



Case Study: Manufacturing

Automaker revamps accounting processes, transforms to digital at scale

A global automaker reengineers key accounting workstreams to streamline and unify processes worldwide, lower costs and improve financial transparency.

Cognizant was asked by a long-term client to examine how it could better address a lack of uniformity in its global finance and accounting function.

Our client—based in Europe but with automotive sales and manufacturing operations worldwide—needed to address non-standard processes, aging legacy systems and different enterprise resource planning (ERP) packages across its markets. Its disparate processes and systems led to a lack of visibility into global results on a real-time basis and to uncertainty about its capability to provide consolidated reports to senior leadership in timely way.

At a Glance

Cognizant helps a Europe-based premium brand automotive manufacturer digitize its accounting workstreams—including AP and AR—across its global footprint, from China and Malaysia to the U.S. and Europe.

Outcomes

- Improved productivity by 23% during 2018 to 2019.
- Reconciled over 80% of open aging items across operations dating to 2015, reducing unreconciled items by \$298 million.
- Developed a “Smart Audit” tool in AP, using machine learning to reduce sampling by 35% while improving risk coverage to 99.9% of records and improving audit efficiency by 20%.

Digital finance and accounting promotes efficiency and saves millions

When global accounting workstreams rely on different processes on multiple systems, the result is inefficient reporting and a lack of visibility into operating performance.

Rough driving

Due to inaccuracies and slow reporting in our client's accounts receivable (AR) and accounts payable (AP) functions, leadership lacked visibility into how sales and marketing were performing in key markets and did not know how operational costs were affecting performance by market.

Further, the company's various methods and processes for gathering and generating financial status reports led to inefficiencies in the time spent by internal resources, leading to higher costs in its accounting, sales and procurement functions, along with an extraordinarily high number of aging unreconciled items.

Driving to digital

Cognizant's long-term relationship with this client includes managing its global SAP ERP solution. We knew from this work that the company's IT systems and work processes had increased in complexity as it had grown, including through acquisition and divestment of operations. So while the company had a centralized ERP system, not all its far-flung operations were providing information in a useable format—nor were they reporting information in the same way or at the same time.

We proposed improving key internal accounting processes—including AP and AR—using our OneFinance approach to review existing non-standardized workstreams, and then develop a best practice template for each workstream that would be adopted globally and implement it progressively in its market operations worldwide. Our solution ensures that every key accounting workstream interoperates seamlessly with SAP.

Outcomes

- Delivered business value of \$500 million over 9 years of partnership through discount earned, clearing of GR/IR, reduction of overdue client receivables, reduction of vendor debit balance and avoidance of duplicate payments.

We partnered with the company's procurement functional teams to define strategies and an operating model, and then developed a process to address variances in systems and processes country by country, including those in China.

We deployed multiple solutions for enhanced operations and governance leveraging analytics, artificial intelligence (AI) and automation such as:

- GRIP automation tool for auto analysis and clearance of open goods receipt/invoice receipt (GR/IR) items.
- Visualizing production reports and analysis (VIPRA) workflow tool to simplify work allocation and tracking of vendor invoices.
- Automated cash application enhanced through SAP scripting and auto allocation tools.
- Executive dashboard using PowerBI for multi-dimensional view of metrics across countries and legal entities.

Prepared for the road ahead

Today's automakers face a daunting marketplace. As brands battle for buyers and invest in new initiatives, they must be ruthlessly efficient to

sustain margins. That means finding ways to lessen inefficiency, better track and report their financial position, and lower overheads and costs.

Our OneFinance program for this automaker implements world-class digital finance and accounting principles and processes within its most important accounting functions, including those extending from its European headquarters to its operations in 35 discrete markets in the Asia-Pacific and North American regions, as well as China.

Working with the client we reassigned resources previously dedicated to manual AP/AR processes, implemented newly automated best practices

for critical workstreams in finance and reduced outstanding AP. We also provided management visibility and an audit trail, along with a C-level executive dashboard to provide a multidimensional view of 21 key finance and accounting business metrics.

Learn more

To learn more about our Digital Finance & Accounting solution, visit <https://www.cognizant.com/digital-finance-and-accounting-solutions>.

About Cognizant

Cognizant (Nasdaq-100: CTSH) is one of the world's leading professional services companies, transforming clients' business, operating and technology models for the digital era. Our unique industry-based, consultative approach helps clients envision, build and run more innovative and efficient businesses. Headquartered in the U.S., Cognizant is ranked 193 on the Fortune 500 and is consistently listed among the most admired companies in the world. Learn how Cognizant helps clients lead with digital at www.cognizant.com or follow us [@Cognizant](https://twitter.com/Cognizant).

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