Four ways Transfer Pricing Robotics will transform Transfer Pricing policy implementation

Imagine your new Transfer Pricing process consisting of five clicks only: 1) show suggested TP adjustments, 2) review (and edit) data and calculations, 3) review movements on Group TP dashboard, 4) approve, and 5) upload draft profit adjustments and price adjustments in the ERP system for final approval. To most, this may sound a bit sci-fi and unfit for a complex intercompany transaction structure. While these may have been valid points historically, the emergence of new finance robotics and automation technology has brought TP policy implementation into the digital age.

The real value lies in transforming the TP process from a manual exercise of endless data entries and data calculations year after year to one of approving data and calculations. The role of the TP Manager in Multinationals will transform from a data miner to a strategic partner to Finance and Tax leadership.

Technology is often viewed as an enabler, but approached correctly automation and digitalisation becomes the catalyst for improvements needed to shake up things a bit and say goodbye to how things "were always done".

TP robotics and automation technology will transform the TP process in (at least) the following four ways:

1. **Improved control** – Take control over your intercompany data and processes and manage the Transfer Pricing process pro-actively. Ensure the right data is supplied at the right time and everybody contributes according to roles and responsibilities. Be the strategic business partner, not the data miner. Take decisions based on real data, not policies or assumptions.
2. **Improved quality** – Improve the quality of intercompany source data and data prepared for the TP analyses.
3. **Improved transparency** – Get complete data trail from source data to pre and post TP adjustment numbers. Upload source data in its rawest form, eliminate data manipulation and preparation (e.g. splitting legal entity P&L into business unit P&Ls) in spreadsheets and undertake all manual data edits on screen for a complete trail of what was done when and by whom.
4. **Improved consistency** – Use same data, methodologies, calculations and benchmark data

The first step towards a TP software solution is a proof of concept analysis, which usually can be completed in 3 to 4 weeks. The outcome is a blue-print of the intercompany transaction structure and an assessment of the technology readiness of the organization and current processes based on a GAP analysis.

The total cycle from proof of concept to go live including full integration with ERP such as SAP, Oracle or Microsoft Dynamics should take no more than 12-14 weeks.

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