

CASE STUDY

Overhauling lease accounting for a global automotive technology firm

How a turnkey SaaS solution enabled compliance

WHO WE WORKED WITH

A global automotive technology company, dealing in advanced vehicle electronics, systems, and components, with over \$14 billion in annual revenue.

WHAT THE COMPANY NEEDED

The company was struggling to comply with the new lease accounting standards ahead of the deadline due to decentralized, fragmented, and unreliable lease management and no documented process workflow.

HOW WE HELPED

- Implemented a market-leading enterprise lease management and accounting technology from LeaseAccelerator.
- Accelerated lease data collection and migration from 80 locations worldwide.
- Created a central online repository of all real-estate and non-real-estate lease agreements.

WHAT THE COMPANY GOT

More efficient lease accounting, management, and reporting processes and enhanced financial controls allowed the company to comply with the new standards on time.

CHALLENGE

Thousands of lease contracts.
Millions of dollars in leases.
Multiple countries.

As changes to lease accounting regulations ASC 842 and IFRS 16 were looming, a global automotive technology company had to address its processes, systems, and controls to ensure compliance. The company had millions of dollars in operating leases tied to over 3,000 lease contracts spread across 40 countries. With incomplete and possibly unreliable data held in many different systems, it would be difficult to comply with the stringent new standards and pass the statutory audit. Then, tracking leases at an asset level would be challenging too, which could mean unintentionally underestimating the value of the leases.

Knowing that failing to comply with the new standards could have far-reaching regulatory implications including fines, sanctions, and reputation damage, the organization had to re-evaluate its existing operating model for managing and accounting for operating leases.

In addition to rethinking how it managed its people, systems, and processes, the company chose to move to a

more advanced global lease accounting and compliance solution. And while facing limited time, stretched budgets, and complex standards, it also had to make sure the balance sheet accurately reported lease assets and liabilities, along with managing multiple real-estate and non-real-estate or equipment leases.

SOLUTION

Assess data, processes, and systems ahead of the compliance clock

As a first step, we had to identify what was holding the automotive company back. We discovered that it had not documented the process flow and did not have a system for recording, administering, and accounting for leases. With lease contracts kept across legal entities and regions with no clear ownership for maintenance, the company also lacked a central repository of equipment lease agreements. This meant it had poor visibility of its contracts for equipment leases.

We worked with our client to transform every step of its compliance journey - from managing data collection, abstraction, and migration of contractual data to implementing a global enterprise lease accounting and compliance solution to meet the deadline (figure 1).

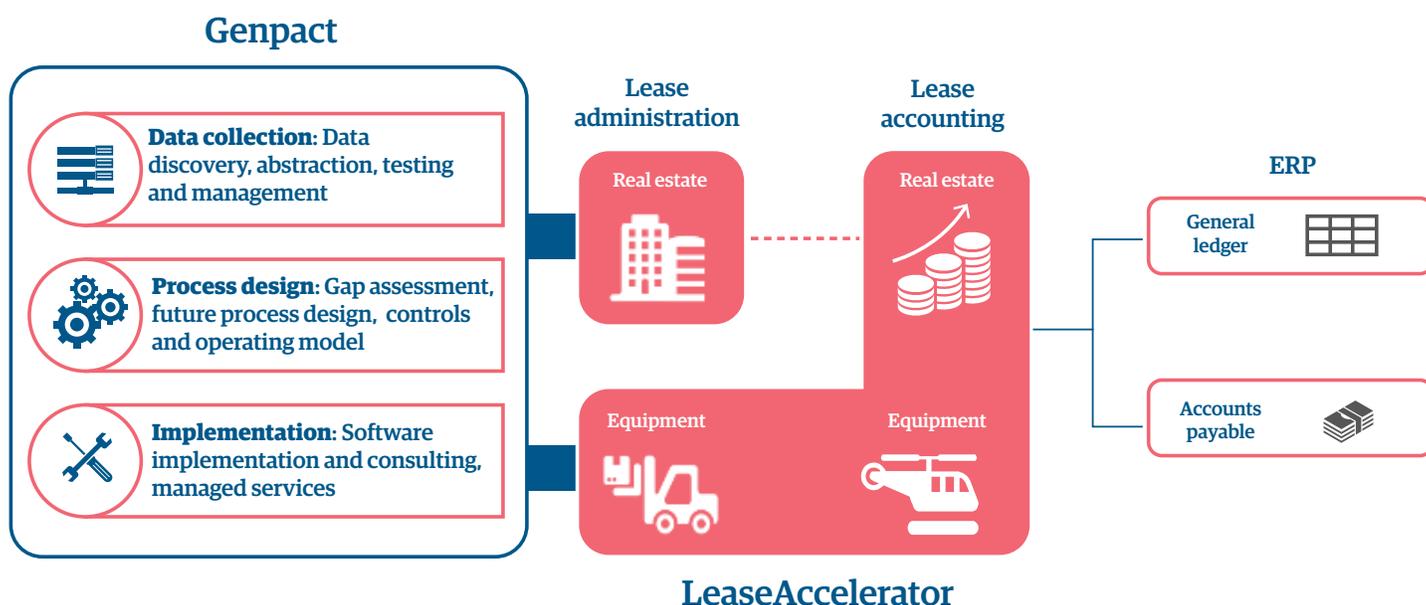


Figure 1: Our enterprise lease accounting and compliance solution, powered by LeaseAccelerator

To enable compliance, and improve lease management and accounting, we:

- Restructured the data collection, cleansing, validation, and approval processes
- Abstracted data for all English-language contracts and worked with over 200 operating centers for judgmental input and validation
- Implemented market-leading enterprise lease accounting software from LeaseAccelerator, our technology partner, to act as the single source for all operating lease data, centralizing lease administration, and automating accounting and reporting

IMPACT

Deliver value beyond compliance

We brought our extensive lease-accounting expertise and digital technology to help the company:

- Achieve lease accounting and reporting compliance with new regulations ahead of the deadline

The company had millions of dollars in operating leases tied to over 3,000 lease contracts spread across 40 countries.

- Gain complete visibility of its portfolio of real-estate and equipment leases
- Automate accounting and reporting to save up to 50% of manual effort
- Identify and secure savings from technology-based end-of-term management of leased assets
- Mitigate compliance risk, enhance internal controls, and manage audit trails better

With the new system in place, the company is looking forward to reaping additional benefits, including, cutting decision cycle time, achieving up to 12% savings through proactive management of operating leases, enhancing time-to-close, and better reporting quality.

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 primarily for Global Fortune 500 companies. We think with design, dream in digital, and solve problems with data and analytics. Combining our expertise in end-to-end operations and our AI-based platform, Genpact Cora, we focus on the details - all 87,000+ of us. From New York to New Delhi and more than 25 countries in between, we connect every dot, reimagine every process, and reinvent companies' ways of working. We know that reimagining each step from start to finish creates better business outcomes. Whatever it is, we'll be there with you - accelerating digital transformation to create bold, lasting results - because [transformation happens here](#).

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