



SEACOM

Solver helps SEACOM improve its planning process
and meet IFRS 15 compliance



www.seacom.com

Company Profile

SEACOM launched Africa's first broadband submarine cable system along the eastern and southern coastlines in 2009, bringing a vast supply of high-quality and affordable internet bandwidth.

Moving beyond being a cable operator, SEACOM is a major pan-African service provider offering a full suite of data services that allow Africa's growing ICT community to develop and evolve.

SEACOM provides flexible, scalable, and high-quality communication services that enable the growth of the continent's economy.

Industry

Telecommunications

Country

South Africa

ERP System

Acumatica



Solver Helps SEACOM Improve Its Planning Process and Meet IFRS 15 Compliance

With 12 legal entities, five currencies, operations in six countries, and a number of new acquisitions, SEACOM faced a particularly challenging task in performing its annual planning cycle. With a hard close implementation deadline in time for its annual budgeting Board meeting, the team leveraged Solver's planning and data warehouse to deliver a high quality, reliable annual performance plan. Additionally, as of January 2018, all entities complying with the International Financial Reporting Standards (IFRS) were required to change their revenue recognition to the requirements of the new IFRS 15 standard.

SEACOM had a number of long-term contracts of up to 20 years, with customers who were impacted by this. With up to 50 percent of its revenue coming from these long-term contracts and around \$300 million in deferred revenue in the balance sheet, SEACOM needed to have a robust yet flexible system to meet their accounting requirements.

With the pending changes required by IFRS, the finance team at SEACOM developed a functional specification for implementation in its ERP. Progress was slow and there was often misunderstanding between the finance and development teams. With time rapidly running out and a revised analysis of the situation following the implementation of Solver's data warehouse for its reporting and planning implementation, SEACOM decided to change tactics.

Challenges

SEACOM had several planning challenges. Among them were many delays due to manual work recreating inputs from the payroll and billing system. This led to data that was prone to error and, as contracts were added, there was also risk that the revenue numbers would not be aligned with the numbers on

the latest contract. Also, there was a problem with the use of multiple spreadsheets in providing the budget inputs. These were in various formats with different versions that didn't translate accurately. Changes made on spreadsheets did not always find their way to the finance team. This caused a level of mistrust with the finance department which, in turn, undermined the role that they were playing in monitoring and reporting on performances throughout the year.

"When there is little trust in the annual planning process, you need to be able to demonstrate that the numbers are accurate and verifiable. With Solver's reporting, planning, and data warehouse tools, SEACOM was able to achieve a reliable and trusted plan that had the support of the business and the flexibility to cater for various scenarios with the most up-to-date information," said Warren Wilbraham, Global Head of Finance at SEACOM.

In addition to the planning challenges, SEACOM was required to comply with the new IFRS 15 standard. SEACOM's long-term revenue has always been recognized using an Excel spreadsheet. Contract values, start and end dates were

entered and amortized over the contract life.

Billing in advance of the service delivery and payment plans allowed by the sales team also complicated the validation of deferred revenue balances. This was subject to the usual problems. Variable calculations, user error, and a lack of flexibility when it came to changes. All of the above led to an exhausting audit process that often delayed the conclusion of the annual audit.

Result

Specific data such as open balances, contract, and billing master data were required by IFRS and loaded into the data warehouse. SEACOM was able to recalculate the revenue recognition. Revenue recognition spreadsheets with the necessary control totals were developed using the Solver reporting tool. These were provided to the auditors as proof of the revenue. The deferred revenue balance could also be proven. This ensured a very accurate budget process too.

Due to the complexity of calculation and thin initial function specification, this development process was critical. The implementation team sat with SEACOM Finance staff to rapidly develop the solution. Within a two-week period, the entire solution had been developed and implemented. SEACOM is now able to calculate and process revenue entries from previous years within 2-3 hours per annum, as opposed to 4 hours per month.

In terms of planning, SEACOM addressed those challenges by implementing the Solver planning tool with the data warehouse, including a few integrations into source data systems. The Solver planning tool enabled the company to have control over the budget process.

Prior to the implementation, budgets could be opened and closed and copied from one version to the next. With the solution, SEACOM was able to control the process and enforce deadlines, and actual and existing budgets were loaded for each company in local currency at line-item detail level to ensure full visibility of costs, all with the Acumatica ERP. This transparency immensely improved the level of trust in the process within the organization.

Also input variables were created in the data warehouse where the company was able to change price movements, renewal, and churn assumptions (to name a few). This provided an accurate revenue number that was reliable. Exchange rates were loaded and were flexed as required to assess different scenarios.

With the reporting solution, SEACOM was then able to quickly assess performance against budget and forecast for the company, business unit, and cost centers in local currency and reporting currency. This enabled SEACOM to implement the Solver solution in parallel with its annual planning cycle.

Both processes took around 8 weeks, with 4 weeks of overlap. The implementation and output deadlines were both met with no material changes to the budget as a result of a flexible, comprehensive, accurate, and controlled budget process.

SEACOM believes Solver reporting, planning, and the data warehouse will have a part in long-term, sustainable savings in accounting and audit time.