

Intercompany Impact: The Good, The Bad, and The Strategic

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The Association of
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Featured Presenters



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About Presenter's Organization



BLACKLINE

Agenda

1. Overview & Issues

2. Intercompany Impact

The Good

The Bad

The Strategic

3. Benefits of Dedicated Technology

BlackLine Intercompany

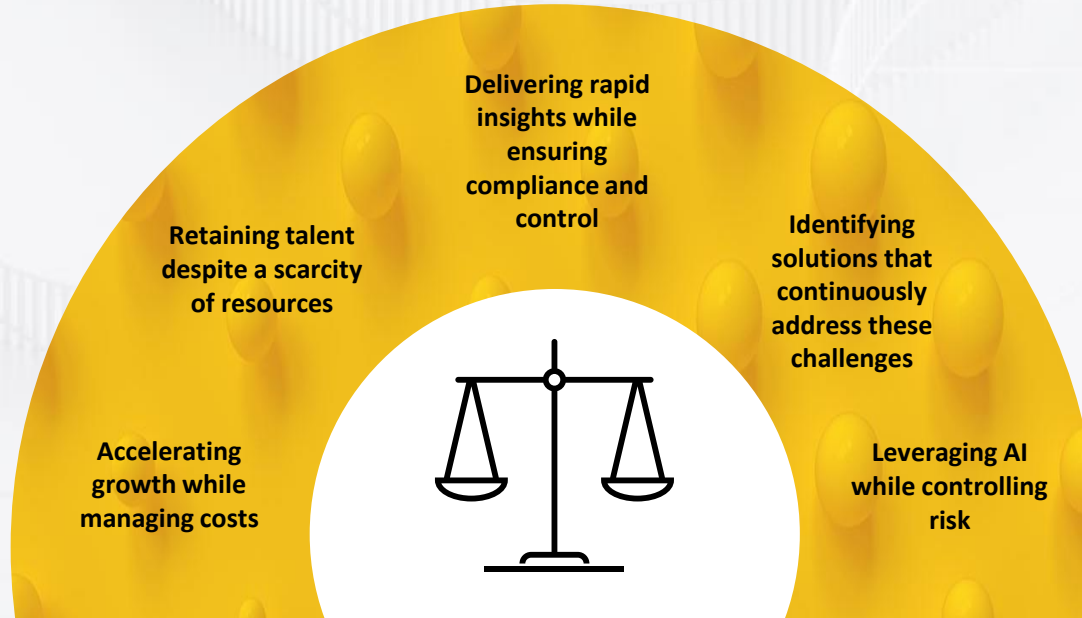
4. Summary and Q&A



Overview and Issues

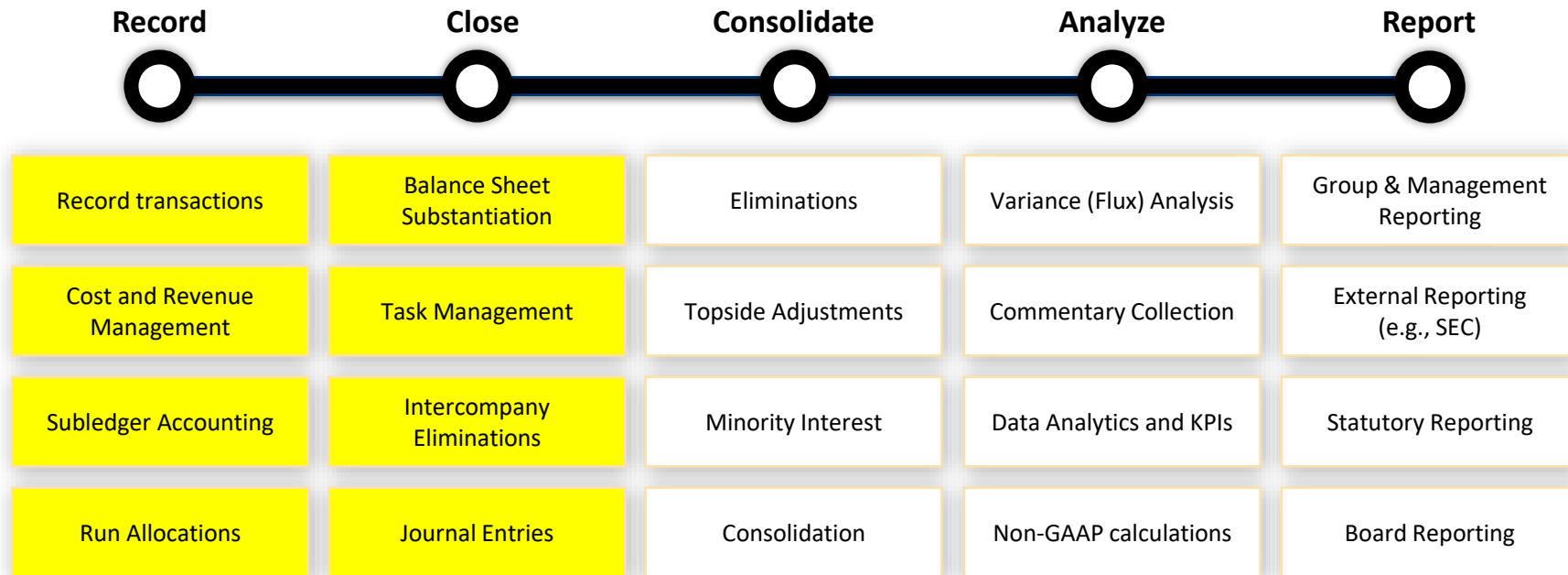
The Office of the CFO is facing an **unmanageable** balancing act.

Teams are tasked with many priorities that often conflict.

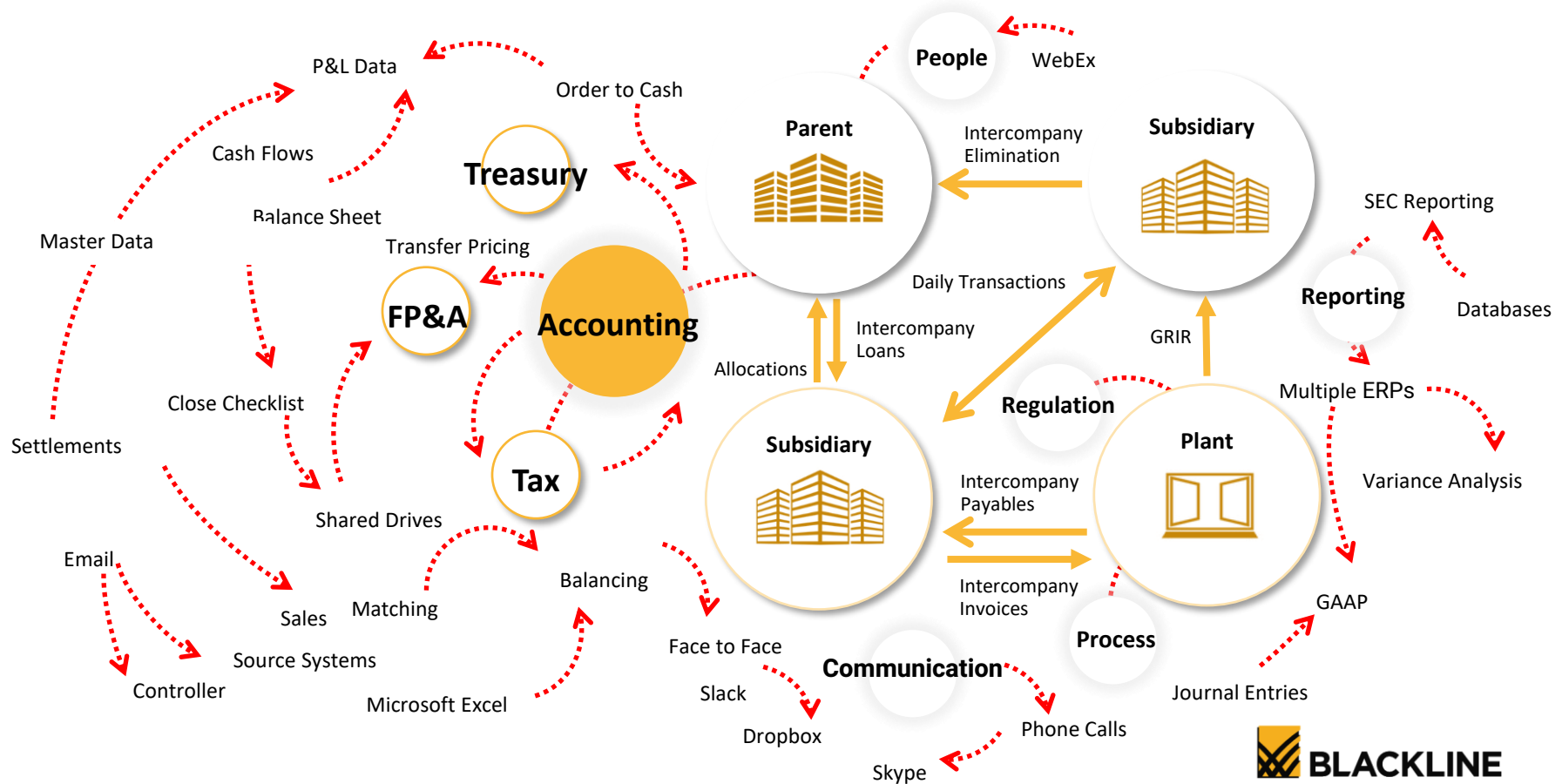


Executing many activities across record-to-report

Key Phases in the Record-to-Report (R2R) Process



Intercompany is a complex, often messy process – with the goal of getting to zero



Time Spent on the Process

Just getting to zero is the goal.

Time left for
the OKR

Time spent
on getting it
right



Support business
strategy using credible
data and insights

**Achieves Zero
Balances**

Capturing valuable data

Intercompany is often misunderstood across organizations.

99%

of surveyed stakeholders report challenges with Intercompany; top reported difficulty **'lack of company-wide view'**

89%

characterize their C-Suite leadership and corporate board as **lacking in their understanding** of Intercompany

Intercompany is often siloed by function

Individual perspectives and processes hinder operational efficiency.

- Finance, Accounting, Tax, and Treasury aren't coordinating
- Processes are manual and error-prone
- Technology is not comprehensive or end-to-end



Poll Question 1:

How is intercompany perceived in your organization?

- a. Not well understood – issues that need addressing
- b. Somewhat understood – no big issues
- c. Well understood – we manage it well

Poll Question 1 Results: (Placeholder)

Intercompany Impact

A brown leather cowboy hat with a wide brim and a decorative band. The hat is shown from a side profile, facing right. The band features a dark, possibly leather or faux leather, strip with a light-colored, embossed or carved floral or scrollwork pattern. A small, metallic-looking buckle is visible on the right side of the band. The hat is set against a plain white background.

The Good

Intercompany transactions are within every global company and arise either because a company is tax effective, is global in nature or has grown by acquisition.

Effective Intercompany

Improved Financial Reporting

- Accurate Reporting
- Revenue and Costs

Better Risk Management

- Currency Volatility
- Hedging Strategy

Efficient Allocation of Resources

- Internal Loans



Effective Intercompany

Tax Optimization

- Tax-Efficient Lending

Strategic Initiatives

- Joint Venture
- New Market/Product
- Strategic Objectives

Global Operation Strategy

- Shared Services Centers
- Cost-Efficient Manufacturing



The Bad

Intercompany Impact

Controllership

- Data transparency and auditability
- Financial reporting
- Compliance

FP&A

- Budgeting and forecasting
- Performance analysis
- Cost allocation and traceability

Tax

- Tax compliance
- Transfer pricing governance
- Tax planning and forecasting

Treasury

- Cash management
- FX management
- Netting and volume management



Business Impacts



Efficiency

Lower Capacity

Longer Cycle Times



Tax Control

Deduction Defensibility

Transfer Pricing Issues



Profitability

Write Offs

Increased Leakage



Cash Management

FX Concerns

Forecasting Visibility

Market Insights

“Disjointed intercompany processes require additional accounting resources, creating delays in close and reporting at both entity and group level.”



Gartner, Technology Approaches to Unify Intercompany Accounting,
Permjeet Gale, 9 February 2024

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Impacted Productivity

80%

of surveyed stakeholders report spending **more than one workday per month** during the close on intercompany

94%

report that the average time to resolve intercompany disputes takes more than a day **to over a week per month**

Poll Question 2:

What is the biggest impact intercompany has in your organization?

- a. Adds time to the close
- b. Affects taxes
- c. Affects cash management/treasury

Poll Question 2 Results: (Placeholder)

An abstract geometric pattern on the left side of the image. It consists of thick black lines forming a series of overlapping 'X' or diamond shapes on a mustard yellow background. The pattern is partially cut off by the left edge of the frame.

The Strategic

A dark grey or black baseball cap with a curved brim. The words 'THINKING CAP' are embroidered in a light-colored, sans-serif font across the front of the cap. The cap is set against a solid black background.

THINKING CAP

\$2M

“Potential annual cost savings in a typical \$10-billion revenue business that runs a poorly controlled intercompany accounting process”



Intercompany Financial Management

Policy + Process Design + Dedicated Technology

Intercompany Policies

Strategic intercompany policies can significantly impact operations, culture, and performance.



Consistency and Standardization

Improves efficiency and reduces errors



Alignment with Corporate Goals

Ensures alignment with overall objectives



Risk Management

Enhances compliance and mitigates risks



Intercompany Policies

Benefits are numerous, but risks include over-standardization, cultural conflicts, and reduced flexibility.



Cost Efficiency

Achieves economies of scale and reduces cost



Innovation and Growth

Fosters innovation and collaboration



Operational Performance

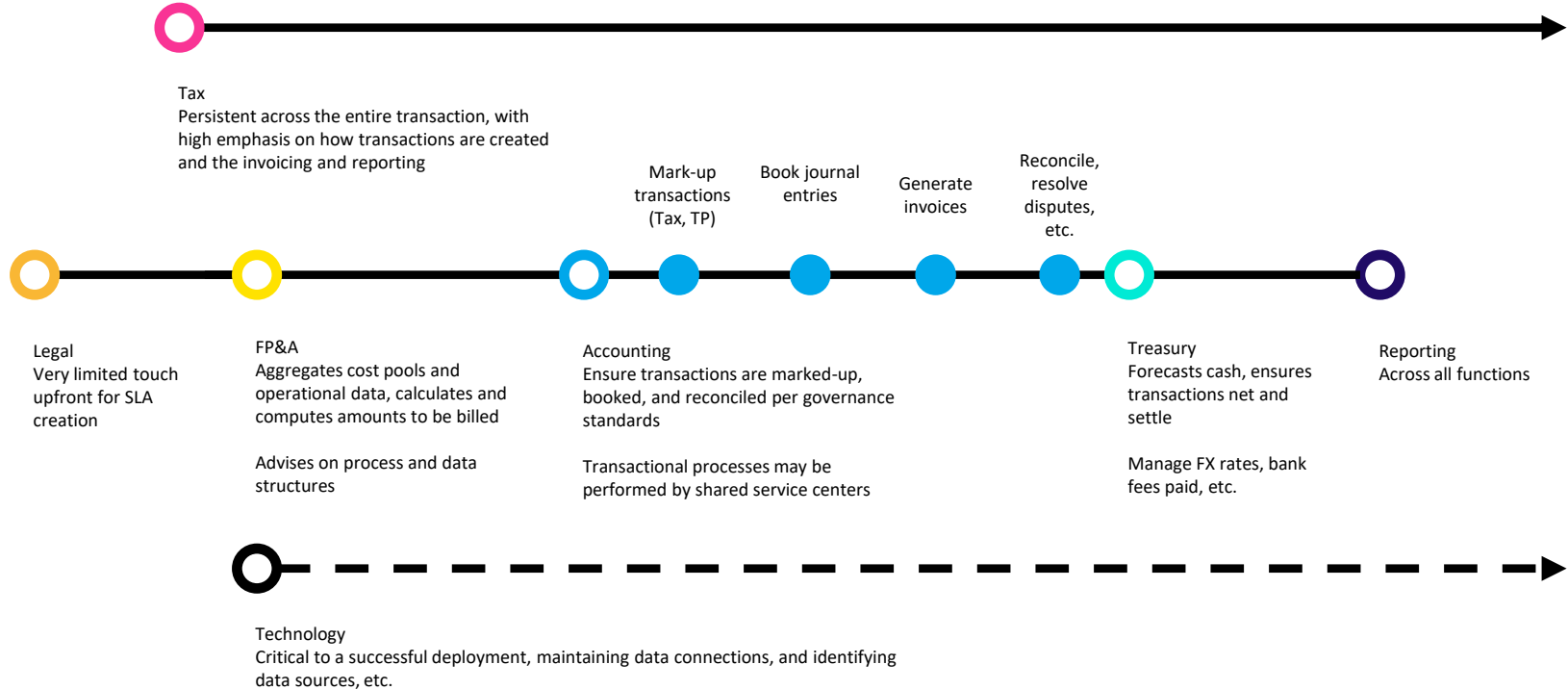
Enhances efficiency and effectiveness



Policy Examples

- Transfer Pricing
- Billing and Invoicing
- Reconciliation
- IC Loans
- Cost Allocations
- Service Agreements
- FX
- IC Governance
- Dispute Resolution

Process Design: Across functions



Dedicated Technology

“Without addressing a scalable intercompany process that includes technology, organizations will struggle and continue to negatively impact business outcomes”



Gartner, Technology Approaches to Unify Intercompany Accounting, Permjeet Gale, 9 February 2024

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Benefits of Dedicated Technology

Poll Question 3:

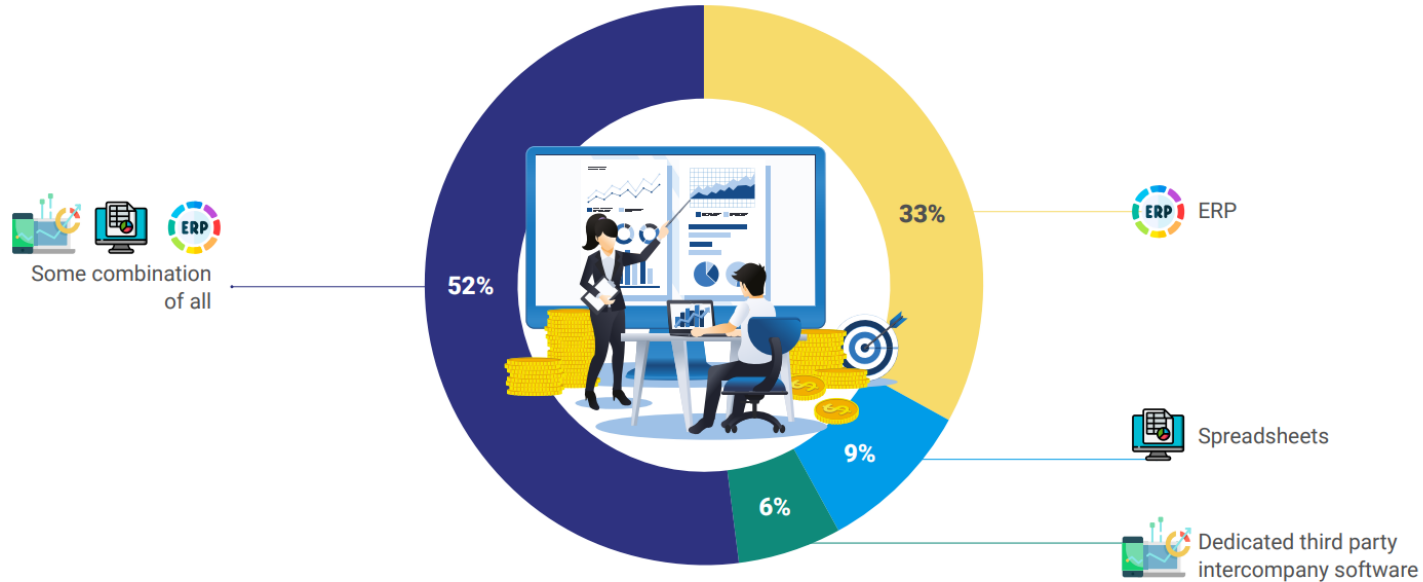
What systems do you use to handle intercompany today?

- a. Spreadsheets
- b. ERP
- c. Spreadsheets and ERP
- d. Dedicated Intercompany software

Poll Question 3 Results: (Placeholder)

Many uses of technology today

WHAT TECHNOLOGY ARE YOU USING TODAY TO HANDLE INTERCOMPANY?



Future-Ready Financial Operations



Accurate

A solid foundation
built on trustworthy
data



Efficient

Processes that are
streamlined and automated



Intelligent

Continuous transformation with
immediate impact AND
sustained value over time



BlackLine Intercompany

SOLUTIONS AND PRODUCTS

Create



Balance &
Resolve



Net & Settle



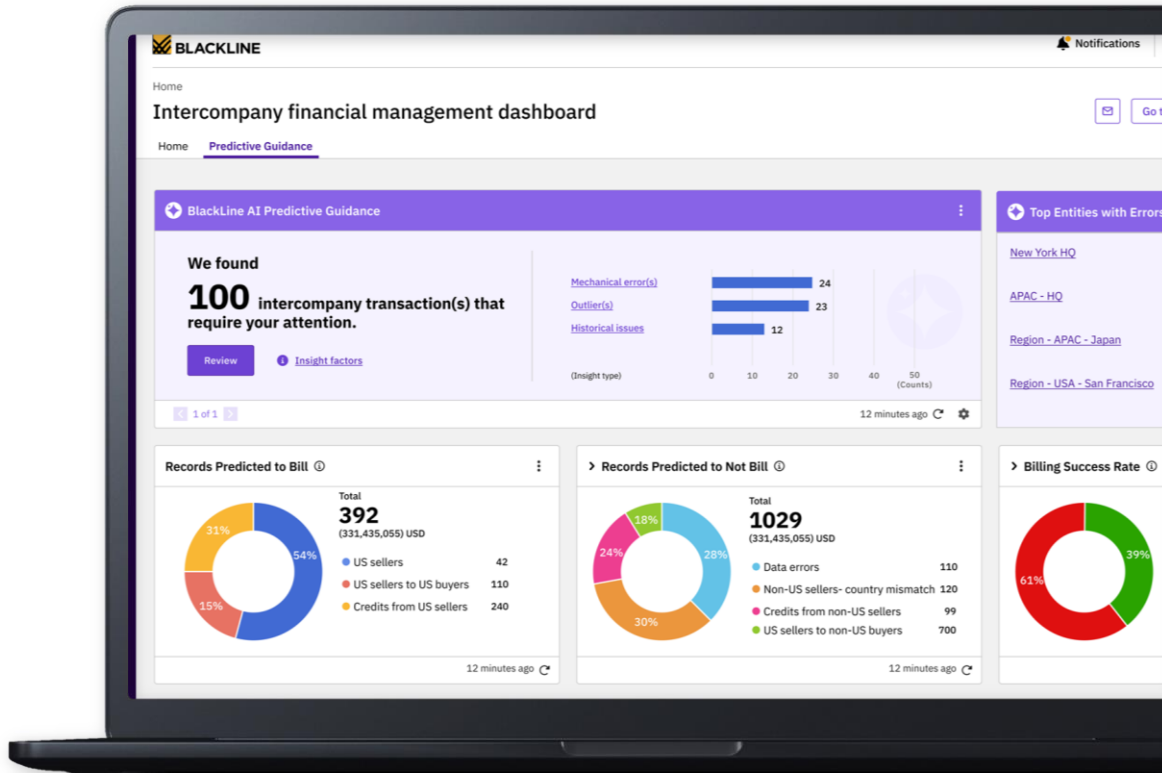
End-to-End Intercompany Processes



AI Enabled Predictive Guidance via Machine Learning

Insights Center

- Real-time transaction oversight
- Actionable guidance
- Dispute prevention



Predictive Guidance

- Enhanced decision-making (make informed decisions backed by AI)
- Achieve error-free billing
- Realize operational efficiency

The screenshot displays the BlackLine Intercompany predictive guidance interface. The main section, titled 'File upload', shows a table of upload records with columns for Rank, Health rating, Predictive guidance, and Uploaded by. The table lists 13 records, all with a 'Severe' or 'Cautious' health rating and a 'View' button. The 'Predictive guidance' column is currently empty. The 'Uploaded by' column shows the email address 'Austinrobertson@blackline.com' for all records.

On the right side, there is a section titled 'Intercompany predictive guidance' with a 'Back' button and a 'Download AI insights' button. Below this, a text box states: 'BlackLine's Intercompany Predictive Guidance uses AI to produce actionable insights. Please see below for the predictive insights.' A 'Severe' status indicator is shown.

Below the text box, there is a table showing the distribution of predictive insights:

US sellers	40
US sellers to US buyers	11
Credits from US sellers	24

Below this table, there is a section titled 'Records Predicted to Bill - 89 Total' with a 'Profile Match' table and a 'Specific Errors' table.

Profile Match	Count
Data errors	12
Non-US sellers with a country mismatch	11
Credits from non-US sellers	9
US sellers to non-US buyers	7

Specific Errors	Count
Metric code must be valid and active	4
Seller PL company code is invalid	3
Bill period is invalid	2
Transaction amount cannot be \$0	1
Seller_PL is a required field	1
Source is invalid	1

Intercompany Operations Excellence



Improve Operational
Efficiency



Gain Global Tax
Control



Drive Margin
Improvements



Achieve Cash Precision

What this means for your organization

Benefits

- Increased trust and reliability of information
- Reduced risk of misstatements
- More time for special projects/KPI
- Increased reporting accuracy
- Enhanced decision making



Poll Question 4:

Where is your F&A organization in adopting AI?

- a. We are not using any AI applications
- b. We have AI pilot programs running
- c. We have 1 or more AI applications in full use

Poll Question 4 Results: (Placeholder)

BlackLine Modernizes Your Record-to-Report Activities

Key Phases in the Record-to-Report (R2R) Process

Record

Close

Consolidate

Analyze

Report

Record transactions

Cost and Revenue
Management

Subledger Accounting

Run Allocations



Integrate, orchestrate, and automate
end-to-end accounting processes.

Group & Management
Reporting

External Reporting
(e.g., SEC)

Statutory Reporting

Board Reporting

BlackLine is your partner for digital transformation success.

Our approach is



Proven.

We have a track record of unmatched innovation & security, and an unparalleled community of customers & partners.



Collaborative.

We partner with you to overcome challenges throughout your journey.



Achievable.

We help you tackle your most pressing challenges and enable sustainable change.

BlackLine is the preferred choice for F&A teams



4,400+

Customers
in 130+ countries



**Unmatched, market-
leading security**

ISO/IEC Certified



75+

**Extensive strategic
partnerships**



**Market creator &
proven innovator**

Founded in 2001



**Publicly-traded and
well-positioned**

Nasdaq: [BL]

FORTUNE 500

46%

Fortune 500



SAP® Solution Extensions

**Exclusive SAP solution
extensions**



\$100M+

Consistent R&D Investment



BLACKLINE

Questions and Answers



James Tilk, CPA, CMA
Director Solutions Strategy &
Marketing
BlackLine



Josh Maluchnik
Value Architect
BlackLine



Nina Sanchez
Solution Director, FC Practice,
Intercompany
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Thank you!

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