A Successful Move to SAP S/4HANA with BlackLine

Zurich North America Uses BlackLine Solutions for Automation & Control During Transformation

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DOUG TRAMP, DIRECTOR OF FINANCE SYSTEMS & OPERATIONAL CHANGE, ZURICH NORTH AMERICA

Zurich North America is one of the largest providers of insurance solutions and services to businesses and individuals. Customers represent industries ranging from agriculture to construction and include more than 90% of the Fortune 500.

The company has backed the building of some of the most recognizable structures in North America, from the Hoover Dam to the Confederation Bridge.

**The Challenge**

The insurance industry is going through significant change in several ways. Technology is unlocking new and efficient ways of operating and conducting business. New accounting standards require Zurich to adapt its finance landscape to prepare for and adopt them.

Zurich works relentlessly to exceed customer expectations, combining the intelligence they have and the information they collect to anticipate and be ready for the evolving marketplace.

**INDUSTRY**

Insurance

**REGION**

North America and utilized globally

**ADOPTION DATE**

2011

**ERP**


**NUMBER OF USERS**

650 globally

**PRODUCTS**

Account Reconciliations, Task Management, Variance Analysis, Transaction Matching

**BENEFITS**

Successfully transitioned to SAP S/4HANA in two years, coming in on budget and on time. Implemented parallel ledgers in preparation for IFRS17 and automated 98% of increased number of reconciliations.

Maintained link and transparency between old and new systems without additional data entry or rework. Absorbed over a 160% increase in the number of reconciliations without adding headcount, and identified additional use cases for future automation.
Migrating to a new ERP platform is a significant undertaking that often takes years. Yet organizations still need to maintain control and compliance during this transformation period, and increasing efficiency is key to managing cost. This is especially the case for organizations facing new regulatory changes, such as new accounting pronouncements.

Insurance organizations reporting under IFRS must adopt IFRS17, the new international financial reporting standard for insurance contracts, by January 2023. For Zurich North America, this meant a need for parallel ledgers and parallel reporting during the transition and preparation for IFRS17, and prompted the decision to move from a legacy SAP environment to SAP S/4HANA.

“We needed to be able to manage in a multi-ledger environment for 170 entities across as many as four different accounting principles in our SAP S/4HANA system,” says Doug Tramp, CPA, CGMA, director of finance systems and operational change at Zurich North America. “We realized the regulatory environment was changing, and it was going to create more work in the long term unless we updated our technology.”

Despite the extensive capabilities and benefits of SAP S/4HANA, Tramp estimated that the move to parallel ledgers would significantly increase accounting staff workload in some areas for a period of time. In addition, moving between systems would require a tremendous amount of manual work, as the team tried to maintain compliance, control, and visibility of all records.

“The Finance Leadership knew there were significant impacts and operational challenges of implementing a multi GAAP parallel ledger environment. Among other challenges, we realized we could be looking at over a 160% increase in the number of account reconciliations every month. We knew we had to come up with a creative solution.”

DOUG TRAMP, DIRECTOR OF FINANCE SYSTEMS & OPERATIONAL CHANGE, ZURICH NORTH AMERICA

“I would recommend implementing BlackLine before you move to SAP S/4HANA. BlackLine can be a great help with your control environment, as well as validating account balances that you’re migrating from the old to the new.”

DOUG TRAMP, DIRECTOR OF FINANCE SYSTEMS & OPERATIONAL CHANGE, ZURICH NORTH AMERICA
Zurich is constantly challenging the status quo and searching for innovative ways to gain efficiencies without compromising accuracy or compliance. In the search for a solution, the company engaged a third-party consultant and also reached out to other organizations going through the same transition or in a similar situation.

“None of the suggested solutions were acceptable on our end,” says Tramp. “Each option still increased either the work or maintenance required of our accounting workforce for the foreseeable future. I kept thinking there had to be a better way.”

Zurich had implemented several BlackLine solutions in 2011 to manage the financial close around the globe, while addressing regional requirements. With its initial implementation of BlackLine, Zurich North America was able to strengthen controls and improve visibility across the 170 entities that exist in its environment.

“Before BlackLine, account reconciliations were a very cumbersome process,” says Tramp. “BlackLine definitely helped us improve our controls, not just with reconciliations, but also in the whole close management process. We thought it could help us do the same during the move to SAP S/4HANA.”

Because BlackLine was already a trusted, user-friendly, and agile solution for Zurich, leadership supported the decision to use additional BlackLine functionality to support the ERP transition, along with other use cases.

During the transition to SAP S/4HANA, Zurich North America used BlackLine as a control center and automation solution to reduce staff workload. With the assistance of advisors at BlackLine, Tramp and his team were able to map legacy account structures to the new, creating consistency and maintaining history—including policies and procedures—across systems.

“That was one of our big concerns about the entire transition, having to rework and reenter data in BlackLine. But there really wasn’t rework. We maintained our historical reconciliations and purposes and procedures.”

DOUG TRAMP, DIRECTOR OF FINANCE SYSTEMS & OPERATIONAL CHANGE, ZURICH NORTH AMERICA

“It really was an efficient way of migrating from our previous environment into the new environment and keeping our reconciliations intact.”

The Results

Transitioned to S/4HANA in two years, on budget, and on time.
Transitioning to SAP S/4HANA required a team of dedicated professionals, including Tramp and other Zurich North America finance and IT staff, SAP, BlackLine, and other consulting and IT service providers.

With BlackLine’s solutions for Accounting, Zurich North America not only maintained transparency throughout the transformation but also absorbed an increased workload without hiring additional staff. The ability to auto-certify reconciliations played a key role, as did BlackLine’s straightforward data mapping process, which eliminated the need for rework.
Zurich remains focused on reducing complexities out of their business and becoming a more agile organization, which improves its ability to deliver for its customers. Understanding and delivering on emerging trends allows Zurich’s teams to find innovative solutions, like BlackLine, to become more efficient and better support its customers and implement new products, services, and solutions.

“It only took us two years to implement SAP S/4HANA at Zurich. That’s pretty rapid. BlackLine definitely made the project better, more manageable, and efficient,” says Tramp. “I would recommend implementing BlackLine before you move to S/4HANA. BlackLine will be a great help with your control environment, as well validating the results of account balances that you’re migrating from the old ledger to the new.”

**Automated 98% of reconciliations in the three non-leading ledgers.**

For many organizations, transitioning to a new platform and adjusting to new policies and regulations can significantly increase workloads for years as staff tries to maintain parallel ledgers. Yet, “we were able to automate 98% of reconciliations while managing multiple non-leading parallel ledgers,” adds Tramp.

“Our monthly reconciliation workload was going to increase by over 160%. Instead, with BlackLine automation, we’ve achieved a 98% auto-certification of non-leading ledger accounts. We automated the incremental volume and didn’t have to increase staff or reduce the frequency of reconciliations. And with the efficiencies we were able to create, we definitely saw cost savings.”

**Maintained continuity and transparency between legacy and new systems—without additional data entry or rework.**

One of the challenges of transitioning to SAP S/4HANA or any new system is maintaining consistency and history. With BlackLine functioning as a control center, Zurich now has instant access to all prior period reconciliations and historical information, even if the account number or other master data has changed.

This accessibility played a key role in maintaining compliance during the transition to SAP S/4HANA. “BlackLine served as a source of confidence and continuity during a period of change,” says Tramp. “And our auditors love it.”

Just as critically, Zurich achieved this continuity between systems without any additional data entry or rework, thereby saving the team tremendous time. “We didn’t have to do everything manually. And the connection between old and new gives us immense comfort.”

**Prepared for growth and enabled increased efficiency.**

Now that Zurich North America is live on SAP S/4HANA, Tramp and his team are excited about expanding their BlackLine capabilities beyond reconciliations.

“BlackLine’s Transaction Matching has been on our radar for years,” says Tramp. “We’ve always seen the benefit of automating matching activities, but we had to first prioritize the ERP implementation. Now that we’re live on SAP S/4HANA, we’re on the ‘matching’ march!”

**About BlackLine**

Companies come to BlackLine, Inc. (Nasdaq: BL) because their traditional manual accounting processes are not sustainable. BlackLine’s cloud-based solutions and market-leading customer service help companies move to modern accounting by unifying their data and processes, automating repetitive work, and driving accountability through visibility. BlackLine provides solutions for financial close management, accounting automation, and intercompany governance that are integrated with the SAP financial close portfolio and offered by SAP as solution extensions. BlackLine’s solutions complement SAP software to help companies across all industries do accounting work better, faster, and with more control.

Over 3,000 companies trust BlackLine to help them close faster with complete and accurate results. The company is the pioneer and recognized Leader in Gartner’s 2019 Magic Quadrant for Cloud Financial Close Solutions. Based in Los Angeles, BlackLine also has regional headquarters in London, Singapore, and Sydney. For more information, please visit blackline.com.