

Case study: Complete F&A Outsourcing

Objective of F&A Outsourcing

To leave our clients free to focus on their core business and provide the following superior benefits of F&A outsourcing:

- F&A Specialists and Legal Experts on tap
- Experienced on-site teams
- Streamlined processes
- Complete confidentiality

Company Profile

A captive unit of a USA-based KPO providing insurance related services, funded by a leading USA-based private equity firm, 250 employees, applicability of several statutory compliances, turnover INR 150 million.

Challenge

Earlier the US-based parent company had outsourced its back office operations to a third party vendor in India, but was not satisfied with the service delivery. Accordingly, they set up a 100% subsidiary as a captive KPO. The immediate challenge before the company was to mobilize its management and operations team along with support functions such as HR, Finance & Accounts and Administration. The CEO of the parent company - also a Director in the captive unit, was in favor of outsourcing the F&A function to a service provider. They would need to find a company with the following criteria:

- Service attitude (as against the typical Auditor's attitude)
- Accountability
- Willingness to understand the Client's business first, and then to customize the solution
- Process oriented approach

Solution

BC was among a handful of top CA firms and few companies with whom the KPO explored the possibility of outsourcing the complete finance and accounts system. The management of this KPO held long discussions and deliberations with us and explored our ability to design and manage the complete F&A function. The major reasons that they selected BC were our focus on F&A outsourcing service, our unique onsite model, and positive client feedback. These points addressed all concerns that the KPO's management team had expressed.

Implementation

Earlier, BC had no experience in designing a complete F&A system for an ITES company from scratch. However, considering our expertise and knowledge pool, we were confident of putting an F&A system in place within 2 months. We had conference calls with the CFO of the parent company in USA to thoroughly understand their requirements, expectations and various formats in which they would like to receive periodical information.

We prepared an Empowerment of Associate (EOA) document stating various signing and approval powers for the Indian management of the company. This deals with exceptional situations very categorically. This document received huge appreciation from the CEO of the parent company.

We helped the management to implement a tax-friendly and performance-driven compensation structure for its employees. The MIS and other reports were developed as per the requirements of the CFO of the parent company. An annual calendar of Statutory Compliances was prepared, and a monthly task list was designed enlisting all the activities of F&A system during each month. Earlier, the Indian management of this KPO wanted to hire a CFO to monitor our performance and co-ordinate with its counterpart in CFO. On seeing our capability and bandwidth, they dropped this idea and treated BC as their final destination for all F&A related issues. We designed and implemented the complete F&A system in 2 months flat, (in fact, 3 working days before the target date!

Current Status

- The company has grown by almost 200% since BC took over F&A.
- It is now set to leapfrog to the next level. Outsourcing freed up management, allowing it to grow by focusing on core business.
- BC takes care of the complete Finance & Accounts function, providing the management with key financial inputs & advice.
- By leveraging the extensive experience of BC, the company reduced its overall cost in the F&A function by not having a CFO and Legal & professional consultants on monthly retainer basis, as the same is provided by BC as an add on to its services.

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