



**POINT OF VIEW**

# Evolution of the overhead controller

Building a hadron collider to accelerate a new era of accounting



*“My goal is simple. It is a complete understanding of the universe, why it is as it is and why it exists at all.”*

*-Stephen Hawking*

Over the course of decades of scientific study, Stephen Hawking’s ‘simple’ quest for cosmic understanding inspired us all. How it could it not? In our own lives, many of us spend our days trying to create order and meaning from complex unknowns, too.

Across the enterprise, some functions need to provide more order and meaning than others.

Finance and accounting (F&A) is one of those. Many CFOs are under pressure to empower their organizations with a ‘complete understanding’ (as one physicist might say) of how expenses, accounts, and budgets serve the company.

As a result, accounting is growing into a multi-disciplinary function that demands strategic focus. Overhead controllers, for example, are no longer just custodians of the company numbers. Instead, they fill four roles at once:

- **Strategic partner** - a major shift away from the role of an accountant, controllers must skillfully communicate financial results, co-pilot efficiency or cost-reduction efforts, and build relationships between finance and other functions that extend beyond tracking costs
- **Cost optimization advisor** - continuously assess the way budgets are allocated and used, and advise the business on changes that can improve results or lower costs. Professionals need new perspectives and talent to offer such consulting
- **Insight provider** - deliver intelligence that helps the organization plan, execute, analyze, and forecast performance, or understand variances that help it act differently and generate greater value. This includes new ways to visually show results beyond Excel
- **Market insight** - with access to more data, including competitor information, controllers help business teams monitor and better understand market conditions and the competitive landscape, and guide strategy based on the changing environment

Delivering on all those responsibilities is almost impossible with traditional technology and processes. For controllers to execute in any efficient way, CFOs need to reimagine the models behind F&A.

A digital finance function is key to the future of controllership. This more structured, digital approach injects agility and intelligence into accounting - helping controllers make transactional activities invisible with automation, and delivering insights that support decision-making across the company.

## Unlocking understanding

In physics, the discovery of the Higgs boson - the so-called God Particle that provides mass to all other particles in the universe - solidified scientists' understanding of how forces in our universe work together.

Researchers first theorized about the Higgs boson back in the 1960s, but they couldn't confirm its existence until 2012, after the Large Hadron Collider (the world's biggest and most powerful particle accelerator) had been built to test their predictions.

Overhead controlling, unfortunately, has yet to find its Higgs boson. No one has determined which KPI, metric, or outcome holds the key to understanding cost optimization and strategic accounting in the next era of F&A.

Why? Because there is no hadron collider for the evolution of accounting.

Most enterprises lack a system or model for infusing digitization into controlling and allocations. Even though companies across every industry are embracing transformation, few finance organizations say their companies use structured approaches to identify ways to create value before designing solutions with digital technologies.

A structured digital finance model - complemented by process automation, machine learning, and other touchless technologies - helps controllers make a more impactful contribution.

## Infusing digitization

With digital finance, costs can be controlled and managed with less manual effort than traditional approaches. The enhanced agility helps controllers make faster, smarter decisions across their many multidisciplinary responsibilities (figure 1).

Accrual accounting processes, for example, typically involve more than 50% human effort around transactions and judgment calls.

Adding technology and strategy to the process can make the transactional elements of accrual accounting invisible and automated - as opposed to being a time-consuming, end-of-month effort for controllers. For example:

- Accruals for fixed overhead expenses that are contract based (such as legal or financial services, or audit fees) can be auto-populated using robotic process automation

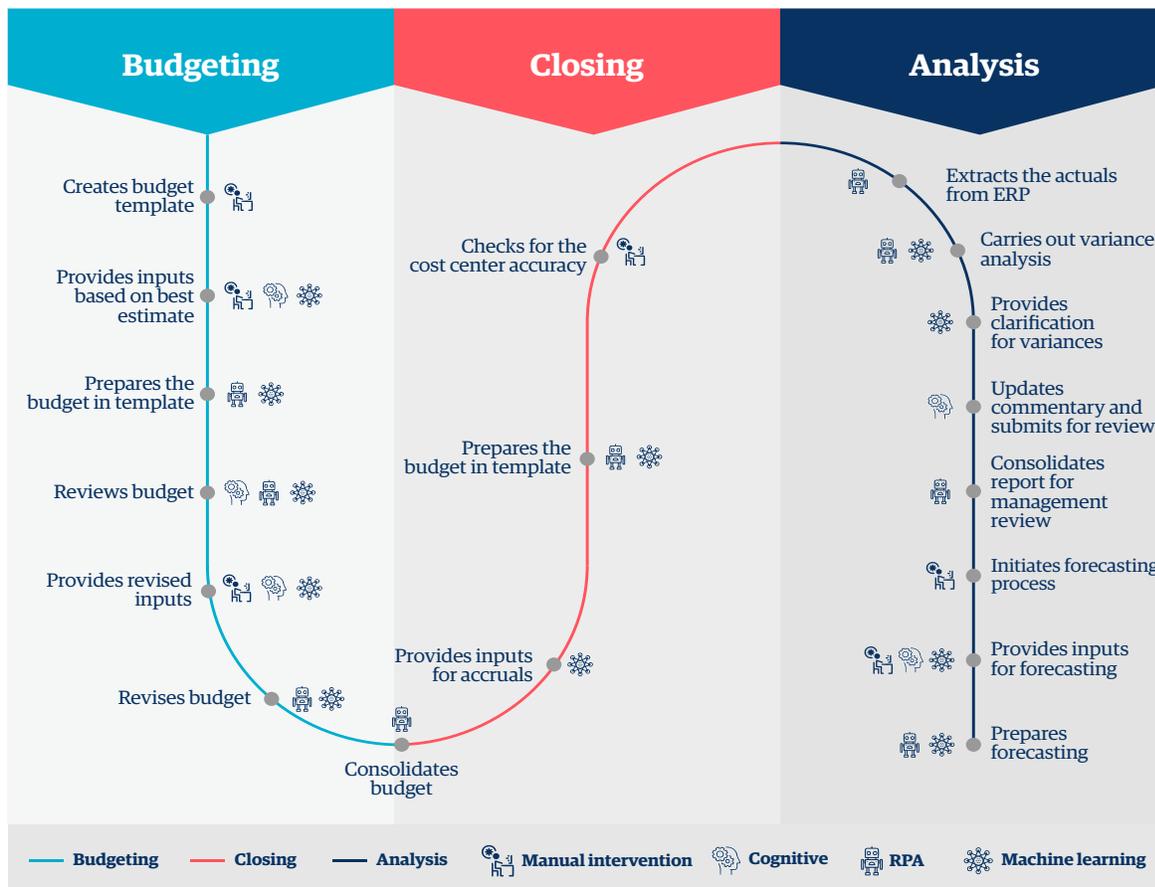


Figure 1: How digital technologies help the overhead controller

- Artificial intelligence can help decode unstructured data coming from multiple silos across the business
- Totals for more complex accruals - like those from T&E, marketing costs, or events - can be projected (based on historical trend data) by machine learning technologies for smarter forecasting
- With purchase-order (PO) based accounting processes, standard ERP features are more effective for accruals. Posting and accruals can also be handled automatically with robotics and machine learning
- Dynamic workflow and analytics can flag journal entry exceptions and auto-identify their causes
- The deeper the penetration of POs across the organization, the more you can auto-calculate accruals, use templates for touchless processing and posting, and accelerate the time to close

Accelerating the close cycle is a priority for many CFOs. Digital finance is reaching an era where on-demand close

will be possible any time of the month - freeing up time for controllers to partner with other areas of the business.

Data helps make cross-functional partnerships successful. Once transaction activities become touchless, enterprises gain better data (backed by streamlined processes) to create predictive insights, analytics, or other intelligence.

That intelligence can shape the organization's complete understanding of how accounts serve the company's goals. And as F&A systems get smarter, more of that understanding can be delivered to leadership in an automated way.

In that sense, the evolution of your processes becomes its own hadron collider for testing predictions of how your overhead costs can be better allocated over time.

And as digital finance delivers more order and meaning from F&A, controllers can unlock the Higgs boson for creating value across the enterprise.

## CASE STUDY

### Giving controllers the right information for immediate action

A consumer goods major was struggling to control overhead costs across different cost centers. Reporting was part of the problem: cost owners relied on reports that arrived late in the day and presented information in a static, undesirable format.

As part of the company's journey to zero-based budgeting, Genpact created a mobile app that automatically delivers cost-center and movement analytics to the appropriate stakeholders by business unit.

Segmented reports are now available to cost owners soon after the books are closed. And the reports are accessible at their fingertips through the app, with attractive data visualizations.

With the right information at the right time, controllers can now take faster action toward achieving success metrics across specific cost centers like travel, rent, or utilities. This user-friendly, automated mobile solution has helped the company unlock new economic value through targeted cost-center insights with reduced overhead costs.

*This point of view was authored by Vivek Saxena, Senior Vice President, Record to Report, Enterprise Performance Management, and Accounts Payable.*

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## About Genpact

Genpact (NYSE: G) is a global professional services firm that makes business transformation real. We drive digital-led innovation and digitally-enabled intelligent operations for our clients, guided by our experience running thousands of processes for hundreds of Global Fortune 500 companies. We think with design, dream in digital, and solve problems with data and analytics. We obsess over operations and focus on the details - all 78,000+ of us. From New York to New Delhi and more than 20 countries in between, Genpact has the end-to-end expertise to connect every dot, reimagine every process, and reinvent companies' ways of working. We know that rethinking each step from start to finish will create better business outcomes. Whatever it is, we'll be there with you - putting data and digital to work to create bold, lasting results - because transformation happens here, at Genpact.com.

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