

Case Study

A US-based Medical Devices Manufacturer

Service(s) offered: **Financial Management**

Sector/Industry: **Medical Devices**



Finance Controllershship and ERP Migration Support following a Divestiture

Our Client, the Indian subsidiary of a global medical device manufacturer, approached Nexdigm for transition support following a global restructuring initiative. Nexdigm's team supported the transition as well as ongoing financial management initiatives. This includes:

- Finance Controllershship
- Taxation and Compliance Management
- ERP Transition

Challenges

- Following the corporate restructuring, the client faced continuity challenges, including:
- Regulatory considerations for the entity transition
- Sub-optimal tax management
- Management overhaul following the restructuring
- Complexities due to the Transition Service Agreement (TSA) and Limited Risk Distribution Agreement (LRDA) with the US-based entity
- Cross-national taxation issue on the local distribution support to the divested division



Reporting Relationships

- Regional leaders, Singapore
APAC Finance Controller
APAC FP&A leader
APAC VP Sales
BPO Governance Head
- National leaders, India
Country Head
National Sales Managers



Project Management Support

- Entity Transition and Registrations
- Management Transition and Knowledge Transfer
 - Facilitating Knowledge Transfer to the newly set up Shared Services Center
- Tax Compliance support
- ERP Transition

Project Management Approach



External Stakeholder Management

- Divested division
- Shared Services Provider
- Customers
- Consultants
- Vendors

Solution

Finance Controllershship

- Took over **Finance Controllershship** responsibilities within **one week** of appointment
- **Ongoing support** provided for review and monitoring the books of accounts and coordination with internal and external stakeholders

ERP Transition support

- Supported the transition to an **independent ERP**, following the restructuring
- Worked with the **global ERP team** and consultants for **module-related** suggestions, including:
 - **Data validation** and signoff
 - **User Acceptance Testing (UAT)**
 - Review and alignment with **Indian Compliance Requirements**

Taxation

Tax Compliances

- Took responsibility of the **local and regional compliance** requirements
- End-to-end **guidance on Indian tax** regulations to the APAC finance head

Goods and Services Tax support

- Supported **GST audit** for the **previous financial period**, and **rectified errors** to enable timely submission, with minimal resource cost to the Client
- Identified, reconciled, and utilized the resulting **GST input credit** of **~INR 2.5mn** (USD 33,300)

VAT refund

- Supported and concluded the VAT refund assessment for previous period and attained the **refund of INR 2.5mn** (USD 33,300), which was **pending** for three reporting cycles

Margin Transfer to the US Entity

As per the Client's Limited Risk Distribution Agreement (**LRDA**), they provided **interim local distribution** support to the US-based **divested entity**.

To facilitate this, Nexdigm's team:

- Coordinated with the Client's banker and the divested division
- Supported the **Customs Duty** tax payment across **three ports**
- Assisted the Foreign Remittance of the LRD margins to the US entity

Receivables Management

- Initiated review and monitoring of the accounts receivables, since the turnover time (DSO) had increased **~3x** within a year
- Conducted monthly tracking, using **dashboards**, and liaised with **VP Sales APAC, Country Head, Business Governance Leader, and National Sales managers** to resolve issues
- Reduced DSO by **110 days within 5 months**

Case Highlights

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- Reduced DSO by **110 days within 5 months**

For more information on this case study, please write to us at:

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You can also visit our website to know how our services resulted in tangible business benefits:

www.nexdigm.com