



## Why Helios Innovations is just right for Finance and Accounting outsourcing?

Finance and Accounting outsourcing is already a decade old. During the last decade, leading service providers gained the history, context and actual experience to develop best practices in this area. Large multinational player have built their credentials in this space. Some of these majors are also operating in the Indian market.

Today organizations use finance and accounting business process outsourcing as a way to achieve a broad range of strategic goals. Many market intelligence firms believe that the Finance and Accounting (F&A) outsourcing market will be the fastest growing BPO segment. In 2002, the finance and accounting BPO spend totaled US\$40 billion, up from US\$ 36 billion the year before, according to IDC. The market research major estimates that this market will touch around US\$ 65 billion by 2006, 12.3 percent, five year annual compounded growth rate.

The trend towards finance and accounting outsourcing is stated to have been catalyzed by the following factors:

- **F&A outsourcing provides greater savings and increased outputs. A number of companies have opted to sell their shared services centers and switched to an outsourcing strategy**
- **The economic downturn has compelled companies to look for service providers that can provide the analytical information they need to understand their financial data better**
- **Availability of experienced and stable BPO suppliers, helping the F&A outsourcing market to explode**

**We can take an example of a financial crisis situation in an organization 10 years back and see how F&A outsourcing helped this organization.**

### **The Crisis:**

About a decade ago British Petroleum (“BP”) faced a decline in oil production and saw a fall in revenues, and saw an increase in costs in its North Sea oil operations. In order to make itself afloat in such situation, what it needed was to radically reduce costs and focus its resources new acquisitions or on new sources through oil exploration. For this task British Petroleum also required consistent, accurate, and timely financial information executives could rely on to make rapid and effective resource allocation decisions.

### **The Remedy:**

BP opted to outsource this business process outsourcing to achieve significant cost reduction in its North Sea finance and accounting function. BP went ahead in allowing its Business Process Outsourcing provider to own its new finance and accounting information system, in turn BP avoided both costly capital investments better directed to its core competencies and achieved significant scalability by sharing the system and associated processes with other North Sea oil companies. Standardization and consolidation of systems and processes also enabled BP to rapidly integrate acquired companies, as well as improve its decision-making process, based on more accurate and timely financial data and modeling.



What was true 10 years ago is still increasingly commonplace today. The organizations of today no longer use BPO just as a tool to substantially reduce the costs of back-office transaction processes in the finance and accounting function. Today organizations use BPO as a way to achieve a broad range of more strategic goals such as to gain access to new technology and expertise that can transform inefficient processes into state-of-the-art processes, better decision making based on better financial data and information, and incrementally reduce costs that can significantly impact the bottom line.

Finance and Accounting outsourcing has enabled the organizations to utilize the time spent on data entry and bookkeeping, to focus on management and strategic tasks. In addition, they also get predictable costs and outputs, as well as greater visibility into the process than ever before. A lot of organizations opt to outsource only a portion (*only nonstrategic, transaction-oriented accounting processes that do not require tight integration with the activities they retained*) of their finance and accounting function to a provider in a contractual relationship. As these processes are performed according to the service agreements between the BPO provider and the organization a very little or no change in management and responsibilities is required.

#### **The Offshore (India) Advantage**

- **Offshoring F&A solutions through Helios Innovations can lead to cost savings in the region of 40%-75% percent**
- **We have expertise and knowledge in the F&A verticals**
- **The companies associated with Helios Innovations have experienced professionals with blue chip backgrounds on their managements. They have extensive service delivery experience and can scale up operations rapidly**
- **Most Indian BPO companies associated with Helios and dealing with F&A outsourcing have a base of skilled professionals. The minimum entry standard is graduates, usually with a bachelor of commerce degree. These graduates are English speaking and familiar with UK/US GAAP. In addition, most supervisors have part qualified accounting or CA qualifications**
- **Helios Innovations ensures that the companies have strong hiring and retention policies**
- **Organizations are using international ergonomic design, international connectivity and workflow solutions to ensure a 24x7 capability**



## BPO Relationship Diagram



## Strategies for successful outsourcing to a BPO solutions provider

Many of the organizations outsource most of the finance and accounting function to a single provider to ensure that finance and accounting processes remain integrated.

### **Benefits of Single BPO Solution Provider:**

- Easier to manage
- Able to achieve a greater degree of change when it has control over the entire function
- Better Understanding of the Business Process
- More integrated processes
- No risk of Underperformance, as the provider can be micro managed
- Rapid achievement of stable finance and accounting capabilities

### **The Best Bet**

Putting all the eggs in one basket puts the company at significant risk. In order to reduce the risks of outsourcing to a BPO solutions provider, it is advised to move the processes over to the provider gradually. This approach establishes trust and reliability before an organization puts itself at significant risk.



## Strategies for successful adoption of the outsourcing provider's processes and resources

- Organizations that seek “**best-in-class**” processes or new technologies from their outsourcing provider usually adopt the outsourcing provider's way of doing things.
- Startups are advised to choose to adopt a provider's processes because they don't yet have any of their own. If done correctly, adopting a provider's processes can be a valuable way to learn from an expert how to design and perform state-of- art finance and accounting processes.
- On the announcement of an outsourcing deal, performance has been seen to drop dramatically as people grow concerned about the results. To make it easier on people within the organization, processes transitioning to the provider needs to be quick.
- Organizations also need to carefully consider their decision to adopt the provider's information systems. Although this can transform capital into expense and significantly reduce costs by enabling an organization to share a system with multiple firms, it can be more difficult to achieve tight integration between the system and an organization's own internal information systems.
- At a minimum, organizations adopting their provider's systems will want to ensure that the provider can provide software applications compatible to its own. In addition, it will want to ensure it establishes ownership of the data.
- Business process outsourcing, used well, can help finance and accounting organizations achieve a wide range of strategic goals.
- Organizations that carefully craft the right relationship to meet their needs and manage them effectively can achieve stunning results.