

IMPROVING DSO IN THE STAFFING INDUSTRY



Challenge:

- DSO extremely high
- Laborious, paper-intensive billing process
- Outdated hardware & software for imaging
- 300 custom invoices manually processed

Solution:

- API's AR Bill Presentment Service
- Scanning at API with information sent from over 400 locations
- Electronic invoicing
- Customers' clients portal to review bills & resolve disputes online
- Easy online pay options

Results:

- DSO reduced by 15%
- FTE's reduced by 35%
- Improved customer relations
- Fewer customer issue related calls
- Enhanced financial accuracy with timecard audit
- Reduced paper & postage costs

Randstad Outsources Billing to Eliminate Costs & Improve Customer Satisfaction

The Challenge

From almost any perspective, it is a lot of accounts receivable! Randstad North America is a wholly owned subsidiary of Randstad Holding nv, a \$5.9 billion provider of professional employment services and the fourth largest staffing organization in the world. Randstad provides over 50,000 temporary workers (referred to as "talent") each week to companies like Citibank, Ryder and Merrill Lynch. Randstad pays the talent weekly, and then bills their approximately 7,000 clients weekly. In late 2002, Randstad's float – the money paid to workers before clients paid Randstad – approached \$150 million, an expensive predicament.

The situation called for drastic action to reduce the Days Sales Outstanding (DSO) and streamline the laborious, paper-intensive billing process. Randstad's old system relied on outdated hardware and orphaned software from 1990s-era imaging. At the point where status quo was no longer an option, Randstad hired Steve McCord as Senior Manager - Billing, for his experience in solving a similar challenge at Delta Air Lines. Randstad's senior leaders assumed the existing system would be modernized. McCord offered an alternative: outsourcing. "When I arrived, they were very close to upgrading their internal capability," McCord recalls. "On my third day here, I had to say, 'Wait! Accounts receivable is not our core competency.' Management had not seriously looked at outsourcing, and I knew they should consider it as a viable alternative."

Proven Success

Based on significant success at Delta, McCord called API Outsourcing for a quick presentation. "I knew that once the team saw what API could do for us, the choice wouldn't be hard," he states. With a proposal from API in hand, McCord calculated that using the Minnesota headquartered firm would save money while improving service.

"IT wanted to insource and own the equipment and software. "By using API, my analysis predicted a reduced headcount of up to eight. And initially, outsourcing our invoices could save two to three days at a minimum in DSO, with additional cuts to follow." At Randstad, the reduction of their DSO is worth millions of dollars.

Significant Innovation

Randstad has over 400 field offices across the United States and Canada. Under the old system, field staff entered data from workers' time sheets into the companies computer system and express mailed the paper to a processing center in New York. The staff there scanned and stored all the paper and mailed most of the invoices. However, about 300 Randstad customers required variations on the standard invoice, and these were processed and mailed from Randstad's corporate headquarters in Atlanta.

McCord inherited a staff of 25 who served these exceptions. "We were doing so many custom bills for so many people that we weren't doing anything well," he recalls.

Case Study - (cont'd)

Reduce Bill Processing Time: With the decision made to bring in API Outsourcing, McCord set up a three-stage rollout. In Stage one, the paper timesheets are forwarded to API's service center in Two Harbors, MN. The data from the computer system is sent both to API and to Randstad in Atlanta. In parallel, API scans time sheets from over 400 locations. Every weekend, API runs a process to associate time sheets with the appropriate invoices, prints everything each customer specifies, and mails those invoices with the supporting time sheets on Monday.

This procedure reduced processing time by two days and allowed Randstad to reduce its staff size. Electronic images were immediately available to all employees, reducing staff involvement in filing and retrieving documents.

"This was a fantastic rollout," McCord says. "It went without a hitch. We picked up a couple of unanticipated side benefits as well. Now we feel confident in destroying paper as appropriate. Also, API prints our invoices with spot color, so our invoices look cleaner and crisper than our competitors'."

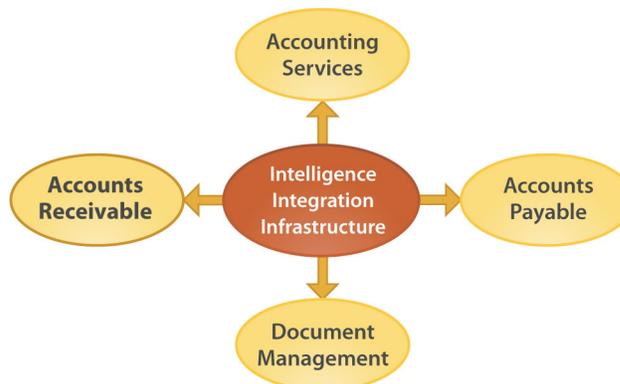
Eliminate Paper: Stage Two, electronic invoicing, was rolled out in a deliberate fashion. Savings in paper and postage were quickly apparent. "Our long term goal is to eliminate paper," McCord says. "Some customers were already asking to go paperless."

Randstad customers enroll with API at a Randstad-branded website. When API posts invoices on the website, it emails enrolled customers a notification with a link. The customer logs on to the website to retrieve the invoice and any desired supporting documentation (time sheets, for example). The log-on assures Randstad that the invoice has been seen. A report tells McCord if invoices languish, unseen. "The rollout has had a few minor bugs, all of which were overcome. We continue to encourage customers to enroll. This service will continue to improve DSO."

About API Outsourcing

API Outsourcing, Inc. is a leading onshore Finance and Accounting Outsourcing (FAO) provider of innovative state-of-the-art document management, accounts payable, accounts receivable and accounting services headquartered in St. Paul, MN. By transforming manual paper-dependent payables and billing processes through our imaging, bill delivery and workflow systems, customers minimize the labor intensive work associated with back-office processing and can focus on their core business. Outsourcing benefits include improved cash flow through improved DSO and controlled DPO. This combined with reduced processing costs, increased business intelligence and improved customer/vendor relationships provides the ultimate value proposition. API currently processes over one hundred million transactions annually, delivers world-class quality, provides exceptional customer satisfaction, utilizes Six Sigma practices and performs a SAS 70 Type II Audit annually.

API Solution Framework



"The goal is to give customers more options," he continues. "Customers open a PDF, but they can also download the data for their own reports, analysis and feed into their ERP accounting systems."

Customers Pay Online: Stage Three, was rolled out to allow customers to pay Randstad online. API manages the entire end-to-end process with the addition of online payment.

Notable Results

McCord, his superiors and his staff revel in the project's success. Through this and several other initiatives, DSO has been reduced by more than 15% and between New York and Atlanta; headcount has been reduced by 35%.

Another significant success which cannot be quantified: customer satisfaction. "Before, our phones were ringing off the hook, all with customer service issues," McCord relates. "Now we notice that we are not hearing any complaints! I used to spend my days apologizing for delays and mistakes. I don't receive those types of customer calls anymore."