



Auxis Helps Global Media Giant Reduce Costs by Over 40% to Focus on Digital Growth Strategy

Client Profile

The Client is an industry-leading global media giant known for its premier print, digital and video brands.

Overview

The Client is known globally for operating some of the most recognized publications in the world. Historically, these brands relied on their print business and brand recognition for the majority of their revenue. Although a decrease in revenue was forecasted, no one predicted the decrease of print being this severe...

As a result, they found themselves not only in a significant cost cutting mode, but in a position where they needed to transform their business model in order to survive.

BUSINESS CHALLENGE

With a corporate mandate to reduce its Back Office Shared Service Center by one-third, client needed to focus their key people on performing higher value strategic work while identifying, redefining and restructuring transactional roles at the lowest possible cost.

The Client was seeking a collaborative business partner that could help improve processes and automation, take over back office transactional roles and provide transformational strategic guidance.

The Client's back office operations included more than 150 people in a U.S.-based Shared Service Center, supporting a full range of functions for multiple divisions, including Finance and Accounting, Order Processing, Billing, Editorial Accounting, Credit and Collections, Accounts Payable, T&E Processing, Customer Service and Payroll.

Overall, the operating environment was one of high volume and high complexity, with many manual processes and a significant opportunity for process simplification, including reducing organizational silos and operating redundancy, eliminating paper, revamping control policies and automating the processing of vendor invoices.

The SSC had already significantly reduced its organizational headcount, decreasing its staff by 40%. In addition, the company had greatly lowered its IT costs through a combination of outsourcing and a migration to cloud infrastructure.

The Client previously had mixed results with outsourcing, and felt strongly that an Asia-based outsourcing model, with its distance and time zone challenges, would not align well with its corporate culture. The Client sought out a nearshore alternative, as well as one that would minimize organizational disruption by incorporating existing processes and systems into its operating model, while also providing process improvement and additional automation capabilities.



"We were looking for a strategic partner that could work within our unique high-touch environment to provide a collaborative, seamless and flexible back office solution for the near- and long-term. Auxis has proven to be that partner, customizing its services to bring tremendous value and efficiency without sacrificing customer service."

About Auxis

Auxis is a very different consulting and outsourcing firm comprised of former industry professionals who don't act like traditional consultants. Offering a customized, "real world," results-oriented approach, we become ingrained in our clients' culture and vision and truly dedicated to their success. Our depth of experience allows us to operate under a very different leverage model and maintain a focus on customization, flexibility and bottom-line results at a very competitive cost structure. Whether in Finance & Accounting, IT, Supply Chain or any back office operation, Auxis creates and implements strategies to streamline any area and improve efficiency, reduce costs and increase profitability.

SOLUTION

Auxis Nearshore Outsourcing Model in Costa Rica was the perfect solution for the client, as it not only provided significant labor arbitrage compared to a U.S.-based model, but it also provided access to best practices, technologies and process automation opportunities.

Auxis began the process by conducting a thorough operational assessment and identified a number of potential areas of efficiency through the introduction of automation, process and organizational redesign – all with an aim toward increasing efficiencies and lowering operating costs.

These efficiencies included the implementation of document management, indexing and workflow automation measures to eliminate all paper throughout the Back Office operation. The automation of more than 150 unique manual reconciliations performed monthly, for example, would reduce the time it would take to process these transactions.

As part of the migration process, the Auxis team was cross-trained in a number of different client-specific back office processes, allowing for greater flexibility in transaction handling as resources are shifted across multiple functions depending on volumes and timing.

The BPO operation included the Disbursements (Accounts Payable and T&E), General Accounting and Cash Application functions. The process migration occurred over a four-month period, concluding with a "soft go-live" of two months with full production at the six-month mark.

RESULTS



- **44%** projected client cost savings in the first year



- Auxis' gain share model is focused on additional cost savings through ongoing process improvement and organizational restructuring, guaranteed to yield an **additional 15% in cost savings** to the client within six months of go-live



- Total expected labor cost reductions realized will be **at least 50%** over the current cost model



- With the inclusion of additional functions in a second phase, the client is projected to reduce its current cost structure by more than **\$33,000 per FTE**

