

Enhancing the Finance Function through

DIAGNOSTIC-LED IMPROVEMENT

A WNS South Africa PERSPECTIVE



Enhancing the Finance Function through Diagnostic-led Improvement

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Over the last decade, the finance function has shifted its focus with a range of new challenges arising as a result of macro-economic changes. Cost benefits from labour arbitrage is no longer the only output CFOs expect from Finance and Accounting Outsourcing service providers.

There is a growing need to leverage high-end analytics and gain strategic insight from forward-looking analysis. Today's fast-paced and disruptive business environment demands a deep analysis of market forces, identifying opportunities for new markets to explore, analysing mergers and acquisitions, conserving cash, while constantly evaluating geo-political risks.

These imperatives all seek to answer one simple question: which businesses should be let go and which to grow?

Knowing where best to invest

CFOs are placed under immense pressure to drive business impact through financial planning and analysis, meet stringent regulatory controls and keep up with the latest finance and accounting technology platforms.

At the same time, these exponentially increasing expectations create complexities around delivery models, management, and governance that finance and accounting decision-makers have never before had to consider. As a result, it is critical for companies to assess their current state of operations and understand where improvements are most necessary to avoid investing in areas where the return isn't justified. This level of decision support is invaluable and can help organisations set their sails in the right direction.

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Selecting the right F&A partner

The finance function is evolving and technology developments in the form of robotics and automation has the potential to provide significant improvements in process efficiencies. However, there is a number of additional benefits that can be realised when partnering with an experienced Finance and Accounting service provider to further drive process improvement and unlock value within the finance function.

Given that there is an increased focus on value beyond labour arbitrage, businesses need to carefully evaluate potential providers by looking for a combination

of their industry specific knowledge, relevant experience, investment in teams and a proven methodologies. Overall, when selecting a finance and accounting partner, the ability of the chosen partner to demonstrate contractual commitments through benefits delivered to other clients is key.

Today, a combination of industry maturity, significant advances in service provider capabilities and the rise of

outsourcing acceptance have given way to a revised and much accelerated path to finance and accounting transformation. What has taken many companies 10-15 years to achieve now can be attained in 2-4 years by selecting the right outsourcing partner. To accelerate transformation within the finance function and meet the demands to drive business growth, a diagnostic investigation presents a telling case for itself as a starting point.



“One of the key outcomes of undertaking a diagnostic project with WNS is a guaranteed business case with underwritten benefits for each option recommended.”

Diagnostic-led direction

A diagnostic investigation focuses on transforming a client's existing processes based on immediate and long term opportunities identified by a team of experienced Finance and Accounting professionals and Six Sigma Black Belt experts.

Depending on the process scope, locations and complexities involved, this team engages with the client organisation for a period of 3-12 weeks with an objective to study the “as-is” client processes in detail. From this study, short term improvement opportunities are identified, an implementation roadmap is created for long term improvements to standardise, optimise and automate existing financial processes.

This diagnostic approach helps to create a ‘right-fit’ solution that meets client's current and future state business objectives and addresses the immediate challenges faced. In addition, it also provides confidence that existing financial processes can be transformed and operated in a more effective, standardised and controlled manner when transitioned to a capable provider.

One of the key outcomes of undertaking a diagnostic project with WNS is a guaranteed business case with underwritten benefits for each option recommended, such as implementing a targeted operating model or outsourcing, among others.

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The diagnostic framework unpacked

As part of the diagnostic investigation, a pragmatic approach to understanding the client business is taken. Some of the key activities that we'd typically undertake as part of a finance and accounting diagnostic engagement include:

- ⦿ Review and validate existing controls within accounting processes. Introduce additional controls and enable seamless reporting of information to management and key stakeholders.
- ⦿ Create an interim model that will be utilised for operating processes across the business entities and locations, based on feasible standardisation opportunities.
- ⦿ Compare the current-state accounting processes with the WNS Process Maturity Models (WNS PMM™) and best practices to improvement opportunities. Define an implementation roadmap for all identified improvement opportunities.
- ⦿ Deploy right-fit technology automation solutions, such as, Robotics, Workflows and Optimal Character Recognition (OCR), etc.
- ⦿ Leverage Value Stream Mapping to identify all value-added and non-value added steps within the client's accounting process. This helps in eliminating waste and creating leaner processes. ▲



Case Study

How we helped a leading South African Telecommunications service provider transform their finance and accounting function

THE OPPORTUNITY

With more than 40 locations across three cities within South Africa, disparate IT platforms, non-standard processes, limited controls and ineffective process management, a leading telecommunications services provider had a very high operating cost and exposure to external audit risks.

Consequently, they decided to outsource their finance and accounting processes and invited multiple tier-one/two BPO partners to bid in which WNS was successful. We crafted a highly customised solution and advocated for a diagnostic-led engagement as opposed to a traditional 'lift and shift' approach.

HOW WNS HELPED THE ORGANISATION TRANSFORM ITS F&A FUNCTION

With the key objective of driving business impact through standardisation, automation and deployment of best practice, WNS experts identified multiple opportunities to improve and transform the existing state of process for the client during detailed 4-week due diagnostic exercise.

The team adopted a structured five-phased diagnostic approach to not only implement immediate process improvements before the transition, but also define a target operating model based on agreed future state improvements

identified. We helped the client design a suitable transformation roadmap, driven by process, technology and analytics.

We reduced the 40+ locations to one Shared Services Centre (SSC) and three regional hubs.

THE OUTCOME

Our diagnostic-driven approach led to the client enjoying a productivity commitment of 30% within the first 36 months of the contract.

A FEW OF THE OTHER BENEFITS INCLUDE:

- ⊙ Guaranteed cost savings of 60% over the contract term.
- ⊙ Increased customer and vendor satisfaction through the introduction of sourcing support, market intelligence and analytics services.
- ⊙ Greater propensity for scaling through innovation and the use of technology.
- ⊙ Clear visibility into process health to drive actionably business insights.
- ⊙ Increased ability to add new business streams or acquisitions, directly linked to strategy.

WNS undertook a structured process to stabilise, improve and deliver business results

SCOPE

- ⊙ 300 team members
- ⊙ End-to-end Finance and Accounting: AP, T&E, AR, Cash and Bank, Reconciliation, Management Accounting, Asset Management, and Capital Work in Progress
- ⊙ Comprehensive Human Resources: Employee data management, new joiners, exiting employees, changes, payroll, taxation
- ⊙ End to End Procurement Operations: PO creation, Master Data Management, Spot Buys, Contract Management, Supplier Relationship Management, Supplier Helpdesk, e-Sourcing, Market Intelligence, Analytics and Reporting

CLIENT CHALLENGES

- ⊙ Pressure to maintain financials due to dwindling market share and increase in operating costs
- ⊙ 40+ operating locations across 3 cities. Non-standard and people dependent processes, limited process visibility and controls available
- ⊙ Ageing workforce with resilience to change
- ⊙ Manual and inefficient processes with limited process performance management
- ⊙ Highly unionised environment, opposition to retrenchment, transfer of staff from existing work locations, specific demands for VSP, secondment/transfer of staff to WNS
- ⊙ In-house back-office operations not core to the client strategy going forward

THE WNS SOLUTION

- ⊙ Conducted comprehensive due diligence to build business case
- ⊙ Set-up Shared Services Centre (SSC) - moved from 40+ locations to 1 SSC and 3 regional hubs
- ⊙ Defined comprehensive SLAs to measure process performance
- ⊙ Partnered with analyst firm, KPMG, for process analytics and dashboards
- ⊙ Well-defined transformation roadmap driven by process, technology and analytics
- ⊙ Staggered transition approach to backfill ongoing VSP exits; hiring, training and go-live

BENEFITS

- ⊙ Guaranteed cost savings of 60%, including 30% efficiency gains from process improvement/transformation over contract term
- ⊙ Increased customer and vendor satisfaction via implementation of new services, such as Sourcing Support, Market Intelligence and Analytics
- ⊙ Retained critical skills for added client comfort - approximately 30 resources
- ⊙ Increased ability to scale and innovate with the use of technology
- ⊙ Clear visibility into process health to drive actionable business insights
- ⊙ Ability to add on new business streams or acquisitions seamlessly, directly linked to client strategy



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