

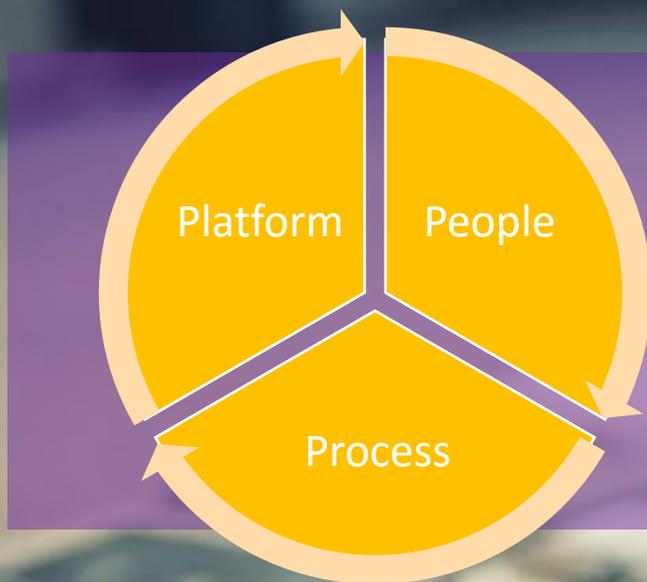
The Definitive Guide to Finance & Accounts Outsourcing

ACCOUNTANT
ANYWHERE 

ISO 9001 - 2015 CERTIFIED COMPANY

Finance & Accounts Outsourcing

Finance and Accounting is one the first process to be outsourced as it is easy to replicate this process with high degree of success. Finance and Accounting practitioners follow highly standardized accounting practices that smoothens the outsourcing process.



Client expectations of F&A outsourcing are evolving to be more value focused, with 70% of respondents indicating they outsource to access better talent, and 62% indicating they do so to access better technology and improve their analytical capabilities.

- KPMG LLP and HfS Research, State of the Outsourcing Industry 2013

The main driver of Finance and Accounting Outsourcing (FAO) has always been to attain efficiency. Whether it be a small business without accounting department, a CPA firm aspiring to attain scale or a large corporation, the objective is always to drive efficiency.

An outsourcing process offers an access to qualified people, highly standardized accounting processes and common accounting platform. These offers can further assist in to achieve efficiency, process transparency and control. The benefits are manifold.

Benefits of F & A Outsourcing

Expert Services

Third-party FAO service providers have expertise on the services provided by them. Right from highly qualified personnel, latest accounting software and following best practices of accounting they bring the best to the table.

When a work is outsourced, there is team comprising of staff and managers working on the work. The team checks and double checks the work to ensure that best quality of work is delivered to their clients. Their focus is always on improving quality that means that the processes are continuously improved and one can direct benefit of this improved processes.

Flexibility and Scalability

Most FAO companies offer flexibility in terms of engaged resources. The need for part time accountant or a team of accountants can easily be met by scaling up or down in short period of time. This allows organizations to attend unprecedented efficiencies.

Expertise can be hired according to need for example one can have expert who is at the level of CFO visiting as per need to provide his expertise on financial analysis to ensure that accounts books are properly handled and compliance process is followed.

Access to latest Technology

Outsourcing Accounting operations provides access to the top Accounting software's in the industry. Most FAO BPO companies have access to the latest and highly specialized accounting software's that enables monitoring of business and regulatory compliances associated with business. Thus not only procurement cost of expensive licenses is saved but latest financial analytics can also be accessed as per demand.

Time Savings

When accounting work is outsourced the work is done by highly skilled personnel who follow best practices of accounting. Highly professional services are provided within the set contact parameters.

Thus significant amount of time is saved as recruitment, hiring, retention and supervisory function is handled by the service provider. The saved can be effectively utilized in the development of the core business.

Cost Savings

Outsourcing of Accounting further saves expenses related to employee benefits, insurance, payroll taxes, unemployment taxes, paid time-off, etc. Moreover, significant cost savings is done by not investing on work space, office furniture, computers or software.

How to select an F&A outsourcing provider

Check Qualifications

Finance and Accounts outsourcing requires providers with very specific accounting and bookkeeping skills (CPA, CA etc.). Therefore, ensure that the accounting provider has the required qualifications.

Check Business References

Before giving major business commitment always check for business references. Ask for at least 3 references and reference calls should be made before getting into any kind of deal. Outsourcing providers with chequered track record will always struggle to furnish references.

Evaluate Services

It's always prudent to ask if the outsourcing provider is offering any service trials or pilot engagement to test their service levels. This is a small window of opportunity to test their service warranties and this goes a long distance towards risk mitigation for service compatibility.

Check Service Warranties

Carefully evaluate service warranties and check what services are covered in the contract. It is important that their warranties cover organizational expectations and prepares organization against hidden service charges.

Infrastructure & Data Security

Outsourcing accounting implies sharing of confidential business information with a 3rd party contractor therefore it is extremely

important to check robustness of their data security and business continuity policies. This will cover whole gamut of infrastructure right from data security, disaster recovery and risk management against employee attrition.

Check software Competencies

The outsourcing provider should be an extension of one's business therefore ensure that the accounting platform used by both the parties are same or use competent resources for the accounting platform so both organizations are always in sync. The trend now is to use cloud accounting software's as common accounting platforms to achieve optimal process efficiencies.

Check Distance and Time

No matter how good a service provider is, being physically present in office cannot be substituted. Therefore, needs and challenges should be communicated across distance, maybe even across time zones. So set regular reporting mechanism schedule. Setting up overlapping time zone for meetings and collaboration between teams is absolutely essential.

Check Language Barriers

Language barriers are bound to exist especially if offshore service providers are used. So it's prudent to check that language barriers do not impede the communications process.

Checklist before you start

A good FAO outsourcing partner provides access to a team of highly qualified specialists for management of accounts. His in depth functional expertise allows companies to leverage provider's expertise, best practices and efficiencies which are the core focus areas for FAO outsourcing. The check list mentioned below should be followed for efficient risk mitigation before getting into contract of any kind.

Set Clear Service Charter

First identify exactly what performance metrics are required. Expectations in terms of service delivery benchmarks need to be set clearly with the service provider for them to design and deploy specific management and reporting structures for the process to function smoothly.

Varied level of control over resources is offered by most of the service providers however these controls needs to be approved before the work is outsourced.

The service carter should cover all performance metrics within the service level agreement such as reporting of work timeliness, meeting schedule time zone overlap etc. All the services required from the service provider should be mapped in Service Level Agreement (SLA), so that effective risk mitigation against hidden service changes could be done. Point to consider here are:

- Service Inclusions
- Contractor Qualifications
- Contractor Certifications
- Software Licenses
- Reporting Framework
- Internal Audit Framework
- Part Time Contingency Support
- Time Zone Overlap for Collaboration

Process Mapping

The team with the outsource provider should work as an extension of organization therefore it is extremely important that all the processes are mapped and the knowledge is transferred to the service provider prior to commencement of work. This also include use of accounting platforms, accounting rules and reporting so that process functions as per expectations.

Compliance Mapping

There are business vertical specific finance / regulatory compliances to adhere to? Ensure that all compliances are mapped in the service charter and knowledge is imparted to the service provider before commencement of work.

Risk Mapping and Mitigation

Ensure that there is contingency plan in place before the contract for all the following is signed:

1. Contingency plan for Data Security and Audit Process.
2. Plan to ensure business continuity in case of major system or process failures.
3. HR Contingency plan to combat human resource risk .

Making Outsourcing Work

A solid SLA does not necessarily guarantee outsourcing success. Most of the process failures happen due to low involvement of principal and most these can be attributed to the communication framework. Communicate your expectations and minimum accepted service levels in the SLA clearly and never leave any room for assumptions.



Invest Time at the start of the process

Good amount of time needs to be invested in free quest meetings at the start of the process. This set the expectation for everyone at the outset. Once the processes fall into place the frequency of the meetings can be reduced.

Impart Training during onboarding process

Contractors must be trained on internal processes and procedure. This is very much similar to a new employee induction where new joiners is trained on business and culture apart from the process that is being outsourced. The contractor needs to feel

that they are part of organization in order to perform effectively.

Keep the contractors motivated

It is a good idea to keep you contractors motivated. Contractor motivation often requires a carrot and stick approach. While negotiating contract keep room for rewarding performance. Introduce performance linked incentives and awards to get the best out of your contractors.

Encourage Innovation

Most FAO providers have highly specialized resources and have access to latest technologies and they are always abreast of business, tax and compliance rules. So listen carefully and encourage contractors to implement changes for greater efficiency.

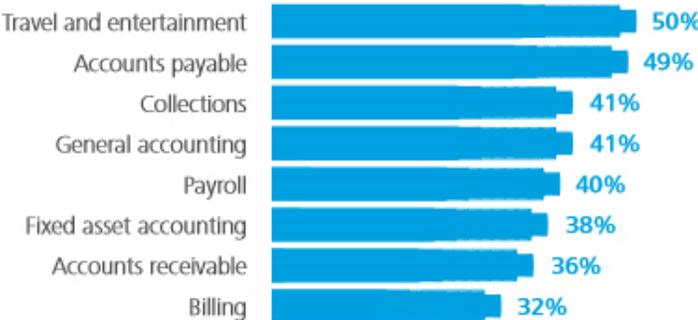
Industry Trends in FAO Outsourcing

Deloitte Consulting undertook a broad research effort to analyze the outsourcing landscape and trends. The Deloitte Consulting Global Outsourcing Survey 2014 had 154 unique respondents representing 140 public and public sector entities. Seventy percent of the respondents represented 3 industrial sector namely, Industrial products, Financial Services and Technology media and Telecommunications Industries. The survey participants are headquartered in North America. Forty percent of them had more than 1 billion in annual revenue and forty-five percent had more than 10,000 employees.

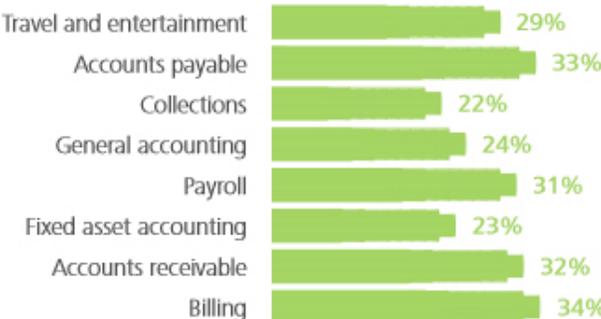
Finance and Accounting (F&A) services outsourcing is expected to increase in growth over the next few years. 30% of respondents expect to outsource additional services across all areas of F&A, with the least historically outsourced services, Accounts Receivable and Billing, seeing a planned increase above the 30% mark. This trend suggests outsourced F&A will continue to see strong growth and become more standard practice for many companies.

Increasing availability of global service providers in non-traditional locations will support this fast-growing functional area. Currently many activities are basic transactional finance and accounting processes such as accounts payable, however companies are starting to experiment with outsourcing non-transactional financial functions like financial analysis. Outsourcing knowledge-based financial services is still a nascent business practice, but as the comfort level of organizations rise it should become a more common practice.

Current outsourcing (% of respondents)



Plan to outsource (% of respondents)



Conclusion

Outsourcing landscape is dynamic and is constantly changing to accommodate demand for better customer service. Outsourcing accounting functions is associated with varied benefits that will allow firms to concentrate on other business areas. At the same time outsourcing of accounting functions offers better handling of accounts in guidance of expertise. Therefore, outsourcing account function is a prudent decision however selecting right service provider is crucial for the success of outsourcing decision.

Accountant Anywhere (AA) is a leading finance and accounting (F&A-BPO) outsourcing provider since its inception. AA provides cost effective finance and accounting solutions to clients. Our services include:

ACCOUNTS PAYABLE

GENERAL
ACCOUNTING

COST ACCOUNTING

ENTERPRISE
COMPLIANCE (IFRS)

FINANCIAL PLANNING
& ANALYSIS

CFO FUNCTIONS

PMA

TAX SERVICES



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Sources & Credits

The Deloitte Consulting Global Outsourcing Survey 2014

KPMG LLP and HfS Research, State of the Outsourcing Industry 2013