thinkBIG ●●●

pulse of the SME sector

A guide to outsourcing to optimise workforces

Celebrating
100
Est.1922
in Australia

RSM

CONTENTS

For more information visit **rsm.com.au/thinkbig–report**

FOREWORD

For as long as there has been commerce, businesses have wrestled with how to exploit their competitive advantage and bolster their profits.

In days gone by, businesses would have handled all elements of running a business in-house, but for modern businesses outsourcing has provided access to a whole army of people, technology and companies available to help with the running of a business.

Once seen as taboo, outsourcing has fast become globally accepted and even normalised within most industries. Due to its application in almost every area of our lives, business owners have become increasingly comfortable with outsourcing, embracing it to establish better workflows and processes within their business.

At its heart, outsourcing can be a major problem solver for a business. If you're really good at building kites, why spend 50 per cent of your work week trying to do payroll, or preparing BAS statements?

The most visible incarnation of this has been the great technology service provider revolutions, which have leapfrogged entire industries, and have created a culture of 'gig' solutions that most of us have utilised in our everyday lives. Think everything from Uber to Airtasker and Airbnb.

Today, businesses of all sizes, and across all sectors of the economy are outsourcing, from small family-run businesses, to complex groups and large multinationals. Outsourced tasks range from marketing functions, Customer Relationship Management (CRM) and data management, customer service, legal and a variety of accounting functions — including full Chief Financial Officer (CFO) capabilities.

From an accounting perspective, businesses are outsourcing payroll, administration tasks, accounts maintenance, management reporting, taxation and corporate compliance, forecasting and advisory needs as they look for clever ways to streamline business systems and processes.

Since the COVID-19 pandemic began, the shift toward outsourcing has rapidly accelerated. In the race to be more competitive, businesses have rethought the importance of outsourcing as they turn to hybrid ways of working.

There were **30,172** business process outsourcing businesses in Australia in 2021

Source: Ibis World

Large and small businesses that were reluctant to hire offshore workers due to the quality of work have started dipping their toes in the water. And in many cases, they have been pleasantly surprised by the results.

It is important to note that while offshoring is a concept that is commonly associated with outsourcing, it is not a model pursued by all providers. A key difference with offshoring is that it involves assigning complex functions to a dedicated team in another country. There are many benefits to utilising offshoring services however businesses that prefer to deal with staff based in Australia on a day-to-day basis may look towards outsourced solutions.

With any operation that involves data in a business, securing data through data sovereignty is a very important consideration. Data sovereignty in Australia means keeping data in data centres that are physically located in Australia and only accessible by Australian people and companies. Beyond the physical location of data, this also means that operational, management and configuration data that is required to run, patch or maintain the IT environment is subject to the same level of controls as data sets themselves. Though it should be noted that different degrees of data security may be required for certain tasks and functions, and many businesses are comfortable offshoring tasks where data controls can be guaranteed, or perhaps a lower threshold for data security is needed.

This guide has been written with insights from senior members of RSM's various teams who specialise in delivering outsourced services. The information is intended to help any business considering accessing outsourced services or looking to progress their outsourcing activities.

With a number of case studies of businesses that have successfully used outsourced services, this is an important read for any business, large and small.

What is outsourcing?

Outsourcing is when a company hires another company, a team or an individual to perform a planned or existing task.

This task would usually be handled internally but the business decides to transfer the task to someone externally.

Outsourcing doesn't have to be a permanent solution: it can fill a temporary role, or it can be a great way to get your internal team upskilled to implement systems that help them better handle tasks. Outsourcing also opens up capacity for staff to take on more complex tasks, focus on business development and grow into more senior roles increasing their value to the business.

Outsourcing isn't the solution for every business or circumstance, but in the age of the gig economy and the tech revolution, it's important that businesses consider if they are operating as efficiently as they can (or at least as efficiently as their competitors), and making best use of new business management solutions available to them.

What tasks are businesses outsourcing?

Below are some examples of the common types of services or business functions that are being increasingly outsourced by Australian SMEs:

- Digital services
- Creative services
- Business data management and processing
- Marketing and sales
- Administrative tasks
- Customer service
- Manufacturing
- Shipping and logistics
- IT managed services and security
- Research
- Human resources and payroll
- Accounting and legal
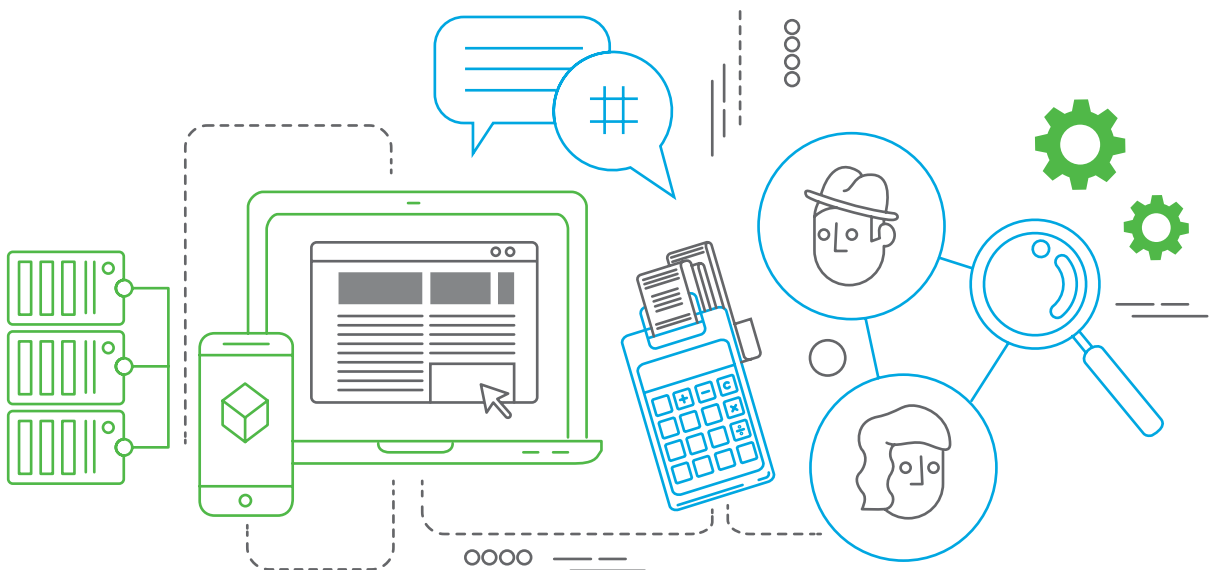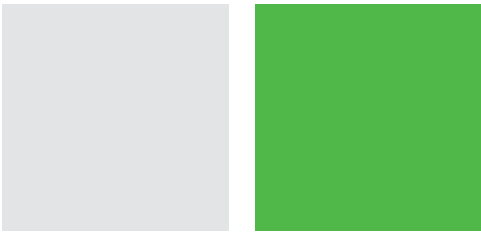
The Tech Boom

Businesses are bearing witness to radical technological change.

The intersection of smartphones, tablets and personal technology combined with powerful automation and the cloud's ability to store and transfer data is opening up a world of new possibilities. Add to that the falling cost of technology and suddenly we're living in an age of democratisation of systems and software, where technology assistance and solutions that would have seemed out of reach a decade ago are now affordable and accessible by businesses of all sizes.

The truth is, this technological revolution has created the tools for outsourced 'gig' solutions to all sorts of business problems.

In the mining sector, task automation could be readying devices for new staff so they have access to everything needed on their first day. It could be automating break-fix configurations for machinery so staff don't need to travel to site and complete the repair manually. It could be automating security such as CCTV cameras with remote management capabilities. Or, it could be automating network systems to scale up and down to cater for peak periods.

Newer technologies such as automation and robotics and artificial intelligence are now starting to deliver services that may have historically been completed manually. Offshoring now can provide very low-cost environments, but we anticipate that in the near future, software and robotics will quickly displace even cheap labour jurisdictions as the lowest-cost solution to many common business tasks.

It is increasingly evident that businesses that don't embrace technology will inevitably fall behind competitors who do.

It is critical to work with a provider that understands the technology required for specific industries and business processes so that they can assist with the selection and implementation of the right solutions for the right problems. Ideally, providers would have preferred solutions they have strategic partnerships with and know inside out, are flexible and can adapt to individual business requirements.

Whilst the tech boom has positioned companies to access outsourced solutions that were previously unavailable to them, outsourcing can also position companies to import best practice technology into their businesses which they may not have had the scale to implement themselves.

Large service providers have the scale to develop best practice technology and solutions, and strategic partnerships with them can provide access to big business tech, for a business of any size.
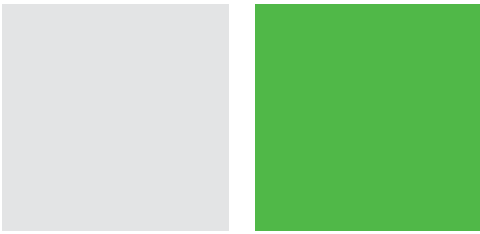
The Gig Economy

The rise of the gig economy has propelled outsourcing forward.

The gig economy is one where organisations rely more on freelancers and independent workers, contracted on a short-term basis, than they do on permanent staff. In this context, the word 'gig' refers to a one-off job that someone gets paid to do on a casual basis.

Since the term was first coined by journalist Tina Brown in 2009, more workers have been drawn to the gig economy choosing remote, project-based freelance or part-time jobs as opposed to full-time, permanent work.

We've seen start-ups such as Uber, Airbnb or Airtasker fast become global behemoths, interwoven into our everyday lives.

Whether it's an Uber Eats driver dropping off your food or hiring someone from Airtasker to pop around to put together the new IKEA furniture, the gig economy has normalised outsourcing.

Beyond specific solutions, the gig economy has fundamentally transformed the labour market, where seeking talent with the right skillset can be increasingly easier as new platforms and agencies linking individuals or businesses with local and global talent enter the market.

What about freelancers?

As the gig economy gathers steam in Australia and across the world, a growing number of businesses are turning to freelancers to take care of specific tasks, which is leading to a casualisation of the workforce.

Creative tasks such as proofreading, article writing, programming, social media marketing and video production are commonly being outsourced to freelancers.

This demand skyrocketed at the start of the pandemic, as many who were faced with redundancy decided to strike out on their own as a freelancer. Conversely, for a new generation of talent, the idea of freelancing, rather than being tied to an employer in a traditional employment relationship, became an appealing option for some service providers.

These roles, often performed completely remotely, can lead to a much higher quality output for businesses, and free up internal resources for other tasks.
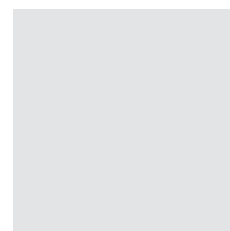
Impact of COVID-19

Over the last two years, the COVID-19 pandemic has impacted every country in the world. Its spread has left national economies and businesses counting the costs with many struggling to adapt.
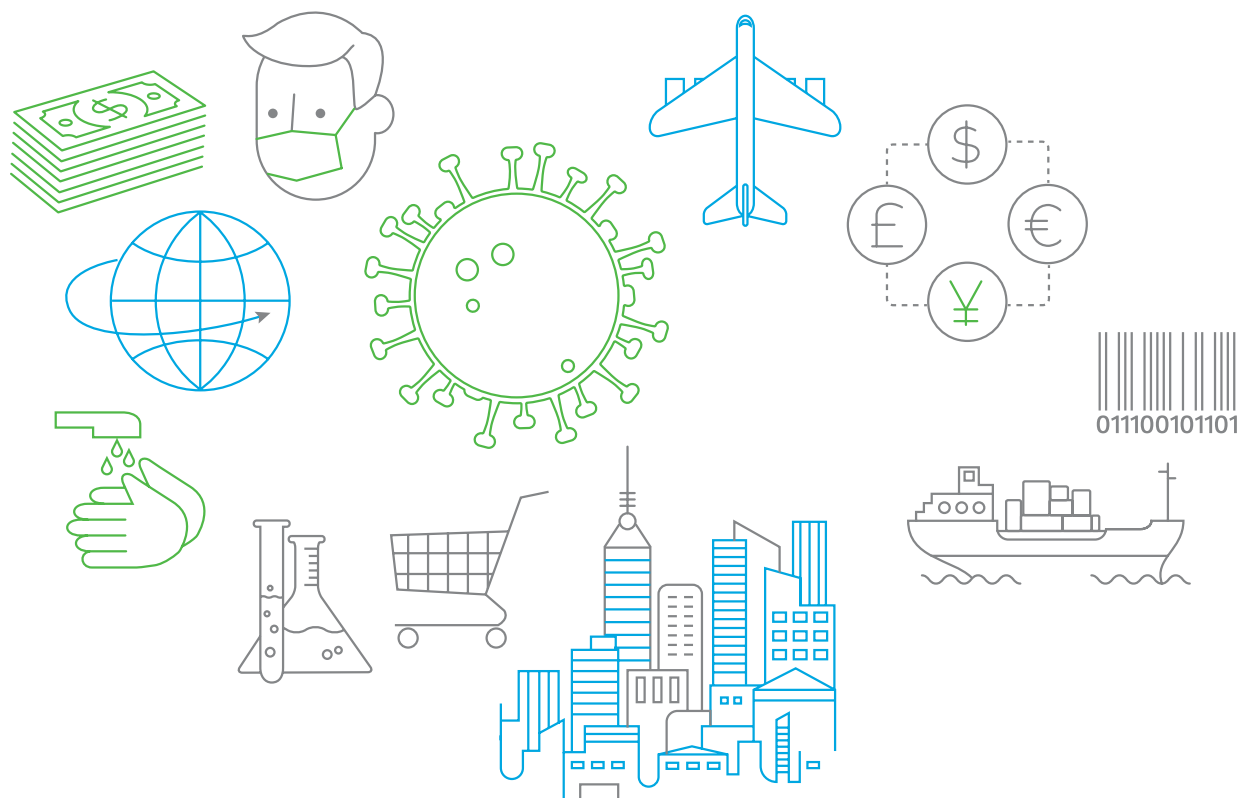
With an immediate need for businesses to offer digital services and products to survive, the pandemic has only served to highlight their lack of preparedness for disruption.

On the flipside, the pandemic has also become testament to how quickly we're able to adapt and change. And the fallout from the pandemic is signalling a return to the basics in business: shoring up value and driving down costs, with new and evolved ways of working.

For many businesses COVID-19 presented a pressing need to keep operating where possible, and to stay competitive, despite the ongoing uncertainty. Many businesses pushed in new directions, such as the move online and to digital delivery.

Many businesses looked inwards, focussing on their systems, processes, business operations and internal efficiencies to see where they could seek advantage. That inward focus, exacerbated for some businesses by periods of forced non-trading, has drawn many business owners to explore the outsourcing environment.

With the emergence of the Omicron variant of the coronavirus in November 2021 and its suite of mutations, the need for businesses to look to outsourced services will become more compelling as the threat of potential lockdowns and extended travel restrictions continue to impact business.
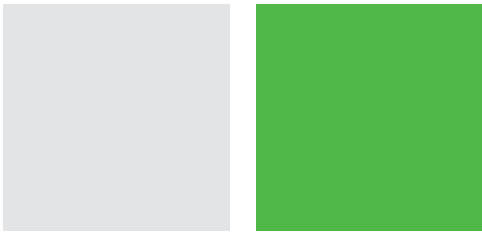
The rise of strategic partnerships

Outsourcing can be a great solution for businesses, but what if you could form a more strategic partnership instead?

The demand for deeper strategic relationships between a business and its outsourced service provider is also on the rise. Historically there have been trends to outsource services to multiple vendors, often to the lowest cost provider for each specific task. Now, more businesses are focused on the benefits of utilising one high-quality vendor.

Strategic partnerships like this allows for the establishment of stronger relationships between clients and their outsourcing partners and avoids the headaches and risks associated with managing multiple vendors.

Additionally, it creates an environment where the service provider can add far more value to the business than the sum of the individual services provided. For example, where one vendor may handle the accounting, marketing and digital services or ERP system deployment services for a business, that relationship partner would have more intimate knowledge of the business, enabling them to bring greater value to the table.

With a deeper understanding of the business, a sophisticated advisor might be better able to provide valuable guidance and input into business strategies as part of the relationship.

Reputable outsourcing providers and partners should have comprehensive privacy and data security policies and practices in place.

Outsourcing and the accounting industry

Strategic outsourcing of accounting and business services is another step in this evolution of service provision.

Rather than relying on data and profit and loss statements from the previous quarter, cloud accounting, accounting automation, and reliable and timely data better equip the business owner to make real–time business decisions. It also enables accountants to step into an advisor role as required by the business.

Outsourcing solutions can de–risk a business owner who is currently trying to manage tasks that may sit outside of their expertise, or which may throw up real financial and reputational risks if not done right. Payroll is a very good example of this.

Managing a payroll is not as simple as it seems. There are often significant complexities associated with understanding the obligations under FairWork, employment agreements, industrial awards, as well as tax law.

An employer should not underestimate the complexities associated with determining the correct treatment of the various components of an employee's remuneration such as allowances, application of casual rates, leave loading, overtime, penalty rates and fringe benefits. The treatment of remuneration paid to company directors based offshore, and employees seconded to Australia can be a tax and employment law minefield!

The most common issue noted in the press is the underpayment of employees, by not applying the appropriate rates of pay based on the applicable employment agreement or industrial award. Another area often misunderstood is the payment of employer superannuation contributions and what employee remuneration should be treated as "ordinary time earnings" (being the basis of applying employer superannuation contributions). If an employer gets it wrong, it will lead to significant additional costs and penalties as well as undermining credibility as a "preferred" employer.

Outsourcing payroll to a qualified adviser will remove the headaches associated with managing a payroll.

Businesses that are not looking at outsourcing options should still consider what technology is available that they can implement internally for better business efficiency. Deploying an accounting system, or an ERP system will help drive business growth and streamline internal processes, and enable your outsource accountant or CFO to produce timely reports for management.

Schedule some time to review accounting systems and processes, and consider:

- How much is it costing the business to handle all the financial functions in–house?

- Are there simple and inexpensive technologies available that can be integrated into the business that will automate and reduce some of the manual work being done?

- Is it time to consider a larger ERP system to consolidate multiple apps into one solution?

- Are there inefficient business or accounting processes that can be streamlined?

- What are the advantages of outsourcing the financial function and what might this look like?

- How will privacy and security be maintained?

A major issue to consider when contemplating outsourcing is privacy. Depending on the industry you work in and what you're outsourcing, there are ways to ensure the necessary controls are in place so privacy isn't compromised.

1. Identify the processes and services to be outsourced
2. Review legal, regulatory and contractual arrangements if outsourcing personal data
3. Assess data protection risks
4. Define security risks and processes
5. Assess outsourcing partners for key competencies
6. Modify privacy and security policies
7. Monitor and communicate regularly with the service provider

Assessing the need to outsource

Business owners are constantly looking for opportunities to reduce the time they spend on tasks so they can focus on running their business.

Outsourcing as a solution not only frees up the business owner from the management of those tasks, but can also provide better business outcomes by leveraging external expertise that can be switched on and off at a lower cost.

Beyond just freeing up time, outsourcing can open up a number of benefits for your business that include:

Cost savings
The potential to save money is the most common reason businesses outsource. The development of technology and globalisation of business practices means cost savings are achievable for most services.

Business agility
Changing business scenarios, heightened restrictions and increasing customer expectations require a flexible approach. Leveraging best practice resources on an on–demand basis creates an agile business model, the business to quickly adapt.

Scaling up or down
Outsourcing creates flexible access to resources ensuring that the usual peaks and troughs of business can be better managed. This may include bringing on extra hands during busy periods.

Securing talent
Australia is in the midst of a skills shortage. By outsourcing, you access an on–demand talent pool of experienced staff.

New ideas
Outsourcing can introduce different ideas and viewpoints into the business

Reliable and timely data
A bookkeeping solution that ensures that you have accurate accounting data available when needed creates a strategic advantage for the business owner.

Improved Management reporting
Better quality management reporting leads to better business decision making.

Efficiency drivers
Outsourcing can enable small businesses to avoid becoming bogged down by tasks and processes, introducing best practice technology and systems and improving business efficiency.

Compliance
Efficient and accurate compliance, including corporate (ASIC requirements), accounting and tax can remove headaches for business owners.

Risk management
Outsourcing can help divest risk from the business. High–risk tasks like HR or payroll can be handed to experts reducing the risk profile of the operation.

Acting big
Outsourcing can provide a small business with access to the same economies of scale and expertise that a large firm has, reducing historic competitiveness gaps.

> The bottom line is that the world is an increasingly small place, opportunities to improve business operations exist in ways beyond traditional business models. The growth of outsourcing demonstrates this.
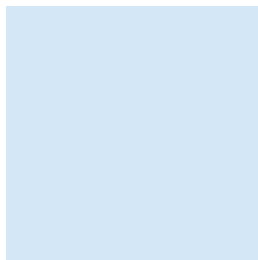
It's important to make sure that team members who are regularly working with the business are **made to feel part of the team**. By including them in important emails that impact the entire staff, you can foster a *sense of inclusion*. If they live nearby, they may be invited to social gatherings, and a business may even consider covering the costs for them to meet the team in person.

Making the decision to outsource

Once you've made the decision to outsource, there are a number of things you need to consider to ensure the task is completed on time and to the quality you want. And, it starts with the relationship you build with your service provider.

Strategies for effective relationships:

Time difference
Thanks to digitisation, you can collaborate with freelancers and contractors from around the world. The ability to send an article to a freelancer to be proofread while you sleep in a different time zone can improve your business efficiencies.

Lost in translation
Regardless of whether the person you're outsourcing to speaks English, things can get lost in translation. Avoid this by being careful to explain expectations early on.

Communication tools
Be clear about whether you expect to communicate via video calls, WhatsApp, mobile or email, and the frequency.

Collaboration tools
Make sure you're both on the same page by implementing a collaboration tool for remote teams such as Slack.

Payment milestones
Consider payment milestones after chunks of work have been completed.

COMMON QUESTIONS CLIENTS ASK ABOUT OUTSOURCING INCLUDE:

- What technology platforms should the business be running to make operations more efficient?

- How can functions such as data capture, analytics and presentation be more efficient so there is a better understanding of business performance, and the intelligence to improve that performance?

- What areas of the business are prone to risks, and how can they leverage external providers to manage that?

Outsourcing technology services

A natural progression to streamlining and automating the finance function is finding business process improvements across the operations, marketing, sales and other areas of the business.

There are three critical problems that businesses face that are better outsourced to a technology consultant:

1. There are so many solutions available on the market that even the process of screening the available options can be overwhelming.

2. Software solutions, or "apps" can have such limited or varied functionality that the average SME uses between 12–15 software solutions to run their business, meaning that there are inevitable issues with documenting use around these solutions and integrating them to maximum benefit.

3. The stakeholders making the buying decisions are not usually the people that use the software at the end of the day and getting the right perspectives involved across the business can be difficult.

Getting a trusted third party to give you comfort around the selection and implementation of solutions can be one of the easiest and most cost-effective ways to outsource in your business. Here's why:

- Technology consultants tend to offer contract negotiation services, or have relationships with software vendors, that allow you to save significantly on one-off costs like implementation and also on recurring subscriptions

- Those same existing relationships can shave hours off of the screening time required to identify potential options in the market

- By outsourcing the conversations with vendors, a technology consultant can eliminate the lengthy sales conversations and protracted demonstrations and provide structure to the process

- Working with a single consultant across all of your solutions, you'll have a single source of truth around how your solutions are configured and integrated, and can drastically reduce your ongoing maintenance requirements

Typical services provided include:

Systems Reviews — Many providers will look at your existing systems and provide a fit / gap analysis of which solutions are working and where you might need to look at replacements (and in what order). This can be a good starting point when working with an outsourced technology consultant.

Software Selection — Technology consultants can provide assistance with the end-to-end software selection:

1. **Scoping** — Working out your business requirements and getting input from your team

2. **Screening** — Shortlisting potential solutions and articulating the options clearly

3. **Selection** — Guiding you through the process of demonstrations, finalising costs and assistance making the final decision.

Contracting – Many providers offer a contracting service that can significantly reduce year 1 and ongoing costs.

Software Implementation — You can outsource both the entire implementation of solutions for your business or the project and change management if the vendor or your internal team will be doing the bulk of the implementation.

Ongoing Support — Once the provider understands your solutions, they often can provide all-in-one tailored support on your business' tailored ecosystem.

Ongoing Subscriptions — Be sure to ask about ongoing discounts on your software, as this can be an added benefit of using an outsourced provider.

Avoiding common mistakes

Outsourcing can be a complicated process and even comprehensive planning won't guarantee a smooth process.

Some common issues include:

Picking the wrong partner
If the desired results aren't being achieved, look at winding up the contract and hiring an alternative provider.

Lack of communication
A lack of clear communication about expectations and outputs can lead to poor quality work.

Poor contracts
The outsourcing contract should document all tasks and mutual obligations.

Lack of feedback
Be sure to provide feedback to ensure the contractor has the opportunity to meet target.

THE DIGITAL REVIEW

You can conduct a digital and systems review yourself or engage an external expert to help you. In either case, most business owners find that the inefficiencies they discover through the process can be hugely beneficial in reducing business overhead costs and freeing up more time for the business owner to focus on what they do best.

DO YOU NEED AN ERP SYSTEM?

For most SMEs, accounting systems like Xero, MYOB, Reckon and QuickBooks allow you to gain control of finances much better than manual processes and Excel ever could. As a business grows, so do the complexities, and in some cases, the business outgrows the trusted financial system and needs to consider an ERP system as a next step.

Some key signs that a business may have outgrown their financial system:

- Multi-entity or organisational complexity and/or international growth
- You are using three or more apps connected or unconnected to your accounting system
- Your month-end close and reporting takes one or more weeks

- Manual processes, extensive use of excel, or people doing tasks that can be automated
- Higher transaction complexity and/or volume, or new company acquisitions or mergers
- Process, product, Service, and workflow complexity
- Increased regulatory or reporting requirements

If your outsourcing partner provides technology solutions, like RSM does, they would be in a good position to assist you to evaluate the need for an ERP system and deploy the solution for your business if required. Additionally, if your outsourcing partner manages your accounting, tax, or other functions, this makes the transition to an ERP easier since the knowledge is carried over with the partner during the transition.
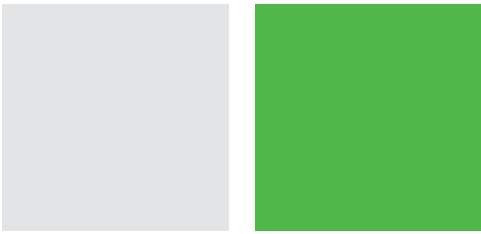
The rise of XaaS

XaaS refers to Anything as a Service, and it's increasingly common throughout the business landscape.

This collective term recognises the vast number of products, tools and technologies that vendors now deliver to users as a service over a network — typically the internet.

There are a number of examples of XaaS, but the most common encompass the three general cloud computing models: Software as Service (SaaS), Platform as Service (PaaS) and Infrastructure as a Service (IaaS).

It means that a startup business can hit the ground running, without the need to hire a sales or marketing team, or even a CFO, because you can get that as a service.

This revolution, which started around 20 years ago, can transform a business by allowing you to write the software to suit your processes, as opposed to trying to alter your processes to suit the software.

XaaS allows businesses to reduce costs by spending capital on hiring capabilities rather than hiring workers with one core skill set.

WHAT IS NEARSHORING?

Nearshoring is a form of outsourcing where companies partner with a service provider located in a country in the same region. For example, an Australian company outsourcing to a company in New Zealand.

The technology revolution has prompted businesses to contemplate how to tap into talent in their region, leading to a boom in nearshoring.

The pandemic has opened opportunities for nearshoring, particularly given the right labour market. We have seen a rise in employees looking to relocate from Australia to New Zealand or other nearby locations, and continuing in consultant roles, rather than as employees of a business.

Nearshoring may hold appeal where there is cultural similarity between locations (e.g. Australia and New Zealand, or the US and Canada). It may also be appealing where face to face contact remains important, and a short flight can connect the business owner with the employee or resource.

Case study:
REDUCING COMPLEXITY

UTU Technology was founded by experts in blockchain, artificial intelligence, and an understanding of the Internet of Things. UTU was created as a social platform to benefit its members.

Since then, the company has developed the most downloaded Food Delivery App in New Zealand. It has also launched a Supply Chain Management and Traceability system for Australia's agriculture and wine sector.

UTU Technology has also developed a range of other blockchain business solutions and decentralised applications.

In 2020, to further its plans for global expansion, the company made the strategic decision to establish its headquarters in Toronto, Canada.

The challenge
The managing partner at UTU technology engaged RSM to fill the role of a finance team. With a range of expertise without the cost and complexity of going through the formal hiring process, RSM's on-demand and flexible nature of the outsourced service offered by the business provided a cost-effective and dynamic solution for the company.

Of particular interest was the range of expertise within the RSM strategic outsourcing team, which has been able to provide guidance from an Australian tax perspective and on global tax considerations.

The experience
To allow the company capacity to grow, the finance function was outsourced to allow executives to focus on their strengths and growth strategy. RSM has provided the outsourced finance function and CFO services since UTU Technology first launched, giving it a deep understanding of the business.

These services include:

- Establishment of Xero, including integration with payroll function
- Establishment and implementation of payroll solution
- Management of monthly payroll for 25 employees including superannuation, STP and payroll tax compliance
- Ongoing bookkeeping and management of accounts payable
- Preparation and lodgement of Business Activity Statements
- Interim advice in relation to international tax considerations
- Taxation advice in relation to group structure and asset protection

Case study:
FINANCIAL FUNCTIONS

Globally, LEMKEN is regarded as a visionary company that makes an important contribution to profitable agriculture. As a company with a long tradition, it has been applying its knowledge and passion for progress for 240 years.

As a business, LEMKEN has its finger on the pulse of development delivering smart solutions for the agricultural challenges of today and tomorrow.

With their knowledge and commitment, in Germany as well as in 26 international subsidiaries, the employees lay the foundations for farmers worldwide to operate profitably.

The challenge
RSM was engaged by the CFO of LEMKEN to take over specific financial functions. As part of the agreement, RSM Australia performs an annual review engagement on the financial statements, the opinion of which is used by RSM Germany as part of the annual global audit.

Being a foreign-owned company with numerous subsidiaries around the world, RSM is engaged globally to provide outsourced finance functions for LEMKEN's subsidiaries. This provides LEMKEN with local knowledge and expertise while being more cost-effective than hiring a local finance team.

The experience
As one of the largest global manufacturers of agricultural machinery, RSM has successfully provided ongoing outsourced finance functions and CFO services to LEMKEN since the firm entered the Australian market in 2018.

These services include:

- Entity establishment and group funding structure advice
- Establishment of Xero including integration with payroll function
- Implementation and integration of Xero add-ons, including HubDoc for invoice management
- Monthly reconciliation of accounts and reporting to head office
- Management of monthly payroll for two employees including superannuation and STP compliance
- Preparation and lodgement of Business Activity Statements
- Annual tax compliance, audit, budgeting and forecasting

Case study:
NAVIGATING AN EVOLVING MARKET

Vert Design was founded in 2005 by Andrew Simpson as a design consultancy specialising in product development.

Currently, there are eight industrial designers on the team at Vert Design. The business boasts an extensive product portfolio, from more common consumer products such as sunglasses, bottles, eyewear and glassware, through to boats, furniture and art installations.

2020 marked their 15th year in business, with a client base ranging from passionate individuals through to large multinational corporations.

Andrew said the idea of starting and running his own business was in his blood. "My family is in management consultancy, my parents ran their own small business and our dinner conversations were always all about small business issues and sales. I was always going to run my own business!"

The challenge
The past 15 years have seen great change and challenges within the industry. A shifting geopolitical landscape has seen the local manufacturing base dwindling and the opening of new doors into Asia. In his capacity as director of Vert Design, Andrew manages the company's business development and growth strategies year-on-year.

The combination of having multiple previous service providers, and an inability to access timely, accurate and valuable business data, meant Vert Design was looking for a new Business Advisory partner to help them navigate this constantly evolving and changing market — one that could give strategic advice and input along the way, with no fuss management of day-to-day payroll, accounting and annual compliance.

The future
The re-onshoring of manufacturing to Australia as a result of current global forces, the immersion of new product categories and delivering on sustainability promises.

Case study:
THE MAGIC INGREDIENT

Prinova is a leading global supplier of ingredients and premix manufacturing solutions for the food, beverage and nutrition industries.

The company holds strategic stocks in 35+ centres around the world to ensure continuity of supply and has liquid and dry premix manufacturing facilities in the US, China and the US.

As a result of increasing demand in the APAC region, in 2019 Prinova Europe established a subsidiary in Australia that now services Australia and New Zealand.

The new operation helps the company supply ANZ markets with bespoke nutritional premixes from its China facility, with over 2,000 ingredients in categories ranging from vitamins and amino acids to essential oils and aroma chemicals supported by warehouses in ANZ. Prinova currently has more than 35 strategically located facilities worldwide.

As a single-source partner offering ingredients, custom services and market expertise, the company adds value at every step of a product's lifecycle.

The challenge
Without a dedicated finance team and without local knowledge or expertise, RSM was engaged to assist Prinova's European accounting team with local Australian compliance and payroll matters.

Cross border considerations means that RSM performs an annual review of the Prinova group including a review of international related party dealings and implications of changes to both Australian and international taxation rules.

The experience
Since Prinova's entrance into the APEC market in 2019, RSM has continued to provide advisory and outsourced CFO support for their Australian subsidiary.

These services include group funding structure advice, taxation advice, transfer pricing, monthly payroll management and tax compliance.

Case study:
SIMPLIFYING WITH SOFTWARE

VetMed is a leading veterinary practice with five locations across Sydney. They are owned and managed as one business and offer a range of additional services such as grooming to their loyal clientele.

The challenge
The main challenge for VetMed was navigating the world of software applications, with leadership being very time-poor and no internal CIO or technology staff.

VetMed manages its finance function internally, and has relied heavily on the advice of RSM to guide the digital transformation of not only the finance function but the entire technology ecosystem for the practices.

The experience
RSM's Digital Advisory team has been engaged for five years as the trusted strategic technology advice provider and RSM has conducted a number of individual software selections and implementations for VetMed, most recently for a new fully integrated payroll, rostering and time and attendance and human resources solution.
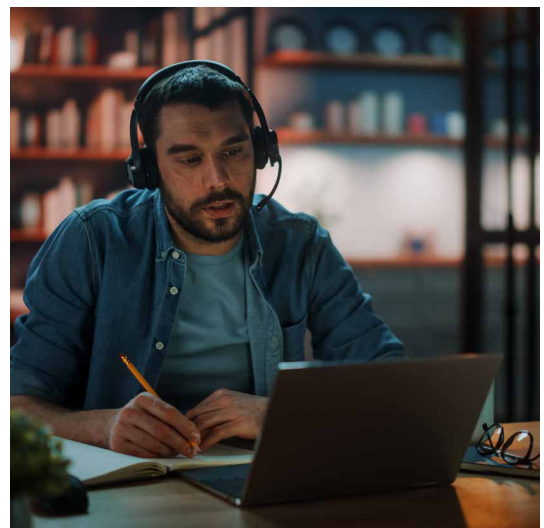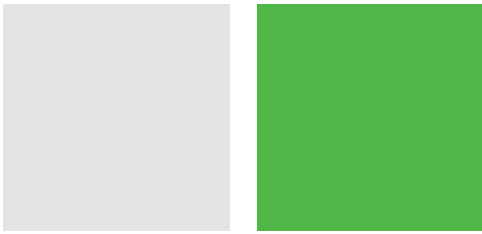
Getting started

When it comes to outsourcing a project or component of your business, there is no one right way to go about it.

Just as businesses are different, so too are outsourcing strategies.

To get started, and put yourself in the best position for success, follow these steps:

- **Tech check**: It's important to keep an eye out for new ways to work as technology changes so rapidly. The emergence of robotics will be a real game changer from a cost perspective, and could reduce business overheads.

- **White label**: Some tech companies will white-label their service to businesses, which could also reduce costs. Keep a close eye on new technologies that may be more efficient than outsourcing.

- **Set the parameters**: Decide which tasks or processes you want to outsource. Make sure you understand how long the work will take.

- **Compare providers**: Get quotes from several service providers, and compare their skills and experience.

- **Select and onboard**: Select the best person or agency for the job, and set a contractual agreement.

- **Communicate**: Outsourcing is not a set and forget arrangement. Schedule regular meetings, particularly in the early days.

- **Milestones**: Regularly check to ensure that contractually-agreed milestones are reached.

ACKNOWLEDGEMENTS

Mark Nichols
Dace Harris
Matthew Gordge
Jane Wood
Laurel Grey
Michael Palermo
Brynt Moggach

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING