

**Process:** Monthly bookkeeping to a mid sized US CPA firm in Dallas (Texas)

**Client:**

A mid sized US CPA firm providing bookkeeping (write-up), taxation and advisory services to small medium businesses. These included companies in gas stations, retailers, doctors, construction companies, among other sectors. Accounting was performed in QuickBooks Premier package.

**Challenge:**

The client was interested in exploring outsourcing bookkeeping (Write-Up) services. These services involved generating financials statements using bank statement, check stubs, credit card statements among other documents. Since the client had never outsourced before, their prime concerns were related to quality and data security. The CPA firms varied client base (motels, gas-stations, retailers, and doctors) had differing accounting practices, varying transaction volume (ranging from 50 to 500 transactions per month) and diverse source documents. To handle this diversity, our offshore team would have to quickly learn multiple internal formats (like sale summary sheet, sales and payroll tax tie-in formats), and accounting and business practices across different industries. For e.g. in gas stations, we had to handle six-to-seven different income streams like lotto commission, money order income, ATM income etc, whereas in motels, there were different type of taxes, which had to be understood. Further some expenses and income were separately tracked and would not be taken from the bank statements. This necessitated a clear understanding of the expense/income heads to be taken from bank statements. We also had to learn what different direct debits/withdrawals listed in the bank statement (with little descriptive information on the bank statement) referred to.

**Solution:**

We started with directly addressing every query of the client regarding data security and quality. We explained the various data security measures undertaken at our premises and during the data transfer process. Our measures like encrypted transfer of data between client and us use of firewalls in our server, and the regular data backups. In order to keep the data entirely secure, a remote access process was devised. Both the data and the accounting software (QuickBooks Premier 2006) were accessed remotely. The remote access tool used was Windows Remote Desktop (using terminal server license).

User-based restrictions built in, so that the offshore staff could access only those drives and folders where authorizations had been given. Further no data could be copied to India end or printed at India end.

The prior experience of our key staff in accounting outsourcing coupled with the extensive training imparted to our processors in QuickBooks software helped us confidently address questions regarding the software. It also helped us quickly grasp

concepts like check cashing income, ATM income, handling multiple credit card accounts and merchant accounts/payment mechanisms.

Our standardized checklists helped us quickly review the existing practices of the end-clients. A process manual was created by our team to capture key accounting practices separately for each sector like gas-stations, retailers, motels, wholesalers, and professional services. This manual also captured specific instructions on how to handle different direct debits/EFTs /withdrawals. This considerably saved the lead-time to migrate the work of a new end-client. To ensure that quality was never compromised, our dedicated quality control resource checked the output files before processing.

Daily, weekly and monthly management formats were devised to enable clear communication with the client. Clarification and follow-up formats were devised and shared with staff at both Indian and US end. This ensured the communication between both ends was carried out in standard templates, reducing possibility of miscommunication, or missing information.

A pilot phase was designed (for one month), where-in we gradually increased the workload from handling 15 companies to over 90 companies in a month.

### **Impact**

Client saw savings of over 25% in the pilot phase. Post-pilot phase savings range from 35%-40%. Other observations stated by client are-

- No additional staff hired during tax-season as bookkeeping(write-up) responsibilities were taken up by India end
- Savings generated from outsourcing were partially invested back in marketing activities to generate new clients.
- Client added new customers without increasing head-count. Existing staff were able to focus greater on other services like payroll services.
- Processing time per client increased in outsourcing as the process was done completely remotely. However, despite the increased time, overall savings were significant.