



Lights Out Finance – GR/IR Clearing



Function: Finance

Processes: GR/IR

Industry: Cross-industry; Consumer & Industrial Products; Energy & Resources; Healthcare & Life Science; Public Sector; Technology, Media & Telecommunications

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Business Driver

Finance teams can be under tremendous pressure to clear GR/IR at month or quarter end to ensure correct representation of liability. This may mean potentially time consuming analysis governed by a manual clearing process. If goods receipts are not consumed by invoices, liabilities are overstated resulting in incorrect cash position.

This process of backing out and re-posting / manually clearing can be time-consuming. A mechanism to automate the clearing process would be able to reduce the time to close at period end and enable a faster close.

Solution Overview

- ✓ Provide real time insights to GR/IR variances caused due to vendor behavior patterns, 3-way matching discrepancies
- ✓ Suggest next steps based on materiality of variances, criticality of Vendor, PO value, material and other criteria
- ✓ Automatically write-off or write-up based on historical age thresholds and vendor invoicing patterns

Features

- ✓ Understand the subtle delivery and invoicing behaviors of vendors, and the triggers for matching discrepancies
- ✓ Provide instant feedback to vendors on short deliveries, inflated invoices and other discrepancies
- ✓ Automated resolution to discrepancies based on past user behaviors
- ✓ Automated debit memo creation when an invoice is booked outside of tolerance
- ✓ Communicate GR/IR discrepancies to purchasing teams immediately after occurrence.
- ✓ Collect insights based on patterns – types of differences, locations, vendors, materials etc.

Potential Benefits

Accounts Payable Organization:

- ✓ Faster and easier prioritization of high value variances with high impact to margin or inventory
- ✓ Minimize the time required for analyzing open GR/IR items, writing off or writing up high volume PO line variances
- ✓ Improve housekeeping of clearing account and minimizes potential fraud
- ✓ Increase visibility to repeat offenders, short receipts, inflated invoice price
- ✓ Faster close cycles
- ✓ Real-time GRIR Aging

Treasury Organization:

- ✓ Improve cash flow
- ✓ More current accrued liabilities



Machine Learning

- Automate discrepancies resolution based on past vendor behavior



Core SAP

- Accounts payable and procurement
- Predictive analytics



Analytics

- High value variance analysis
- Vendor behavior analysis
- Reduced Close time