



\$2B Jewelry Retailer Leverages Auxis' Accounting Outsourcing Center in Costa Rica to Support its Expansion in Latin America

Client Profile

Headquartered in Europe, the client is a \$2B global jewelry manufacturer and wholesaler with a global network of franchisees and retail partners. The company's Americas division had experienced massive growth over the previous 5 years while building out its wholesale and franchise network throughout North and South America.

Summary

Auxis helps major jewelry retailer quickly scale their business in Latin America to over 100 store locations by leveraging Auxis' Finance Shared Services in Costa Rica. Client was able to reduce its back office expansion costs by 56%.

BUSINESS CHALLENGE

In recent years, the organization had made the strategic decision to significantly **shift its operating model to a greater concentration of owned & operated retail locations**. This massive conversion was executed through a series of franchise buy-backs and greenfield openings (new wholly owned locations) in under saturated markets including significant expansion into Latin American countries such as Mexico, Colombia, Chile, Peru, Argentina, and Panama.

In the midst of this strategy shift, the retail industry as a whole, was under significant pressure to boost its e-commerce and omni-channel sales tactics and presence. This industry transformation forced many traditional retailers who were unable to make this change, to shutter stores or declare bankruptcy as it became increasingly more difficult to attract customers to their stores. It also forced many prominent companies to change their sales strategies on the fly in order to compete.

As the company continued to expand, several internal challenges emerged:

- The Americas division had built a **high cost finance back office model in the Northeast** United States, driven by a combination of manual processes, high salaries, and significant employee overhead due to expensive real estate and employee benefits subsidies.
- The “back office” of the organization was not prepared to manage the complexity or scale of its **planned expansion into Latin America** as the company's growth outpaced the maturity of its finance department.





*In a matter of weeks, Auxis was able to create a scalable back office solution that provided country-specific, local accounting knowledge to support over **100** stores in **6** countries.*

- The Finance Department was so busy fighting operational fires that it was not able **focus on innovation** or provide strategic insights needed by the business to manage through a softening retail environment.
- The company did not have **local market expertise** or **language skills** within its US based back office to support the expansion to countries in Latin America.
- Speed was a primary consideration. The **expansion plan was aggressive and store leases were already signed**. Immediate support was required to ensure that the company could operate while they transitioned to the long term operating model.

THE SOLUTION

Auxis provided immediate bi-lingual local accounting support while simultaneously designing a hybrid Shared Service model that incorporated its Modern Back Office principles:

- A **nearshore BPO capability from Auxis Costa Rica** to shift internal focus and operating costs from transactional work to higher valued growth focused activities. Auxis' BPO scope includes **Accounts Payable, Retail Accounting & General Accounting**.
- A scalable operating model providing cost leverage, language skills and local accounting compliance expertise to support its planned growth strategy.
- A **Center of Excellence** to develop best practices related to higher value work such as defining metrics, KPI's, business analysis and process automation with tools such as RPA.

*By supporting these efforts from Costa Rica rather than its U.S. headquarters, the company reduced expansion related back office support costs by **56%** with an IRR of **225%** and a payback period of less than **6** months.*



RESULTS

Auxis moved quickly to keep pace with expansion. Starting with its cutting edge shared services model in its Costa Rica Center of Excellence, the Auxis team provided immediate support and, in a matter of weeks, was able to create a future state solution that was scalable and provided country-specific, local accounting knowledge.

The client entered **6 new countries** and added **over 100 stores** in the first 18 months with continued expansion planned. By supporting these efforts from Costa Rica rather than its U.S. headquarters, the company **reduced expansion related back office support costs by 56%** with an **IRR of 225%** and a payback period of **less than 6 months**.

