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Nobody Doesn't Like...Outsourcing?

Sara Lee joins a growing number of companies that are sending their finance work to low-cost third parties.

By Sarah Johnson

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Sara Lee announced today that it will cut about 700 back-office jobs and outsource some finance positions.

In addition to saving between \$200 million and \$250 million over the next three years, the company expects to gain more efficiency and flexibility as it cuts positions in North America and Europe. Some of these jobs were held by contractors.

As companies cut some finance jobs, they are offshoring others. Nearly half of the more than 350,000 back-office jobs that will move to India and other low-cost job markets in 2009 and 2010 will be in corporate finance, according to new research by consultancy The Hackett Group.

Based on its study of 200 companies, Hackett predicts that more than one in five transactional finance jobs will be offshored within two years. In total, more than 350,000 jobs in finance, IT, HR, and procurement will move overseas during that time, Hackett estimates.

Outsourcing has long been associated with technology jobs, but over time, companies have become more comfortable sending non-strategic finance and accounting work outside of their corporate walls.

Software provider Versata, for example, makes heavy use of outsourcing providers and began outsourcing F&A work, such as accounts payable, three years ago, says CFO Sean Fallon. He too cites the benefits of increased flexibility for managing staff and overall costs, particularly when he can lean on a service provider to eliminate positions. "If my staffing needs go down, the burden of dealing with excessive staff is theirs," he tells CFO.com.

The outsourcing sector is one of the few industries that has reported an uptick in business recently. **Consero**, which outsources finance and accounting work to India for small businesses, claims its revenue will grow 90 percent by the end of the year compared to 2007, partly because of the financial turmoil. In recent months, the firm has received twice the usual number of requests for its services, says **Bill Klein, Consero's president**.

The higher demand seems to stem from venture capitalists demanding significant cuts from his client firms as well as growing uncertainty about the future of the U.S. economy, Klein tells CFO.com.