

**WEBINAR**

**Modernizing Your  
Finance Operations:**  
*Why You Can't Afford to Wait*



Key Tools to Help  
Modernize Your F&A Department

**July 31, 2019**

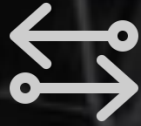




*I want you  
to bring me  
the answers  
**before**  
I ask the  
questions.*

Al Pacino  
as Willy Bank in Ocean's Thirteen

# Traditional Finance department models are not going to cut it...



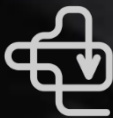
## Poor Strategic Focus

Most back office operations spend **75% or more of their time** on “keeping the lights on” versus more value added, business growth activities.



## Inefficient processes

Manual processes & lack of standardization cause high exception rates, substandard productivity and insufficient agility



## Inadequate IT Capabilities

Dated and complex IT operating environments limit flexibility, operational effectiveness and predictive capabilities.



## Talent Gaps

Challenges in attracting and retaining talent that is up to speed with latest technologies and business process practices.

# The CFO Challenge:

## Execute on day to day demands while delivering greater business value

**53%** of CFOs worry that the **finance function is reactive** or that **data and information-sharing processes are not streamlined**

- *The CFO Reimagined: from Driving Value to Building the Digital Enterprise. Accenture 2018* - *Finance priorities in 2019 – Gartner*

**Top 2 issues CFOs feel least confident in solving:**

- **Competitive labor market for finance talent**
- **Declining relevance of current finance skill set**

- *Finance priorities in 2019 – Gartner*

**67%** of CFOs want to reduce production times for financial information and **89%** want to improve their use of **data visualization**

- *CFO Priorities 2018, PWC*

**91%** of finance leaders in the U.S. reported **challenges finding skilled accounting professionals**, with **unemployment in the sector (2.5%) below national average**

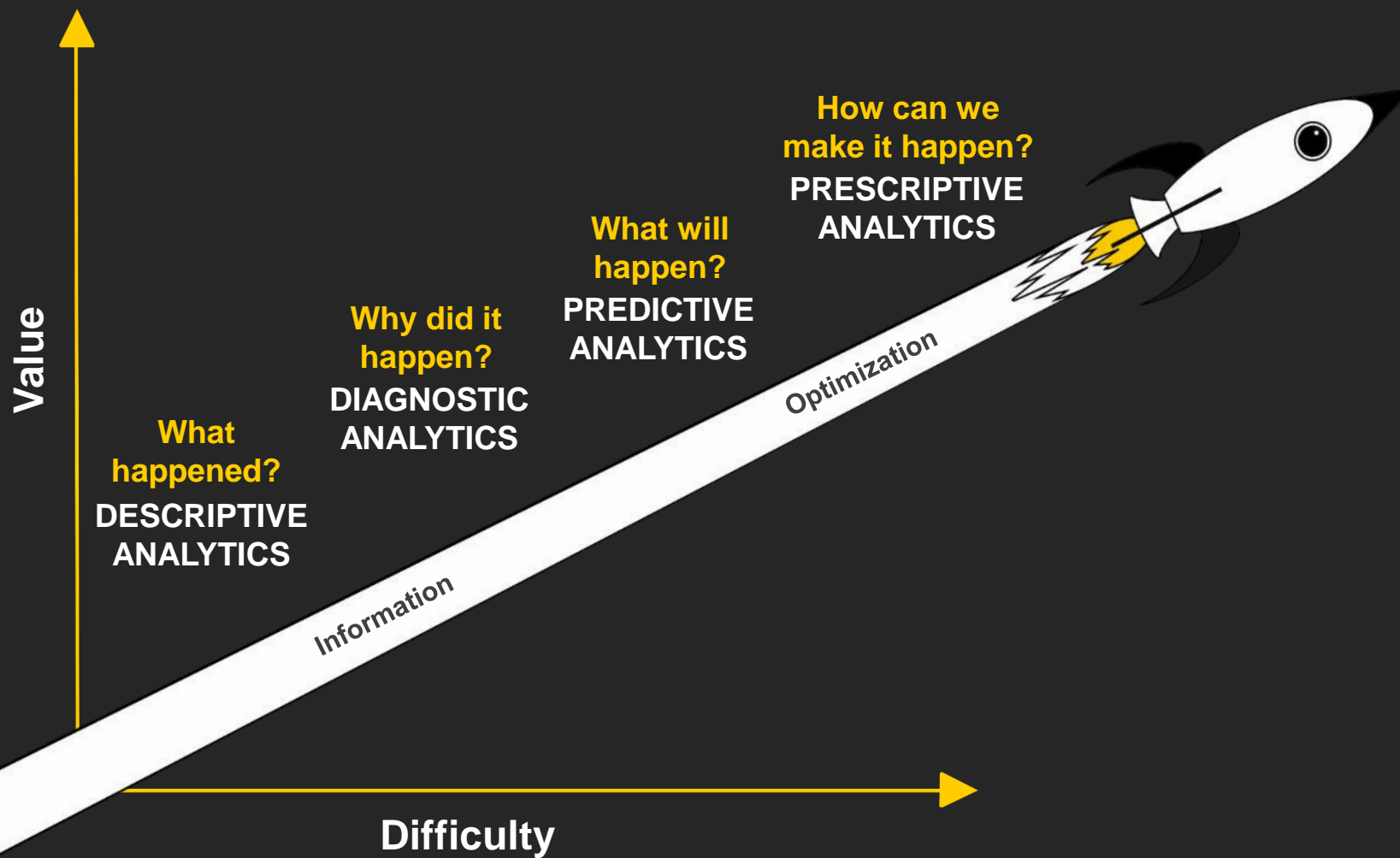
- *Robert Half 2019 Finance & Accounting Salary Guide*  
- *Randstad 2019 Salary Guide*

**In 3 years, CFOs expect that 44% of their finance workforce will work from nearshore locations and 22% from offshore locations (more than 3 time zones from HQ)**

- *CFO Signals (Deloitte) Q3' 2018*

# The Demand for Business Insights Has Never Been Greater...

Finance Departments “own” a lot of the business critical data that the organization needs to make effective business decisions



# The Modern Finance Department

## Key Building Blocks



### Business Adviser Culture

#### BUSINESS PARTNERSHIP MINDSET

Team with bias, skills and focus to help drive business performance versus just reporting on it



### Robust Business Intelligence

#### PREDICTIVE VS. HISTORICAL

Provide business insight and predictive analysis through robust Business Intelligence capabilities



### Shared Services Ecosystem

#### TRANSACTIONAL PROCESSING EXCELLENCE

Leverage Shared Services/Outsourcing Models to **increase Value Added focus** while also driving Process Excellence, Productivity, Scalability & Cost Competitiveness



### Highly Automated

#### MINIMIZE MANUAL ACTIVITIES

Reduce reliance on excel and silos of data. Leverage point solutions that can wrap around core ERP systems

The background features a dark gray gradient with several light gray network diagrams. Each diagram consists of a central circle connected to several smaller peripheral circles by thin lines, resembling a star or hub-and-spoke model. These diagrams are scattered across the page, with some appearing larger and more prominent than others.

# Shared Services Ecosystem

# Shared Services and Outsourcing have become the de facto model

On average, organizations are managing **83%** of their F&A function under a Shared Services Model (**45%**) or Outsourcing (**38%**)

**59%** of organizations are looking to increase its reliance on **BPO**

**63%** of CFOS agree that in 3 years from now the majority of their team's time will be spent on analysis, prediction and decision support rather than accounting, reporting and compliance

**Sources:**

-CFO Signals: What North America's Top Finance Executives are Thinking – and Doing (Deloitte 2018 Q3)  
2017 KPMG SSC & Outsourcing Report, Tholons, Statistics MRC



# Latin America has emerged as a main destination for US back office operations

- Latin America represents **24%** of the “Top 100” Global Outsourcing Destinations (Tholons 2016)
- In 3 years, US CFOs expect that **44%** of their finance workforce will work from nearshore locations
- True nearshore locations for North America include **Costa Rica, Colombia, Mexico, Panama, Guatemala and the Caribbean.**

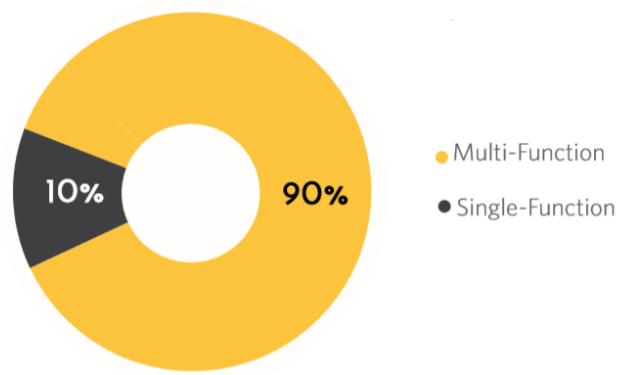
## Primary Drivers

- ✓ Geographic Proximity
- ✓ Time Zone
- ✓ Low Cost
- ✓ Large and Strong Workforce
- ✓ Cultural Affinity
- ✓ Language Skills
- ✓ Lower Turnover
- ✓ Infrastructure

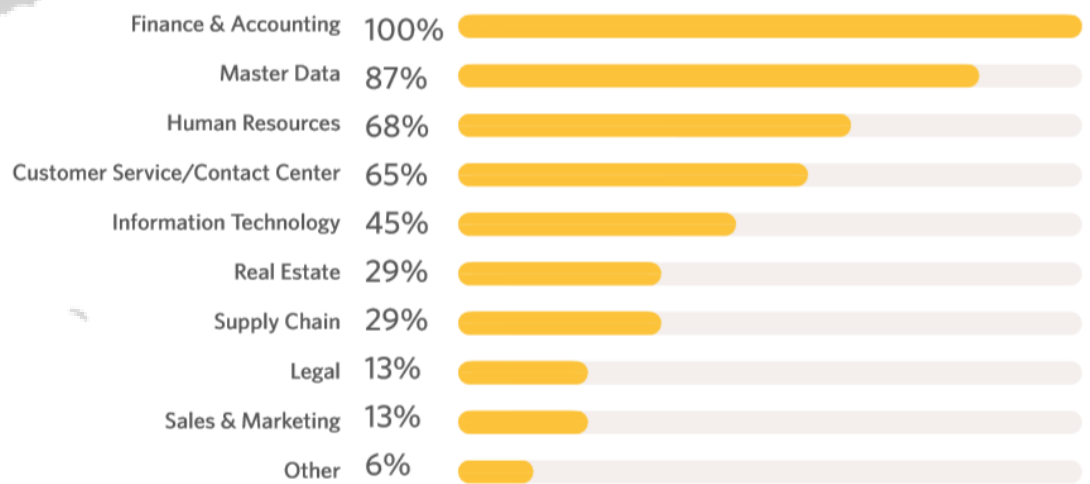
# Shared Services in Latin America



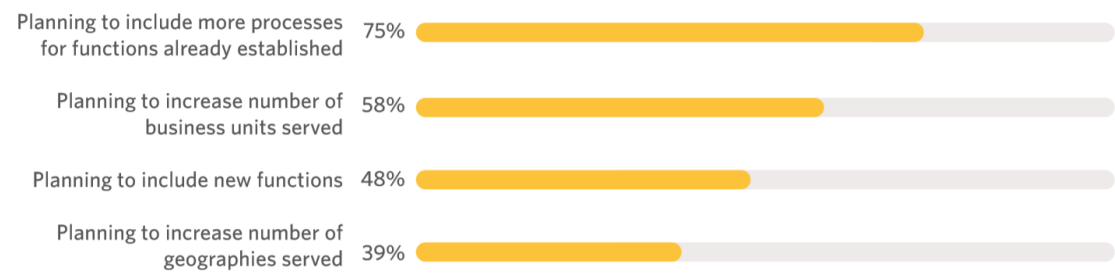
**90% of SSCs in the region are multi-function**



## Top Functions in Scope



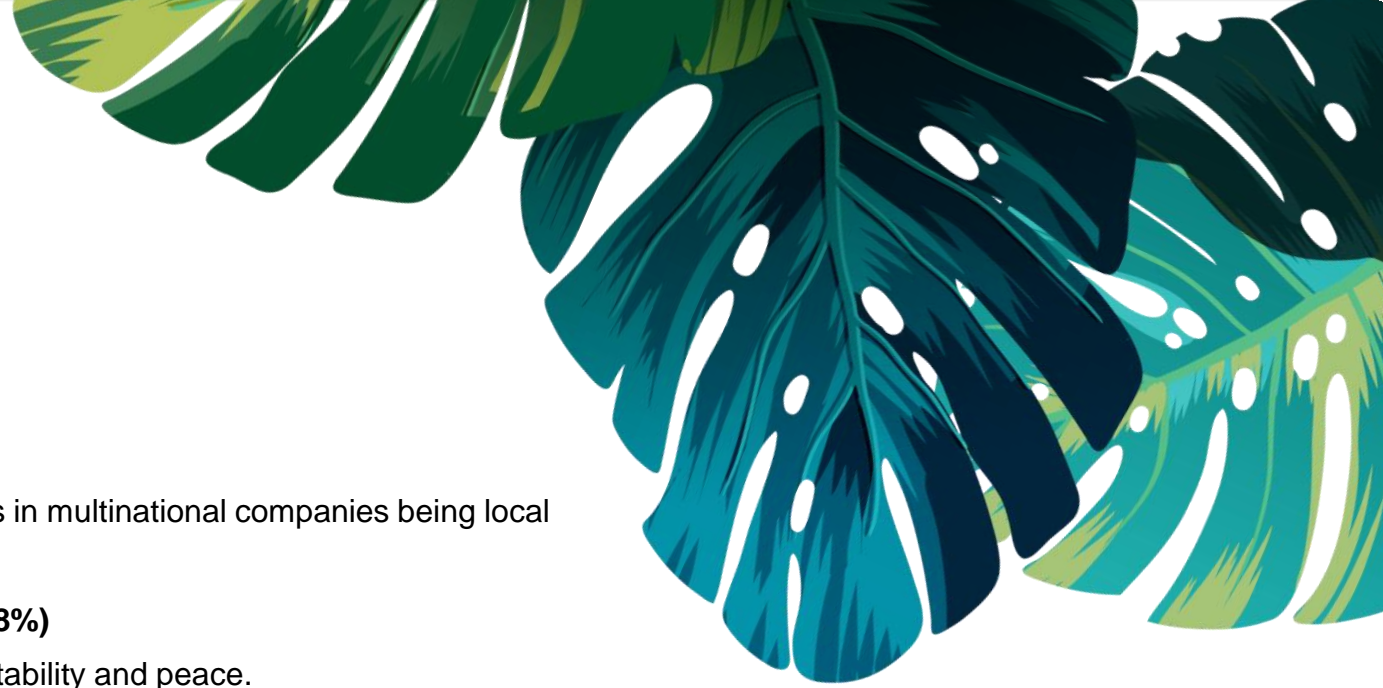
**100% of SSCs are in expansion mode....**



*“80% of respondents cited satisfaction with service levels, controls, productivity and efficiency improvements”*

Source: 2016 Auxis Survey – A Deeper Exploration of SSCs in LatAm

# Costa Rica has been consistently ranked as the **#1 nearshore destination** in Latin America



- Hub to **350+ multinationals**
- **Central Time zone** with quick direct flights to most major U.S. Cities
- **#1 English proficiency** in Latin America with almost 100% of employees in multinational companies being local
- **No Army!** It was abolished in 1948
- **#1 Education system** in Latin America with the **highest literacy rate (98%)**
- **Safest city in Latin America** - recognized worldwide for its political stability and peace.
- **Strong cultural affinity** to the US
- **#1 country in Innovation** in Latin America by Global Innovation Index (2017)
- **#1 Place to retire** by International Living (2018)
- **Solid Infrastructure & Utilities**

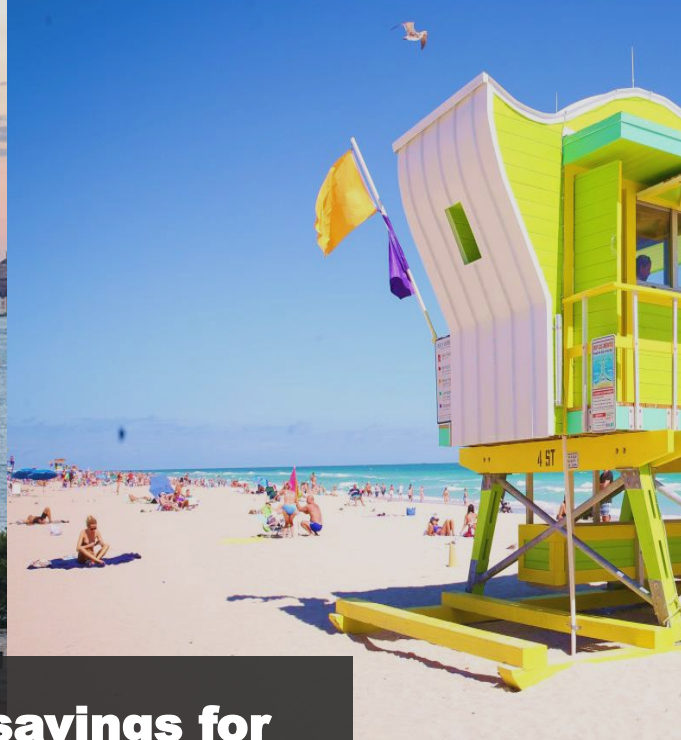


## NY/San Francisco

▼ 49-56%

**\$46-62K**

Average savings per head 



## Miami/Atlanta

▼ 27-38%

**\$19-31K**

Average savings per head 

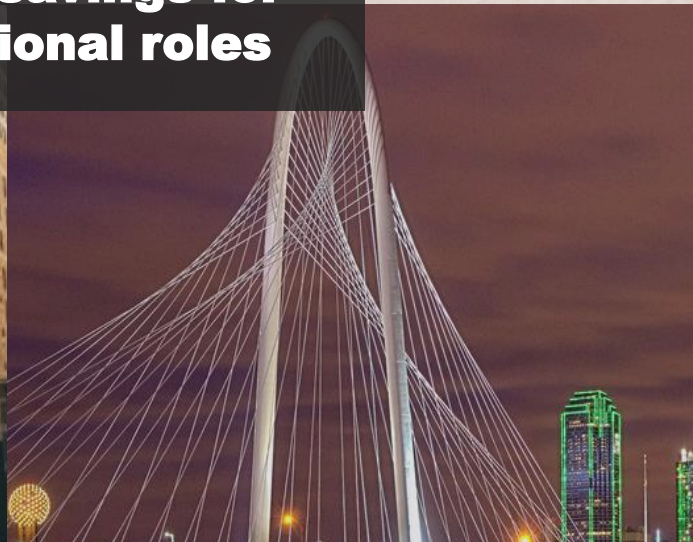
Average savings for transactional roles

## Chicago

▼ 38-47%

**\$31-45K**

Average savings per head 



## Austin/Dallas/Houston

▼ 29-40%

**\$21-33K**

Average savings per head 

Link to download full report:

[www.auxis.com/2019-US-finance-labor-report-outsourcing-costa-rica](http://www.auxis.com/2019-US-finance-labor-report-outsourcing-costa-rica)

# Savings Opportunity Roadmap from Nearshoring

**25%-50%**

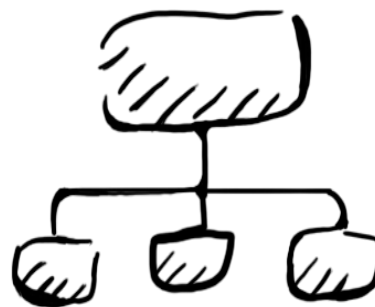


## **One to One Labor Savings**

One to one comparison of the total labor cost of a resource in US vs. a Nearshore Location



**10%-20%**



## **Span of Control Adjustments**

Most times the org structure can be relevelled to achieve better span of control based on best practices:

- Managers: 1:20
- Supervisors: 1:10



**10%-20%**



## **Productivity Efficiencies**

Efficiencies gained from centralization, process improvement and automation (e.g. RPA)

# Traditional Outsourcing

VS

# Outsourcing that works!

- Mainly driven by **labor arbitrage**, not strategic focus
- Operational **challenges** are not improved, just **relocated**
- **“Black Box”**- lack of control and visibility over the operation
- Significant **time zone and geographical differences** with **language** and **cultural barriers**
- **“Cookie-cutter”** approach – nickel and dime pricing model
- **Creates additional burdens** to your team

- Cost savings is a given – it’s about the **refocusing of your organization.**
- Efficient, automated processes driving **high performance**
- Collaborative, an **“extension of your team”** with improved metrics and reporting
- **Close to home** with similar **work schedules** and cultural affinity
- **Flexible and customized** to your environment and business needs
- Enables your team to become a **Modern Finance Organization**



# **Digital Transformation:** **RPA + Analytics**

# Digital Transformation is about more than just the “Customer Experience”

The road to Digital Transformation is **limited** if you don't have an effective Finance Department to make **key data and intelligence** available to the customer-centric operations:

- 👍 Sales data
- 👍 Pricing data
- 👍 Cost data
- 👍 Logistics data
- 👍 Financial data



👉 Disconnected and unstructured data

👉 Manual processes with many exceptions

👉 Resistance to change



# Finance Executives are most equipped to lead the charge in the back office transformation

- ✓ **Robotics Process Automation (RPA)**
- ✓ Business Process Management
- ✓ **Analytics & Dashboards**
- ✓ Automated Workflows
- ✓ Collaboration & Knowledge Management
- ✓ Automated Account Reconciliations
- ✓ Automated Invoice Management
- ✓ Intelligent Data Capture
- ✓ Security

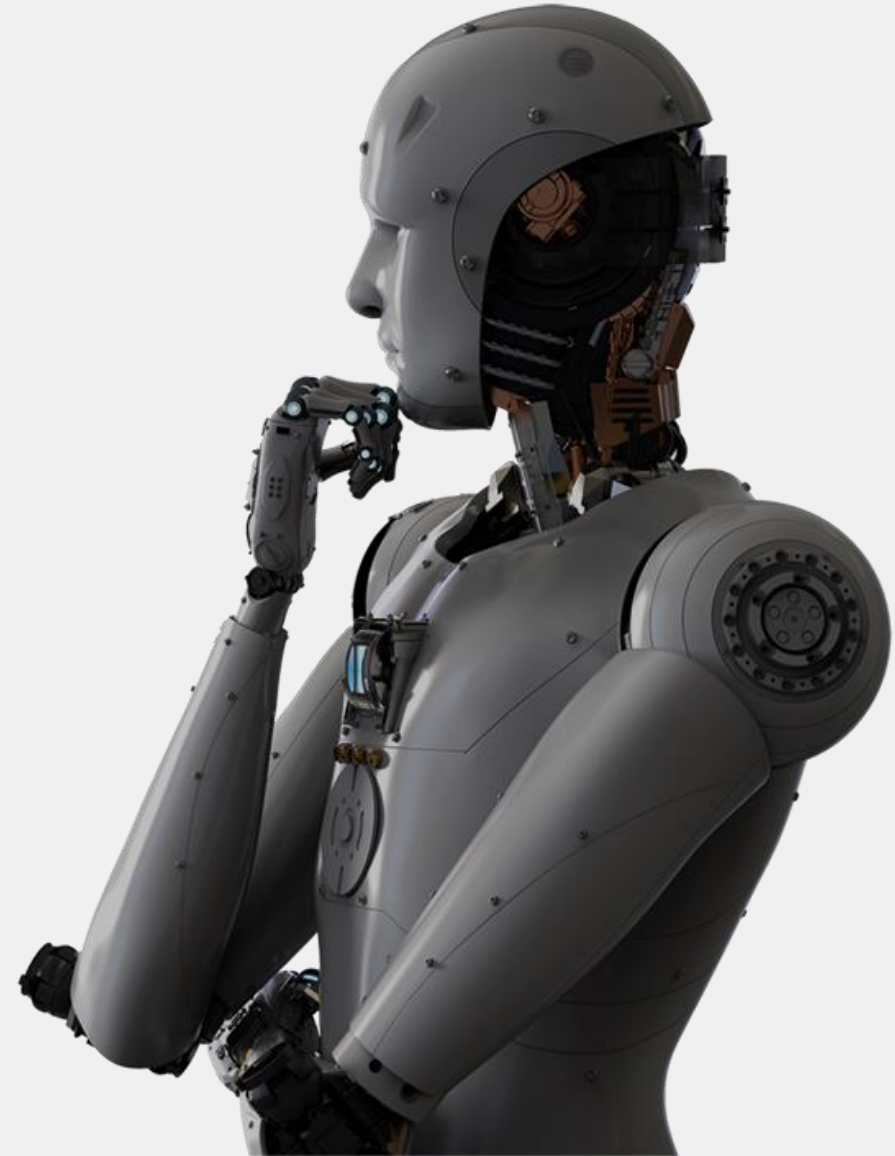


# RPA



# Robots aren't coming... They're here!

- ✓ The **RPA software market** expected to grow by **41% YOY to 2020** – Gartner
- ✓ **MIT** to launch a **new college dedicated to AI** backed by **\$1 Billion**
- ✓ **UiPath**, one of the top 3 leading RPA platforms in the market, is the **fastest growing software company in history** – from **\$1M to \$100M+** in less than 21 months!
- ✓ **Low licensing costs** coupled with **quick implementation timelines** and **ease of development** have made RPA accessible for all industries and company sizes



# Auxis 2018 RPA Survey Report

## Key Highlights

F&A is the top penetrated function (79%)



Order To Cash (70%)



Purchase To Pay (70%)

40% average cost savings



41% average productivity gains



RPA is led by the business, not IT, for 62% of organizations



70% leverage a 3<sup>rd</sup> party expert to get started



70% recover their RPA investment in less than 1 year



AI still more myth than reality with **only 4%** piloting and beyond

Confidential & Proprietary

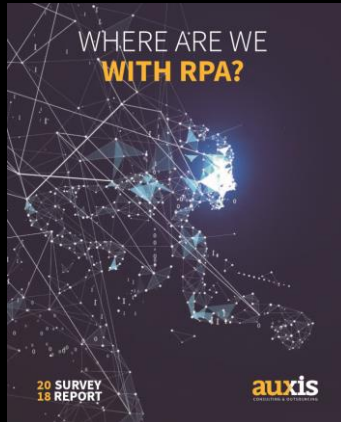
# Auxis 2018 RPA Survey Report

## Key Highlights

F&A is the top  
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**(79%)**



Order To Cash  
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Link to download full report:  
[www.auxis.com/2018rpastudy](http://www.auxis.com/2018rpastudy)

*(Printed copies at Auxis' booth)*

**70%** reco  
investment in **less**  
**than 1 year**



AI still more myth than reality with **only 4%** piloting and beyond

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# Relevant RPA Case Studies

## Quick ROI across the board



### LEADING MEDIA & PUBLISHING FIRM

#### AP INVOICE PROCESSING

3-MONTH PAYBACK  
65% PRODUCTIVITY GAINS  
57% COST SAVINGS



### GLOBAL HOSPITALITY ORGANIZATION

#### DAILY OPERATIONAL REPORT

500% PRODUCTIVITY GAINS  
INCREASE OPERATIONAL VISIBILITY



### GLOBAL JEWELRY RETAILER

#### SALES TO CASH RECONCILIATION

2-MONTH PAYBACK  
75% PRODUCTIVITY GAINS  
67% COST SAVINGS



### LEADING TIME-SHARE RESORTS COMPANY

#### EMPLOYEE ONBOARDING & TERMINATIONS

73% COST SAVINGS  
100% SOX COMPLIANT



### COSMETIC MANUFACTURER & DISTRIBUTOR

#### JOURNAL ENTRY PROCESSING

1-MONTH PAYBACK  
80% PRODUCTIVITY GAINS  
60% COST SAVINGS



### HEALTHCARE SUPPLY CHAIN LEADING PROVIDER

#### CUSTOMER PRICING ANALYSIS

6-MONTH PAYBACK  
50%+ PRODUCTIVITY GAINS  
REVENUE GROWTH ENABLEMENT

*Rigid Packaging Distributor with multiple locations across the US purchasing from a Geographically Diverse supply base*

## BEFORE

- **120 “Account Coordinators”** quoting orders based on vendor price
- Highly manual, time-consuming and prone to errors
- **Vendor prices change frequently** (price lists, price change notifications) - received in their email or on a shared drive prior to processing a vendor purchase order
- Each vendor price search can take **~10-15 minutes** per item, per order
- ~3,600 orders per FTE per year
- **432,000 total orders per year**



## AFTER

- RPA automated multiple steps in the process:
  - **Identification of any vendor price change**
  - **Validation of the price changes versus established guidelines** (e.g. timeframe for change notifications, percentage of cost increase approved)
  - ACs now utilize a **vendor price look up tool** (SSRS) to view the current and upcoming vendor price to calculate the customer price based on shipment/order date



**Reduced cycle time from 10-15 mins to 3 seconds**



**80%+ productivity gains**



**Increased controls & elimination of inaccurate quotes**



**Standardized pricing process across automated vendors**



# Reporting & Analytics



# “Democratizing” Key Financial and Operational Data

Much of the Key Data in the Organization is Disconnected, Unstructured or Generally Not Easily Available...

ERP

Customer Data

POS

Vendor Data

CRM

Pricing & Promotion

Ecommerce

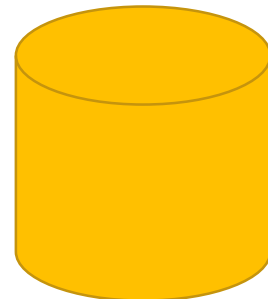
WMS

Payroll

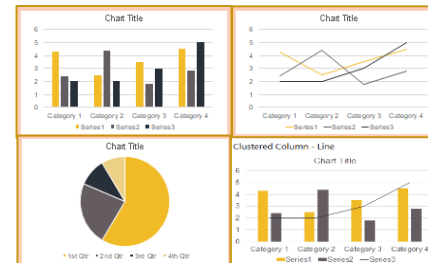
## Business Insights

- SKU Rationalization
- Cost of Goods Analysis
- Forecast Accuracy
- Customer Insights
- Category Analysis
- Pricing Analysis
- Promotion Analysis
- Location Analysis
- Marketing ROI
- Customer Segmentation
- Inventory Optimization
- Labor Optimization

## Data Mart



## Visualization



# AP Reporting Dashboard Example

## Global Manufacturing & Distribution Company

Traditional AP metrics provide basic insight into your AP operations. You can live with this, unless...

- # of Invoices
- DPO
- Aging
- Error Rate
- Time to Process
- Time to Approve

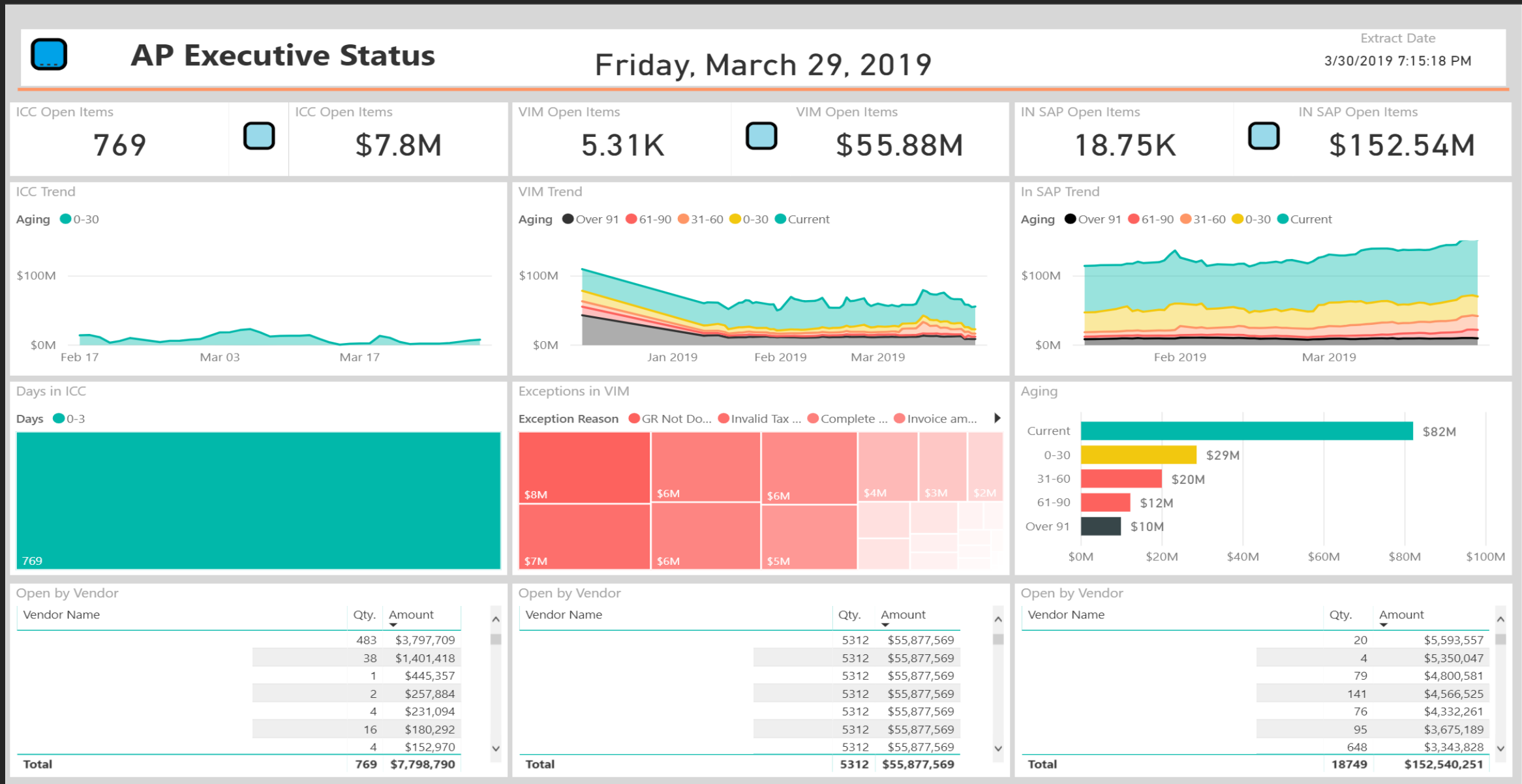


### BEFORE

- **Poor SAP implementation** “broke” the AP process
- Invoice processing workflow, approvals, EDI matching and three-way match stopped working
- **87% exception rate**
- Increased **duplicate invoices**
- **Manual invoices processing** doubled
- **Vendors not getting paid timely** impacted manufacturing and shipment of goods, and ultimately **sales to customers**
- Complete **lack of visibility and control** over invoice aging, exception management and invoice payment status
- Treasury Director did not know the actual amount of **invoices outstanding** - only saw what was in SAP (50% of the outstanding total)
- No availability from IT to solve the problem

# AP Reporting Dashboard Example

## Real-time access on desktop and mobile



# AP Reporting Dashboard Example

## Exception Reporting with Actionable Details

### Exception Management Dashboard

Date Filter

3/19/2019

Open Documents

5806

Open Amount

\$75,039,250

Extract Date

3/30/2019 7:15:18 ...

VIM Exceptions by Company			VIM Exceptions by Agent			VIM Exceptions by Status			VIM Exceptions by Date			VIM Exceptions by Aging	
Company	Quantity	Amount	Agent	Quantity	Amount	DocumentStatusName	Quantity	Amount	Days in VIM	Quantity	Amount		
	07	\$68,323,276		910	\$18,959,465	Created	791	\$7,733,125	Over 60	1743	\$19,450,012	Over 91	\$13M
	70	\$4,435,132		918	\$11,968,591	Entered and held	1	\$569	46-60	614	\$5,522,936	61-90	\$4M
	78	\$640,545		968	\$10,670,200	Indexed	2852	\$51,543,597	31-45	777	\$6,936,483	31-60	\$9M
	95	\$1,222,913		842	\$9,854,534	Sent for Doc Creation	1865	\$10,094,907	16-30	868	\$15,644,984	0-30	\$9M
	24	\$151,240		376	\$8,272,712	Suspected Duplicate	297	\$5,667,051	11-15	667	\$11,913,801	Current	\$41M
	20	\$217,690		813	\$7,880,098	<b>Total</b>	<b>5806</b>	<b>\$75,039,250</b>	6-10	565	\$6,100,675		
	4	\$10,729		654	\$4,429,465				4-5	413	\$4,484,100		
	3	\$343		325	\$3,004,186				0-3	159	\$4,986,261		
	2	\$20,786	<b>Total</b>	<b>5806</b>	<b>\$75,039,250</b>				<b>Total</b>	<b>5806</b>	<b>\$75,039,250</b>		
	2	\$5,000											
	1	\$11,596											
<b>Total</b>	<b>5806</b>	<b>\$75,039,250</b>											

VIM Exceptions by Exc. Reason			VIM Exceptions by Vendor												
ExceptionReason	Quantity	Amount	Aging Vendor Name	Over 91 Qty.	Over 91 Amount	61-90 Qty.	61-90 Amount	31-60 Qty.	31-60 Amount	0-30 Qty.	0-30 Amount	Current Qty.	Current Amount	Total Qty.	Total Amount
Complete Account determination for this Invoice	1739	\$10,495,418		75	\$772,122	41	\$130,193	78	\$153,590	30	\$164,369	25	\$252,457	249	\$1,472,731
GR Not Done - Simple Check	409	\$10,365,874										1	\$24,000	1	\$24,000
Tolerance exceeded (PO)	536	\$8,827,081								1	\$3,000			1	\$3,000
Invoice amount equals or over 50K\$ (PO)	70	\$8,378,199		1	\$7,425									1	\$7,425
Invalid Tax Info (NPO)	637	\$7,552,195		7	\$11,643	3	\$3,690	1	\$3,600			33	\$256,695	44	\$275,628
Missing Mandatory Information (NPO)	438	\$5,227,113		101	\$133,657	23	\$68,900	17	\$36,878	26	\$102,179	93	\$328,654	260	\$670,267
Invalid Tax Info (PO)	317	\$3,838,906								1	\$400	2	\$117,450	3	\$117,850
Invalid PO Number (PO)	113	\$3,297,505		2	\$603							1	\$234	3	\$836
Missing Mandatory Information (PO)	394	\$2,740,496										1	\$25,151	1	\$25,151
Suspected Duplicate (PO)	165	\$2,626,399												1	\$52,903
Suspected Duplicate (NPO)	36	\$2,289,661		1	\$2,900			1	\$290			1	\$1,693	2	\$54,596
Validate Bank Details (PO)	90	\$2,103,616												2	\$3,190
Invalid Vendor (NPO)	266	\$1,477,022				3	\$418					1	\$6,988	1	\$6,988
<b>Total</b>	<b>5806</b>	<b>\$75,039,250</b>	<b>Total</b>	<b>1375</b>	<b>\$12,514,549</b>	<b>357</b>	<b>\$3,539,619</b>	<b>541</b>	<b>\$8,968,680</b>	<b>691</b>	<b>\$8,563,116</b>	<b>2842</b>	<b>\$41,453,286</b>	<b>5806</b>	<b>\$75,039,250</b>

# Key Takeaways...

*“I’m not paid or evaluated on the accuracy of my crystal ball predictions. I’m paid to enumerate every possible outcome and do something about every possible outcome well in advance, when it’s still possible to do something, because once it’s happened it’s too late.”*

Marty Chavez  
*Former CFO, Goldman Sachs*

**Focus • Execution • Value**

1. CFOs need to lead the charge to the **Modern Finance Department**
2. **Outsourcing “done right”** goes beyond cost savings and can be a great tool to drive modernization
3. If you haven’t started with **RPA, it’s time...**
4. **The power of BI** can be applied to the **operational performance** of your Finance department – it’s not just for “customer insights”
5. Focus on **“democratizing”** the data and answering the questions from your business **before they ask**

# Thank You!

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**auxis**  
CONSULTING & OUTSOURCING