

Going paperless for Monthly Cost Center Reporting and related SOX compliance, using Oracle Applications

Joint session with United Airlines at Oracle OpenWorld 2008, San Francisco

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Overview

A dashboard-based approach has helped United Airlines provide its cost center managers and business unit controllers near real-time information on their financials. This has helped to enable management, by exception for cost center spend and variance analysis, with drill down to transactions. It also provided the ability to record and review variance explanations, at all levels of the organization. Electronic certification and archiving of cost center level financial reports helped improve SOX 302 compliance for an important entity-level control.

Challenges faced by client

United Airlines faced a lot of challenges, which have been categorized into technology, process and compliance.

- **Technology:** There were data synchronization issues with legacy systems and had no visibility into details, supporting monthly balances without going through the 'gate keeper'. There was no electronic storage of cost center manager approved variance documents.
- **Process:** Cost Center managers had no visibility into their financial performance until after month end close which led to validating stale, out dated information. Reconciliation issues existed between two financial hierarchies. Manual distribution effort resulted in reports not always reaching cost center managers on a timely basis, or in some cases not at all. There was also difficulty in performing month over month comparisons as many paper-based reports were misplaced or not easily located.
- **Compliance:** Audits were random and not complete. No visibility to validate that cost center managers were performing proper analysis and accepting variances. It is also difficult to secure data with paper reports.

How Infosys' solution/ experts resolved the issues

Infosys built custom dashboards, based on Oracle OA framework with the same look and feel of the daily business intelligence dashboards. It supported United's cost center reporting process and hierarchies and enabled web-based reporting. The solution provides responsibility center managers with a dashboard that reflects the performance of the responsibility center as a whole to facilitate management by exception. It provides them the ability to investigate any variances or abnormalities by drilling down to the individual responsibility center, the originating transaction and record and review variance explanations at any level of the responsibility chain. It also provides them the ability to sign off and archive responsibility center level income statements electronically, facilitating better SOX 302 compliance.

Benefits derived

The solution has provided managers at United Airlines to access information from any location. It has improved analysis capabilities, utilizing dashboards helps reduce time to complete variance analysis. It has also enabled better controls, and hence has improved SOX 302 compliance. It has led to elimination of the cost of paper, printing and distribution. Last but not the least, it has enabled the managers to reduce closing cycle time by 1 day and file 100 36 hours after earnings release.