



High performance. Delivered.

Microsoft OneFinance

Company Profile

Microsoft is the world's largest software company, with 92,000 employees in more than 100 countries and 2009 revenue exceeding US \$58 billion.

Business Challenge

One of the key characteristics that enabled Microsoft's phenomenal growth—a high degree of autonomy for subsidiaries—also resulted in high fragmentation of the company's finance, accounting, and procurement functions.

For example, most subsidiaries managed finance, accounting and procurement functions independently, resulting in duplication of effort, as well as inconsistent processes and performance. In addition, while most large Microsoft subsidiaries had dedicated procurement staff, smaller units did not, further affecting consistency. Furthermore, the recording of accounting transactions was performed separately across more than 90 subsidiaries, each assisted by different local vendors. Finally, Microsoft's lack of a centralized procurement function—or "buy center"—meant that purchase orders could be created by virtually anyone, resulting in varying degrees of accuracy and compliance with federal regulations and corporate guidelines.

Such fragmented, non-standardized processes created a number of challenges for the company, impacting costs, efficiency, and time spent on non-strategic activities, and control and visibility. With pressure on both margins and top-line growth, Microsoft saw a clear need for a more centralized, consistent, and efficient approach to finance, accounting and procurement. The company had several specific goals for this change: improving standardization and thereby cutting costs, investing those savings into optimized systems which would boost compliance, and enabling finance, accounting and procurement personnel to spend more time on value-added activities.

Microsoft believed the best way of achieving these goals would be to globally transform the finance and procurement processes. The initiative, dubbed "OneFinance", assessed the current state, benchmarked the organization, identified challenges, and then progressed to designing and implementing the future state of Microsoft's global finance and procurement operations. In addition to objectives to achieve consistency, standardization, and improved cost of operations, Microsoft felt it had a significant opportunity to free up in-country finance resources to play a more strategic role in the business with value-added activities.

At the outset, then Microsoft's Chief Financial Officer, Chris Liddell, outlined his vision for a global, integrated finance and procurement organization that would operate with efficient processes, effective controls, and clear roles and responsibilities. He wanted "Best In Class Finance functions, enabled by process standardization, solid internal controls, and effective performance management...achieved by hiring and developing the best people and using integrated applications that showcase Microsoft technology."

How Accenture Helped

Microsoft teamed with Accenture in 2007 to achieve its vision through a seven year bundled agreement to outsource procure-to-pay and record functions. Microsoft selected Accenture as its business partner for its comprehensive finance and procurement experience, scale, global delivery network, change management capabilities, and most importantly, its ability to go beyond cost savings to long-term value creation.

The OneFinance effort encompassed 95 countries and 450 individual roles. Given this significant scale and scope, Accenture's deep experience and proven outsourcing transition methodology—including

business case development, and the creation of process blueprints, communication plans and implementation plans—would be critical to success of the transition and the overall program.

Before embarking on the transition, Microsoft and Accenture clearly defined goals and agreed to priorities. Embedded within the program was relentless milestone management to ensure prompt decision-making and smooth running of the business during transition.

Such significant process and organizational change can have far-reaching impacts on any organization. Accenture and Microsoft tackled this challenge head-on, gaining buy-in from each subsidiary by implementing a comprehensive change management program. Using a blend of Microsoft and Accenture resources, the joint team created global, functional and subsidiary-specific communication plans to engage all affected Microsoft employees and gain their support. The Microsoft Finance Controllers from around the world were taken to Accenture global delivery centers in Poland, China and Buenos Aires to get their buy-in and meet the people with whom they would be working.

The global transition was completed over 18 months. Each transition had five major milestones, starting with a country level launch event and ending with a formal hand-off of operations. At the peak of activity were 35 simultaneously running transitions with 230 go live events underpinned by more than 6,000 new desktop procedures.

Achieving Microsoft's goals of greater standardization and centralization was a cornerstone of the implementation. As such, Accenture helped Microsoft develop a centralized procurement capability, focused on standardizing policies, boosting the accuracy of purchase orders, and driving a global, category-based approach to sourcing. Henric Häggquist, Senior Director Finance Operations, explains the business benefits of this new capability, "[We wanted some creativity around the solution. In addition to achieving the economics and process rigor, we wanted to create strategic value out of our outsourcing relationship.](#)"

It was also critical to the Accenture team to achieve Microsoft's goals of greater efficiency and continuous improvement. To help bring these about an Assistant Financial Controller role was introduced as a single point of contact to manage the monthly close process and oversee regulatory compliance. In addition, a user-friendly Controller Workspace, with clear, up-to-the-minute data on regulatory compliance, the status of the monthly close, and any potential issues with either, was developed. This transparent financial snapshot—complete with real-time scorecards on compliance and execution performance at each subsidiary—simultaneously increased the efficiency of Microsoft's finance staff and enabled them to focus on value-added activities.

The outsourced global finance and procurement initiative has been underpinned by a strong joint ownership approach to governance. Microsoft and Accenture are partnered at many different levels throughout the two organizations. The structure in the buyer organization mirrors the structure in the provider organization with weekly calls to ensure alignment on all issues. This is supported by a governance workspace, which helps the joint team monitor and manage performance against service level agreements, as well as the status of key metrics, action items and risks. The structure ensures transparency on both sides when there are issues, particularly highlighting the plan to mitigate and solve them. The two companies also jointly built a monthly balanced scorecard that rates all the consulting and outsourcing services that Accenture provides for Microsoft. For the outsourcing arrangements, 50 percent of the scorecard rating is based on performance excellence, 25 percent on business value delivered to Microsoft (including the creative ideas and process changes recommended), and 25 percent on customer satisfaction. In addition Accenture built the service level agreements (SLAs) and key performance indicators (KPIs) into their performance management structure—demonstrating alignment with Microsoft's business needs.

In addition to Accenture's proven methodology, change management capabilities, and focus on collaboratively helping Microsoft continually improve

its finance operations, the scope and sophistication of the Accenture Global Delivery Network has been key to the success of OneFinance. Indeed, the project tapped more than 450 specialized Accenture resources located in four delivery centers around the world and speaking 36 languages. For hundreds of companies, including Microsoft, the Global Delivery Network's speed, accuracy and cost efficiency is a key contributor to high performance in outsourcing.

High Performance Delivered

While OneFinance is an ongoing engagement, results so far have been impressive. For example, Microsoft has achieved an initial 35% reduction in operating costs and driven improvements in procurement process compliance and realisation of supplier discounts. Since the initial transition, Microsoft has leveraged the benefits of the OneFinance model, with additional countries included in the overall scope, including its extensive US procure-to-pay operations.

In addition to these cost savings, Microsoft now enjoys a reduced administrative burden, improved compliance with regulations such as Sarbanes-Oxley and with corporate procurement guidelines, and increased procurement efficiency. Indeed, the business value generated by OneFinance was enough to win The Outsourcing Center's 2008 Outsourcing Excellence award in the "Most Strategic" category.

However, the most valuable aspect of OneFinance may be the potential for continuous improvement and cost reduction it has created, an especially important benefit during tough economic times. Accenture recently saved Microsoft an additional 20% by simplifying, streamlining, and/or automating key procurement and accounts payable processes. With such substantial achievements already realized and future improvements in sight, Microsoft is making great strides toward high performance.

[Read about our Shared Services & Outsourcing Networks Excellence Awards win "SSON Award - Best Mature Outsourced Services Delivery".](#)

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