

Global Outsourcing from an Indian Context

Insights for CPA Firms | Based on AICPA & CIMA Outsourcing Toolkit

- ✓ India: The world's #1 accounting outsourcing destination
- ✓ Framework drawn from AICPA Private Companies Practice Section
- ✓ Practical guidance for US–India cross-border engagements



Why India? The Case for Outsourcing to India



5M+

Accounting & Finance professionals



40-60%

Cost savings vs. US in-house staff



IST +5:30

Near-overnight delivery advantage for US firms

Why US CPA Firms Choose India

- ✓ Large English-speaking CA/CPA-qualified talent pool
- ✓ ICAI-trained CAs widely respected as equivalent to US CPAs
- ✓ Major BPO providers: Entigrity, FINSMART, Infinity Globus, SurePrep, GKM
- ✓ Deep familiarity with US GAAP, tax law & Drake/ProSeries/QuickBooks
- ✓ India offers all 4 outsourcing models: Pool, FTE, EOR & B.O.T.
- ✓ Sec. 7216 / client consent frameworks well-understood by Indian providers

Choosing the Right Outsourcing Model | Indian Context

Pool-Based

Small firms | Seasonal

- ▶ Pay-per-project or hourly
- ▶ Ideal for tax season peaks
- ▶ Indian BPO handles QC review
- ▶ Higher per-unit cost; no lock-in

Traditional FTE

All firm sizes

- ▶ Dedicated offshore staff
- ▶ Fixed monthly fee (all-in)
- ▶ Candidate interview possible
- ▶ Long-term culture alignment

EOR Model

Medium–Large firms

- ▶ Hire directly via 3rd party
- ▶ Firm manages day-to-day
- ▶ Third party handles payroll/compliance
- ▶ Strong direct control & culture fit

B.O.T.

Large / Experienced

- ▶ Build → Operate → Transfer
- ▶ Firm eventually owns entity
- ▶ 2–3 year roadmap
- ▶ Highest investment & control

IT Security & Infrastructure — India-Specific Considerations

Sec. 7216 Compliance

Indian vendors must segregate client files. Enforce client consent and restrict access for non-consenting clients in cloud systems (Citrix / Azure).

Data Localisation

Keep primary data onshore (US servers). Limit data transfer to India to minimum required. India's DPDP Act 2023 adds local obligations for Indian vendors.

IP Address Whitelisting

Lock your tax/accounting software to Indian vendor's static IP. Add MFA layer — mandatory for ICAI-regulated firms.

Certifications to Verify

Insist on SOC II, ISO 27001 or Cyber Essentials from your Indian vendor. Ask for last audit report — reputable providers share these.

Cloud Access Controls

Use AWS / Azure / Google Cloud with IAM. Role-Based Access Control (RBAC) limits staff to only necessary client files.

Incident Response Plan

Indian vendors must have a documented IR plan aligned to US federal standards. Include breach notification timelines in your SLA.

Due Diligence for Indian Outsourcing Vendors



Legal & Regulatory

- ✓ Verify MCA registration & GST compliance
- ✓ No SEBI / ICAI disciplinary actions
- ✓ Confirm Sec. 7216 client consent framework

Financial Stability

- ✓ 3-yr audited financials (India GAAP / Ind AS)
- ✓ Watch for related-party concentration risk
- ✓ Confirm E&O / professional indemnity insurance

Workforce & Expertise

- ✓ % of CA-qualified vs semi-qualified staff
- ✓ Attrition rate (India avg 20–30% — ask)
- ✓ Background verification process in place?

Technology & SLA

- ✓ SOC II / ISO 27001 certification
- ✓ Turnaround SLAs for busy season work
- ✓ Escalation contacts in IST and EST time zones

Communication & Cultural Bridge — India Edition

Communication Channels

Instant Messaging

MS Teams / Slack with dedicated channels per client or project.
IST/EST overlap: 8–11 AM EST = 6:30–9:30 PM IST.

Project Management

Karbon, Jetpack, or Asana for task assignment. Use to track turnaround KPIs — critical with India's busy season overlap.

Video Conferencing

Weekly standups; onboarding kickoffs. Consider early IST-morning slots to respect both time zones.

Progress Reporting

Standard report: completed work, blockers, delivery ETA. Review in Monday morning calls.

Cultural Sensitivity — India



Key Indian Holidays to Plan Around

Republic Day (Jan 26), Holi (Mar), Independence Day (Aug 15), Diwali (Oct/Nov). Build these into project timelines — AICPA toolkit provides full list.



Hierarchical Communication Style

Indian professionals may not push back openly on unrealistic deadlines. Encourage explicit feedback loops and safe escalation channels.



Growth & Learning Expectations

Indian offshore staff actively seek career progression — build growth paths or risk high attrition (industry avg 20–30%). Map tasks to skill levels.



In-Person Visits Matter

AICPA recommends leadership visits to offshore teams. Even one visit/year dramatically improves cultural alignment and retention.

Outsourcing Roadmap: Preparation → Execution → Optimization

PREPARE

- ✓ Run the AICPA Outsourcing Readiness Self-Assessment internally
- ✓ Standardise your SOPs before handing off to India team
- ✓ Choose your model: Pool, FTE, EOR, or B.O.T.
- ✓ Complete the AICPA Due Diligence Checklist for shortlisted vendors

EXECUTE

- ✓ Appoint a dedicated Indian-team liaison / project manager
- ✓ Set IT security: IP whitelist, MFA, RBAC, Sec. 7216 client consents
- ✓ Run a pilot project (single client or service line) before scaling
- ✓ Hold weekly video standups; use Slack/Teams dedicated channels

OPTIMIZE

- ✓ Measure KPIs: TAT, error rates, utilisation, NPS from in-house team
- ✓ Conduct semi-annual performance reviews with Indian vendor
- ✓ Plan leadership visit to India office — once per year minimum
- ✓ Build offshore career paths to reduce attrition; celebrate milestones

Key Takeaways

- 01 India offers unmatched depth of CA-qualified talent at 40–60% cost savings — ideal for US CPA firms at any scale.
- 02 Match the outsourcing model to your firm size: start Pool-Based, graduate to FTE or EOR as you scale.
- 03 Security is non-negotiable: Sec. 7216 consent, MFA, RBAC, IP whitelisting, and SOC II vendor certification are baseline requirements.
- 04 Culture & communication drive success — plan for Indian holidays, embrace bi-directional feedback, and invest in in-person visits.
- 05 Start with a pilot project. Measure TAT, error rates, and team satisfaction before scaling across service lines.



Questions & Discussion

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*Based on AICPA & CIMA PCPS Outsourcing Toolkit
aicpa-cima.com/membership/article/pcps-outsourcing-for-cpa-firms-toolkit*

THANK YOU



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