

outsourcingHubIndia  
Outsource Costs In Source Growth

*Business Process Outsourcing*

*A Unique Opportunity*

# *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 30%-50% for onshore North American companies
- ❑ Achieve flexible staffing levels through bookkeeping and accounting outsourcing
- ❑ Release time from routine activities like accounts payables 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 US as India works when US sleeps!



**Outsource Costs In Source 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

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

Staff Accountant/Sr. Accountant	US Employee	Offshore Cost
Annual Salary	48000	22800
Payroll Taxes (8%)	3840	
Overhead Costs (10%)	4800	
<b>Total Cost</b>	<b>56640</b>	<b>22800</b>

Financial Analyst	US Employee	Offshore Cost
Annual Salary	55000	30000
Payroll Taxes (8%)	4400	
Overhead Costs (10%)	5500	
<b>Total Cost</b>	<b>64900</b>	<b>30000</b>

**40-60% Savings**

**Note**

- Employee benefit costs in US 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
- US Salary figures are average figures for New York

**Refer Detailed Savings Sheet**

# *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, 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

- 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

## 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)



# 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

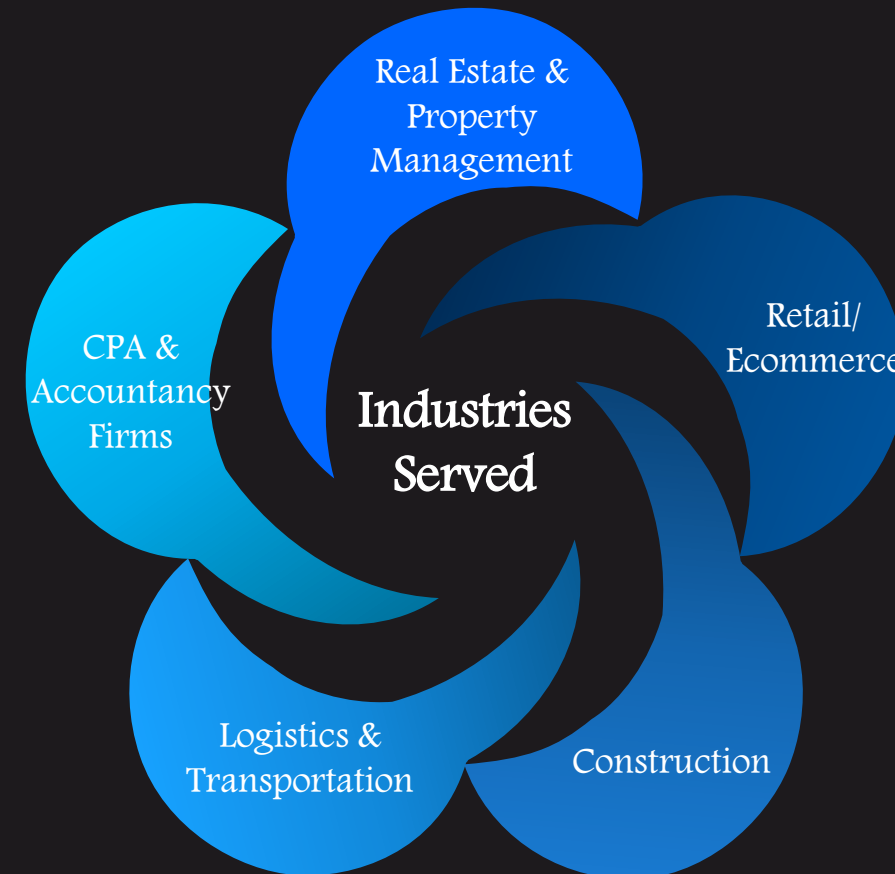
## Business Research and Business Intelligence

- 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)

## LIST OF SERVICES (CONTD.)

### Industry Specific Solutions

- ❑ Real estate and property management [view](#)
- ❑ Construction [view](#)
- ❑ Logistics and Transportation [view](#)
- ❑ Retail /Ecommerce [view](#)
- ❑ CPAs (Certified Public Accountant) [view](#)



# SOFTWARE SKILLS- SUMMARY

## General Accounting and Taxation Software

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

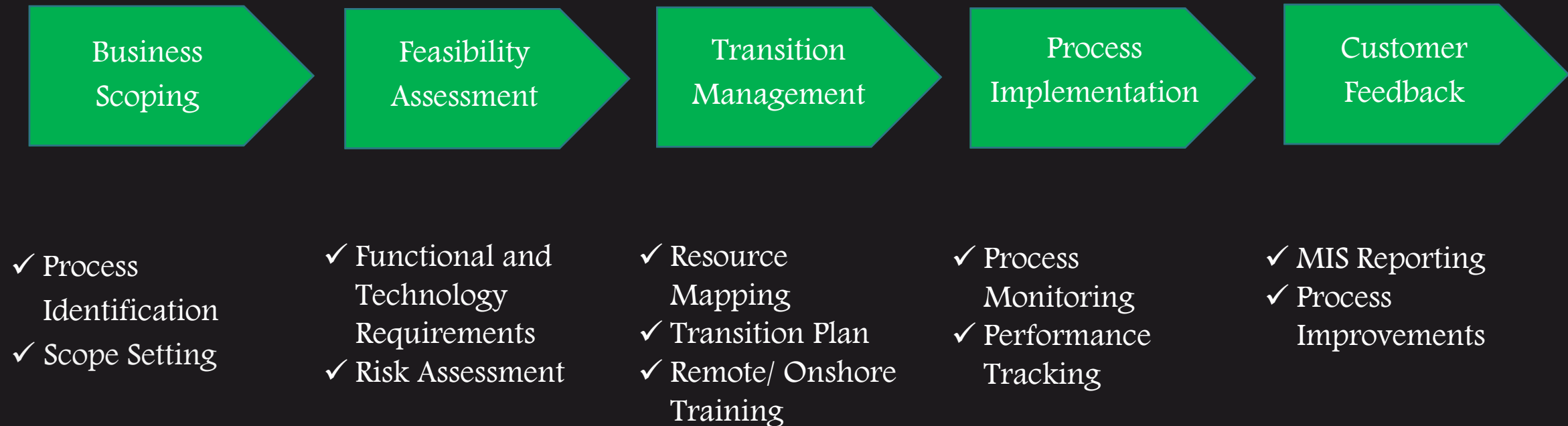
# SOFTWARE SKILLS- SUMMARY (CONTD.)

## Industry Specific Software

SOFTWARE	EXPERTISE LEVEL	INDUSTRY TYPE
QuickBooks (QB) (Construction Edition)	High	PM/Construction
Timberline	High	PM/Construction
Yardi- Voyager, Genesis	High	Property Management
Appfolio	High	Property Management
MRI (by Intuit Real Estate Solutions)	High	Property Management
Realpage- Onsite	High	Property Management
NetSuite	High	Retail
Custom POS	Medium	Retail
Epicor	Medium	Retail
GreatPlains (Moverssuite)	High	Logistics
SAP	Medium	Logistics
Custom ERP	Medium	Logistics

# *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 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

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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# 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, Peachtree, Sage Line 50
- ❑ 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 alumnus<sup>1</sup>, 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, 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 CPAs
- ❑ Diverse client base spread across US, UK and Canada
- ❑ 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

### 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](#)



- We have clients across USA (across 15 states), UK, Canada, Australia and even Japan

# A BRIEF SNAPSHOT OF OUR CLIENTS– INDUSTRY WISE



## Real Estate & Property Management

1. A mid-sized real estate property management firm based out of CA. The firm has about 1500 high rental premium units under management.
2. A full service management company based out of CO with extensive experience in both single and multifamily residential rental properties
3. A vertically integrated, full service real estate company based out of WA. They specialize in commercial properties. The firm has more than 10,000 units under management.



## Logistics & Transportation

1. A 100 year old moving and storage company headquartered in Colorado with multi-state operations. The firms' revenues are about 50m -75mn and has about 250 employees.



## CPA and Accountancy Firms

1. A mid-sized accountancy firm based in Texas. The client provides accounting, payroll and individual and corporate tax return preparation services to a diverse mix of small medium businesses
2. A CPA firm based in FL providing accounting, write-up, tax-consulting and advisory services to small mid sized businesses in services, contractors, and retail stores.



## Construction

1. A well known Canadian retail estate developer based in Vancouver with proven expertise in construction and developing high rise concrete homes
2. Mid-size general contractor based in Denver, Colorado



## Retail & Ecommerce

1. A mid sized rapidly growing furniture distribution and retailing company based out of Idaho in USA, supplying a large retail companies like home depot as well as retail customers.
2. An online store selling a vast range of luggage related products like suitcases. The company's website has one of the largest hits in this category.

## CONTACT DETAILS

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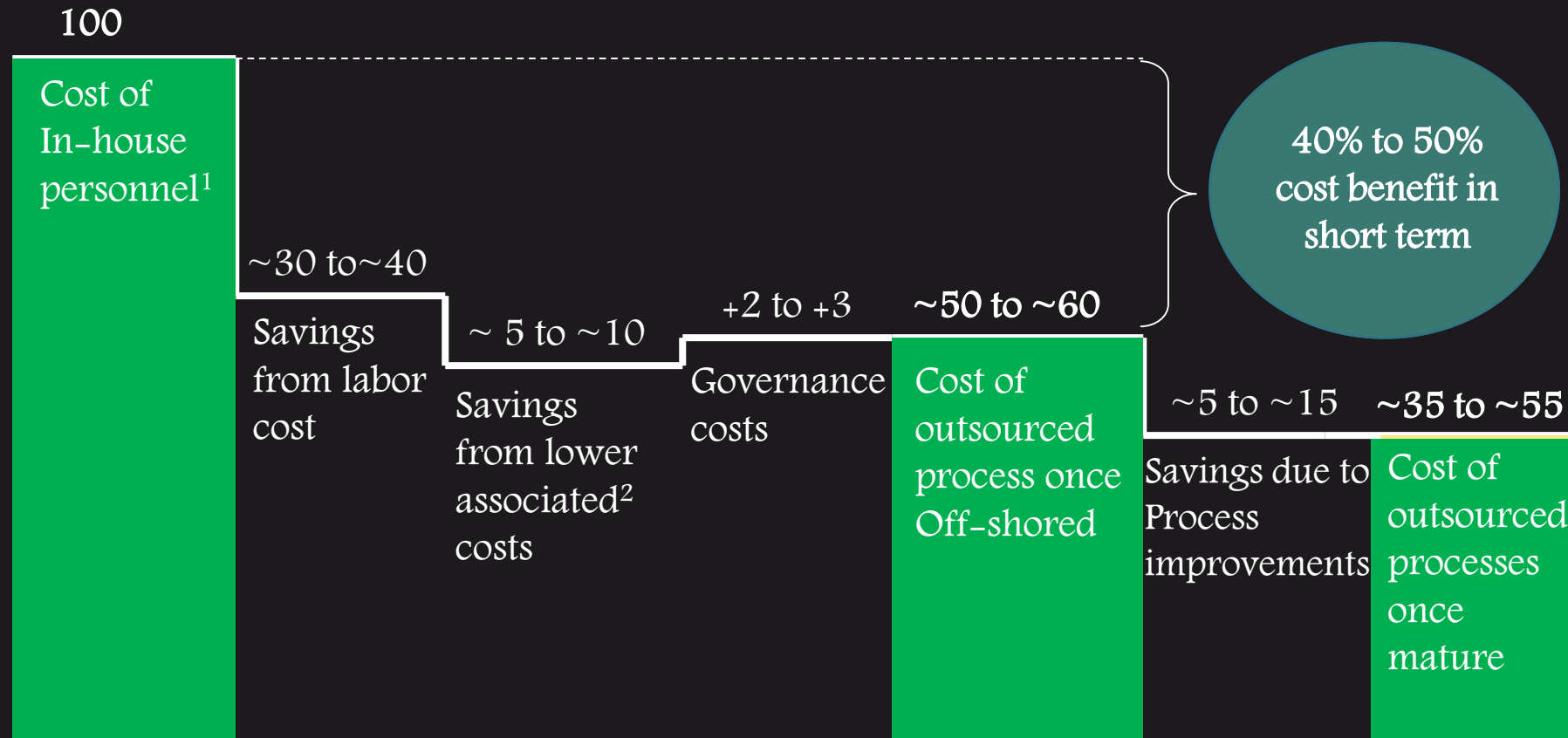
*THANK YOU*

# *ANNEXURES*



# COST SAVINGS SUMMARY

Indicative figures

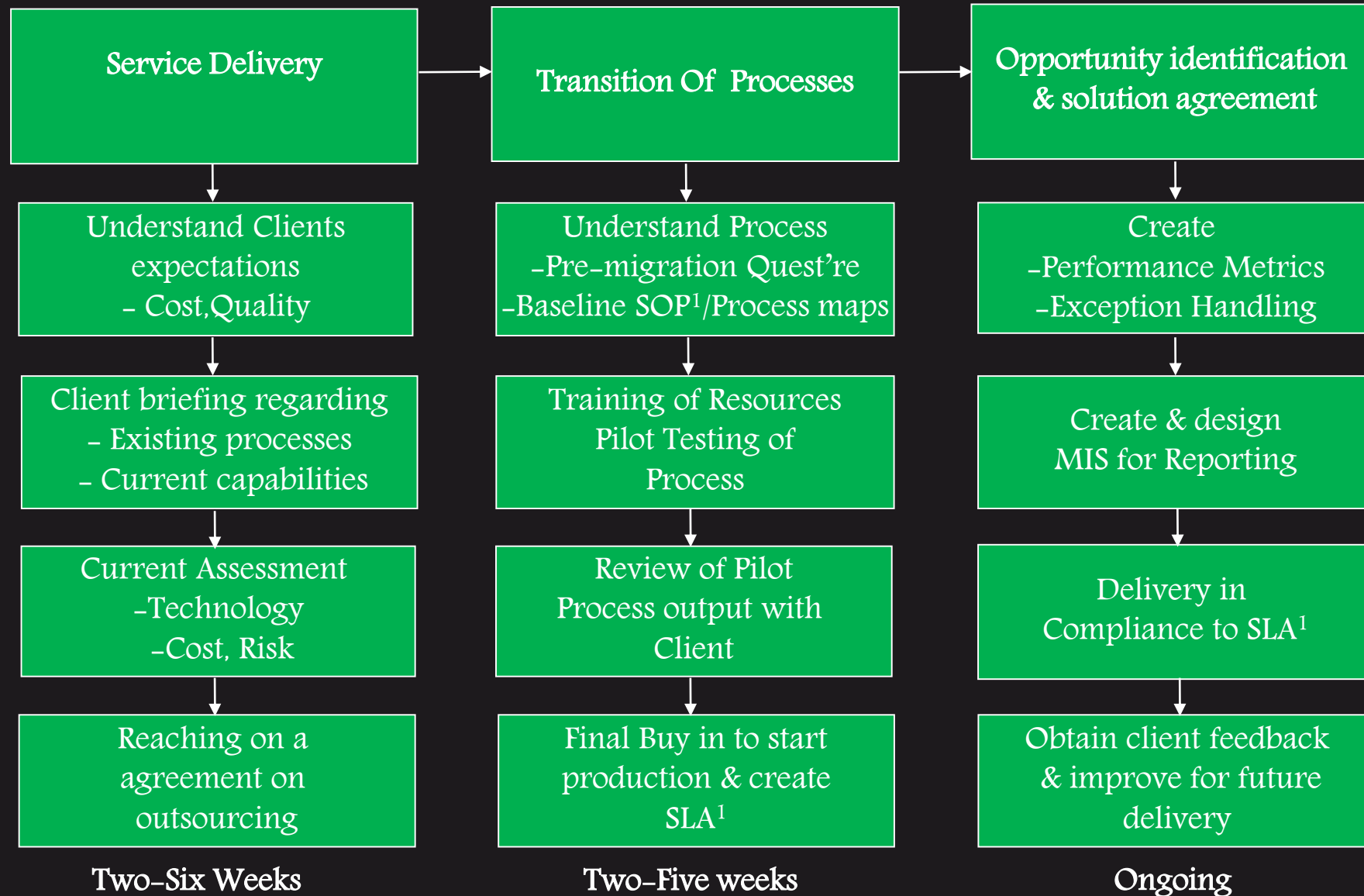


## Note

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

[BACK](#)

# 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 )

**BACK**

# 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>Pilot testing:</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

## Timelines

3-4 weeks

### Note

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

# 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

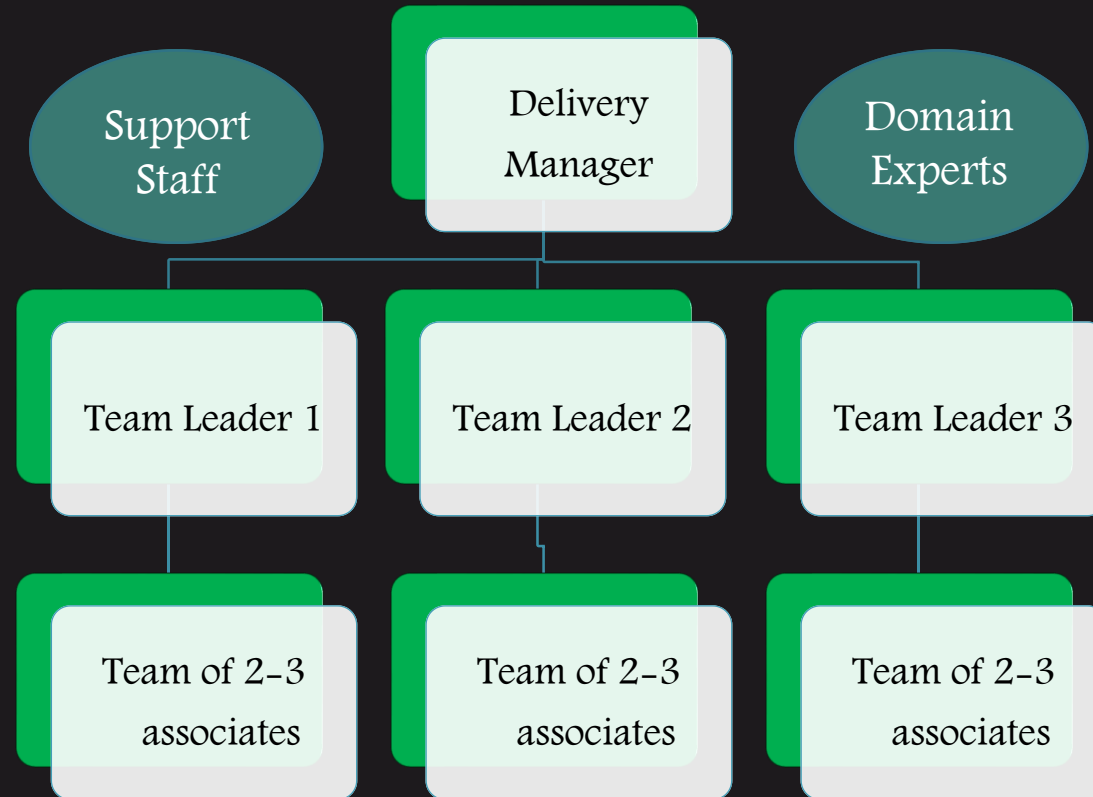
## Document Management Practices

- 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

[BACK](#)

[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

[BACK](#)

[CONTINUE](#)

# 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

[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 manitainenance
- ❑ 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

[BACK](#)

[CONTINUE](#)



# 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

[BACK](#)

[CONTINUE](#)

# CASELET 4– 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

[BACK](#)

[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