

Intercompany Hub

Complete intercompany transaction management reduces errors, while improving efficiency and control in the preparation of consolidated financial statements.

Growing global companies confront increasingly complex intercompany transaction accounting, reconciliation and settlement responsibilities. The resulting balances from these internal transactions between two or more legal entities must be appropriately adjusted or eliminated during the preparation of the consolidated tax return or financial statement. Transactions are often cross-border and managed by different accounting systems that eventually interface with the consolidated general ledger. Other challenges include country-specific statutory requirements, currency exchange rates, timing of entries, and a high volume of re-bills and corrections. Imbalances can occur often, requiring inordinate time and effort to research and resolve the underlying error. The inherent complexities of accounting, reconciling, and settling hundreds of thousands of intercompany transactions within multiple, disconnected ERP and general ledger systems increases the risk of human error.

Error-free financial closings are critical to an organization's compliance record, reputation, and bottom line. Reliance on manual processes to address complicated intercompany transactions can result in disconnected transaction settlements and out-of-balance positions that are material to the financial statement. Using different systems to create journal entries, for instance, makes it impossible to easily compare these journals for validation purposes. Finance & Accounting staff must sort through tens of thousands of transactions at settlement to determine why the accounts are out of balance.

The Solution

The BlackLine Intercompany Hub eliminates after-the-fact manual reconciliations and settlements by reconciling intercompany transactions from different general ledger and financial systems in a centralized, clearinghouse environment.

The Results

Companies obtain a single process for reconciling and settling intercompany transactions in real time, culminating in the highest degree of data integrity and regulatory compliance. Issues over currency values, transaction amounts and tax implications are eradicated by the Hub's matching rules engine.

Global Intercompany Clearinghouse

The BlackLine Intercompany Hub is a single system from and within which transactions are initiated, approved, validated, and booked.

- **Centralized Intercompany Transaction Repository** – House all transaction records, statuses, supporting documents, and corresponding journal entries in one place.
- **Integrated Rules Management** – Define, track, and manage all corporate and country governance requirements for each transacting entity, including transfer pricing, exchange rates, taxes, and other criteria.
- **Automated Journals & Invoices** – Once the intercompany transaction passes customized qualifications, create invoices, and generate and post journal entries automatically.
- **Workflows & Approvals** – Cross-entity, multi-actor approval workflows enhance visibility and transparency within and across entities and intermediaries engaged in the transaction.
- **Assignments & Notifications** – Ensure process alignment with individual and team assignments and automatically generate alerts notifying the next person in the workflow to proceed.
- **Bilateral Settlement** – Reduce the number of transactions required for settlement between entities and summarize settlement details to enhance visibility of the end-to-end intercompany process, and display who owes whom within the organization.

Business Impacts

- **Streamline time-consuming global business tasks.** Achieve full support for multiple currencies, specific statutory requirements, timing of entries, and other labor-intensive tasks across multiple processes.
- **Efficiently manage tasks.** Users can create, review, approve, and certify intercompany journal entries, which can then be posted to the entity's general ledger clearance accounts.
- **Tremendous Flexibility.** Receive transaction outputs from multiple automated systems (and even manually created spreadsheets), while pushing journals to the Accounts Payable system instead of to the general ledger. Validating the balances involving intercompany transactions has never been easier.
- **Reduce risk.** Improve accuracy and avoid formula and formatting through automation and remove errors common to any manual data export process.