

Deloitte.

THE RIPPLE EFFECT

Stories of purpose and lasting impact

When outsourcing becomes an inside job

Deloitte uses its Build, Operate, Transform, and Transfer Back model to help a global delivery service increase productivity and improve margins.

BUSINESS PROCESS OUTSOURCING HAD INSOURCED UNEXPECTED CHALLENGES.

THE SITUATION

Bills were piling up, but not because they couldn't be paid. A global delivery company had undergone rapid growth, and there was no reason to think this couldn't continue. Nor were the disbursement delays driven by staffing issues. The company had engaged a leader in accounts payable (AP) business process outsourcing (BPO) to help manage the massive volume of monthly invoices. So why the backlog?

The company had grown to its current scale by delivering—literally—for customers across the globe, but it also aspired to deliver margin improvements. The company had engaged several BPO providers as a means of accelerating cost reductions, but over the long haul these engagements resulted in diminishing service levels, limited transformation, and erosion of cost benefits. For the AP BPO alone, the company was auditing more than 90% of processed invoices to ensure overall quality of service. That required company resources and associated costs that could be directed elsewhere within the organization.

Growth is a process, and rapid growth requires organizations to proactively transform the way they do business. Company leaders believed that a global talent hub could decrease the business's vendor footprint and help drive sustainable margin improvements, but they worried efforts to stand up that operation could draw attention from growing the business. They wanted to bring outsourced operations back inside, with an innovative collaborator that would help shape and support the company's margin improvement strategy and value-creation efforts.



THE SOLVE

It was at this point that Deloitte joined the company's journey to increase profitability, bringing an outcome-oriented, innovation-driven approach. The bespoke solution would be built on Deloitte's Build, Operate, Transform, and Transfer Back (BOTT) model, which differs from outsourcing—and the current vendor relationship—by focusing on not just cost reduction but strategic positioning of the organization.

Deloitte would manage the task execution of the BOTT arrangement and, initially, operate the talent hub while overseeing critical elements of digital transformation and associated change management. When the time is right, the client could opt to transfer the capabilities and the ready-made team enabling them.

Together, Deloitte and the company designed a Global Business Services model that could enable continuous transformation and support the business's evolving needs. Then, Deloitte looked holistically at processes and systems the company was using, leveraging deep industry experience and problem-solving abilities, and deploying process and technology specialists to identify "best fit" solutions to help deliver sustainable value. Beyond the new hub, these included improvements made directly within the client environment and implementation of third-party tools.

The India-based hub launched with a six-month baselining period, using existing staffing levels to set an interim support model. Carefully tracking volume and performance throughout, Deloitte adjusted staffing levels as needed to achieve desired outcomes. On a parallel path, we explored opportunities to help transform underlying processes through innovation, automation, and redesign. The end result was a streamlined operation that helped boost productivity while reducing head count and driving a more competitive internal cost model.

**A SHIFT FROM PUTTING BANDAGES ON
BROKEN BONES TO GROWING A NEW LIMB**

THE IMPACT

But what about the backlog? And concerns around performance and volumes? Within just months of the Deloitte Talent Hub going live, **100% of invoices were processed on time**—a first for the client's Americas Finance and Procurement functions. We were able to sustain this momentum going forward, clearing all new invoices, as well as the entire invoice-processing backlog from the incumbent vendor, within the first six months.

The Deloitte Talent Hub has delivered efficiencies that have enabled a reduction in FTEs, which can lower costs, but it has also delivered notable **improvements in the overall quality of service**, which drove the business decision to shift from auditing more than 90% of processed invoices to just 15%, also freeing up resources and associated costs.

The client is projected to achieve a more than **40% increase in productivity** over the next 18 months, driven by 23 process improvement initiatives identified by Deloitte. A control tower, deployed by Deloitte, provides **increased transparency** into that operational performance, and a benefit-sharing model further incentivizes **ongoing co-investment**—by the client and Deloitte—in transformation and continuous improvement.



BRIDGING OUTSIDE CAPACITIES AND EVOLVING
INTERNAL NEEDS

LET'S CONNECT.

Do these challenges sound familiar?



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