



The ROI of Outsourced Accounting:

How can Finance as a Service give you higher velocity with lower cost and effort than building in-house?

CONTENTS

- 1 *Understanding the costs and ROI of traditional accounting*
- 3 *Outsourcing with Finance as a Service: Costs and ROI*
- 5 *Single cloud-based provides internal and external benefits*
- 6 *Outsourcing provides confidence and security*
- 7 *Outsourcing provides strategic executive guidance*





Growing companies face a critical decision as they reach a certain size and scale of operations: Is it better to outsource accounting or keep it in-house? At first look, each option seems to have a number of benefits. While both approaches are effective in specific circumstances, the unique attributes brought to the table by outsourced accounting offers advantages that go far beyond a traditional accounting structure. It allows for more efficient financial oversight and operations that are also more transparent, consistent and high-performing. The value of modern technology in this context is an especially important consideration.

UNDERSTANDING THE COSTS AND ROI OF TRADITIONAL ACCOUNTING

Finance as a Service is a major departure from the traditional method of handling accounting. This new, more effective method for handling a core business need can lead to significant improvements, but can also be difficult to grasp at first in comparison to traditional accounting. First, let's consider the costs of traditional accounting. This will help organizations better

understand the unique value proposition offered by outsourced accounting through a direct comparison to in-house.

TRADITIONAL ACCOUNTING COSTS

One of the most important considerations to make at a high level, beyond the specific and often high costs of traditional accounting, is its variable nature.

Organizations that handle such efforts in-house have to repeatedly address some uncertainties related to staffing, software and equipment over time that increase the amount of labor and funds spent on accounting. While these circumstances play out differently for all enterprises, they represent a notable, sometimes substantial cost that simply is not present in outsourced accounting.

◆ STAFFING AND TRAINING

While the overall cost of employee turnover in the long run depends on a number of unique factors, the cost of onboarding and training new hires is clear. The Society for Human Resource Management pegged it at slightly more than \$4,000 per person. Training is also vital, and while more variable based on education and experience, carries a time cost for both the new employee and your veteran staff that can't be ignored.

◆ SALARY AND BENEFITS

Accounting professionals generally need at least a bachelor's degree to take on most kinds of meaningful work, and many have master's degrees as well as a wealth of prior experience. That means it's not inexpensive to hire

them. The median salary for the accounting field is just under \$70,000 per year, U.S. News & World Report said.

Those in more junior roles, such as a bookkeeper, accounting clerk and audit clerk, earn less, with a median salary of about \$40,000. However, companies also need to keep in mind the significantly higher costs of employing more senior staff like financial managers and analysts, who can earn close to and significantly more than \$100,000 per year, respectively. Companies also have to take benefits like health insurance, paid time off and anything else offered to staff into account.

◆ SOFTWARE AND EQUIPMENT

The amount of research needed to choose an effective digital accounting platform represents a significant cost in and of itself.

Cloud solutions involve external hosting and a standardized monthly charge, while more traditional on-premise software requires spending on a hardware infrastructure to support it, as well as associated maintenance and upkeep. Other labor and financial costs, from training to the potential need to hire a consultant to lead selection and implementation efforts, only add to the ongoing financial need.

◆ TRADITIONAL ACCOUNTING'S ROI

With efficient hiring practices, strong training and the right software, traditional accounting practices can still provide strong returns. However, when compared to outsourced accounting, the more variable, unpredictable costs and potential for increased spending quickly stand out in terms of ROI.



OUTSOURCING WITH FINANCE AS A SERVICE: COSTS AND ROI

The Finance as a Service approach to providing consistent, secure and effective results are very different from the traditional outsourced accounting strategy. The Finance as a Service model brings the single clearest and most informative difference: cost structure.

By outsourcing with Finance as a Service, you can expect the following:

- ◆ Cleaner expenses.
- ◆ More predictable ongoing costs.
- ◆ Scalable pricing that is both variable and predictable.
- ◆ Firmer month-to-month price.
- ◆ Consistent cost that remains level over time, instead of spiking when a new hire is needed or a major software update approaches.
- ◆ Financial software stack included
- ◆ Strategic financial expertise & support

Outsourced accounting with a Finance as a Service model, based on company headcount and specific needs, carries an average

cost of \$3,000-\$10,000 per month for a medium-sized business. With a yearly value between \$36,000-\$120,000 and includes all the people, process and systems you need to have an effective finance function. This approach is incredibly cost-effective as compared to the in-house model: The total yearly price tag is significantly less than the cost of one controller earning the [industry median](#) of salary plus benefits equating to \$42,000 - \$124,000. That is just salary. You still have to add in infrastructure and software.

As the headcount of a company increases, the price tag of in-house accounting will only rise with it. That includes direct costs such as finance and accounting employee salary and benefits, as well as onboarding costs and the money spent on eventually and inevitably replacing employees who depart for other opportunities. While outsourced accounting costs also scale with the size of a business, they're far more direct and predictable.

Of course, one of the strongest benefits of outsourced accounting as compared to the in-house model is the consistency and reliability



of service. No matter the growth opportunities for a business or how fast it scales, experienced outsourced accounting professionals provide high-quality service that adapts quickly to any organizational changes or developments. Finance as a Service gives you consistent, experienced and professional finance and accounting support team.

Adding more accounting and finance staff as the company expands is a major pain point. Consero solved that problem for BigCommerce by helping the company work smarter instead.

“We’ve been able to keep the finance and accounting expenses much flatter by leveraging the

tools and resources that Consero brings to the table instead of adding headcount,” said Consero’s VP of Finance who works closely with Robert Alvarez, CFO of [BigCommerce](#).

This simplified, streamlined price tag is a major financial advantage when it comes to outsourced accounting, but it’s far from the only one. Others include:

- ◆ **Spending reductions:** Possible and simple to achieve, as businesses no longer have to pay salaries, benefits or payroll taxes. These costs won’t rise over time as the accounting department grows in tandem with the business as a whole.

- ◆ **Distribution of cost:** The price tied to implementation and the spending required to acquire software are built into the Finance-as-a-Service model. While not ongoing expenses, these two needs can add significant financial strain to a project before it begins to deliver any return on investment.

Consero’s approach of incorporating those obligations into the pricing model means a clear picture of the price from the onset, as well as an efficient, easily manageable distribution of cost that is quickly assimilated into a budget.





SINGLE CLOUD-BASED PROVIDES INTERNAL AND EXTERNAL BENEFITS

CONSERO – FINANCE AS A SERVICE

A modern alternative to in-house or outsourced accounting services, delivering greater financial visibility and improved operational scalability along with a lower and more predictable cost structure.

FaaS offers more than traditional outsourced accounting:



A standard software application stack with workflows and automation



A virtual, professional, finance and accounting support team



A proprietary cloud based engagement layer for transparency and simplicity



Variable and predictable pricing that scales up or down with the business

The outsourced service also eliminates the need for internal infrastructure to support accounting software. While other departments may very well still need servers, software and support, the needs tied directly to accounting are significantly reduced.

“Consero was able to provide us with a corporate F&A solution superior to other vendors while

offering an equally effective solution to our franchise studio owners,” said Brandon Hartsell, CEO of [Sunstone Yoga](#). “Our franchisees can now focus on growing their businesses and not worry about necessary, but non-strategic back office functions.”

Leveraging a Finance as a Service technology platform, Sunstone Yoga was able to outsource all of its corporate and franchisee

accounting as well as to establish a comprehensive set of financial analytics and dashboards, ultimately saving the company over \$500,000 in F&A costs each year. At the same time, they could focus more time on strategy. That change allowed studio franchisees to focus on building their business instead of spending up to 25 percent of their time on non-revenue generating F&A tasks.

OUTSOURCING PROVIDES CONFIDENCE AND SECURITY

Outsourcing offers a number of other benefits:

- ◆ A lack of a need for training, onboarding and addressing employee turnover means smoother operations, provided by a seasoned team of financial professionals who are ready to start offering consistent, high-quality service from day one.
- ◆ A more streamlined implementation of software and new processes: The provider will have plenty of experience in installation and user training. These attributes also increase stability and provide increased peace of mind to company leaders.

Mark Johnson is President and CFO of [Gimmel](#), a software and professional services company with over 100 employees. His Finance as a Service platform delivered by Consero includes a cloud-based GL, AP/AR, expense management and secure file sharing. He benefits from the technology stack in addition to the financial experts that provide the back-office support and high-level

strategic guidance. “We would have spent 25% more if we did it on our own and we still would have had to deal with attrition on top of personnel issues”, Johnson confirmed. They also have more transparency with their private equity investors because of the predictability and reliability of the Finance as a Service model.

Users of outsourced accounting also benefit from increased internal safeguards. Businesses are vulnerable to fraud with just one or two employees controlling financial matters, and the average business loses about 7 percent of annual earnings to fraud and embezzlement, according to the *Association of Certified Fraud Examiners*. With outsourced accounting, a dependable, trustworthy team works within a set of checks and balances to provide consistent and honest reporting and analysis.

Outsourced accounting is a much different approach as compared to traditional methods, but its benefits are clear from costs to security and reliability.





OUTSOURCING PROVIDES STRATEGIC EXECUTIVE GUIDANCE

Outsourced accounting delivers consistent results, from daily reporting to the executive summaries that are so valuable for members of the C-suite and Investors who are responsible for high-level organizational oversight. With a secure, intuitive software solution in place and a trustworthy, dependable partner completing the many tasks involved in the Finance as a Service model, executives can rely on consistent, accurate and timely information and analysis that allows them to make the best possible decisions for their company.

[The Association of Latino Professionals for America \(ALPFA\)](#) is a nationwide organization with more than 81,000 members and a mission to empower and develop Latino men and women as leaders with high character in all economic sectors. It has to manage complex financial concerns as it strives to develop the skills and knowledge of members, empowering them to make a positive difference in their chosen field. With a number of significant issues related to their in-house accounting strategy:

- ◆ Significant, long-term debt
- ◆ Lack of a strategic CFO

- ◆ Small staff
- ◆ Recurring accounting mistakes and errors

ALPFA needed a new approach.

“It’s a one-stop shop,” said Gabe Rodriguez, Treasurer and Finance Committee Chair for the ALPFA Board of Directors and Global Finance Director and U.S. Firm Assistant Controller for Ernst & Young, LLP. “It’s incredibly beneficial to us. It’s why we’ve been able to improve the financial condition of the organization over the last three years.”

ALPFA paired with Consero because of a strong understanding of the high-quality and consistent results they could expect. Selene Benavides, ALPFA’s CFO and interim COO, is also the VP of Finance at Consero. With a powerful initial endorsement, ALPFA’s leadership realized a number of substantial benefits through a dependable Finance as a Service solution. Major improvements included:

- ◆ 80% reduction in debt
- ◆ Real-time cash forecast capabilities
- ◆ Faster receivables collection

- ◆ Improved relationships with vendors
- ◆ Containment and reduction of expenses

“It’s a fraction of the cost and you get top talent,” Rodriguez said. “Folks who have the experience and expertise can serve as a trusted business advisor.”

Recognizing the benefits of outsourced accounting as compared to the more traditional in-house model is vital for companies considering a move to this newer approach. With a strong understanding of the controlled costs, consistent results, strategic executive guidance and other advantages conferred through outsourced accounting, businesses

can confidently plan for a future where accounting is a dependably stable, productive and insightful process that requires far less internal planning and management. To see how Consero can help your organization realize an efficient, modern and productive solution, reach out to us today.





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