Business Partnership in Action
A case study in the Financial Services Industry
## CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prologue</td>
<td>5</td>
</tr>
<tr>
<td>Business Partnership in Action</td>
<td>6</td>
</tr>
<tr>
<td>Epilogue</td>
<td>21</td>
</tr>
</tbody>
</table>
A volatile economic environment with a downward trend is surfacing a number of challenges for organisations. Conducting business as one did in the past will not suffice, especially if businesses want to survive the next 10 years. The disruptive nature of the business landscape is forcing CXOs to evaluate alternative business models.

With respect to the financial services industry in Africa, increasing Globalisation is making the local markets in Africa and South Africa smaller as new global players enter the market. Access to skills is an ongoing dilemma that impacts organisations’ ability to deploy the ‘right people at the right time’. New digital technologies intersecting with business models are disrupting the value proposition of existing goods and services. In addition, industry convergence is blurring boundaries thus lowering barriers to entry by innovative organisations and revolutionising the competitive landscape in the financial services industry.

“The regulatory uncertainty experienced by many organisations causes them to operate at the mercy of unpredictable market reactions leading to short- and medium-term speculation.”
Company Overview:
A technology company, which is engaged in the global payments industry. It connects consumers, financial institutions, merchants, governments and businesses worldwide, enabling them to use electronic forms of payment instead of cash and cheques. The company also offers a wide range of payment solutions that enable the development and implementation of credit, debit, prepaid, commercial and related payment programs and solutions for consumers and merchants. Its customers include financial institutions and other entities that act as issuers and acquirers, merchants, governments, telecommunications companies and other businesses.

Source: Factiva.com
Organisational challenge:

**Drive to reduce operating costs.**
Sought a partner, based in a low cost destination, who could offer the business the same level of customer service.

Ability to service their second-largest region in Europe and the UK

**Solution:**
An outsourcing arrangement with a strategic business partner was the favoured business model, which could be incorporated within the organisation’s existing operating model.

In essence, the organisation was looking for a partner that would provide optimised services, more cost effectively than they could themselves and to leverage the value-adding capabilities of the specific partner.
Overview of the journey:

Master Services Agreement Renewed

2000
2003
2004
2005
2006
2010
2014
2015

Duration of Relationship

GBSC SA Contracted

Ongoing GBSC Support

End-to-End AP Outsourcing

Operational Excellence

Financial Outsourcing - SAMEA
Finance Outsourcing, UK
Financial Systems Support - Europe
European Service Expansion
Acquisition Support
Global Business Service Centre Launched
Ongoing GBSC Support
Ongoing GBSC Support

Doubled productivity on invoice processing volumes

Scope of services
Initiation:
Given that this relationship was relatively new to both parties, there was an open attitude to learning and growth. The Deloitte Shared Services Centre (DSSC) started providing end-to-end financial outsourcing for the SAMEA regions (SA, India & Dubai) in 2003. This service included invoice processing, payments, cash, journals and balance sheet reconciliations. A year later, the DSSC service offering was expanded to the UK when the company acquired a few companies where the same scope of services applied. In late 2005, the provision of Financial Systems Support was initiated for the business organisations in Europe.

Success indicator: Given the credibility built and the comfort with the relationship, the Master Services Agreement (MSA) was renewed in 2006.

Expansion and Support:
In the years that followed, there was significant expansion in services for the European regions, focusing mainly on Accounts Payable and related special processes. In an additional wave of expansion, the scope included Accounts Receivable Collections (initially for two of the three regions in Europe and subsequently for all collections in Europe.)

From an acquisitions perspective, the team assisted these entities to transition to the Oracle ERP and trained
the new staff on the standard processes with the main focus on Accounts Payable and related services i.e. T&E, PO creation etc.

**Success Indicator:** The MSA was renewed again in 2010 after a one year extension in 2009

**Evolution and Optimisation:**
In 2014, the parties agreed on a medium-term contract whereby the delivery centre in South Africa would be seen as an extension of the Global Business Services Centre (GBSC) and thus named GBSC South Africa. This agreement required that GBSC SA process all of the company’s regional invoices. In addition, the GBSC SA would support the global helpdesk through the management of queries on Accounts Payable and Travel and Expenses as well as fixed assets for the global operations.

In January 2015 the GBSC SA started to provide full end-to-end AP outsourcing (invoice processing, payments, helpdesk, supplier maintenance and fixed asset processing) to a newly acquired company in Turkey. As part of its value added commitment to the partnership, the GBSC SA focused on efficiencies with the GBSC and managed to double productivity.
<table>
<thead>
<tr>
<th>Service Offerings</th>
<th>Service Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Accounts Payable</td>
<td>• Capturing invoices for over 80 operating units across 52 countries</td>
</tr>
<tr>
<td></td>
<td>• Compliance management by each local country requirement</td>
</tr>
<tr>
<td></td>
<td>• Technology: Readsoft OCR</td>
</tr>
<tr>
<td>Global Fixed Assets</td>
<td>• Maintenance of all asset registers - new assets and prepayment additions, retirement of old assets and reconciliations</td>
</tr>
<tr>
<td>Transactional Processing Helpdesk</td>
<td>• Provide support to all business owners and suppliers on queries relating to Accounts Payable, Travel and Expenses and Purchasing</td>
</tr>
<tr>
<td></td>
<td>• Queries are assigned tickets that are monitored via a live dashboard which tracks aging to comply with the internal SLAs</td>
</tr>
<tr>
<td>Supplier Master File Maintenance</td>
<td>• Maintain supplier master file</td>
</tr>
<tr>
<td></td>
<td>• New supplier registration and vetting</td>
</tr>
<tr>
<td></td>
<td>• Technology: Ariba supplier portal</td>
</tr>
<tr>
<td>Service Offerings</td>
<td>Service Description</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Travel and Expenses Audit</td>
<td>• Random compliance audit conducted on specified percentage per operating unit of all expenses</td>
</tr>
<tr>
<td></td>
<td>• Technology: i-Auditor</td>
</tr>
<tr>
<td>Acquisitions: Transactional Services</td>
<td>• Accounts Payable and Fixed Assets support for all acquisitions not yet part of the standardised GBSC process</td>
</tr>
<tr>
<td>Accounts Receivable Collections</td>
<td>• 99% of debtors are settled by an automated overnight settling system</td>
</tr>
<tr>
<td></td>
<td>• Support collections of non-automated settlements – approximately 1%</td>
</tr>
<tr>
<td>Cash Management – Europe</td>
<td>• Daily reconciliation of 20 European bank accounts</td>
</tr>
<tr>
<td>Service Offerings</td>
<td>Service Description</td>
</tr>
<tr>
<td>---------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Accounting Services</td>
<td>• Accounting services - journal processing, monthly reconciliations, funding requests, monthly monitoring of the income statement, audit support and local coordination of VAT, withholding taxes and corporate income tax</td>
</tr>
</tbody>
</table>
| Financial System Support  | • Global Technical Support over a 16 hour period  
• Oracle provisioning, workflow requests, document sequencing and Oracle development requests                                                                                           |
| Innovation Hub Services   | • All improvements and automations are done through the Innovation Hub where more than 53 tools have been logged to date                                                                                               |
| SOX Reporting (Quarterly) | • Monitor ALL Oracle users’ responsibilities to identify possible areas of conflict  
• Quarterly conflict reporting                                                                                                                                                                                      |
| Special Projects          | • Provides various finance and accounting outsourcing services on an ad hoc basis                                                                                                                                     |
The DSSC was embedded into the enterprise system, making use of client hardware and connected via a VPN to the network. All of the users in the DSSC make use of their client emails, so from a business owner, customer or supplier perspective they are interacting with an employee.

Critical Success Factors:

The art of constructing a successful business partnership takes considerable effort, but the benefits that can be derived will help CXOs in the financial services industry to answer critical business questions on how to build a sustainable future for their organisations in conjunction with key partners.
DSSC Value Proposition

Extended benefits for the GBSC

People - Processes - Innovation - Cost effective - Scope of services - Time zone
People

• An aggregate of more than 150 years of experience in the existing resource pool
• Minimising the learning curve of new employees on system, policies and procedures
• The DSSC has both the existing experience and the learning capabilities for upskilling new resources
• The DSSC is a natural contingency plan during public holidays, events or people are on leave
Processes

- With so many years of experience and in-depth knowledge of the business, we understand your business, we understand your goals of centralising and standardising
- We are able to build in efficiencies in existing and new processes
- Establishing, documenting and implementing agreed processes is part of our daily operations
- We have embedded internal controls in places as part of our processes
- Measurement, monitoring and evaluation controls are part of our normal operations

Innovation

- Continuous improvement is built into the DSSC service offering through our Innovation Hub

Cost effective

- Economical rates with an all-in free including training, leave accruals, benefits and management time spread across multiple projects
Scope of services

- Our experience is now spread across all regions allowing for resources to be applied more effectively where needed
- Scalability and flexibility: The DSSC can be used for as a small or a big part a process

Time zone

- The DSSC model delivers extended coverage
- Helpdesks can provide closer to a “24-hour” support structure (16 hours covered for FSD)
- Urgent requests can be dealt with swiftly and resolved before the GBSC working day working hours
- Direct contact with suppliers, customers and business owners in multiple time zones possible
- Front-end loading deliverables may facilitate smoother quarter- and year-end processes
Value Derived:

**People:** The DSSC provides a mechanism to minimise the learning curve for new employees on systems, policies and procedures; and is a natural contingency plan for public holidays.

**Processes:** The DSSC has built up a depth of experience over the years and based on this has the ability to build efficiencies into the processes; in addition the have built-in controls, measurements and monitoring as part of day-to-day business.

**Innovation:** The discipline of continuous improvement is built into the DSSC service-offering and associated benefits are delivered in real-time.

**Scope of Services:** The depth of business understanding and experience can be leveraged to provide services in any of the regions which drives greater flexibility. The DSSC is also scalable to deliver on special projects across the transactional finance and accounting functions.

**Time Zones:** The DSSC partnership model delivers extended coverage, which enable queries to be swiftly resolved and this service is applicable across multiple time zones.

**Cost Effectiveness:** Owing to service delivery location, the cost of service is very competitive.
When banking or insurance organisations are looking to grow into foreign markets, tap new customer segments, or sell diversified products or services, successful partnerships will be a defining factor and must form part of the business strategy. Owing to the fact that the business landscape is highly competitive and the barriers between markets are diminishing, the strategic importance of partnerships is growing and so too is their complexity. Business leaders are fast realising that digital disruption is driving a greater reliance on what strategic partners can bring to the table to supplement your capabilities and offerings.

In the case study outlined above, the willingness of both organisations to partner underpinned the success of this story. However, the success to date was precipitated by the following defining principles:

- Clearly articulate desired outcomes
- Understand the level of commitment
- Transparency and collaboration will underpin the successful of the relationship
- Open and effective communication
Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (DTTL), its network of member firms and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

Deloitte provides audit, consulting, financial advisory, risk management, tax and related services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries and territories, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte’s more than 225,000 professionals are committed to making an impact that matters.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms or their related entities (collectively, the “Deloitte Network”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.

© 2016. For information, contact Deloitte Touche Tohmatsu Limited

Designed and produced by Creative Services at Deloitte, Johannesburg. (811502/Kea)