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Going lean: More companies outsourcing financial work



PHOTO | SEAN TEEHAN

Ethan Brysgel, national financial advisory services leader at Marcum LLP, a national accounting and advisory firm with an office in New Haven and Hartford.

By Joanna Smiley

Amidst the pandemic, many companies have opened their eyes to the benefits of hybrid and remote work.

Add to that the gig mobile economy, and it's easy to see why a lot of businesses are also looking to go lean on staffing and not necessarily keep payroll in-house.

Accounting firms like **Marcum LLP**, which employs 3,000 people across the U.S. and has Connecticut offices in New Haven, Hartford and Greenwich, has seen a threefold increase in its outsourcing services during COVID, according to Ethan Brysgel, national financial accounting and advisory services leader at the company.

This trend is mirrored across the U.S., with about 30 percent of companies outsourcing part of their business, according to online lending site Fundera, and 59 percent who say they do it for cost-saving reasons.

“We’re seeing it not only in startups still growing infrastructure, but also companies that have been around for years and are more established but just want to be leaner,” said Brysgel. “People have also started leaving, leading up to and in the pandemic, so rather than replace them with a permanent employee, companies realize ‘we can outsource this role.’ With people going back to more hybrid schedules or remote arrangements, it opened up even more companies’ eyes that hadn’t been thinking this way.”

His firm provides hundreds of clients with outsourced accounting services. Many customers hail from the biotech and pharma industries, but Brysgel is now seeing an increased need for outsourcing services in the food and beverage sectors as well.

Marcum’s outsourcing requests are increasing so much that the company announced on May 10 it merged with Starter-Fluid LLC, a firm specializing in CFO-led services, into its national financial accounting and service-led practice.

Starter-Fluid provides a range of outsourced finance, accounting and support services that help early-stage and rapidly-growing companies scale.

Outsourcing services provided range from transactional day-to-day accounting, month-end closes and reporting to stakeholders and executive management and bank funding.

Brysgel said small, middle market and even larger companies often choose to augment their services.

“We augment with technical, complex accounting, transactional, and again rather than holding people on payroll they can just dial us up when they need us for that peak period,” he said. “Then they don’t have to incur that cost the rest of the year. It’s a very fast-growing service line for that reason and all sizes of businesses from small to the largest fortune 500s are using this model.”

Outsourcing sweet spot

Rob Oliver works as client relationship director of private equity and venture capital at CliftonLarsonAllen (CLA), which has offices in Shelton, West Hartford and Marlborough.

He says his accounting firm dove into the outsourcing business roughly 10 years ago, and it has been the fastest-growing area of the firm for the last five years.

In general, Oliver has found that outsourcing accounting functions creates a savings of about 30 percent, rather than hiring and building out an in-house team.

Oliver sensed an “urgency” throughout the pandemic of companies wanting to adopt an outsourced and cloud-based model.

One positive that he has seen come out of COVID is that companies that were skeptical about their employees getting work done from home have been proven wrong.

“In fact, productivity in most cases went up,” he said. “One of the final hurdles in adopting an outsourced model was the fear of people not being in the same office every day. That fear is no longer relevant.”

The prices his firm charges for outsourcing services vary depending on the engagement, cost of services like transactional volumes, reporting needs and requirements as well as how often the client intends to outsource.

Many clients, he said, leverage his firm to take over their entire accounting and finance functions, while others choose to keep parts of these services in-house.

Oliver says the sweet spot for outsourcing is companies with revenues between \$2 million and \$50 million.

“We are seeing many clients come to the firm in the biotech space, especially here in New Haven,” he said. “It’s exciting to be able to help companies that are looking to change the world and save lives. I’ve yet to meet a doctor or scientist who is creating a new company because they love accounts payable. We give our clients the ability to go focus on what they do best, and we’ll handle their back-office needs.”