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Intercompany Program Transformation





Background

Today more than ever, businesses are looking to transform their end-to-end intercompany (IC) program to streamline processes, enhance data, reduce risks, and improve efficiencies. Deloitte's Intercompany Transformation services advise on and assist organizations with assessing opportunities for enhancement, implementing technology platforms, and transforming business processes to meet requirements across controllership, tax, and treasury.

Common client challenges

No centralized system to track intercompany transactions

Out-of-balance intercompany accounts

No enterprise-wide intercompany guiding policy and process

Reduced transparency and standardization due to siloed business segments

Complications in reconciliation and reporting due to mixed booking of intercompany and third-party transactions

Limited controls to manage master data changes across disparate systems

Large transfer pricing-related compensating adjustments and difficulties assessing VAT and complying with jurisdiction invoicing requirements, including elnvoicing



Why Deloitte

We founded our Intercompany Center of Excellence as a hub for consolidating the know-how developed from our experiences across diverse clients. This reservoir of collective knowledge is synthesized into our intercompany framework, leading practices, tools, and accelerators. Our differentiator is the ability to bring our cross-functional team capabilities (i.e., controllership, global tax, transfer pricing, and treasury).



Record-to-Report

Intercompany & Leading Practices Playbook

RACI Procedure

Matrix



Communication

Plan

Deloitte's extensive experience and strong relationships across various technology platforms and alliances position us as a trusted advisor for organizations seeking competitive advantage.









Illustrative Intercompany Framework

Data management:

Clear ownership of intercompany master data; standard data definitions and coding across systems

Intercompany pricing:

Clearly defined pricing methodology, including the consistent application of transfer pricing policy and application of indirect taxes, with traceable components

Governance and policies:

Global policy with materiality enforced; mix of preventative and detective controls



Transaction management:

Automated jurisdiction-specific invoicing and workflow approval streamlines processing and reduces errors / exceptions

Netting and settlement

Automated, dynamic settlement and clearing; efficient cash management

Reconciliation and elimination:

Automated transaction-level matching, reconciliation, and elimination

Internal and external reporting:

Standard KPI monitoring, dashboard reporting, and drill-down to transactions



Deloitte's Intercompany Transformation approach

We work with organizations to perform the following activities:



- Identify your high-level current state baseline
- Showcase technologies/leading practices
- Walkthrough Deloitte IC framework to define maturity level
- Establish vision statement for future state



IC Assessment

- Deep dive into each intercompany area to uncover potential issues and root causes
- Perform detail analyses on IC data, processes, operating model, and policies
- Propose tactical and technological recommendations and build a future state roadmap



IC Implementation

- Design the future state of intercompany processes, data structure, system integration, operating model, and policies
- Configure, implement, and deploy selected technology platform across the organization based on the global IC functional requirements



Evaluate and outline global IC policy & governance processes



Establish a cross-functional IC **Center of Excellence (CoE)**



Establish and monitor Key Performance **Indicators (KPIs)** to track progress



Evaluate and update **business** process flows



Evaluate and resolve historical intercompany out-of-balances, including assessing tax impacts



Design **IC data model**

Intercompany blog posts

- Lessons from the real world: Intercompany transactions
- Putting intercompany accounting on the straight and narrow
- Intercompany accounting and process management: Survey results
- Transforming intercompany transactions accounting
- Intercompany accounting framework and leading practices
- Base erosion and anti-abuse tax reform challenges to intercompany accounting
- Intercompany profit-in-inventory reporting

Leadership and points of contact (POC)



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