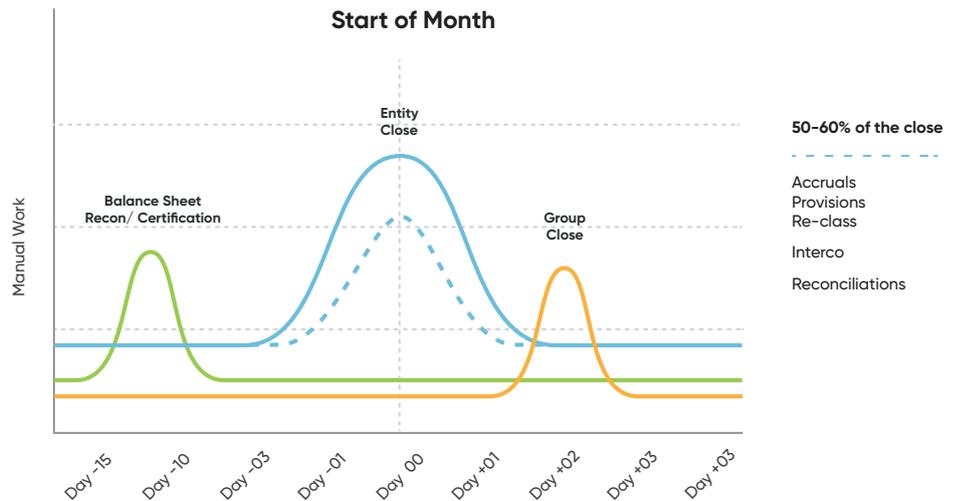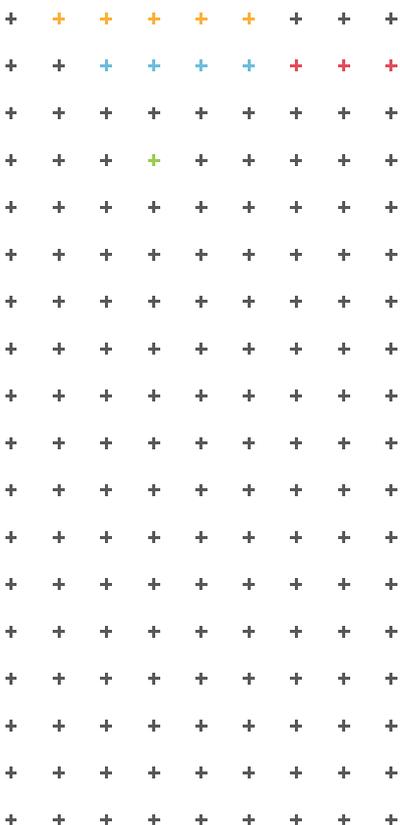# RECORD TO REPORT

REDWOOD

CLOUD-BASED AUTOMATION OF THE ENTIRE R2R PROCESS

For the last two decades, most companies have rationalized and achieved substantial efficiency within their group function, specifically around group consolidation and disclosure management. However, most organizations still employ substantial numbers of employees within their global business services (GBS) and shared service center (SSC) teams to manually manage the financial close process.

That's because the financial close is repetitive and complex. It often spans multiple geographies and departments and requires multiple levels of approvals and controls. The close can include as many as six to seven hundred processes with hundreds of sub-processes embedded in each. Despite organizations implementing financial point solutions and generic process automation tools, lots of people are still undertaking these manual tasks on a monthly basis and the fundamental problems still persist.

USUAL PERIOD-END WORKLOAD

The largest proportion of manual effort during the period end close is within the entity/ERP close. Redwood helps organizations reduce this substantially and provides better controls and visibility.

PERIOD-END CLOSE - 70% AUTOMATION
*Typical examples of period-end close processes

- Close checklist
- Accruals
- Provisions
- Re-classification journals
- ERP/SAP Close tasks
- Intercompany reconciliation
- Reconciliation
- Non-ERP sub-ledger integration

THE RECORD TO REPORT (R2R) PROCESS

Representative activities and resources assigned to various stages of the R2R process in a multi-billion dollar corporation

AUDIT / REPORTING

Audit Trail Process Documentation	Process Analytics Consolidation System Extracts	Financial Reporting Extract Profitability Reporting	Projects Services

FINANCIAL CLOSE TASKS	G/L PROCESSING	RECONCILIATIONS	CONSOLIDATION	DISCLOSURE
GR/IR AP Close AR Close Sales-Revenue- Cash & Bank Fixed Assets Projects Intangibles & Goodwill Intercompany Deferred Revenue Expense Analysis Accruals Allocations Pre-Payments Provisions Payroll-Stock Compensation	Open New Period Close Current Period Cost Allocations Run Depreciation Work In Progress (WIP) GR/IR Accruals and Clearing FX Valuation Revaluations and Costing Interest Rates Recurring Journals Adjustments Journals Manual Journals	Sales to AR PO to AP Cash and Bank Fixed Assets Inventory and Materials Inter- Company Fixed Assets to GL Payroll to GL Other Sub Ledgers Profit Center to GL FI to CO GL to Consolidation AR to GL AP to GL	Extract to Consolidation System Perform Consolidation	
			CONSOLIDATION TOOLS	DISCLOSURE TOOLS

200 TO 300 PEOPLE	15 TO 30 PEOPLE	5 TO 10 PEOPLE

STREAMLINE THE R2R CYCLE

Redwood solution delivers an effective record-to-report function to coordinate, process and produce accurate financial information in a timely manner. We handle the collaboration, orchestration and execution of hundreds of processes across your entire organization, leaving your finance team free to handle higher value work. Unlike other solutions, instead of merely manage the R2R tasks, Redwood actually orchestrates and performs the work.

CLOSE CHECKLIST

Redwood's closing checklist component provides a configurable, **cloud-based** control center where all accounting and finance activities can be managed in a hierarchical task list with roles-based workflow and real-time dashboards. With Redwood, process owners can track, control and automate a variety of task types, for example, month-end close checklists, depreciation calculations and postings, forex revaluations and journals, cost allocation routines and customized transactions types.

Redwood automatically detects any failures and errors then routes them to the correct business unit to be resolved. Our technology keeps track of all related dependencies and keeps relevant process owners informed of any issues.

A dashboard provides all process owners a way to monitor all tasks as they progress from 'planned' to 'monitored' and, finally, 'completed' along with relevant KPIs and a full audit trail.

Redwood automatically detects any failures and errors and routes them to the correct business unit to be resolved.

BALANCE SHEET RECONCILIATION

Redwood can automatically take data from an ERP system and other data sources to pre-populate reconciliation templates, without the need to manually enter data. These templates can define account risk levels, account groups to be reconciled and create preparer, reviewer and approver profiles with appropriate security.

In all reconciliation processes and in most packaged solutions the majority of the work still rests with the preparers. Redwood can significantly reduce and often eliminates the work of the preparer.

All preparation work is completed automatically and routed to the next action items in near real-time. The automated rules and templates allow the majority of reconciliations to be auto-certified. Once a reconciliation is complete it can be

work-flowed to an approver together with a robust audit trail. Ready-to-use automation does all of the preparation and places the correct group of accounts information in the right template. They automatically route to the defined reviewers and approvers along with documentary evidence for later review and audit.

More importantly, they don't need to extract all the information to find the right evidence. All reconciliation can be performed directly in the underlying applications. Only the required line item details are presented in the templates.

With so much of the manual effort removed, Redwood automation can reduce up to 60% of preparers time, leaving the the reviewers and approvers to focus on the exceptions and any other high-risk items.

These templates can be refreshed in near real time without the need for full extraction. They also:

- Define account risk levels
- Define account groups to be reconciled
- Create preparer, reviewer and approver profiles with appropriate security
- Perform all the preparation work automatically without the need for manual effort
- Generate rules and templates
- Auto-certify based on the above rules
- Resolve exceptions such as: delegate action items, prepare corrective journals, add support and comments.

INTERCOMPANY RECONCILIATION

Redwood can also automate intercompany processes. These complex processes are fraught with risk from manual error, but with Redwood, you can automate tasks right out of the box. Auto-reconcile counter party line items at transaction level, clear the matched items in the underlying application.

01 Route unreconciled items to the person responsible for clearing

02 Create accruals for the unreconciled items

03 Create the opposite AP or AR transactions with required approvals, threshold or by specific rules

Intercompany Hub - Redwood enables you to create an intercompany hub so that you can automatically:

- Identify intercompany-related orders and invoices, pick up POs or invoices from one company and create sales orders or invoices directly into the counter party's books or as a parked item
- Reconcile the posted items at document currency (or by specific rules) and in case of foreign currency items automatically post the P&L on exchange where needed
- Clear these transactions within the underlying application
- Transfer the remaining differences such as 'goods in transit' or 'cash in transit' onto group consolidation with commentary where required

...with Redwood, you can automate tasks right out of the box

JOURNAL ENTRY MANAGEMENT

Redwood takes the pain out of managing journal entries. Our solution includes components that eliminate repetitive tasks and risk from manual effort. We include automation to:

- Build easy-to-use journal templates

- Define location for placement of journals, such as task lists, existing SSC framework, files, SharePoint, web portals and more

- Pick up templates, validate metadata directly with the underlying ERP, and return errors directly to the owner for correction

- Set rules to reject an entire journal or a single incorrect line item

- Split incoming journals and keep track of the split items when the underlying ERP has limits on the number of lines it can accept

- Send posting evidence to the owners automatically

- Keep track of all necessary KPIs in real time with the process owner's graphical dashboard

- Calculate and create journals with provisions and accrual components that feed journal entry management components

PROVISIONS AND ACCRUALS

Consider the example below of a typical accrual and provision process that normally involves accessing different applications and departments for relevant information. Many resources are needed to reconcile and re-format the data. More resources will be required to search for anything that may be missing. In addition to this, you'll also need to get approvals.

Once you have the necessary approvals, the journals must be prepared and sent to the business unit responsible to post them to your ERP.

Example of HR leave accrual, which includes the following processes:

- Extract salary information from payroll
- Reconcile with HR information to calculate holiday entitlement and required accrual
- Summarize data to protect privacy
- Create provision journal
- Mail to shared service/finance personnel for approval
- Post journal
- Collect posting evidence
- Update close task list and create necessary audit trail in an easy-to-investigate format

Ready to use pre-automated financial tasks can also replicate and perform retained organization tasks, including:

01 HR leave accrual

02 Obsolete stock provisions

03 Payroll stock compensation

04 Doubtful debt provisions

05 Pre-payments accrual

06 Inter-company accruals
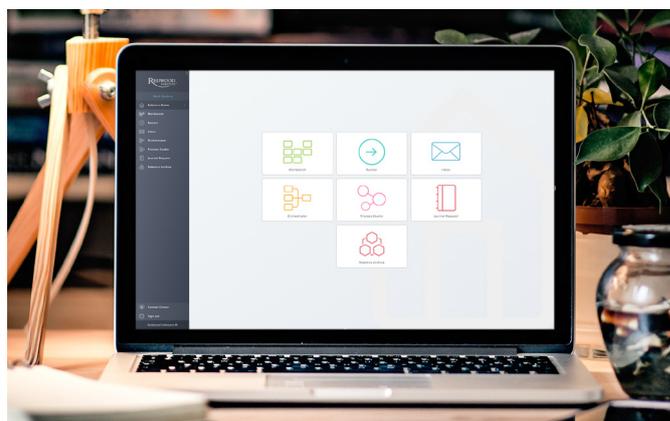
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