

Case Study: TV Organisation Broadcasts F&A Outsourcing and Internal Transformation Benefits

At A Glance

Company Profile

The organisation is a UK free-to-air broadcast and production media business.

Services Featured

- Strategy and assessment
- RfI and RfP process management
- Market assessment of service providers
- Business case creation and modelling

Business Processes Involved

- Finance and accounting
- HR
- Payroll
- Pensions
- Procurement

Executive Summary

A business-wide strategic review was undertaken to investigate opportunities to create value from outsourcing and transforming elements of its back and front office support functions. The scope of the work supported by EquaTerra encompassed both the organisation's shared service centre and head office functions, specifically Finance and Accounting (F&A), Human Resources (HR), Payroll, Pensions and Procurement.

EquaTerra engaged with three service providers to obtain and assess pricing and solution proposals for consideration along with internal transformation solutions. EquaTerra then led business case creation and modelling. As a result of the process, and the resulting solution implemented by the client, the anticipated annual savings for the organisation are in excess of £1 million.

Business Challenge

This broadcast organisation conducted an examination of its F&A, HR, Payroll, Pensions and Procurement activities. This was part of a wider strategic review which investigated opportunities to create value from outsourcing and transforming elements of its back and front office functions. The project followed another piece of work by EquaTerra to support the organisation's IT outsourcing - the success of which, created a desire to increase its scope and deliver similar benefits to other business functions.

Key drivers for instigating this process included:

- **Increasing the focus on core activities.** This was in response to changing market dynamics and pressure on income and profitability.
- **Increasing the flexibility of the cost base.** There was an opportunity to restructure the delivery of F&A services so that as demand fluctuated, costs would also increase or decrease as appropriate. This created a greater level of financial stability as costs reflected demand.
- **Delivering short term cost savings and early cash generation.** However, savings were not to be at the expense of flexibility and could not impact the focus of the organisation.

The backdrop to this project was an industry-wide fall in advertising revenue which was having a significant impact on business profitability, as a result of macro economic conditions and industry-specific structural change, particularly due to the growth of online advertising and media.

How We Helped

The scope of the work supported by EquaTerra encompassed both the organisation's shared service centre and head office functions. The F&A element focused on record to report (RTR), procure to pay (PTP) and order to cash (OTC). HR and payroll functions went through a separate decision making process after the initial assessment with an internal transformation ultimately being undertaken.

EquaTerra engaged with three service providers and led a request for information (RfI) process to obtain and assess pricing and solution proposals.

The goals of any outsourcing solution were agreed as follows:

- To demonstrate an ability to deliver significant additional value to the organisation over and above that which could be achieved through internal improvement initiatives, including immediate operating cost reduction across in-scope services (RTR, PTP and OTC)
- To detail how service quality will be both robustly maintained during transition and then improved through service transformation
- To show synergy benefits and economies of scale that would be generated (both commercially and operationally) from engaging a single service provider to deliver the IT outsourcing and business process outsourcing services
- To demonstrate a capability to support the business in its strategic procurement initiatives, creating value and sustainable cost reduction through expertise and leverage in that sector
- To show that it understands and complements the broadcasters culture and working practices

As part of the project, EquaTerra also supported the organisation through business case creation and modelling, market assessment and in-depth market expertise. One of the benefits of this activity was that EquaTerra and the business could clearly identify which processes were not competitive compared to the market. This meant that when internal transformation was assessed as a cost-saving strategy, it was clear what savings would be required to make it financially viable when compared to other strategies, such as outsourcing.

Results

The ten week process saw EquaTerra work collaboratively with the business to identify the optimum solution that adequately balanced risk, savings and service. Ultimately, while outsourcing may have delivered financial and process benefits, the decision was taken that pursuing an outsourcing agenda was not appropriate at this time.

The chosen strategy was to produce the necessary cost savings through internal transformation. EquaTerra was agnostic as to whether savings were achieved through outsourcing or internal transformation, as it had provided the organisation with the benchmark for savings compared to the outsourcing market, which had to be met.

The process was considered a success as sustainable, market-competitive savings were made using a methodology which was tailored to the specific circumstances of the organisation.

Anticipated annual savings are in excess of £1 million, with a payback period of less than one year. The business also anticipates that non-financial benefits, including delivering greater flexibility, compliance and service quality will be achieved.

About EquaTerra

EquaTerra sourcing advisors help clients achieve sustainable value in their IT and business processes. Our advisors average more than 20 years of industry experience and have supported more than 2,000 transformation and outsourcing projects across more than 60 countries. Supporting clients throughout the Americas, Europe, and Asia Pacific, we have deep functional knowledge in Finance and Accounting, HR, IT, Procurement, Real Estate and Facilities Management and other critical business processes. EquaTerra helps clients achieve significant cost savings and process improvement with internal transformation, shared services and outsourcing solutions.

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