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Thomson Reuters ONESOURCE™ Statutory Reporting Case Study

The last mile of statutory reporting is absolutely crucial. Here's how one global company does it with ONESOURCE.

For finance teams, the last mile of statutory compliance is to generate and submit local company financial statements to local regulators after the company creates a statutory balance from a ledger.

Generally, the more jurisdictions a company operates in, the more time-consuming, complex, and costly this step will be. Every jurisdiction has a different process and usually the technological specifications involved in statutory reporting compliance vary greatly from one jurisdiction to the others. The jurisdictions frequently change regulations, disclosures, and policies. Regional considerations like language barriers and the need for local knowledge make the process of centralizing to reduce cost and increase automation harder.

It's crucial to get local statutory financial reporting correct the first time. Mistakes can result in high fees or even criminal proceedings against the filers of noncompliant documentation. Many jurisdictions hold directors personally liable if local financial statements are not correct or submitted on time.

After standardizing certain finance functions and using shared service centers to centralize processes, one ONESOURCE user, a multinational corporation, had the objective of improving the last mile of its statutory reporting. The company, which is present in more than 100 countries, had significant statutory reporting responsibilities, and the local statutory financial reporting process it used was increasingly costly. There were approximately 500 ERP systems in use, heavy reliance on Microsoft® Excel, and many tools involved in consolidating and their local reporting process.

The time was right to make a structural change to turn the patchwork system into a process that was more scalable by, for instance, allowing the user to do statutory reporting in-country as well as in a centralized hub. This approach would control costs and prove to be more resilient.

The primary macro indicator for success was reducing total costs associated with the final steps of jurisdiction-specific statutory reporting. The team also tracked the accuracy and quality of each filing.

A best-practice approach is to standardize, centralize, and automate the statutory reporting process through the use of technology. The subject of this use case successfully took this approach by using ONESOURCE Statutory Reporting. Here's how.

Establishing a partnership

Just several years ago, the company in question used more than 500 ERP systems, many different consolidation tools, and a healthy portion of Microsoft® Excel, all before anything happened at the local level with respect to statutory reporting. The complete process took too long, relied on too many manual processes, and introduced needless risk. These factors made a strong case for change.

First, the company reduced its number of ERP systems from 500 to fewer than 30 and transitioned to a single consolidation tool.

From there, the functionality of ONESOURCE Statutory Reporting met the precise needs of the user. The company was already using the product for statutory reporting in several countries, but no statutory reporting platform had all the data and local best practice content per country for finance teams to automate filings with technology at scale. Many markets were online individually, but some weren't.

The team needed an automated way to overlay regulatory disclosure compliantly and at scale, and an improved process for statutory reporting.

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First, the Thomson Reuters team developed templates for the major jurisdictions. This reduced the user's reliance on in-country expertise and thus its cost. Moving forward, advances in automated translation could deliver even more flexibility in this regard.

For the less-popular jurisdictions, the two companies chose to fill the void together. The user agreed to pre-pay for a four-year agreement, and ONESOURCE agreed to complete a certain number of new countries every year in accordance with the user's need. Each new country ONESOURCE provided included standard best practice country templates created in conjunction with the Big 4 accounting firms to meet the local country regulatory requirements. ONESOURCE has agreements with prominent accounting firms to ensure this content, which changes frequently, remains up to date as an added source of value to clients.

Solving the problem

The outcome: A seamless transition that addressed the stated difficulties.

Right now, more than 54 countries are standardized, with more than 16 additional scheduled to be standardized in the next phases. This includes smaller jurisdictions, such as some in the Middle East, Northern Africa, Turkey, and Sub-Saharan Africa. A center-of-excellence model ensures more work at the front end of the process is done by centralized teams that can scale. The process will be used for all jurisdictions as they come online, making it easier for all teams involved to follow.

"Having a single process for all the accounting, from US GAAP down through to statutory reporting and compliance at the local level, is a powerful asset for our financial team and therefore for our business," explained a client-side program manager.

"It's all aligned, so at the front end we can merge teams, consolidate work, and scale up as the business requires, and at the back end local specialists can round out the process in an expert way."

This user concluded: "Before, a business would pay very expensive local statutory reporting experts for a greater portion of the compliance process. But now, we only need experts to look at the filing at the end because all the other accounting is more generic and can be done by central teams."

Use case description

Products used: ONESOURCE Statutory Reporting

Challenges:

- Last mile of statutory reporting was inefficient and costly
- Too many ERP systems and multiple consolidation and last-mile tools
- The team lacked a scalable process for the more popular jurisdictions and regulatory overlays for the less popular ones

Outcome with ONESOURCE Statutory Reporting:

- Significant total cost reduction for statutory reporting
- 28 ERP systems
- Reporting templates in place for the popular jurisdictions and jointly developed content and regulatory overlays for less popular ones
- More than 32 countries already standardized; more coming online this year

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