

Case Study



Oilfield Services Major Transforms Financial Performance Management Landscape

Abstract

An oilfield services firm partnered with Infosys to address perpetual time crunches in managing quarterly and annual financial management processes. A specific focus area was to reduce timelines for statutory filing and reporting of consolidated financial results. Using Infosys' Corporate Performance Management (CPM) services, the client transformed its financial management process to enable faster and improved financial consolidation, planning, reporting, and operational business performance management. It also eliminated manual process intervention by 80%.

The Client

The client provides the oil industry with products and services across the oil exploration and production lifecycle. It has multiple business divisions, operating across 70 different countries with multiple legal entities.

Each business division consolidates financial information at a local legal entity/ country level, then at the divisional level. The consolidated data, at the divisional level, is used for the corporate financial consolidation process.

Business Challenge

Inefficiencies in the financial management processes hindering effective corporate performance management

In its existing environment, the client was facing multiple issues

- An extremely high percentage of time and effort spent on meeting deadlines for external [reporting to statutory agencies](#), like SEC and IRS
- Inconsistent outputs from the analysis of inter-/ intra-divisional financial data added to the large manual effort required for the analysis
- Inability to drill-down into divisional consolidated numbers from the corporate level
- Various legal entity ledgers, split across GL systems, with differing charts of accounts
- Each division maintaining and managing its consolidation environment separately.

A detailed diagnostic of the existing environment identified specific focus areas for the financial transformation program sponsored by the Chief Financial Officer (CFO). These included:

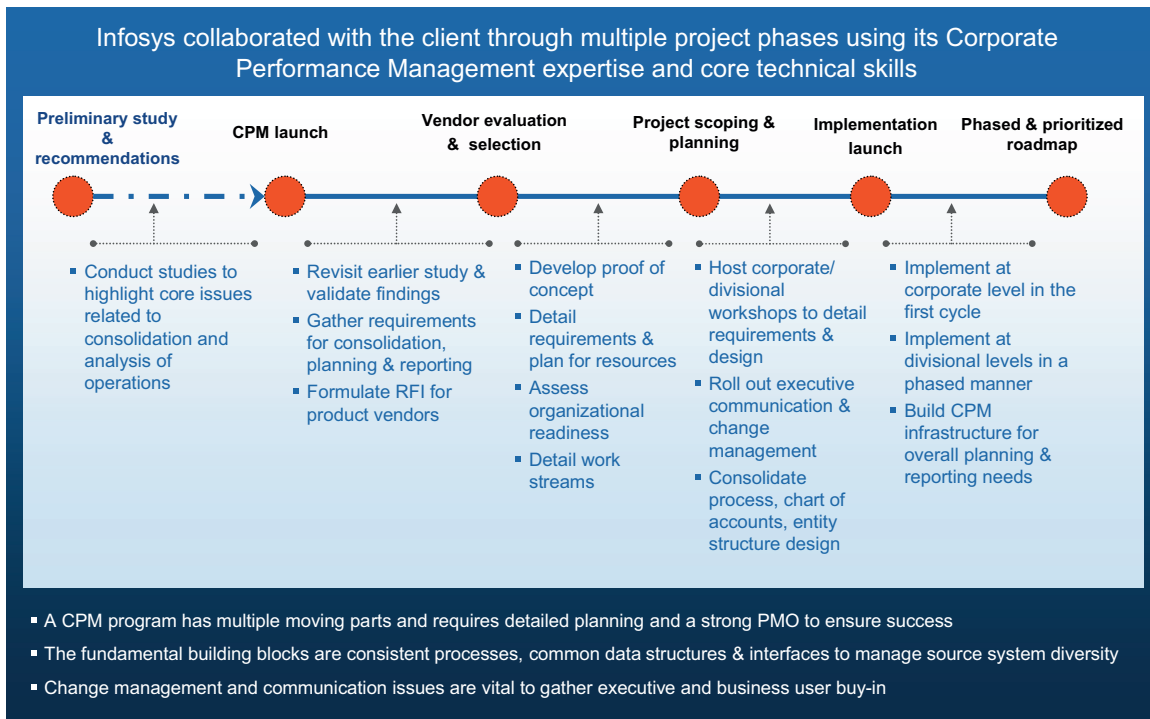
- Reduce the time taken for consolidation of financial results from the System of Record (SOR), to improve the efficiency and effectiveness of public/ statutory filings
- Improve data collection, reporting and analysis to the Corporate Tax, Treasury, Accounting and Operations groups
- Standardize consolidation and reporting processes across divisions
- Remove manual interventions required for inter-/ intra-company book closing, eliminations and confirmations
- Enable management book archiving, with improved performance reporting and multi-currency provision
- Manage the diversity of source systems while consolidating data (approximately 65% of transactional data resided in one single ERP system and the rest in legacy systems)
- Identify areas for improvement in business unit planning, budgeting and reporting
- Recommend a strategy for operational business performance management

Infosys' Solution

In defining the contours of this transformation program, it was critical to keep in mind the existing state of client's financial management processes, to assess improvement needs and structure the business requirements accordingly.

Leveraging its CPM methodology, the Infosys team - in collaboration with client Program Management Office (PMO) - conducted a comprehensive assessment of the existing ecosystem with a focus on the following outcomes

- Structuring and consolidating business requirements for financial consolidation, planning and reporting
- Creating an RFI for product and vendor selection, and managing the evaluation process
- Developing a multi-year, multi-phase implementation roadmap addressing budget estimates, structure and governance processes, resource requirements, risk and mitigation mechanisms
- Defining alternative technology options and developing a roadmap to realize the chosen option
- Defining a structured communication plan and changing management processes
- Developing a dedicated web portal for managing the overall communication around the financial transformation program



As part of the program execution, the Infosys team partnered with client PMO, relevant business stakeholders, and information technology teams to manage the implementation of enterprise-wide business process improvements and applications supporting –

- A single system of financial consolidation
- Development of a common data repository
- Integrated planning and performance analysis (dashboards/ reports)

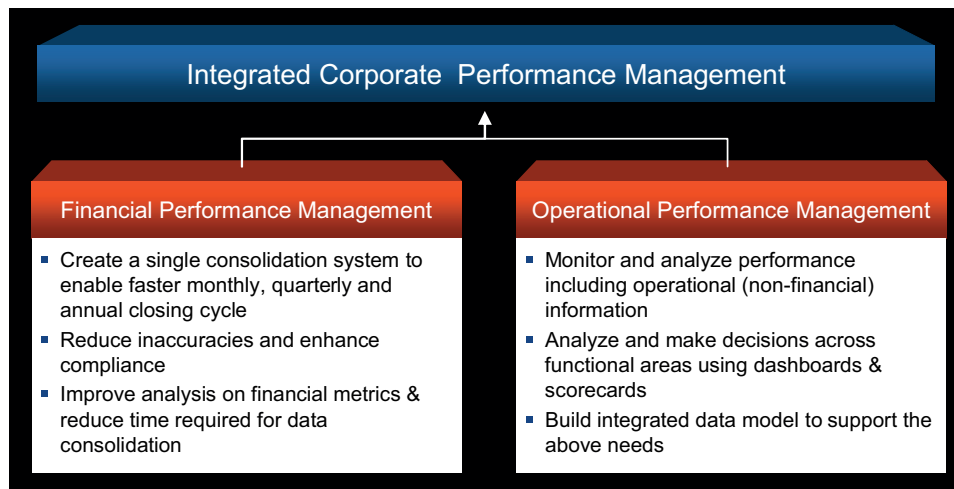
The key areas of business impact included:

Strategy

The engagement enabled the client to develop a **clearly defined strategy** for **financial business performance management**, along with a structured governance process for the management of operational performance reporting needs. This was achieved by defining a long term roadmap for financial and operational performance management, and the establishment of a governance framework for ongoing management

Processes

On Infosys' advice, the client sought to do away with differing charts of accounts and the many legal entries split across the GL system. This issue was tackled by **standardizing the consolidation processes** across divisions and defining a framework for ensuring a **common chart of accounts**. The processes were re-engineered to reduce manual interventions. This resulted in reducing the time spent in gathering supplemental information for all statutory filings, as well as cross-divisional analysis.



Applications

Prior to the launching of this program, the client had several application environments of the same product suite. Post this engagement, the applications were integrated into a single consolidation and reporting system on the latest version of a leading CPM product suite. Infosys collaborated with the client to manage the RFI process, [evaluate](#) products, [demonstrate](#) business and technology proofs of concept and [make](#) the final product recommendation.

Technology

Infosys initiated an in-depth study of the existing information system landscape, [defined](#) technology options, and a roadmap to [realize](#) the architectural vision to eliminate different consolidation environments. In the course of the program, Infosys also identified reporting applications relevant to the different reporting requirements. Using the Global Delivery Model, Infosys reduced the implementation cycle time. The program was successful in eliminating redundant consolidation applications, adding capabilities - such as multi-currency provision for tax purposes and drill-down from corporate numbers to divisional numbers.

Organization

Infosys also [led the communication planning and change management process](#) to manage a federated consolidation ecosystem. This was achieved by establishing a multi-tier, cross-functional governance model for ongoing management of the financial business performance management system. A structured communication program was implemented, with frequent updates being posted on a dedicated portal.

Business Advantage Delivered

For organizations operating in the USA, ensuring SOX compliance in financial reporting is one of the most important processes. It is mandatory, as per the corporate governance guidelines prescribed by the Securities and Exchange Commission (SEC). These guidelines result in extreme complexity for global corporations since multiple business units operate in different geographies as separate legal entities, following different accounting procedures and local reporting norms.

It is also vital for the management to analyze overall corporate performance and conduct inter-/ intra-business unit operational performance to manage the overall planning and budgeting processes, and determine response mechanisms in alignment with internal and external factors. At the end of this engagement sponsored by the CFO, Infosys had [transformed the financial management processes](#) - leading to faster turnaround times in annual and quarterly consolidation and reporting processes. The business benefitted from:

- Standardized and automated processes for financial reporting
- Faster book closing, with a reduction in the duration of the “dead week” (financial systems freeze)
- SOX compliant and transparent accounting procedures
- Reduced manual intervention in the process by upto 80%, thus freeing up time for analysis
- Improved financial analysis and reporting capabilities
- Strong governance mechanism to support the specific needs of financial and operational performance management
- Assessment of improvements needed in business unit planning, budgeting and reporting processes
- A single consolidation and reporting system (as against several applications earlier)



For more information, contact askus@infosys.com

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