CASE STUDY

JUMP STARTING THE FINANCIAL PULSE

Abstract

When Oliver Rodrigues, head of operations for a global healthcare company, had huge volumes of unreconciled historical open items, Infosys BPM stepped in to transform the process and deliver business value worth €17 million.

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It's time for a major overhaul

Oliver's company is one of the largest global healthcare company and a major producer of specialty healthcare systems. As a tenured business partner, Infosys BPM managed Record to Report (RTR), Procure to Pay (P2P), and Order to Cash (O2C) functions in the F&A tower. In the R2R function, the Latin American (LATAM) market had huge volume of historical open items (3.7 million line items from 2004 to 2015 for various reasons), which were unreconciled, with an absolute value of €100 billion. In accounting terminology, the count of accounting entries posted in the books of accounts is referred to as line items.

These historical open line items had a legacy before this process was transitioned to Infosys BPM. It involved multiple stakeholders that were to be reached out to for clearing and logically concluding these with teams from OTC, P2P, inter-company, payroll, project accounting, and tax functions. The existence of such volume of open line items/balances left an adverse impact in the financials of Oliver's company, which was monitored through intermediate account clearing or through an ICS (internal control system) to measure the quality of accounting entries.

An analysis of intermediate account clearing controls by Oliver revealed that an open item listing of €17 million ($19 million) was mentioned as unreconciled amount. Further analysis revealed that similar write-offs were done prior to 2018, which had a direct impact on P&L statement. If this amount wasn't reconciled, it would again result in a potential write-off and reduce the profit margins. Hence, Oliver needed a vendor that could reduce the financial impact to the business by clearing the huge volume of open items.

Looking outwards

A major audit observation conducted by external auditors as part of the balance sheet account review flagged concerns due to huge open line items across the LATAM market. When Oliver heard their concerns, he felt that it was time to overhaul the entire process. The immediate target was to reduce the financial impact caused by open line items by clearing them in quick time. Oliver wondered whether any external vendor had these capabilities, and he turned to Infosys BPM since the former was already in partnership with Oliver's company and successfully delivered several lines of business.

Approach summary

Diego Pascal, the client representative for Infosys BPM, met with Oliver to discuss the problem. To allay any concerns from Oliver and his team, Diego ensured that the plan would be pre-aligned with the former's team prior to its implementation. As a first step, Diego and his team created a work instruction manual that would be aligned with Oliver's style of functioning, which was followed on clearing open items. Work instruction manuals define the steps that must be followed by individuals or teams to correctly perform any specific activity or work. A focused project team was formed across domains, which held daily governance meetings with Oliver's and Diego's teams.

The Infosys BPM team had validated the general ledger (GLs) accounts, which were classified as open and non-open items managed in SAP, and subsequently, the relevant tickets were raised to change the setup in SAP to perform the clearing of accounts. Diego also blocked zero balance and no-movement GL accounts via the Service Now (SNOW) ticket and scrutinised the entire balance, in collaboration with respective teams, and identified and cleared the unreconciled amount.

Counting the dollars

Both the teams worked diligently and monitored the progress on a weekly basis. With the plan overhaul and closure of open line items, Infosys BPM was able to deliver business value worth €17 million to the client. The balance sheet account reconciliation (BSAR) reconsideration count was reduced by 19% from 8,089 to 6,538, and the BSAR quality KPI was improved from 83% to 95%. BSAR is defined as other benefits delivered by the project. Because of reduction in open line times, the BSAR quality also improved, which elated Oliver and his team.

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Key Benefits

- Delivered business value of €17 million to the client
- BSAR recon count reduced by 19%
- BSAR quality KPI improved from 83% to 95%

**Names have been altered to preserve the identities of the people involved.*

For more information, contact infosysbpm@infosys.com

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