

EVALUATING IN-HOUSE COMPLIANCE SHARED SERVICE CENTRES

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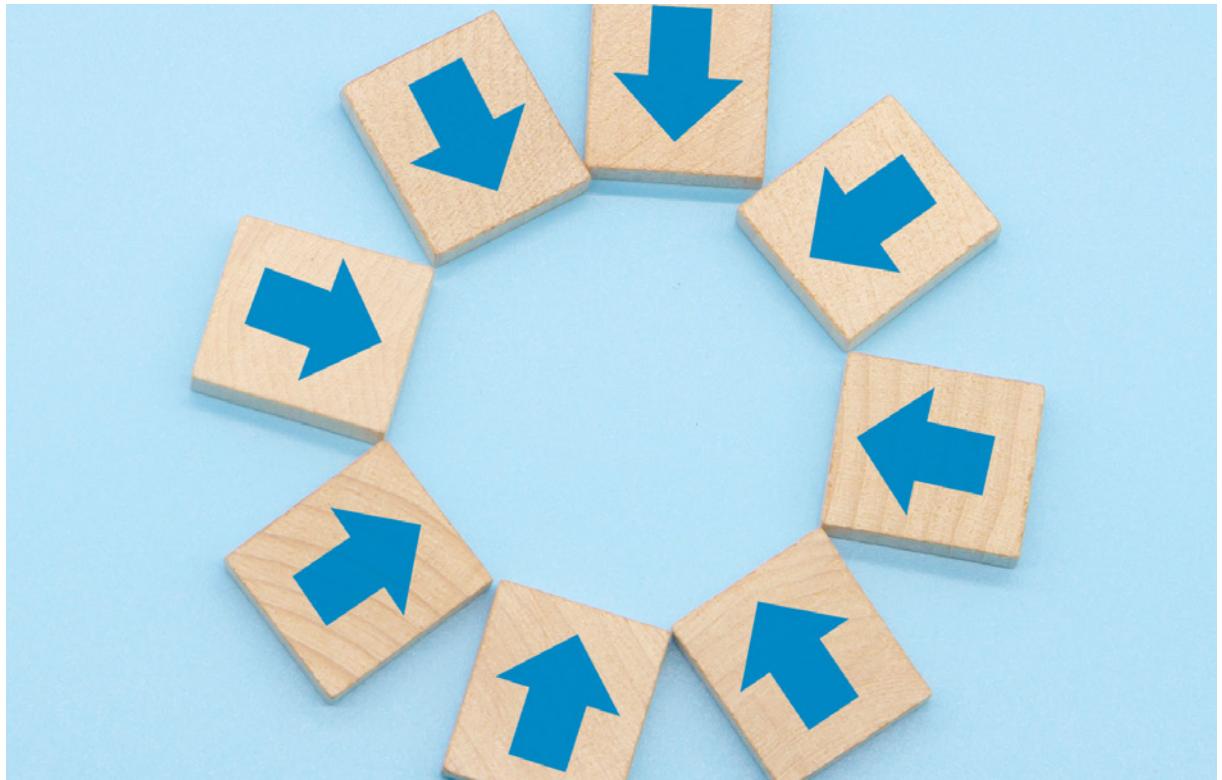
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MINI-ROUNDTABLE

EVALUATING IN-HOUSE COMPLIANCE SHARED SERVICE CENTRES



PANEL EXPERTS**Patrick Wellens**

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Patrick Wellens brings 30-plus years' experience in governance, risk and compliance in the pharma, FMCG and manufacturing industries. For the last 11 years, he has worked at a large pharma company as country compliance officer, country data privacy officer and global divisional compliance officer, where he designed and implemented the compliance management system, designed and implemented a global third party risk management system and participated in numerous global compliance projects. Mr Wellens is the chairman of Ethics and Compliance Switzerland.

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Dr Barbara Badoino leads the corporate ethics, risk & compliance (ERC) function at Novartis, where she drives an integrated approach to assurance across governance, risk management, compliance and internal controls. Her work is centred on strengthening organisational resilience and fostering a culture of integrity across the enterprise. With more than 20 years of experience in the pharmaceutical industry, Ms Badoino brings a deep understanding of the global healthcare landscape.

R&C: What are the key strategic drivers behind choosing an in-house compliance shared service centre (SSC) over outsourcing or decentralised models, particularly in regulated industries?

Wellens: Some of the strategic advantages of an internal shared service centre (SSC) are that the compliance processes and controls are in-house, and therefore there is knowledge retention within SSC and expertise can be built over time. This contrasts with outsourced service providers where knowledge and best practices may not be shared or lost when a contract needs to be changed with the outsourced provider. Another advantage is that sensitive compliance data remains in-house, minimising reputational risk. The advantage of an SSC is that there is more standardisation, better headquarters visibility on compliance activities and reduced costs. Local or decentralised compliance officers are close to and understand day-to-day business operations, understand local compliance risks related to new business models, and understand local laws and local enforcement. Therefore, they can design – considering context, culture and local management dynamics – more effective compliance processes and controls than a standard 'across the board' SSC solution for all subsidiaries.

Badoino: The decision to establish an in-house compliance SSC is not the starting point but rather the next step after implementing an integrated assurance framework. Once governance, risk and compliance disciplines are aligned at the enterprise level – creating a single source of truth, shared standards and common ways of working – the SSC becomes the operational expression of that integration. In regulated industries, credibility with regulators and stakeholders depends on demonstrable ownership of compliance capabilities – something that outsourcing can easily dilute. An in-house SSC allows the organisation to maintain direct oversight of sensitive compliance data while ensuring consistent execution across markets. Ultimately, the SSC builds on the foundation of integration to deliver scale and specialisation – centralising operational excellence while embedding the organisation's values and risk culture, which are critical for long-term resilience and regulatory confidence.

R&C: How does centralising compliance functions in-house in an SSC affect risk management and internal controls across geographically dispersed operations?

Badoino: Centralising compliance functions strengthens both control integrity and risk visibility across markets. Once integrated assurance is in

place, the SSC brings structure and consistency to how risks are identified, assessed and managed globally. Standardised control frameworks, unified data and common methodologies reduce fragmentation and support early detection of systemic issues. At the same time, the SSC model enhances the feedback loop between central governance and local execution. Data-driven insights from the centre enable more targeted, risk-based interventions, while local teams provide contextual understanding. This balance between consistency and local relevance results in a more predictive, transparent and adaptive control environment across the enterprise.

Wellens: An SSC allows us to establish uniform compliance policies and procedures across all regions, thereby reducing inconsistencies in control execution, to consolidate compliance transactions on a central platform, allowing for enhanced visibility on transactions, and to reduce risk exposure across locations by applying data analytics. Centralising compliance functions with an in-house SSC has, however, many disadvantages. The geographical distance between the SSC and business users in local subsidiaries can lead to resistance by local business users, reduced cooperation or informal workarounds that undermine control effectiveness. SSC teams may lack understanding of local regulatory nuances or cultural factors affecting

compliance implementation, creating an increased risk of non-compliance with local laws. SSC agents often work with standardised playbooks but often lack business understanding or judgment to deal with non-standard requests from the business.

R&C: What challenges and opportunities arise in attracting and retaining compliance talent within an SSC model, especially when balancing cost-efficiency with deep regulatory expertise?

Wellens: SSCs are often viewed as operational or administrative hubs, rather than centres of strategic expertise. Monotonous routine processes lead to high attrition. As a result, experienced compliance professionals may perceive such roles as offering limited career progression or influence, making it difficult to attract senior talent with deep regulatory or industry knowledge. SSCs are typically established in low-cost locations, leading to a reliance on junior staff, as the salary and professional development expectations of high-calibre compliance experts exceed SSC budgets.

Badoino: The challenge lies in balancing efficiency with expertise. SSCs are often designed for scalability and cost optimisation, yet compliance excellence depends on deep technical knowledge and sound judgment. The opportunity is to position

the SSC as a centre of excellence – a hub for developing specialised skills, leveraging data and technology, and providing cross-market exposure. Retention improves when professionals see the SSC as a platform for growth and impact rather than purely an operational unit.

Offering meaningful career paths, learning opportunities and visibility within the governance framework helps attract and retain top talent. When the SSC is framed as a driver of ethical culture and strategic assurance, it becomes a destination for ambitious compliance professionals.

R&C: How do in-house compliance SSCs leverage technology – such as automation, artificial intelligence and regtech – to enhance efficiency and accuracy? What are the limitations?

Badoino: Technology is a critical enabler of the SSC model. Automation reduces manual workload in areas like monitoring, reporting and due diligence. Artificial intelligence and analytics transform structured, enterprise-level data into predictive insights that help identify trends and emerging risks. Regtech solutions further streamline regulatory tracking, testing and control execution. However, technology alone is not sufficient. It

must operate within a well-governed, integrated assurance framework where data is standardised and validated. Human judgment remains essential to interpret insights, assess ethical implications and

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*Barbara Badoino,
Novartis*

apply contextual understanding. The real power lies in the combination: technology amplifying human expertise to achieve precision, speed and foresight in compliance.

Wellens: With a ticketing system, templates need to be created and programmed, so that business users can provide the necessary information allowing SSC staff to make a compliance decision. If many different compliance tasks are handled by the SSC, or if the compliance decision criteria within a multinational company are different by country, region or division, then designing the templates,

approval workflows, automated messages and so on becomes very complicated. Every time there is a software update the existing processes and approval workflows need to be retested, which is expensive. To increase efficiency, SSCs can provide users with playbooks, knowledge articles, frequently asked questions and increased automation rates. The disadvantage of designing processes with high automation rates is that this often leads to self-assessments by business users and no longer involves independent judgment by compliance staff.

R&C: How do communication methods – such as ticketing systems or generic email workflows – impact the effectiveness and user experience of working with an in-house SSC? What best practices exist to make these interactions more personal and efficient?

Wellens: Communication methods and systems design define how the SSC is perceived, whether as a bureaucratic service provider or as a trusted partner. In ticketing systems every request is logged, categorised and tracked to completion, which enables performance metrics, such as average response times, volume by category and backlog

trends. However, they risk alienating business users if they feel bureaucratic or transactional. Users may feel like they are 'talking to a system' rather than a person. Moreover, rigid forms or ticket categories may not capture the nuance of complex compliance

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*Patrick Wellens,
Ethics and Compliance Switzerland*

questions. Generic shared inbox workflows feel more personal and conversational than ticketing systems but introduce operational inefficiency and risk of lost requests or multiple staff working on the same message. Best practice is to combine structured systems for traceability, enhanced with humanised communication and clear service-level standards.

Badoino: Ticketing systems and shared inboxes bring structure, traceability and efficiency to compliance operations, but they can risk depersonalising the experience for business users.

The most effective SSCs pair structured workflows with intentional human engagement. Best practices include clear service-level agreements, intuitive digital interfaces and dedicated business relationship managers that act as connectors between the SSC and local teams. Regular feedback loops, transparent reporting and open dialogue ensure that interactions remain efficient yet personal – reinforcing the SSC's position as a trusted, responsive partner to the business rather than a distant service provider.

R&C: In what ways can an in-house compliance SSC adapt to rapid regulatory changes or business expansion? What structural limitations might hinder responsiveness?

Badoino: Adaptability is achieved when the SSC is built on a flexible, integrated assurance foundation. Standardised data, modular processes and strong change governance enable quick alignment with new regulatory requirements or business models. Because information flows through a single, harmonised system, updates and new controls can be implemented consistently and efficiently across markets. Limitations arise when the SSC becomes overly rigid or bureaucratic, slowing decision making or disconnecting from local realities. The most effective models maintain a 'global spine with local flexibility' – anchored in shared principles

and infrastructure but adaptable enough to accommodate market-specific needs and emerging risks.

Wellens: SSCs are typically built for efficiency and standardisation, not flexibility. In case of regulatory changes, templates or workflows must be re-coded and re-approved for all regions before changes go live. The SSC often is far away from the business and lacks real-time visibility into emerging risks, regulatory changes or new business initiatives. The SSC can ask on a regular basis the local legal team for regulatory updates, but best practice would be to establish a dedicated team within the SSC monitoring the regulatory environment.

R&C: How can organisations measure the return on investment of an in-house compliance SSC? What qualitative benefits – such as cultural alignment or institutional knowledge – are often overlooked in cost analyses?

Wellens: The SSC can be measured in terms of cost efficiency, such as reduction in compliance full-time equivalents or vendor costs across business units, lower training or licensing costs through standardisation, process efficiency, such as ticket or case closure rates, volume of automated tasks vs manual, service level adherence rates, and process

adherence. However, the SSC is often not measured by how it impacts the relationship with business users or compliance culture. The quality of the advice offered by SSC agents to the business is the most important factor, and often overlooked.

Badoino: The return on investment of an in-house compliance SSC goes far beyond cost savings. Quantitatively, it can be measured through improved control performance, reduction in audit findings, faster issue remediation and greater process efficiency. However, the most valuable returns are qualitative. A mature SSC reinforces cultural alignment, strengthens institutional knowledge, and deepens regulatory trust by ensuring consistency in conduct and messaging across markets. These intangible benefits underpin ethical culture, decision-making quality and long term reputational resilience – factors often missed in traditional cost analyses but fundamental to sustainable performance.

R&C: What are the most common pitfalls or misconceptions organisations face when setting up or scaling an in-house compliance SSC? How can they be avoided?

Badoino: A common misconception is to see the SSC as a cost-reduction exercise rather than a natural evolution of integrated assurance.

When viewed purely through an efficiency lens, organisations risk underinvesting in governance design, talent strategy and stakeholder engagement – all of which are critical for success. To avoid these pitfalls, the SSC must be anchored in a strategic compliance vision – one focused on quality, integration and insight. Early alignment with business leaders, clear communication of purpose, and investment in people and technology ensure that the SSC becomes an enabler of trust, transparency and performance, rather than a transactional service layer.

Wellens: A common misconception is that compliance is believed to be a back-office process that can be centralised like finance or human resources. Compliance decisions often involve judgment and nuances. Not all compliance requests can be standardised or automated. In an ideal setup, the SSC should deal with standardised repetitive tasks but route judgmental, complicated or strategic project requests to specialist teams with deep compliance expertise and business understanding. A second misconception is that compliance processes and policies can be standardised and copied everywhere. Because compliance obligations vary widely across jurisdictions, a lot of tailoring and customisation is needed. A third misconception is assuming that all business users will automatically adopt the new SSC model. Business users might

be confused as to what tasks are handled by local legal teams, local compliance business partners and local data privacy officers, and what tasks are handled by the SSC. There might even be resistance from local users to use the SSC model. Another misconception is that compliance SSC can be staffed with junior, low-cost resources. Compliance tasks often require contextual judgment, deep regulatory insight, business understanding and ethics, so junior staff are typically overwhelmed. Misconceptions and pitfalls can be avoided by designing workflows and tasks that can effectively be handled by the SSC, guiding more complicated tasks to compliance experts, listening to user experience, and adapting processes accordingly. **RC**

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