

ccc cover story

Outsourcing Finance & Accounting for business growth in KSA.

The ccc edge.

ccc by stc is a pioneering Customer Experience Management provider, progressively leading the advancement of the Business Process Outsourcing (BPO) industry in Saudi Arabia and the region through local, digitized services with international standards such as COPC OSP standard. ccc empower businesses in Saudi Arabia and beyond to strategically optimize operations for various service lines including Customer Lifecycle Management, HRO, F&A for multiple industry segments and boost efficiency through an enriched experience to achieve more impactful and long-lasting business outcomes. ccc, a subsidiary of stc, the largest telecommunications provider in KSA, is Headquartered in Riyadh, Saudi Arabia. ccc operates from three strategic locations across the country, with state-of-the-art facilities and technology that ensure the best quality, consistent services to our customers. We employ more than 6,000 people, including 1,500 women, with a high Saudization rate. As digital technology begins to play an increasingly important role within society and the wider economy, our approaches make us well placed to take advantage of the opportunities it holds. At present we have a wide range of solutions that span the entire spectrum of customer care, technology services, digital business, consulting, back office, and other specialized services all focused on our primary aim to enrich and enhance customer experience

ccc point of view on the future of BPO.

Typically, BPO is a type of general outsourcing that focuses on administrative services like human resources, information technology, customer care, document preparation, scanning, and data input. BPOs enable companies to streamline their operations by undertaking most of the monotonous chores from core team and allowing them to focus important responsibilities which results in increased productivity and higher cost reductions. However, currently the industry is evolving further and here are some other key trends we think will happen in KSA outsourcing industry going forward:

- Digitization will give BPO services a new lease of life: Digitization has broadened the range of services that future of BPO industry can provide. 'Traditional' outsourcing has declined as new technologies are offering newer alternatives. Robotic Process Automation (RPA) is beginning to take over, supported by limited Artificial Intelligence (AI) which can lead to more agile outsourcing services that offer customers higher quality experiences. Technological advancements and tools will change the way businesses interact, engage with their customers and fulfil their service obligations.
- Automation will be a key driver: BPO providers will increasingly look to automate first-level customer interactions and work processes with tech like chatbots instead of completely relying on manual tasks. This will help lower attrition in the long-term. Automation will greatly impact the type of services BPOs can provide.
- Increased benefits of remote-work: During and now post the pandemic, remote work has gained greater popularity. Going forward, BPOs will increasingly gain from utilizing part of the workforce as it can reduce a great number of physical overheads.
- Push for right shoring: A combination of both onshore and offshore outsourcing models can optimize operational costs. Commonly termed as right shoring, it involves outsourcing of complex and higher valued customer interactions onshore, while moving regular high-volume tasks to cheaper locations.

- Promoting self-service systems: Traditional dialog based IVR systems with complex menu trees don't meet the needs of today's savvy consumers. IVR systems are getting augmented with AI technology, which is significantly improving the efficacy of self-service systems.
- Newer BPO specialities: Some of the new trends likely to be adopted by BPOs will be: Outsourcing of knowledge processes (KPO); Outsourcing legal services (LPO); Outsourcing the research process (RPO); Services that are aided by information technology (ITES).

Customer expectations are improving the way companies operate. The future of the BPO industry has been and will continue to revolve around customer experience. There is a growing demand for CX consulting services which is providing new avenue of growth for contact centers. While omnichannel service delivery and customer analytics solutions are the key trends shaping the future of CX, few important aspects for delivering superior customer experience and differentiate it from competitors are providing personalized services, have an efficient addressing of issues, and gaining the customer trust through accuracy and follow-ups. Enterprises are increasingly looking to partner with operators who are not only capable of embracing the customer-centric approach but also are competent enough to proactively suggest innovative solutions for transforming their CX operations. BPOs need to focus on three global trends that are improving customer experience: (i) CX consulting: Several operators are expanding their portfolio to offer CX consulting services – from conceptualization to integration and implementation of comprehensive customer-centric solutions to enhance CX. (ii) Omnichannel CX: Customers are now relying on multiple interactive devices and platforms to connect with businesses and this approach focuses on keeping the communications and engagements consistent across all channels. (iii) CX analytics: this is key in getting the context on-point for every customer interaction. It can also capture the most updated customer insights, helping enterprises make from strategic decisions on products and services.

The current situation in KSA

CFOs of today have to face immense pressures given the economic environment and the changing global landscapes. They need to meet dual mandates of leading the finance function with digital transformation and also ensure that their organization accelerates with their progress. That's why leading organizations are using outsourcing to drive transformational change, improve business results, and create platforms that drive profits. That said, Vision 2030 is about building a strong, thriving, and stable Saudi Arabia that provides opportunity for all. The second pillar of this vision is a determination to become a global investment powerhouse based on the ideal that the nation holds strong investment capabilities, which will be harnessed to stimulate the economy and diversify revenues.

There's an appetite for outsourcing customer care services and the key drivers for outsourcing are improving effectiveness and saving cost. Saudi market, by nature, is a price sensitive market, this nature makes many BPO service providers enter a price-war mode to gain larger market share. On the other hand, a large segment of the market is not quality driven, especially retail, hospitality, and food. Thus, clients will evaluate the BPO providers on the prices in higher weightage over the quality-of-service delivery. BFSI and Government were one of the greatest consumers of BPO services, until recently, when the Council of Cooperative Health Insurance Council (CCHI) and National Cybersecurity Authority (NCA) put amplified pressure and mandates on the BFSI sector to insource the BPO services and nationalize the expertise. That said, manpower-based services will witness increased adoption by the government, like facility management, paid parking management, and revenue-sharing business. These types of manpower-based services will help further BPO services by some service providers. That apart, the high growth verticals are: (i) E-commerce at 41.0% CAGR which will continue to grow, but not at the same pace with online shopping becoming mainstream. The market would witness increased competition, as well as advancement of existing platforms to be more efficient and deliver better customer service (ii) Healthcare

at 31.6 % CAGR as the Ministry of health deployed several applications and services, as well as increased their contact center capacity to respond to citizens queries related to the Covid-19 medical consultation and pharmaceutical consultation. The privatization of hospitals in the upcoming years will drive the contact center business both in voice and digital. (iii) Government at 15.7% CAGR is looking to rebound from the oil prices which fell and the pandemic, and will invest in the contact center to cater the high demand for the new government services in tourism, culture, sports and investment. The moderate growth verticals are: (i) Retail & Wholesale at 9.4% CAGR was heavily impacted by the pandemic which refrained consumers from retail shops and diverted their shopping activities towards e-commerce. The drop will increase pressure on enterprises, and force them to choose cost control measures including renegotiation of outsourcing contracts. (ii) Travel & Transport at 7.4% CAGR will have to contend with the large contracts in aviation which will be subjected to heavy negotiation in 2020. The growth will be supported by the contract for metro Riyadh and public transportation. (iii) Oil & Gas & Petro-chemicals at 7.0% CAGR is mainly manpower outsourcing driven. The falling oil prices will drive heavy negotiation with contact centers and BPO providers (iv) Others at 7.7% CAGR include automotive, pharmaceutical, real estate, manufacturing, agriculture, media, and entertainment. The drop in 2020 was majorly driven by the entertainment sector and automotive sector which will turn to digital channels to serve their clients. Currently, Utility, Hospitality, BFSI and Telecom are the slowest growing verticals and will need to be revived slowly.

CFOs are still the key decision makers, which indicates that financial viability is the key driver for outsourcing decisions. KSA is currently experiencing growing demand for front office process outsourcing. More than 77% of the spending can be attributed to front office processes while around 23% can be attributed to back-office process outsourcing. The front office outsourcing market will grow at a 5-year CAGR of 10.2% while the back-office market, although small will grow at a 5-year CAGR of 9.5%. The aim is to improve the business environment, so that the economy grows and flourishes, driving healthier employment opportunities for citizens and long-term prosperity for all. This promise is built on cooperation and on mutual responsibility, and ccc is a company that is choosing to step in to help the region attain this vision. The ccc F&A spectrum of services can provide businesses with next-generation capabilities, digital playbooks, and underlying systems that can help optimize your finance functions and create financial intelligence. We leverage technology, automation, industry and domain expertise to digitally transform F&A into the value addition of your enterprise so that businesses can grow and in turn attract global investments that will make the region a strategic stronghold. We offer comprehensive solutions designed to modernize your financial business in par with the new outlook of the KSA regime.

Outsourcing Finance & Accounting for business growth in KSA

Having finances in place is the biggest priority for every organization. The need for someone to handle the bookkeeping, accounting, and to work at CFO levels is what makes the wheels of the organization work. Why are leading organizations choosing to outsource most or all of their Finance & Accounting (F&A) activities? It's primarily because having access to highly-skilled, well-trained and knowledgeable expertise helps their business run efficiently, grow faster, improve cash-flows, and hit the bottom-lines better. Another factor is that businesses can focus on their core functions and move up the value chain based on the types of F&A they choose to outsource. Whether the choice is having an advanced outsourced accounting team, having customized controller, or CFO services, the point of outsourcing is to transform your business's finance functions and maintain accounting in a manner that your company builds a great brand reputation. Some of the primary drivers to outsource are that your business gets better cost-savings and a better ability to solve capacity issues. That said, some of the other benefits include:

- Access to F&A expertise: With outsourcing, your business gains the specialized knowledge of highly trained accountants and finance professionals whose sole focus is to improve your finance

related functions without any distractions. They have the expertise of working with a variety of other businesses and can deliver the best practices for your business.

- Higher time and cost savings: Outsourcing is often cheaper than hiring in-house staff to handle the finance function as it doesn't have any attributed overhead costs that hiring a full-time employee would need. Additionally, it gives employees extra time to do the things that are actually needed to be done as mundane tasks are taken of.
- Increased ability to scale: Outsourcing F&A gives your business the ability to scale up or down based on the workloads your business has. Businesses can increase or decrease the number of people working on projects and not be bound by time or cost constraints to deliver exactly what the clients need.
- Better business intelligence & business continuity: An outsourced accounting team gives your business the benefit of proactivity as financial experts can spot red flags ahead of time and inform you about expenditures, cash flows, and more. Having a bird's eye view on your finances at all times results in insights needed to make intelligent financial decisions that lead towards the consistent functioning of your business.

The role of digital finance & outsourcing

The most commonly outsourced services are payroll accounting, accounts payable, and accounts receivable. However, most businesses are also looking to shift from basic transactional processes to more strategic, high-level functions such as budgets, forecasts and internal audits. That's where Digital Finance & Outsourcing comes into the picture. A major factor that has companies leaning towards it is the technological advance it brings from Robotic Process Automation (RPA), automated bill payments, enterprise resource planning (ERP) solutions and to adapt towards global operating models that helps companies save on time and resources of manual F&A. Digital Finance & Outsourcing is not meant to replace the finance function and businesses that adopt this, will still have to hire and retain finance employees. But by integrating with effective technologies companies can operate more on operations and sales while ensuring that their day-to-day finance functions and repetitive tasks are being taken care of with consistency. Digital finance also leans on proven cloud technology solutions that provide comprehensive finance resolutions – that provide key performance indicators (KPIs), metrics, financial reporting automation, and more for timely and accurate outcomes. Overall, Digital Finance & Outsourcing helps simplify and standardize processes to enable companies to develop better benchmarks and meet regulatory requirements faster. A significant shift also is the focus on improving key back-office functions. Another role of digital finance advisors is that they leverage tech to advise clients about how to further their offerings, make them more convenient and accessible and also perform digital transformation at scale. Ideally, the digital transformation through outsourcing should look at enhancing processes in three key areas: automation, analytics and collaboration. Finance companies should look towards SaaS solutions, cloud migration, and other innovative technologies to assist in the digitization of their finance functions so as to expand opportunities.

There are some major benefits to the digital transformation of your finance department:

1. Reduced error margins: The finance function needs finesse, but humans can be prone to errors regardless of their expertise. With digital F&A, teams get a 360-degree view of their data which makes errors easier to identify; and along with which data is updated into a centralized system which makes for better compliance.
2. Enhanced security: Finance operations require that information security be prioritized. A digitalized system helps store sensitive data within secure cloud-based systems, and also offers SaaS solutions devised for finance functions that offer sophisticated security processes.

3. Advanced analytics: Digital finance can give your business access to advanced analytics by leveraging the power of AI, real-time data processing and innovative machine learning.
4. Improved employee performance: Digital tools help replace the repetitive, tedious tasks that make employees slowdown on performance and helps to streamline processes such as vendor management, cash flow forecasting, accruals, and audit preparation

Businesses, of all sizes, have reached a point where they have realized that it pays to collaborate with trusted, proven BPOs that can help make your business optimize operations and make workflows workable so as to sustain yourself as resilient and relevant.