“BlackLine Intercompany Hub has been an absolute game changer. We no longer have to worry about whether an invoice generated in company A has been picked up in company B. It happens automatically.”

Paul Dubbelman, Finance Lead, Global Business Services, Kraft Heinz

About Kraft Heinz

The Kraft Heinz Company is the fifth largest food and beverage company in the world, with 2019 revenues of $25 billion. Created by a merger in 2015, the 38,000-person company sells iconic brands such as Kraft, Heinz, Oscar Mayer, Cracker Barrel, Planters, and Miracle Whip and has facilities in more than 40 countries.

The Challenge


Dozens of new entities made reconciling millions of non-product invoices—transactions not directly related to operations or production—especially challenging: Post merger, the company had to navigate $20 million to $30 million in intercompany outages between payables and receivables across multiple entities.

INDUSTRY
Food and Beverage

REGION
Global

ADOPTION DATE
2010 (BL) 2018 (ICH)

ERP
SAP

NUMBER OF USERS
764 (total) 325 (ICH)

PRODUCTS
Intercompany Hub, Account Reconciliations, Transaction Matching

BUSINESS IMPACT
• Reduced intercompany outages of up to $30 million a month to less than $1 million
• Strengthened control and compliance
• Increased visibility into status and follow-up issues
• Improved efficiency across global user base
Reconciling these intercompany transactions required staff to aggregate data from multiple ERPs—SAP, Oracle, JD Edwards, and Epicor—into Oracle Hyperion Financial Management.

According to Paul Dubbelman, finance lead, Global Business Services, the process was “uncoordinated, uncontrolled, extremely manual, and very complex.”

As Hyperion reports could only provide an overview of outages, it fell to local accounting teams to manually identify and report on outages. “They’d have to break down the data by going back to the ERP and drilling into it. It was a struggle,” says Dubbelman. “We really needed a much better solution to bring those millions of dollars in outages down to a manageable number.”

**Why BlackLine**

BlackLine Account Reconciliations has been in use at Kraft since 2010. For Dubbelman, BlackLine Intercompany Hub was the next logical step to better automate non-product intercompany accounting, improve visibility, and standardize global practices on a common platform.

“Intercompany Hub was the obvious go-to. We already had a good working relationship with the BlackLine team on account reconciliations, and we’ve now built a very strong relationship with the team on our intercompany journey as well.”

Spearheaded by its Chicago co-headquarters, Kraft Heinz brought together people, process, and technology to ensure a successful Intercompany Hub implementation. BlackLine’s support was instrumental in rearchitecting processes and solving unique challenges, such as accounting for 300 VAT codes across 18 European countries.

“VAT was probably one of the hardest to solve in terms of complexity, because every country in Europe has their own VAT rules,” says Dubbelman. “We were able to bring together all the parts of what was needed to make this system and BlackLine work well from the beginning.”

**The Results**

**Reduced intercompany outages by 20x to 30x.** With BlackLine, Kraft Heinz has cut intercompany outages in non-product invoices ranging from $20 million to $30 million a month to less than $1 million. Automation and increased transparency have given the intercompany team additional time to quickly resolve outages.

“The number of intercompany outages has plummeted to near zero with BlackLine. By near zero, I mean less than $1 million a month,” says Dubbelman. “There’s always going to be something moving, but we’re happier at that level.”
**Strengthened control and compliance.** BlackLine Intercompany Hub provides rigorously defined workflows, embedded controls, and validation for intercompany transactions that help drive compliance with company policy.

“BlackLine Intercompany Hub has been an absolute game changer,” says Dubbelman. “We no longer have to worry about whether an invoice generated in Affiliate A has been picked up in Affiliate B. It happens automatically.”

BlackLine also enables the standardization of global intercompany practices and processes to minimize deviations across various regions. “BlackLine Intercompany Hub has changed how we ensure that compliance is enforced, and that no one is straying too far out of line in the invoicing, reconciliation, and balancing of intercompany transactions.”

**Minimized risk.** With BlackLine, Kraft Heinz has dramatically reduced the risks inherent in intercompany accounting, including those due to human error.

“When a user loads data into BlackLine, they have to do a validation before they can certify the transaction,” says Dubbelman. “BlackLine looks at the intercompany relationships and the type of service being charged, and in Europe, determines automatically if the VAT rate or code they used was correct or incorrect.”

**Heightened visibility.** BlackLine has improved visibility across non-product transactions so personnel can quickly identify, examine, and resolve exceptions. This has resulted in increased confidence in financial data while simultaneously freeing staff to focus on value-added work.

“We have much better visibility with BlackLine Intercompany Hub into all the non-product recharges that are happening month in, month out,” says Dubbelman. “BlackLine is giving us increased visibility into what is being charged and when it is being charged, which allows us to ask why it is being charged.”

**Increased efficiency.** A central intercompany accounting platform, BlackLine works across various localities, currencies, and regulations. As such, Kraft Heinz teams across the globe are now engaged in far less manual work.

“It’s mostly a very seamless process now,” says Dubbelman. “Because of the connection between BlackLine and SAP, once approvals are in place those transactions flow straight through and are posted in the books of the relevant companies at the same time. The intercompany team administers the system and looks for errors, but those are very rare.”

**Achieved 93 percent transaction matching.** Building on its success with Intercompany Hub, Kraft Heinz is now using BlackLine Transaction Matching to cover invoices and balances between affiliate companies, such as a U.K. selling company and the supply chain hub, within the two major SAP instances in Europe and the U.S.

Kraft Heinz has already achieved a 93 percent transaction matching rate, with further gains in the pipeline. “There’s a lot more we can do with it,” says Dubbelman. “Further on, we can expand it to include matching of payments.”