

\*While transport services were identified as a potential area for shared services, Centers were more cautious due to ties to certain drivers and the desire to have exclusive use of their vehicles.

As shown in the table above, a number of the shared services identified can be delivered without the necessity of operating out of a single facility. However, certain shared services such as ICT infrastructure, cleaning and maintenance, and security are only beneficial for Centers operating out of the same office. It is also important to note which services would require a common policy amongst all participating Centers to deliver. For example, a common procurement service can be delivered with each Center having its own procurement policy, but would become much more complex to deliver and could erode some of the potential benefit of the shared service.

IRRI is already providing some services to other Centers such as procurement, finance, and HR and charging for those services, and there is some sharing of services at field level so the precedent of one Center providing services for multiple has already been set and the benefits of doing so recognized. There was not significant pushback to the idea of moving to common policies, though this pushback is more likely to come from Center headquarters as opposed to the local centers. The primary concern is the ability to deliver the services in an efficient and non-bureaucratic way.

## Key Questions

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In evaluating the observations made through the site visits, two primary key questions surfaced which underpin the high level recommendations outlined below.

1. How can the hosted Centers at the ILRI campus continue to receive the benefits of shared services while at the same time:
  - a) Reducing the burden and risks on ILRI to provide those shared services
  - b) Being more inclusive of the needs of all CGIAR Consortium Centers
  - c) Improving service levels while at the same time managing costs
  - d) Staying within the bounds of the current ILRI host country agreement
  
2. What is the best long term and short term approach for the CGIAR Consortium Members in Dhaka to move into a common facility and leverage shared services to become more cost and service efficient?

## Guiding Principles

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The shared services reference group agreed upon the following guiding principles to guide the answers and recommendations associated with the questions listed above.

1. It is not in the best interest of individual Centers to take on full responsibility for the delivery of shared services and the maintenance of facilities for other centers. To the extent possible, this approach should be avoided or minimized within the boundaries of the legal constraints that exist in each region.
2. The consortium office is not and will not be in a position to make material investments in the existing or new facilities of a region and any solutions will require voluntary financial and risk commitments from the CGIAR Consortium Centers operating in that region.
3. Both Ethiopia and Bangladesh are strategic geographies for CGIAR Consortium with expected growth in programs over the next 20 years. As such, decisions around facilities, shared services, and financial commitments should be made with long term goals in mind, though with possible interim solutions in the meantime.
4. No Center should unduly financially benefit from their role as part of the shared services model. Any surpluses that may be generated should be re-invested/reserved for future use at the discretion of the shared services governing body for that region.

## Recommendations

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The recommendations below are focused on answering the Key Questions documented above. They are intended to provide CGIAR Consortium options for addressing these key questions with approaches that are strategic and future oriented as well as more tactical short term actions that can be made in the interim until the longer term solutions can be implemented. The recommendations take into account the following inputs:

- Information gathered through the interviews conducted in the first weeks of this project (documented in the *Key Findings* section of this document)
- Input received during the shared services reference group conference in Penang including the *Guiding Principles* documented above
- The initial recommendations of the shared services strategy executed in 2009
- One on one conversations with the Head of Shared Services for CGIAR
- The implied desire of CGIAR Consortium to use shared facilities as a catalyst for a broader shared service offering
- On the ground practicalities and limitations such as host country agreements, availability of staff, etc.



- Accenture’s own experience with shared service implementations

With the knowledge that it is a fundamental interest of CGIAR Consortium to make research functions more collaborative and enable scientists across geographies, functions and Centers work together in an efficient model, the bias of these recommendations to move towards shared services in shared facilities and take the steps necessary to make those models successful. The trend towards increased partnerships across Centers and across external organizations will require better infrastructure to bring teams together quickly. And long term competition for research funding will be dominated by those organizations that have access to top talent and a global footprint that can quickly bring the needed researchers together under a more efficient model.

Based on the information above, our recommendations are as follows. The evaluation timeframe refers to the timeframe in which to plan, design, and finalize on approaches, and the implementation timeframe refers to the timeframe in which to actualize upon the decisions made.

<b>Recommendation</b>	<b>Evaluation Timeframe</b>	<b>Implementation Timeframe</b>	<b>Location Impacted</b>
1 - Work with ILRI management to formalize, re-brand, and professionalize their shared service offerings at the ILRI campus in Addis Ababa, while at the same time adjust the governance model to be more inclusive of all hosted centers.	Now-6 months	3-9 months	Addis Ababa
2 - Conduct a detailed, bottom up, strategic facility rationalization exercise in Dhaka to determine the best options available for the CGIAR Consortium Centers to move to a single facility in the medium term	Now-3 months	6-12 months	Dhaka
3 - Develop the model for a separate shared service entity that provides services at the country level on an ‘opt-in’ basis for participating CGIAR Consortium Centers and pilot in Dhaka	Now-6 months	5-12 months	Dhaka and Global
4 - Specifically for Dhaka, begin the pre-requisite steps to implement facility independent shared services leveraging the model developed above	Now – 5 months	5-12 months	Dhaka
5 - Replicate the shared services model in other geographies leveraging the lessons learned from the pilot in Dhaka	6-24 months	12-48 months	Global
6 - Begin to understand the impacts of the existing host country agreements in the countries they wish to target and whether a single consortium based host country agreement would be more favorable and what would be necessary in order to secure it	6-12 months	13-48 months	TBD

7 - Investigate where land agreements with the government may provide the opportunity for long term, low cost campus creations	7-24 months	36 to 60 months	TBD
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**1 - Work with ILRI management to formalize, re-brand, and professionalize their shared service offerings at the ILRI campus in Addis Ababa, while at the same time adjust the governance model to be more inclusive of all hosted centers.**

The facts remain that ILRI is bound by a very positive host country agreement that other Centers will not be able to secure and they are the only Center in a position to provide shared services and look after the future of the campus. Until a longer term solution that incorporates a different shared services entity model is positioned to be implemented, ILRI will continue to face the burden of providing those services and must prioritize looking out for its own overall health and ability to further its mission.

In the meantime, there are a number of steps that ILRI can take to improve the overall financial health of the campus, improve service levels, and create a more inclusive atmosphere on campus. Many of these recommendations are intended to be done in good spirit and to change the “landlord/tenant” perception and source of discontent amongst hosted centers. ILRI has the right and in some cases obligation to continue to manage the campus in their best interest and the recommendations here are not intended to eliminate that right. The guiding principles agreed upon indicate that a Center should not *unduly* benefit from shared services, therefore not in a way that is at a significant expense to other Centers or unfairly takes advantage of a situation. The recommendations below, through a more inclusive and transparent approach to governance and customer service, are in fact intended to enhance ILRI’s ability to operate their campus effectively while at the same time improving the overall harmony between centers.

1. Re-assess branding strategy. Where possible, move to a Center agnostic branding approach rather than an ILRI brand. Brand the shared services providers as an independent entity, though still provided through ILRI.
2. Assess current approach to maintaining campus finances and develop a more robust financial model to determine appropriate cost structures and key performance indicators for the financial health of the campus and the services being provided.
3. Establish Service Level Agreements for each service being provided and an approach to measuring against those SLAs. Report performance against the SLAs to all service consumers.
4. Develop and publish a 1, 3 and 5 year campus strategy which includes plans for investment, direction with regards to outsourcing, and plans for service.
5. Create a governance model by which challenges and decisions regarding the campus can be discussed and allows for two way communication on issues with multiple stakeholders. Consider allowing certain decisions regarding the campus to be voted upon by hosted centers. Consider governance models such as a mayor/city council or a condominium association.
6. Use the Knowledge and Information Management team more aggressively to push the collaboration and knowledge sharing agenda.

7. Conduct a thorough assessment of space management to find opportunities to more effectively and aesthetically use space.
8. Begin the evaluation of an umbrella host country agreement that would cover all hosted Centers.

Each of these activities can begin now, and with the appropriate level of attention could be completed within 3 to 9 months.

**2 - Conduct a detailed, bottom up, strategic facility rationalization exercise in Dhaka to determine the best options available for the CGIAR Consortium Centers to move to a single facility in the medium term.**

The scope of this assessment was not to make definitive recommendations on whether or not the CGIAR Consortium Centers currently operating out of Dhaka should move into one of the common facilities already being evaluated. However, as the 2<sup>nd</sup> Key Question states, it is to define a suggested approach for making that decision in Dhaka as well as potential future geographies where facility consolidation is being considered<sup>1</sup>.

The recommendations that follow make the basic assumption that it is the desire of the office of the Consortium to operate from single facility locations where both the hard and soft benefits of doing so are strong and agreed upon by all Centers. The initial phase of this project, through conversations with the Member Centers in Dhaka as well as HQ representatives confirmed this assumption is shared beyond just the office of the Consortium.

Upon review of the financial information from each of the Dhaka Centers as well as the preliminary cost findings from the 3<sup>rd</sup> party facility study, there is enough evidence to warrant a more detailed and more strategic look at moving to a single facility. Using the old DFID building as a benchmark, a financial modeling exercise showed that moving to a single facility would increase rental costs across all Centers by approximately \$730K USD. The implementation of shared services could offset that cost by approximately \$360K USD. [See Figure 3]

Projected Average Yearly Revenues over next 5 years: \$32,000,000 USD	
Projected Financial Impact of rental costs (assuming old DFID facility) (Yearly)	\$ (730,000) USD
Projected Financial Benefit of shared services (Yearly)	\$ 360,000 USD
Net Yearly Financial Impact	\$ (370,000) USD
Current total costs as a percentage of revenue:	5.23%
Projected total costs as a percentage of revenue:	6.28%

Figure 3 - Based on initial high level analysis of revenue and cost information provided by Centers in Dhaka. Where cost and revenue information were not provided, assumptions were made. See Appendix A for further description of the financial model. Calculations are illustrative and not intended to be definitive.

<sup>1</sup> The factors for evaluating the opportunities for facility consolidation were documented in the CGIAR Shared Services Findings and Recommendations by Accenture in 2009 and remain true today.

Based only on that analysis, the CGIAR Consortium Centers in Dhaka could collectively pay approximately \$360K more in rent per year without impacting their project budgets by leveraging shared services. *However, strict comparisons against current costs of facilities do not provide true insight into what the appropriate level of cost for facilities should be and results in short term thinking about decisions that have impact over the next 10+ years.* Center leads that operate from a single source of funding and do not have visibility into the broader vision are especially prone to fall into such a trap. If the long term strategy for Consortium Member Centers is to operate programs out of Bangladesh, then facility decisions should be made in absolute terms against revenue projections, using various benchmarks to help guide decisions around long term facility costs. For example, CGIAR Consortium should compare projected costs as a percentage of revenue against industry and CGIAR Consortium benchmarks in other locations, as opposed to just how it compares against status quo. In the scenario above, total costs as a percentage of revenue would increase only 1% point and the new metric is what should be tested for affordability.

Qualitative benefits such as raising service levels, comfort, health and safety standards, security, levels of collaboration, and others should also not be ignored, and may be considered worth the additional costs in rent. [See Figure 4]

Qualitative Benefit	Single Commercial Facility	Single Residential Facility	Status Quo
Improved collaboration between centers	Yes	Yes	Partial
Common areas/library	Yes	Maybe	No
Additional Parking	Yes	Maybe	No
Standard safety provisions (fire escapes, fire alarms, etc.)	Yes	Maybe	Partial
Standard security systems	Yes	No	No
Zoning risks	Low	High	High
Ease of access	Unknown	Unknown	Variable
Handicap accessibility	Yes	Unlikely	No
Backup power provisions	Yes	Maybe	No
Catering and food	Yes	No	No
His/Hers bathrooms	Yes	Maybe	Variable
Storage space	Yes	Maybe	No
Lab space	Maybe	Unlikely	No
CGIAR Consortium presence	High	Moderate	Low
Professional conference and meeting facilities	Yes	Unlikely	No

Figure 4

To make holistic and sound future based decisions about facility consolidation in Dhaka or in any other location, CGIAR Consortium should execute the following steps as part of a facility rationalization study.

1. Use the high level model to do initial analysis on business case to move forward with facility consolidation.

2. Take a check point. If initial high level analysis (should take no more than 2 weeks to complete) shows enough evidence to continue analysis, move on to step 3 for a more thorough and detailed evaluation.
3. Put together a detailed cost analysis of current facility and administration costs per Center.
4. Determine 5, 10, and 20 year revenue projections per Center.
5. Gather benchmarks on facility and administration costs for other CGIAR Consortium locations, other similar industries, and donor expectations on administration as a percentage of revenue.
6. Develop facility requirements.
7. Determine and document facility legal considerations.
8. Evaluate potential savings from shared services dependent on facility consolidation.
9. Evaluate regional market given requirements, affordability, and legal constraints.
10. Develop holistic business case.
11. Make final recommendations on whether facility consolidation makes business sense.
12. If recommendation is to move forward with facility consolidation, begin detailed facility search and transition plan.

**3 - Develop the model for a separate shared service entity that provides services at the country level on an 'opt-in' basis for participating CGIAR Consortium Centers and pilot in Dhaka.**

The overall long term recommendation that will allow Centers within a country to receive high quality, cost effective shared services, while at the same time working within the spirit of the guiding principles is to develop a separate entity<sup>2</sup> which specializes in the administration of shared services and can be “contracted” by individual Centers to provide those services. For the purposes of this document, this entity will be referred to as the Consortium Group Shared Services Entity (CGSSE). The major characteristics of the CGSSE should be as follows:

1. It should provide a catalog of location specific services and provide local Centers options of how to procure those services.
2. It should provide both services that are and are not dependent on a single facility being used by multiple Centers.
3. The catalog of services offered at its inception will most likely evolve as the circumstances of the country, member Centers, and capabilities of the CGSSE evolve.
4. It should only provide services for which the demand for those services allows them to be provided in a cost effective manner.
5. The costs of services charged back to participating member Centers should account for all costs of operation, including management, and remain cost neutral for the CGSSE, saving for some initial start-up costs that may be required.

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<sup>2</sup> AIARC was mentioned as a possible entity which could be expanded to provide these services. While this may or may not prove out to be the preferred approach, this paper will assume a separate entity due to the time necessary to conduct an assessment of AIARC and its model. That does not imply a recommendation not to evaluate AIARC as either the entity or the model by which to provide shared services.

6. It should be managed by a to be determined organization structure which is independent of the CGIAR Consortium or any member Center but will have a governance structure which is inclusive of participating member Centers.
7. Depending on the locations in which it is active, the local staff responsible for the execution and management of the services may be employees of a member Center, primarily due to the constraints or advantages of existing host country agreements.
8. For each service provided, it should execute against a single, published, and measured set of Service Level Agreements (SLAs) that will be reviewed with all stakeholders on a regular basis.
9. The financial health of the CGSSE should be reported to participating members regularly.
10. The potential for expanding the provision of shared services beyond country boundaries should regularly be evaluated but will not be the initial remit of the CGSSE.
11. It should administer shared services against single policies governing that service unless necessary and financially feasible to do otherwise.
12. It should be responsible for its own promotion, expansion, evolution and financial health. The inclusive governance model will ensure that the CGSSE acts within the best interest of its participating member Centers.

An illustrative model for the CGSSE is depicted in Figure 5.

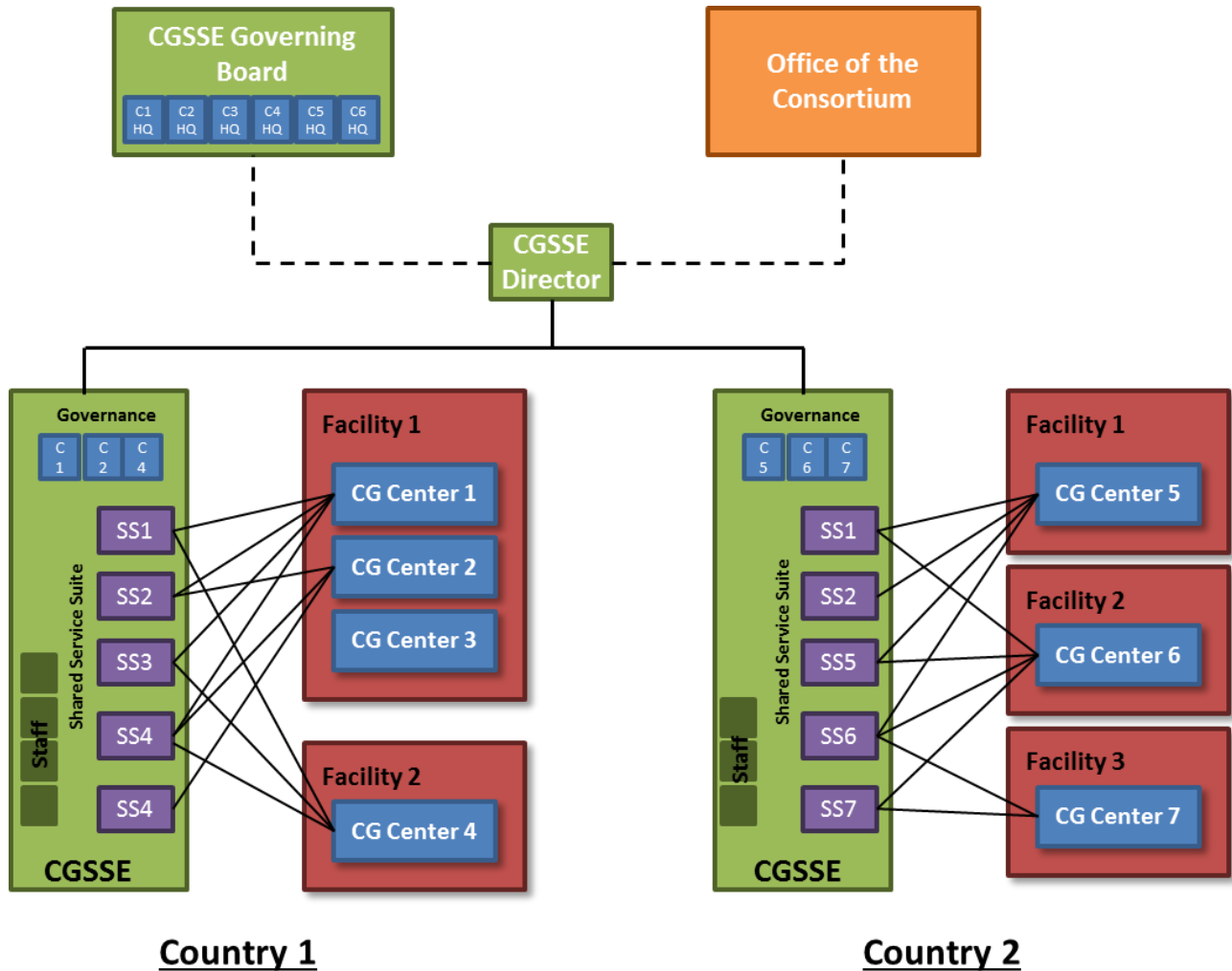


Figure 5

As the picture shows, the CGSSE could have a central governing board made up of representatives from all participating centers, and a single CGSSE director with reporting responsibility back to the Consortium Office as well as the CGSSE board. The CGSSE would be instantiated once per country which it is servicing, with local staff and management in charge of the administration and execution of the shared services. These local instances could provide a suite of shared services that might differ depending on the country and could service both locations with shared facilities and those without. Centers which opt to leverage the CGSSE would have representation on the local governance committee. Centers could choose which shared services to purchase, though the CGSSE would be responsible for offering only those services which would allow it to be cost neutral, and therefore may not offer a particular service should there be insufficient demand to achieve economies of scale.

In order for the CGSSE to be successful within a country, whether it be in Bangladesh, Ethiopia or other, the following factors will need to be evaluated and designed.

1. **Long term host country agreement strategy** – How does the current host country agreement impact the creation of the CGSSE and can a CGIAR Consortium level umbrella agreement be negotiated that will improve the ease of conducting operations in that country?
2. **Legal structure** – How will the CGSSE be instantiated and contracted? This is largely dependent on the host country agreement and therefore per country the answer may be very different, ranging from being set up as its own legal entity within a country to operating as a virtual entity within an existing center.
3. **Common policies for services dependent on common policies – i.e. HR, procurement, security** – Common policy will help drive more efficient shared service delivery. For example, a shared HR operations (payroll, recruitment, etc.) service will be much more efficient delivering services against a single HR policy rather than against 6 different unique policies per center. For each country in which the CGSSE will operate, a prerequisite will be to determine which policies are candidates for consolidation and then to define the single policy for that area.
4. **Service catalog of facility dependent and non-facility dependent services** – The catalog of services offered will differ between locations depending on local circumstances and demand. As mentioned earlier, all shared services are not dependent on a single facility and therefore the CGSSE could still operate in a location with multiple locations. The service catalog would need to be demand driven and cost recoverable and should be designed based on a minimum threshold of participating Centers necessary to make it cost effective. If there is not enough demand for a service, then the service should not be offered, and if there is not enough demand for services as a whole, the CGSSE should not operate in that location.
5. **Outsourcing vs. insourcing per service** – Which services should be provided by in-house staff either CGSSE or Center employed, and which would be more effective if outsourced to an outside agency? The answers to this question will also differ between locations based on the availability of service providers, costs, and other factors such as the desire to avoid redundancies.
6. **Organization structure** – The approach to how the CGSSE will be managed needs to be designed. The initial recommendation would be to have a central director with accountability both to the office of the Consortium as well as an independent board of participating centers, and also have separate organization structures per location of operation. The actual implementation will again be dependent on the legal structure of the CGSSE in a country.
7. **Inclusive governance model** – A governance model that entrusts day to day execution of shared services to the CGSSE but allows for each participating Center to have influence on the overall strategy and key decisions will be crucial to a successful implementation. This will be especially so if legal constraints require the CGSSE to operate as a virtual entity within an existing center, which can potentially replicate many of the challenges currently faced within Addis Ababa.
8. **Chargeback model** – There are many chargeback models that can be evaluated depending on a variety of factors<sup>3</sup>. Each of these must be evaluated for validity within context of the location and how it would impact the demand for the service and the financial viability of the CGSSE.

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<sup>3</sup> These factors have been described in detail in the Shared Services Strategy report from 2009 and are not repeated here



9. **Financial model** – A detailed financial model should be created for the CGSSE to understand how different assumptions and variables impact its financial viability and the minimum requirements for implementation.
10. **Facility rationalization** – A facility rationalization exercise, as described above, should be conducted for each location the CGSSE will be implemented.
11. **Business Model** – Based on the analysis of the above points mentioned, the overall business model for the CGSSE can be developed that articulates exactly how the CGSSE will operate, generate revenue, provide services, expand, and govern itself.
12. **Service introduction and pilot model** – It is unlikely that at any location, the entire breadth of CGSSE services will be introduced at once. Services should be introduced factoring in ease of implementation, level of impact, and ability to measure. Plans for the pilot should include the criteria and timeframe upon which the success of the pilot will be measured.
13. **Project management and ownership** – The success of any implementation of the CGSSE will be highly dependent on dedicated and accountable project management, clear outcomes and timelines, and leadership and stakeholder support. The creation of the CGSSE, its pilot, and its rollout should be the focus of a separate team dedicated solely to those outcomes.
14. **Change Management** – Moving to a new model for a number of services will have an impact on the people consuming those services and their adoption of the new model will play a very important part in the success of the CGSSE. Any efforts to implement the CGSSE in a location should include change management approaches to prepare the location for the change and measure how well they are adjusting to it.

**4 - Begin the pre-requisite steps to implement facility independent shared services leveraging the model developed above.**

Assuming that Dhaka acts as the first pilot location of the CGSSE, independent of decisions surrounding the move to a single facility, a number of steps can be taken in parallel to the creation of the CGSSE model that will both help validate Dhaka as a pilot location as well as position them to accept the pilot sooner. The specific steps that can begin immediately for Dhaka align with factors 2, 3, and 4 as described in the Recommendation #3 above:

1. Determine the appropriate legal structure for the CGSSE. As there is not an umbrella host country agreement for the CGIAR Consortium in Bangladesh and IRRI currently holds the most favorable tax status with the government, initial thinking would be that the CGSSE would operate as a virtual entity within IRRI. However different options should be investigated and evaluated.
2. Determine which policies can be consolidated and develop the single policies. Policy rationalization can be a potentially contentious issue and it is better to evaluate as early as possible what is realistic and what is off the table. That assessment will help drive the service catalog and whether a shared service can be cost effective in Dhaka. For those policies that are candidates for rationalization, work should begin immediately to develop the new policies.
3. Determine the demand and price elasticity for shared services in Dhaka. CGIAR Consortium Centers in Dhaka reacted very favorably about the possibility of a number of the shared services

mentioned earlier in this document. However further analysis is needed in order to determine which would be the most impactful, what is the price point at which Centers would benefit and sign up compared to the price point at which it would be economical to provide those services, and which services should be given priority for implementation.

**5 - Replicate the CGSSE model in other geographies leveraging the lessons learned from the pilot.**

CGIAR Consortium should immediately begin pursuing the second pilot as the first commences, allowing enough time to gather learnings, but aggressively planning the next pilot. Given the right resources and planning, a second pilot should be possible within 6 months from the first.

With information from two pilots, CGSSE will be well placed to develop a more global rollout strategy, and complete that rollout over the following 3-5 year timeframe.

**6 - Understand the impacts of the existing host country agreements in the countries they wish to target and whether a single consortium based host country agreement would be more favorable and what would be necessary in order to secure it.**

Current host country agreements do not prevent CGIAR Consortium from moving forward with the CGSSE, however there are many benefits that will be easier to achieve should one be in place. With the assumption that a single umbrella agreement would be overall favorable to all CGIAR Consortium Centers operating under it, CGIAR Consortium should aggressively pursue more favorable agreements in target countries, understanding that it can be potentially a multi-year process.

**7 - Investigate where land agreements with the government may provide the opportunity for long term, low cost campus creations.** Favorable opportunities such as the ILRI campus in Addis Ababa may exist in other geographies and that would only be possible with the strength of the consortium. This may provide the best long term facility strategy for other geographies. Starting with Bangladesh, CGIAR Consortium should evaluate whether such options exist and include those options as part of the facility rationalization exercise to evaluate long term facility decisions.

Critical to the success of any of the efforts mentioned above will be to create a formal project around the activities, preferably with a dedicated lead. Activities such as the above can fizzle or take unnecessary lengths of time if not given dedicated attention. Part time attention can result in competing priorities, lack of accountability, loss of structure, and ultimately diluted outcomes.

**Timeline and Roadmap**

The timeline below [Figure 6] depicts a possible scenario for the design and implementation of the recommendations described above. It assumes dedicated resources assigned to the overall effort and tasks and the ability to bring together stakeholders quickly with efficient decision making. While many of the activities are not labor intensive to execute, they can take long in duration due to access to resources, stakeholders, reviews, consensus building, and final sign off. The following timeline assumes a relatively aggressive approach and does not account for other conflicting priorities that may impact the activities.

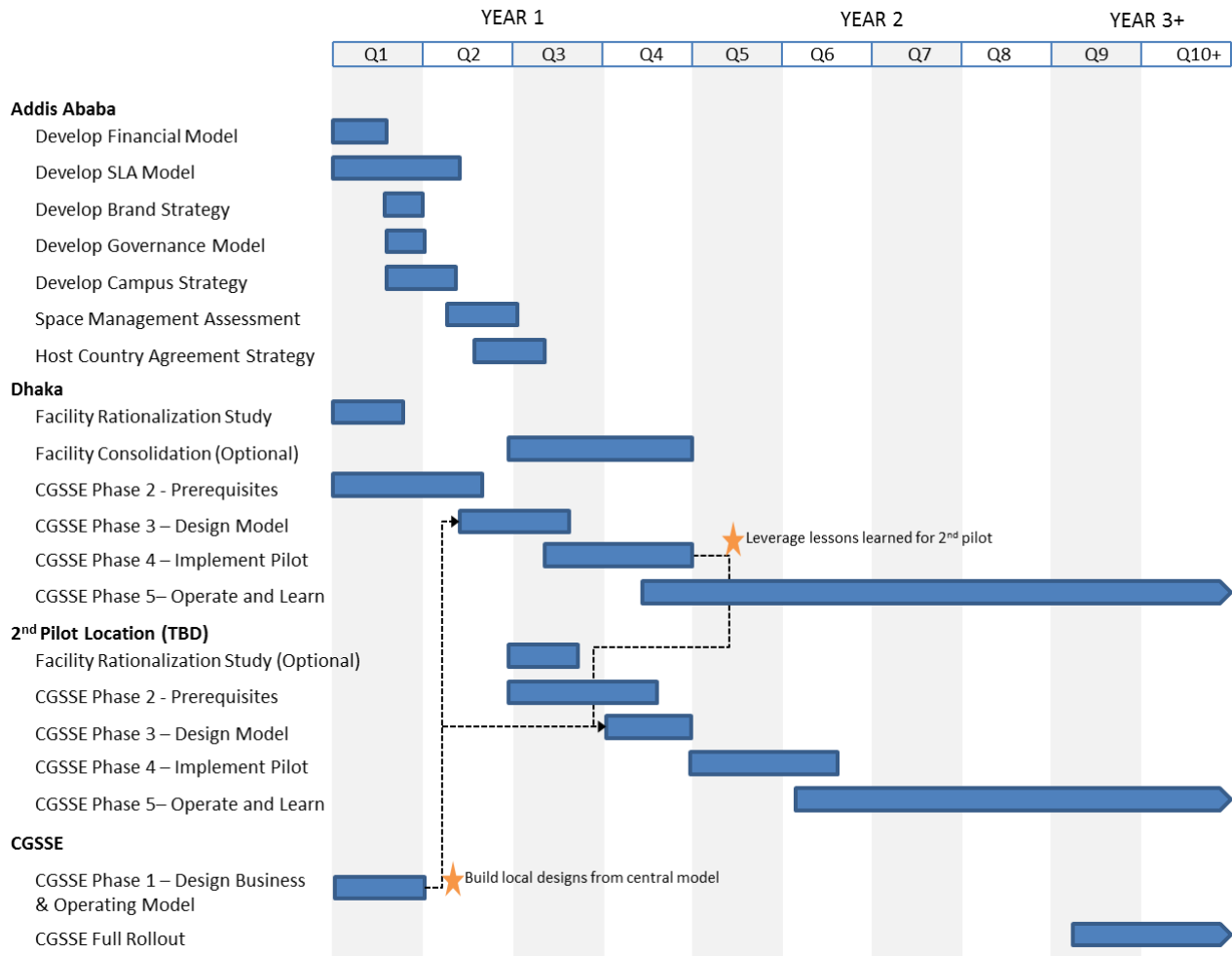


Figure 6

## Appendix A – Financial Model

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High level financial analysis was done leveraging a simple Excel model that weighed the impact of shared services on different labor and non-labor cost categories against the anticipated rental costs of a new facility.

The model leverages five main inputs:

1. Labor related costs per center
2. Non-labor related costs per Center including rent
3. Projected overall rental costs for a new commercial facility
4. Revenue projections, per center, for the next five years
5. Assumptions regarding the positive financial impact of shared services per cost category

**1 – Labor related costs per Center** – Labor costs were requested of each Center broken down into the following categories:

- a) Corporate Services Management
- b) Financial and Procurement Services
- c) Administration Services
- d) IT Services
- e) HR Services
- f) Drivers
- g) Security Services

From the 6 Centers requested, between 4 and 5 Centers provided data that was leveraged in the model. For the remainder, an average of the values provided was leveraged per cost category.

**2 – Non-labor related costs per Center including rent** – Non-labor costs were requested for each Center broken down into the following categories:

- a) Rent
- b) Utilities
- c) IT infrastructure/network
- d) Computers and peripherals
- e) Software
- f) Cleaning and maintenance
- g) Travel
- h) Vehicle depreciation
- i) Office furniture
- j) Office equipment
- k) Security system
- l) Food and catering

m) Insurance

Each Center provided rental information. One Center provided a total, uncategorized value for non-labor costs. No other Centers provided usable data. Since it can be assumed that all Centers have non-labor costs, the total amount provided by one Center was used to extrapolate the total non-labor costs for all other centers, and the total amount was put in the Cleaning and Maintenance category.

**3 - Projected overall rental costs for a new commercial facility** – Rental costs for a new commercial facility were taken from the report created by the external facility analysis conducted in Bangladesh.

**4 – Revenue projections, per center, for the next five years** – Each Center was asked to provide a 5 year revenue projection, which would then be averaged to understand on a yearly basis, costs as a percentage of that revenue. Data was provided by 4 centers. For the other two Centers an estimate was made.

**5 - Assumptions regarding the positive financial impact of shared services per cost category** – For each cost category, an assumption was made on the percent impact the implementation of shared services could have on that cost. The initial assumptions are based on previous analysis done in the 2009 Shared Services report as well as previous experience in defining and implementing shared service strategies. A high impact and low impact range is included in the model.

As noted in the descriptions above, full cost data was not available from all Centers and therefore certain data needed to be assumed. These assumptions may change the outcomes of the model but are not likely material enough to substantially change any of the recommendations made. However should more accurate and categorized data become available, the accuracy of the impact of shared services will also improve.

Instructions on how to use the model are included in the Excel sheet itself.