

SUBSTANTIAL REDUCTION IN OPERATING COSTS THROUGH PROCESS OUTSOURCING

CASE STUDY





OVERVIEW

In the transportation arena, customer-facing activities are where the business makes its mark in the patron's eyes, but back-office operations are equally crucial. Still, they rarely receive the same amount of attention afforded to customer-facing tasks. These functions, if not handled properly, can significantly impact operations and the company's profitability.

Joining forces with a business process outsourcing provider helped an organization regain its focus on core competencies while lowering operating costs, giving the organization a financial, operational, and strategic edge.

This case study addresses how the largest provider of intercity bus transportation, serving 2,400 destinations across North America, considerably reduced operating costs through the well-executed process outsourcing of back-office operations by Circulus.

KEY ELEMENTS

- ✓ Detailed documentation and analysis of the process flow
- ✓ Shifting of processes offshore for cost-effective operations
- ✓ Strategic hiring to ensure adherence to quality and control
- ✓ Consistent and standardized processes

SCENARIO

Transportation is a fiercely competitive industry, serving a demanding public – taking advantage of any opportunity to increase profitability by lowering operating costs is critical. The good news is that business process outsourcing (BPO) provides many opportunities to streamline operations and lower operating costs simultaneously.

A renowned transportation provider that transports more than 2.2 billion passengers every year wanted to focus primarily on their core business, connecting people and communities. The complex and labor-intensive back-office operations, on the other hand, were consuming additional funds and bandwidth. The costs involved in receiving, sorting, and feeding ticket information into back-office systems were high. Additionally, the exception handling department, which mainly dealt with damaged/torn tickets, had to log in to five different solutions to resolve issues. The challenges associated with the in-house back-office department are outlined below:

- ✓ High cost of labor and rising costs in future years
- ✓ Turnover of entry-level personnel
- ✓ Time consumed in the hiring process
- ✓ Time and resources spent on the daily management of the teams
- ✓ Regular dealings with vacation, sick days, etc.
- ✓ Balancing FTE's for peaks and valleys of the business

PROJECT GOALS

The client required reliable and efficient back-office operations and was seeking to lower the costs and increase efficiencies through business process outsourcing.

- ✓ Eliminate existing “in-house” workforce and the associated costs
- ✓ Retain quality and visibility in operations
- ✓ Enhance the efficiency of operations
- ✓ Compliance adherence

PROJECT ASSUMPTIONS

For the project to be successful, the following assumptions were agreed upon by Circulus and the client:

- ✓ Current employees had the subject knowledge to help Circulus build out the requirements
- ✓ A dedicated point of contact to manage the transition
- ✓ A defined list of activities for the ‘lift and shift’ of processes

SOLUTION

The identification of the business needs at hand and formalizing these needs into project form was a joint effort of multiple stakeholders. Included within this quorum was a cross-functional representation of departmental leadership, including IT, project management, and development personnel. Team Circulus, armed with a highly skilled workforce, defined the process structure. The solution provided by Circulus was as follows:

- 1 As the first step, the Circulus team identified and addressed which processes were good candidates for outsourcing offshore and which should remain outsourced (re-badged) in-house. The team ensured that all stakeholders were consulted to provide a holistic assessment.
- 2 Once the processes to be outsourced offshore were finalized, the Circulus team invested substantial time in the knowledge transfer process. Detailed documentation and analysis of all of the existing processes followed. By documenting processes that had been done the same way for years, new light was shed on many processes that were henceforth improved upon.
- 3 The processes to be outsourced onshore and re-badged went through the HR protocol to move those key personnel involved from their current employer to Circulus.
- 4 After all processes were refined and standardized, they were shifted to Circulus’ offshore state of the art facilities or re-badged at the current site accordingly. With minimal initial or ongoing demand for internal IT resources, it was a smooth transition for the client. Circulus kept a close track of the project milestones and timelines, properly staffing up to meet the exact needs of the project.
- 5 A well-structured governance model was defined to aide in the initial and ongoing ownership of accountability, controls, and quality. Circulus also initiated and implemented daily reports and tracking tools, thus enhancing the visibility of the processes.
- 6 In addition to improving the efficiency and consistency of the process, Circulus established better compliance and handed-over detailed knowledge transfer documentation to the client.



RESULTS

A penny saved is a penny earned. The client achieved a substantial reduction in costs and increased efficiency while retaining the quality of its operations. The desired levels of control and process visibility were achieved as well, allowing the client to allocate the realized benefits to re-invest in key initiatives.

CIRCULUS

Circulus offers tailor-made business outsourcing solutions to suit your unique business needs; our methodology is scalable, affordable, and effective for businesses of all sizes. Our rich domain expertise and proven track record enable you to identify and expose additional efficiencies and strategic opportunities that may have otherwise gone unrecognized.

CONTACT US

Circulus
2701 Dallas parkway,
Suite 550, Plano, TX 75093

www.circulus.io
info@circulus.io
+972.755.1800

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KEY HIGHLIGHTS

40%

Reduction in Operating Costs

