

BPO Case Study for Global Private Equity Backed Software Organization



Client Profile

Created by the merger of two best-in-class financial software platforms in 2021, our private equity-funded client offers a SaaS-based, real-time trading, portfolio management, and risk solution for capital markets that drives front-to-back office operations. Based in Manhattan, it maintains more than 400 employees across subsidiaries located in the U.S., Canada, Europe, Australia, and Asia.

Business Challenge

The client's **business was growing explosively**; it added 100 employees globally in the first half of 2022 to keep up with 300% sales bookings growth over the same period. But the rapid-fire growth created several challenges in its Finance & Accounting Department:

- Global offices working in siloes with **decentralized accounting teams** left the client with **little or no control over cash outflows** and **no clear understanding of necessary spending**.
- The client had **no visibility into accounting records at the subsidiary level**.
- **Poor internal controls** led to unclear team structures. There was **no segregation of duties or clearly defined functions** to ensure accounting work was completed properly and nothing fell through the cracks.
- The accounting function lacked consistency, with the **same processes performed differently by different subsidiaries**. For instance, different FX (foreign exchange) conversion rates and sources were used by different entities in the same accounting period. **Supporting documentation was also inconsistent** at various locations.
- The client recognized that some of the newer accounting standards had not been fully adopted within the deadlines set by the Financial Accounting Standards Board (FASB). The transition to meet new compliance standards provides companies an opportunity to transform their business for the better.
- **Accounting processes were people-dependent**, with knowledge retained by key employees instead of documentation that enabled anyone to perform the work. Unfortunately, that created significant risk if important staff left or even missed work for a few days. For instance, the client lacked documentation for its month-end close process or even a month-end close checklist.



Solution & Approach

With 25+ years delivering peak performance in the back office, **Auxis was hired to:**



Centralize the client's Accounting Department at its nearshore Global Delivery Center in Costa Rica.



Standardize processes.



Improve the accuracy of the company's financial statements.



Optimize efficiencies.



Increase visibility into accounting operations.

The client **also wanted improvements to reduce costs.** Complicating matters, the business required **a tight timeline of fewer than 3 months** to complete the BPO migration.

In addition, Auxis quickly realized there were processes that had to be redesigned and/or improved prior to the BPO migration.

After a **thorough assessment** to define, document, and analyze the current situation, the Auxis team **applied its extensive General Accounting expertise and proven BPO and shared services migration methodology** for the planning and design phases of the project.

Key solution steps included:

- **Creation of standardized steps and detailed documentation for every accounting process,** speeding financial reporting and reducing the risk of errors by ensuring accounting activities were consistently performed the same way. To-be BPO process flows were designed in communication with client SMEs to ensure requirements were thoroughly identified and optimized for each process and activity.
- **Process improvements implemented in two stages:**
 - 1** Although the client originally retained Auxis to lift and shift accounting operations to its Costa Rica delivery center, **some practices required immediate improvement to minimize confusion during the BPO transition and ensure correct outputs.** For instance, Auxis implemented standardized, formula-driven amortization and depreciation templates across all entities.
 - 2** **To minimize resistance from employees who had executed tasks the same way for years, other processes were optimized as the BPO team took over.** For instance, the implementation of a consistent FX conversion process across all subsidiaries.
- **Identifying and helping to correct accounting errors that caused non-compliance with U.S. accounting standards.** For instance, the Auxis team created a comprehensive schedule highlighting errors and recommending changes to meet US GAAP revenue recognition requirements for software companies.
- **Implementation of Adra by Trintech.** The financial close management tool was used to accelerate month-end close, create visibility into local accounting records, consolidate financial records, and easily convert balance sheets from global locations into U.S. dollars.



- **Supporting the client's upgraded ERP implementation:**
 - ▶ **Advising the business on configurations that could further optimize accounting processes** as modernized technology was implemented.
 - ▶ Cleaning up data for the BPO migration and implementing process standardization and improvements **helped smooth implementation of the more robust ERP system and optimized outputs.**
 - ▶ Performing **UAT (User Acceptance Testing) of the new system**, familiarizing the BPO team with the upgraded technology and enabling the client to take advantage of lower labor costs.

Results

Auxis continues to successfully run the client's accounting operations from its Global Delivery Center in Costa Rica and is preparing to expand the team's responsibilities.

Key results include:



50%+ Cost Savings

Centralizing accounting teams previously scattered across expensive financial centers worldwide delivered significant cost savings. Not only was the client able to **reduce headcount by consolidating duplicated roles and management levels at a single location**, but it was also able to take advantage of nearshore salary arbitrage averaging 50% compared to Tier 1 markets.



Increased Efficiency, Productivity, & Consistency

Centralizing the accounting team at Auxis' Global Delivery Center in Costa Rica **improved collaboration** and delivered **instant access to best-in-class talent already trained to follow best practices. Structured teams with clear segregation of duties** optimize consistency, efficiency, and performance, while service-level agreements keep the BPO team focused on **continuous improvement**. Converting the client's decentralized financial reporting processes into a **streamlined, standardized, globally consolidated system** also dramatically improved efficiency and productivity for the accounting team.



A Clear Path to a 5-Day Close

Although the client aimed for a 5-day close, it wasn't unusual for its month-end close process to stretch over 30 days – and even then, the close was often soft. **Auxis designed a process framework accompanied by the client's first month-end close checklist that provided clear deadlines and steps** for achieving the 5-day industry month-end close benchmark. With faster financial statements, the client has a **more current and reliable picture of its financial status**.



Enhanced Visibility & Control

Establishing **a single source for accurate financial documentation and data gave the executive team clear insight into the company's financial health**. That way, they can use financial data as an effective planning and strategic tool, **reacting nimbly to changing conditions**. Easy access to timely and accurate financial information also helped improve projections, budgeting, and cash flow.





Scalability Keeps Pace with Rapid Growth

Repeatable, documented processes combined with Costa Rica's deep talent pool enable the client to scale resources up and down as needed, ensuring the team is **ready to absorb additional work as the company grows**.



Moving Toward Higher-Quality Financial Statements

The increased visibility and access to more comprehensive reconciliation schedules enables our client to implement measures to **obtain regulatory compliance**.



Internal Staff Focused on Strategic Growth

With the Auxis team optimizing and performing tedious accounting processes like month-end close, internal Finance & Accounting staff can focus on what matters most: business transformation and growth.

