

## CASE STUDY

# How FourQ™ Helps One of the World's Largest Multinational Companies Automate Intercompany Financial Management

With a market cap of \$200 billion, a multinational company operating nine different business units across 170+ countries faced significant intercompany accounting challenges. Its global transactions generated billions of dollars in annual intercompany bills while process, tax, and regulatory complexities dampened profits.

Decentralized intercompany functions were driving up costs, increasing audit risk, and diluting the value that shared service centers were supposed to deliver. Six core intercompany problems existed:

1

**Data collection difficulties** were being caused by a lack of transparency into charges

2

The company's **tax burden was increasing** due to overlooked VAT controls

3

**Transparency issues** were being caused by a complex ERP landscape

4

**Invoices were being delayed** due to quality and inability to clear regulatory hurdles

5

**Margins were being eroded** by inconsistent transfer price markups

6

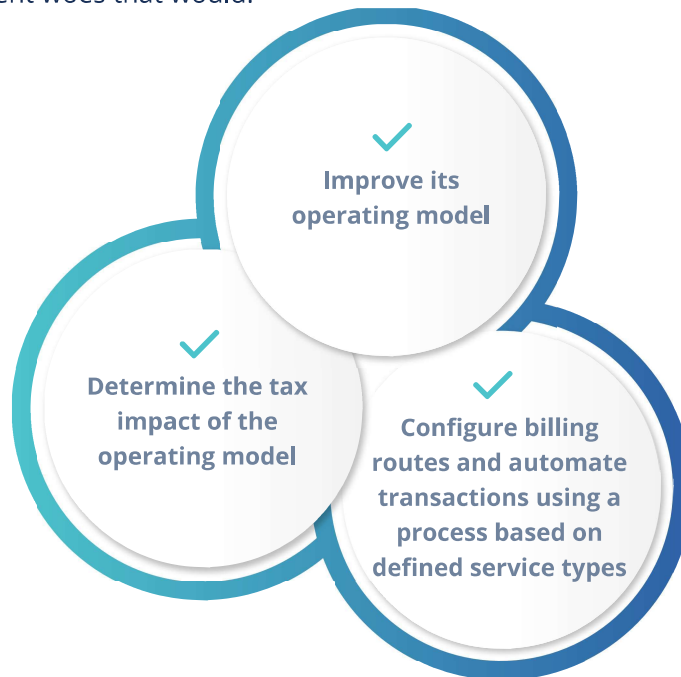
**Financial erosion** was happening due to increasing costs and tax leakage

To overcome these challenges, the company set out to identify which procedures, processes, and people were common to every business. It sought to consolidate business unit common practices into corporate shared services and aimed to combine all record to report (R2R) accounting functions in a way that would enable it to offer that service to any entity across the globe in a tax-compliant manner.

However, the company lacked the technology and intercompany financial management expertise to confidently implement and automate this new way of doing business. Intercompany Financial Management solutions available in the marketplace were limited. Few available tax-compliant intercompany accounting solutions could centralize shared services in a way that would properly recover staff costs while satisfying government regulations, accounting, and controllership guidelines.

## Choosing a Streamlined Solution

To achieve its goals, the company focused on finding a technology solution to its intercompany financial management woes that would:



FourQ's OneBiller™ was developed to check all of these boxes. It automated the company's invoice billing routes to local legal entities and provided settlement details. It deployed a tax-optimized rules engine. It provided full BEAT reporting with a single source of truth that automated the journey from in-scope to exemptions to net-subject-to-BEAT. This helped save up to 80% of BEAT by automatically identifying exemptions-based service categories and buyer-seller relationships.

The cloud and on-premise FourQ solution integrated with multiple ERPs to create improved tax and resource efficiency while reducing the company's operating costs. It provided centralized management of the company's intercompany accounting, taxation, and reporting along with end-to-end billing management that increased visibility and transparency to transaction-level detail. Dispute management processes also became centrally managed and formalized.

**“Collapsing all our record-to-report accounting functions into a shared service allowed us to offer that service to any entity. It enabled us to build that work out in a tax-compliant manner that satisfied accounting and controllership guidelines. It also recovered costs where the headcount was actually performing the work.”**

– GLOBAL LEAD, INTERCOMPANY BILLING CENTER OF EXCELLENCE

The company's once disjointed intercompany accounts receivable and accounts payable processes were automated via FourQ's configurable billing route rules engine and dynamic route management to radically improve accuracy, enhance compliance, and reduce risk. Process uniformity and consistency were established across the complex multinational organization. Reporting and analytics issues were resolved by dynamic dashboards as well as OneBiller's Contract Manager and Tax Reporting features.

FourQ's solution and guidance provided the company with a solid sense of control and defense against disorder as it overcame the challenges associated with acquiring new business entities and dealing with localized tax and regulatory requirements.

In essence, FourQ's solution met the company's goals without replacing intercompany transactions. It simply added a layer to each transaction making the underlying transactions tax-compliant while generating a tax-compliant invoice. It automatically added a transfer price based on the mark-up within every arms-length transaction to reduce tax risk and ensure compliance with government regulations.

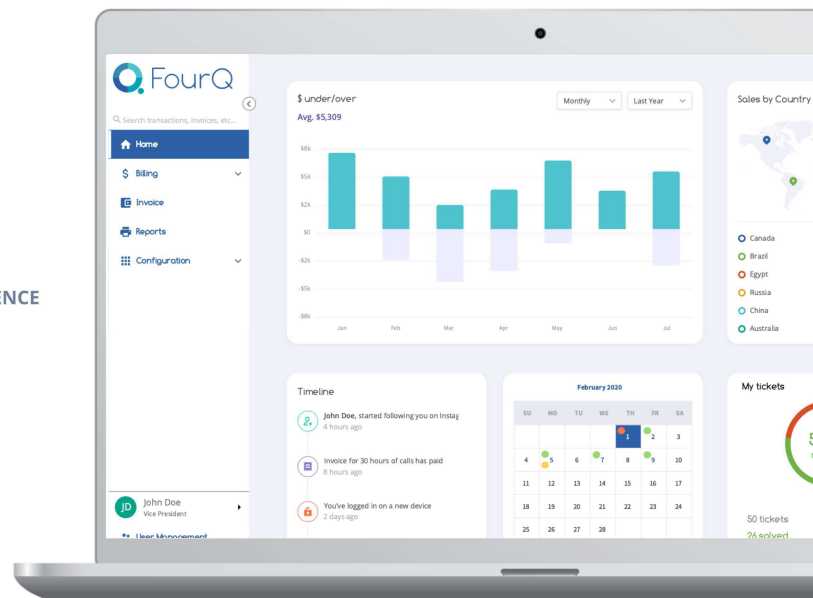
Running billing files through OneBiller gave the company access to all of the data associated with each transaction. It received insight into what worked, what didn't, what fell out, what was on hold, and what was in suspense due to a currency mismatch. OneBiller also identified gaps in how countries operate which, in turn, helped the company identify new process billing methods.

Using FourQ's OneBiller system makes intercompany transactions work more exception-focused. The previously process-focused intercompany team is now able to focus on problem areas rather than being overwhelmed by everyday accounting.

Managing digital transactions on the platform also allowed the company to include an international regulator on transfer activities and to quickly respond to time-sensitive government requests for information. The understandings, insights, and efficiencies offered by the digital platform provided visibility into every process and transaction, and – importantly – instantly accessible proof of ethical accounting and regulatory compliance.

**“The governments of some countries only give companies five days to provide information before issuing daily fines for non-compliance. A platform like FourQ's OneBiller™ allows you to respond to requests for information right away.”**

– GLOBAL LEAD, INTERCOMPANY BILLING CENTER OF EXCELLENCE



## Outcomes Realized

The implementation of FourQ's methodology and OneBiller solution helped the client centralize and automate the tax optimization and processing of more than 500,000 intercompany invoices across 100+ countries. This translated into immediate ROI:



### **\$500 million**

in annual tax and cost savings with an average 30% FTE (full-time equivalent) hours reduction



Approximately

### **\$28 billion**

transaction volumes creating an economy of scale that readily supported 30% year-over-year growth



### **5% - 10%**

annual improvement in tax deductibility delivered to business units



### **\$10 to \$20 million**

reductions in BEAT exposure, \$6 million in VAT, and \$2 million in stranded costs



### **85% reduction**

in net BEAT exposure due to OneBiller analysis

**"FourQ™ completely transformed the way we undertake intercompany accounting. By standardizing, automating, and offering the service back, they were able to guarantee up to 40% in savings within three years."**

– GLOBAL LEAD, INTERCOMPANY BILLING CENTER OF EXCELLENCE

The company is now confident in its ability to manage global tax compliance. Its intercompany traffic has been significantly reduced along with associated transaction-based costs. Fewer transactions to manage translates to fewer reconciliations and the ability to refocus resources on other valuable tasks.

## Delivering Value

By using OneBiller to fully automate the company's intercompany financial management processes, FourQ was able to help the company reallocate numerous valuable resources. Core business activities became the company's new focal point. They became better able to address audits and regulatory reviews and examinations. An entirely new perspective on the inner workings of the company delivered enhanced planning and decision-making capabilities.

As the company continues to grow, FourQ is continually monitoring evolving regulations to improve the company's shared service productivity while reducing its global tax and compliance exposure.

Built by finance, accounting and tax experts, FourQ™ is Intercompany Financial Management software that streamlines the global operations of the world's largest companies. Providing automated intercompany processing seamlessly integrated with global vendor invoice management, FourQ helps multinational companies streamline and improve their global business operations. This increases operational productivity while saving millions of dollars annually through improved intercompany billing and payment and tax optimization. Companies using FourQ™ have cut vendor disputes by half and doubled the productivity of their intercompany finance teams.

To learn more, please visit  
[www.FourQ.com](http://www.FourQ.com)



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