

CUSTOMER SUCCESS STORY

Flowserve pumps innovation into its compliance and reporting system with CCH Integrator™ GST

Summary

Company profile

Name:	Flowserve Pte Ltd (subsidiary of Flowerve Corp)
Region:	Singapore
Operation:	Flowserve Corporation is a world leading manufacturer and aftermarket service provider of comprehensive flow control systems.
Products:	Flow control products including pumps, valves, seals, automation, and services to the power, oil, gas, chemical, and other industries
Employees:	16,000 worldwide
Website:	www.flowserve.com
Revenue:	Flowserve Corporation US\$4.8 billion

Issues

- Automate the integration of goods and services taxation data from an ERP system into a consolidated GST report
- Ensure legally compliant quarterly GST reports to meet audit and exporter licence requirements
- Increase transparency and auditability levels of underlying data
- Reduce documentation times

Solution

- CCH Integrator™ GST

Value

- Save time in data collection from each division
- Indirect tax risk framework is embedded in the system, allowing standardization, visibility and overview of GST compliance amongst the different divisions
- GST analysis and flexible exception checks assist with identifying and managing risks of GST errors
- Single cloud based system allows greater transparency of information at a lower cost
- Cloud-based solution with high degree of accuracy ensures tax authorities and external auditors are satisfied on compliance
- Efficiencies can be rolled out to other divisions and other country operations within the Asia-Pacific region

Company background

Flowserve is a recognised world leader in supplying pumps, valves, seals and related services to the power, oil, gas, chemical and other industries. Each day its solutions help move volatile fluids and gases safely and securely. As an innovation-led organisation it wanted to leverage technology for its own management purposes as well as the solutions and services it offers.

Business Issues

Flowserve manages three major divisions for Valve, Pump and Seal from its Singapore APAC headquarters. Each of these divisions were using a different Enterprise Resource Planning (ERP) system, which required manual collation of GST data and uploading of this data to spread sheets, where information was consolidated by accounting staff responsible for that division. With one accounting team member per division, each person was dedicating time each month to coding and processing and again at the end of quarter to produce the GST compliance reports.

With Flowserve operating a major exporter licence under strict requirements from the Singapore Inland Revenue Division (IRD) it needed to ensure that its Goods and Services Tax (GST) records were kept accurate and met strict compliance requirements on a constant basis.

Additionally the company needed to be prepared for an external audit from either an external auditor appointed by IRD, or IRD themselves. Therefore transparent, compliant reporting processes were of paramount importance for this process alone.

These factors gave an impetus for the company to implement the CCH Integrator GST solution, starting with its Valve division.

Solution

To reduce its audit and compliance risks for GST, Flowserve implemented CCH Integrator GST. And as a productivity and efficiency boon this decision will also be supported by the Singapore Government incentives program, ensuring that Singapore-based organisations maximise the benefits of automation and integration with advanced technologies.

Being a multinational company, it was inevitable that Flowserve would be looking at cloud-based solutions to generate automated efficiencies and advanced integration into its accounting and compliance solutions.

After running the solution for several quarters, we are more comfortable that our GST reporting is meeting both tax regulations and exporter licence requirements. As it's a cloud-based solution, there are further benefits in keeping up to date, and in scaling across divisions.

Charles Yap, Regional Controller – FCD and Credit Manager APAC

The easy to use CCH Integrator automatically link codes for allowable and non allowable GST transactions, entirely removing the manual process of GST coding. As such, there has been a noticeable reduction in error rates. The difference in collation time now with the Valve division integrating its ERP and CCH Integrator GST systems has already reduced reporting times by almost 70 percent.

The central CCH Integrator GST solution is also shaving time from not only the processing of the GST data but also the consolidation and review process for the overall reports. Prior to implementing CCH Integrator each report had to be sighted, reviewed, signed off and submitted. However now the information is stored in a centralised and highly transparent system and this can be reviewed at any time. Without having to wait for consolidation this has made a further 50 percent time saving in a key process.

Currently the Pump and Seal divisions are relying each on a different ERP system however there are plans to upgrade these ERP systems in alignment with the Valve division. This will provide further efficiency and productivity benefits with all data being automatically integrated into the CCH Integrator GST solution. Coding will be standardized and it will further reduce the processing times for reporting and compliance for this key tax.

The next business challenge for the organisation once this process has been completed will be to produce the quarterly GST compliance reports before the due date. This is expected to free the accounting team to concentrate on additional work and reduce the overall level of error in other reporting and day-to-day work.

Looking further out, the strategy is to bed this process in with the other two divisions. It will require improving their ERP systems and then looking at greater company-wide efficiencies in other Asia Pacific offices and for the group's operations in Australia.

Results and value

There has been a noticeable reduction in error rates.

For example, when records were manually being processed Flowserve would be claiming for GST when it was not allowed. However, with automated coding, workflow processing takes over and automatically links codes to what is allowable and not allowable.

After two quarters of reporting the Flowserve accounting team has also reached the break even phase on its investment.

I would definitely recommend large or multinational companies with different divisions look at CCH Integrator for GST. The solution provides readily measurable results and is demonstrating ongoing efficiency benefits. The solution really pays for itself.

Charles Yap, Regional Controller – FCD and Credit Manager APAC

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