

# Increase the Value of Outsourcing with EquaTerra's Invoice Audit

Complex outsourcing pricing structures are a reality in the outsourcing industry. It's a constant challenge for buyers and providers to ensure invoice accuracy. The burden weighs particularly heavily on the outsourcing buyer – with much to lose as a result of invoice overages.

Ensuring invoice accuracy is one of the quickest and easiest ways to increase the value of outsourcing, but many buyers are plagued by questions including, "How do I know if my outsourcing invoices are accurate?" and "How much have I been overpaying?"

## EquaTerra's Invoice Audit Delivers Results

EquaTerra's Invoice Audit helps clients identify outsourcing engagement invoice overages. Regardless of the outsourced process, there are often inadvertent mistakes made in invoice calculations which, if not identified in a timely manner, cannot be recovered and may continue to mount. EquaTerra's Invoice Audit solves the verification of invoice accuracy problem with an aggressive price and timeframe.

Client savings via EquaTerra's Invoice Audit vary depending on the size and scope of the client's outsourcing contract(s), but can be significant. EquaTerra considers several factors when evaluating the scope of an audit project, including: the number of deals, the number of services or resource units (a discrete service with unique pricing), the number of months of historical data and the number of currencies required.

## Why Timing is Everything

EquaTerra research and experience on the occurrence of outsourcing invoice errors is telling, and clearly shows why there is a sense of urgency to identify and recover overcharges as quickly as possible:

- On average, EquaTerra has observed a nine percent invoice error rate.
- Based on its experience, 1.5 to three percent of the errant invoice fees are recoverable.
- Typical contract recovery clauses require the client to inform its service provider of an error within 60 days. Notice received after this period is money lost.

We recommend our Invoice Audit offering for any buyer presently engaged in an outsourcing relationship and:

- Currently going through or just completing an outsourcing transition (dynamic environments and complexity often trigger service provider errors).
- Going through any significant change in scope or pricing.
- Approaching a negotiation deadline with its service provider.

## Significant Savings from Fee Recovery

In a recent invoice audit, EquaTerra identified for one of its clients an overcharge of eight percent. To illustrate the increase in value that can be achieved through timely invoice auditing, consider the recently observed gross invoice overcharges in Fortune 500 companies:

1. A top energy company recovered 1.5 percent of the monthly fees (\$1.5 million).
2. A healthcare company recovered \$1.6 million over the first six months of an ITO deal (3.2 percent of first year fees).
3. An entertainment company identified overcharges of 7.8 percent of fees for the first three months.

## A Proven, One-Month Process

EquaTerra completes invoice audits within one month. There are three steps to the audit – collecting the client’s pricing data, analyzing that data and presenting the findings to the client – as detailed below:

Data Collection*	Data Analysis	Presentation
Collect service and pricing data per agreement	Identify invoicing errors	Review findings
Collect historical consumption data	Calculate overcharges	Provide recommendations for improvement
Obtain invoice data	Analyze errors for trends	Provide report and associated deliverables
Model the data	Produce deliverables	

*\*EquaTerra provides a template for input of each data type. If requested, EquaTerra can provide data reformatting and conversion on a time-and-materials basis.*

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### About EquaTerra

EquaTerra sourcing advisors help clients achieve sustainable value in their IT and business processes. Our advisors average more than 20 years of industry experience and have supported over 2000 transformation and outsourcing projects across more than 60 countries. Supporting clients throughout the Americas, Europe, and Asia Pacific, we have deep functional knowledge in Finance and Accounting, HR, IT, Procurement and other critical business processes. EquaTerra helps clients achieve significant cost savings and process improvement with internal transformation, shared services and outsourcing solutions.

If you are interested in learning more about EquaTerra’s Invoice Audit offering, please contact Mark Voytek at 513 259 3465 or [mark.voytek@equaterra.com](mailto:mark.voytek@equaterra.com).