



A lift-and-shift project leads to next-generation automation of an IT firm's finance operations

After purchasing a major firm with complementary services, a global IT services company faced the daunting challenge of integrating the financial operations of the two organizations. The chief financial officer (CFO) of the acquiring firm also saw a need to automate the organization's accounting practices and make the vast amount of data that passed through its financial ledgers more readily available to executives and managers. The CFO reached out to Protiviti for help.

The firm already had well-established accounting operations in India, so the obvious choice was to transfer all the newly-acquired back office production to its offices there. However, in researching the transfer, Protiviti realized the firm could accomplish much more than a lift-and-shift operation. There was an opportunity to transform the company's accounting processes into next-generation finance capabilities by strategically automating certain areas. Among other measures, we proposed leveraging the firm's accounting software so that scalability could be achieved with the existing accounting team.

We approached the project with three key themes in mind: 1) simplify and standardize, 2) automate and 3) harmonize and optimize the accounting target operating model throughout the now-larger corporation.

The company was aware of its overreliance on manual tasks but had never quantified it. Following in-depth interviews with finance staff, we found that fully 78% of operations in the combined company were manually performed, often on an ad hoc basis. The remaining 22% were system-driven or otherwise automated. Of the tasks being done by hand, the lion's share dealt with accounts payable (35%) and accounts receivable (34%).

When companies transform the way they work through redesigned processes enabled by technology, it facilitates new target operating models that accelerate data-driven business decisions.

– Ken Thomas, Managing Director
Business Performance Improvement, Protiviti

To correct this imbalance, we invoked theme #2, automation. We leveraged the firm's accounting software Workday to integrate the full range of banking interfaces, such as vendor payments and customer receipts, into one automated system.

In the area of automation, the big winners were accounts receivable processes, with enhanced process automation of bank deposits, payment application, fee billing to customers, and early-payment discount application.

So instead of having multiple processes in which accounting employees manually entered these items, the company now has a company-wide system that electronically updates both inflows and outflows on a daily basis. Additionally, we created an executive dashboard that enables managers to make data-driven decisions on cash positions as needed.

We also identified opportunities to use robotic process automation (RPA), optical character recognition (OCR), and other new technologies to greatly reduce repetitive tasks and improve consistency in data and reporting.

With regard to accounting policy, we developed practices and procedures that clearly define authorization levels, documentation standards and materiality thresholds. Additionally, we redesigned vendor payment processes to minimize risk in such areas as invoice controls and legacy payment identifications in the acquired firm.

The increased level of automation and the simplification and standardization of policies and procedures allowed us to build a strong and scalable offshore accounting shared services operation for our client. Following a robust training course, this global hub is capable of handling accounting processes and delivering accounting support to the firm's global operations.

Quick Wins

To maximize value, we identified a number of "quick wins" for the company. These were impactful measures that the firm could implement within three months at modest effort.

- A major quick win was to standardize the firm's telecommunications purchases through the use of blanket purchase orders. Employees were also trained on how to use Workday reports for data integrity in this process.
- In the area of automation, the big winners were accounts receivable processes, with enhanced process automation of bank deposits, payment application, fee billing to customers and early-payment discount application.
- Additionally, we helped create an accounts receivable policy to provide structure, define authorization levels and promote a standard process for payment application, customer credit limits, collections and write-offs.

While we were able to deliver best practices tailored to the specific needs of our client, the company's project team worked right alongside us to ensure a cultural fit and acceptance of the changes.

Looking Forward

Protiviti has suggested a range of strategic initiatives that could further streamline company operations and boost the bottom line.

For example, one key recommendation is for the company to update key performance indicators and service level agreements as the new processes mature and stabilize. We also identified a number of potential tools outside the firm's Workday platform that could reduce workload and increase efficiency. These include Microsoft Office products and the employment of a robotic workforce.

Ultimately, the company is looking forward to developing leaner end-to-end processes and a continued improvement as it scales and centralizes its offshore shared services.

Holistic Approach

The company embraced the holistic approach we suggested and, as a result, was able to not only successfully combine finance operations but also thoroughly modernize legacy practices that had been acting as a drag on productivity. While we were able to deliver best practices tailored to the specific needs of our client, the company's project team worked right alongside us to ensure a cultural fit and acceptance of the changes. Today, the forward-looking capabilities that resulted from this collaboration are helping the company cut through waste, provide an up-to-date picture of its financial posture and enable its executives to make better data-driven decisions.

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