Intercompany management

Identify and match intercompany balances, approvals and documentation to drive collaboration and accelerate the financial close.

Rethink the manual madness of intercompany

Redwood can free your teams from 70-100% of all manual effort dedicated to intercompany operations. You could achieve faster resolution and timely and accurate elimination of intercompany transactions.

An important part of the consolidation process is the elimination of intercompany transactions. It is a collaborative process that requires the counterparties to have full visibility of their respective balances, the difference between them and the underlying transactions. Counterparties in an intragroup trade also need shared access to a common view of their intercompany positions. Resolving intercompany differences is extremely complex and time-consuming. In the absence of suitable systems support, many companies resort to email exchanges, telephone calls and other manual workarounds.

Foreign exchange differences, timing delays and different company finance systems can lead to a messy and complicated back-and-forth at month-end. Disputes over pricing and incomplete documentation can result in time wasted creating accruals and balance journals to complete the consolidation process.

The bigger problem with intercompany processing is that material differences often only come to light very late in the record-to-report (R2R) process, when deadlines are looming and other priorities arise. In these circumstances, the temptation is to simply accept any differences and postpone a full reconciliation for yet another period.

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Intercompany

Our catalog of pre-automated financial tasks enables you to quickly and easily get up to speed.

Intercompany reconcilation

Automate matching uncleared transactions from respective counterparties. Our solution runs the counterparty transaction report and uses a flexible, configurable rules engine to:

- Reconcile and find unmatched items

- Split unmatched items by counter-party and alert nominated individuals for resolution

- Create accruals (reversing journals) and auto-post journals with necessary approvals, attach and store evidence, and reverse the next period
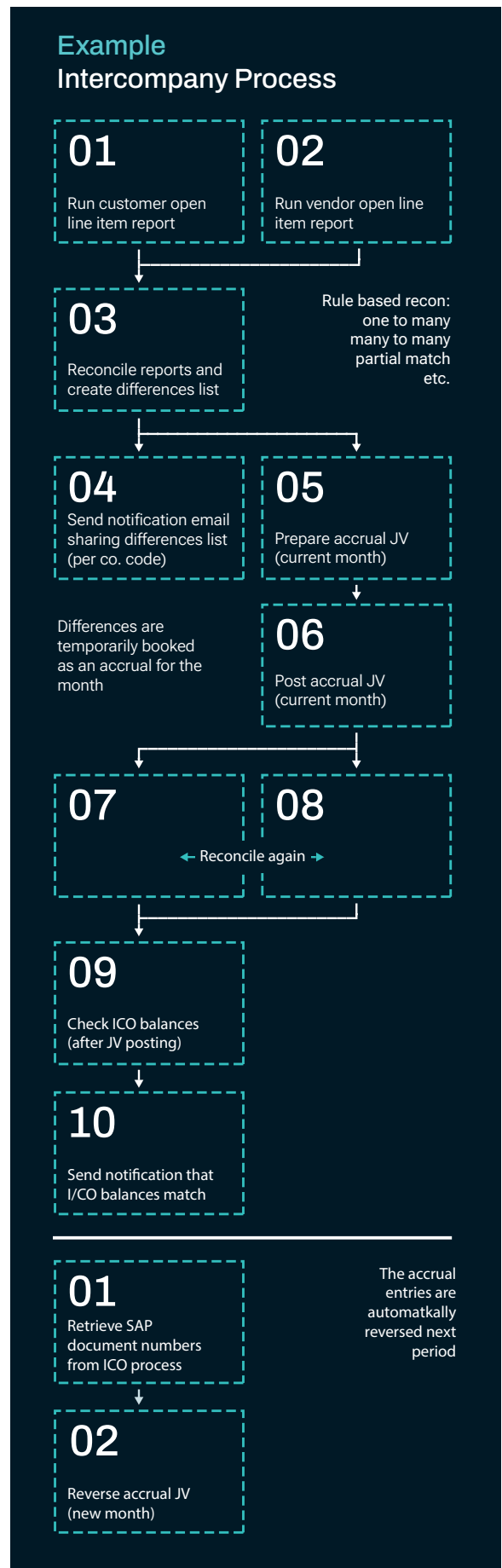
Intercompany resolution

Free your teams from laborious work that can be reliably and accurately automated. Auto-reconcile, and, for unmatched items, post opposite entries based on agreed intercompany posting rules. Often, large organizations have clearly defined rules. One Redwood customer has 80 different rules based on transaction type and entity. For example:

- Redwood's matching automation finds the unmatched items that can be in multiple systems/ ERPs, and applies the rules

Automatically pick up the next task to create and post the necessary required (opposite) AP, AR or intercompany entry into the underlying applications (subject to the required approvals and controls)

Use the existing "clearing" options within the underlying ERP application to clear these transactions directly in the system and collect and store the necessary evidence.

> **Free your teams from laborious work that can be reliably and accurately automated.**

Example
Intercompany Process

01
Run customer open line item report

02
Run vendor open line item report

03
Reconcile reports and create differences list

Rule based recon: one to many many to many partial match etc.

04
Send notification email sharing differences list (per co. code)

05
Prepare accrual JV (current month)

Differences are temporarily booked as an accrual for the month

06
Post accrual JV (current month)

07

08

← Reconcile again →

09
Check ICO balances (after JV posting)

10
Send notification that I/CO balances match

01
Retrieve SAP document numbers from ICO process

The accrual entries are automatkally reversed next period
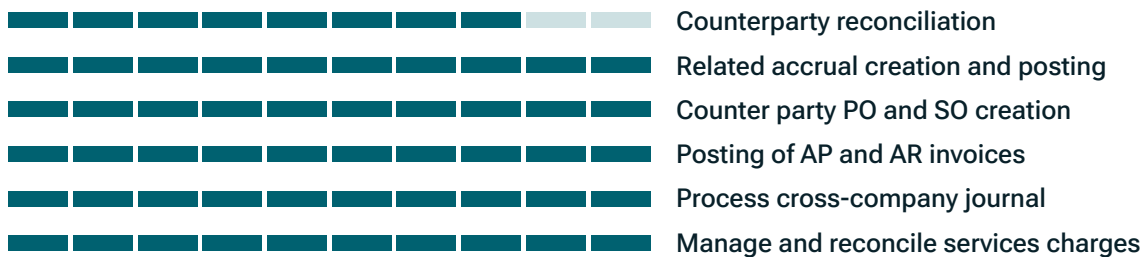
02
Reverse accrual JV (new month)

Intercompany hub

With Redwood, you can automate the creation of equal and opposite entries directly into the counterparty's order management or accounting applications. The automated process can pick up the intercompany-related documents and, subject to the right access, post them directly into the counterparty books. This eliminates timing delays as well as common rekeying of OCR/EDI translation issues. It ensures all entries are correctly accounted for and automatically reconciled and cleared—eliminating the need for reconciliation further downstream. The remaining items now make up true intercompany balances such as goods in transit, cash in transit, etc. and are thus eliminated/reported as part of the group consolidation reporting.

Intercompany:* ~95% Automation

*Typical examples of intercompany processes

|	
▬▬▬▬▬▬▬▬▬▫▫	Counterparty reconciliation
▬▬▬▬▬▬▬▬▬▬	Related accrual creation and posting
▬▬▬▬▬▬▬▬▬▬	Counter party PO and SO creation
▬▬▬▬▬▬▬▬▬▬	Posting of AP and AR invoices
▬▬▬▬▬▬▬▬▬▬	Process cross-company journal
▬▬▬▬▬▬▬▬▬▬	Manage and reconcile services charges

Redwood's intercompany key features:

✓ Calculate currency-related differences where applicable and autornatically create and post the related currency exchange gain/loss journals

✓ Create and post the respective entries such as POS. sales orders, invoices etc. in counterparty systems

✓ Execute payment on the buying side and collection processing on the selling side

✓ Automatically trigger flows on the buying side based on delivery on the selling side

✓ Automatically pick up POs, invoices from ERP, EDI, OCR, etc.

✓ Work within customizable approval workflows

✓ Execute "clearing" transactions within ERP

✓ Collect and store all evidence and audit trail

✓ Search and identify missing counterparty transactions

✓ Access customizable analytics and dashboards

✓ Auto-reconcile and rnanage exceptions

✓ Run complex rule-based reconciliation

About Redwood

Finally plug the "automation gap" that leaves your people with lots of manual work, and liberate your teams from the day-to-day grind and stress of the financial close. Redwood orchestrates and performs the work, so you always achieve an accurate and timely close. Choose from our catalog of pre-automated financial tasks — across journal entry, balance sheet certification, intercompany and close checklist automation — and benefit from our deep integration with SAP•, Oracle, other ERPs and business applications. Our mission: Unleash human potential. We free up the time and resources associated with repetitive manual tasks, so your people can help your company stay ahead. More than 3,000 enterprises trust Redwood to automate their business.
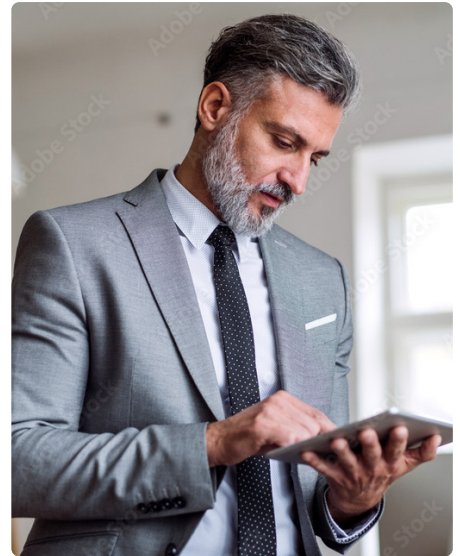
See redwood finance automation in action

Redwood Finance Automation can eliminate time-consuming manual efforts, increase confidence and gain control over your financial processes.

Get a Demo

⬆ **Redwood**