

CASE STUDY: HSBC IT Shared Service Centre, Sheffield

Why Sheffield?

HSBC is the world's local bank. Headquartered in London, we are one of the largest banking and financial services organisations in the world. Our international network comprises over 10,000 offices in 83 countries and territories in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa.

With listings on the London, Hong Kong, New York, Paris and Bermuda stock exchanges, shares in HSBC Holdings plc are held by around 200,000 shareholders in 100 countries and territories.

Through an international network linked by advanced technology, including a rapidly growing e-commerce capability, HSBC provides a comprehensive range of financial services: personal financial services; commercial banking; corporate, investment banking and markets; private banking; and other activities.

The HSBC Group has an international pedigree that is unique. Many of its principal companies opened for business over a century ago and they have a history that is rich in variety and achievement. The HSBC



Group is named after its founding member, The Hong Kong and Shanghai Banking Corporation Limited, which was established in 1865 to finance the growing trade between China and Europe.

In the UK, HSBC is based largely on the Midland Bank, which it acquired in 1992. During the 1970s the bank, then based in London, found itself needing to expand. But escalating London property rents and recruiting difficulties made the south east unattractive.

The hunt was on for somewhere to make a very substantial investment in. Over 150 towns and cities in the UK were surveyed to find the one that offered the best opportunities for the bank and the staff that it needed to relocate.

In 1976 HSBC chose Sheffield

The reasons listed at the time still hold true:

- Choice of suitable buildings under construction at reasonable rents.
- A history of good recruitment for Midland Bank.
- An adequate supply and choice of housing.
- A settled education system.
- A centre of communications.
- Good social and entertainment systems.
- Excellent shops.
- Pleasant surroundings.
- A university city.

During the late 70s, various departments and functions were re-located to Sheffield, including the 'Computer Services Department'. Over the years, as information technology (IT) has evolved, many manual functions have been replaced. Departments have been wound down, teams have come and gone, but IT has flourished. Sheffield is now the principal home of HSBC's IT operations in Europe. We are still occupying Griffin House, the building we moved to in 1976, and we have one of our principal global computer centres on the outskirts of the city.

"Sheffield is crucial to the operations of HSBC, a fact recognised by the recent decision to invest many millions of pounds in developing our IT operations in the area."

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The move to a Shared Service model

Like in many other organisations, the rise in importance of IT crept up on the bank and the relationship between the business and IT simply evolved. By the turn of the millennium, control of IT's budget had become a key part of the mechanism for controlling the rate of business development. But this was a crude tool and a better arrangement was needed.

During 2004 there was a bank-wide initiative to develop a new service organisation concept that would support a more commercial structure to IT and help enable significant future cost savings.

This concept allowed for:

- a transparent and consumption based recharging policy, enabling emphasis to be placed on meeting customer needs
- improved business led IT decision making, without IT driving business direction (as happens in many organisations)
- the alignment of reward with the achievement of specific IT goals, rather than growth in bank profits.

The IT Shared Services Organisation operates in a commercial context where it is treated as a vendor of choice. This ensures that IT is focused on quality, customer service and price/performance. The situation becomes comparable to purchasing a service from an external supplier where the cost of a service is related to volume and unit price.



The bank's UK IT converted to Phase 1 of this model in at the start of 2005. Since when, the Service Organisation Project Team, based in Griffin House, has continued to refine the process in conjunction with UK IT Planning and Finance - also based in Sheffield.

Recent developments include:

- the implementation of a group billing system in 2006
- modelling tools for cost pool managers
- implementation of a new group standard format of legal service agreement.

Our shared services organisation offers over 680 discrete services to customers globally and processes up to 30 million customer transactions in a day. We regularly deliver nearly 20 million service minutes a month with availability levels in excess of 99.95%. This is a huge operation - and it's run from Sheffield.

Since 2005, the Service Organisation Project Team has exported their expertise to Jersey, France, Turkey, Malta, Greece and most recently India, to set up separate Service Organisations in these IT entities.

It's taken a couple of years to iron out the wrinkles, and no doubt a few still remain. However, the benefits in terms of financial control, customer service, quality and organisational efficiency are already evident.

Of course, it didn't have to happen in Sheffield, nor did it happen solely because of Sheffield. But Sheffield's relationship with HSBC's IT operations is a symbiotic one. By providing excellent transport, communications, environmental, cultural and social infrastructure, Sheffield has attracted and retained the bank's investment. In return the bank provides thousands of quality jobs, supporting families, businesses, the city and the local community as well as investing millions of pounds in maintaining and developing its IT operations.