

# Finance Transformation Case Study for Fast- Growing Global Client Transitioning to Nasdaq

## Client Profile

Our California-based client is a leading business-to-business provider of Software-as-a-Service solutions for internet gaming. Traded on NASDAQ, the client's technology platform is primarily used by land-based casinos across the U.S. to run online casino gaming (iGaming) and sportsbooks services legally, profitably, and with engaging content. The client also offers a digital portal that allows individuals to engage in sports betting, online casino games, and poker.



## Business Challenge

The client has enjoyed banner years of accomplishments. Revenue soared a whopping 257% in 2021. The previous year was highlighted by the NASDAQ IPO and acquisition of an online sports betting and casino platform for consumers that leads markets in Europe and Latin America.

More acquisitions are on the way, as well as deployment of the B2C (Business to Consumer) platform in other countries.

But a Finance function dominated by **outdated manual processes and a transaction-based approach** wasn't equipped to handle the scale, complexity, and speed of change that accompanied the client's rapid growth. Besides the business impact, such **inefficiencies forced staff to endure poor work-life balance during peak times**.

The client's **designation as a large accelerated filer by the Securities and Exchange Commission (SEC)** magnified the problem, requiring SOX (Sarbanes Oxley) 404(b) compliance and faster reporting. Section 404(b) requires a publicly held company's auditor to attest to, and report on, management's assessment of its internal controls.

The client originally approached Auxis to leverage our Global BPO Delivery Center in Costa Rica to centralize its transactional Finance functions. Since the client was in the process of moving from the London Stock Exchange to NASDAQ, it also needed to migrate its current back office team from London closer to the Americas. This transition presented the perfect opportunity to consider nearshoring instead of trying to build the team in an expensive market like California.

In addition to its interest in BPO (Business Process Outsourcing), the client saw an **urgent need to tap Auxis' finance transformation and process improvement expertise to convert its outdated operations into a modern finance organization**.

Targeted areas of improvement included:

- **Re-engineering core processes** like revenue recognition, billing, and capitalized software development and linking them to operational systems.
- **The month-end close process took 30 days** – far above industry best practices. To meet SEC large accelerated filer requirements, the client needed to complete month-end close in less than 10 days.
- The client had **identified but not fully remediated control deficiencies**, impacting SOX 404(b) compliance.
- **Better controls were needed for protecting company assets** like cash and fixed assets.



- **Development of better policies and procedures**, including materiality limits and transaction controls on the client's ERP system.
- Implementing data feeds from banks, daily cash receipts, and cash flow tools that would **improve cash management and forecasting**.
- **Improving accuracy and speed of settlement statements and revenue recognition**.
- **Better segregation of duties** between transaction processors and reviewers/signoffs.
- **Better SLA (Service Level Agreement) metrics and financial close task list control**.

## Solution & Approach

Auxis was hired to identify process improvement opportunities in the client's F&A function that could achieve best practices for a public company and large accelerated filer.

Auxis utilized the extensive client SME (subject matter expert) interviews and as-is flowcharts it had created as part of its simultaneous BPO migration project. It considered processes performed at the client's main U.S. and U.K. offices, as well as risks to a public company.

The goal: gaining a detailed understanding of the current business processes, job functions, information needs, business system requirements, and relevant operating statistics like transaction volumes. Auxis also considered potential gaps in meeting local regulatory and statutory requirements within the countries.

Auxis further analyzed how the client used its Microsoft Dynamics 365 (D365) ERP system, recommending opportunities to take advantage of more robust functionality like automation. It also recommended additional transaction tools and better controls for SOX compliance.

Observations were grouped into four overarching categories:

1. General Accounting
2. Accounts Payable (AP)
3. Accounts Receivable (AR)/Revenue Recognition
4. Treasury/Cash Management.

Auxis then took a cost-benefit view to look at the anticipated level of effort in relation to benefits and efficiency gains for each change.

With 100+ recommended process improvements, Auxis **presented findings as an iterative planning and prioritized implementation roadmap**. We designed a sprint-based improvement approach, grouping recommendations into short-, mid-, and long-term opportunities.

That way, the client could start with easier, quick wins in the initial phase and progress to more complex, long-term growth initiatives.



Highlights of the Auxis approach included:

### Sprint 1: Completed within two months to optimize the launch of BPO operations.

1. Stabilizing daily bank reconciliations and cash receipts, avoiding temporary allocation to suspense accounts as a middle step.
2. Implementing a month-end close task list with the Trintech Adra platform.
3. Creating approval templates for fixed assets and master data, which lacked a formal approval process.
4. Standardizing workbooks and improving formulas for statements, accruals, and reconciliations.
5. Assessment of the cash flow functionality in the client's Microsoft Dynamics 365 ERP system

### Sprint 2: Planned for post-stabilization of BPO operations.

1. Implementing ERP approval workflows for master data and fixed assets.
2. Consolidating client accounts and updating master data.
3. Implementing and optimizing cash flow forecast, prepaid expenses, and deferred income functionalities in the client's D365 ERP system.

### Sprint 3: Long-term, complex initiatives.

1. A significant issue stemmed from preparation and invoicing of billing and royalties statements to customers. The client must deliver these statements within 10 days of month-end close to recognize revenue, collect receivables, and comply with customer agreements. However, the current cumbersome, time-consuming process caused significant delays and error risk – forcing staff to manually pull data from 10-15 different sources and manage an Excel spreadsheet. Auxis recommended RPA (Robotic Process Automation) to improve speed, scalability, visibility, accuracy, and collections.
2. Automating customer billing in the client's ERP system to replace the time-consuming, error-prone, manual Excel process.
3. Decreasing the concentration of financial close activities on the last two days of the process.
4. Optimizing cash flow forecast functionality on the D365 ERP system.





## Results

Auxis successfully identified, quantified, and prioritized high-impact optimization opportunities within the client's Finance operation. Its step-by-step transformation roadmap sets the stage for a modern Finance organization powered by process excellence, digital transformation, real-time analytics, and an innovation mindset.

Auxis partnered with the client to help implement many improvements, while the client handled others internally.



Auxis built a target operating model, delivering **136 internal control and process improvement** recommendations for the General Accounting, AP, AR, and Treasury functions.



Initial improvements **shortened the month-end close process by about 70%**, from 30 to 9 days.



With faster reporting and better controls, the client successfully **met SEC requirements for becoming a large accelerated filer**.



Sprint 1 delivered **significant improvements to productivity and efficiency** – dramatically improving work/life balance for Finance staff during peak times. **Working on weekends was reduced to almost zero** and the team's **monthly overtime hours dropped from 100 to 10**. The client is in the process of implementing Sprint 2.



Finance teams have the **flexibility, agility, and resources to keep pace** with the company's rapid growth and fast-changing business environment.



Real-time access to data and faster analysis of key financial information **enables the business to act more quickly and decisively**.

Pleased with the success of its BPO and process improvement projects, the client also engaged Auxis to manage implementation of the Vena and Concur digital finance solutions for its operations. Vena is a native Excel complete Financial Statement Consolidation platform and Concur automates Travel & Expense processes.

