

SAP User Insights

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At T|A|C Events, we speak with leaders in the global SAP ecosystem on a daily basis. Via our events, webinars and content platforms, we aim to keep you informed and updated with the very latest insight and learning directly from SAP users.

Autodesk, Inc
COMPANY

San Francisco,
California
HQ

13,000 (2022)
EMPLOYEES

Software
products and services
INDUSTRY

SAP S/4HANA
In-House Cash
SAP FOOTPRINT

Autodesk's SAP In-House Cash Journey

AutoDesk Profits From Their New In-House Bank & Updated Processes



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T|A|C Events

Founded in 1982, Autodesk became best known for the computer-aided design product AutoCAD, but now develops a broad range of software for design, engineering, and entertainment. Autodesk products have been used in many fields, and on projects from the One World Trade Center to Tesla electric cars. They've also contributed the visual effects of box-office successes like Avatar and Game of Thrones.

In 40 years Autodesk has grown strongly at 16% CAGR to serve 6.04m customers with 12,600 employees, generating \$4.39Bn annual revenues and an impressive \$1.48Bn free cash flow. It has operations in 50 countries and transacts in 41 currencies, supported by three Global Treasury hubs in Ireland, Singapore and California.

Before we implemented SAP S/4HANA In-House Cash tracking inter-company loans was time consuming, not real time, error-prone, and definitely not fit for purpose.

Autodesk had already implemented a number of SAP Treasury and Risk Management modules successfully, but there was one significant gap – the provision of a proper functioning in-house bank.

Prior to this project Autodesk had one entity in EMEA that operated in a revenue generating capacity, and also as an in-house bank ‘of sorts’. It was also the head of their ZBA structure in EMEA which led to the co-mingling of cash. Within the one entity there was both sales & billing cash coming in mixed with the Treasury cash. This generated significant reconciliation issues and was a major concern for the Treasury team, the Tax team and the financial accountants.

Autodesk also had a number of inter-company loans which were tracked manually by downloading from the SAP S/4HANA general ledger into Excel spreadsheets. The loans were all just one rate, regardless of the country, and were the same whether an entity was lending to the in-house bank, or borrowing from the in-house bank. Using Excel meant that all the calculations were manual and relied on the correct use of copy/paste. As a consequence a lot of entities

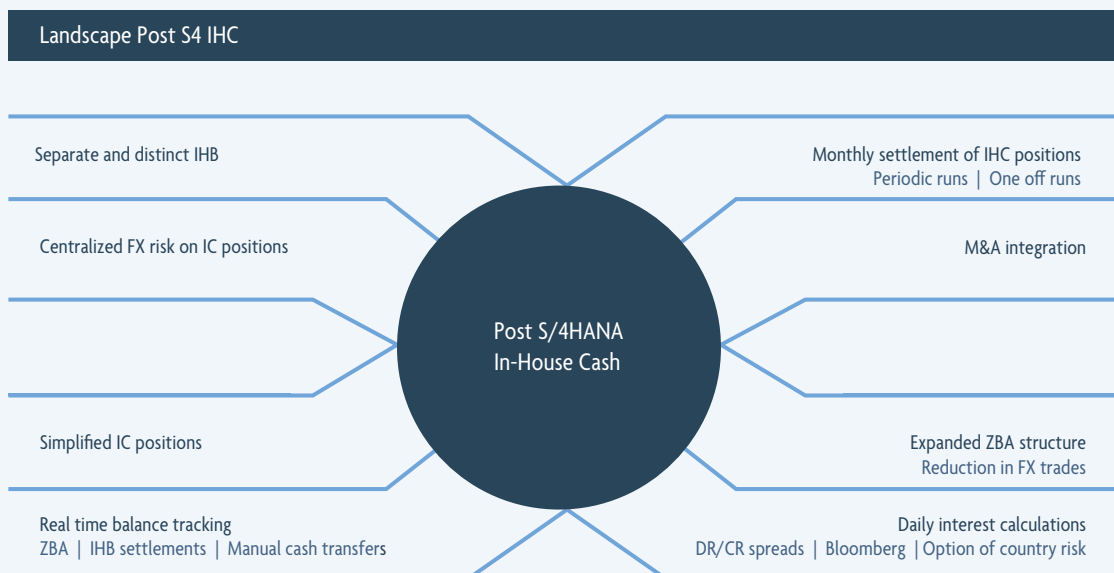
“Overall (our old cash management process...) was time consuming, not real time, error-prone, and definitely not fit for purpose”

built up intercompany balances over time which were not being settled. Overall it was time consuming, not real time, error-prone, and definitely not fit for purpose.

“It used to be a constant challenge to have up to date inter-company positions as the loan book was only updated every 3 months. This generated a lot of headaches for us”

One source of complication for Autodesk is how sales are generated within their business and who owns the cash. There are legal entities that sell software subscriptions, bill & collect the cash – and these own the cash they collect. There are also ‘commissionaire’ entities – these bill and collect cash domestically – however, the cash is owned by the regional hubs. Finally there are also cost-plus entities – these don’t generate cash but instead provide R&D, marketing etc and they bill the hubs monthly.

Undaunted, the team addressed & successfully tackled these significant organisational issues. They changed the intercompany balance structure by opening a payables account for each commissionaire entity, so they could segregate the cash coming in from the payables going out. They also took the decision to simplify their in-house



bank balances. Previously, each entity had multiple balances in different currencies, but this was changed so that each entity had just one in-house bank account (in functional currency) regardless of external physical bank accounts. This kept the number of in-house bank accounts to a minimum.

They also opened a new header entity for EMEA & APAC in Ireland that would own all the intercompany loans, become the head of the ZBA structure and take all the excess cash from APAC. Finally they worked closely with Tax and Accounting teams to ensure that the new structure remained dollar functional so they could maintain their hedging process.

Eight months on from these process changes and the implementation of SAP In-House Cash - the benefits are clear for all to see. Autodesk now enjoys a separate and distinct In-House Bank with no co-mingling of cash. They have simplified intercompany positions and can monitor centralised FX risk directly without recourse to Excel spreadsheets. They have real-time balance tracking, and complete insight into IHB settlements and manual cash transfers.

The new In-House Bank is also supporting the significant amount of M&A activity at Autodesk. The IHB allows us to move cash to the purchasing entity in a much more time efficient manner.

The Treasury team benefits from accurate reporting, cash centralisation and significant time savings through automation. But it doesn't stop with Treasury. The Accounting team has profited from the reduction of manual work to support the inter-company process and the enhanced visibility into inter-company positions.

And the Tax Team has more supportable and accurate interest calculations from a transfer pricing perspective, providing substance for the IHB to ensure continued availability of 12.5% trading rate on treasury profits. There is also better transparency and defined segregation of treasury activity and Intellectual Property (IP) activity. Last but not least, the improved visibility into intercompany balances between IHB and subsidiaries facilitates more timely cash repatriation.

But Autodesk haven't rested on their laurels since the go-live in December 2021. They've continued to expand the scope of the IHB to cover more currencies and more entities. They're generating more investment income, and look forward to getting a better view of working capital requirements for each entity so that they can split working capital into short-term vs long-term to optimise their Tax position.

“In one sense we just sit back and relax!”



Insights for other SAP Customers

Ensure Stake-holder Buy-In:

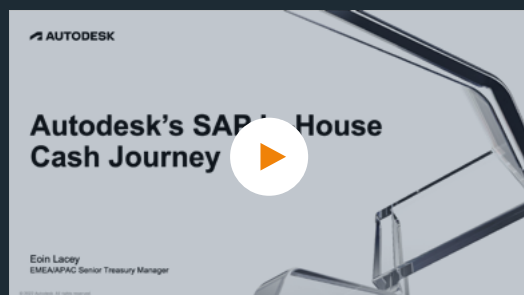
It's not just about what Treasury wants – don't overlook Tax & Transfer Pricing and Accounting requirements

Prioritise Change Management Through Extensive Training:

Training is vitally important to ensure stakeholders understand the new processes & changes to their roles. Also important to set realistic expectations.

Think Outside the Box:

Implementing a new software solution is a great opportunity to change your processes – don't simply try to maintain the old way of doing things. Aim for long-term success. Look out for incremental benefits.



Want to hear more?

Eoin Lacey, Director Global Treasury Operations, Autodesk and Karsten Kohl, Principal, PwC, joined us at the [International SAP Conference on Treasury and Working Capital Management 2022](#) to share their story.