CASE STUDY
Modernizing Finance for Aerospace and Defense

What are some common challenges and opportunities for efficiencies when moving from a legacy corporate performance management (CPM) tool to OneStream XF for financial reporting? Learn how the OneStream platform was utilized in a recent such migration from a legacy, on-premise tool.

Challenge
A large, publicly traded, multinational aerospace and defense company was looking to modernize its finance function by replacing its 15-year-old legacy CPM application. While their current system was able to support their financial consolidation and reporting and analysis processes, it lacked the depth of newer systems. The legacy system was costly to manage and had limited on-premise accessibility, relevant data-collection tools and workflow concepts. In order to increase operational efficiencies and gain significant cost savings, the company knew a change was necessary.

While researching for alternatives, the company was introduced to the OneStream XF platform. The goal was to modernize the close-consolidation solution and improve financial reporting, automate tax-related data collection across legal entities, and gain efficiencies utilizing a cloud-based platform.

OneStream XF provides a unified, extensible CPM platform that allows organizations to modernize their financial reporting processes and reduce complexity in the cloud or on site. It simplifies and aligns financial consolidation, planning, reporting, and data-quality processes across the enterprise. Additionally, the XF Marketplace allows customers to maximize their return on investment with prebuilt and customizable solutions.

Solution
After a thorough selection process, this aerospace and defense company selected MorganFranklin Consulting as its implementation partner because of our ability to not only integrate the system, but to also assist in transforming the finance function. We were able to successfully implement OneStream XF to support the close consolidation, legal entity reporting, and corporate budgeting processes. The key solution components included:

- **Currency Translations** – The client needed the ability to review financial data at various currencies, specifically for European operations. The MorganFranklin team was able to simplify the client’s hierarchy so that the system became more flexible for currency translation.

- **Rounding Optimization** – The legacy system had several complex rules that were hard coded within the application and resulted in manually intensive updates as new accounts and entities were created. We updated the rounding algorithm using a systematic business rule setup that allowed for consistency and minimized administrative updates when new accounts or entities were added.
• **Automation of Cashflow Calculations** – The client migrated from a risk-prone, manual, Excel-based statement of cash flows; a manual process that took a significant amount of time to complete. Using OneStream XF and the Flow dimension, the client was able to shift to a robust automated process.

• **Intercompany Eliminations** – The client previously relied on an outdated intercompany process with the legacy tool that generated clumsy intercompany reporting. OneStream XF cube views simplified reporting and allow users to view intercompany activity from top of the house with drill-back capabilities to business segments down to base entities data.

• **Complex Entity Structures** – During the design phase, MorganFranklin recommended the optimization of the complex legacy entity hierarchy, taking advantage of the UD1 custom dimension to rationalize and simplify the hierarchy by removing more than 100 existing proxy entities.

• **Legal Entity** – During the initial phases, the tax team was interested in using a unified view of the financial data for tax provision and compliance process, that could ultimately interface data into current tax-provisioning software. Stakeholders are now able to aggregate data in a more systemized manner and avoid costs from additional advisory services, resulting in clean, transparent, and accurate data. In addition to reporting and analysis, the data integrity is maintained as the financial data is further integrated into the current tax provisioning software.

• **Corporate Budget Dashboard** – The corporate budget process was migrated from a legacy business intelligence (BI) tool to OneStream XF using a unified, single platform. This included enabling Extensible Dimensionality to support complex multiyear fund reporting across accounts to allow for variable granularity of forecast and actuals data. Additional OneStream functionality, primarily BI Viewer, was implemented to enhance the user experience and build a robust corporate budget dashboard for better visualization and track multiyear corporate spending trends and KPIs.

**Results**

Through the successful implementation of OneStream XF workflows, MorganFranklin enabled the company to develop a unified view of financial data for management and legal entity reporting. By leveraging custom dimension (UD1) to enable horizontal consolidation, we provided users the ability to isolate data loads, local adjusting journals, and corporate-level, top-side journal entries. As a result of the entity hierarchy simplification, the client was able to reduce quarterly file loads by about 70%, and significantly reduce total cost of ownership.

Our team of experts also improved the user experience for geographically diverse stakeholder groups across operating business units around the world. In addition, we rationalized entity hierarchy setup with the ability to layer in multicurrency adjustments in a single base member.

In conclusion, MorganFranklin reduced total cost of ownership by leveraging a single platform to support financial consolidations, legal entity reporting, budgeting, and financial dashboards.

**Talk to our technology and finance experts and learn more about this case study and opportunities to utilize OneStream’s Unified SmartCPM™ platform for your company.**
About MorganFranklin Consulting

MorganFranklin helps Aerospace & Defense companies navigate these complex challenges. Our professionals deliver leading practices and insights that are rooted in practical project experiences and industry experience. Our clients turn to us for our hands-on approach and commitment to driving success by solving issues at the core of the industry with a customized approach that is tailored to each organization.

- Technical Accounting & Financial Reporting
- Cybersecurity
- IPO Readiness
- M&A Lifecycle
- Finance Transformation
- CIO Advisory
- Business Transformation
- Risk Advisory
- Data & Analytics
- Restructuring & Turnaround
- Enterprise & Cloud Applications

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