

# The benefits of a U.S.-based Order to Cash solution



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Business Process Outsourcing (BPO) has greatly matured over the past decade. Specifically, more and more finance and accounting processes are managed through a third-party service provider. The success stories are long and detailed. However, there are also many reports of problems and expectation shortfalls. The reasons have been well documented and include:

- Failure to meet savings objectives
- Transformation is not experienced
- Lack of process improvements

Client expectation shortfalls can usually be tied back to the initial sale and contract negotiations between the service provider and the client. The service provider often promises the best and most technologically advanced solution and the client typically has an expectation of significant improvements and transformation to their existing operations. During negotiations, the buyer frequently asks for savings and the “wonder solution” turns into -- at best -- an average service delivery option, delivering results that are below what was expected.

### Where to outsource Order to Cash

Order to Cash (OTC), which is in most Finance and Accounting (F&A) service providers’ menu of options, is frequently a process that is excluded from the F&A outsourced transaction. The negative impact to the clients’ businesses and customer relationships is the most common reason they select to leave out the OTC process from the outsourcing relationship, particularly when the transactions will be processed off-shore.

Off-shore service providers, while providing attractive cost savings, frequently fall far short in delivering the desired results to the OTC cycle. As cost savings are important to an organization, key decision factors in OTC should revolve around performance, impact to Days Sales Outstanding (DSO), and affect on customer service with current (and prospective) customer relationships.

Other factors that impact an off-shore solution include inflation, turnover and disaster recovery. Inflation is directly related to the continual increases required to attract and retain qualified resources in the highly competitive off-shore service locations. Service providers are required to compete for trained talent as well as offer increased compensation for internally trained staff that becomes attractive to the competition. Additionally, when a client becomes comfortable with a strong leader within the off-shore service center, they often demand the service provider do everything they can to retain the employee.

Turnover at various service centers because of this highly competitive marketplace can be as high as double digits per month, not per year as we are accustomed to being reported here in the United States.



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Having a strong Disaster Recovery Plan is critical to the success of the solution. While most off-shore delivery locations are very stable, having your processes, data and disaster recovery in an off-shore location is risky. Political and governmental instability in many regions can put your company at risk where it may be difficult to recover.

There is a recent trend whereby many Western companies are closing their offshore centers and/or moving processes back on shore. A June 8, 2009 Wall Street Journal article noted “many Western companies that opened centers in India to perform back-office tasks on the cheap have recently sold or closed those facilities, reversing a decade-long trend as companies look to slash costs and eliminate headaches during the recession.”

### **U.S.-based providers inherently know your business**

Having a U.S.-based partner in today’s market is a competitive advantage. Employees of U.S.-based service providers have the knowledge of your business, understand the current economic factors that are affecting your business, serve as advisors and consultants in improving your process and deliver the high quality service that affects the most important relationship your company has -- your customer.

U.S.-based service providers also deliver savings. They are focused on their core business and provide technology, training and motivated personnel that deliver high quality results at significant savings.

Advantages to an on-shore service provider include:

- Low inflation and minimal turnover
- Understanding of your business industry and the surrounding economic climate
- Disaster recovery plans with low risk
- No time zone issues
- Close proximity to your service provider
- Cost savings

The table on the next page further compares the strengths and weaknesses of an on-shore vs. an off-shore partner.

Successful service partners are those that deliver high quality results. Cost reductions to your SG&A are important, however it should never be the primary decision factor when selecting a service partner. Your customer and the services to your organization are more important and drive a greater economic value than simple wage arbitrage.

The current economic environment in the U.S. is strengthening the position of on-shore service providers. They are able to attract well trained, highly qualified personnel at aggressive salaries if they are positioned well within the U.S.

## ON-SHORE vs. OFF-SHORE SERVICE DELIVERY RESULTS

	ON-SHORE	OFF-SHORE
<b>Skill sets – transaction based</b>	<ul style="list-style-type: none"> <li>• Strong skill sets and capabilities</li> <li>• Training and job performance success</li> </ul>	<ul style="list-style-type: none"> <li>• Strong skill sets and capabilities</li> <li>• Training and job performance success</li> </ul>
<b>Skills – Communications</b>	<ul style="list-style-type: none"> <li>• Well versed in U.S. business culture and overall understanding of critical issues impacting the process</li> <li>• No language or cultural barriers, results in well received customer interactions (differentiator)</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of industry/business understanding</li> <li>• Language barriers go beyond accent – general understanding of North American culture, etc is not always understood</li> </ul>
<b>Customer Service</b>	<ul style="list-style-type: none"> <li>• Customer satisfaction is achieved</li> </ul>	<ul style="list-style-type: none"> <li>• Frequent issues with actual and perceived customer service issues</li> </ul>
<b>Industry / Business Savvy</b>	<ul style="list-style-type: none"> <li>• Understands the current business environment</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of industry and business specific issues</li> </ul>
<b>Turnover</b>	<ul style="list-style-type: none"> <li>• Turnover is less of an issue</li> <li>• Current economic environment has created a stable and low cost opportunity</li> </ul>	<ul style="list-style-type: none"> <li>• Extremely high in off-shore service delivery centers</li> <li>• New employees promised fast growth and advancement</li> <li>• Transfers to new clients or other service provider is very common for increased pay</li> </ul>
<b>Inflation</b>	<ul style="list-style-type: none"> <li>• Economic environment is creating a stable and low cost on-shore workforce</li> </ul>	<ul style="list-style-type: none"> <li>• Competition has driven experienced employees to increased wages on very short time tables</li> <li>• Strong candidates with good skills command higher salaries rapidly, impacting price (or service if they do not receive new comp – via turnover)</li> </ul>
<b>Risk</b>	<ul style="list-style-type: none"> <li>• Political and government risk match that of the client</li> <li>• Transition, turnover, inflation are low risk</li> </ul>	<ul style="list-style-type: none"> <li>• Foreign Governments, rules and political instability create significant risks that are typically out of the clients and service providers control</li> </ul>
<b>Disaster Recovery Plan (DRP)</b>	<ul style="list-style-type: none"> <li>• On shore DRPs can be easily managed and well positioned with the clients existing sites and/or partner sites within the U.S.</li> </ul>	<ul style="list-style-type: none"> <li>• Disaster Recovery in off-shore delivery centers often reside in the same city and/or country</li> </ul>
<b>Time Zone</b>	<ul style="list-style-type: none"> <li>• Similar time zone allows access to employees and same day travel to service delivery centers</li> </ul>	<ul style="list-style-type: none"> <li>• Most off-shore service delivery centers are located in distant time zones, requiring shift work and communication challenges</li> <li>• Travel to and from is expensive and time consuming</li> </ul>



### Why Advantage Sales and Marketing?

Advantage Sales and Marketing is a BPO provider that specializes in Sales, Marketing, Order to Cash, Vendor Managed Inventory and EDI services. ASM’s focus and expertise on the entire cycle delivers an advantage to improving your top line (revenue) through increased sales, high quality service, fast and reliable billing, deduction management and collections, resulting in reduced DSO.

OTC is frequently disconnected from the sales process, leading to various invoicing and collection issues, resulting in delays on cash receipts. Having ASM as a partner means we fully understand and are experienced with the entire process, resulting in increased revenue, reduced DSO and improved customer service for you.

Service providers that focus on a core competency typically set the bar for meeting and exceeding client expectations. ASM focuses on the OTC process and has specialized in the Consumer Packaged Goods (CPG) space for 20+ years. We are taking this experience, tools and processes to the market and improving the OTC experience for our customers through:

- U.S.-based service delivery
- Process/DSO improvement
- Financial savings and overall impact to the bottom line
- Strategic partnerships via staff augmentation or full service delivery
- Small, medium and large scale solutions with short term contacts (90 days)

### The ASM Approach



Our strengths are your advantage.

To learn more:

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