99% of Stakeholders Surveyed by BlackLine Report Challenges with Intercompany Accounting Processes

New research reveals growing challenges are impacting business outcomes, talent retention and more

LOS ANGELES, June 6, 2023 /PRNewswire/ -- A global survey commissioned by accounting automation software leader BlackLine, Inc. (Nasdaq: BL) revealed suboptimal intercompany accounting processes are creating wide-ranging issues for businesses globally.

In the survey of over 260 intercompany stakeholders working at large multinational companies, 99% said they face specific challenges with intercompany financial processes. Results show that the size and scale of intercompany transactions, coupled with outdated processes, is putting significant and unsustainable pressure on people and resources.

Negative impact on business outcomes
All respondents said intercompany challenges have a direct negative impact on business outcomes. The most frequently reported challenge (49%) is an increase in statutory and tax audits and their associated fees.

In a recent Ventana Research whitepaper, analyst Robert Kugel explained: "Fragmented and inconsistent data makes it difficult to quickly and accurately connect the strands of intercompany transactions to address multiple requirements." Mr. Kugel warned that these challenges are likely to grow in complexity, adding that: "Additional factors complicating accounting and tax requirements are likely to emerge in coming years because of increasingly complex trading, regulatory and tax environments."

The report's findings show business leadership may not realize the scale of the problem. Nearly all respondents (89%) characterized their C-suite leadership and corporate boards as lacking a solid understanding of intercompany details and associated business impacts.

Unsustainable pressure on talent
Ninety-two percent of respondents said intercompany challenges are impacting the hiring and retention of top talent. The survey suggests stakeholders are dealing with an unsustainable level of pressure. One in three reported their teams experienced physical or mental health issues due to the stress of intercompany, and 96% stated that employees regularly lose full nights of sleep.

The volume and value of intercompany transactions may be part of the problem. Over three quarters reported that the value of intercompany transactions was more than five times their annual revenue and over a quarter said it is over 10 times greater.

Automation key to resolving intercompany challenges
The research suggests many companies do not have proper visibility and control over these transactions. Nearly all (97%) of those surveyed said they have had to resolve multi-million-dollar material variances.

The good news is the findings show intercompany stakeholders understand that digitizing processes will improve the accuracy and reliability of their data. Most agreed (80%) that process automation is key and all respondents said they would benefit from additional technology capabilities for intercompany. Half of those specifically said intelligent, automated intercompany analytics and reporting is at the top of their wish list.

"Given the complexity, volume and time-consuming nature of intercompany accounting, this is an area that can no longer be ignored," said Mike Polaha, SVP of finance solutions and technology at BlackLine. "The cost of inadequate intercompany operations is so high that leaders don't have the luxury of waiting."

View the full report. Dive into the results by registering to join BlackLine and Dimensional Research for a webinar put on by the Institute of Management Accountants on Wednesday, June 7th.

Methodology
This survey was commissioned by BlackLine and conducted by Dimensional Research in March 2023. A total of 263 qualified individuals completed the survey. All worked in a finance, accounting, tax, treasury, shared services or executive function in a job that included responsibility for intercompany processes. All worked at a company with international operations and more than $500M in annual revenue. This was a global study with participants from all regions of the world.

About BlackLine
Companies come to BlackLine (Nasdaq: BL) because their traditional manual accounting processes are not sustainable. BlackLine's cloud-based financial operations management platform and market-leading customer service help companies move to modern accounting by unifying their data and processes, automating repetitive work, and driving accountability through visibility. BlackLine provides solutions to manage and automate financial close, accounts receivable and intercompany accounting processes, helping large enterprises and midsize companies across all industries do accounting work better, faster and with more control.

More than 4,200 customers trust BlackLine to help them close faster with complete and accurate results. The company is the pioneer of the cloud financial close market and recognized as the leader by customers at leading end-user review sites including G2 and TrustRadius. BlackLine is a global company with operations in Los Angeles, New York, the San Francisco Bay area, London, Paris, Frankfurt, Tokyo, Singapore and Sydney. For more information, please visit blackline.com.

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