

# Business Process Outsourcing with Nearshore Solutions

*Vaco designed and implemented a nearshoring solution at an average cost savings of 35-40%, as compared to rates in North America.*

## Client

\$350 million private equity backed e-commerce subscription company

## Services

Managed services, consulting, staff augmentation

## Area of Expertise

Accounting & finance

## Industry

E-commerce

## Challenge

Like many organizations these days, a \$350 million California-based e-commerce provider was struggling with retention and wage inflation in its accounting department.

Specifically, the company's accounts payable (AP) department expected high Southern California wages, but the five-member team was failing to deliver consistent quality work. In addition, frequent turnover led to a lack of continuity.

To mitigate and address these critical concerns, the controller began exploring offshoring options. But he was wary. At another company, he observed difficulty in building relationships after outsourcing an accounting function. He found outsourced team members did not view themselves as an extension of the company and therefore delivered the bare minimum. This time, the controller was determined to find ways to integrate the outsourced team with the U.S. team. He began by looking into India and the Philippines. While the low costs were attractive, the time difference was a deal breaker.

Vaco's team presented a managed services solution that the controller had not yet considered: nearshoring.

## Solution

Vaco, in partnership with a local provider, delivered nearshore AP outsourcing services to manage and execute core AP functions, including transactions in NetSuite, reporting, reconciliations, analytics and communication to key stakeholders.

### **In addition, the solution delivers the following benefits:**

- Time zone alignment
- Team members who speak English as a first language, with literacy rates over 90%
- Well-trained, university educated candidates (due to national emphasis on education)
- Business culture alignment
- Robust infrastructure and a strong economy; Trinidad has the highest GDP in the Caribbean
- Stable power grid and location outside of the hurricane belt
- Subsea fiber optic cables that support 4G networks

According to the [Bureau of Labor Statistics](#), over 300,000 U.S.-based accountants and auditors left their jobs in the past two years, marking a 17% decline. With the current labor shortage and [reduced enrollment in college accounting programs](#), organizations must find alternate ways to fill these roles.

Vaco designated a nearshore senior engagement manager with a Big 4 background to manage implementation and ongoing administrative functions and the achievement of KPIs, metrics and delivery goals. A second senior engagement manager ensured ongoing stability and served as a critical backup. In less than six weeks, the AP outsourced services program was in place, with a focus on stability and adding immediate business value.

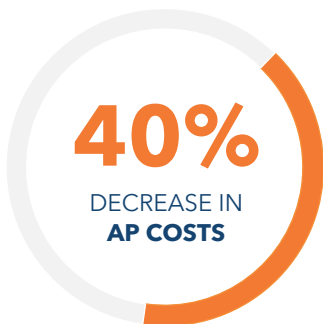
## Impact

### The nearshore managed services solution provided the client with a turnkey and comprehensive solution.

The client continues to express how satisfied they are with the services and the team's knowledge, quality of work and expertise. Key performance indicators of Vaco's nearshore AP solution include:

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- Clearance of invoices in the AP inbox in **less than 48 hours**
- Creation of AP invoices in NetSuite in **less than 72 hours post-receipt**
- Approval of AP invoices in NetSuite in **less than 120 hours**
- Initial response to queries in **less than 72 hours**
- Clearance of payment or other queries completed in **less than 120 hours**
- 20 invoices processed per day per employee
- Correction of errors of AP invoices entered to be completed **within 48 hours**
- Authorization of processed invoices in **less than 72 hours**
- Consistently maintain a **less than 15% error rate** on invoices



It is projected that during a two-year period, the client will experience a 40% decrease in AP costs through Vaco's nearshoring solution.

As a result of the exceptional results, effective communication and commitment to continuous improvement, the client is interested in nearshoring additional accounting functions with the help of Vaco and its local provider.

Vaco's nearshoring solution is executed in conjunction with a local provider in Trinidad. For more information on Vaco's nearshoring partnerships and capabilities, please contact **Jessica Kashyap** ([jkashyap@vaco.com](mailto:jkashyap@vaco.com)) and **Reagan Mullins** ([rmullins@vaco.com](mailto:rmullins@vaco.com)).