

## CASE STUDY

# Investing in India? Captive centre strategy?

A semi conductor design and manufacturing company, with global operations and headquarters in USA, leverages its proprietary wafer fab technologies to manufacture analog, mixed-signal, high-frequency, and digital circuits. Incorporated in 2002, the client's Captive Development Centre in India was set-up to support its design and software development activities.

## The Scenario

The client wrestled with this dilemma: how does one balance rapid growth, a competitive environment, and leverage operational efficiencies to create cost effective operations? Having set-up their own offshore software development centre, they considered the merits of outsourcing their Finance and Accounting function and creating their own captive centre. Both were serious runners, and ultimately it rested on whether an in-house team would be better placed to understand the complexities and requirements of the organisation.

## The Solution

The client searched for a service provider specialising in Finance & Accounting to assist them to broaden the scope of their offshore Development Centre, focussing on:

- Incorporation of the Indian entity and registrations under applicable statutes
- Comprehensive management of Finance & Accounting, including
  - Book keeping
  - Payroll
  - Accounts Payable
  - Accounts Receivable
  - Inventory Tracking and Management
  - Treasury & Cash Management
  - Regulatory Compliance Management
  - Management Reporting
  - Transfer Pricing Study

Key to their success would be the accurate monthly financial reporting to the corporate office in the US.

Pierian advised and supported the client to transition the entire Finance & Accounting function to their delivery centre in Bangalore, India. Pierian re-engineered and automated what was a complex Accounts Payable process, and customised internal applications to provide improved controls and transparency in processing.

For over 5 years, Pierian has demonstrated its capability in process management and technology enablement, helping the client leverage benefits of operational efficiency and cost.

## Pierian introduced a Centre of Excellence model

Pierian's Centre of Excellence (CoE) – a Shared Services model, provides specialist services for activities such as payroll, accounts payable, accounts receivable, regulatory compliance and management reporting. Our shared services work to key principles, especially:

- Quality in service delivery
- Improved productivity and operational efficiency
- Adherence to Service Level Agreements
- Knowledge continuity

## Pierian re-engineered and automated the Accounts Payable process

This was accomplished through process re-engineering and the development of an online workflow tool, and today, the client's Accounts Payable process is streamlined and completely online. This resulted in increased visibility and reduced cycle times, without losing the required complexity.

## **Pierian strengthened regulatory compliance through technology**

Pierian's web-enabled application that monitors, tracks and reports all applicable statutory compliance matters, significantly improved the internal controls on regulatory compliance whilst creating transparency in this critical aspect.

Pierian's experienced Statutory Consulting team continues to provide the client with transfer pricing services.

## **Pierian customised management reports**

Embedding reporting templates laid the foundation for consistent and uniform reporting of monthly financials. These are integral to the overall reporting system, and continue to deliver monthly performance reports to the US headquarters within the timelines specified.

## **The Pierian Advantage**

Pierian devised a robust delivery method and structure, and successfully enabled the client to expand their captive development centre to deliver finance and accounting services.

We continue to advise on corporate tax and transfer pricing, including representation before the tax authorities.