

# outsourcingHubIndia

Outsource Costs In Source Growth

*Accounting Outsourcing Services for  
Canadian 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 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 Canada as India works when Canada 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 CAD

Bookkeeper/Jr. Accountant	Canadian Employee	Offshore Cost
Annual Salary	32360	17400
Payroll Taxes (8%)	2871	
Overhead Costs (10%)	3523	
<b>Total Cost</b>	<b>38754</b>	<b>17400</b>

Staff Accountant/Sr. Accountant	Canadian Employee	Offshore Cost
Annual Salary	45637	23400
Payroll Taxes (8%)	4048	
Overhead Costs (10%)	4969	
<b>Total Cost</b>	<b>54654</b>	<b>23400</b>

Financial Analyst	Canadian Employee	Offshore Cost
Annual Salary	50853	30000
Payroll Taxes (8%)	4511	
Overhead Costs (10%)	5536	
<b>Total Cost</b>	<b>60900</b>	<b>30000</b>

**40-60% Savings**

## Note

- Employee benefit costs in Canada 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
- Canada Salary figures are average figures for Vancouver, British Columbia

**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, 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

- ☐ 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
- ☐ GST and HST reconciliation

## Financial Services

- ☐ Profit and loss account
- ☐ Balance sheet
- ☐ Month end and year end adjustment entries
- ☐ Job cost statement
- ☐ Cash flow statement
- ☐ Financial analysis



# LIST OF SERVICES (CONTD.)

## Payroll Processing

- ☐ Processing of weekly/bimonthly/monthly payroll from time sheet
- ☐ Year-end T4s and T4 summaries
- ☐ Administration of employee benefits

## Budgeting

- ☐ Budget set-up and maintenance
- ☐ Capital budgeting
- ☐ Revenue budgeting
- ☐ Cost budgeting
- ☐ Budget variance reporting

## Tax Preparation Services (Only for CA Firms)

- ☐ Individual Tax Preparation – Form T1 General
- ☐ Business Tax Preparation – Form T2,T4, T4A, T5, T5018
- ☐ GST/HST Filings

# SOFTWARE SKILLS– SUMMARY

## General Accounting and Taxation Software

SOFTWARE	EXPERTISE LEVEL
QuickBooks (QB) (Canada Version)	High
MYOB	High
Great Plains (Microsoft accounting software)	Medium
Simply Accounting	High
NetSuite	High
Sage 50	High
Quicken	High
Wave	High
ERP and Oracle packages	Medium to High
Cantax	Medium
Taxprep	Medium

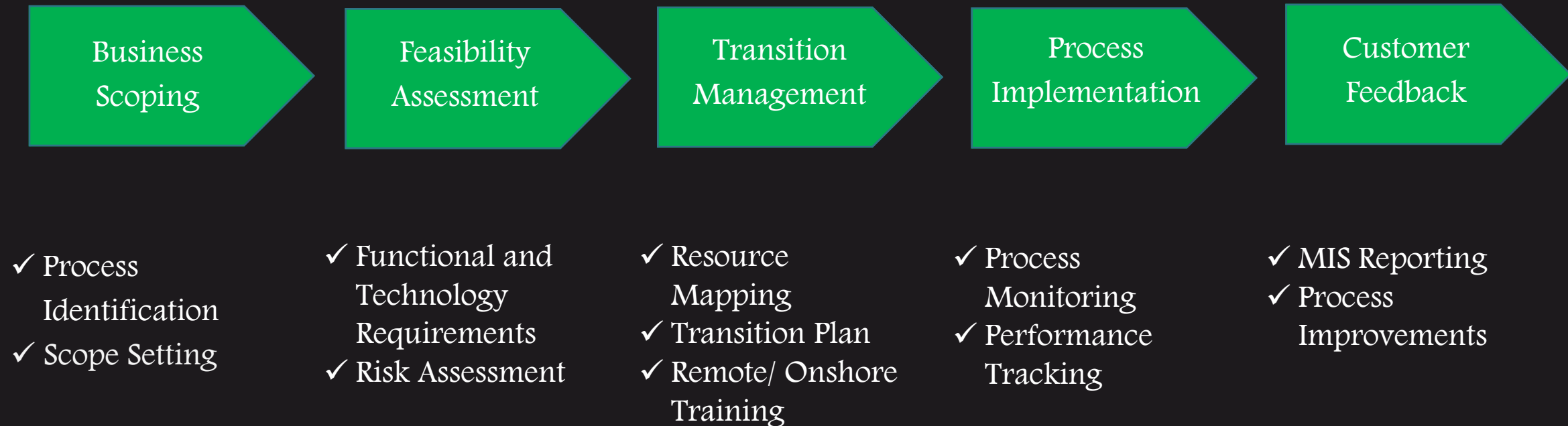
Certified in QB by  
QuickBooks University<sup>1</sup>

### Note

1. Leading US-based QB training and certification institute

# *The Process*

# OUTSOURCING MASTER FRAMEWORK



**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, 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 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, 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
- ❑ Marketing and client servicing partners located in North America
- ❑ 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– INDUSTRY WISE



## Construction

1. A well-known construction and development company in Canada specializing in construction and development of high rise concretes. It is a mid sized firm (Revenues>100 mm.) and one of British Columbia's most experienced and respected developers.

**Our Services:** Accounts payable processing for general contractors, sub-contractors and vendors. These services are performed by remote accessing their systems in Timberline.



## Hospital & Health Care

1. A well known Chain of Children's Therapy Center based out of Westmount, Quebec.

**Our Services:** We provide monthly accounting services– recording of cash receipts and deposits, expense accounting, accounts payable, accounts receivable, bank and credit card reconciliations, payroll, and month end reporting services.



## CPA and Accountancy Firms

1. Accountancy firm based in Edmonton, Alberta. The client provides accounting, payroll and individual and corporate tax return preparation services to a diverse mix of small medium businesses

**Our Services:** We perform accounting and payroll services in Simply Accounting and QuickBooks for their clients in different sectors

2. A mid-sized CA firm based in Ontario, Canada providing accounting, write-up, tax-consulting and advisory services to small mid sized businesses.

**Our Services:** We performed regular bookkeeping/Write-up in QuickBooks for their clients in different sectors



## Warehousing

1. Based out of Calgary, Alberta the company provides solutions in storage, material handling and industrial supplies to western-Canadian businesses

**Our Services:** monthly bookkeeping services– invoicing, expense accounting, accounts payable processing, accounts receivable processing,, bank and credit card reconciliations, suitable general accounting entries for payroll taxes and expenses and general ledger maintenance

## CONTACT DETAILS

### US Office

244 Fifth Avenue

Suite D34

New York, N.Y. 10001-USA

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

**Indian Phone Number:** 91-11-26475715  
Extn. 109

### Indian Office

198/30, 2nd Floor

East Of Kailash

New Delhi 110065-India

**Email:** [sales@outsourcinghubindia.com](mailto:sales@outsourcinghubindia.com)

**Website:** [www.outsourcinghubindia.com](http://www.outsourcinghubindia.com)

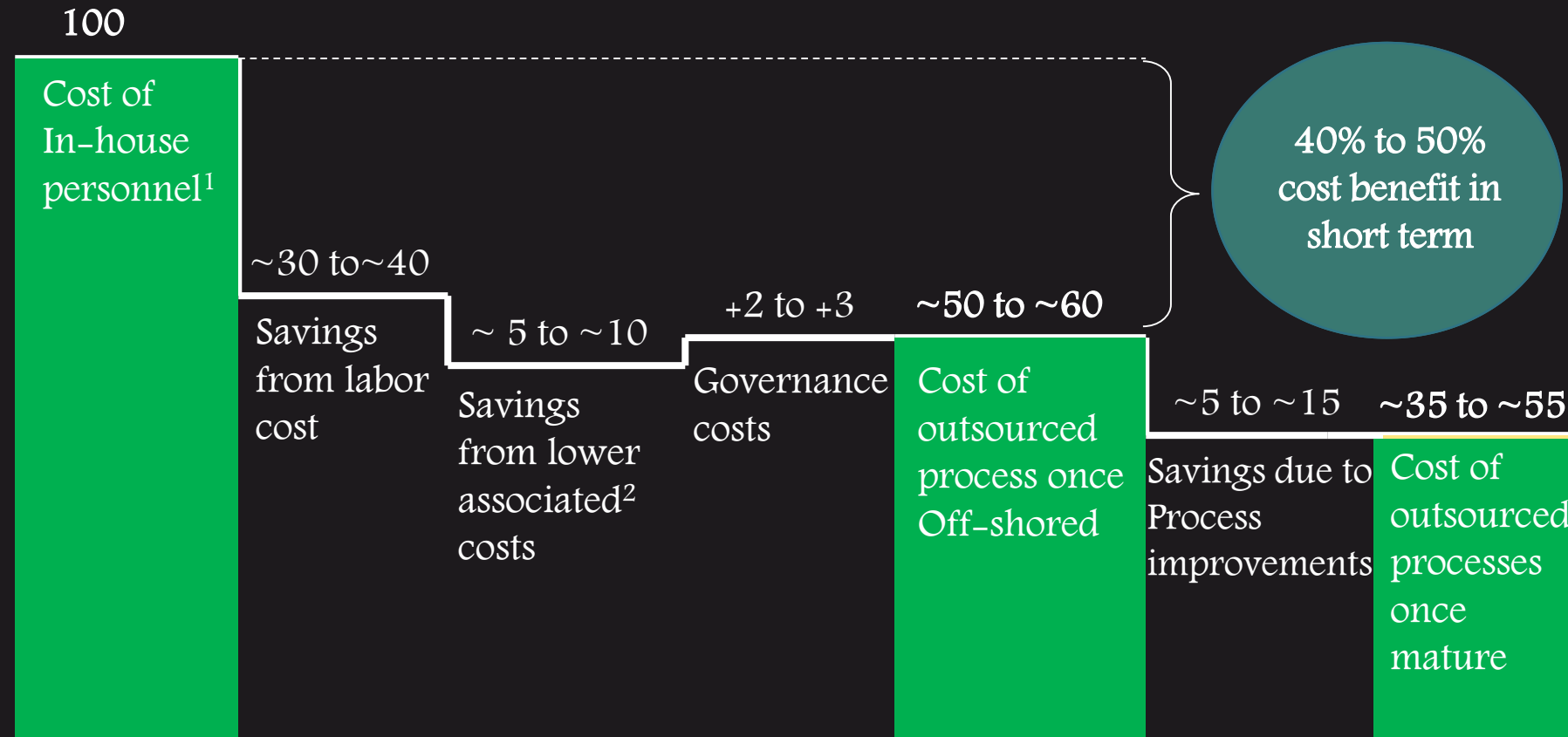


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# *ANNEXURES*

# COST SAVINGS SUMMARY

Indicative figures

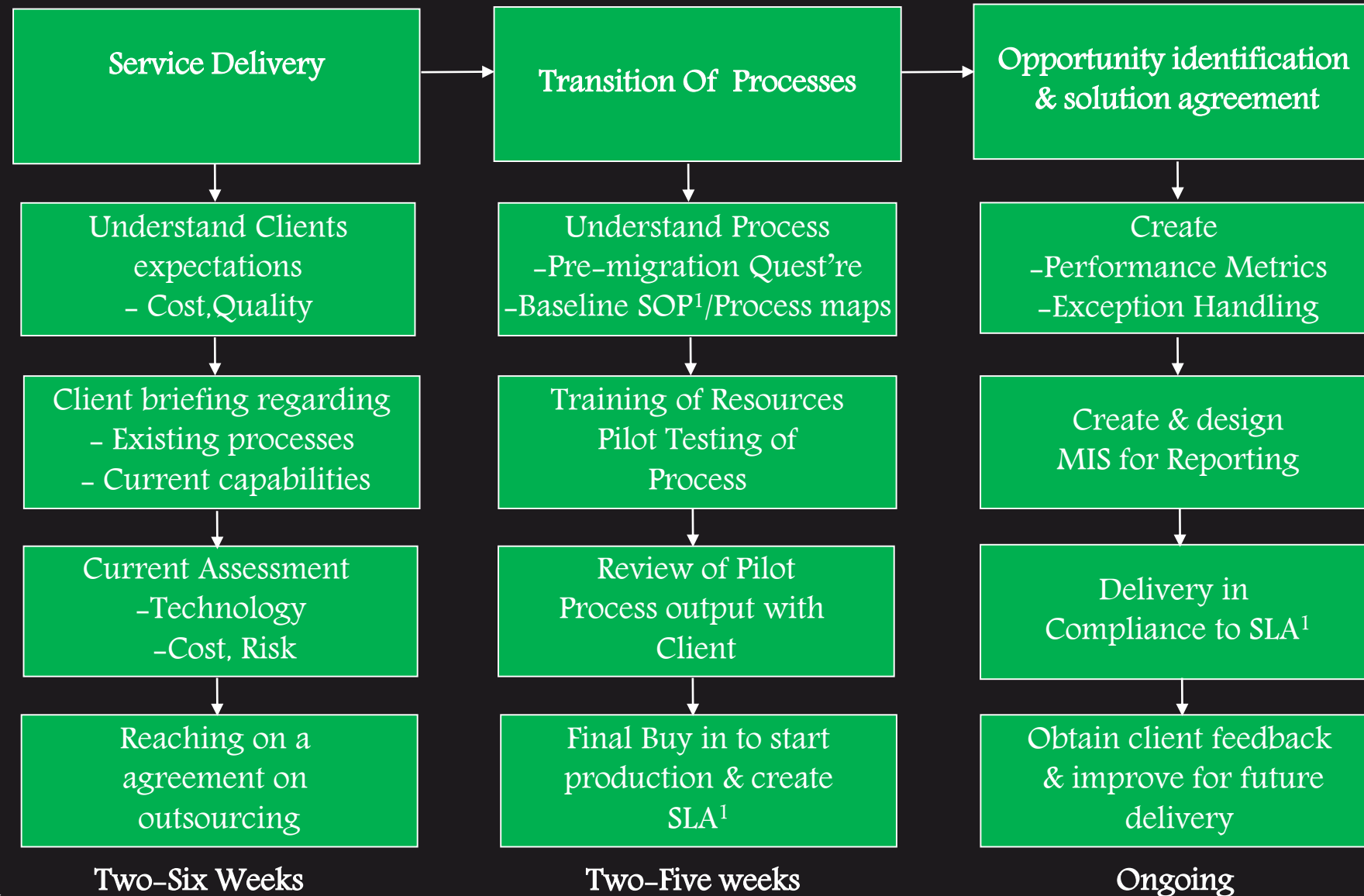


## Note

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 3 million CAD in annual revenues )

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# 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

1. Midsized organization defined as greater than CAD 3 million annualized revenues and less than CAD 50 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

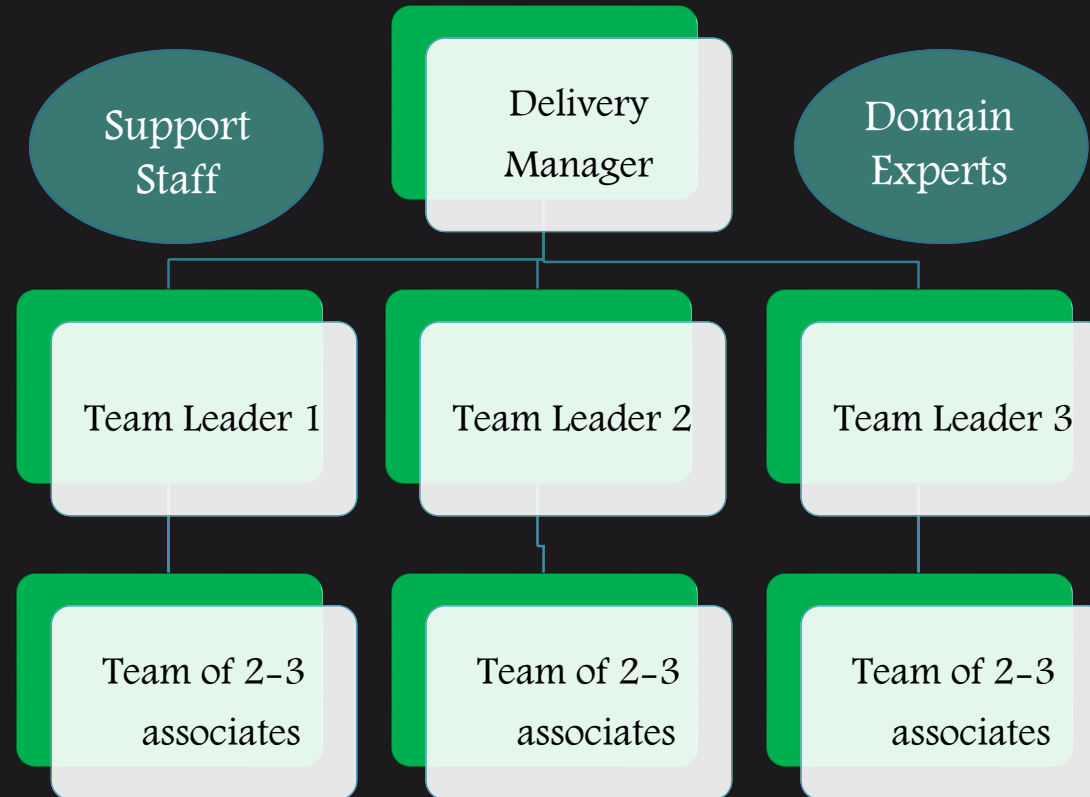
- ☐ Tiered project handling team structure with clear delineation of roles and responsibilities
- ☐ Use of IT to automate email and data-flow
- ☐ Standardized formats at every stage of the process-Input, Processing and Output
  - File Tracker, Data and Clarification Sheets, Progress Review Reports and 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 Canadian 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

# CASELET 1 – CONSTRUCTION AND DEVELOPMENT INDUSTRY OutsourcingHubIndia

Outsource Costs In Source Growth

## 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– CA AND ACCOUNTANCY FIRMS

### Our Services

Accounting and payroll services in Simply Accounting and QuickBooks for small medium size companies

### Client Profile

Accountancy firm providing accounting services to small medium businesses in Alberta, Canada

### Challenge

Using outsourcing to reduce cost and eliminate any onshore hiring.

### Solution

- ❑ A junior accountant was set-up to service the client. Review handled by a senior accountant
- ❑ A pilot phase was designed (one month) where-in we gradually increased the workload from handling 10 companies to over 50 companies in a month
- ❑ Quickly reviewed the existing practices of the end clients (retailers, wholesalers, professional services) and created process manuals to capture key accounting practices for each sector

### Achievement

- ❑ Client achieved cost savings of 40% when compared against an onshore option
- ❑ Client added new customers without increasing head-count.

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# CASELET 3– WHOLESALE AND DISTRIBUTION

## Our Services

Monthly bookkeeping services– invoicing, expense accounting, accounts payable processing (including credit cards transactions), accounts receivable processing (booking receipts), bank and credit card reconciliations and general ledger maintenance.

## Client Profile

Wholesale and distribution firm based out of Alberta, Canada

## Challenge

- ☐ Migration of clients books from Simply Accounting to QuickBooks
- ☐ Setting up of charts of accounts in QuickBooks
- ☐ The client had a large list of raw material and finished goods items and they had to be checked and coded to the right accounts

## Solution

- ☐ An experienced junior accountant was set-up to service the client. Review handled by a senior accountant
- ☐ Set up of a clean and logical charts of accounts
- ☐ Rationalizing and correcting the item list to reflect direct cost
- ☐ Setting accounting procedure to handle work-in-progress items

## Achievement

- ☐ Successful migration of books from Simply accounting to QuickBooks
- ☐ The client has completely well maintained books with accurate inventory tracking
- ☐ This eliminated the need of hiring a part time accountant in Canada