

PERSPECTIVE

The Right Partner Matters
Thinking beyond outsourcing



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Abstract

Originally, the shared services model evolved to address cost and efficiency issues in finance organizations. Today, shared service centers have moved beyond transactional work to achieve new productivity gains and revenue streams. And like any other model, it continues to evolve as CFOs strive to get more from their SSCs. Many CFOs are turning to BPO providers to drive improvements and performance in their SSCs. But choosing the right partner is key. In this paper, we discuss the value that BPO partners can deliver as a key parameter in selecting the right service provider.

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What's high on the CFO's agenda?

Although you might expect the answer to this question to change periodically, the same themes continue to be high on the CFO's agenda – growth and revenue assurance, cost and risk control, and governance.

According to the Hackett Group's research, *The CFO agenda: Key issues for finance in 2015*, maintaining a competitive cost structure and improving decision-making were the top-ranked issues that finance organizations had to deal with in 2015.

More than two decades ago, the concept of a shared services center (SSC) was born to address cost and efficiency issues in finance organizations. Since then, the concept of shared services has evolved from being single transactional to multifunctional and more recently, integrated where enterprises created a shared services operating unit, usually distinct from any particular functional area.

Enterprises have achieved varying degrees of success with the SSC model. Largely, they have achieved more efficient and standardized processes, and automation through enabling technology. SSCs play a pivotal role in achieving the CFO's agenda. That's why, transforming SSCs to both expand their scope and ensure long-term effectiveness figures high on a CFO's schema.

Today, SSCs are under tremendous pressure to deliver more value and regardless of where an enterprise is in their shared services journey, it often seems, they have a way to go. Typically, many turn to a business process outsourcing (BPO) partner to chart out the future course.



Beyond an outsourcing solution

When turning to a BPO service provider, it is essential to identify a provider that can look beyond an 'outsourcing solution'. In fact, the need of the hour is a long-term partner who can look at the big picture. For this, the service provider must be capable of and willing to understand fully the CFO's real business challenge – whether cost, efficiency, effectiveness, scope, or a combination of these.

The course of action for the SSC would depend on a number of factors such as the company's priorities and objectives, appetite for risk, maturity level of finance operations, presence of change management processes and more. Importantly, the decision on the future course should be made in the wider context of, and integrated with the overall business strategy of the company.

Therefore, consultative skills in a partner is essential – one who can help identify the right technology, bring in analytics to assist decision-making, and where necessary, disruptive elements like robotics.



Understanding the value

Although the most significant driver for engaging a BPO service provider is usually cost reduction, it is not the only one. When unclear about evaluating an outsourcing partner, it is worth assessing them by understanding the value they deliver.

Service providers have varying capabilities in terms of their offerings. In general, the value delivered by a service provider can be split into five distinct groups:

Product-based offering

- Offer its core competencies as a product
- Benchmarking, report rationalization, and analytics

Service offering

- Group of products offered as a service
- One good 'product' opens multiple channels

Transformation

- Work as a transformation partner
- Set up an SSC; consolidation, outcome-based projects

Part or full outsourcing

- Hybrid model: outsourcing a few transactional activities or outsource end-to-end F&A processes

Center rebadging and transformation

- Buy out an entire SSC
- Take over regional hubs; consolidate and optimize

Choosing the right partner

CFO needs and challenges are much more complex today. To chart the SSC transformation journey and develop a model that best meets the CFO's business requirements, SSCs need consultants with domain knowledge, agility, and willingness to invest in new areas. A partner with a consultative approach and analytical capability and investments in and adoption of disruptive technologies is key. Of course, these must be complemented with the right talent and a variable price model for all amenable functions. The objective should be to standardize, harmonize, and move to a process-based model rather than a regional one. This would also require a strong control and compliance framework.

A good partner will be one who is able and willing to truly support the future and vision of the business. To this end, the partner must have the ability to take risks, make corresponding investments, and think of the client P&L rather than his own.



About the Author



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Vinay is the Practice Head for F&A, the largest practice at Infosys BPO. Prior to his current role, Vinay was headed the largest client engagement providing end-to-end finance & accounting services across ten centers globally. He has in the past headed the Global Risk & Compliance and Finance Center of Excellence for the Infosys BPO's F&A Practice. He comes with 25 years of experience in the finance industry, with 17 years spent extensively in the practice of subjects such as Accounts, Audit, Taxation, and Corporate Law. Vinay was a senior partner in a large chartered accountant firm based out of Bangalore.

Vinay is a chartered accountant who holds a Diploma in Information Systems Audit, and is a member of the Institute of Internal Auditors, Florida, USA.

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