

Alsbridge F&A BPO Case Study



Danfoss

Background

The Danfoss Group (www.danfoss.com) is a global leader in the development and production of mechanical and electronic products and controls. It has over 20,000 employees worldwide and is experiencing rapid growth. In 2004, as part of developing the infrastructure to support this business expansion, the company decided to implement a shared service centre for its Finance and Accounting (F&A) operations in Europe. To avoid having to build its own capability for implementing shared services, and to leverage the skills and infrastructure of specialists, Danfoss decided to enter into a partnership with an outsourced services provider to build and run the centre. It also engaged Alsbridge to provide comprehensive assistance on the outsourcing process, from preparing the Request for Proposal right up until contract signature.

The initial scope of the shared services centre covered approximately 120 staff in 26 countries across Europe. Due to language requirements, Eastern Europe was seen as the most likely location.

Objectives

Danfoss had a number of objectives for setting up the shared services centre, which included lower costs, the ability to achieve and maintain one common set of business processes, improved ability to manage F&A costs as the business grows and the ability to integrate acquisitions and realise synergies faster. The company believed that outsourcing would enable it to achieve these objectives with lower risk and at lower cost than doing it alone.

Alsbridge Approach

Request for Proposal – Danfoss had a considerable amount of data regarding scope, headcounts, costs and processes but was unsure about what an outsourcing service provider actually required to prepare a comprehensive bid. As a result, Alsbridge's first involvement with Danfoss was to help prepare the RFP for issue to the market in an elapsed time of three weeks, which is a very compressed timescale. Working from templates and from extensive experience of similar projects Alsbridge was able to guide Danfoss through the preparation of the RFP, including selection of a pricing mechanism that reflected the key objectives, key commercial terms and definition of key questions for attention. In addition, Alsbridge also advised on the suppliers capable of delivering the service. The outcome was that the document was issued to five qualified bidders on time.

Supplier Selection – Whilst the service providers were preparing their bids Alsbridge adapted its evaluation matrix template to Danfoss' requirements by incorporating specific criteria, for example around requirements for language skills. As a result, once the bids were received Danfoss was able to use the evaluation matrix to rate supplier responses and to provide a central database for the supplier selection process. In addition, Alsbridge advised Danfoss on setting up a business case model. The outcome was that Danfoss selected Capgemini as the service provider which most closely met its selection criteria.



Negotiation – Once the preferred service provider had been identified (Capgemini), Alsbridge worked alongside Danfoss and the legal team to negotiate the commercial and solution aspects of the deal, including preparation of a number of key schedules including pricing, service levels and transition. Once again Alsbridge was able to draw on its knowledge and experience of best practice to advise Danfoss on its main options and whether it was getting a good deal by market standards. The outcome was that the deal was signed with Capgemini on the target date.

Alsbridge impact

As a consequence of Alsbridge's involvement, Danfoss was able to move from starting work on the RFP to signing a deal in seven months, which is good going for a relatively complex project.

The financial outcome is a significant reduction in operating costs over the lifetime of the deal.

The contract should enable Danfoss to achieve its objectives whilst providing a sustainable deal overall for both client and service provider.

"Alsbridge showed great commitment to the project...their support and experience were a key factor in enabling us to meet our objectives".

Jesper Christensen, Vice President for Danfoss Global Financial Services

To find out more about Alsbridge, please contact us today on +44 (0)20 7242 0666. We look forward to hearing from you.



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