



## Outsourcing Collections, Order Processing & Accounting to Costa Rica: Interior Design Leader Saves 42%

### Client Profile

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*The client is a US leading commercial interior design firm, focused on premium solutions for companies of all sizes, from start-ups to Fortune 500. In addition to helping its customers design and conceptualize their work spaces, the company is a leading distributor of multiple major brands within the office furniture space, including desks, seating products, filing cabinets, tables, and accessories, as well as solutions for collaborative areas.*

### BUSINESS CHALLENGE

Faced with **rising salaries** and **talent shortages** in the market, as well as challenging labor laws in their state that further drove up the cost of employment, the company was interested in outsourcing multiple back office roles to support their future growth in a more cost-effective and agile way.

The identified roles included:

- **Collections:** currently operating with a team of Collectors who focus on accounts with balances greater than \$5,000, the company was initially interested in leveraging outsourcing for accounts with balances of less than \$5,000, which was not being worked on by the current Collections team.
- **Order Processing:** this role handles the creation of customer orders which convert from quotes to orders. The role involves creating purchase orders for suppliers, based on details of product, assembly and delivery instructions in the order form, generating the PO from the MS Dynamics 365 system, following up with the suppliers on delivery dates, and advising clients on the status of their delivery. Specifically, a big percentage of these orders (~6,000 per year) are considered “transactional”, defined as products not requiring installation or assembly. The client was interested in leveraging outsourcing for these types of transactions, freeing up the current internal team to focus on more complex tasks.
- **General Accounting:** The company’s F&A operations had a lean team that was often turning over, impacting the quality and timeliness of the work being performed. The company needed consistent support across a range of activities including month end closing, gross margin analysis by project and service/product, P&L variations analysis, AP accruals, Payroll processing, and cash flow forecast.



In addition to the recruiting, retention and cost challenges that were inherent in the local labor market, the organization had limited visibility to its business operations and financial performance, often reacting to issues “after the fact”. The client prides itself on its “high touch” customer service model, and wanted to implement real-time operational reporting that highlighted transaction volumes, team productivity and any sales order issues to accelerate cycle times and improve customer satisfaction.

## SOLUTIONS & RESULTS

The company had begun evaluating various outsourcing solutions, including both nearshore and Asia-based options. Ultimately, the CFO and his team decided to go with Auxis nearshore model from Costa Rica given its well-known advantages including time and geographic proximity, strong talent pool, and innovation focus.

Key results achieved included:



### **42% Labor Cost Reduction**

Previously located in a high cost market in the US, by migrating these roles to Costa Rica the client has been able to save 42% in labor costs and re-allocate this budget to more strategic activities



### **Improved Visibility and Real-Time Reporting = Higher Productivity**

Since taking on the client, Auxis has developed a number of operating dashboards in PowerBI to bring greater visibility and performance management to the sales order processing and collections operations. In the first quarter of operations, Auxis associates on average processed **25% more orders per day** than their previous standard.



### **Improved Working Capital & DSO**

The health of the AR portfolio managed by Auxis has improved significantly. The percentage of the customer collections portfolio that was transitioned to Auxis improved from 61% current to 77% current in the first quarter of operations. Given these positive outcomes, the client decided to also transition higher collection balances (above \$5,000) to the Auxis team.



### **Greater Financial Insights to Manage the Business**

With Auxis accounting team now in charge of the month end close and P&L variations analysis, the organization is now able to get a much deeper level of detail of their financial performance that was not previously available. Examples include better visibility to their gross margins at the project, service and product level. Auxis' expanded role in accounting has enabled the organization to maintain a much leaner internal team that is now focused on being more of a strategic partner with its commercial leaders.

Overall, the client leadership values the visibility and accountability that the Auxis team has brought to the processes in scope. While going into the outsourcing process the organization was skeptical that nearshore resources could perform the work as well as their internal employees, they have already moved beyond considering this a pilot and view Auxis as an ongoing extension of their team.

