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# **BUSINESS PROCESS OUTSOURCING**

## **A Unique Opportunity**

*Outsource Costs In-Source Growth*

# WHY OUTSOURCE

## SMALL MEDIUM BUSINESSES: SOME HARD TRUTHS

- High expenditure in manpower and overheads associated with business expansion restricts growth potential
- Mid-sized companies spend **as high as 87%** of their time in doing routine accounting work rather than strategic analysis and reporting
- Lack of access to real time and accurate financial data affects decision-making
- Absence of specialized expertise in functions like HR and accounting
- Lack of good processes related to finance and accounting functions
- Semi-qualified, part-time or over-worked accounting staff manage day-to-day bookkeeping activities



***Small mid-sized businesses need professional yet economical accounting service***

## BENEFITS OF OUTSOURCING

- **Generate cost savings** between 40%-50% by outsourcing to cheaper back office service providers
- **Focus on business planning and sales related activities** by releasing time from accounting
- **Greater flexibility in staffing**-hire accounting staff only when you need them
- **Faster closing of books**- close books within the first week<sup>1</sup> of the month!
- **Favorable time difference between India and US**- faster completion of work
  - India works when US sleeps
- **Access to best accounting practices** prescribed for small mid sized businesses



***Outsource Costs Insource Growth***

### Note

1. On selective cases, actual timelines can only be decided after a complete financial review

**COST SAVINGS COMPARISON:ACCOUNTING PROCESS**

*All figures in USD*

<b>Bookkeeper/Jr. Accountant</b>	<b>US. Employee</b>	<b>Offshore Cost</b>
Annual Salary	34000	16800
Payroll Taxes(8%)	2720	
Overhead Costs(10%)	3400	
<b>Total Cost</b>	<b>40120</b>	<b>16800</b>

<b>Staff Accountant/Sr. Accountant</b>	<b>US. Employee</b>	<b>Offshore Cost</b>
Annual Salary	52000	25000
Payroll Taxes(8%)	4160	
Overhead Costs(10%)	5200	
<b>Total Cost</b>	<b>61360</b>	<b>25000</b>

**40-60% Savings**

[Refer Detailed Savings Sheet](#)

Note

1. Employee benefit costs in US not included in the comparison
2. Overhead cost includes cost of leasing computer hardware and maintenance related , software like accounting package licenses, training, floor space, and electricity among others
3. Offshore cost are only estimates; includes wages, infrastructure, training and technology cost
4. US Salary figures are average figures for New York

# OUR SERVICES

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## OUR VALUE PROPOSITION: WHY US

- **Focus breeds expertise**-specialize only in finance and accounting outsourcing
- **Narrow target market**-we service the unique outsourcing needs of small and mid-sized firms
- **Competitive pricing driven by** our lean cost structure
- **Well qualified and experienced team** of accountants, CPAs, and MBAs with prior experience (three-six years) in outsourcing accounting and tax-return preparation services
- **Flexible pricing structure** designed to meet varied outsourcing needs
- **Structured approach** to process transition and implementation
- **Scalable operations** to meet current and future requirements

**Good quality at a very competitive pricing**

## LIST OF SERVICES

### Monthly Bookkeeping Services

- Processing of customer invoices, receipts , sales orders and accounts receivable processing
- Entry of purchases/expenses and accounts payable processing
- Check and customer payments processing
- Bank, credit card and merchant account reconciliation
- General ledger maintenance
- **Fast Close – quick monthly closing of books**
- Generation of financial statements
- Aging and collection reports

### General Accounting and Write-Up Processes

- Setting up/ updating chart of accounts and maintaining ledger accounts
- Yearly closing of books
- Preparation of monthly and yearly financials-income statement, cash-flow statement and balance sheet

### Tax Returns Filing Services

- Individual Returns(1040) and Corporate Returns(1120, 1120S)
- Partnership(1065) and Trusts(990,1041)

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## LIST OF SERVICES(CONTD.)

### **Sales Tax and 1099 Return Processing**

- Calculations of sales tax liability, maintenance of sales tax journal and summary sheet
- Preparation of monthly/quarterly/yearly sales tax and 1099 returns

### **Payroll Processing**

- Processing of weekly/bimonthly/monthly payroll from time sheet
- Monthly/quarterly/yearly returns(940 and 941 returns) and W-2's and W-3 processing

### **Other Financial services**

- Financial modeling-preparation of financial models to support business or project plans
- Financial analysis like ratio analysis, break-even analysis, NPV and IRR analysis
- SEC Reporting - Preparation of Form 10 Q and 10 K

### **Business Research and Business Intelligence**

- Study of industry sectors, trends, and consumer segments through desk and web research
- Creation of company and competitor profiles- performance snapshots, business profile, and news analyses
- Industry analysis-benchmarking and market sizing (based on secondary research)

## SOFTWARE SKILLS:SUMMARY

SOFTWARE	EXPERTISE LEVEL
QuickBooks (QB) (QB Pro, Premier, Enterprise and QB Online)	High
Peachtree	High
Great Plains (Microsoft accounting software)	Medium
Easy Accounting	Medium
NetSuite	High
Timberline	Medium
Caseware and Multiledger	Medium
Sageline	High
ERP and Oracle packages	Medium to High
Lacerte	High
ProSeries and ProFx	High
Ultratax	Medium

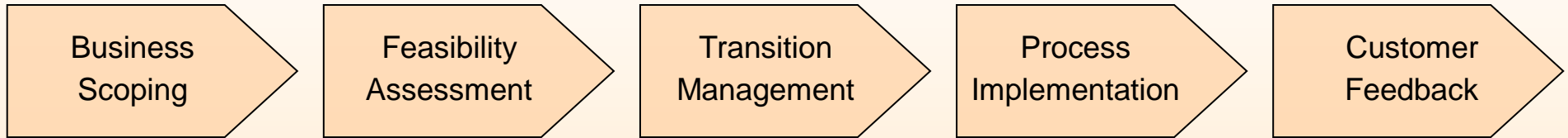
Certified in QB by  
QuickBooks University<sup>1</sup>

Note

1. Leading US-based QB training and certification institute

# THE PROCESS

## OUTSOURCING MASTER FRAMEWORK



- Process Identification
- Scope Setting

- Functional and Technology Requirements
- Risk Assessment

- Resource Mapping
- Transition Plan
- Remote/ Onshore Training

- Process Monitoring
- Performance Tracking

- MIS Reporting
- Process Improvements

**Structured approach to outsourcing**

### Note

For more detailed information on process transition and pilot phase, please refer [Annexure A](#) and [Annexure B](#)

## PROCESS FLOW:ACCOUNTING PROCESS

### Data Input

Source documents<sup>1</sup>  
scanned and uploaded  
by client staff

Web based  
Interface/FTP

### Data Transfer

Input data (Images)  
located at client  
server/our server

### Quality Control

Dedicated quality resource  
checks processed work

Web based  
Interface/FTP

### Data Output

- Updated client accounts
- Reporting statements

### Data Processing

Team in India

- Downloads and checks data
- Enters data in accounting package residing at client server/our server

### Note

1. Source documents include invoice, bills, purchase orders, and bank statements among others

## QUALITY PRACTICES

- Stringent hiring ,extensive training and, proactive approach to quality
- Multi-tiered review levels to supervise the work of Junior Accountants
- Robust review mechanism at each critical point of the process and before delivery to end customer
- Quality manuals with standardized procedures followed for each accounting process
- Critical input/outputs are continuously monitored against predefined Key Performance Indicators (KPI)
- Well defined exception handling procedure involving clear communication of exceptions to customer

**Need more information**

**MORE ABOUT US**

## INFRASTRUCTURE:KEY HIGHLIGHTS

- Spacious 1000 Square Feet office set-up with modern facilities at a major commercial centre in New Delhi.
- Seater capacity: 25 seats (extendible at short notice)
- Uninterrupted power supply (with online battery back-up)
- Two tier IT support for quick resolution of IT problems
- Dedicated US based server located in a Ohio based international datacenter with automated data-backup
- Computers with latest technology configuration (IBM Pentium IV PCs and server)
- Multiple network connections (Cable and DSL) to ensure continuous online connectivity
- Multiple US specific telecommunication facilities- *VOIP, US fax no., US Phone No. (with Voice mail)*
- Accounting Softwares- QuickBooks, Peachtree, Creative Solutions and Simply Accounting (different versions)
- Document management and work-flow systems used extensively to manage processes

## COMPANY PROFILE:SUMMARY

- Founded by an IIT-ISB alumnus<sup>1</sup>, we have grown to become a twenty people strong organization
- Senior management team has **extensive accounting and taxation outsourcing experience** in American Express, Xansa, and HCL ranging from four to ten years
- Middle management team has US accounting experience across diverse sectors with **about 45% of our accounting staff** having US accounting experience of **more than three years**
- Diverse client base spread across US, UK and Canada
- Advisory Board comprising of managers working in leading outsourcing companies like Genpact and American Express provides critical industry-related inputs and guides strategic decision making
- Marketing and client servicing partners located in different states in USA
- Backed by an \$20 mn business group with presence in manufacturing of electrical consumables and distribution of office-automation related and IT hardware products across India
- D&B D-U-N-S Registered -DUNS no. 677379246

### Note

1. *IIT and ISB are leading engineering and management institutions of India. ISB has tie-ups with Wharton ,Kellogg and London business schools*

## CLIENT PROFILES: SNAPSHOTS

[Refer Caselets](#)

Client Size: Small medium businesses with an annual revenues from USD 1 mn to 350 mn.

Geographic Spread: We have clients across USA (across 12 states), UK, Canada, Australia and even Japan

Industry Sectors: Construction, Real Estate (Property Management), Retail and Wholesale, Logistics, IT and CPAs

### CLIENT LIST- Some Samples

- Large **logistics company** based in Colorado with multi-state operations
- Well-known **construction and development** companies based in British Columbia
- Mid-sized furniture **wholesaler and retailer** in New Jersey
- One of the fastest growing **property management firms** in South Florida
- Mid-size **luggage retailer** with primarily online presence
- **CPA firm** in Fort Worth, Texas



Outsource Costs In Source Growth

## CONTACT DETAILS

**Contact person:** Priyankar Baid  
Director and Head (Business Development)

**Company:** PB Tech Impact Solutions Pvt. Ltd.

**Email:** sales@outsourcinghubindia.com (Primary address)  
priyankar@bol.net.in (Alternate address)

**US Fax No./ Voicemail:** 1-512-233-2800

**US Phone Number:** 1-646-367-8976

**India Phone Number:** 91-11-26475715(Extn. 232), 91-11-41606754(Direct)

**Website:** www.outsourcinghubindia.com

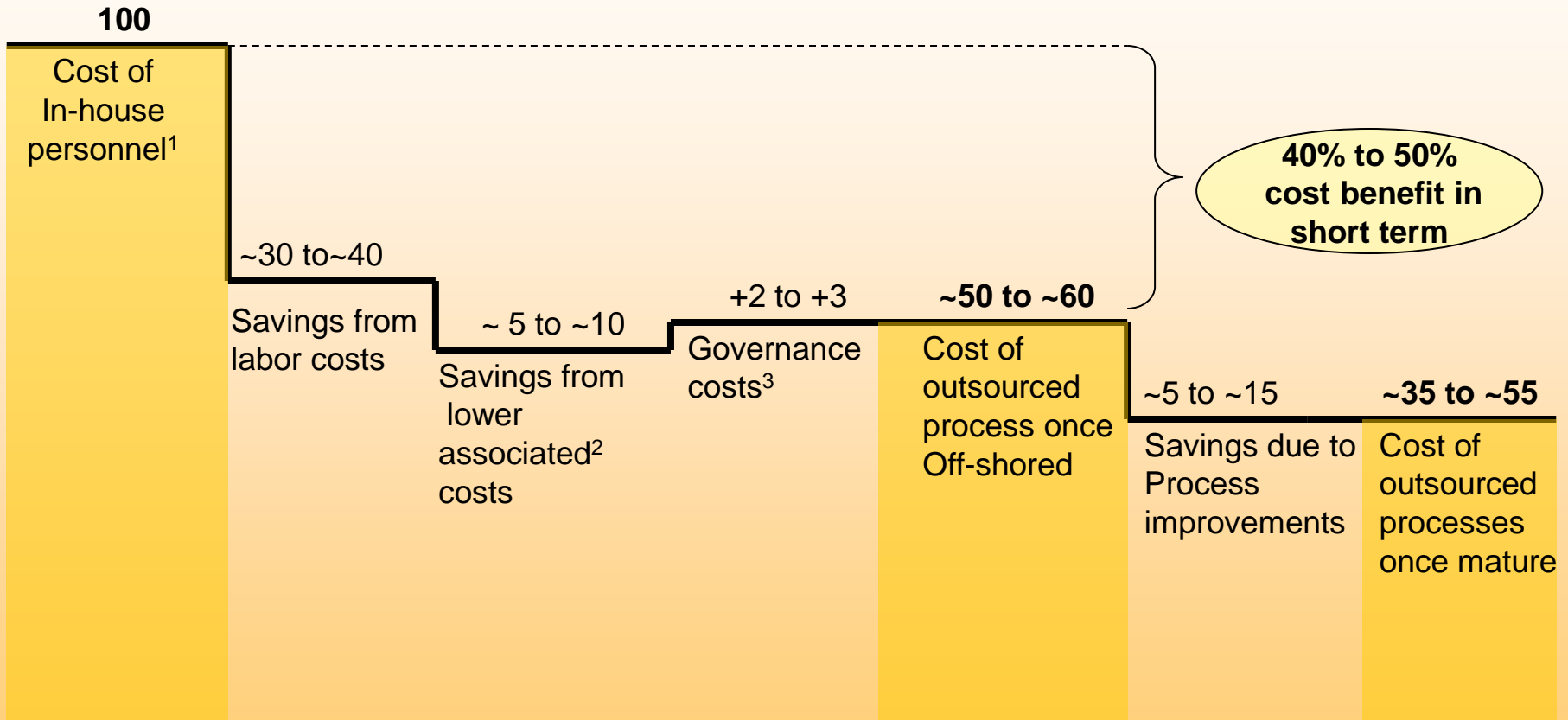
**Contact Address:** 502, Gedore House,  
51-52 Nehru Place,  
New Delhi-110019 India

**THANK YOU**

# ANNEXURES

## COST SAVINGS SUMMARY

*Indicative figures*

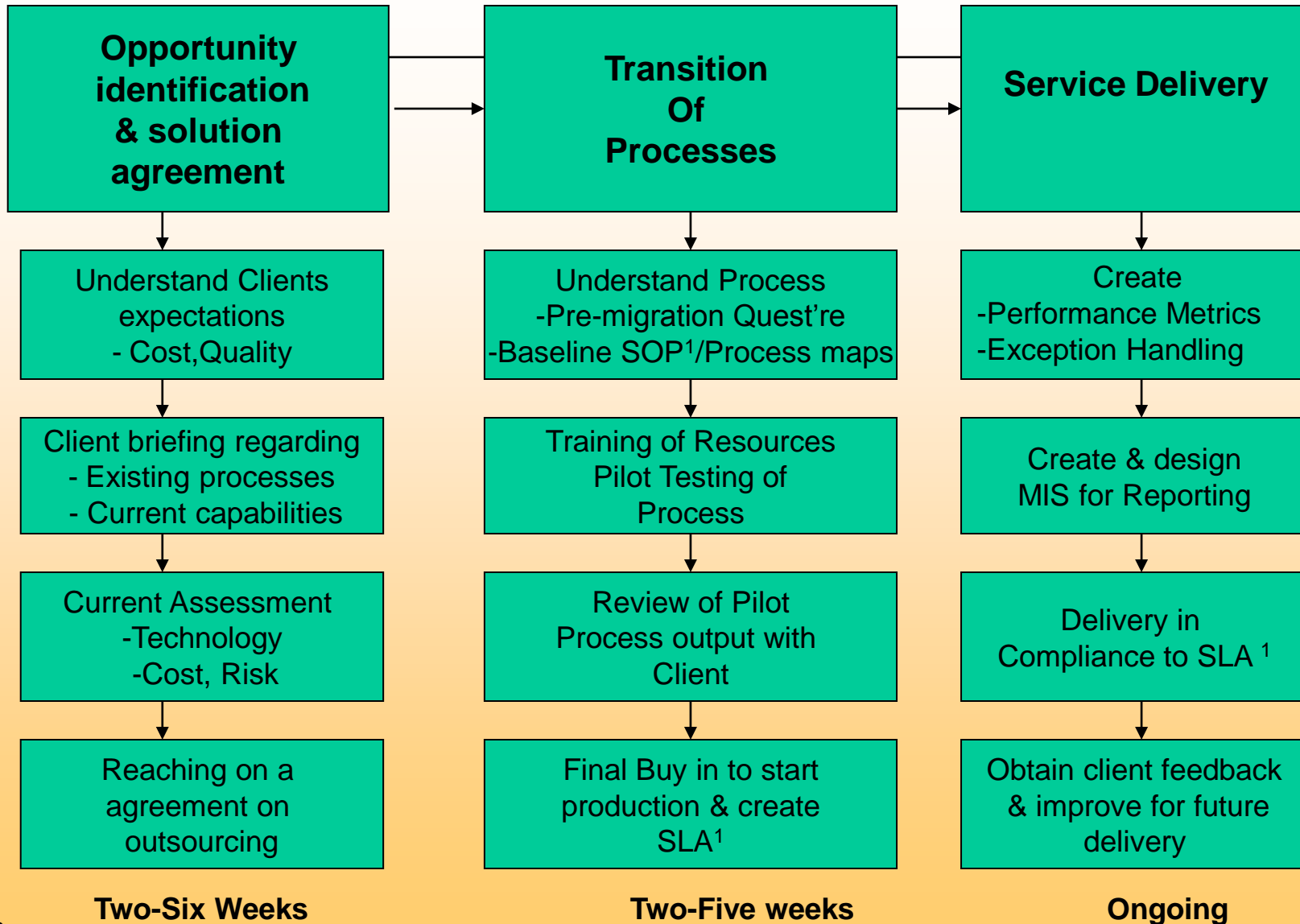


### Note

1. Includes salary, benefits and ancillary costs of personnel currently executing the processes
2. Associated costs include non-compensation costs related to personnel, such as, occupancy, training, computing, attrition and hiring costs, and HR support
3. Includes cost of in-house personnel's participation in administering the outsourcing relationship

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# Schedule of an Outsourcing Process- Small and Medium businesses



Note

1. SOP: Standard Operating Procedure for the process, SLA: Service Level Agreement

2. Lower figures are estimated timelines for a small organization (< 10 people and/or less than 3 million USD in annual revenues)

# Transition Plan for Accounts Payable Process in a Mid-sized Organization<sup>2</sup>



Activity Detail	# of days estimate	Activities–Client Center	Activities --Offshore Center
Joint kick off- Transitioning of Process <ul style="list-style-type: none"> <li>▪ Establishing contact points</li> <li>▪ Technology study and demo</li> </ul>	2-3 days	Communication to staff	Communication to staff
Understanding of process <ul style="list-style-type: none"> <li>▪ Transfer of SOPs, Process flows</li> <li>▪ Pre-migration Questionnaire</li> </ul>	3 days- if SOPs in place 10 days- if SOPs have to be made	Send to offshore	Send to Client
Training of Resources <ul style="list-style-type: none"> <li>▪ <u>Pilot testing:</u></li> <li>▪ Scan Invoice</li> <li>▪ Receive Invoice</li> <li>▪ Data Entry</li> <li>▪ Error removal from Rejected invoices</li> <li>▪ Cheque Printing</li> <li>▪ Payment to Client</li> <li>▪ Customer Service</li> <li>▪ Reporting/MIS</li> </ul>	One cycle of pilot testing – 7 days  Normally there are two cycles repeated with mid sized company  Total 14 days	<ul style="list-style-type: none"> <li>• Send in batches</li> <li>• No data entry at Client’s center</li> <li>• Check Printing at Client’s Center</li> <li>• Jointly with offshore center</li> </ul>	<ul style="list-style-type: none"> <li>• Receive in batches</li> <li>• Data entry at off shore center.</li> <li>• Interim review at Offshore center</li> <li>• No Check Printing at off shore</li> <li>• Customer/employees queries at offshore</li> <li>• Progress reports to Client Center</li> </ul>
Review of Pilot process Output	3 days	Jointly with offshore center	Jointly with Client’s Center
Start Production		Stop production	Ongoing

**3-4 weeks**

## Timelines

### Note

1. Midsized organization defined as greater than USD 3 million annualized revenues and less than USD 50 million annualized revenues
2. All numbers are estimates. Actual time depends on the size of organization and complexity of business processes and software

**BACK**

## WORKFLOW AND DOCUMENT MANAGEMENT PRACTICES

Work-Flow and document management practices comprise a key component of a successful outsourcing relationship. We follow a comprehensive approach to manage data and information flows smoothly.

Some of the main measures are:

- **Work Flow Practices**

- ❖ Tiered project handling team structure with clear delineation of roles and responsibilities
- ❖ Use of IT to automate email and data-flow
- ❖ Standardized formats at every stage of the process-Input, Processing and Output
  - File Tracker, Data and Clarification Sheets, Progress Review Reports and MIS reporting
- ❖ Contact points can be reached through multiple communication means

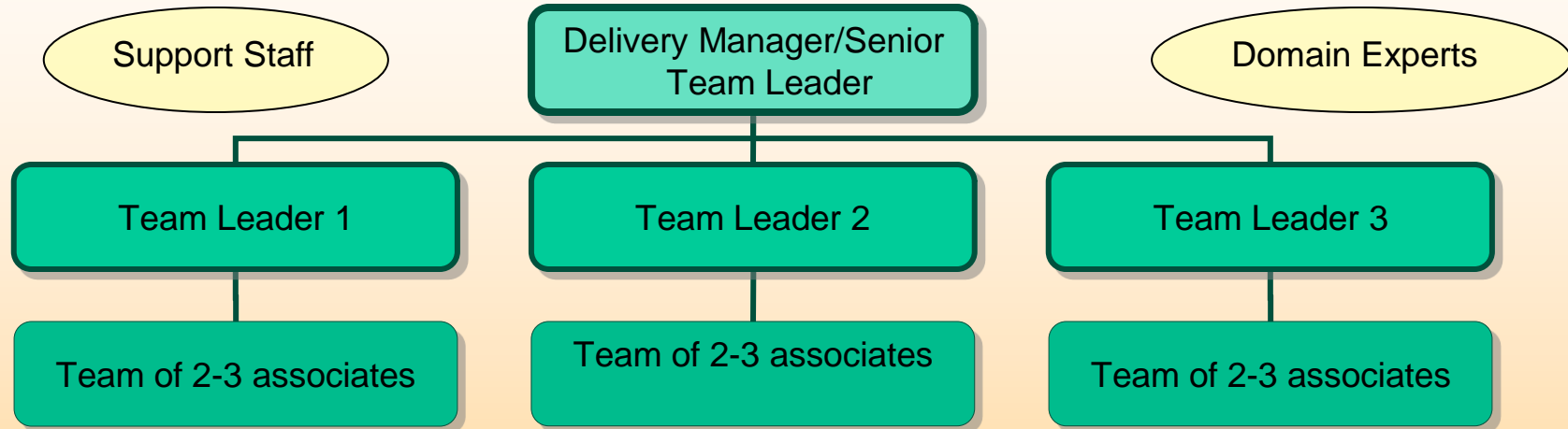
- **Document Management Practices**

- ❖ Data is stored at two levels- US server and our local LAN server.
- ❖ Regular data backup-daily backup in US server and weekly backup in LAN server
- ❖ QB record level data management-large bookkeeping clients
- ❖ Experience in handling different DMS- Acct1st,SourceLink, and Efile Cabinet
- ❖ Robust and tested folder structure for handling data from multiple small clients

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CONTINUE

## PROJECT TEAM STRUCTURE



- Scheduling and allocation of work is done between the Delivery Manager and Team Leaders
- Each team leader handles a specific set of clients/ a single large client. The onshore staff can communicate directly with the team leaders and the delivery manager through phone, email or IM.
- The associate in turn performs the work for a single/multiple clients and reports to the team leader

### Note

- *Support Staff primarily includes IT support, HR ,and FTP-data personnel.*
- *Team leader comprises typically of staff accountants with prior US accounting experience of three-six years*
- *Associate are junior accountants with 0-2 years of US accounting experience*
- *Domain experts are external/internal experts in a specific area like 1040s tax-return preparation etc*

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## DATA SECURITY PRACTICES

### **Physical and Work floor Security**

- Screening of visitors/employees by a security guard during entry and exit for data storage media like cds
- USB drives and cds are banned from work-floor
- Employees sign a Non Disclosure Agreement (NDA) with punitive clauses
- Mandatory background checks performed for all employees

### **Data Security**

- Limited data movement from US as data is housed in server farms in US or is processed through remote access of client servers
- All data is backed up regularly either in US server farms or our data servers depending on client choice

### **Network Security**

- Use of secured line (128 bit SSL) to access and transmit data (images) from servers in US
- Segmented LAN with firewall protection
- All ports except DNS and SMTP servers are disabled for the external world

### **PC Security**

- Access to source documents is restricted to authorized employees only
- No fax and printing capabilities at the processing site
- PCs used by processors do not have USB, CD ROM drives and are denied web access
- Limited usage of paper in the work-floor

BACK

## CASELET 1: CONSTRUCTION and DEVELOPMENT INDUSTRY

**Our Services:** Accounts payable processing involving entry of invoices and generation of management reports

**Client Profile:** A well-known Canadian real estate developer based in Vancouver with proven expertise in constructing and developing high rise concrete homes

**Client Size:** USD 300-350 million with 60 employees

**Challenge:** Rising staff costs along with problems involved in expanding operations triggered the search for an outsourcing solution for their accounts payable team beginning with the entry of AP invoices.

### **Solution:**

- Team of two accountants was set-up to service the stiff service levels (same day TAT with 99% accuracy)
- Designed a migration plan that covered business, technology, process review and work-flow steps
- Two week comprehensive training program to familiarize staff with the software (Timberline) and the process
- Gradual transition from the pilot phase to the “live” phase ensured smooth scaling up

### **Achievement:**

- Same day turnaround with 99.7% accuracy levels for a daily processing volume of 125 invoices per FTE
- Successful handling of complex invoices involving progressive invoicing and multiple tax codes
- Client has planned off-shoring of the entire AP department over the next few months

[BACK](#)

[CONTINUE](#)

## CASELET 2: LOGISTICS AND SUPPLY CHAIN



**Our Services:** Processing of receipts, general ledger maintenance, and bank reconciliation services

**Client Profile:** A 100 year old moving and storage company headquartered in Colorado with multi-state operations

**Client Size:** USD 75-100 million with 225 employees

### Challenge:

- Unsatisfactory experience with existing outsourcing service provider prompted the company to search for a better outsourcing solution.
- Trial projects were conducted in five service providers (incl. us) simultaneously. **We were the best firm in trial**
- High back-log of work necessitated immediate processing with little time for training.
- Process involved multiple sub-components and a diverse range of tasks

### Solution:

- Project team of one junior accountants and one senior accountant learnt proprietary accounting software
- Process manuals and reporting formats were developed for each component of the process-lock box processing, credit card receipting, bank reconciliation and general ledger maintenance
- Automated work-flow system set-up to manage emails and data flowing between multiple contact points

### Achievement:

- The entire back-log was cleared in fifteen days including updating of financial records for more than one year
- Adherence to turnaround time and accuracy commitments
- Client has planned off-shoring of credit card processing and check processing activities to our centre

## CASELET 3: REAL ESTATE AND PROPERTY MANAGEMENT



**Our Services:** Complete end-to-end accounting and management reporting to the CFO and CEO of the firm

**Client Profile:** A large property management firm providing investment, brokerage, management and construction services based out of South Florida, USA.

**Client Size:** USD 10-15 million

### **Challenge:**

Client was looking for a scalable outsourcing solution from a specialist service provider with prior experience in accounting for real-estate industry.

### **Solution:**

- Detailed interviews with client personnel during the migration period to map business processes
- Developed a detailed operating procedure involving clear input-process-output guidelines along with timelines
- Use of advanced features of QuickBooks for tracking assets, tenant activity and profitability

### **Achievement:**

- Client achieved cost savings of ~45% on their base cost structure
- Improved accounting of assets and receivables, and expired leases through the tracking systems created by us
- Changes incorporated in the general ledger structure improved quality of accounting information thereby helping improve decision making

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## CASELET 4: RETAIL (APPARALLEL AND CONSUMER GOODS)

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**Our Services:** Generation, testing and analysis of customized excel reports from POS retail data

**Client Profile:** A niche and fast growing retail consultancy company based in Ohio, USA providing data warehousing, business intelligence and analytics services to retail stores and manufacturers

**Client Size:** USD 5-8 mn

### **Challenge:**

- Handling voluminous data-records up-to 30,000 records across multiple parameters in excel
- Understanding specific terminologies and reports related to fashion and consumer goods industry
- Excellent excel skills were required to process raw data into meaningful reports

### **Solution:**

- Project team of one senior accountant and one analyst learnt the retail analysis software
- Manuals comprising of theoretical and practical process knowledge were developed
- Detailed task-lists with clear timelines were developed to expedite the learning curve

### **Achievement:**

- Quality of reporting in terms of accuracy and relevance of data to end clients has gone up considerably
- Positive client feedback on our performance in technically complex projects
- Successfully met turnaround time commitments for both regular and project based tasks
- Client exploring pilot project options for outsourcing more complex tasks like modeling and complex analysis

CONTINUE

## CASELET 5: CUSTOMER SERVICE SOLUTIONS(CALLCENTRES)

**Our Services:** Complete accounting (except AR) including payroll and monthly finalization of accounts. We also provide budgeting, management reporting and monthly financial and business analysis services.

**Client Profile:** Based out of Omaha, USA , a leading provider of outsourced customer service solutions including inbound, outbound and technical support

**Client Size:** USD 3.5 million with 50 employees

### **Challenge:**

Low management reporting systems and practices made objective financial and business analysis difficult for the top management.

### **Solution:**

- Developed a dashboard and management reporting solution to highlight daily/monthly operational and financial performance
- Integrated accounting solution delivered through a combination of a two member team

### **Achievement:**

- Client achieved cost savings of ~30% of their base cost structure
- Significant improvement in client systems to track agent productivity and financial performance
- Accounts are maintained on a daily basis resulting in a significant improvement in accuracy and relevance of the financial information