This case study describes the value Accenture has delivered as an outsourcing provider to a company, which is itself a market leader in the logistics outsourcing business. It describes how and why Exel chose Accenture to transform its finance function. It demonstrates how, since 1996, the partnership with Accenture has freed Exel management to focus on top-line growth. Working closely with Exel's internal teams, Accenture has implemented a program of fundamental change and consolidation within the finance function that has dramatically reduced costs while supporting Exel's growth strategy.

The Challenge of Managing a Global Service Business

Operating in more than 1,300 locations in over 120 countries on six continents, Exel is one of the global leaders in the logistics industry. At March 2002, its turnover was approximately $6.5 billion and its workforce stood at over 60,000. Customers include two-thirds of the world's largest quoted non-financial companies.

Exel is itself in the outsourcing business. It provides transportation, distribution, logistics, and freight management services on a local, regional, or global basis through its network and well-developed capabilities. Exel manages supply chain activities across industries and geographic regions to help its manufacturing and retail customer base to reduce costs, accelerate product movement, and focus on their core business.

Offering a comprehensive range of logistics solutions, Exel's business encompasses the entire supply chain end-to-end, from design and consulting through freight forwarding, warehousing and distribution services, to integrated information management, and e-commerce support. Clearly, it is a business that knows a thing or two about service. When Exel compared the costs of its financial and administration infrastructure to those of leaders in other industries, they found that their costs were up to eight times higher. Exel's higher cost base in the United Kingdom and Ireland arose from supporting the organization’s network of 13 accounting and administration centers and integrating information generated in disparate back-office systems. These systems, which shared no single general ledger (GL), were the legacy of acquisitions over the years.

Delivering Change With Certainty of Results

In seeking an outsourcing partner, Exel wanted to improve the efficiency and service the finance function provided to the rest of the business, while reducing costs to a predictable level without imperiling the day-to-day functioning of Exel's operations. More specifically, Exel wanted to achieve:

- The delivery of a new modern infrastructure for the finance organization.
- Simplification and consistency of its accounting processes.
- An improvement in the quality of the information available to the Exel business.
- The development of a service oriented culture in the finance function.
- Focus of internal resources on business results.
- Improvement of systems and tools at sites that needed electronic links to support the activities of a geographically distributed organization.

The partnership with Accenture has achieved all this and more, enabling Exel to accelerate progress towards attaining key business objectives.

Executing Vision Through Partnership

The challenge was to affect nothing less than a transformation of the Exel finance function, whereby three accounting and 10 administration centers were to be consolidated. A single finance service center would provide a unified source of accurate, timely financial information to the business for improved decision-making.

To make the conversion process as quick and productive as possible, Exel chose Accenture to design, build, and run the new center and support its contract back-office functions under a 10-year outsourcing contract lasting until 2006. The new center was to be located in Bedford, a town within easy reach of Exel's U.K. headquarters in Milton Keynes, with good transport links.

As part of this major program of organizational change, Exel decided to convert six of its disparate systems for finance and administration into a single Oracle-based solution that would operate from the new service center. Applying the combined weight of its business integration and business process management skills, Accenture undertook responsibility for Exel Logistics' finance function through the newly
created outsourcing organization – Accenture Delivery Center in Bedford.

To reach the successful outcome of a fully functioning outsourced finance service center required some 18 months of concerted and collaborative effort between Exel management and the Accenture project team. Today, Accenture employs 220 people at the Bedford site it leases from Exel, offering services related to general accounting, accounts receivable, accounts payable, and payroll.

New Technology Brings Cultural Change

Exel’s existing thirteen accounting and administration centers were decommissioned as the new centralized accounting center began to ramp up. Direct access for Exel to the center was enabled by new front-end systems at remote operational sites.

Accenture helped Exel to implement Oracle Financials v10.6 to provide a single integrated finance system with a common chart of accounts and instill a common finance process. The Accenture team developed both online and background custom reports, while the Oracle Financial analyzer was delivered as an Executive Information System to provide immediate and customized access to business information. Innovative solutions created by Accenture Bedford provided a number of complex functional requirements, such as contract billing, open book accounting, and intercompany processing, over and beyond that provided by Oracle.

The rollout of a nationwide infrastructure was a step change for Exel staff, many of who had never used a PC before. The Accenture project team visited Exel sites the length and breadth of the United Kingdom and Ireland to carry out the training that would build users’ confidence in handling often-unfamiliar technology.

Having first-time access to information technology brought about a major shift in the way these sites operated. To take one example, previously invoices would have been faxed or posted to one of the 13 accounting and administration centers. The new purchase ordering system delivered by Accenture means that a site can now generate its own purchase orders, while the Exel business benefits from a controlled purchasing environment including bulk-buying discounts.

Throughout, Accenture worked closely with Exel to ensure that the resulting services of the new Oracle-based system matched Exel’s requirements: nimble, responsive, and efficient. Emailing of reports was just one innovation recommended by the team.

Close Collaboration to Successfully Streamline Processes

Simply overlaying imperfect processes with new technology would have doomed the whole outsourcing project to failure. Working closely with Exel, Accenture Bedford carried out the reengineering of operating processes for financial, administrative, sales order processing, and procurement functions necessary to support the implementation of the new IT systems.

The key objective here was to simplify processes for both internal and external customers across all aspects of Exel’s business. A consistent set of processes was established across the business and, wherever possible, consolidated to make them simple and more efficient.

Less than a year after its creation, Accenture Bedford had replaced the accounting processes with updated electronically enabled processes. Exel wanted a solution that would make a big difference as quickly as possible so Accenture produced a series of quick wins, including centralization of payroll processes and implementation of accounting best practices.

Roll Out a Wide-Ranging Change Program

Together, Accenture and Exel implemented an extensive program of change readiness and change planning, involving 250 Exel sites in the United Kingdom and Ireland. Around 30 client change managers from within Exel, trained and briefed by Accenture, supported and championed the transition. These managers had responsibility for reading a number of sites, covering aspects such as data conversion, training, and infrastructure, ensuring necessary documentation onsite, and briefing personnel on timelines.

Accenture provided four weeks of train-the-trainer courses covering both the Oracle applications and presentation skills. Key users of Oracle were trained in Oracle Financial Statements Generator to support continuous improvement.

Fast-Moving Business is Grounded in Stable Foundations

In getting the new Bedford service center up to speed, Accenture based its approach on a total focus on services, with appropriate mechanisms, and an agreed commercial management process with a clearly defined service baseline, change control, and cost baseline.

The partnership between Exel and Accenture has ensured that the finance service center achieved great success in providing improved service at a reduced cost. By mid-1997, Exel had a rugged platform to support its growth ambitions. As the company has changed shape through merger/acquisition activities and organic growth, Exel has been able to focus firmly on the their core business. They now have the processes and technology in place to quickly absorb new businesses. As an example, the integration of the McGregor Corey business acquired by Exel proceeded very smoothly. In contrast, divesting parts of the business is now relatively painless.

Over subsequent years through reduced IT support costs, elimination of nonvalue-added processes, and economies of scale, Exel has achieved a 40 percent reduction in running costs and a $6 million reduction in its annual operating costs. As well as this impact on the balance sheet, Exel and its workforce benefit from:

- Rationalization of the existing accounting and administration centers into a more efficient and cost-effective service.
- Streamlining of existing purchasing and sales processes to reduce paper flow through the capture of business events online by operations personnel at source, for example through the use of electronic rather than paper request forms.
- Enhanced data accuracy and quality of business information including automated purchase accruals and revenue reserves.
- Direct access to management information throughout accounting periods as required rather than just at period-end.
• Service from a customer-oriented accounting organization and operations.
• A service-oriented culture in providing financial services to internal and external users.

Extending Partnership to Deliver Increased Business Benefits
Over the last few years, the Accenture-Exel relationship has evolved into a successful partnership based on mutual trust and respect. Toward the end of 2000, around halfway through the 10-year life of the outsourcing contract, Accenture Bedford alerted Exel management that their existing Oracle Financials v10.7 system was nearing its sunset date and the existing hardware was becoming obsolete. Moreover, Oracle’s withdrawal of support for Oracle Financials v10.7 was on the horizon.

A new finance system based on Oracle v11i and fully supported by Oracle would offer improvements, which would see payback on investment in a reasonable timeframe. In addition, its implementation in the United Kingdom would have the potential to form the basis of a common finance system that could be rolled out to Europe. This would enable common finance processes and chart of accounts to be used throughout Exel’s European logistics businesses. Region-wide roll out would result in better control, improved reporting and efficiencies in the United Kingdom and other European countries.

A Need for Speed
The implementation project began in October 2001 and has progressed rapidly to achieve challenging deadlines. The primary project objective was to implement Oracle Financials v11i in the United Kingdom and Ireland. The system would be used at the Bedford finance service center and deployed to 1,000 users at more than 200 sites in the United Kingdom and Ireland.

Recently the project went live successfully – on-time and on-budget with no major transition issues. The new system will result in improved efficiency and more transparent and accurate financial reporting for the business.

Fixed Price Means No-Risk Outcome for Exel
Exel and Accenture agreed to a fixed-price contract to deliver the Oracle Financials v11i implementation. Accenture’s experience and ability to estimate the required effort enabled the team to fix the price at the start of project and allowed Exel to embark in full confidence that the new finance system would be delivered within budget.

Accenture has been responsible for managing other third parties, helping to ease the burden on Exel management and to provide simple access to a single point-of-contact for all project-related issues.

Knowing that a strong program management structure is key to successfully coordinating activities across a variety of groups and functions, the implementation team established this at the outset of the project to ensure that all groups worked in concert and key deliverables were produced within the scheduled timeframe.

Lower cost of ownership too has been woven into the design. During the Oracle Financials v11i design phase, the project team ensured that standard Oracle functionality was used wherever possible, challenging and closely investigating each request for an extension. The result is fewer modifications, meaning lower maintenance and upgrade costs in the future.

Looking to the Future
Having successfully created the original finance service center solution, and now bringing the Oracle Financials v11i implementation to a close, the Accenture Delivery Center in Bedford continues to provide world-class accounting services with ongoing savings for Exel. The relationship goes from strength to strength, bringing similar innovative and value-added solutions to other parts of the business, including human resources and IT.

Further developments are already under consideration, including Web-enablement that will open up even more opportunities by allowing the company to offer secure, cost-effective, self-service options to both internal departments and its expanding customer base across the world.

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