



Business TECHEDGE

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A Flat, Flat World

We Look at Accounting Technology Today

By David Zahn

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Finance and accounting (F&A) for the small to medium size business (SMB) has undergone a major transformation over the last decade with ready access to global resources via outsourcing. The world of outsourcing has introduced new methods, best practices, and lower labor costs allowing businesses to improve the efficiency and productivity of their F&A organizations as well as achieve cost savings as high as 50 to 60 percent. Additionally, executives have gained access to greater financial information via analytics and dashboards so they can make more informed business decisions.

So, what happened a decade ago to cause this transformation? The short answer is the Internet happened. As the Internet became ubiquitous—facilitated by widespread adoption of broadband—barriers fell that previously prevented companies from taking advantage of expert resources in other cities and countries. With the Internet, the following also occurred:

- Instant access to electronic data anywhere in the world
- More affordable and easier communication—for example Voice over Internet protocol (VoIP) and file sharing applications
- Greater access to outsource-enabling technologies and service providers

Of course, it also helped that Fortune 500 and other large companies were at the vanguard of F&A outsourcing in the 1980's and 1990's, which means existing best practices and methodologies in use today have a proven track record for the SMB.

Finance and Accounting Today

To understand what today's F&A organization looks like, it is illustrative to compare it to the traditional model that existed before the advent of the Internet (and still exists today for many):

Traditional F&A	Today's F&A
Paper-Based	Electronic
Local Only Staff	Onshore/Offshore Staff
9-to-5 Workday	24-Hour Workday
Home-Grown Systems and Processes	Best-in-Class Systems and Processes
Tactical Focus	Tactical + Strategic Focus
Standard Reporting	Standard Reporting, Analytics, and Dashboards
Semi-Fixed Costs	Variable Costs

In Today's F&A organization, inbound and outbound transactions, such as invoices, are electronic eliminating errors, reducing archiving costs, speeding processing time, and creating a better audit process. Resources from around the world are now available offering specialized skills, best practices, and lower labor costs. CFOs now focus on more strategic finance and accounting activities (versus the day-to-day).

As for work product, F&A organizations see quality, volume and speed all improve. Finally, as outsourcing is typically provided as a service by a third-party (versus having a captive outsourcing center), costs are variable and can scale up or down more easily based on business needs. This is important for businesses impacted by the economic downturn and in need of financial flexibility.

Getting Started

There is a common misperception that adopting the model of Today's F&A organization requires significant upfront effort and investment. The truth is that getting started with outsourcing requires little upfront investment and yields an early return on investment (ROI). The key is to use an outsourcing service provider with the expertise and a track record of success transitioning SMBs to today's F&A organization. Businesses typically see value from using outsourced accountants and financial analysts within weeks of starting an engagement. BTE

David Zahn is COO, Consero Global Solutions, an outsourcing service provider. Consero Global Solutions provides outsourced finance and accounting services to companies of all sizes allowing them to reduce costs while making more informed business decisions. www.conseroglobal.com.