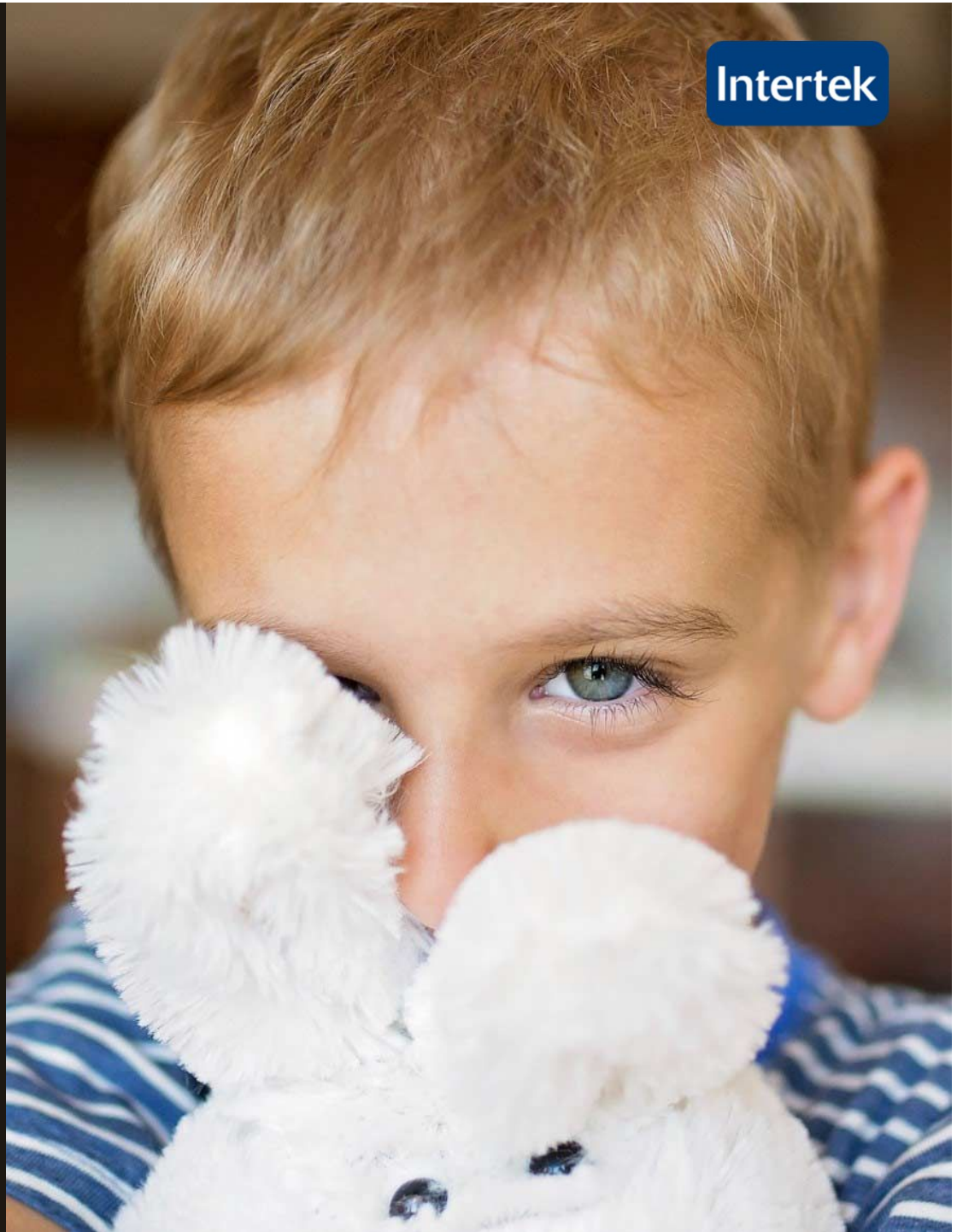


Enabling Accounting Change through Coprocess

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Head of Finance
Transformation Projects

9 June 2016



Agenda

Intertek

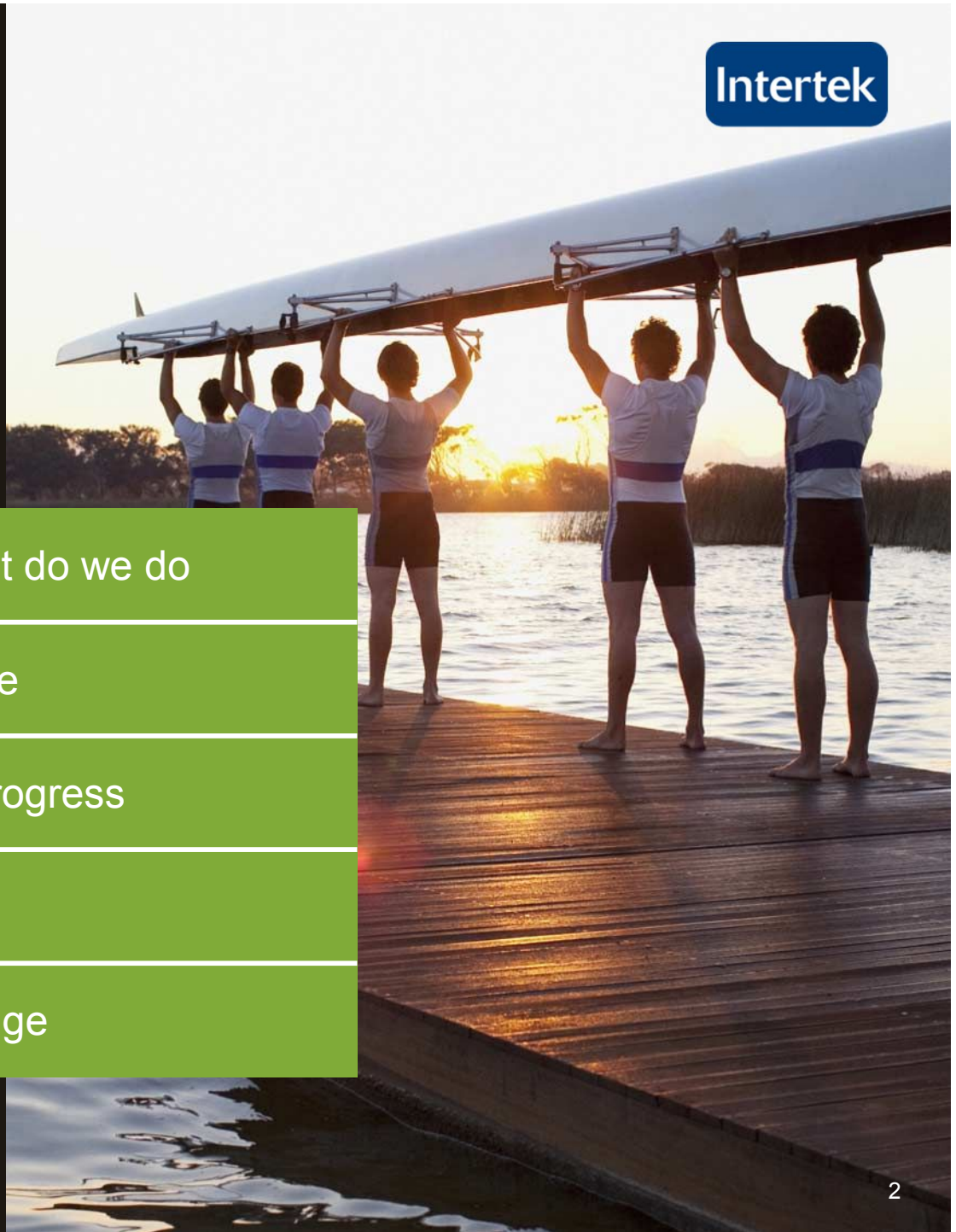
01 Who are Intertek and what do we do

02 Finance system landscape

03 Rules and Summary of Progress

04 Issues encountered

05 Enabling accounting change



FTSE 100 company, in Total Quality Assurance field



What do we do?

Intertek

Chemicals

- Agrochemicals & Pesticides
- Basic & Industrial Chemicals
- Dyes & Detergents
- Lubricants & Greases
- Nanomaterials
- Petrochemicals
- Polymers & Plastics
- Specialty Chemicals

Energy & Commodities

- Agriculture
- Biofuels
- Coal & Solid Fuels
- Minerals
- Nuclear
- Oil & Gas
- Power Equipment
- Power Generation
- Power Transmission & Distribution
- Solar
- Wind, Wave & Tidal

Transportation

- Aerospace & Defence
- Automotive
- Marine
- Rail

Products & Retail

- Accessories
- Appliances
- Batteries
- Footwear
- Furniture
- Housewares & Home Decor
- HVACR
- IT & Telecoms
- Lighting
- Machinery & Tools
- Medical Devices
- Packaging
- Retail
- Sporting Goods
- Textiles & Apparel
- Toys & Children's Products
- Wireless

Construction & Engineering

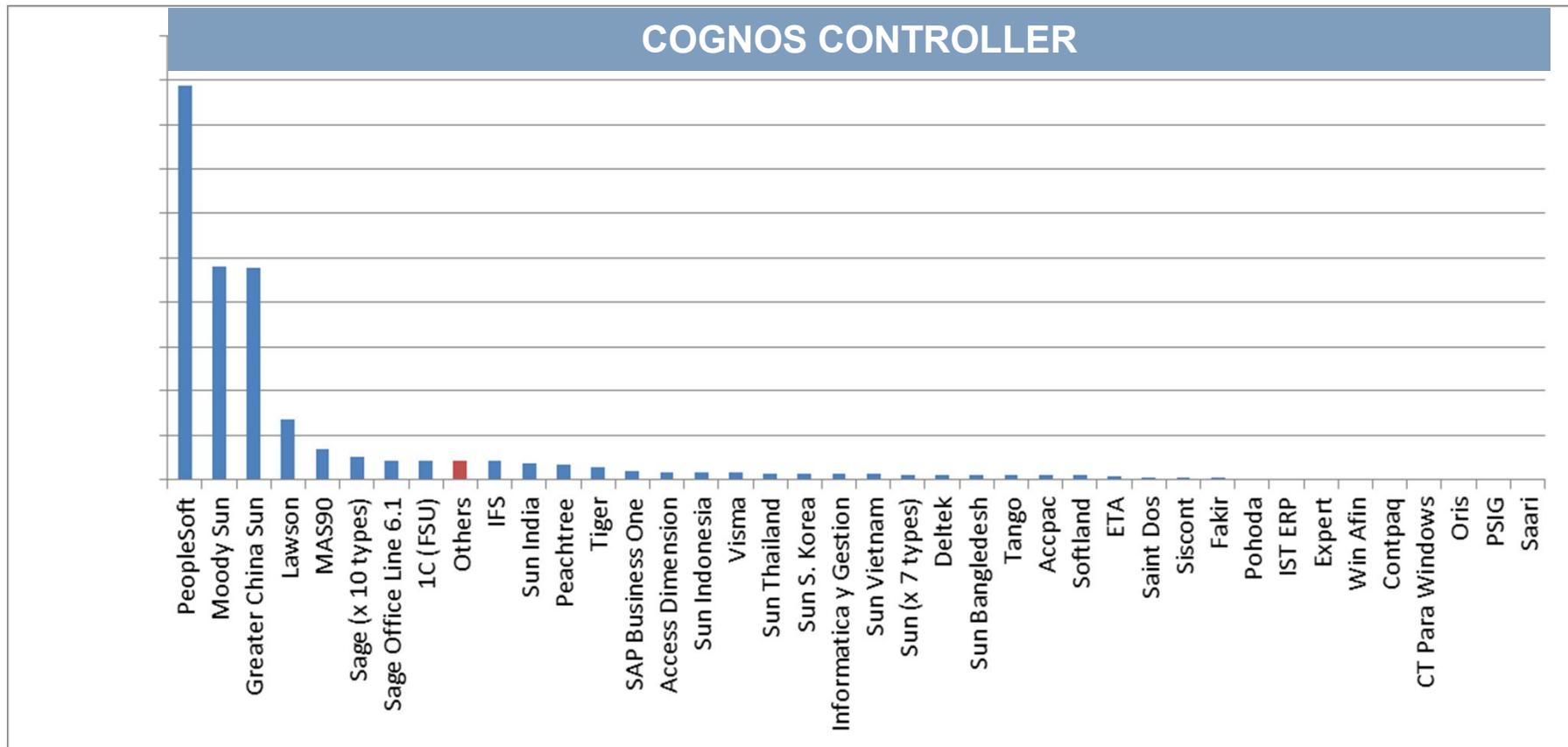
- Building Products
- Hazardous Locations
- Industrial
- Life Safety & Security
- Manufacturing

Government & Trade

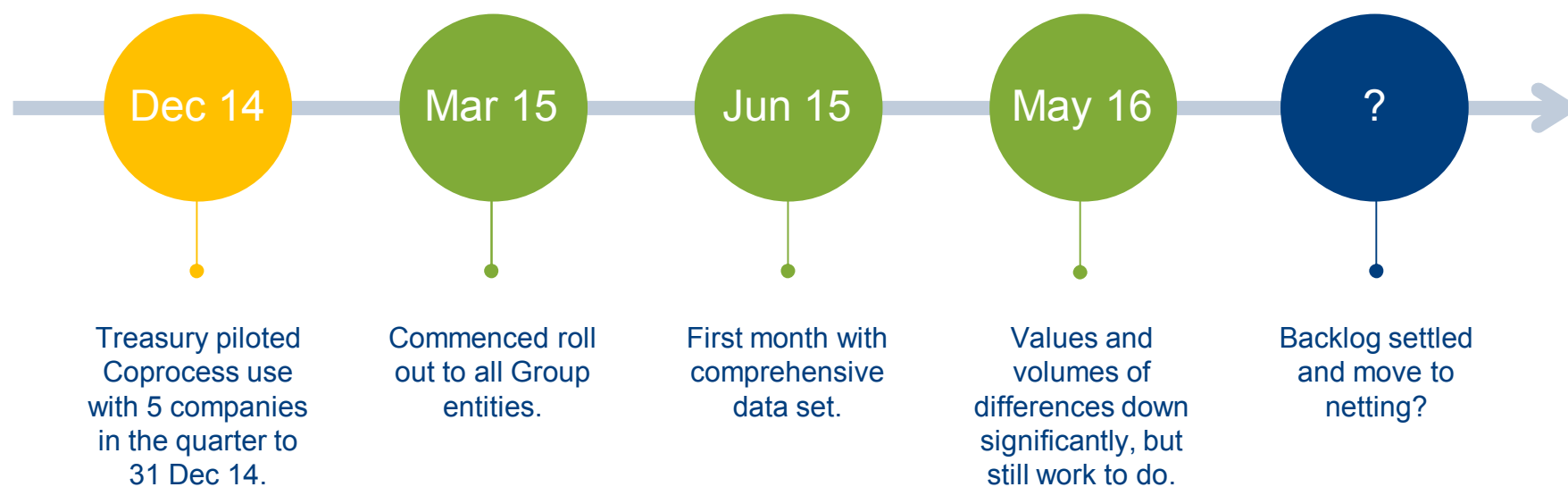
- Customs Services
- Import & Export
- Public Sector

Food & Healthcare

- Beauty & Personal Care
- Food
- Medical Devices
- Pharmaceutical



- Historically a federated and divisional structure
- An acquisitive group – in the last 5 years, circa 70 legal entities acquired
- 14,000+ intercompany invoices a month; no central visibility
- 45 to 50% typically are less than GBP 250



Central team loads excel data.
Takes circa 3 days to load.
Work Day 5 to 7 – so post month end

Set rules to help clear backlog – November 2015

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01 All Missing and Mismatched invoices <GBP 200 to be written off/ written back.

02 Service delivery proven and invoice sent within 3 months, payer to accept.

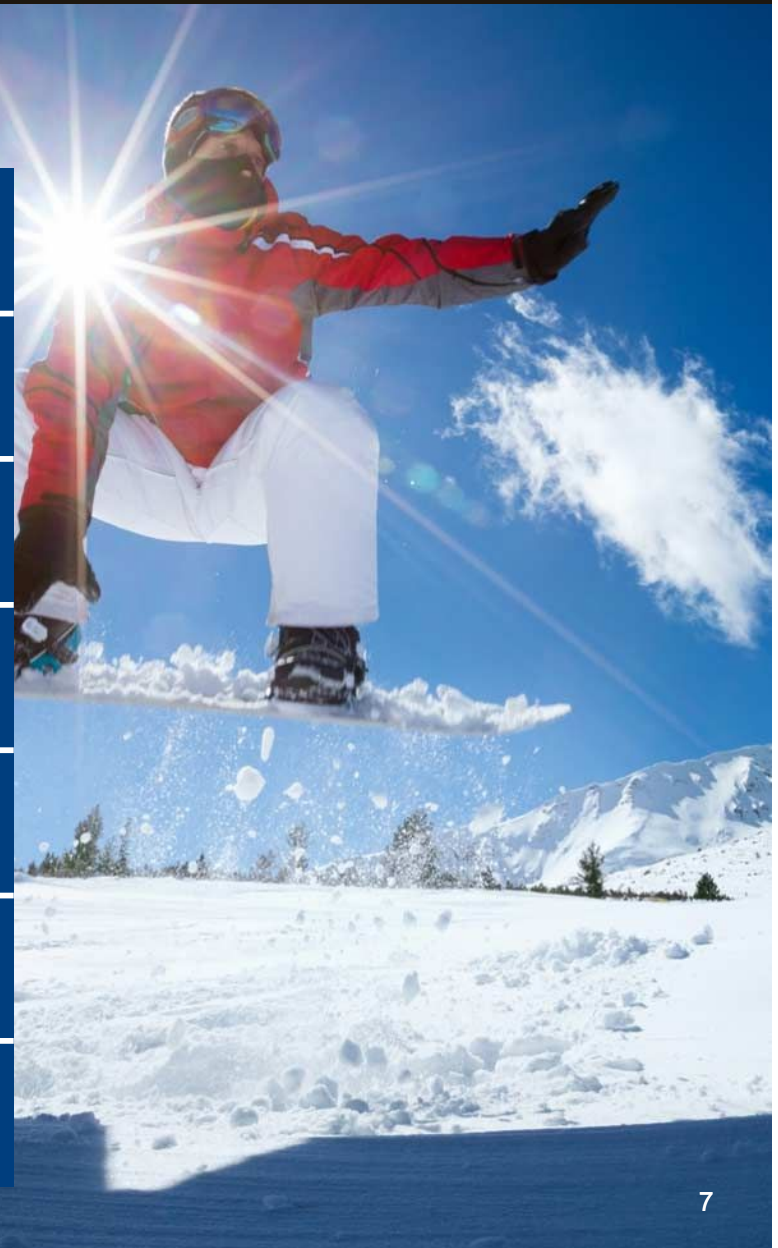
03 All Missing and Mismatched >GBP 200 must be resolved and booked in AP.

04 Differences <GBP500 in invoice value to be ignored; book invoice value.

05 Escalation route for Top 25 entities to Regional CFOs.

06 All Matching invoices must be paid to the counterparties in November.

07 Funding to clear back log can be requested from Treasury.



Significant reduction in Missing and Mismatching items in both intercompany Accounts Receivable and Accounts Payable, and increase of items in Matching.

Tables removed for reasons of confidentiality.

Invoice level / data quality

- 'No invoice received' (we still email, no central repository).
- Different invoice reference so matches, but Coprocess cannot identify.
- Paid, but not transaction matched (where is cash / remittance advice?).
- Surely it is easy to provide a list of open invoices, right?



Wider change management

- Different languages – literally and professionally (Treasury, Group Finance, Country).
- Over optimistic senior finance – 'we will fix this in 2 months'.
- Competing priorities leads to lack of consistent message re tone from the top.
- Invoicing done by Operations, they see issue resolution as a Finance task.



Resolution

- Coprocess being used as the 'true' data set, backed up with 'do it right' accounting.
- Group Treasury and Group Finance challenging country finance direct.

Expected status by now, was to move as follows:

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01

Settle the backlog of Matching, and address Mismatches so more Match.

02

Centrally set settlement timing and amounts, still in a spiders web.

03

Centrally set settlement, part internal Treasury facility and part spiders web.

04

Centrally set netting timing and amounts, through a central settlement entity.

Challenge of getting one process in place globally; if we don't net, can we settle gross each way through a central entity (pseudo factoring).



01

Getting our basic accounting more joined up (e.g. counterparty, invoice references, ISO currency identifiers).

Balance sheet reconciliation programme to verify performance and quality now being provided at a group level.

02

03

Added emphasis to a Master Data Management project.

Improved Group oversight and instruction, consistency of message, that would be expected in a GBP 2bn company.

04

05

Recognition that we need an 'up front' central system for uploading invoices real time.

If all the change is realised....

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... Coprocess remains part of that change – it is a great tool:

- Open items per local systems, for consolidation and data quality.
- Reduces manual reconciliation effort for Matching.
- Focuses on the specific items, not closing balance – visibility.
- Improve the quality of the responses – no longer relying on a narrative response.
- A netting solution for our next step.
- Good value for money.



Thank you for your time.

Questions or insights?

