

Deloitte.



Issue to Impact Story

Background



When an organization is growing rapidly and their technology is becoming outdated at a similar rate, what needs to be done? Buckle up to see why this is a great problem to have. The key? Having a trusted collaborator who can walk alongside the organization in their journey.

Here is an example of how Deloitte worked with a client to achieve future readiness and fund transformation.

The client, a top ten global insurance broker by revenue, had been growing rapidly and was projecting 85% revenue growth over 5 years. As exciting as the growth trajectory was, it introduced new challenges that required innovative and strategic solutions to address. Of utmost importance was building a solid foundation that would

serve as support for both the current state but also align with the business's future vision. They needed to invest in modern technology, undergo radical transformation, and increase automation adoption, all while developing optimized global processes to improve efficiency and enable scalability. And to do this, they needed a service provider, one that would collaborate on a custom solution tailored to the client's unique needs, could stay invested in their growth journey, and leverage their extensive experience in operations and transformation. The client was already contracting with a third-party vendor for staff augmentation, and they evaluated several others to potentially help them with this journey. Let's review the challenges and priorities of the client, which can broadly be grouped into four categories, and see why they ultimately chose Deloitte.

Current state challenges



- The client faced the critical challenge of meeting the changing demands of the organization during rapid, sustained growth and had turned to contracting vendors and staff augmentation to offshore activities as needed. While this approach did free up short term capacity within the organization, it came with unintended downsides. End to end processes became fragmented activities, ownership was lost, and transactions were processed through brute force. The approach lacked a focus on workflow, intelligent operations, ownership, and especially continuous improvement and automation. It was becoming clear that the broken processes posed a significant risk to future growth. The current mode of outsourcing also entailed significant management overhead and inefficiency in operations oversight.
- Our current state analysis exposed immediate gaps in several key process areas—Finance, Tax, and Treasury—that demanded to be addressed in the near term, as well as new capabilities that were required for Accounting & Finance to be able to support the company's strategic goals.

Future capabilities



- The client's goals were to build the capabilities needed to support expected growth, embed efficiency and scalability into processes, and staff and scale quickly to meet the needs of the organization.
- At the same time, the client was looking to implement a new ERP to address technology gaps and update their data and reporting framework, a substantial investment for the organization.

Integrated solution



- The client wanted a service provider that could support business growth by optimizing the execution of operations, modernizing processes and tools, implementing innovative technologies, and facilitating comprehensive organizational change.

Funding initiatives



- Based on the current capabilities, it was expected to become increasingly difficult and more expensive for Accounting & Finance to sustain its current performance levels and productivity in a scaled environment.
- The client wanted to collaborate with a service provider to achieve short and mid-term savings and spend optimization to fund recommended modernization initiative.

Why Deloitte?

Deloitte's experience is non-traditional in the marketplace. Our view? Every client situation is unique. We will make the journey together with client. Take a look at the Deloitte advantage vs traditional BPO vendor offerings.

- **Digital outcomes:** While the typical BPO vendor offering's business is to essentially "keep lights on," Deloitte collaborates with clients to work towards Lights Out Finance by investing in end-to-end technologies like AI, RPA, and advanced analytics. We focus on IT and transformation initiatives, making digital outcomes a priority. Labor-based pricing is not the primary driver for Deloitte as it is for typical vendors.
- **Focus on long term relationships:** We invest in building strong relationships and prioritize a genuine relationship rather than treating it as a transactional vendor-client relationship.

- **Extensive digital transformation experience:** We possess deep knowledge and experience in digital transformation consulting and advisory services, enabling us to offer valuable insights and guidance to clients.
- **Flexible solutions:** Unlike traditional vendors, we can create custom solutions and do not utilize a one-size-fits-all mentality. One example is offering a BOTT (Build-Operate-Transform-Transfer) capability, a hybrid model that offers clients the ability to acquire essential business capabilities and the advantages of outsourcing without sacrificing control, time, and resources to build their own.

Deloitte recognizes that each client has a unique story and specific needs, and therefore collaborates with them to tailor solutions and pricing accordingly.



Impact



The client engaged Deloitte for help with transformation and operations. Deloitte worked with the client to assess the current and future state and provide a tailored solution which was primarily targeted to eliminate current roadblocks, develop a path for future growth, and create synergies in running operations to generate savings. The various challenges faced by the client created a unique set of opportunities that Deloitte was poised to address. Deloitte was able to check all the right boxes and even add some new boxes the client had not considered initially.

- By strategically outsourcing resources while also making investments in technology, the client's challenges could be tackled comprehensively while balancing risks and operating true to their culture. A pure outsourcing solution would have introduced substantial risk with a potential impact to the client's brand, and a technology solution by itself would not address structural run costs nor optimize how resources spend their time. The combined operate and technology solution drives savings from both technologies spend optimization as well as labor and process optimization, all while addressing the data and reporting growth needs for the future. Best of all, operations would move into a centralized, scalable finance and accounting hub with a focus on transformation.
- By investing in a new shared services center, the client would be able to offset the costs of implementing the technology modernization solution through anticipated savings from the new operating model.
- After the initial shared services center stand up and migration of operations from the incumbent vendor, the new operating model allows the organization to continuously improve and even transform. Deloitte can leverage alliances and experience with third party vendors such as Oracle, HighRadius, and Concur to implement additional

technology and process solutions while also helping drive implementations and proposing leading practices. Deloitte will also leverage industry specific templates and solutions based on standard ERP for rapid and cost-effective deployment.

- Better coordination between shared services and technology teams translates into effective validation and knowledge transition by leveraging the same team. The initiatives are supported by a change management team advising the client.
- The centralized nature of the services center and new, standardized technology platform also enables processes in other offices and countries to come into the model, further contributing to the standardization and scalability of processes. Deloitte centralized governance plays a pivotal role in efficient management of initiatives.
- Synergy between the shared services center, technology, and change management enables faster transition of new processes and tools, bridges gaps in automations, and implement tighter governance by leveraging economies of scale, resulting in improving the cost of finance as a percentage of revenue from 1.02% down to .89%.
- Transformation and continuous improvement efforts help further automate growth and reduce risk, errors, and inefficiencies.
- Value stream mapping and study of up and downstream process flows revealed non-value adds within processes that could be eliminated. Processes that were broken apart during staff augmentation were reengineered into single workflows with reduced handoffs and more accountability. Pooled transaction processors were upgraded to true process owners. And embedded within this was the capability to flex up volumes when required.

Deloitte value proposition

As our client's success story demonstrates, Deloitte is a disruptor in the BPO space, and our Operate-to-Transform offering is just one of our many flexible services that allow our clients dynamic control to deliver technology and talent resources when and where they need them most. Operate-to-Transform can enable your organization to advance cost and efficiency savings and infuse skilled finance talent so that you can immediately focus on high-impact finance transformation. Deloitte can provide operate services with industry experience for finance process areas and legacy tech systems to free up capital and resources to support digital finance transformation and allow clients to take on higher value work while reshaping business processes.



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