



Dietrich Mollat (on the right) in conversation with Frans Rutten

# “You must continually demonstrate that the structure is professional and that the people are competent”

Dietrich Mollat is in charge of the European Shared Service Center (SSC) of NYSE Euronext. It is not located in some faraway low-cost country. Instead, it simply resides at Beursplein 5 in Amsterdam. Frans Rutten, Client Service Director with RGP, talked about this rather unusual construction with Dietrich Mollat (1964).

**Rutten:** “That your shared service centre is established in Amsterdam of all places can be seen as an unconventional decision by most observers, not only because labor is not exactly cheap here in the Netherlands. But I’m sure you did not decide overnight and the choice is based on a clear vision. Please tell us more!”

**Mollat:** “For the location of the SSC, NYSE Euronext chose deliberately the brownfield approach rather than starting from scratch. We wanted to have the office in an existing stock exchange location. Before I joined NYSE Euronext, an analysis of our European locations (Amsterdam, Paris, London, Brussels, Lisbon and Belfast, editor) had been performed for suitability regarding the SSC, this resulted in

Amsterdam being the best candidate for such an organization, not only were the square feet available but more importantly, sufficiently qualified international staff is present here. In our branche, we feel it is very important to serve our European offices in their own language. This significantly increases the quality of our services. These talented people can be found in the Netherlands; more financial departments were already established in the Netherlands for the same reason. The SSC employs over thirty people representing 22 nationalities.



**Rutten:** “Apparently the cost aspect was not the key factor in selecting Amsterdam.”

**Mollat:** “No. That was certainly not the only driver. For example, if you want to find a place for a new operation for some six hundred people, you would not put it in the historical centre of Amsterdam. The cost would simply be prohibitive. But if you think that in the general perception a SSC is always distant from the business, in turn you want to be as close to your customer as possible. Furthermore the cultural aspect played an important role for NYSE Euronext. It fits us to be active in a country with a rich tradition of entrepreneurship. Choosing a location purely based on financial considerations does not suit our company. During the past four years, experience proved that our approach was the right one. Actually, establishing the SSC for NYSE Euronext resulted in a significant cost reduction amounting to thirty percent over a four-year period.”

**Rutten:** “That is significant. You were saying something about your ambition. I imagine it does not stop at processing financial transactions. I assume that you want to increase the quality of the services to the highest level, and when you are successful, new opportunities knock on your door. How do you see that?”

**Mollat:** “I believe unconditionally in a standardized and scalable platform efficiently performing its tasks. For example, in 2009 we started aligning the activities in our locations, among others by migrating legacy systems into a single Oracle infrastructure. Apart from the technology, the main challenge was building a team with its own NYSE culture from scratch. We invested extensively in training relating to customer focus and effectiveness, and we have continued to do so. People is one of the success factors that is part of my personal 4P model. I am always looking for people prepared to go the extra mile. People who do not make the mistake of thinking that the world of accounting does not require inventiveness.”

**Rutten:** “Finding the people is one, engaging them is another. Normally, the staff turnover rates of shared service centers are on the high side, sometimes up to over twenty percent. How are you doing in that respect?”

**Mollat:** “About six percent - much lower than other SSCs. If people left, it was generally for personal reasons. The P of People clearly has the desired effect. The other Ps are Passion, Patience and Persistence. Consistently adhering to such a model helps you to continuously improve. As a result, we are also capable of serving our Asian locations with the same team as in 2012, for example. I always envisioned to become such a good SSC that we can increase our activities. This keeps things exciting - and it is exactly what this company needs. We are evolving from processing financial transactions into a solution hub.”

**Rutten:** “Starting from scratch to now also covering the Asian financial accounting - that must have been an amazing development process. What interests me is how you measured the SSCs performance over time. After all, you must continually prove your position to the business. They often see a SSC as a vote of incompetence about their own performance.”

**Mollat:** “I agree about having to prove your position. You continuously must really sell the concept internally. You must always demonstrate that the structure is professional and that the people are competent. My angle was always to provide services at such a high level that people will not even think about business process outsourcing as a possible alternative. Last year, we started an internal survey charting our performance in various aspects. We apply a scale from 1 to 5, with 1 representing being best in class. During the measuring period, we saw the average appreciation of our output improve from 2.8 to 2.0. Furthermore, we participate in external benchmarking exercises, proving that in comparison with companies in our peer group, we are in pole position. Naturally, we apply our own set of performance indicators. To give an example: we collect payments of 94 percent of all invoices within a 60-day period.”

**Rutten:** “From a business relation, I heard that on a congress in London, you were saying something about a special reference you use, the Pizza Index. What is that?”



## “People should not make the mistake of thinking that the world of accounting does not require resourcefulness.”

**Mollat:** “The Pizza Index gives an idea of how much money we spend on pizzas and other meals needed because of doing overtime, for example when closing a financial period. Naturally, this is a somewhat humorous tool. The benefit is its lack of confrontational effect. It does not raise a righteous finger at people. Since the introduction of the Pizza Index two years ago, we have seen marvelous improvement. The index shows a reduction of overtime due to the increasing quality and maturity of our team. We currently spend seventy percent less on meals due to overtime compared with early 2011.”

**Rutten:** “The maturity process of a SSC is normally phased, with the service model gradually stepping up to a higher level. You can see that customers eventually need a SSC that is able to fulfill a full advisory role. Which phase of the process has your SSC reached?”

**Mollat:** “Our objective is indeed to advise our internal customers to their highest satisfaction. This means having the skills to analyze problems and then to also resolve them. I think in that respect, we have come a long way. The ultimate goal is to fulfill the role of business partner for your clients, based on a SSC that serves as a high-end expertise centre. Furthermore, our scale enables us to link ambition to flexibility and creativity. We do not operate like a factory. Instead, we like to see our work like a traditional craftsmanship. That also fits in perfectly with Dutch traditions.”

**Rutten:** “In that context, how do you see the announced take-over of NYSE Euronext by the InterContinentalExchange, the commodities and energy exchange?”

**Mollat:** “That does not change anything to my direction. I once prepared a roadmap for the development of our SSC, and naturally this did not feature merging with ICE. I see it as a sort of intersection that we pass. I am not a person who is explicitly fond of routine. So I think we can expect an interesting and dynamic period during the next twelve to sixteen months.”

**Rutten:** “Can I say something about you personally? You were born in Germany and are a German national, and before coming to Amsterdam you worked in Belgium and the United States. With employers such as Hewlett-Packard and Applied Biosystems, you seem to have a strong preference for US companies.”

**Mollat:** “Yes, that’s right, to date I have only worked for US employers. I have benefited from that, because I personally experienced what an excellent shared service center can do for a company. Strangely enough, I never worked for any German company. To be honest, I never considered it. I don’t say I couldn’t. But I would really have to adjust myself. I would not describe myself as a typical German. I would say Anglo-European with a touch of Dutch. I think that combination best expresses who I am.”