

# LIN TV – turning out the lights, on manual accounting processes



Transactions

Analysis

Control

Expert Services

Accounting processes, such as the period close, can be resource hungry, disruptive, difficult to audit and worryingly prone to human error. Now, Rhode Island-based LIN TV is pioneering a more effective way forward. Thanks to CODA's process automation tools and web services-based approach to financial accounting, its pursuit of "lights-out" accounting is rapidly becoming a reality.

#### MANY HANDS...?

Today's finance departments are expected to do more with less – staff numbers have been cut and IT budgets restrained. Meanwhile, changes in compliance regimes, such as Sarbanes-Oxley (SOX), International Financial Reporting Standards (IFRS) and others, have also exerted considerable upward pressure on the cost of the finance function.

Manual processes have clear disadvantages for finance because they are often labor intensive; accompanied by paper documents and physical flows of information. They also have compliance implications – every new transaction is a fresh event, which relies on the internal controls environment operating effectively. Unfortunately, occasional human error is inevitable in even the best-run organizations. Repairing processing errors after the event can be time consuming but an increasingly complex and regulated financial reporting environment means that errors can also incur serious penalties.

#### PROCESS CONTROL GETS EASIER

Fortunately, there is some good news if you're trying to address these issues: a number of proven technologies have emerged in recent years that offer light, flexible approaches to system integration and process automation.

For example:

- **Web services** make it very quick and easy to set up and maintain links between systems. So, process control technology can now easily link to and interact with ERP and other core transactional applications – retrieving or even posting data or simply reporting on findings.
- **Web-browser technology** and links with email mean that applications can be used to drive actions through an organization; automatically prompting individuals

or delivering pertinent data to all those involved in the process. Forms technology and XML (eXtensible Markup Language) mean applications can collect data from users or other systems, and deliver it to the appropriate location or system as required.

Although the challenges of automation should not be underestimated, achieving "lights-out accounting" can help to: significantly cut costs; substantially increase assurance; and improve speed and efficiency. It can also free up staff to do more interesting – and valuable – tasks such as data analysis.

"The increased focus on process control over the last five years combined with new, lighter technology in the finance function have enabled finance professionals to dramatically improve efficiency," says Steve Pugh, CEO of CODA Financials, Inc.

"Those that have not realized the benefits of automation are finding themselves sinking under a sea of ever-increasing transactions, data, controls and reports.

"As the regulatory environment continues to grow more complex, organizations need to ensure processes are repeatable, auditable and transparent. They need to eliminate any margin of error."

#### AUTOMATING FOR EFFICIENCY AND CONTROL

LIN TV wanted to find a better way forward – gaining benefits to balance the costs of more effective process control.

As William Cunningham, Vice President Controller of LIN TV Corp. recalls about SOX: "It was an incredibly difficult process, which cost us a lot of money. Complying not only took resources away from our core business but created an extremely stressful environment. However, it also made us realize we had a very decentralized accounting operation that was labor intensive and that our controls and processes were in need of updating. So, we set about looking for technology that could help us automate our processes and be more efficient."

The breakthrough came from a chance conversation with CODA, LIN TV's accounting software provider. "I happened

to mention my dilemma with Section 404, and they told me about CODA's newly launched process control product: Manager" explains Cunningham.

"I instantly saw how it could benefit the organization, acting as an electronic book-keeper. People would only interface with the Financials accounting application via Manager – ensuring a much more controlled environment. It would also give us assurance of reliability of data, which we didn't have before, and centralize our accounting function."

### REDUCING COSTS; SAVING TIME

Three years later and LIN TV is blazing a trail in financial reporting. Thanks to implementing CODA's process automation tools and web services-based approach to financial accounting, it has now cut virtually all manual elements of its transaction processing and keeps its spreadsheets in real time, delivering massive cost savings and helping to halve the time taken for period close.

- Not only has the organization made tangible cost-savings of up to \$700,000 – with more predicted – but it has also successfully automated 85% of its processes – with the intention of achieving 100% by the end of 2007.
- The number of staff keying in journal entries has dropped from around 40 to just one and the company has also been able to significantly reduce staff numbers at each of its 29 TV stations across the US.

### LEADING THE WAY ON AUTOMATION

According to Steve Pugh, what LIN TV has achieved is pioneering. "Manager was originally designed to help companies close their books in a faster more controlled manner, but we saw its potential immediately for SOX," he says.

"LIN TV has really committed itself to achieving true automation and efficiency – and the results speak for themselves."

The software tool enables companies to control business processes, making them repeatable, visible and auditable. It can be used to automate any repetitive tasks and to collect data from systems and people around the organization and beyond. Although LIN TV was driven to do this through a need to comply with SOX, the types of benefits it has achieved could apply to any organization.

However, Cunningham admits that achieving his objectives was by no means easy. "You have to look at your existing processes at a granular level," he warns. "There are also change-management issues. I had to let go of people who had worked for the organization for many years, and that is never an easy thing to do.

"But thanks to support from my staff, the changes have helped make their jobs easier and more fulfilling. They have quality of life now and there's no overtime for year end. There's also a lot less re-keying of data, which allows finance staff to spend more time on analysis. Their job is much more interesting now."

### MORE THAN JUST MONTH END

Of course, to achieve the level of automation implied by the term "lights out accounting", finance professionals need to look further than period closing. Key areas of intensive manual processing may vary from company to company but generally activities like procurement, invoice matching, and other elements of the purchase-to-pay process involve many staff carrying out laborious manual tasks. Other activities like expense claims handling and timesheet processing may also see many hours of manual work each month.

Such activities are clearly targets for automation and streamlining. This can be achieved through the use of collaborative tools that allow individual staff and even external suppliers and partners to complete the manual elements of the process – raising purchase requisition requests, filling in expense claims, inputting pricing and contractual information and so on. Combine this with sophisticated workflow systems that can route documents through the appropriate approvals process and automatically apply for internal company or external taxation rules to the documents, and you're well on the way to eliminating huge areas of manual processing.

### THE NEXT BIG STEP FORWARD

Early adopters such as LIN TV are leading a revolution in accounting. Computers and spreadsheets undoubtedly cut a huge workload from accountants used to adding up columns of figures; now workflow and process automation tools, combined with other collaborative and web-based technologies are freeing them up from hours of manual inputting, intervention and checking.

The result should be that accountants can finally spend their time doing what they generally claim they enjoy most – reporting and analyzing their company's data to identify trends, inform strategic decisions and add value to managers and departments across their organization.

"Whenever we talk to accountants, they tell us they wish they could spend more time analyzing the data, not just struggling to get it to the board on time," says Steve Pugh.

"Now we are finally seeing this become a reality. It's an exciting time to be an accountant in business – and to be a software developer, too!"

Back at LIN TV, Cunningham knows that his achievements may be considered leading edge, but he firmly believes that the future lies in the automation of as many processes as possible.

"This is a revolution, just as the introduction of PCs was in the early 1980s, when we started using electronic spreadsheets.

"I think this is the way things will be done by most organizations by 2010," he predicts.

### About CODA

CODA is the choice for finance professionals who need business software and services they can count on.



We provide award-winning solutions that help organizations to streamline and automate their finance processes (from accounting and procurement to reporting and analysis) and to achieve better compliance and corporate governance. CODA applications work seamlessly with each other or independently and they integrate with other leading operational systems to maximize the return on your broader IT investment too. And our products are all underpinned by expert consultancy, training and support services, delivered by teams of experienced accountants, business analysts and technology specialists.

Founded in the UK in 1979, the CODA Group now employs around 600 people and has offices around the world to deliver easy, local access to sales, service and support. Around 2600 medium and large organizations, across all sectors, use CODA solutions to control costs, drive performance and ensure compliance, while remaining agile and responsive.