

outsourcingHubIndia

Outsource Costs In Source Growth

*Accounting Outsourcing Services for
UK Firms*

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 services

BENEFITS OF OUTSOURCING

- ❑ Generate cost savings between 40%–60% by outsourcing to cheaper back office service providers
- ❑ Achieve flexible staffing levels through bookkeeping and accounting outsourcing
- ❑ Release time from routine activities like debtors & creditors processing and focus more on critical accounting and managerial activities
- ❑ Achieve better financial control and improve the relevance, reliability and quality of financial information
- ❑ Eliminate the difficulties related to recruiting and retaining headcount
- ❑ Leverage the favorable time difference between India and UK! India is about five hours ahead of UK, resulting in longer client servicing hours



Outsource Costs In Source Growth

COST SAVINGS COMPARISON- ACCOUNTING PROCESS

All figures in GBP

40-60% Savings

Note

- Employee benefit costs in UK not included in the comparison
- Overhead cost includes cost of leasing computer hardware and maintenance related , software like accounting package licenses, training, floor space, and electricity among others
- Offshore cost are only estimates; includes wages, infrastructure, training and technology cost
- Salary figures are average figures

**Refer Detailed Savings
Sheet**

Bookkeeper/Jr. Accountant	UK Employee	Offshore Cost
Annual Salary	16000	8400
Payroll Taxes (8%)	1280	
Overhead Costs (10%)	1600	
Total Cost	18880	8400

Staff Accountant/Sr. Accountant	UK Employee	Offshore Cost
Annual Salary	24000	10200
Payroll Taxes (8%)	1920	
Overhead Costs (10%)	2400	
Total Cost	28320	10200

Financial Analyst	UK Employee	Offshore Cost
Annual Salary	28000	12000
Payroll Taxes (8%)	2240	
Overhead Costs (10%)	2800	
Total Cost	33040	12000

Our Services

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, CA/CPAs, and MBAs with prior experience (three-ten 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 Competitive Pricing

LIST OF SERVICES

Monthly Bookkeeping Services

- ☐ Entry of purchases/expenses
- ☐ Creditors and debtors processing
- ☐ Bank, credit card and merchant account reconciliation
- ☐ General ledger maintenance
- ☐ Fast Close – quick monthly closing of books
- ☐ Creditor and debtor report
- ☐ Generation of financial statements

General Accounting Services

- ☐ 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

VAT Related processing

- ☐ Maintenance of VAT control account and preparation of VAT returns

LIST OF SERVICES (CONTD.)

Payroll Processing

- ☐ Creating and maintaining employee profiles on the Payroll system
- ☐ Managing time and attendance
- ☐ Processing of Weekly/Bimonthly/Monthly Payroll from time sheet
- ☐ Calculation of Net Pay checks
- ☐ Payroll Journal and Payroll Summary Sheet

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

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)

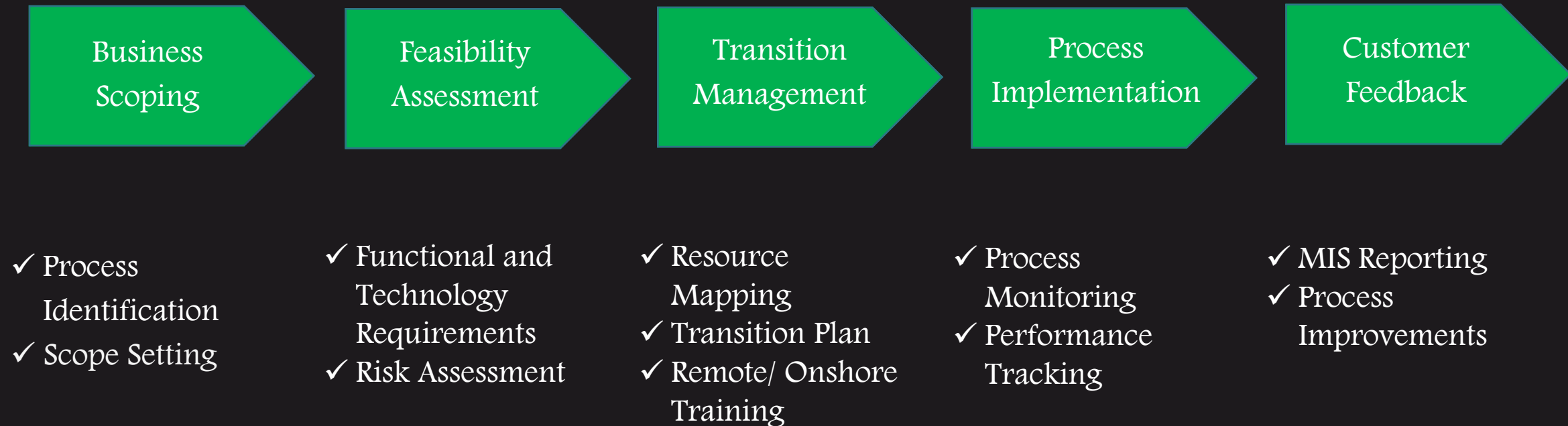
SOFTWARE SKILLS– SUMMARY

General Accounting and Taxation Software

SOFTWARE	EXPERTISE LEVEL
QuickBooks (QB) (UK Version) (QB Pro, Premier, Enterprise and QB Online)	High
Sage One & Sage 50	High
Business Accountz	Medium
KashFlow	Medium
Xero	High
VT-Transactions	Medium
ClearBooks	High
ERP and Oracle packages	Medium to High
TaxCalc	Medium
TurboCash	Medium

The Process

OUTSOURCING MASTER FRAMEWORK



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 documents¹
scanned and uploaded
by client staff

Web based
Interface/FTP

Data Transfer

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

Quality Control

Web based
Interface/FTP

Dedicated quality resource
checks processed work

Data Processing

Team in India
– Downloads and checks data
– Enters data in accounting
package residing at client
server/our server

Data Output

– Updated client accounts
– Reporting statements

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

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More About Us

INFRASTRUCTURE- KEY HIGHLIGHTS

Physical

- ❑ Off shoring center in New Delhi (the foremost outsourcing hub in India)
- ❑ Uninterrupted power supply (UPS backup)
- ❑ Spacious office set-up (2000 square feet) with modern facilities to ensure optimum productivity

Hardware

- ❑ PCs with latest technology configuration
- ❑ Segmented LAN with firewall protection
- ❑ Data is housed in server farms in US to ensure US law compliance
- ❑ Secured data access using encrypted SSL access

Software

- ❑ Access to current versions of accounting and tax software's like QuickBooks, Sage
- ❑ Dedicated bandwidth through a 5 MBPS leased line to maintain 24*7 online connectivity
- ❑ High speed secondary broadband connections for additional redundancy

Connectivity

- ❑ Dedicated bandwidth to maintain 24*7 online connectivity shared broadband connections to ensure redundancy

COMPANY PROFILE– SUMMARY

- ❑ Founded by an IIT-ISB alumnus¹, we have grown to become a forty people strong organization
- ❑ Senior management team has **extensive accounting and taxation outsourcing experience** in American Express, Xansa, and HCL ranging from six to twelve years
- ❑ Strong delivery team comprising of qualified accountants, CA/CPAs and MBAs with at-least four years of international accounting outsourcing experience (Refer [Team Profile](#) and [Staff Profile](#))
- ❑ Industry specific custom designed solutions for real estate and property management, construction and development, logistics, retail and CA/CPAs
- ❑ Diverse client base spread across US, Canada and UK
- ❑ 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

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 PROFILE



[Refer Caselets](#)

A BRIEF SNAPSHOT OF OUR CLIENTS

We currently service small mid sized businesses operating in different industries in UK, US and Canada. We provide them either a stand alone service (like accounts payable processing) or completely integrated accounting services comprising accounting, financial analysis and management reporting and payroll services. Our clients includes firms operating in diverse sectors

- ☐ London based textile design and retailing company
- ☐ Sussex based Chartered accounting company
- ☐ London based distribution products company
- ☐ CPA firms-sole practitioners and multi-partner firms
- ☐ Wholesalers and Distributors
- ☐ Construction and Real-Estate Property Management Firms
- ☐ Transportation and Logistics
- ☐ Professional services
- ☐ IT and IT enabled services
- ☐ Retailing-convenience stores, gas-stations and motels

CONTACT DETAILS

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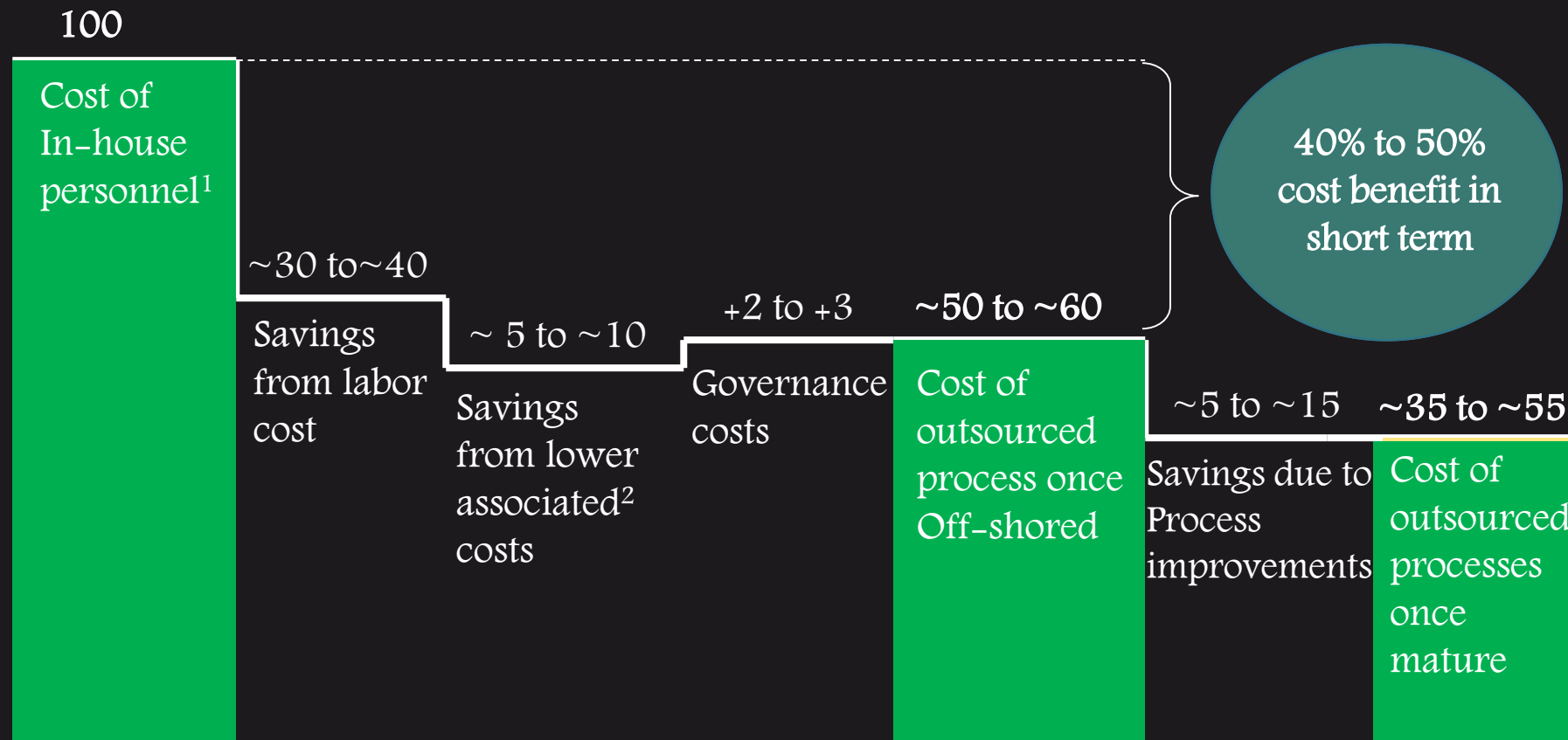
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ANNEXURES

COST SAVINGS SUMMARY

Indicative figures

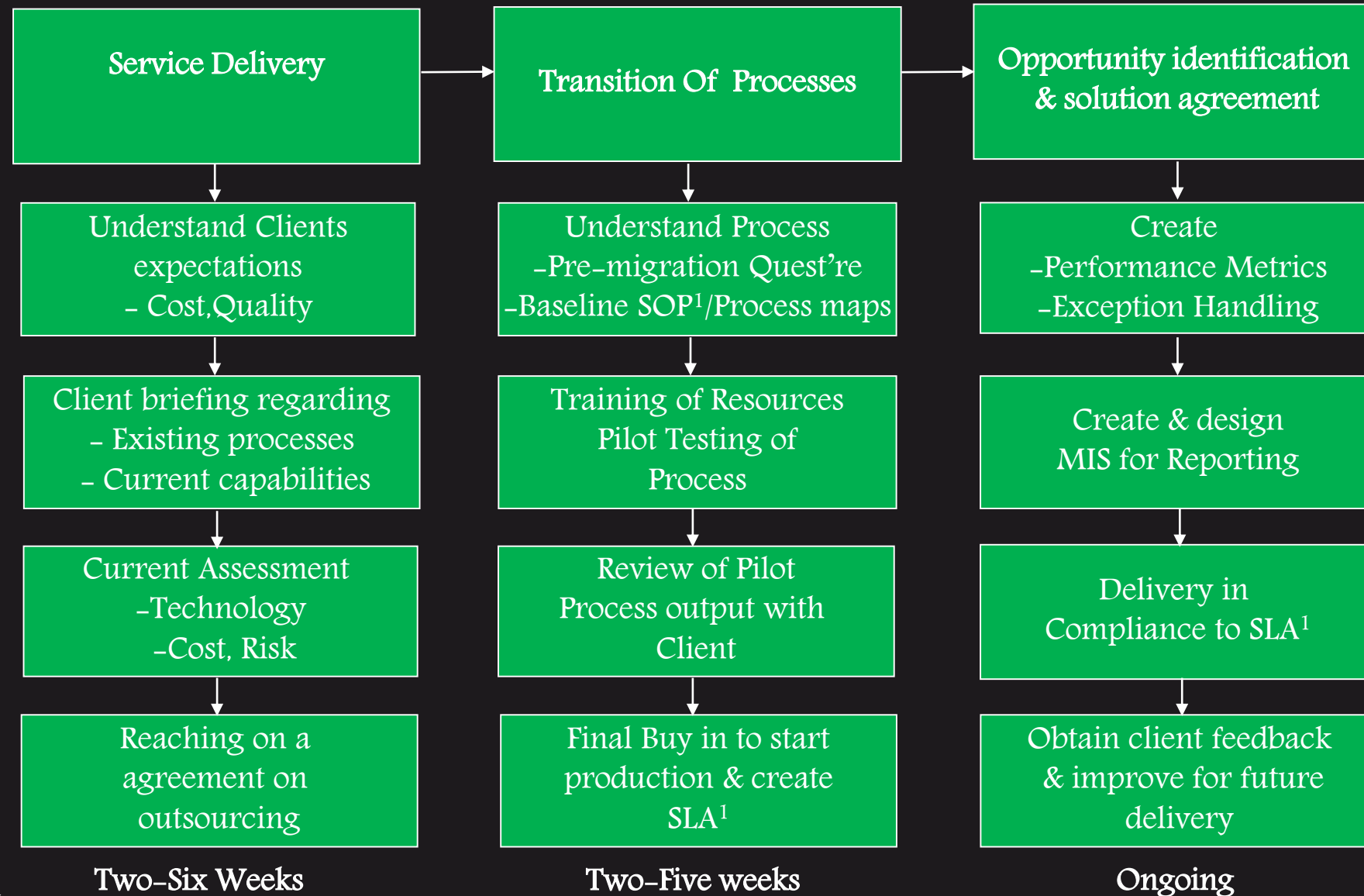


Note

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 1 million GBP in annual revenues)

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Transition Plan for Accounts Payable Process in a Mid-sized Organization²

Activity Detail	# of days estimate	Activities– Client Center	Activities – Offshore Center
Joint kick off– Transitioning of Process <ul style="list-style-type: none"> • Establishing contact points • Technology study and demo 	2–3 days	Communication to staff	Communication to staff
Understanding of process <ul style="list-style-type: none"> • Transfer of SOPs, Process flows • Pre-migration Questionnaire 	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"> • Pilot testing: • Scan Invoice • Receive Invoice • Data Entry • Error removal from Rejected invoices • Cheque Printing • Payment to Client • Customer Service • Reporting/MIS 	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"> • Send in batches • No data entry at Client's center • Check Printing at Client's Center • Jointly with offshore center 	<ul style="list-style-type: none"> • Receive in batches • Data entry at off shore center. • Interim review at Offshore center • No Check Printing at off shore • Customer/employees queries at offshore • Progress reports to Client Center
Review of Pilot process Output	3 days	Jointly with offshore center	Jointly with Client's Center
Start Production		Stop production	Ongoing

Timelines

3–4 weeks

Note

1. Midsized organization defined as greater than GBP 1 million annualized revenues and less than GBP 30 million annualized revenues
2. All numbers are estimates. Actual time depends on the size of organization and complexity of business processes and software

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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

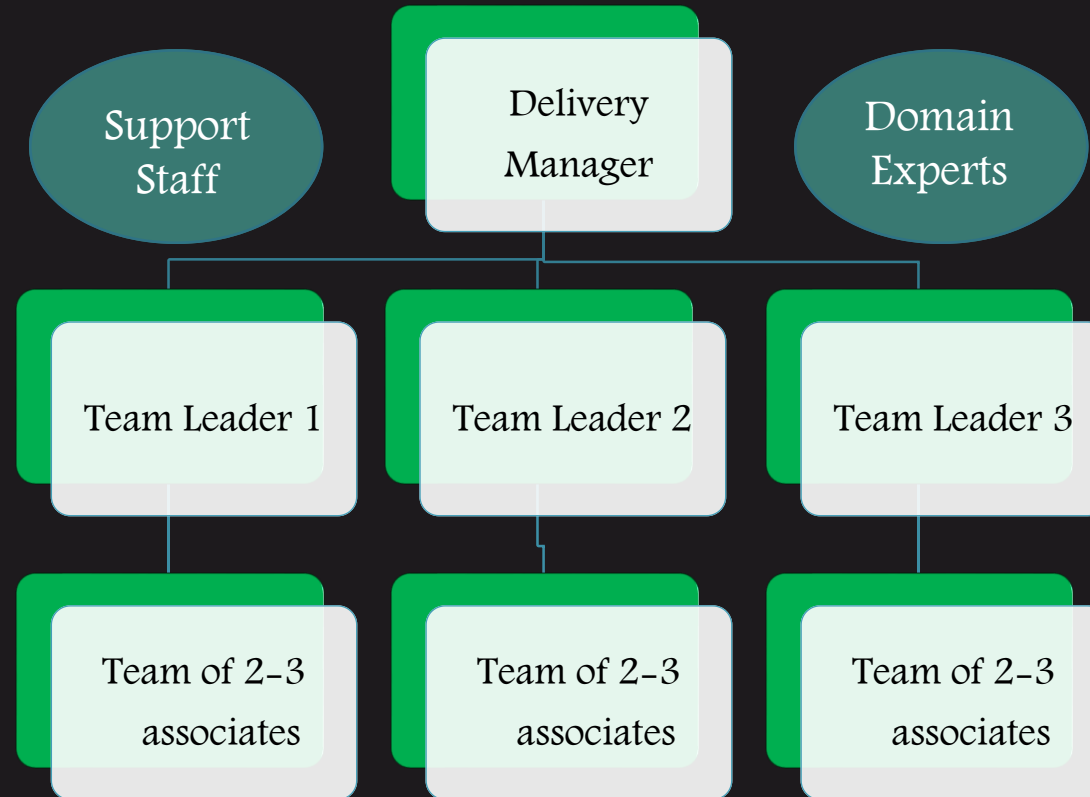
- ☐ Tiered project handling team structure with clear delineation of roles and responsibilities
- ☐ Use of IT to automate email and data-flow
- ☐ Standardized formats at every stage of the process-Input, Processing and Output
 - File Tracker, Data and Clarification Sheets, Progress Review Reports and 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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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 Canadian accounting experience of three-six years
- Associate are junior accountants with 0-2 years of UK accounting experience
- Domain experts are external/internal experts in a specific area like tax-return preparation etc

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DATA SECURITY PRACTICES

Physical Security

- ☐ Screening of visitors and employees by a security guard (including in night shift) during entry and exit for data storage media like CD, USB drives, memory cards etc
- ☐ No cameras, camera phones and digital recording media allowed in sensitive processes or sections of our premises
- ☐ Entire work floor area is covered under CCTV security cameras whose feed is monitored by IT and administration department

Data Security

- ☐ Master data is housed in our dedicated USA server in reputed data centre at Ohio
- ☐ USA server is protected using Symantec antivirus and firewall
- ☐ Access to the server is through 128 bit SSL encryption which ensures transmission security

Network Security

- ☐ Network security is maintained through Symantec Endpoint Protection for server and client level security to protect against virus, worm and other malicious attacks
- ☐ Segmented LAN with Cyberroam firewall protection

PC Security

- ☐ PCs used by processors have disabled floppy/USB and CD ROM drives
- ☐ Individual domain accounts for each processor ensures that the access to source documents is restricted to authorized employees only

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

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CASELET 2– RETAIL (APPARALLEL AND CONSUMER GOODS)

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

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CASELET 3– 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