

# Practice and Improvement of Su Ning's Financial Shared Service Center under the Background of Informatization

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**Abstract.** In the face of the unpredictable market environment, large enterprises continue to expand to maintain their competitive advantage. While the scale and profit of enterprises increase, problems such as management costs and financial risks appear. As an efficient new operation mode, financial shared service center can effectively solve the problems of low financial efficiency and difficult supervision of large enterprises. However, there are few examples of building financial shared service centers in Chinese enterprises, and many shortcomings are also exposed in the daily operation process. Taking Su Ning as an example, this paper deeply analyzes the construction, operation and achievements of its financial shared service center, and puts forward optimization and upgrading measures for the problems.

**Keywords:** Su Ning, Financial Shared Service Center, Informatization.

## 1. Introduction

With the advancement of economic globalization, the asset scale and business scope of large enterprise groups have been further expanded through mergers and acquisitions and the establishment of subsidiaries, and at the same time, the relevant management requirements of these enterprises have also been improved. The expansion of scale has also led to a series of financial management problems in enterprises, such as inconsistent accounting between subsidiaries and subsidiaries, high financial cost and difficult supervision, which need to be solved urgently. Decentralized financial management mode makes the transmission of relevant information slow, which leads to the lag of group management decision-making, and can no longer adapt to the increasingly fierce market competition in modern times. Financial transformation has become an inevitable trend, and financial shared service center (FSSC) has emerged.

The emergence of financial shared service center can not be separated from the blessing of information background. Internet information technology, big data, cloud computing and so on have provided technical support for centralized accounting, and the platform of financial shared service center has also changed from an idea to a reality, gradually showing great advantages in enterprise management. Financial sharing first appeared in Europe and America. In 1981, Ford established the first FSSC in Detroit. In the early 1990s, financial shared service centers were popularized, such as Johnson & Johnson, Motorola, Citibank, Dell, etc., which also established FSSC and achieved success. With the continuous integration of the global economy, large domestic enterprises have begun to explore the application advantages of financial shared service centers, and through the use of information systems, centralized processing of repeated and cumbersome financial data of group parent and subsidiary companies. In this way, the enterprise can effectively strengthen the control of the group, reduce the cost of financial processing and improve the efficiency of the enterprise.

Taking Su Ning as a case, this paper introduces the construction and actual operation status of Su Ning's Financial Shared Service Center, and deeply understands the information system construction and business financial process of enterprises. Summarize the implementation results of Su Ning's Financial Shared Service Center, find out its existing problems, analyze the reasons and put forward improvement methods, so as to provide reference for the function upgrade of enterprise FSSC.

## 2. Literature Review

### 2.1. Related Research on Informatization

The road of accounting informatization in China began in the 1980s, when information technology was relatively backward, and accounting computerization had not been taken seriously by enterprises. With the development of information technology and the rapid growth of global economy, the business scale of China's enterprise groups has been expanding, and problems such as low financial management efficiency and rising costs have gradually emerged. Based on this, since 2005, large group enterprises represented by ZTE have started to use accounting information technology to establish FSSC.

Meiling Liu (2018) discussed the new development of accounting informatization in the new era, including five aspects, namely, the innovative development of accounting informatization, the coordinated development of accounting informatization, the green development of accounting informatization, the open development of accounting informatization and the shared development of accounting informatization. [1] Qin Liu of Shanghai National Accounting Institute (2021) put forward the concept of "Accountech", arguing that the accounting industry should speed up the pace of transformation to meet the challenges of intelligence, build a brand-new talent training system, and attach importance to the development of an accounting ecology of human-computer synergy. [2] Qin Liu and Yin Yang (2018) combed the main course of accounting informatization development for 40 years, and commented on the development course of accounting informatization from three dimensions: policy, knowledge and practice. This paper probes into the talent system and theoretical system in the three stages of accounting computerization, accounting informatization and accounting intellectualization. [3]

### 2.2. Research on Financial Shared Service Center

#### 2.2.1 Financial Sharing

The concept of financial sharing was first formally expounded and studied by Robert, a western scholar. In 1993, Robert and others (1993) showed the importance of shared services to enterprise management. Enterprises can greatly improve the management efficiency of enterprises by reorganizing and integrating financial departments and using information sharing. [4]Schulman (2000) studied the benefits of selecting shared services through activity-based management tools (ABM), and found that the centralized financial treatment of subsidiaries by the parent company of the group can achieve high-speed and high-quality financial work and promote the realization of strategic objectives of the enterprise. [5]

#### 2.2.2 Construction of Financial Shared Service Center

Mezihorak(2017) found that the company's financial activities moved to a shared service center, and the relationship among the shared service center, customer department and headquarters was a combination of continuous cooperation and competition, which increased the management control of labor procedures, changed corporate governance and improved the status of group companies. [6]Bantscheff (2019) found that there are great differences in the scale, personnel and organizational structure of small and medium-sized enterprises. Before building a financial shared service center, it is necessary to conduct a feasibility study, taking into account the whole process of pre-design, mid-term implementation and post-control in combination with its own situation. [7]

Ming Zhang (2021) studied the construction of the financial shared service center of A Group. According to the needs of financial management and control and the characteristics of business operation, it incorporated financial accounting, business income, expense reimbursement, fund settlement, report management and other modules into FSSC to achieve the goal of financial integration. [8] Heng Liang(2020) studied the financial shared service center with the integration of business and finance in view of the disconnection between business and finance in enterprises. It is found that the following three points need to be met: one is based on the accounting information

system of the company's financial shared service center, the other is based on the company's business management system, and the third is to integrate the company management system into the existing financial shared service center. [9]

### 2.2.3 Evaluation of Financial Shared Service Center

Our country attaches great importance to informatization now, and more and more large domestic enterprises have built FSSC, and how the effect after implementation becomes the focus of our attention. Domestic scholars mostly use case study method to evaluate and analyze the implementation effect, and put forward advantages and disadvantages.

Yuqiu Zhang (2018) based on the balanced scorecard, assessed the performance of the financial shared service center of AH Group from four dimensions, adjusted the relative importance of indicators and weights in combination with the company's overall strategic objectives, and found that AH Group still had problems such as communication and employee participation. [10] Wei Niu and other scholars (2019) established the performance evaluation system of the financial shared service center of Company A based on the balanced scorecard, and analyzed the index weights through the analytic hierarchy process. [11] Rui Zhao (2020) studied the FSSC model and its existing problems in colleges and universities, put forward five principles and optimization schemes for establishing financial shared service centers in colleges and universities, and finally put forward suggestions for improving the financial shared service model in colleges and universities. [12]

## 3. Case Analysis of Su Ning's Financial Shared Service Center

### 3.1. Introduction of Su Ning

Su Ning was established at the end of 1990 and headquartered in Nanjing. From the beginning, Su Ning Appliance has gradually developed into a large-scale integrated online and offline enterprise such as household appliances, department stores, clothing and books. It is currently a leading enterprise in large-scale e-commerce shopping and electronic services in China. Su Ning covers both online and offline sales channels. With the rise of live broadcast, Su Ning conducts various marketing activities and live broadcast with goods online, which can greatly increase the customer base and expand sales. In 2019, Su Ning accelerated its business expansion, and the company has formed a full coverage channel network such as online Su Ning Supermarket, offline Carrefour Supermarket and Su Ning Store. In 2020, Su Ning will be ranked second among the top 100 online retailers in China. See Table.1 for details.

**Table. 1** 2020 Online Retail Rankings

Numble	Company	2020 Online Sales (RMB 10,000)
1	JD	65,187,924
2	Su Ning	23,018,018
3	Vipshop	9,744,971
4	Midea	8,600,000
5	Xiaomi	7,320,047
6	Huitong da	6,128,998
7	Haier	5,220,000
8	RT Mart	2,291,664
9	Yibaimi	1,400,000
10	Wumart	1,358,000

### 3.2. Su Ning's Financial Shared Service Center

#### 3.2.1 Construction Process of Financial Shared Service Center

Before 2007, there was no unified information system in Su Ning. Branches and subsidiaries were equipped with separate financial personnel to conduct financial accounting. In 2007, the FSSC was

established, and it was continuously improved and developed in the following years to optimize the related process design. The establishment of financial shared service center in Su Ning has gone through four stages.

The first stage: preparation stage (2007-2008). After going public successfully, the expanding scale has increased the pressure on operating and financial costs, and there is no effective management means. Therefore, Su Ning hopes that FSSC can effectively improve management efficiency and complete the strategic transformation of enterprises.

The second stage: single-service model stage (2009). At this stage, Su Ning mainly set foot in the retail industry, while Su Ning only completed the framework construction of retail business related processes in FSSC, laying the foundation for the continuous expansion and development in the future.

The third stage: multi-service model stage (2010-2014). At this stage, Su Ning expanded its plate business to real estate, property management and other aspects, and basically realized the financial sharing function in China. While the process is constantly improving, the management system is also constantly complete and diverse.

The fourth stage: the improvement stage (from 2015 to present). From 2015 to now, Su Ning has further optimized FSSC by using information technology, and strengthened its cooperation with other business strategies of enterprises, especially in fund management and control. However, there are still many problems that need to be solved urgently in its operation.

### 3.2.2 Organizational Structure of Financial Shared Service Center

After the successful establishment of FSSC in Su Ning, it has been continuously adjusted and improved according to the different planning and strategies of each development stage, and finally formed a relatively complete organizational structure, including bill center, account center, accounting center and directly affiliated management department.

### 3.2.3 Information System of Financial Shared Service Center

According to the different business work of the three centers of FSSC, Su Ning has adopted different information systems, including ERP system, bill imaging system, network reimbursement system, fund management system (FMS), customer management system, supplier management system and asset management system.

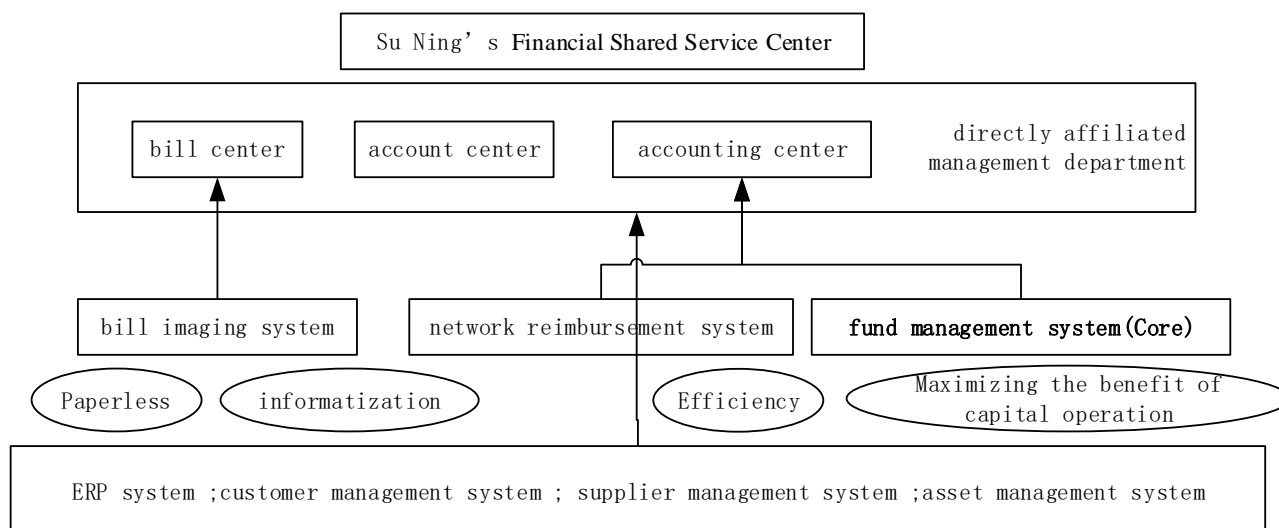


Fig. 1 Su Ning's financial shared service center

## 3.3. Implementation Results of Su Ning's Financial Shared Service Center

### 3.3.1 Specialization of Financial Division

After the establishment of the Financial Shared Service Center in Su Ning, the situation of overlapping financial work was changed, and the financial work of the head office and subsidiaries was clearly allocated, so that they could concentrate on their respective core businesses. Each

subsidiary submits its business in FSSC, and the headquarters handles the business of the whole group according to unified processes and standards. All subsidiaries' businesses are handled in accordance with unified standards and principles. If employees find anomalies or errors in the financial sharing platform, they can directly report to the headquarters and implement the function of supervision and feedback.

### 3.3.2 Strategic Support

Su Ning's FSSC highly informatizes its financial work, highly standardizes its business processes, and uniformly processes them at its headquarters. The management of the group can grasp the information of each branch and subsidiary in time, make correct decisions and improve the operational efficiency of the enterprise. In the rapidly changing competitive market, FSSC is beneficial for enterprises to respond quickly, enhance market competitiveness and expand new business. Since its establishment, the financial shared service center has supported the sales scale of Su Ning from 30 billion to 400 billion, which has played a supporting and promoting role in the realization of strategic objectives, while the operating members have remained basically unchanged.

### 3.3.3 Centralized Fund Management

FSSC makes full use of information systems such as ERP and fund management system to centralize financial work and fund management. On the one hand, it increases the processing efficiency of business, on the other hand, it reduces the cost of redundant financial personnel, which has the function of reducing costs and increasing efficiency. The relevant data of the financial shared service center from one year before its establishment to five years after its establishment (2006-2011) are compared, as shown in Table.2.

**Table. 2** Relevant data before and after financial shared service center

Year	Financial expenses (hundreds of millions)	financial personnel	Assets (billion)
2006	0.24	271	8.83
2007	0.88	517	16.23
2008	-2.23	638	21.62
2009	-1.73	853	35.84
2010	-3.61	977	43.91
2011	-4.03	963	59.79

## 4. Problems in Su Ning's Financial Shared Service Center

### 4.1. Weak Risk Assessment Mechanism

After the establishment of the financial shared service center in Su Ning, the risk points of internal control have also changed due to the earth-shaking changes in financial and business processes. The risk assessment procedure in Su Ning, which focuses on process control, involves a wide range and takes a long time, so it is difficult to find risks in a timely and targeted manner. Therefore, Su Ning does not have enough foresight for risks, lacks pre-control measures, and is not accurate and reliable for risks during and after the event. Under the FSSC mode, the business is centralized, and the impact caused by problems is very wide and the consequences are very serious. In addition, manual risk identification and control methods are not only inefficient, but also costly and have a serious subjective impact. According to the figure of FSSC above, it can be seen that the financial shared service center lacks a separate risk management department, and it is easy for financial personnel to take part-time jobs, which leads to risk out of control.

### 4.2. Formalization of decision support

In today's era of increasingly mature information technology, enterprises can change their competitive strategies to improve their market competitiveness by analyzing the data of various financial operations. Su Ning's FSSC has collected a large number of business, financial data,

customer and supplier data, and enterprises can analyze the data for simple decision support such as customer classification, credit rating and performance appraisal. However, most of Su Ning's financial analysis belongs to after-the-fact analysis, and there is almost no prior control, so it is impossible to accurately deduce the market trend, which easily leads to the disconnection between the decision support of enterprises and the market.

### 4.3. High risk of data loss

Su Ning adopts FSSC, which can reduce costs and increase efficiency, but at the same time, it also has the problem of data security. There is also the risk of data loss and data theft when using information system for financial accounting and fund control. FSSC is a highly centralized information system, and a lot of transmission work is needed for subsidiaries to transmit information to the headquarters, which may cause system crash and data loss, but Su Ning has no relevant control measures for these problems. Secondly, the establishment and maintenance of Su Ning's FSSC depends on the assistance of external high-tech companies, which increases the insecurity of fund-related data.

## 5. Summary

This paper puts forward three suggestions on the problems existing in Su Ning's Financial Shared Service Center.

First, establish a risk early warning system. The risk early warning system needs to ensure the accuracy and timeliness of information sources, and update them regularly, and adjust the standards of different levels of warning lines according to external changes. In addition, Su Ning should set up a risk management organization in the FSSC, make an all-round evaluation and analysis of the risks of the financial shared service center, and formulate an effective response plan.

Second, the measures to deal with data loss are to strengthen information protection through double backup and encryption, to cultivate technical talents in enterprises, and to transfer relatively important work such as technical support and maintenance to enterprises for completion.

The third is to strengthen the training of employees. There will be many problems in the operation of the financial shared service center, and employees are unfamiliar with it, and there is no professional response. Su Ning should provide employees with relevant skills training to improve their work quality. Ensure that employees can do accurate, efficient and timely work in financial analysis, risk management and asset management, and make the financial shared center run more smoothly in the enterprise.

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