



ETEAM



SECTOR RECRUITMENT & MANAGED SERVICES

REGION EUROPE, AMERICAS, ASIA

eTeam is a recruitment, talent management and consulting business based in New Jersey, US, with an operation that increasingly spans the globe. The business finds, nurtures and connects exceptional people with some of the world's foremost blue-chip companies. The group of firms operated by eTeam, including (since its acquisition in 2017) specialist insurance sector recruiter Darwin Rhodes, posted combined revenues of USD 140 million in 2018.

Alongside the US, the business owns companies in Canada, Germany, Hong Kong, India, Ireland, Malaysia, the Netherlands, the Philippines, Poland, Singapore, Switzerland and the UK. There are more than 20 companies in the wider eTeam group, connected by a corporate structure based on intercompany shareholdings and trusts held by founder Bipin Thakur and his family.

THE CHALLENGE

eTeam is an international recruitment specialist with an eye for the next global opportunity. The kinds of companies it deals with tend to have operations that cross international borders. To properly serve its blue-chip clients, the business needs to have a global presence and, to achieve this, eTeam has expanded into 13 countries to date. Global CFO Jag Balakrishnan says it will not stop there:

"We still have plans to open companies in more countries, especially in EMEA, South America and the APAC region, in the future."

eTeam first worked with UHY Hacker Young in 2017 when the company acquired Darwin Rhodes. Stuart Hutchison and his team at the UK member firm's Letchworth Garden City office specialise in the recruitment sector and were group auditors and advisors for the British company. They were invited to tender for the work under the new ownership regime and won the contract.

The acquisition of Darwin Rhodes brought with it subsidiaries in Switzerland and Hong Kong. At the same time, eTeam was contemplating further international opportunities. The challenge for UHY Hacker Young was to simplify the new eTeam group structure in a way that would maximise tax efficiencies, and make it easier to secure further cross border expansion.

THE SOLUTION

With the acquisition of Darwin Rhodes, eTeam effectively created two groups with separate tax arrangements. One of Hacker Young's early tasks was to amalgamate these separate entities and simplify the group's tax liability.

"When eTeam acquired the Darwin Rhodes Group, it added a number of trading and non-trading foreign subsidiaries. It made sense to consider how this group would fit in to the existing eTeam business as the two parties were initially separate," says Stuart.

"Having encouraged eTeam to contemplate the commercial impact of a simplification of the two group



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structures, we moved on to the group's tax position. We discussed how small improvements in the centralisation of support functions, combined with better use of group tax losses, could generate more revenue and greater cash flows in an expanding business."

With these improvements in place, eTeam was in a better position to consider other international opportunities. But to successfully expand across borders, the group needed to navigate a diverse range of tax regimes, financial regulations and business cultures to create the most efficient corporate structure in each location. It has now done so with the help of UHY's global network.

Stuart says: "eTeam's vision involves expanding their service offering and business model in to various worldwide jurisdictions. Knowing our international reach, they asked me to introduce them to colleagues scattered around the globe, as set out in their business plan."

Stuart reached out to the network, and eTeam has so far been referred to UHY Lauer & Dr. Peters KG, Germany; UHY Farrelly Dawe White Limited, Ireland; UHY in Malaysia; Govers Accountants/Consultants, Netherlands; UHY M.L. Aguirre & Co. CPAs, Philippines; UHY Lee Seng Chan & Co, Singapore and Balmer-Etienne AG, Switzerland.

Local UHY member firms have been on hand to help the business comply with national and regional regulations





and create the most cost-effective corporate structure for local conditions. In the Philippines, for example, UHY M.L. Aguirre & Co. CPAs first received a referral enquiry from Stuart in August 2018, and has since performed a range of tasks relevant to the creation of eTeam’s subsidiary in the country. They include incorporation, accounting and tax filing, payroll services, audit and various mandatory government accreditations.

In Ireland, eTeam’s local subsidiary has only recently been established. UHY member firm UHY Farrelly Dawe White Limited is already involved, registering the business for relevant taxes and dealing with regulatory requirements. In the future, the firm will be handling payroll and ongoing tax matters.

At this stage, eTeam has especially benefited from the UHY network’s expertise in local regulations surrounding company formation. “eTeam are very much in the early stages of this expansion,” Stuart says. “Most member firms have been responsible for forming local companies and advising the client on the compliance and tax requirements in the member firm’s country.”

THE RESULT

UHY’s joined-up approach has created concrete benefits for eTeam, as Jag explains: “Working with UHY member

firms has allowed us to achieve tax planning at a global level – we continue to restructure to achieve efficiency by lowering taxes and taking advantage of tax benefits in the UK and across the globe.

“Wherever eTeam has needed the services of a UHY member firm – whether it is in the UK, Singapore, Germany, India or elsewhere – the network has always found a team with the experience and expertise to help the business make the most of every opportunity,” says Jag.

“They have helped us to achieve higher profitability and business growth by offering timely advice on corporate restructuring, efficient tax planning and providing other advisory services as needed. The senior partners and employees of UHY’s member firms are experienced and knowledgeable professionals and can be relied upon for their expert advisory services.”

“Partnering with multiple UHY member firms was not initially part of the plan. eTeam carried out full due diligence in each territory it moved into, considering various local accountancy firms before coming to an informed decision.”

“We ended up selecting the UHY member firm in each country,” he says. “That is because UHY is a fairly large network with expertise in multiple

areas that are important to us, such as taxation, audit, specialised consulting, corporate restructuring and various other services.”

“In my mind the services offered by UHY member firms are comparable with those of a Big Four firm, but at a more competitive cost – they genuinely provide true value for money,” says Jag.

eTeam’s global expansion will continue, and the blue-chip staffing specialist wants UHY to be part of their team throughout the journey. “We want UHY to be our global provider so we will eventually be replacing our current partners across all countries where we do not yet use their local member firms. Every time we expand UHY will be our first port of call. We value our relationship with them and we feel truly valued as a customer.”

UHY IN THE RECRUITMENT & MANAGED SERVICES SECTOR

Because UHY member firms provide management consultancy and people-based solutions across the world, they understand the needs of this sector and are therefore well positioned to advise on a global level. Their expertise in the internationalisation of businesses and recruitment services is world-class.