



Case Study: Multinational Finance and Insurance Specialist Consolidates Global Expansion with Eclipse SunSystems Consultancy

Global finance and insurance specialist leverages Eclipse's financial services experience to design and implement strong finance controls

In the financial services sector, successful global expansion requires excellent financial control and clear regulatory compliance. A multinational finance and insurance corporation's implementation of an international and standardised accounting approach underpinned by SunSystems financial software has been key to successfully incorporating a Lloyd's underwriter, into the organisation and is providing a strong platform for future international growth.

The multinational finance and insurance company leveraged Eclipse Computing's financial services experience and proven international consultancy expertise with SunSystems to design and implement strong financial controls. This expertise is also enabling the underwriter to further exploit the core functionality of the SunSystems software to deliver further benefit through

improved asset management, streamlined currency calculations and faster business intelligence reporting.

Global Expansion

The company was launched in response to the favourable market conditions and demand for capacity that resulted from the large insured losses incurred in the early 2000's. The group was founded with an unencumbered capital base of approximately \$1 billion, writes property catastrophe, per risk, marine and energy, retrocession and other speciality short-tail lines of business and has quickly established itself as a market leader.

As part of its bid to achieve greater diversification in its geographic reach and underwriting capacity, the company acquired an underwriter operating within the Lloyd's of London insurance market through Syndicate since 1183 and Underwriting Risk Services Ltd. This acquisition gave the company access to the lucrative Lloyd's insurance

market and provided a strategic complement to the company's business. In this same month, the company also went public.

Since then, the company has continued to expand and develop its reinsurance and insurance businesses worldwide, opening offices in Italy, Miami, Singapore, New York, Dubai and Chile. The company also completed a significant strategic acquisition with the amalgamation of a holdings company.

However, once the company had gone public and acquired the underwriter it realised the need to impose greater financial control. "The first quarter as a public company and the first with the acquisition of the underwriter was a struggle," explains the Executive Vice President (EVP) Finance. "The Securities and Exchange Commission (SEC) only allows 45 days to complete the quarterly filings. This means producing the consolidated figures within 20 days, to leave time to finish the reports. However, incorporating consolidated figures from the additional



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business put real pressure on the organisation to meet the deadline.”

Whilst both companies were using the SunSystems financial software, the organisations were working very differently, with each organisation looking to leverage the solution to meet local reporting requirements, specifically the Financial Services Authority (FSA) regulations for the underwriter. As a result, information was not in a format that enabled rapid or straightforward consolidation.

The EVP Finance confirms, “It became immediately clear that the company had to implement a standardised General Ledger (GL) approach across the organisation. Without this good underlying structure not only would the organisation struggle to meet its immediate regulatory reporting requirements but it would also be impossible for the group to achieve its long term strategic goals which will undoubtedly include further acquisitions in the future.”

Standard Chart of Accounts

The company decided that all subsidiaries within the group must use a defined common chart of accounts and analysis code

structure, combined with a pre-determined level of standardisation around usage, automation and interfacing. With operations in numerous countries and business conducted in an estimated 50 currencies, it was essential that the company put in place a solution that could deal with both complex foreign currency requirements and the consolidation of numerous legal entities. It was also important that the GL was flexible enough to manage regular changes to the corporate structure.

A key challenge in attaining this goal was getting user buy-in to the creation of a standardised chart of accounts. The company turned to Eclipse Computing, which supported the SunSystems software for the underwriter in London, for advice and guidance.

As the EVP Finance explains, “One of the benefits of working with Eclipse is the company’s great experience; their consultants know what works and what doesn’t work. Eclipse was able to reinforce the company’s recommendations for a consistent ledger, demonstrate the potential benefits associated with maximising the existing functionality of SunSystems and, critically, keep the project moving along.”

Indeed, whilst initially retained to provide advice and guidance, Eclipse played a key role in the migration and transformation of data into the new standard GL structure, working in tandem with in house teams in both London and the US.

Financial Control

The company has recently completed phase one of this three phase project, creating the underlying structure to support a standardised GL. During the next two phases, the company will look to improve its reporting processes and then maximise the functionality of both SunSystems and the consolidated structure to drive significant improvements in productivity and information analysis.

The group chart of accounts is now providing the basis for all group companies’ general ledgers. Full consolidation is performed in the GL with sub-consolidations for both the US companies and the underwriter. To support local reporting requirements, each reporting entity can add accounts at the sub account level only and with the authorisation of the Group Finance department or Accounting Project Manager – no amendments can be made to the group chart of accounts. The EVP Finance confirms, “One of the main benefits is that the information is now locked



down. The results are transparent, the information is accessible and, critically, it can be rapidly consolidated." He continues, "The new process will reduce errors, provide consistent reporting across the company and, in time reduce the administrative overhead."

Over the coming months, the company and Eclipse will work together to ensure the company's global operations are maximising the functionality of SunSystems and to further speed up consolidation and reporting.

Critically, the company will leverage SunSystems' multi-currency functionality. "The company undertakes business in many countries, in perhaps 50 currencies and SunSystems can handle all the required currency calculations. The system can also report in any number of ways, including transaction currency and base currency. Replacing spreadsheets for currency calculations within SunSystems will be one of the biggest benefits." He adds, "This is one of the benefits of SunSystems: it is not a complex system but it is functionally rich and does not require a team to run it."

Extracting Value

A further benefit will be attained by the adoption of the SunSystems Fixed Asset Register by the underwriter, which has previously relied on spreadsheets for asset management. The EVP Finance comments, "With a multi-national business, opting to manage assets via spreadsheets is complicated: for example, goods purchased in Singapore dollars can be recorded in US dollars, depreciated too much, and then a reversal is required. This process is time consuming."

He continues, "SunSystems has a good Fixed Asset Register which will enable the underwriter to automate the asset management process, delivering immediate benefits."

The company also undertakes a significant volume of inter-company transactions, especially relating to underwriting. The objective is to fully automate this process and allow automatic posting to the target company's ledger with the ability to notify the recipient company of inter-company items charged to that company.

The EVP Finance says, "The issue of inter-company transactions within the company is one of the more complicated I have dealt with. However, having seen the way SunSystems manages inter-company transactions in other organisations I am confident that the company can automate both transactions and consolidations."

The new acquisition also uses SunSystems and the company is currently receiving uploads directly into the standard ledger. However, unlike the underwriter acquisition which provided the group with access to a new marketplace, this acquisition has more synergy with the existing business and will not remain a standalone company. Indeed, the company will look to integrate the entire organisation into its core operations over the next 12 months.

Conclusion

As the EVP Finance confirms, the group is now in a position to review its accounting processes for consistency and look to further improve the quality of information

reporting and analysis. Furthermore, "It is essential to do the basics right – such as a detailed and accurate fixed asset register – to demonstrate to the board that the company has the capability and precision to pursue other opportunities moving forward."

The EVP Finance concludes, "We now have a much more robust and flexible financial management platform and without the help of Eclipse we simply would not have been able to put this consolidated structure in place. Now, the combination of SunSystems and the consistent ledger structure will support the company in accomplishing its strategic international goals."

Please call +44 (0)203 866 8800 to find out how we can help your organisation streamline its core accounting processes.