



FTE-based Finance and Accounting Price Benchmarking

Client XXX

Final Report

Contents



■ Summary

- Detailed offshore price assessment
- Assessment of language-based pricing premium
- Assessment of deal-level pricing drivers



Contents

- This final report contains the following:
 - Global and Indian service provider price benchmarks for three F&A roles (Junior Accountant, Senior Accountant and Team Lead) each in India (Bangalore) and Poland (Krakow)
 - Bottom-up triangulation benchmarks for Senior Accountant and Team Lead in Bangalore and Krakow
 - Analysis of pricing variance between Indian and Global service providers
 - Analysis of language-based pricing premiums for 16 specified languages (specific to Poland)
 - Analysis around COLA
 - Typical Span of Control across F&A functions
 - Typical productivity ramp-downs
 - Offshore-onshore delivery mix across F&A functions
 - Perspectives on transition pricing

Assumptions for price benchmarking

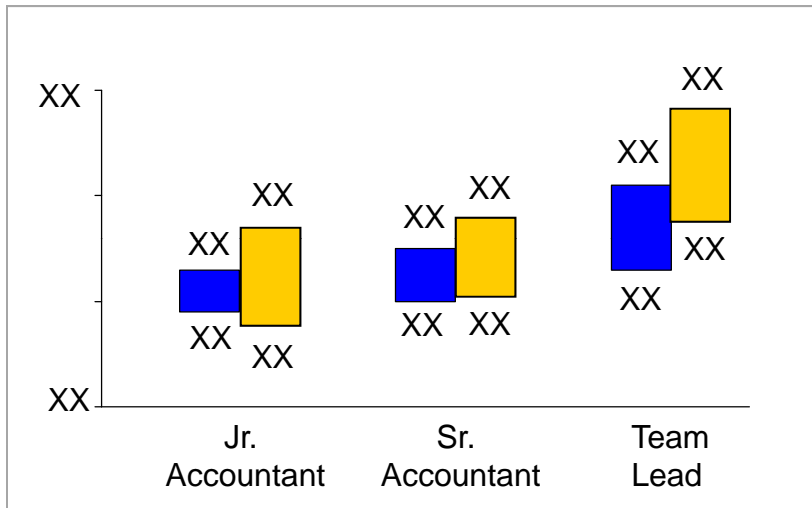
- Hourly rates have been calculated from annualized rate cards and ground-up triangulation by assuming 1840 annual billable hours (46 weeks)
- We have used 1USD = INR44.4; PLN2.7 as the ForEx conversion ratio to arrive at USD billing rates

Summary of observation around service provider price variation

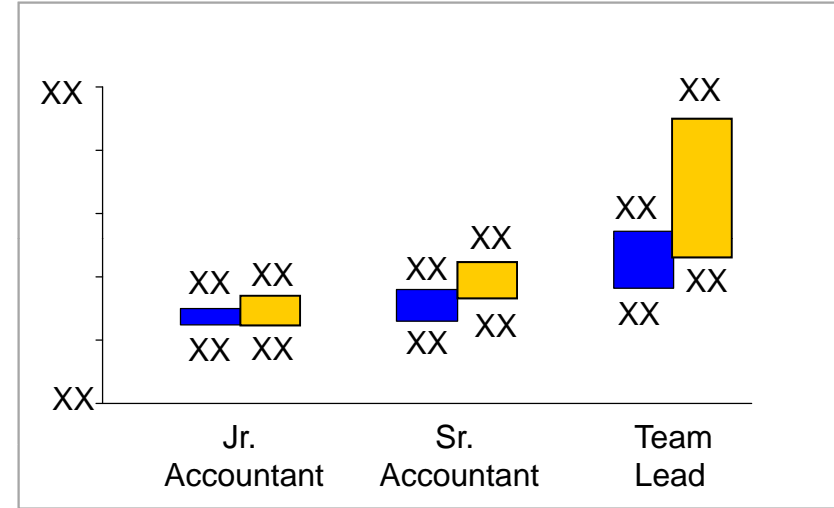


■ Indian Provider
■ Global Provider

Supplier price variation, Bangalore



Supplier price variation, Krakow



Key Observations:

- XXX
- XXX
- XXX

Source: Everest Group Pricing Assurance

Contents



- Summary
- **Detailed offshore price assessment**
 - **Bangalore**
 - **Krakow**
- Assessment of language-based pricing premium
- Assessment of deal-level pricing drivers

Junior Accountant



Role characteristics

Tenure: 0-2 years

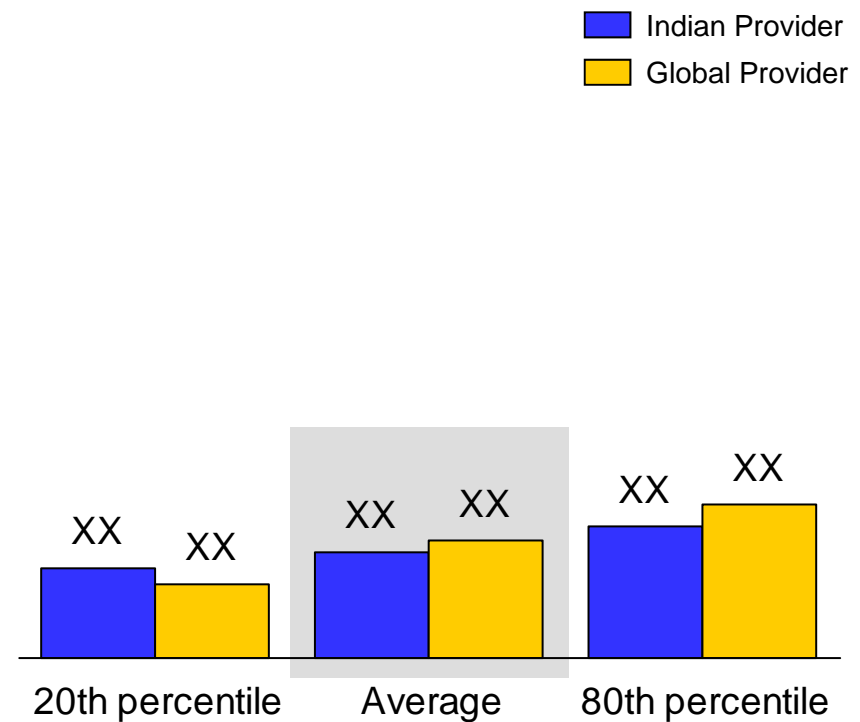
Competency: Bachelor degree/
Commerce Graduate

Description:

Transaction processing, finance database records updation, low-value reconciliations, basic journal entry, escalation handling etc.

Typical pricing per FTE in Bangalore

US\$ per hour, 2011



Source: Everest Group Pricing Assurance

Senior Accountant



Role characteristics

Tenure: 2-4 years

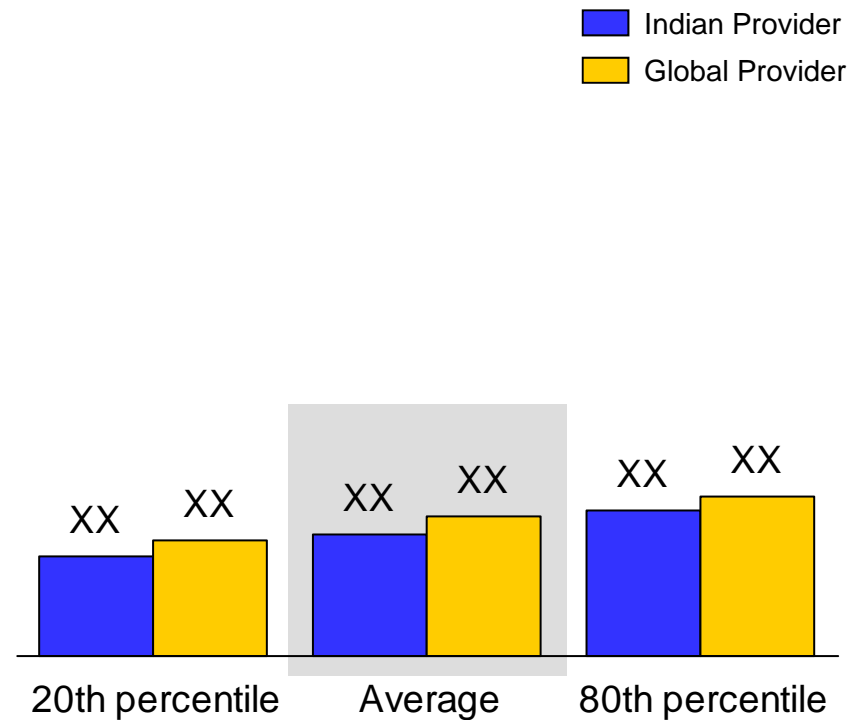
Competency: Bachelor degree/
Commerce Graduate

Description:

Transaction processing, query processing, may perform vendor payments and customer collections, matching/authorization, basic reporting and analysis

Typical pricing per FTE in Bangalore

US\$ per hour, 2011



Source: Everest Group Pricing Assurance

Team Lead



Role characteristics

Tenure: 4-6 years

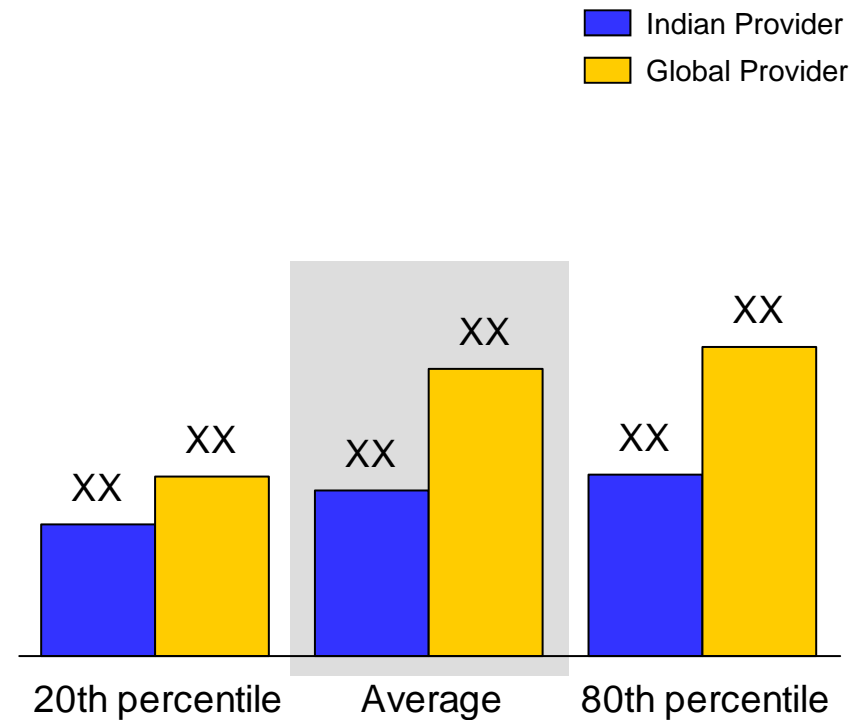
Competency: Bachelor degree/
Commerce Graduate

Description:

Lead delivery team, execute per SLAs, personnel development, query resolution, monitor and improve delivery per operational metrics

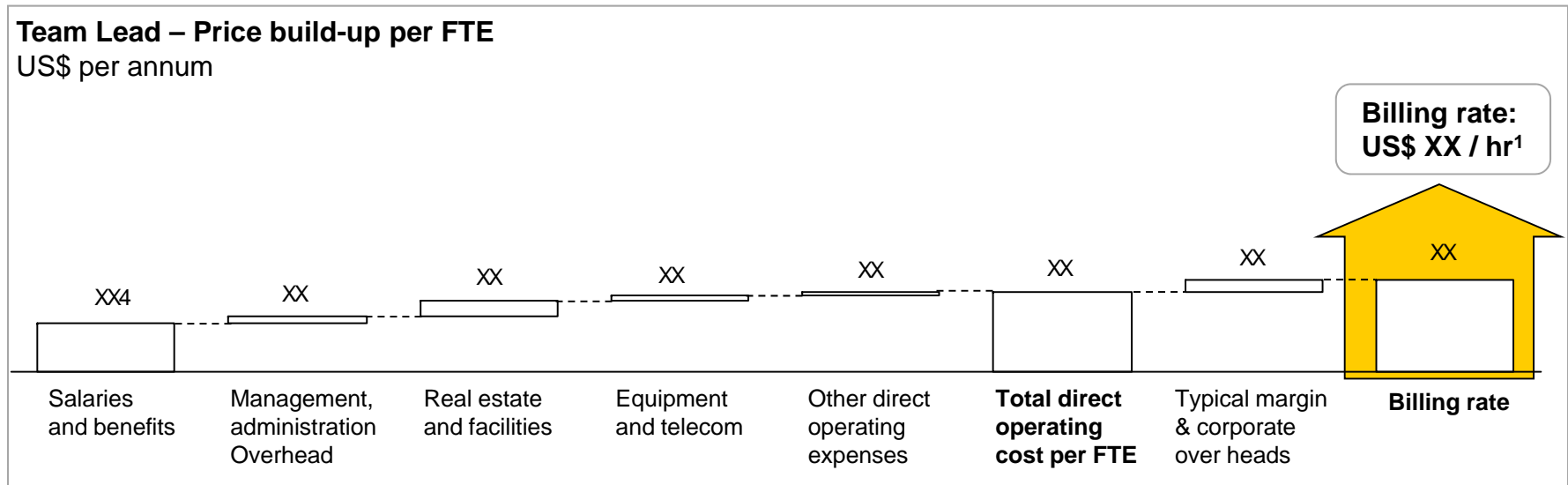
Typical pricing per FTE in Bangalore

US\$ per hour, 2011



Source: Everest Group Pricing Assurance

Bottom-up triangulation for Bangalore roles



1 Hourly rates have been built up from an annualized rate assuming 1840 annual billable hours (46 weeks) at 100% utilization
Source: Everest Group Pricing Assurance

Contents



- Summary
- **Detailed offshore price assessment**
 - Bangalore
 - **Krakow**
- Assessment of language-based pricing premium
- Assessment of deal-level pricing drivers

Junior Accountant



Role characteristics

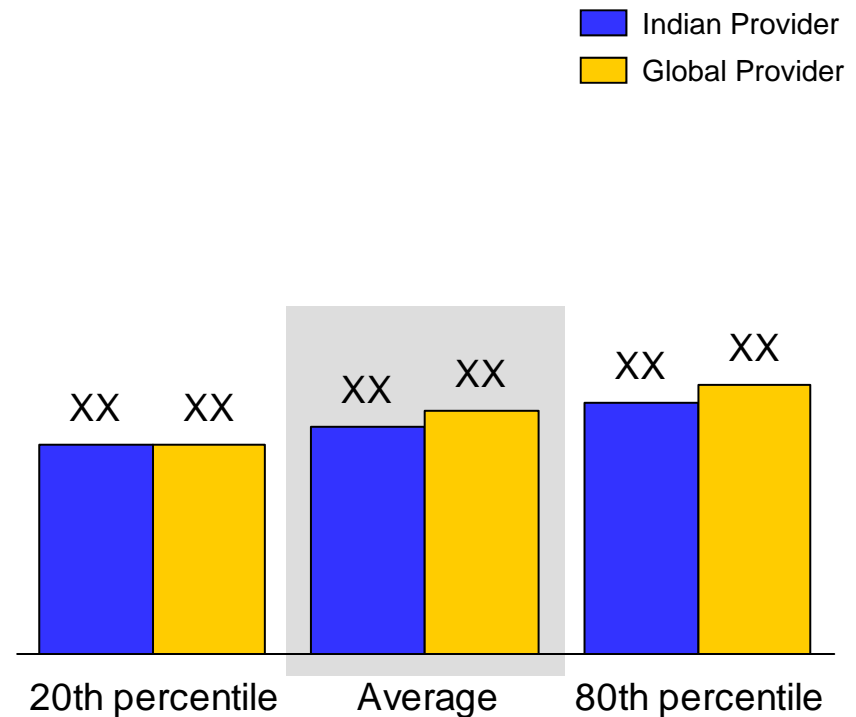
Tenure: 0-2 years

Competency: Bachelor degree/
Commerce Graduate

Description:

Transaction processing, finance database records updation, low-value reconciliations, basic journal entry, escalation handling etc.

Typical pricing per FTE in Krakow US\$ per hour, 2011



Source: Everest Group Pricing Assurance

Senior Accountant



Role characteristics

Tenure: 2-4 years

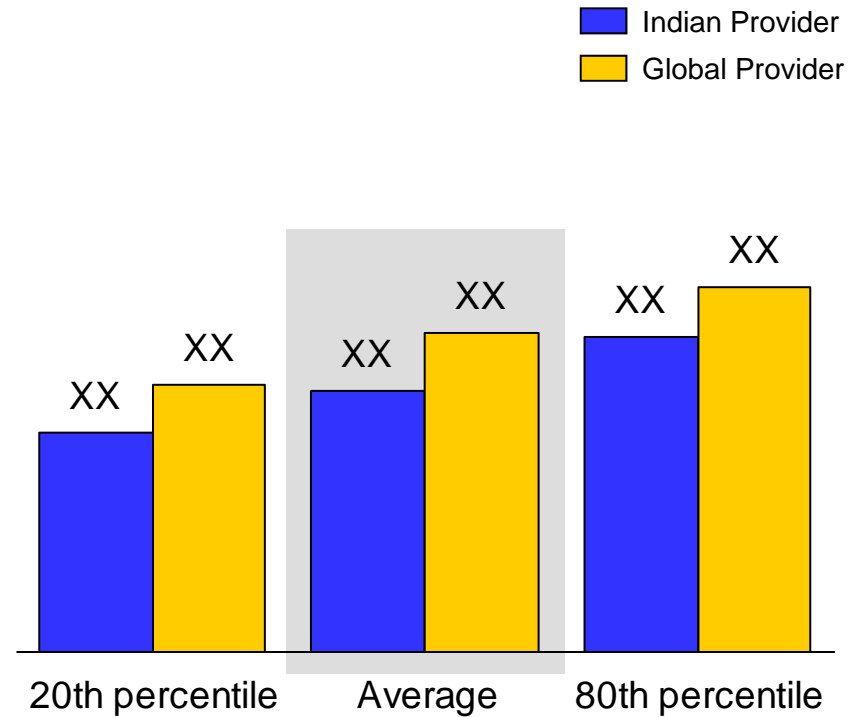
Competency: Bachelor degree/
Commerce Graduate

Description:

Transaction processing, query processing, may perform vendor payments and customer collections, matching/ authorization, basic reporting and analysis

Typical pricing per FTE in Krakow

US\$ per hour, 2011



Source: Everest Group Pricing Assurance

Team Lead



Role characteristics

Tenure: 4-6 years

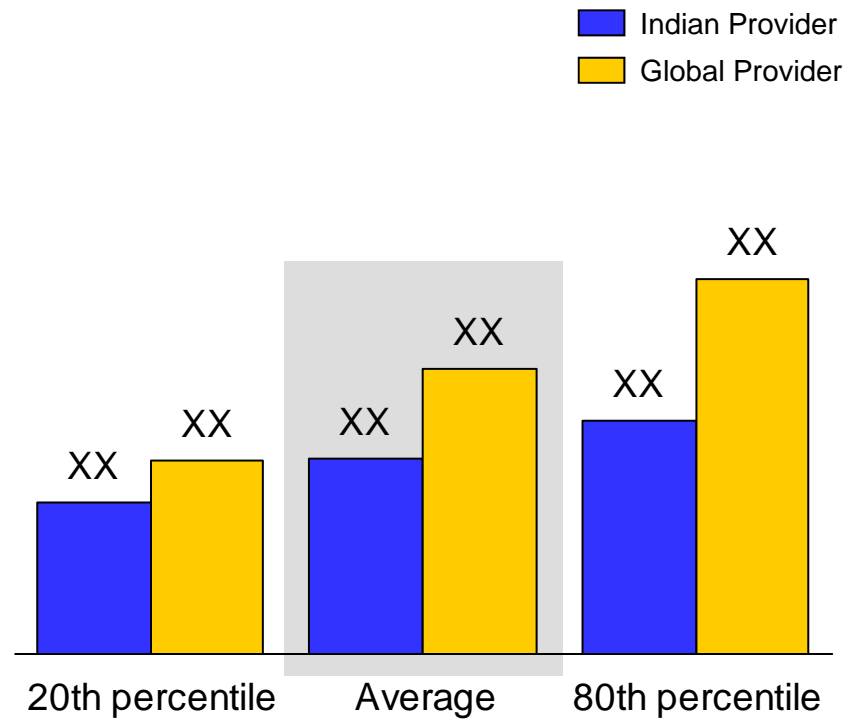
Competency: Bachelor degree/
Commerce Graduate

Description:

Lead delivery team, execute per SLAs, personnel development, query resolution, monitor and improve delivery per operational metrics

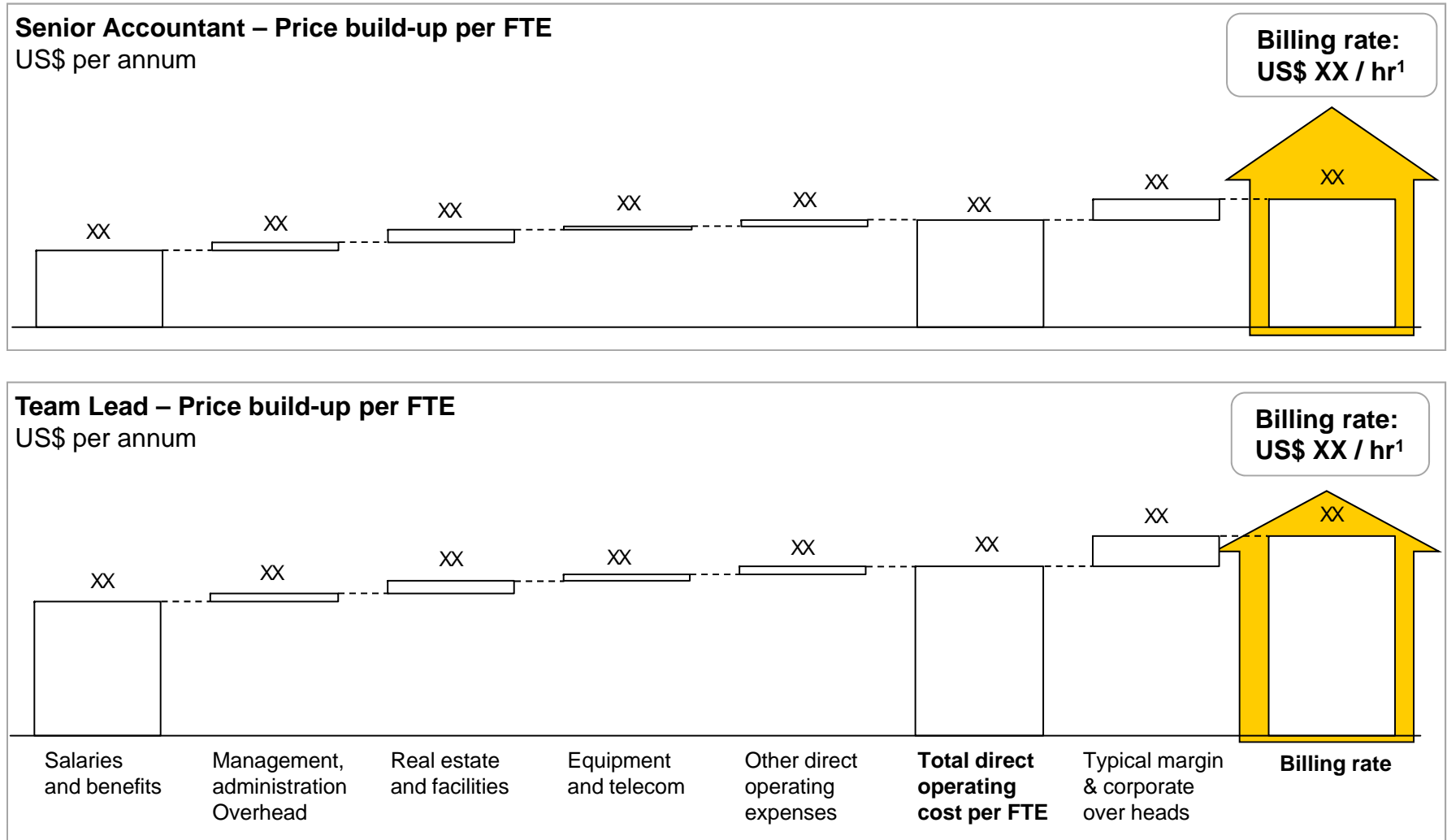
Typical pricing per FTE in Krakow

US\$ per hour, 2011



Source: Everest Group Pricing Assurance

Bottom-up triangulation for Krakow roles



1 Hourly rates have been built up from an annualized rate assuming 1840 annual billable hours (46 weeks) at 100% utilization
Source: Everest Group Pricing Assurance

Contents



- Summary
- Detailed offshore price assessment
- **Assessment of language-based pricing premium**
- Assessment of deal-level pricing drivers

There is significant pricing variation in Poland based on the underlying language



Tier	Service provider definition	Everest definition
Tier-1	Polish, English	Polish, English, German
Tier-2	German, XXX, XXX, XXX, XXX	XXX, XXX, XXX, XXX
Tier-3	Arabic, XXX, XXX, XXX, XXX, XXX	XXX, XXX, XXX
Tier-4	N/A	XXX, XXX, XXX

Key observations:

- Rates in Poland for German language are comparable to those for Polish and English, primarily because German is a widely spoken language in Poland and availability of German speakers is high. Hence, German has been re-classified as a Tier-1 language.
- Availability of resources with proficiency in XXX, XXX and XXX is much lower than that for the Tier-3 languages. As a result these languages command a premium over Tier 3 languages. Hence, these languages have been separately classified as Tier 4 languages.

Source: Everest Group Pricing Assurance

Tier-based pricing analysis



Tier	Nature of work	Annual rate (US\$ per hour)			
		Current service provider rate		Everest benchmark median	
		Junior Accountant	Senior Accountant	Junior Accountant	Senior Accountant
Tier-1	N/A	XX	XX	XX	XX
Tier-2	Data	XX	XX	XX	XX
	Voice	XX	XX	XX	XX
Tier-3	Data	XX	XX	XX	XX
	Voice	XX	XX	XX	XX
Tier-4	Data	N/A	N/A	XX	XX
	Voice	N/A	N/A	XX	XX

Key observations:

- Prices for voice based business processes are XXX than non-voice business processes on account of XXX salaries for these functions
- The rate difference between Tier-1 and Tier-2 languages is higher than the rate difference Tier-2 and Tier-3 languages, or Tier-3 and Tier-4 languages

Source: Everest Group Pricing Assurance

Contents



- Summary
- Detailed offshore price assessment
- Assessment of language-based pricing premium
- **Assessment of deal-level pricing drivers**



Description

1

Fixed annual increment

- COLA rates are adjusted following a fixed contracted annual increment for the entire tenure of the deal after the relaxation period

2

Variable index-driven

- After the relaxation period, COLA changes annually commensurate with the changes in the country-specific index (typically CPI)
- Rate changes are usually capped at a certain %
- Typically the lower of the index and the capped value is considered

3

Hybrid

- In the “Cap and collar” approach the first X% of the index change is not charged; after that extra charge commensurate with index up to a cap

Source: Everest Group Pricing Assurance

Common approaches to COLA (page 2 of 2)



- COLA typically sets in after the XX year of the deal. However, the relaxation period might last up to XX years on a deal-to-deal basis
- Average COLA relaxation period is XX years

Typical COLA metrics

1

Fixed annual increment

- Typical fixed annual increment in COLA for the entire tenure of the deal after the relaxation period:
 - For Onshore location: XX%
 - For Offshore location: XX%

2

Variable index-driven

- Across deals COLA can tie-up with different factors:
 - CPI Index at the delivery location: The cost of living index as reported by the government at the delivery location
 - XXX
 - XXX
 - XXX

3

Hybrid

- Typical COLA in the first year post relaxation period (generally in case of extended relaxation period):
 - For Onshore location: XX%
 - For Offshore location: XX%
- Typical “collar” in the “cap and collar” approach is XX%; “cap” is XX%

Source: Everest Group Pricing Assurance

Typical Span of Control across F&A functions



F&A staffing pyramid (by key roles)	Typical profiles (by education and experience)	Typical SPOC (by F&A process category)			
		T&E	AP	AR	GA ¹
		Percentage			
Program Manager	Certified Accountant (CA/CPA) with 6+ years experience	NA	XX%	XX%	XX%
Project Manager	Certified Accountant (CA/CPA) with 4-5 years experience	XX%	XX%	XX%	XX%
Accounting Supervisor	Certified Accountant (CA/CPA) with 3+ years experience	XX%	XX%	XX%	XX%
Junior Accountant	Tertiary educated in Finance with 2-4 years OR CA/CPA with 1 year experience	XX%	XX%	XX%	XX%
Accounting Clerk	Tertiary educated in Finance with 0-2 year experience	XX%	XX%	XX%	XX%
	Total	100%	100%	100%	100%

Staffing mix tends to be more top heavy as the complexity of processes increases

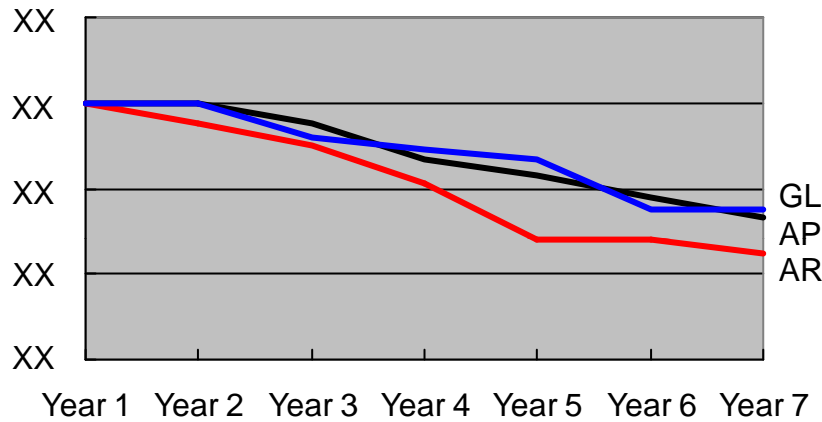
1 If the scope of activities in general ledger accounting involves more of reconciliation work as opposed to reporting, audit, analysis etc. then the staffing mix would tend to be more bottom heavy than indicated

Source: Everest Group Pricing Assurance

Typical productivity ramp-downs



Productivity Ramp-downs in FTEs over term of deal
Base = 100



Key points:

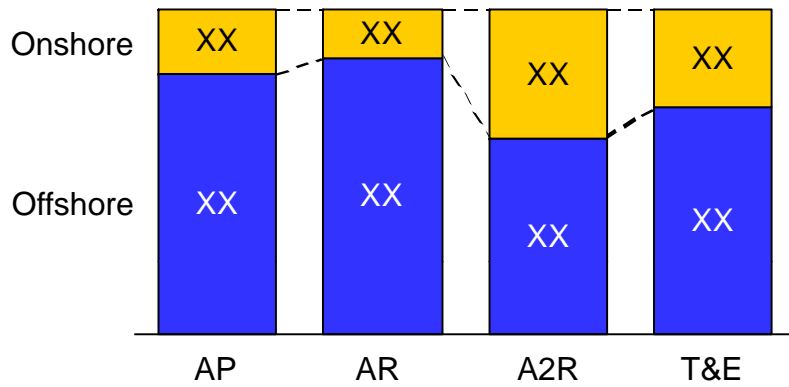
- Typical ramp downs kick-in the XXX year of the deal
- A steady-state is reached in XX to XX years of the deal depending on the entire deal-term
- Productivity gain-sharing typically depends on the following factors
 - XX
 - XX
 - XX
 - XX

Source: Everest Group Pricing Assurance

Offshore-onshore delivery mix across F&A functions



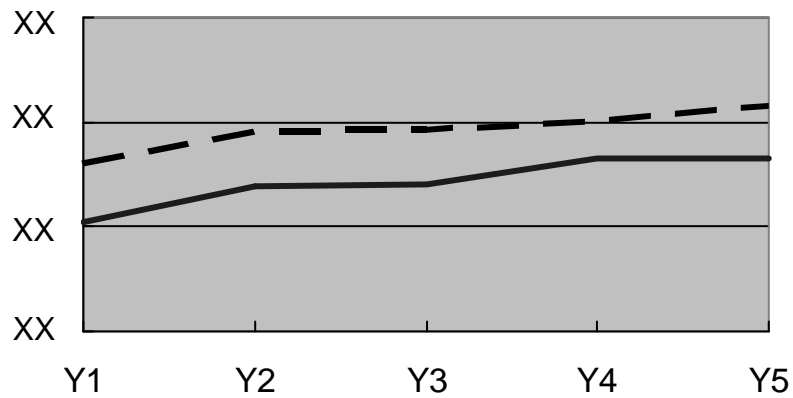
Typical Onshore / offshore mix
Percentage



Key points:

- XXX
- XXX
- XXX

Offshore centrality by deal year
Percentage

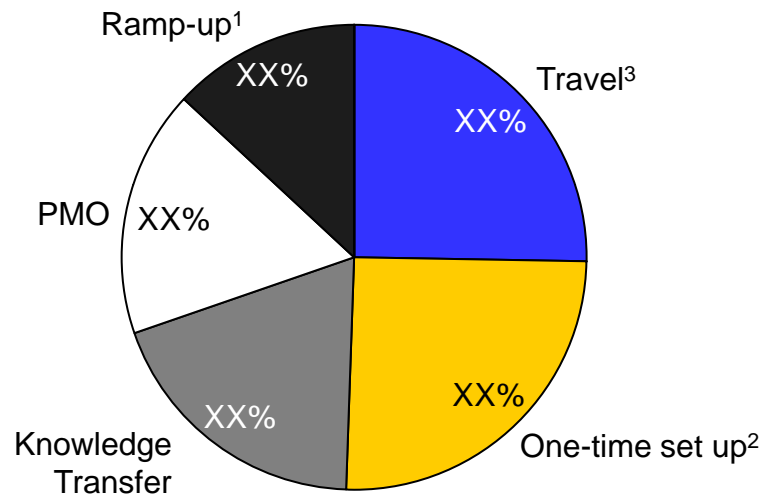


Source: Everest Group Pricing Assurance

Perspectives on transition pricing



Typical Transition Cost Components Percentage



Key points:

- Transition price per FTE ranges from US\$XX - XX per FTE in a typical transaction-processes environment. High value-add CoEs (with high-skill/judgment processes) command much higher transition pricing (>XX%)
- XXX
- XXX
- XXX

1 Ramp-up costs include hiring, training, opportunity cost of lost productivity, expat oversight and per day costs etc.

2 One-time set-up costs include facilities, technology, telecom and bandwidth, interest on rental deposits etc.

3 Includes all the travel components across set-up, knowledge transfer, ramp-up, and program management

Source: Everest Group Pricing Assurance

Everest Group leads clients from insight to action



Contact us for more information about our consulting, research, and industry resources.

Dallas (Corporate Headquarters)

info@everestgrp.com
info@everestresearchinstitute.com
+1-214-451-3000
+1-214-451-3110

Canada

canada@everestgrp.com
+1-416-865-2033

New York

info@everestgrp.com
+1-646-805-4000



India/Middle East

india@everestgrp.com
+91-124-496-1000
+91-124-496-1100

UK

unitedkingdom@everestgrp.com
+44-870-770-0270

Netherlands & Continental Europe

benelux@everestgrp.com
+31-20-301-2138

www.everestgrp.com | www.everestresearchinstitute.com | www.sherpasinblueshirts.com