eClerx Services Limited

Introduction

eClerx is India’s first and only publicly listed Knowledge Process Outsourcing (“KPO”) company providing data analytics and process solutions to a number of the world’s prominent financial institutions, online retail and distributors, interactive media and entertainment, high tech and industrial manufacturing, travel and leisure and software vendors. eClerx employs 7,000+ FTE across its six offices in Chandigarh, Mumbai and Pune with onsite presence London, New York and Singapore. Our clients range from top global sell-side Financial Institutions to a number of Hedge Funds and Asset Managers.

Challenges

A leading European investment bank was facing challenges with its brokerage payables and receivables functions resulting in poor reconciliation and payment capacities with significant money being written off. Client spent significant effort in manual generation of invoices which led to invoice backlog dating back to 18 months, valued at $80mm+ across asset classes.

Project Objectives

Leveraging eClerx’s expertise in providing end-to-end Billing and Brokerage support, objective of the project was to offer following benefits to client -

- 24x5 global hub supporting all regions, exchanges and product types
- Tool based reconciliation solution
- Assured quality service levels
- Speedy transition within four weeks of contract finalisation
- Performance based payment model

The functions in scope included brokerage receivables, brokerage payables, electronic brokerage and static data maintenance.

Approach

Dual Focus Approach: Depending on the functional scope and geographical locations, all work streams were transitioned using a dual focus approach of simultaneously clearing backlog issues while managing BAU deliverables and escalations. The approach was firmly focused around process re-engineering and sustainability.

Flexible Transition: Transition was carried out using eClerx ADAPT transition framework, based on Six Sigma methodology to ensure a seamless transition in timely manner while managing risks.

Strategic Tech Builds: eClerx performed rigorous conceptualisation, business analysis, design and deployment of multiple technology applications for accrual calculation, reconciliation, invoice processing and balance sheet substantiation.

Benefits

- Payables backlog worth $80mm cleared within 8 months of transition
- 64% reduction in billing cycle (from BD14 to BOS)
- 40% accruals settled electronically with brokers
- 400+ Broker-Exchange code mapping cleaned
- 75% decrease in payables balance to -$23mm; 80% decrease in receivables balance to -$11 mm
- Improved client’s FIA eGAINS match ranking to #1 (from #16); Match rates improved from 45% to 99.7%

Best Practices, Governance and Innovation

Certain best practices implemented are as follows -

- Complete audit trail with accrual drawdown at trade level
- Strategic discussions with brokers for discrepancy resolution and monthly payments I collections
- Monthly variance analysis between brokerage paid I received and accruals

Some major innovations

- eClerx designed the brokerage payables tool that was previously non-existent to perform aged payables remediation and automate invoice reconciliation process across asset classes
- Developed and deployed brokerage receivables tool with multiple modules for exception resolution, invoice generation and fund application