

FTI Helps Global Automotive Services Company Standardize Financial Reporting

A U.S.-based corporation serves as the holding company for two global automotive services businesses. The company's executive team faced the daunting challenge of integrating the different information systems of these two businesses onto a single platform that would produce timely, accurate and standardized financial reporting. The company engaged FTI to create processes that would harness the data housed in various localized reporting systems and on a diverse network of IT systems, then more accurately and efficiently process all of the data from these disparate systems. FTI successfully partnered with the executive team to effectively handle all revenue and billing data, streamline their key financial processes, and create a highly accurate and efficient reporting system. As a result, we saved the company hundreds of hours in data processing and reporting time on a monthly basis.

The Situation

Because of significant corporate restructuring and growth by acquisition, the executive team at a global automotive services company found itself facing a complicated IT challenge. The individually acquired businesses operated on different IT platforms and used disparate financial reporting systems. A corporate mandate was issued to integrate this technology infrastructure and inconsistent financial reporting processes into a single, global financial data processing and reporting environment.

The company's inconsistent data systems and financial reporting processes were quickly creating serious challenges to operations and management. There were questions about the accuracy of licensees' reporting of revenues, royalties and commissions for hundreds of local and international operations. In addition, there were problems with posting customer reservations onto the local IT systems at retail locations in a number of countries, and a general inability to roll up timely and accurate financial reports on licensee operations into management reports in which the executive team could have complete confidence.

Two operational developments complicated the project to align the systems and procedures: (1) The corporate headquarters relocated to a new city; and (2) A number of IT staff members left the organization during the transition. The result of the move and turnover of key staff members was the loss of important institutional knowledge behind the creation of the current information systems that drove the company's revenue, billing and reservation system processes.

The company was faced with an immediate and critical business challenge: to quickly standardize disparate financial processes across a myriad of technology platforms, to establish a streamlined and precise reporting system, and to engage multiple levels of executive and management stakeholders within the company to build an integrated solution.

FTI's Solution

FTI was engaged to provide strategic consulting services for a number of projects related to the streamlining of information systems and financial reporting.

Problem:

Integrate information systems and financial reporting to ensure revenue from and royalties to licensees could be accurately accounted at global automotive services company after corporate restructuring, relocation of corporate headquarters and loss of key IT staff.

Solution:

Deploy FTI Corporate Finance and FTI Technology professionals to develop an automated financial reporting infrastructure with standardized IT processes that could be implemented on a global scale.

Results:

In less than two months, the FTI teams helped the company to transform millions of licensee transactions into a systemized and electronic reporting process.

“FTI's key strength was their ability to quickly analyze and begin working on the problem. This is complemented by the skill-set of the team member – each person has an application skill coupled with finance expertise, a rare and important combination.”

- Mark A. Neporent, Senior Managing Director and Chief Operating Officer, Cerberus Capital Management, L.P

FTI devised new, more efficient processes based on these system tests to ensure that accurate data was passed back and forth from the licensees at the local level to the IT and Finance groups at the corporate office.

The fast work and successful outcome of this initial project led to a second, far more ambitious assignment for FTI. The company retained FTI to develop an automated financial reporting infrastructure with standardized IT processes that could be implemented on a global scale. Leveraging its deep knowledge of financial and information technology systems, the FTI team aggressively moved in to assess the challenge. They learned quickly that the problems ranged from the fallout of the relocation of the corporate headquarters and the departure of several key IT professionals to a legacy information system that required manual input of crucial financial data (e.g., billing, A/P, A/R, tax collections, etc.).

FTI's prescribed solution to the client's serious challenge was to work with a number of disparate groups throughout the company to streamline a process with appropriate controls to ensure that the management team was receiving accurate data in a timely manner. These groups included the accounting teams at multiple locations around the world, various licensee accounting groups and the collections managers in the corporate accounting unit. FTI's approach was to develop custom templates and databases that would standardize financial reporting worldwide, then to institute new electronic processes for storing and submitting data. For the first time, retail locations all over the world could systematically report their daily financials, in real-time by using a secure, standardized online platform. This timely and unified sharing of information between remote locations and the corporate office eliminated manual input and re-typing, thereby expediting financial reporting and increasing accuracy of data collection.

The FTI team also worked with the client to identify outstanding accounts receivables, some of which dated back for several years, and aid in the collection process. After an initial task of identifying and collecting outstanding receivables, FTI helped to streamline the collection process and provide weekly status updates to the management team. As part of this benchmark reporting tool, a summary sheet was created to inform management of outstanding receivable amounts, days outstanding, top delinquent accounts and other "dashboard" items. This work to improve the effectiveness of the A/R function completed the circle of FTI's work, from initial customer reservation intake all the way to back-end collections on invoices.

FTI has subsequently been engaged by the client to handle other projects, including a recent assignment to enhance the information system used by the company in order to properly collect payments from its licensees in Latin America and the Caribbean.

The Results

In less than two months, the FTI Corporate Finance and Technology teams helped the company to transform millions of licensee transactions into a systemized and electronic reporting process. Each licensee is now able to quickly and accurately report revenue details to the corporate office, restoring the company's ability to quickly reconcile data and report financials both internally and externally.

Beyond the success of creating reliable and accurate standardized financial reports for the executive team, the company has also realized extraordinary efficiency benefits. As a direct result of FTI's efforts, the company was able to replace an archaic financial reporting process that consumed two weeks of time for two to three staff members with a streamlined, state-of-the-art process that now takes just one professional roughly 35 minutes to complete.

For More Information or to Schedule a Demo

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