

Finance Excellence: Subledger Accounting

Capgemini enables financial institutions to streamline enterprise accounting



In a highly competitive global environment, Finance organizations are under pressure to rapidly evolve from support role towards a “partnering” role with the business to help drive future growth. In addition, Finance must continue to focus on reducing costs and adhering to changing regulations and standards. Capgemini helps financial institutions in achieving these objectives through finance transformation initiatives based on subledger accounting.

Subledger accounting provides unprecedented visibility into enterprise-wide accounting information through a single, global accounting repository allowing for:

- Reduced costs through streamlined accounting processes
- Quicker operational consolidation after mergers & acquisitions
- Effective decision making through increased insight
- Meeting diverse and complex accounting requirements
- Complying to audit and governance standards

Financial institutions no longer have the luxury of working with outdated accounting practices

As businesses quickly expand into new markets and geographies, the underlying accounting process and technology systems are often not able to scale to support such growth.

Finance organizations often fail to follow a standardized accounting process throughout the enterprise. Accounting rules are usually not based on a single source of truth that enforces common global standards and while permitting regional variations to meet local accounting requirements. Finance systems in use are generally disparate, unsupported, slow, manually intensive, and prone to data manipulation.

Realizing Business Benefits of Subledger Accounting

Subledger accounting allows for the complete end-to-end automation of daily tasks which have traditionally been done manually by finance personnel. It smooths reconciliation activities and helps significantly accelerate the month end close allowing personnel more time to concentrate on value-added analysis. By simplifying and eliminating administrative processes, subledger accounting helps the Finance organization achieve substantial cost savings.

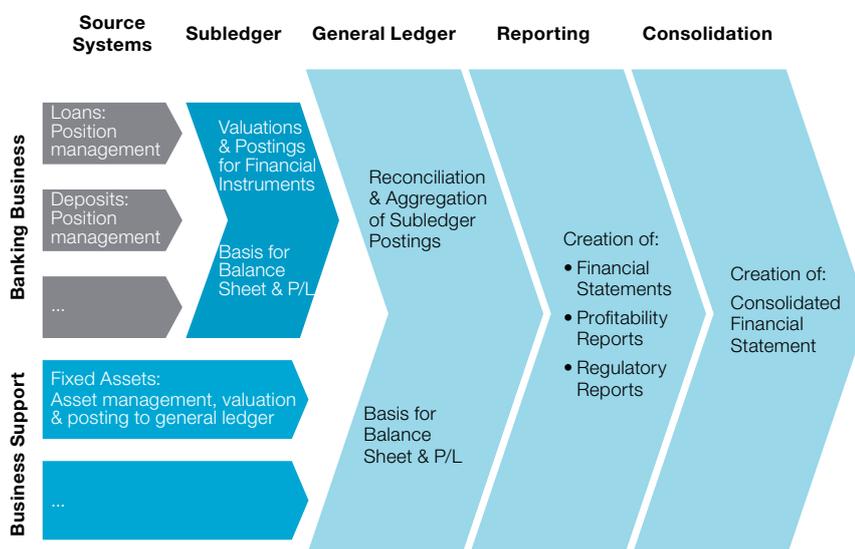
As financial institutions grow inorganically through mergers and acquisitions, it is common for the technology landscape at the enterprise to end up with multiple source systems, general ledgers, and data warehouses which can be difficult to consolidate from a financial reporting perspective. Subledger accounting acts as the accounting engine or glue with pre-configured rules allowing for quick integration between the Finance systems of the two organizations.

By joining low-level operational information with high-level accounting information, subledger accounting also creates the underlying data set to allow for more effective decision making. Finance organizations are equipped with the ability to slice and dice financial statements like the P&L against any business dimension to create powerful KPIs/metrics to support strategic decision making.

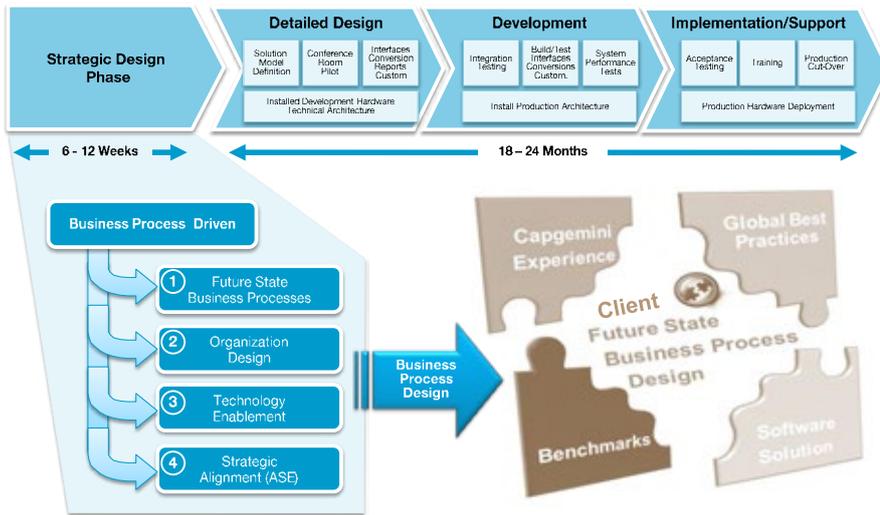
Mitigating Compliance Risk through Subledger Accounting

As regulatory trends continue to change and accounting conventions evolve, subledger accounting allows Finance to remain compliant by helping maintain multiple accounting representations (e.g., local GAAP and IFRS) against every business transaction. It also supports increasingly complex accounting treatments and allows for the integration of multiple heterogeneous source systems to a single accounting platform.

Accounting Process with Subledger



With our methodology, Capgemini can help you simplify and consolidate your finance processes



Subledger accounting also significantly mitigates the risk of audit non-compliance by providing an end-to-end audit trail, drill-down capabilities to explain break-up of financial figures, enforcing tight controls, and by minimizing the need for manual adjustments in the thin general ledger.

Capgemini's Approach to Subledger Accounting

Capgemini has extensive experience in implementing subledger accounting initiatives at Finance organizations worldwide. Our implementation strategy is based on multiple phases and can follow a big bang approach or the incremental approach based on geography, source system, accounting convention or business document.

Phase 1: Strategic Design

The strategic design phase typically starts with an in-depth analysis of the "as-is" business process and technology. It also requires capturing high-level business requirements, gaps, and limitations. Leveraging both industry best practices and existing Capgemini accelerators, the strategic design is formulated encompassing:

- Future state business process
- Future state architecture
- Global design principles and decisions

Phase 2: Detailed Design

During the detailed design phase, low-level business requirements are captured from the Finance organization covering detailed accounting rules/mappings for multiple accounting conventions in scope. Captured requirements are then translated into a detailed design which is flexible, maintainable, and re-usable.

Phase 3: Development

The development phase involves building the technical and functional solution to be deployed including configuration, interfaces, conversions, and custom reporting. After build is complete, system integration and performance tests are run to validate the solution.

Phase 4: Implementation & Support

The final stage of a subledger accounting implementation involves rigorous user acceptance testing that requires detailed reconciliation of accounting. After the solution has been signed-off by business users, the phase then moves to cut-over, deployment, and support of the end solution.

In Practice

New finance system sets a strong foundation for international growth

The Problem: An emergency services company insures water, gas and electricity for homeowners in the U.K., U.S. and Europe. An external audit found that due to a lack of support for the legacy application, users were experiencing prolonged outages. The system used a fragmented approach which allowed limited governance and controls and required users to create Excel spreadsheets and manual processes to manage daily activities.

The Solution: Capgemini managed a multi-phase global finance transformation program, implementing a comprehensive Oracle platform including EBS R12, FAH, OBIA, Oracle DW/OBIEE, and Hyperion Financial Management, Planning and Budgeting.

The Results: Our client gained an integrated, scalable finance system architecture and standard global processes which improve governance, reduce risk, and support transparency and control. By using a common accounting engine, rules and automation, our client lowered finance costs and gained support for future growth, including expansion into new countries and integrating new businesses.

Brokerage firm gains powerful reconciliation and auditing capabilities in 60 days

The Problem: After spinning off from two major financial firms, a global brokerage house with offices in over 15 countries was operating on multiple financial systems and using Excel spreadsheets to run accounting processes. The company had difficulty enforcing data governance policies and had to rebuild rules for each separate application, resulting in substantial reconciliation issues across systems.

The Solution: Using our Oracle Rapid methodology, Capgemini implemented Oracle R12 with GL, AGIS, AP, FA, AR, EB-Tax, FAH, OBIEE and Hyperion in North America, Europe and Asia Pacific within 60 days. We managed the global rollout, advised on global chart of accounts, and developed training materials on the new system.

The Results: Post-implementation, our client has a rules-based accounting engine that centralizes accounting from multiples sources and supports third party applications. The system enables multiple accounting requirements in a single instance and includes powerful reconciliation and auditing capabilities by linking transaction and accounting data.

For more information, visit us at www.capgemini.com/financialservices or contact us at financialservices@capgemini.com.



About Capgemini

With more than 130,000 people in 44 countries, Capgemini is one of the world's foremost providers of consulting, technology and outsourcing services. The Group reported 2013 global revenues of EUR 10.1 billion.

Together with its clients, Capgemini creates and delivers business and technology solutions that fit their needs and drive the results they want.

A deeply multicultural organization, Capgemini has developed its own way of working, the Collaborative Business Experience™, and draws on Rightshore®, its worldwide delivery model.

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