



Multinational Manufacturer Establishes a Global Shared Services Model from Costa Rica

Client Profile

The client is a Private Equity owned global manufacturer. The Client's industry has gone through a period of consolidation which has fueled the client's growth to over \$1.5B in revenue. After a series of acquisitions and divestitures, the company currently operates 13 manufacturing facilities and 29 sales and distribution centers across the globe.

BUSINESS CHALLENGE

The company has a very fragmented operating model. Acquisitions were minimally integrated, leaving the company with numerous "stand-alone" accounting departments within its various entities. Additionally, the company operates with multiple ERPs and lacks standardized systems and processes across markets. This has limited its ability to scale its support model to gain efficiency through consolidation of operations, standardized processes and implementing best practices. **The Company Headquarters in the US has limited visibility to processes performed in country, and processes in country lack best practices and standard controls.** Audits uncovered multiple errors in financial data across markets. The result was a vicious circle of inefficiency, distrust, and lack of innovation that continued to repeat itself while driving additional headcount beyond any reasonable benchmark.


The company has a strong desire to implement a Global Shared Services model that incorporates standard systems, common processes and deployment of best practices, while secondarily driving cost savings. They have concerns about their ability to build a world class Support Center, capable of managing their highly complex global operation. Further, they recognized that neither their US headquarters nor any of their existing in country operations are capable of providing these services globally without significant disruption to the business.

The strategic mandate was to build a stronger, more efficient, and more accurate back office. **The company was embarking on a strategic initiative to standardize ERP systems across all markets, and viewed a Global Shared Services model as integral to achieving the highest benefit from this significant investment.** Additionally, a global support model was part of the critical path in facilitating an "exit event" to actualize the expected payoff from the growth strategy. While cost savings was truly secondary to building a scalable and efficient "back-office", any savings would have significantly more value to the Private Equity owner, as it would be viewed as a multiple when determining enterprise value if the company were sold or recapitalized in the future.



THE SOLUTION

The client migrated to a Shared Service model leveraging Auxis' nearshore BPO capabilities. A limited number key functions such as Finance Leadership, FP&A, Tax Strategy, and Cost Accounting would remain in the countries, while the more traditional back-office activities such as Accounts Payable, Accounts Receivable, GL & Month End Close Activities were consolidated in the Auxis Costa Rica center. The migration was planned in phases. Chile & Peru were migrated first as a "Proof of Concept". During the migration Auxis introduced several tools to drive efficiency and ensure quality of service. These included:

 **Sharepoint** for workflow and image repository of open AP invoices

 **Sysaid** ticketing system to gain visibility to open invoices, status of invoice exceptions, and AP inquiries



Trintech's Adra for financial close management and automated reconciliation to provide visibility and coordination to the month end close process across the Auxis and Client teams, and to automate various reconciliations performed during the close.

Once operations stabilized after transition, the company would then integrate the new ERP systems platform, with the Auxis team, having gained detailed knowledge of the company's operations and local market regulatory requirements, serving as the key users for requirements definition, user acceptance testing and "go live".

Once the new system was implemented, Auxis would introduce additional digital technologies, such as Robotics Process Automation (RPA), Intelligent Data Capture, and Operational Analytics, to drive additional efficiencies and cost savings.

With an optimized operation established and a standard system in place, additional countries would then be migrated to the Global Model, with additional efficiency gained as the operation scaled.

RESULTS

The initial Countries (Peru & Chile) were stood up, and fully **migrated and trained within 3 months**. The migration was **handled 100% remotely** due to travel restrictions and facility visitation restrictions necessitated by the global Covid-19 pandemic. Regardless of this challenge, the operation was transitioned effectively, on time, and processes were stabilized within a few months, with Auxis performing its assigned tasks with limited client support.

Additionally, an urgent client need to support other countries accelerated additional planned migrations for Russia and Spain even before the new ERP was implemented. Auxis is currently working to transition these countries into its operation in a similar manner as Peru in Chile.

Auxis has presented a longer term migration plan for the remaining global markets, to move beyond "proof of concept" to the broader Global Business Services model.

Auxis is leveraging standard processes where appropriate and will drive further efficiencies as the ERP is rolled out. By centralizing the core operations, Auxis is able to absorb a significant portion of the future country operations within the existing resource footprint established during the initial migration. The combination of standardization of systems and processes, centralization of operations and optimization of processes through automation will allow the Client to gain overall **annual cost savings of 20%** compared to its original, decentralized operating model. This was unexpected, as they would be centralizing to a market with a higher per capita cost than many of its current low cost operations. The **payback period on the investment to achieve these benefits was 12 months**, well within the Client's standard for investment returns.

Further, the client would now have a world class center that is providing greater control, accuracy, and transparency to the Finance & Commercial Operations team, leveraging industry best practices and world class tools, freeing up the local market teams to grow its core business, and leaving the back-office transactional work to Auxis.

