

Outsourcing and business transformation

The new challenge



In a complex and changing regulatory environment led by global competition, cost reduction and flexibility to serve clients needs, the delegation of activities to service providers within Luxembourg or abroad can help you to decrease non value-added activities and to focus on your core business.

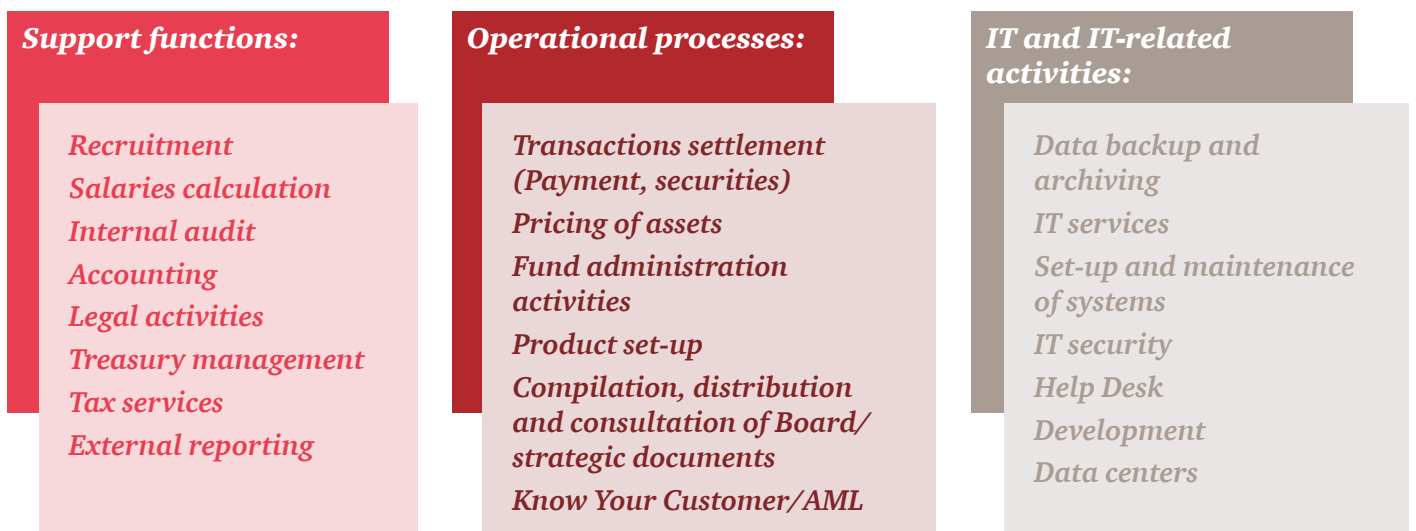
Making this choice can lead you to face new challenges. Indeed, the outsourcing of IT or back office-related activities requires a solid governance framework to ensure the risks related to such delegation are monitored and addressed. The quality of the provided services has also to be supervised on an on-going basis.

Our dedicated team at PwC can provide you with a large range of services, share best practices on the Luxembourg market, its expertise and collaborate with the PwC network to accompany you in the whole process in order to ensure your achievement of strategic goals and the respect of the regulatory constraints.

Main outsourcing drivers



Which activities can be outsourced (as example)



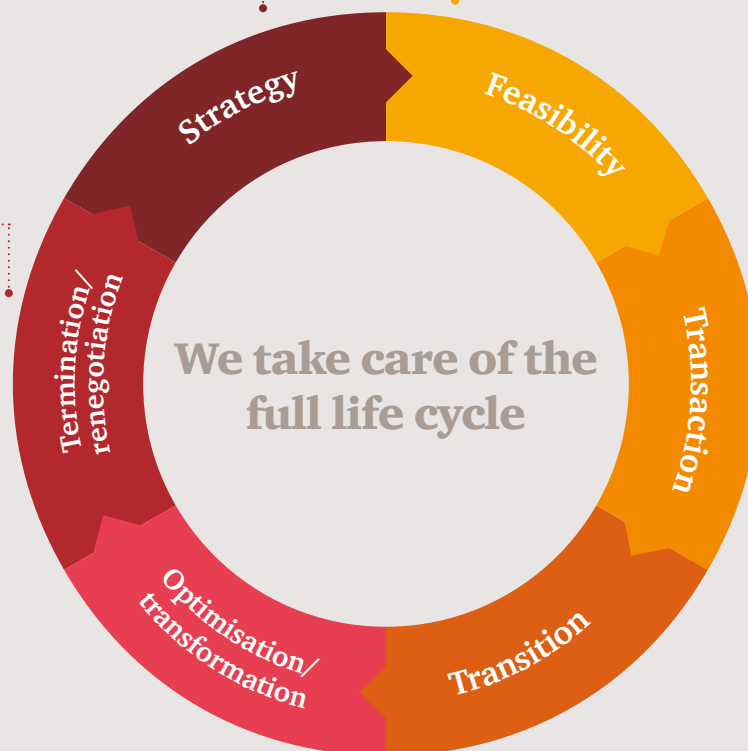
Depending on your organisation, whatever your final decision is, the responsibility and the oversight of the outsourced activities remain at Luxembourg level without compromising the central administration location.

Different service providers are available to offer their services but depending on the outsourced activities, the localisation of the counterparty and applicable regulation should to be taken into consideration.

Your main challenges and our responses

- Understand the **strategic context**, current and future set-up, drivers of your project
- Elaborate/assess your **project analysis** and the expected impacts on financial, reputational, operational and regulatory risks

- Identify the applicable **regulatory requirements** to comply with based on your project (e.g. data confidentiality, data privacy, etc.) and prepare the gap assessment
- Identify if a **regulatory filing** to the CSSF is necessary and in such case assist you in obtaining the regulator's approval
- Prepare an **outsourcing policy** including contingency plans and exit strategies
- Assist you in drafting client notifications or consent requests related to the treatment of confidential data



- Assist in the on-going project and assess **potential termination/renegotiation**
- Propose **alternative solutions** with potential impacts

- Assess service providers based on **your needs and regulatory constraints**
- Elaborate or review the **Service Level Agreement (SLA)** and specifications including various aspects such as internal control effectiveness, segregation of duties, reporting requirements, audit rights, etc.
- Develop **flow charts** to ensure a holistic overview of the project and financial impacts
- Review of Transfer Pricing (TP) policy and ensure **transactions at arm's length**

- Assist in the **governance** of outsourced activities through procedure implementation, design of controls for monitoring activities and ongoing risk assessments
- Support you in performing on-site inspections at the service provider's premises
- Implement recurring due diligence and **risk assessments** of the service providers (i.e. controls reports)

- Assist in **internal reorganisation**
- Understand the information flow and existing **interfaces**
- Assist in the implementation of your **TP policy** (including review of inter-company agreements, invoicing, etc.) and in the communication with the fiscal administration
- Develop a **Business Continuity Plan** and assist in writing procedures and develop a Testing Plan
- Create a **secure environment** to make sure your business is resilient in case of an attack
- Provide **project implementation assurance** during the transition of operations

Why PwC Luxembourg?

PwC Luxembourg (www.pwc.lu) is the largest professional services firm in Luxembourg with 2,700 people employed from 58 different countries. PwC Luxembourg provides audit, tax and advisory services including management consulting, transaction, financing and regulatory advice. The firm provides advice to a wide variety of clients from local and middle market entrepreneurs to large multinational companies operating from Luxembourg and the Greater Region. The firm helps its clients create the value they are looking for by contributing to the smooth operation of the capital markets and providing advice through an industry-focused approach.

The PwC global network is the largest provider of professional services in the audit, tax and management consultancy sectors. We're a network of independent firms based in 157 countries and employing over 223,000 people. Talk to us about your concerns and find out more by visiting us at www.pwc.com and www.pwc.lu.

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