



Sanofi Performs a Self-Diagnosis

Global Pharmaceutical Company
Remedies Its Financial Processes
with Automation

by **Andrea Haynes**, Senior Editor

Sanofi, one of the largest pharmaceutical companies in the world, provides healthcare solutions in more than 170 countries. Its medical treatment products range from enzyme replacement therapies for rare immune disorders such as Gaucher disease to treatments for multiple sclerosis, diabetes, and cancer. Sanofi's global vaccine business unit distributes a billion doses of vaccines each year, with 40.1 % of its scope in providing vaccines and general medicines in emerging markets, including China and India. With sales of over \$41 billion in 2017, Sanofi plans to continue to grow through expansion as well as with new R&D initiatives carried out in 79 industrial sites in 36 countries, with an investment of \$6.4 billion in 2017.

To help manage this anticipated growth, the company began an ambitious project in 2014 to standardize and automate its financial processes. At that time, the company had been struggling with highly manual spreadsheet- and email-dependent processes for its financial close, account reconciliation, and journal entry processes. With multiple platforms, different ways of working, and varying procedures among those business units, there was very limited standardization of its overall financial close process.

Additionally, Sanofi saw an opportunity to improve traceability for auditors and increase visibility into the financial status of the company for business users and managers. Shorter cycle times, enhanced reporting capabilities, and improved account reconciliation processes would speed the financial close.

The company decided to implement an end-to-end, record-to-report process in one technology solution that would provide standardization, visibility, and a reduction in the time it took to close the books at each period end. After analyzing the offerings of several technology solution providers, the company selected Trintech to provide the desired financial automation solution for record-to-report financial processes. Sanofi determined that Trintech's Cadency Record to Report solution offered the best value against its workability, accounting, and reporting requirements. (See the sidebar at the end of the article for more information about Trintech's role in the project.)

The Rollout Begins

Two major challenges confronted the company in implementing a solution to fit its diverse environment according to Anna Vilomara, the Global Accounts to Report Solutions Project Lead at Sanofi. The first was that Sanofi had several different ERP platforms that were not harmonized. Different methods of booking accounts led to limited traceability and visibility into the close calendars, and familiarity with the systems used differed by user and country. The second challenge was change management. "People are used to doing things one way, and they question why they need to change something now," she says. Vilomara and her team — four consultants in project mode, one consultant in run mode, and five site administrators — would need a good change management strategy to show them how the new functionality would solve problems in their day-to-day tasks.

In May 2014, Sanofi began its global implementation of Trintech's Cadency solution to automate its close management tasks, account reconciliations, and journal entries. The implementation started in Europe, and Vilomara expects that the full worldwide rollout will be complete by late 2020, in conjunction with a parallel rollout of SAP S/4HANA, its ERP platform of the future. The scope of the implementation covers Sanofi operations in 95 countries in Europe, North America, Africa, Asia, the Middle East, and Latin America.

The Three New Processes in Action

Today Sanofi has nearly 943 users across the Cadency Close, Cadency Certification, and Cadency Journal Entry processes, with a target of more than 2,300 users after the global rollout is complete. Cadency Close manages closing activities from end to end for all the accounting, accounts receivable, internal controls, controlling, tax, and treasury functions. "When we implemented the closing management tool (Cadency), we defined common management rules and processes to follow for each module: close, accounts reconciliation, and

At a Glance

Goal: Standardize and automate manual financial processes, optimizing resources and improving governance and transparency across the entire financial close process

Strategy: Integrate its SAP ERP system with the Record to Report solution from Trintech, including the financial close, account reconciliation, and journal entry processes, optimizing resources and improving governance and transparency across the entire financial close process.

Outcome: Improved productivity for more than 2,300 users as of 2020; increased compliance for more than 2,505 accounts; implemented automation in the closing calendar to replace manual processes; increased visibility for upper-level management of the accounts reconciliation validation flow and journal entry process; and increased productivity and efficiency.

manual journal entries. This becomes the enabler for the standardization, harmonization, and common ways of working across the different regions in all our countries," says Vilomara. The core model documentation defines roles and deadlines, such as the frequency and due dates for each closing activity as well as the escalator roles on the critical activities.

To ensure consistency across business units and regions, there is one common closing calendar. After each step in the process, there is a sign-off in the centralized documentation quality system. "We harmonized the due date, and all the regions close at the same time," says Vilomara. "This means the CFO, for example, can know in one shot what the status is today for the whole company. That is a real benefit."

Cadency's workflow validation functionality was a dramatic improvement. Now a closing activity is updated in real time. "You can approve it today and it is validated in real time, or if not, it is escalated, and then there is a notification," Vilomara says. Prior to the deployment of Cadency Certification for reconciliations, the account reconciliation process was also done manually. The automated Cadency solution ensures compliance with common governance processes as every entry is documented with an explanation. The automation allows employees to invest more time in value-added analysis activities rather than on repetitive manual tasks.

Lastly, Cadency Journal Entry provides more controls and validation. Before, the entries needed to be printed and then manually signed at the end of the month, and there was no automated validation process. Now there is a segregation of duties (SoD) process in place with approval limits for approvers of bookings. Each journal entry preparer knows the type of managerial entries that are booked — for example, which journal entries are related to tax or treasury. Each one is booked with a specific document type, minimizing the risks as the process is an internal control enabler.



Sanofi

Headquarters: Paris, France

Industry: Pharmaceuticals

Employees: 100,000+, representing 145 nationalities

Revenue: \$41 billion+ (€35 billion) (2017)

Company details:

- World's sixth largest company in prescription sales and among the 10 largest independent biotech companies by market cap
- R&D investments of \$6.4 billion (€5.5 billion) in 2017
- 79 industrial manufacturing sites in 36 countries
- Healthcare solutions cover diabetes and cardiovascular; speciality care; vaccines; consumer healthcare; and general medicines and emerging markets
- Winner of the 2016 World-Class Record-to-Report Award from Trintech for transformation of the whole record-to-report process

SAP solutions: Implementing SAP S/4HANA (pilot projects live across a few countries)

Third-party solution: Cadency by Trintech

Strategies for Success

Throughout the implementation process, Sanofi relied on communication and training to ensure the success of the implementation. "All the people that will use the tool – the key users – need to be involved from the beginning," says Vilomara. Detailed data gathering is essential as a first step in ensuring users' business needs are met. Also, to prepare teams for the change, Sanofi held a meeting before kick-off to give users early interaction with the solution. These change management strategies resulted in stakeholder alignment with the goals as well as ownership in every organizational layer.

Another key to Sanofi's successful implementation is the common model it defined for each of the three processes. According to Vilomara, at the beginning of the European implementation, the team accepted a lot of exceptions to the model, which made it complicated to monitor afterward. "Be strong on the common alignment and stick to a common model," she advises. Clear governance is also important after go-live. For this project, there is a one-month hyper-care phase after go-live during which the central implementation team works on the closing with the teams in the country where the software is being rolled out.

Vilomara emphasizes that after the functionality is implemented, it is important to have a thorough testing phase. "It's important for user acceptance testing (UAT) to have system integration testing first at a central level.



Anna Vilomara,
Global Accounts to
Report Solutions
Project Lead,
Sanofi

“When we implemented the closing management tool (Cadency), we defined common management rules and processes to follow for each module: close, accounts reconciliation, and manual journal entries. This becomes the enabler for the standardization, harmonization, and common ways of working across the different regions in all our countries.”

IT and the business need to work together and check all the possible scenarios,” she says. “We need to check that we have collected all the user requirements and that all the connections between processes are working. These practices ensure that the UAT is successful.”

Measuring the effectiveness of its processes is important to Sanofi, which tracks many key performance indicators (KPIs). For example, the company monitors the account reconciliations that are on time, but also the ones that are rejected so it knows the accuracy as well as the cycle time of account reconciliations. The journal entries are monitored for posting times as well, as it is important that they meet their deadline.

Finally, collaborating with the financial solution partner, in this case Trintech, is important, Vilomara says, so Sanofi holds weekly calls with Trintech. For example, the calls allow Sanofi “to learn more and have a stronger knowledge of the solution.”

The Prognosis

Sanofi now has a centralized solution to cover all the end-to-end processes, not just for Cadency processes, but for business processes in general. Vilomara says that Sanofi has visibility across functional areas not only for the end users doing the activities, but also for upper-level management. Automation has eliminated manual activities and provides better information for both internal and external auditors.

The ongoing goals for the project include continuing to transfer activities to business process operations and to improve dashboards for the CFO. After the global implementation is completed, Sanofi expects to see productivity gains as well as even more savings in time and money. Heading toward the 2020 completion of the Cadency and SAP S/4HANA implementations, Vilomara keeps the ultimate goal in mind: to manage new releases and implement new functionality so that “we can improve every day.”

More on Trintech's Cloud-Based Solution

Trintech Inc. pioneered the development of Financial Corporate Performance Management (FCPM) software to optimize the record-to-report (R2R) process. Over 3,100 clients worldwide — including the majority of the Fortune 100 — rely on Trintech's cloud-based software to increase efficiency, reduce costs, and improve governance and transparency across global financial organizations.

Sanofi selected Trintech's SAP-certified solution, Cadency, to underpin its financial transformation objectives. This has led to improved productivity for over 2,300 users as of 2020, increased compliance for more than 2,505 accounts, elimination of manual processes, and increased visibility for upper-level management.

Trintech's CEO, Teresa Mackintosh, commented on the project: “It has been an honor to partner with Sanofi on its global financial transformation journey. Sanofi is a true example of a best-in-class organization that focuses on continuous improvement across its organization,” she says. “This project further demonstrates the importance of Record to Report automation technology and the benefits it can provide to improve the financial close and reconciliations processes of organizations of any size.”

Trintech's automated financial solution Cadency combines all R2R activities into a single, seamless process. Across the entire R2R cycle, from the time a transaction occurs through financial statements being issued, Cadency empowers continuous process improvements in account reconciliation, journal entry, close management, and compliance all the way through to financial and disclosure reporting.

By spanning across all R2R activities, Cadency ensures a single version of the truth and can help companies completely transform their financial processes to best in class levels of efficiency and effectiveness. For more information, visit www.trintech.com/cadency.

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