

URBAN OUTFITTERS PREPS JOURNAL ENTRY 66% FASTER AND REDUCES STAFF EFFORT BY 50% WITH TECHNOLOGY HELP FROM GTM

URBAN OUTFITTERS

INDUSTRY: Retail

COMPANY:

Urban Outfitters (“Urban”) is a multinational clothing company with operations in the United States, Canada and Europe. Brands include Urban Outfitters, Anthropologie, Free People, Terrain and BHLDN.

SERVICES PROVIDED:

Urban Outfitters engaged Global Tax Management (GTM) to assist with technology automation. Specifically, Urban requested assistance with upgrading their existing provision software to automate the production of the tax journal entry - a process that can be time- and resource-intensive.

CHALLENGE:

Time and accuracy are essential to the tax provision process, which is why Urban continuously makes efforts to improve the accuracy and minimize the time spent on provision preparation. Additionally, Urban deploys strategies and technologies designed to increase time allocated for review, ease the review process, shorten the close period and leverage all relevant functionality of their provision software to maximize ROI.

Specifically, Urban identified provision journal entry as a key opportunity for improvement. Preparing journal entries consisting of several tax accounts with very specific uses for a large number of legal entities had become a daunting task. It was also difficult to provide transparency between the provision calculation and specific entries, which is necessary for efficient review. Other challenges like tracking multiple versions and the inherent risks of preparing in Microsoft Excel made the process more troublesome and time consuming.

SOLUTION:

Urban was already using a provision software tool that had the capability to automate a tax journal entry, but the company was not yet using that functionality. In order to take advantage of this functionality, another unused feature regarding the current income tax accrual also needed to be configured and implemented.

GTM worked closely with Urban to define specifications surrounding the journal entry, identify specific attributes within the provision calculation, make the required configurations, input the necessary data and automate the production of the journal entry within the software. GTM’s intimate involvement with Urban eased the transition and helped the end users quickly become comfortable with the functionality and processes being implemented.

RESULT:

In less than two days, GTM had enabled Urban to fully implement the new journal entry functionality - and just in time for their year-end provision process. The enhanced process impressed upper management and the company’s third-party audit firm. They noted the dramatic increase in data transparency, improved control and time savings. In fact, with the improved process, Urban reduced the time of journal entry preparation from three days to one day and the manpower required from two people to one person. The implementation also allowed Urban to employ the proper levels of review on the journal entry and payable, which has significantly improved the financial statement and control review for the external auditors.

Furthermore, the upgrade allowed Urban to achieve a larger return on their provision software investment as the company took full advantage of the tool’s breadth of functionality.

VALUE DELIVERED

- Sped up journal entry prep time by 66% (now it takes 1 day versus 3 days)
- Reduced staff effort to prepare journal entries by 50% (it now takes just 1 person to do what 2 people used to do)
- Improved review time from external auditors
- Increased transparency and control over tax provision process

CLIENT PERSPECTIVE

“The implementation of the journal entry feature really brought the usage of our provision software across the finish line. GTM was critical to its implementation and worked with us along the way to ensure we were able to use the functionality at our most critical time.”

~ Steve Vecchio
Senior Manager, Tax Accounting
Urban Outfitters