



2019

Labor Savings Report
for Finance & Accounting

CREATING VALUE WITH NEARSHORE OUTSOURCING

NEW YORK VS. COSTA RICA

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CONSULTING & OUTSOURCING

Given the great success Auxis has experienced with multiple Northeast organizations that have outsourced their Finance Operations to our [Nearshore Delivery Center in Costa Rica](#), we believed it was worth spreading the word to other companies that could benefit from this growing model.

It's not a secret that New York is a high-cost, competitive labor market. The objective of this report is to provide business executives with a more detailed cost comparison of the New York labor costs vs. Auxis Costa Rica for the Accounting transactional positions that would typically be outsourced. You will find the savings opportunity to be significant, in addition to other key drivers for nearshoring, including better access to specialized talent and greater focus on value-creation activities.

We welcome the opportunity to discuss your current back office operation and how this model can apply to your specific organization.



Eric Liebross

Senior Managing Director,
Business Performance Optimization

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WHY FINANCE & ACCOUNTING OUTSOURCING?



The CFO Challenge

Evolving into a true business partner while fighting the war on talent

CFOs and Finance Executives are under increasing pressure to optimize costs, improve productivity and increase their team's ability to drive greater business value.

The typical Finance Department is spending more than 70% of its team's time on highly transactional (and often, manual) activities. Wouldn't CFOs rather have their employees spend more time providing business insights and analyzing operating variances, and less time doing reconciliations or processing invoices?

In order to change this balance, Finance Executives are increasingly transforming their back office operating models to become more agile, strategic, and innovative.

Achieving this transformation is made even more challenging by the fact that unemployment is at its lowest level in nearly 50 years, making talent acquisition and retention more difficult.

91% of finance leaders reported challenges finding skilled professionals

— Robert Half 2019 Salary Guide for Accounting and Finance Professionals




Nearshore Outsourcing

Paving the Way to a Modern Finance Organization

Outsourcing has proven to be a successful method for organizations across all sizes and industries to achieve cost and process efficiencies from their back office operations. Shared Services has become the de facto model for Fortune 500 organizations to help deal with the challenges previously mentioned.

Organizations are relying on their outsourcing providers to bring innovation, new technologies and best practices to drive greater productivity efficiencies. This shift has allowed their internal finance teams to become better business partners by delivering stronger analytics and insights for proactive decision support.

In order for outsourcing to work well, Auxis firmly believes in the strategic advantages of [Nearshoring vs. Offshoring](#). Over the last two decades, Latin America has emerged as a major destination for back office operations with over 25% of global outsourcing destinations now located in the region. This rise has been driven by a combination of geographic proximity, cultural affinity, cost attractiveness and quality labor pool.



“On average, organizations are managing **83%** of their Finance & Accounting function under a Shared Services or Outsourcing model, and **59%** are planning to increase their reliance on BPO”

Costa Rica

The Premier Alternative for Finance Back Office Operations

San Jose, Costa Rica has been consistently recognized as the number one nearshore destination for North American organizations by multiple research firms, including Tholons and A.T. Kearney. Starting in 1999 with Procter & Gamble, Costa Rica has become a main hub for Finance & Accounting Operations with leading enterprises such as Amazon, Cargill, DHL, Equifax, 3M, and Walmart choosing to place their Shared Service Centers in the country. The Costa Rica Government estimates the amount of Finance Shared Services in the country to be over fifty. Costa Rica is the number one country in English Proficiency in Latin America, which has led to almost 100% of the employees in multinational companies being local citizens.

Given the great advantages of Costa Rica as a services destination, in 2009 Auxis opened its [Global Delivery Center in San Jose](#). Its goal: to serve the increasing nearshore outsourcing demand of organizations in the Americas looking to improve their back office efficiency without having to deal with the service, language, and cultural barriers associated with Asia-based models.

Global leading organizations such as **Amazon, Cargill, DHL, Equifax, Procter & Gamble, 3M and Walmart** have established their Finance Shared Services Organizations in Costa Rica

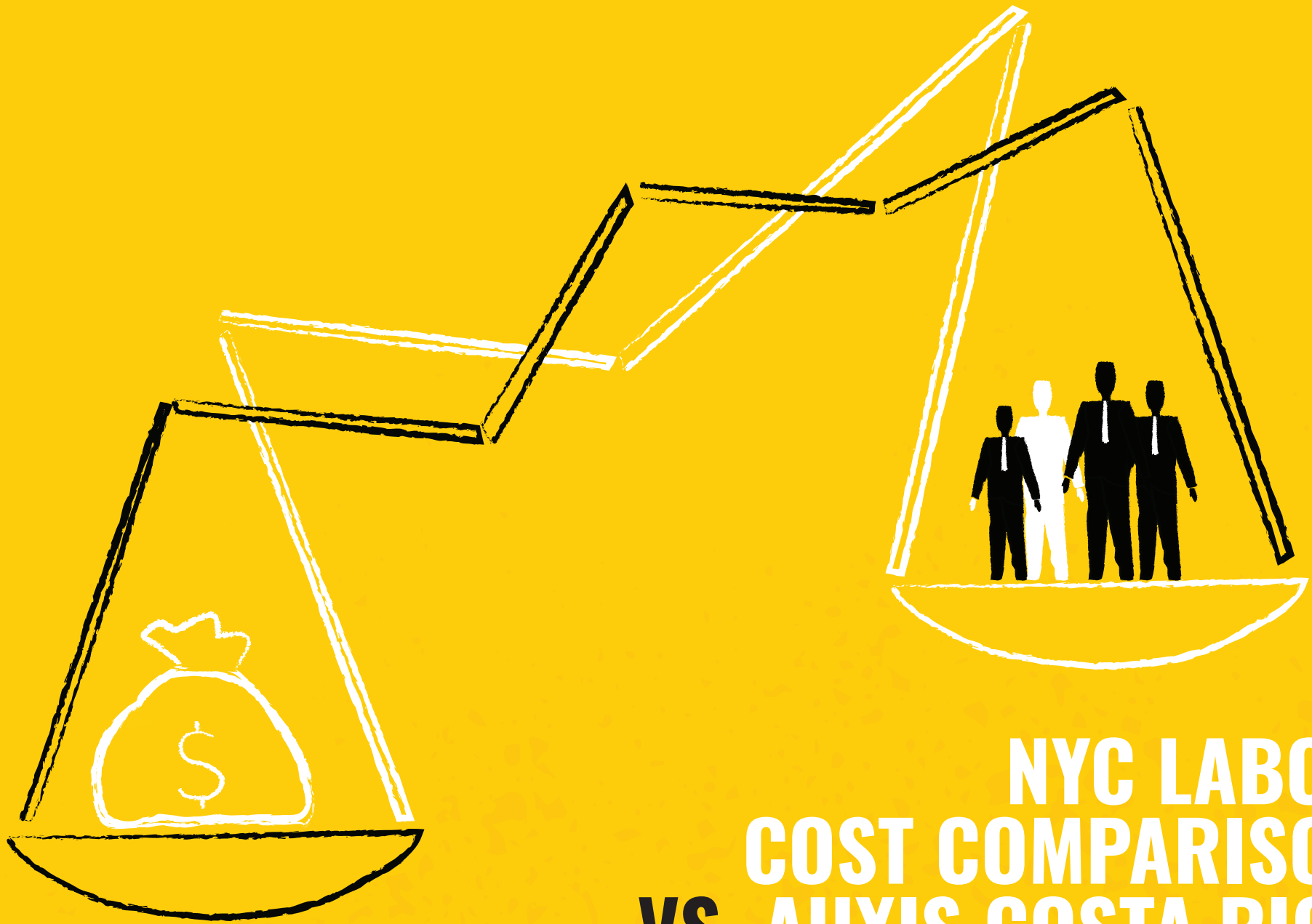
50%+ SAVINGS IN MOST TRANSACTIONAL PROCESSING POSITIONS

NY vs. Costa Rica Labor Costs

Though cost savings is not the only driver for outsourcing, it definitely plays an important role in the decision. Our report shows that organizations with Finance Departments in New York should expect to save over 50% on the majority of transactional processing positions by [outsourcing to Costa Rica](#).

The cost details and savings per position can be found in the next section.







**NYC LABOR
COST COMPARISON
VS. AUXIS COSTA RICA**

Finance & Accounting Positions Included in the Analysis

For the purpose of providing a labor cost comparison of New York vs. Costa Rica, we selected key positions in the General Accounting, Accounts Receivable, Accounts Payable, and Payroll areas that are representative of the most common Finance & Accounting roles that are typically migrated to outsourcing providers:



-  **GENERAL ACCOUNTING**
- » Accounting Manager
 - » Senior Accountant
 - » Staff Accountant
 - » Accounting Clerk

-  **PAYROLL**
- » Payroll Manager
 - » Payroll Administrator
 - » Payroll Clerk

-  **ACCOUNTS PAYABLE**
- » AP Manager
 - » AP Specialist
 - » Inventory Analyst
 - » AP Clerk

-  **ACCOUNTS RECEIVABLE**
- » Credit Manager
 - » AR Manager
 - » Credit & Collections Analyst
 - » Credit & Collections Clerk
 - » AR Clerk

New York Labor Costs

In order to calculate the labor cost per position in New York, annual salaries from the [Robert Half 2019 Accounting and Finance Professionals¹](#) were used, taking the salary range between the 50th and the 75th percentiles. Bonuses, benefits and other forms of compensation are not factored into these salaries.

The percentile definition according to Robert Half Salary Guide is explained as follows:

25th PERCENTILE

The lowest percentile most often fits candidates who are new to the role and still developing their skills. The role may be in a market with low competition for talent or in a smaller, less complex organization.

50th PERCENTILE

To start a candidate at the midpoint percentile, expect average experience and the necessary skills to get the job done. The role will likely be of average complexity or in a market where the competition for talent is moderate.

75th PERCENTILE

Higher-end starting salaries require a strong skill set and more experience than is typical. Candidates may have specialized certifications. The role may be fairly complex or in a market where the competition for talent is high.

95th PERCENTILE

A significantly high level of relevant experience and expertise, including specialized certifications, can command a starting salary in the highest percentile. The role may be very complex or in a market where the competition for talent is extremely high.

¹ Robert Half is the world's largest specialized staffing firm with more than 300 locations globally. They focus on placing highly skilled accounting and finance professionals with organizations of all sizes and talent needs. The salary ranges provided in the 2019 Salary Guide are based on the tens of thousands of placements Robert Half has made and actual salaries companies are paying to land top talent. To download a full copy of the report visit: <https://www.roberthalf.com/salary-guide/accounting-and-finance>.

Costa Rica Labor Costs

In the case of Costa Rica, the total labor cost per position was calculated by using the most current Auxis Costa Rica salaries, which are competitive with the services market in the country.

On top of salaries, the total cost already includes all local taxes and regulatory requirements, benefits, and Auxis' margin to customers for the provision of our [outsourcing services](#).



Total Average Cost for a Finance & Accounting Professional in New York is between **\$109K to \$127K**

On top of the annual salaries, Auxis included an estimate of the benefits load of 25%, in addition to office space cost, in order to get a fully-loaded view of the total cost per employee in New York.

	Robert Half 2019 NY Salaries		Benefits (25%)		Office Space	Total Cost	
	50 th	75 th	50 th	75 th		50 th	75 th
GENERAL ACCOUNTING							
Accounting Manager	\$129,260	\$154,199	\$32,315	\$38,550	\$11,250	\$172,825	\$203,998
Senior Accountant	\$109,239	\$128,909	\$27,310	\$32,227	\$11,250	\$147,798	\$172,386
Staff Accountant	\$87,110	\$102,916	\$21,778	\$25,729	\$11,250	\$120,138	\$139,895
Accounting Clerk	\$65,684	\$77,275	\$16,421	\$19,319	\$11,250	\$93,355	\$107,844
ACCOUNTS RECEIVABLE							
Credit Manager	\$99,755	\$119,425	\$24,939	\$29,856	\$11,250	\$135,944	\$160,531
AR Manager	\$86,759	\$106,429	\$21,690	\$26,607	\$11,250	\$119,698	\$144,286
Credit & Collections Analyst	\$72,709	\$87,461	\$18,177	\$21,865	\$11,250	\$102,136	\$120,577
Credit & Collections Clerk	\$54,795	\$66,738	\$13,699	\$16,684	\$11,250	\$79,744	\$94,672
AR Clerk	\$49,526	\$58,308	\$12,382	\$14,577	\$11,250	\$73,158	\$84,134
ACCOUNTS PAYABLE							
AP Manager	\$86,759	\$106,429	\$21,690	\$26,607	\$11,250	\$119,698	\$144,286
AP Specialist	\$67,440	\$80,085	\$16,860	\$20,021	\$11,250	\$95,550	\$111,356
Inventory Analyst	\$66,738	\$78,329	\$16,684	\$19,582	\$11,250	\$94,672	\$109,161
AP Clerk	\$49,526	\$58,308	\$12,382	\$14,577	\$11,250	\$73,158	\$84,134
PAYROLL							
Payroll Manager	\$102,214	\$121,884	\$25,553	\$30,471	\$11,250	\$139,017	\$163,605
Payroll Administrator	\$64,630	\$75,870	\$16,158	\$18,968	\$11,250	\$92,038	\$106,088
Payroll Clerk	\$54,795	\$64,981	\$13,699	\$16,245	\$11,250	\$79,744	\$92,477
Average	\$62,347	\$74,377	\$19,483	\$23,243	\$11,250	\$108,667	\$127,464
Average of Non-Managerial Roles	\$67,472	\$79,925	\$16,868	\$19,981	\$11,250	\$95,590	\$111,157
Average of Manager Roles	\$100,949	\$121,673	\$25,237	\$30,418	\$11,250	\$137,437	\$163,341

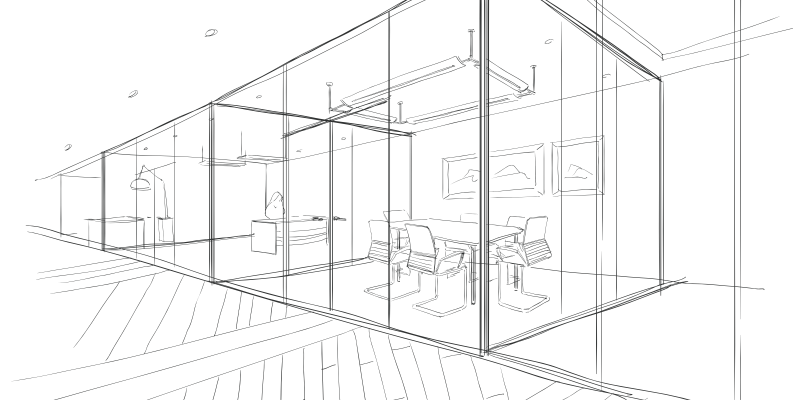


Office Space in New York Cost Calculation

According to *SquareFoot*² and based on recent publicly available commercial real estate leasing data, the average asking rent for New York office space is \$75 per square foot, with units in Class A averaging \$83 per square foot, and units in Class B averaging \$58 per square foot.

For the purpose of the cost calculation, Auxis used \$75 per square foot as a mid-point between Class A and Class B units, and assumed an office space of 150 square feet per employee, totaling \$11,250 per employee per year.

Auxis believes this cost assumption to be very conservative. According to other sources such as the CBRE's 2018 Annual Global Prime Office Occupancy Costs Report, New York Downtown, New York Midtown-South and New York Midtown made it to the list of the 20 most expensive office markets in the world, with a cost per square foot of \$102.49, \$171.56 and \$171.56 respectively. In this CBRE report the office occupancy costs include rent, local taxes and service charges.



SquareFoot Manhattan Market Report

	Class A	Class B
Columbus Circle	\$78	\$64
Grand Central	\$73	\$60
Garment District	\$93	\$59
East Side/United Nations	\$75	\$70
Plaza District	\$97	\$61
Times Square	\$79	\$66
Midtown Average	\$87	\$61
Chelsea	\$93	\$55
Flatiron/Union Square	\$88	\$68
Greenwich Village	\$111	\$69
Hudson Square	\$90	\$59
Soho	\$102	\$71
Midtown South Average	\$83	\$63
Financial District	\$58	\$51
Tribeca	\$85	\$50
Water Street Corridor	\$59	\$40
World Trade Center	\$75	\$65
Lower Manhattan Average	\$69	\$51
New York City Average	\$83	\$58

A CLOSER LOOK AT A Staff Accountant in NY



\$95K

Staff Accountant
Robert Half Salary
(50th-75th midpoint)



\$24K

Benefit Load
(25%)



\$11.3K

Office Space Cost
(\$70/square foot)



= \$130K

Average Total
Annual Cost

² SquareFoot is a New York-based commercial real estate technology company that provides online real estate search and concierge services. For more information visit www.squarefoot.com.

42%-51% AVERAGE SAVINGS FROM OUTSOURCING TO COSTA RICA

The average labor savings from outsourcing Finance & Accounting positions from New York to Costa Rica is **42%-51%**, which is equivalent to **\$44K to \$63K** per head.



This calculation is based on the 50th-75th percentile range from Robert Half Salaries, and allocating the same weight to all levels of positions (e.g. Clerks, Accountants, Senior Accountants, Managers, etc.).

Lower-level positions tend to represent a higher savings percentage vs. the managerial roles. For example, an Accounting Clerk level yields an average saving of **55% to 61%**, vs. an Accounting Manager yielding an average saving of **28% to 39%**.

Since the proportion of low-level positions in any back office operation is higher versus the supervisory and managerial roles, the overall outsourcing savings opportunity for an organization will usually be higher than the **42%-51%** range provided above. If we exclude the managerial roles from the average savings calculation, and only consider the positions below manager, the average savings increases to **49-56%**.

If we exclude the office space cost, the overall average savings is still **35%-46%**, and **41%-50%** for the non-managerial positions.

For non-managerial roles, where most of the transactional processing occurs, the average savings increases to **49%-56%**

Senior accountants and staff accountants yield the highest savings per head:

 **Senior Accountant**
 **\$72K - \$96K**

 **Staff Accountant**
 **\$63K - \$83K**

Detailed Cost Comparison Per Position

The table below shows a more detailed comparison of the New York total cost vs. Costa Rica total cost, along with the potential dollar savings and percentage per position.

	Costa Rica Annual Cost	New York Annual Cost		Annual Savings (\$)		Annual Savings (%)	
		50 th	75 th	50 th	75 th	50 th	75 th
GENERAL ACCOUNTING							
Accounting Manager	\$125,000	\$172,825	\$203,998	\$47,825	\$78,998	28%	39%
Senior Accountant	\$76,000	\$147,798	\$172,386	\$71,798	\$96,386	49%	56%
Staff Accountant	\$57,000	\$120,138	\$139,895	\$63,138	\$82,895	53%	59%
Accounting Clerk	\$42,000	\$93,355	\$107,844	\$51,355	\$65,844	55%	61%
ACCOUNTS RECEIVABLE							
Credit Manager	\$100,000	\$135,944	\$160,531	\$35,944	\$60,531	26%	38%
AR Manager	\$86,000	\$119,698	\$144,286	\$33,698	\$58,286	28%	40%
Credit & Collections Analyst	\$52,000	\$102,136	\$120,577	\$50,136	\$68,577	49%	57%
Credit & Collections Clerk	\$42,000	\$79,744	\$94,672	\$37,744	\$52,672	47%	56%
AR Clerk	\$38,000	\$73,158	\$84,134	\$35,158	\$46,134	48%	55%
ACCOUNTS PAYABLE							
AP Manager	\$88,000	\$119,698	\$144,286	\$31,698	\$56,286	26%	39%
AP Specialist	\$54,000	\$95,550	\$111,356	\$41,550	\$57,356	43%	52%
Inventory Analyst	\$48,000	\$94,672	\$109,161	\$46,672	\$61,161	49%	56%
AP Clerk	\$36,000	\$73,158	\$84,134	\$37,158	\$48,134	51%	57%
PAYROLL							
Payroll Manager	\$88,000	\$139,017	\$163,605	\$51,017	\$75,605	37%	46%
Payroll Administrator	\$54,000	\$92,038	\$106,088	\$38,038	\$52,088	41%	49%
Payroll Clerk	\$42,000	\$79,744	\$92,477	\$37,744	\$50,477	47%	55%
Average	\$108,667	\$127,464	\$64,250	\$44,417	\$63,214	42%	51%
Average of Non-Managerial Roles	\$95,590	\$111,157	\$49,182	\$46,408	\$61,975	49%	56%
Average of Manager Roles	\$137,437	\$163,341	\$97,400	\$40,037	\$65,941	29%	40%



Annual Savings Per Role

GENERAL ACCOUNTING

Accounting Manager	\$48K-\$79K
Senior Accountant	\$72K-\$96K
Staff Accountant	\$63K-\$83K
Accounting Clerk	\$51K-\$66K

ACCOUNTS RECEIVABLE

Credit Manager	\$36K-\$61K
AR Manager	\$34K-\$58K
C&C Analyst	\$50K-\$69K
C&C Clerk	\$38K-\$53K
AR Clerk	\$35K-\$46K

ACCOUNTS PAYABLE

AP Manager	\$32K-\$56K
AP Specialist	\$42K-\$57K
Inventory Analyst	\$47K-\$61K
AP Clerk	\$37K-\$48K

PAYROLL

Payroll Manager	\$51K-\$76K
Payroll Administrator	\$38K-\$52K
Payroll Clerk	\$38K-\$50K



ABOUT

COSTA RICA

TOP

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**FACTS
ABOUT
COSTA
RICA**

1 San Jose has been consistently ranked as the #1 Nearshore Outsourcing City in Latin America with the IT & Business Services Sector representing 7.5%+ of the GDP

2 #1 Education System in Latin America with the Highest Literacy Rate (98%)

3 #1 English Proficiency in Latin America with almost 100% of the employees in multinational companies being local

4 San Jose is the Safest City in Latin America and home of 350+ multinationals

5 Happiest Country in the World by National Geographic (2017)

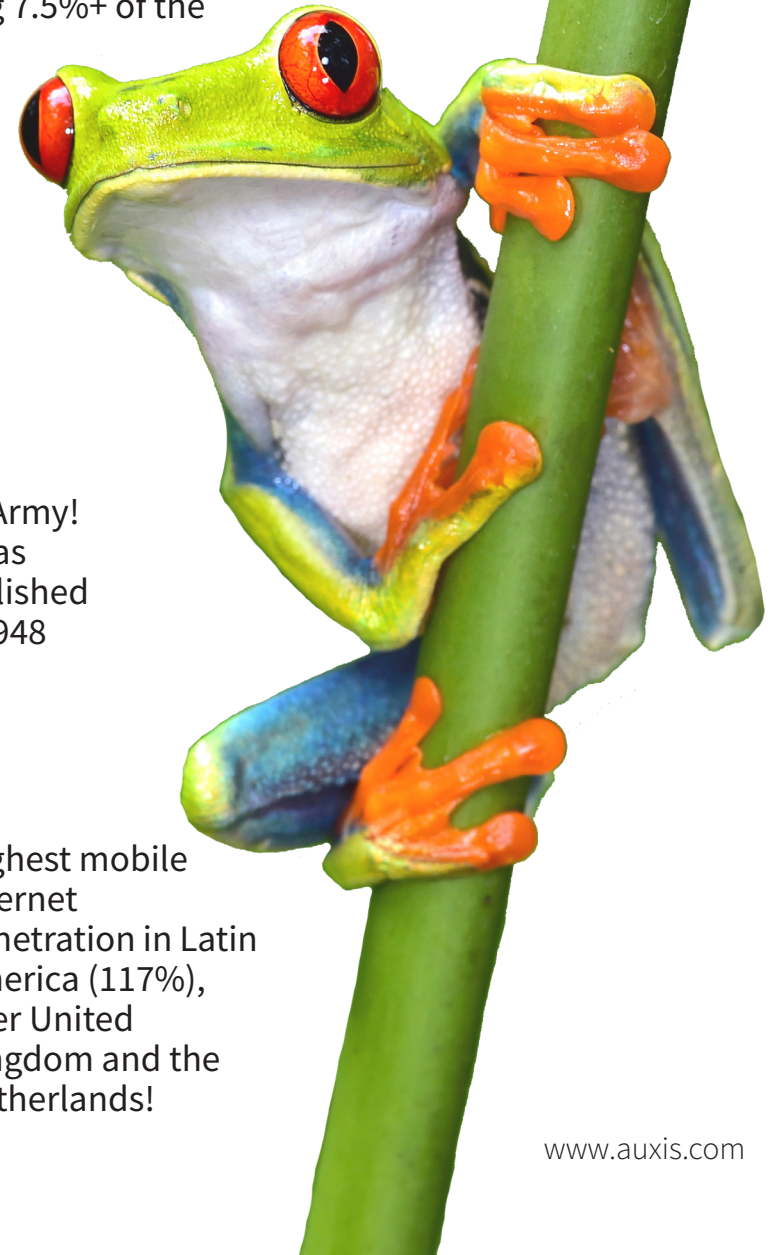
6 #1 Place to Retire by International Living (2018)

7 No Army! It was abolished in 1948

8 52% of the territory is covered by forest

9 #1 Country in Latin America in Innovation by the Global Innovation Index (2017)

10 Highest mobile Internet penetration in Latin America (117%), over United Kingdom and the Netherlands!





PRODUCTIVITY EFFICIENCIES

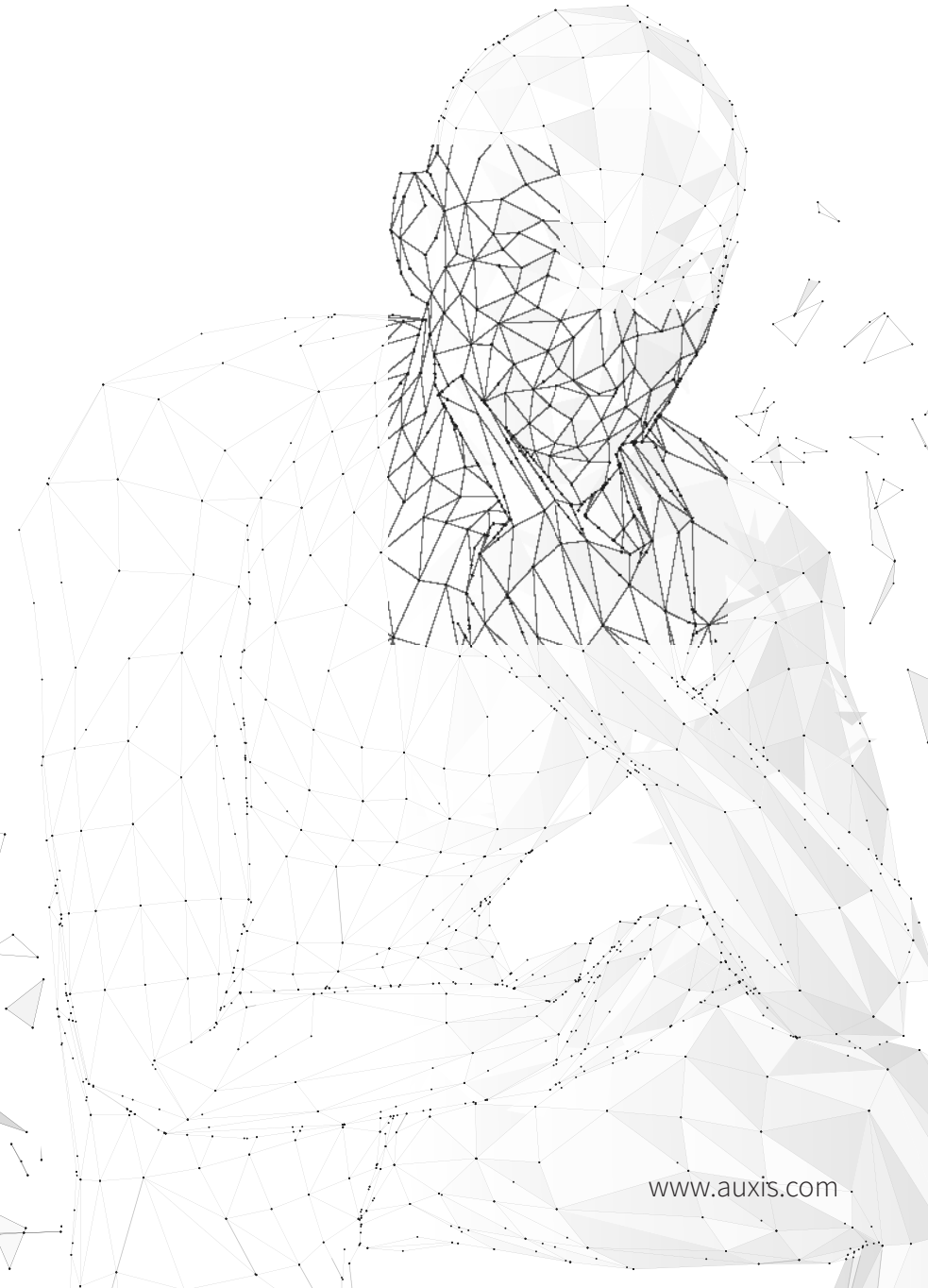
AN ADDITIONAL
SOURCE OF SAVINGS

Your Outsourcing Partner Should Bring You More Than Just Labor Savings

The estimated savings provided in the previous section do not include any type of efficiencies as they are a straight one-to-one labor cost comparison of New York vs. Costa Rica positions.

In reality, and based on our experience, additional savings can be achieved through the economies of scale of the outsourcer, and their expertise in process improvement, [automation](#), and overall best practices.

These efficiencies typically translate into additional savings to the client of 10% to 20%, or sometimes even more, depending on how much room for improvement and automation was available before the outsourcer took over. Another important factor to consider is how decentralized the processes were before outsourcing. Centralization alone will drive operating efficiencies.



On top of labor arbitrage, companies should expect an additional **10-20%** savings from productivity gains. RPA alone tends to generate **40%+** process efficiencies for the tasks being automated.

Technology is key

As an example of automation tools that your outsourcer should bring to the table, [Robotics Process Automation \(RPA\)](#) implemented right tends to generate 50%+ productivity improvements and [40%+ cost savings for the targeted areas](#). Increased accuracy and controls are two other key benefits you should expect.

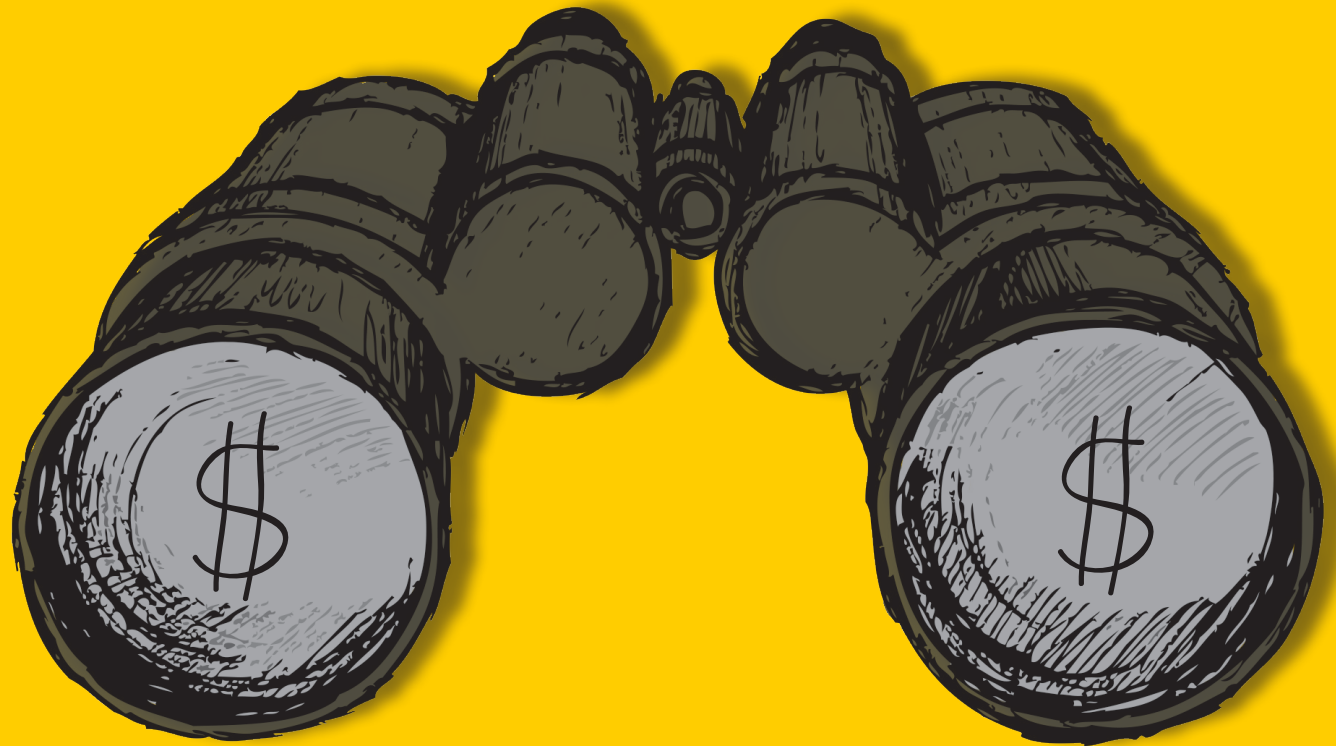
In addition to RPA, other technology enablers can include data extraction tools, automated account reconciliation softwares, vendor portals, business intelligence, and other customized applications.

Span of control: Another hidden cost

Lastly, we often see how many organizations have become too top heavy over the years, and their span of control isn't aligned with industry best practices.

Although numbers may vary based on the complexity of the department in question, we generally recommend the following ratios for an organizational structure: manager 1:20, supervisor 1:10, and team lead 1:5. Outsourcing gives these organizations a unique opportunity for restructuring that leads to additional cost and operational improvement.

ASSESSING THE OUTSOURCING OPPORTUNITIES WITHIN YOUR ORGANIZATION





Unlocking The Value of Outsourcing: How to get started

The next step to help you assess the outsourcing opportunities in your organization is to perform a quick, complimentary Opportunity Assessment to quantify the savings and efficiency opportunities of incorporating nearshore back office capabilities with Auxis.

The key questions that will be answered as part of the assessment include:

- 1** What is the overall labor savings opportunity?
- 2** Which of your functions/processes/activities provide the best opportunities?
- 3** Do you have the scale required to outsource with Auxis? Typically, we will require a minimum of 5 FTEs to get started.
- 4** What is the optimal organizational model to support the volume and complexity of the work being performed?
- 5** What challenges exist in your environment to incorporating a nearshore model?
- 6** What opportunities for improvement exist beyond labor savings? (e.g. robotics process automation, organizational-releveling, internal control enhancements, scalability, etc.).
- 7** What would be the recommended approach, pricing and expected timetable for incorporating a nearshore capability with Auxis?

This process typically takes 2-3 weeks and will mainly depend on how fast you can provide us with the key information required for the analysis such as job descriptions, volumetrics, process documentation available, salary information, etc.

Auxis **World-Class** Delivery Center **in San Jose**

- ✓ **24x7x365 Operation**
 - » Finance & Accounting
 - » Customer Service
 - » Information Technology
- ✓ Located in the **America Free Trade Zone** - Tier 1 Services Park housing organizations such as Microsoft, Amazon, IBM, HP, Bosch, Experian and many more
- ✓ **Central Time Zone** with 5-hour direct flights from New York
- ✓ **Superior Accounting talent** used to working with US GAAP
- ✓ Outstanding **English language skills**
- ✓ **Process Improvement Experts** with a **dedicated RPA team**
- ✓ **SSAE-18** certified
- ✓ Contractual **Service Level Commitments**
- ✓ **Solid Infrastructure** with 100% power and telecom redundancy



**Named Top 100 Global
Outsourcing Provider**
2016 | 2017 | 2018

Ready to get started?

In order to get started with your Outsourcing Opportunity Assessment, you can reach out to the following members of our team:



Eric Liebross
*Senior Managing Director,
Business Performance Optimization*
Eric.Liebross@auxis.com
954.236.4004



Fabiana Corredor
Strategy & Marketing Manager
Fabiana.Corredor@auxis.com
305.761.6782



Paula P. Carneiro
Northeast Client Development Executive
Paula.Carneiro@auxis.com
646.232.2626

Or you can visit our website to schedule Your Free Outsourcing Consultation: www.auxis.com

About Auxis

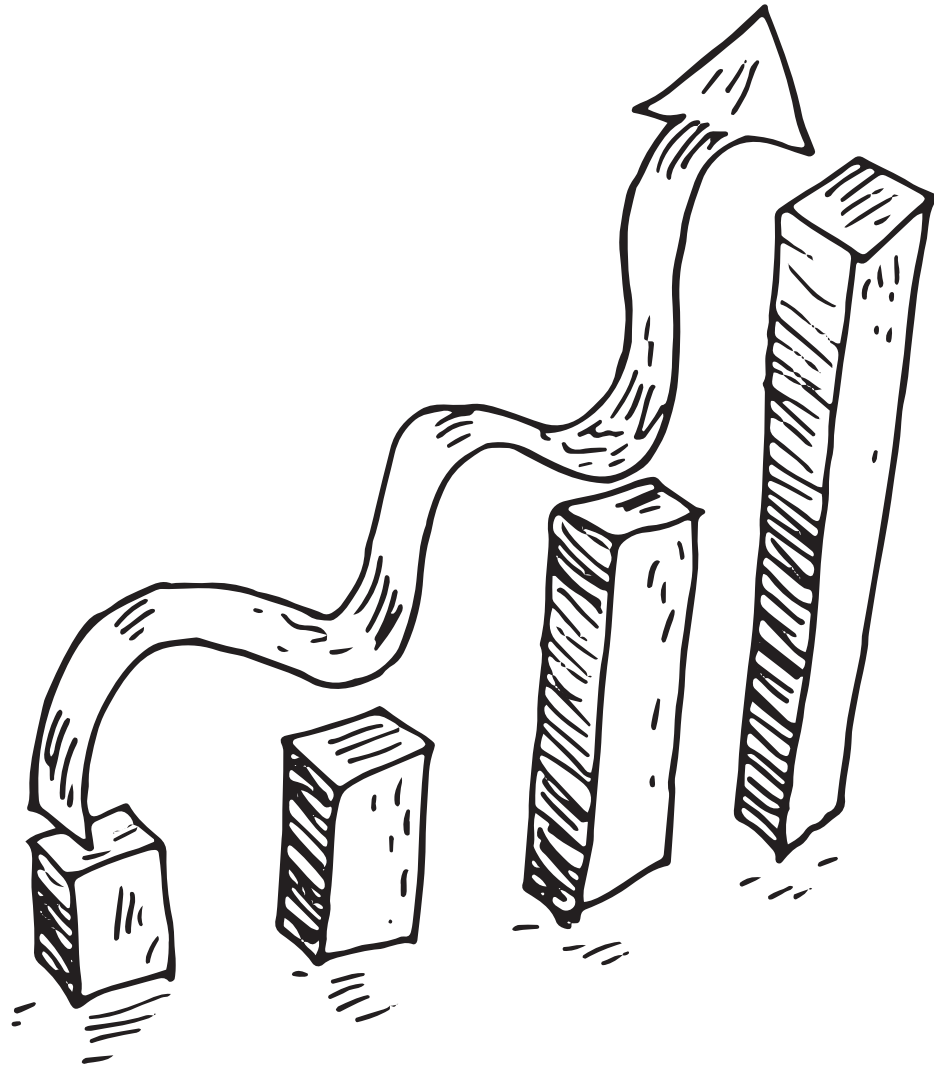
With a 22+-year track record, Auxis is a management consulting and outsourcing firm focused on helping senior executives achieve Peak Performance in their back office.

Auxis is able to deliver these results through a combination of customized solutions including Nearshore Outsourcing (F&A, Customer Service, IT), Shared Services, Robotics Process Automation (RPA), and BI.

Auxis solutions consistently deliver rapid paybacks, cost savings of 30%+, improved controls, enhanced operational visibility, and greater organizational focus on higher value-creating activities.

Recognized as one of the Top 100 Global Outsourcing Providers, Auxis' unique perspective as both advisor and outsourcing operator allow its clients to obtain real benefits and ROI from every engagement.

To learn more visit: www.auxis.com





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