How CFOs and their teams are
supercharging financial reporting

Aptitude™
SOFTWARE
A **microgen** plc company

Are your finance operations running smoothly?

Today's Chief Finance Officers have an opportunity to take a more visible role in strategic decision making, and in turn are keen to improve business analysis and reporting capabilities.

Identifying ways to enhance profitability requires integrating rich, transaction-level data and having the proper time and tools to extract insights. Unfortunately, finance IT architectures are commonly not fit for purpose. The majority of finance's effort is expended keeping up with statutory and regulatory reporting requirements.

In this ebook, we present how leading firms are supercharging reporting by enhancing, rather than ripping-out-and-replacing their finance architectures.

Does your finance team spend too much time manually collecting, integrating and validating data to support financial or management reporting?

Does your general ledger and reporting infrastructure give you only aggregated balances leaving you without the detailed data to understand what's happening in your business?

Is your organization's decision making and financial controls limited by IT complexity?

Do you have detailed insights into the profitability of products, channels, customers or other dimensions?

CFOs are increasingly looked to for strategic input. So, how do top finance teams deliver more value to the business?

50%
of finance executives say decision making is limited by symptoms of IT complexity[1]

100%
increase in the performance of CFOs who prioritize integrating enterprise-wide data[2]

44%
of high performing CFOs are more likely to combine internal and external data to produce insights[3]

[1] source
http://www.microgen.com/uk-en/sites/default/files/whitepaper_the_road_to_financial_transparency.pdf

[2] source
http://www-03.ibm.com/press/us/en/pressrelease/43363.wss

[3] source
http://www-03.ibm.com/press/us/en/pressrelease/43363.wss

Servicing your finance engine – the three goals of finance transformation

There is clearly no one right finance architecture. However, through our years of experience, we have identified common goals and challenges that apply to finance organizations across industries and geographies.

CFOs' Common Goals

- Reduce cost & complexity of financial processing
- Deliver financial transparency and insight
- Establish a single version of granular, high-quality finance data to drive the business forward
- Reduce time and effort to close books

Common Constraints

- Proliferation of manual, Excel driven processes – too much time data jockeying!
- Limited transparency between GL and source systems – inadequate integration!
- Neither ERP systems nor data warehouses are designed to address ever-changing management reporting needs – no single source of financial truth!
- Cost & complexity of finance transformation initiatives e.g. GL consolidation, ERP upgrade, etc – no obvious escape route!

Leading finance teams deliver more value by tuning up their finance IT architecture along three dimensions

Financial Control

Having direct control over data and accounting rules, workflows and processes helps finance teams account for new business models, reduce close times, efficiently address regulatory requirements and more.
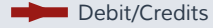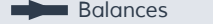
Data Centricity

Ensure data is at the center of your architecture to enable trustworthy auditing of reported and reconciliation of financial results. Rely on a single source of high quality, finance accurate data to fuel your reporting and generate insight for your business.

Timeliness

Access reports and financial information when you need it rather than waiting so you can inform business decisions ahead of time. When you're dealing with increasing volumes of data, it's important to retain control over speed of access, right down to a granular level.
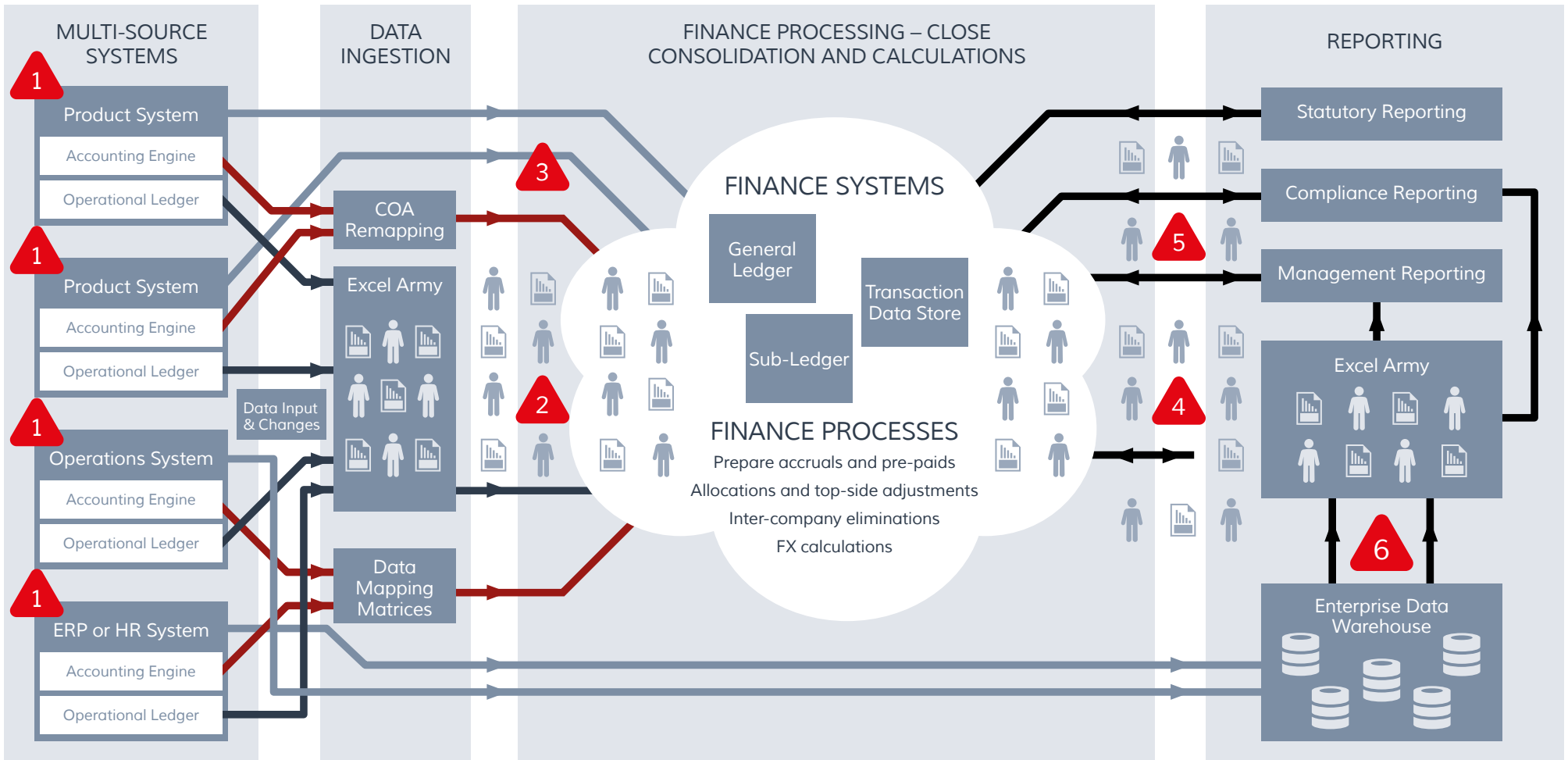
Six common problems caused by typical finance systems environments

KEY
→ Transactions
→ Debit/Credits
→ Balances

1 LIMITED CONTROL: Finance doesn't control accounting rules built into product systems.

2 LACK OF AUDITABILITY AND CONTROL Proliferation of manual, Excel-driven processes. Data in different forms, times and cycles.

3 INADEQUATE INTEGRATION: Systems are connected independently resulting in untrustworthy data integrity.

4 MANUAL PROCESSING: Finance relies on manual reconciliations or disparate calculation engines to deliver reporting.

5 CONFIDENCE IN REPORTING: No ability to drill down from reported results to underlying transactions.

6 NO SINGLE SOURCE OF FINANCIAL TRUTH: Warehouse doesn't reconcile with GL – issues with timeliness and trustworthiness of management information.

MULTI-SOURCE SYSTEMS

1 Product System
Accounting Engine
Operational Ledger

1 Product System
Accounting Engine
Operational Ledger

1 Operations System
Accounting Engine
Operational Ledger

1 ERP or HR System
Accounting Engine
Operational Ledger

DATA INGESTION

COA Remapping

Excel Army

Data Input & Changes

Data Mapping Matrices

2

3

FINANCE PROCESSING – CLOSE CONSOLIDATION AND CALCULATIONS

FINANCE SYSTEMS

General Ledger

Transaction Data Store

Sub-Ledger

FINANCE PROCESSES
Prepare accruals and pre-paids
Allocations and top-side adjustments
Inter-company eliminations
FX calculations

4

REPORTING

Statutory Reporting

Compliance Reporting

Management Reporting

5

Excel Army

6

Enterprise Data Warehouse

The typical IT environment on which finance relies is complex, messy and driven by manual processing

A leading consumer financial services firm gets all of the right components in place

Project Goals

- Single operational environment for finance processing and reporting

- Speed to respond to changes such as need for FX valuation capabilities

- Reduced cost and risk of manual processing

- Empowered financial analytics and the ability to drill down from GL to underlying transactions

A leading consumer credit and financial services company wanted to better understand what transactions were driving profitability. They realized that small changes to pricing, contracts or cash management, when applied over their millions of transactions, could provide excess profits and a competitive edge.

Unfortunately, the CFO and finance team found that the information in their data warehouse was neither reliable or timely enough, and their legacy General Ledger only showed highly aggregated balances. To make matters more difficult, finance processing was characterized by highly manual (Excel-based) processes – there was no one single source of data. Here are the steps they took to supercharge their financial reporting capabilities.

1. Large volumes of manual adjustments were automated or routed through structured workflows to greatly increase speed and auditability of accounting.

2. Source data from 90+ source systems was integrated using a single standardization layer, ensuring integrity and traceability while removing disparate manual integrations.
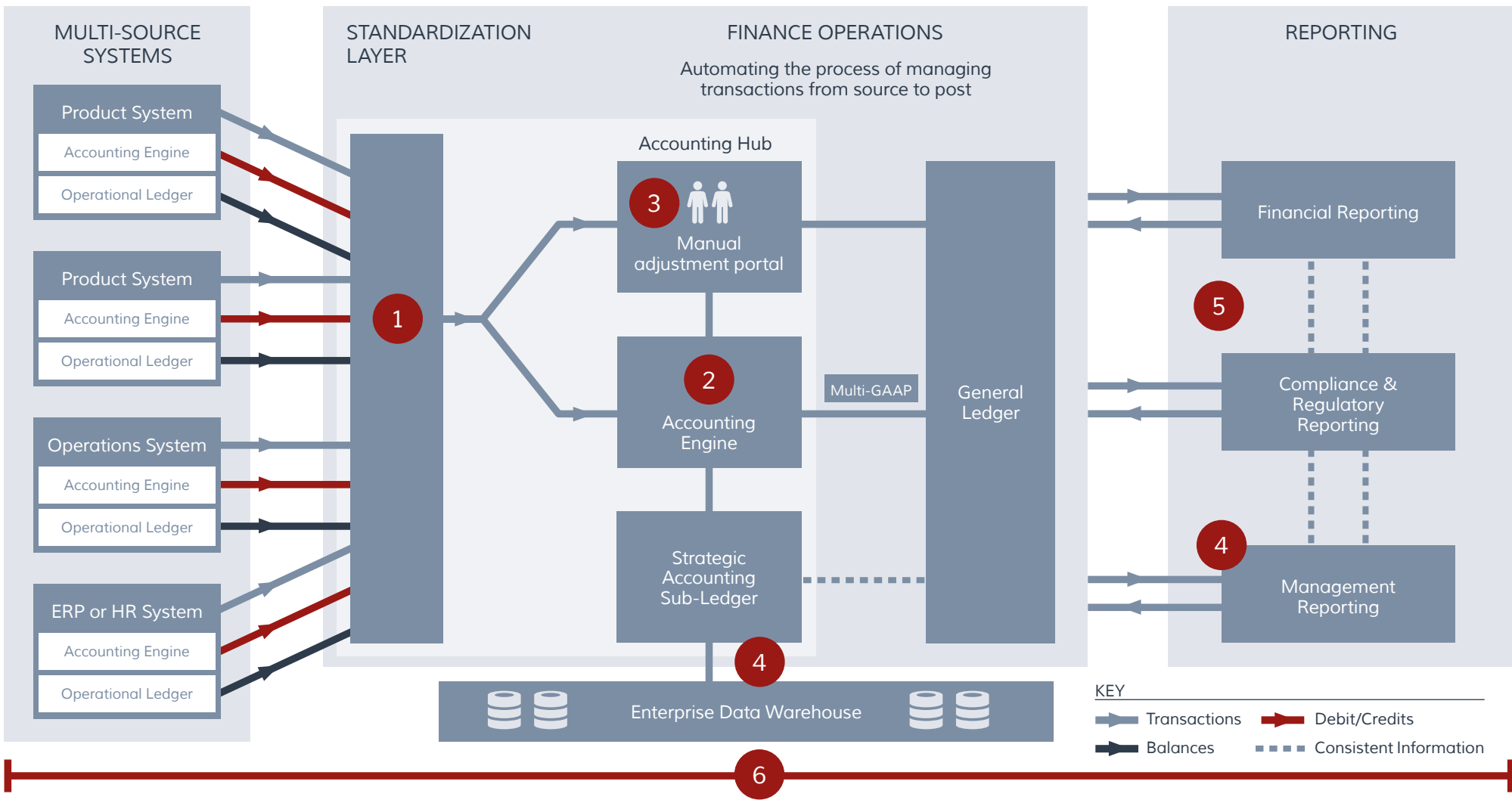
3. The existing GL was supplemented with a sub-ledger, providing a drill down to transactional data. Reconciliations ensured data was granular, attributable and accurate.

4. Verified finance data was linked with operational data within an existing data warehouse to give the business high quality, on demand reporting across systems.

5. Profitability calculation engines were implemented using both finance and operational data to standardize analyses and provide detailed, ongoing information.
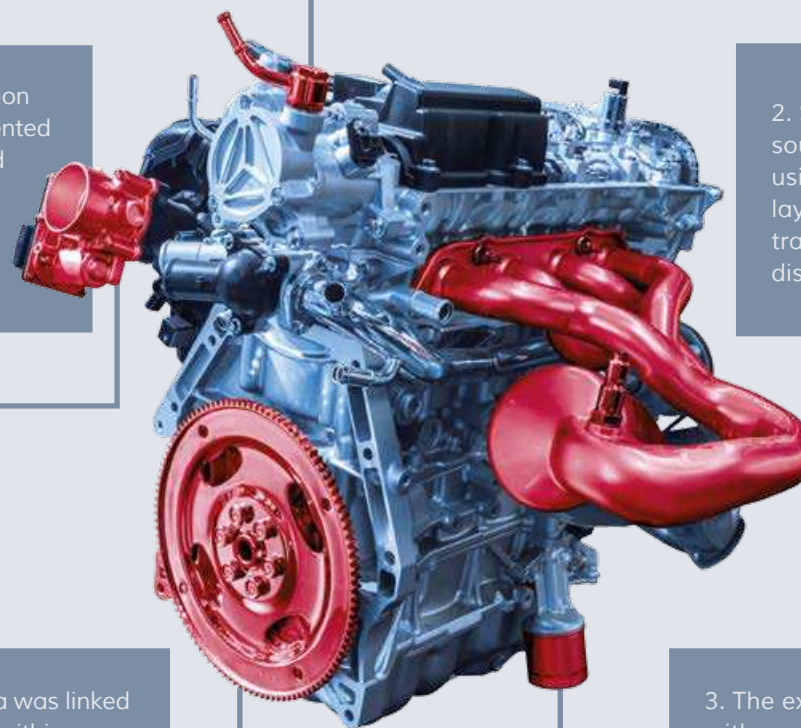
Streamlining key elements of the finance IT architecture enables CFOs to achieve financial control, insight and transparency.

1 A SINGLE SOURCE OF FINANCE-ACCURATE DATA
Replace costly interfaces with a standardization layer to store detailed, finance-accurate data in a true double entry accounting sub-ledger.

2 A SINGLE POINT OF CONTROL FOR ACCOUNTING RULES
Implement multi-GAAP accounting with flexible rule templates for consistent treatment of data, quick implementation and agile change.

3 CONTROL MANUAL ADJUSTMENT WORKFLOWS
Streamline manual processes including adjustments or reconciliations with automated workflows.

4 DELIVER INSIGHT INTO THE ORGANIZATION
Drive valuable financial analytics with linkage between data warehouse, operation detail and finance data for analytics, reporting & calculation processes.

5 CONFIDENCE IN REPORTING
Drill back from General Ledger balances to transaction events and reference data; automatically reconcile accounting balances.

6 EXTREME SCALABILITY
Rapidly process hundreds of millions of transactions per hour to deliver timely financial, statutory and management reporting even for the largest enterprises.

MULTI-SOURCE SYSTEMS

Product System
- Accounting Engine
- Operational Ledger

Product System
- Accounting Engine
- Operational Ledger

Operations System
- Accounting Engine
- Operational Ledger

ERP or HR System
- Accounting Engine
- Operational Ledger

STANDARDIZATION LAYER

1

FINANCE OPERATIONS
Automating the process of managing transactions from source to post

Accounting Hub

3 Manual adjustment portal

2 Accounting Engine

Multi-GAAP

General Ledger

Strategic Accounting Sub-Ledger

4

Enterprise Data Warehouse

REPORTING

Financial Reporting

5

Compliance & Regulatory Reporting

4 Management Reporting

6

KEY
→ Transactions
→ Debit/Credits
→ Balances
···· Consistent Information

Finance Safety Checklist

☑ Create a single finance accurate source of data:

- Implement a robust standardization layer with the capacity to integrate, standardize, enrich & transform granular, transaction level data

- Connect to any source system regardless of vendor or age of system

☑ Take control over accounting rules:

- Centralize the control and application of accounting rules – give finance teams the ability to change and affect rules

- Deliver true multi-GAAP, multi-entity multi-currency reporting from a single point of control

☑ Use detailed data to deliver insight:

- Leverage an accounting hub and sub-ledger to store valuable transaction level detail for audit requirements and balance drill down

- Use granular detail to gain better insights into costs, profitability and performance

## ☑ Speed the time to produce financially accurate reporting:

- Reduce the complexity of reporting processes with finance workflows, especially for managing manual adjustments, reconciliations and postings

- Speed the close process by processing multi-GAAP accounting quickly using leading technologies

☑ Be flexible enough to address new requirements:

- Consider how application engines can be built on top of your finance architectures to address new requirements

- Ensure change doesn't require upgrading ERP systems or building new software from scratch

☑ Ensure finance architectures serve business users:

- Reduce dependency on IT teams to access data, change accounting rules or implementing new calculations

- Give Finance users control to change accounting rules via graphical user interfaces
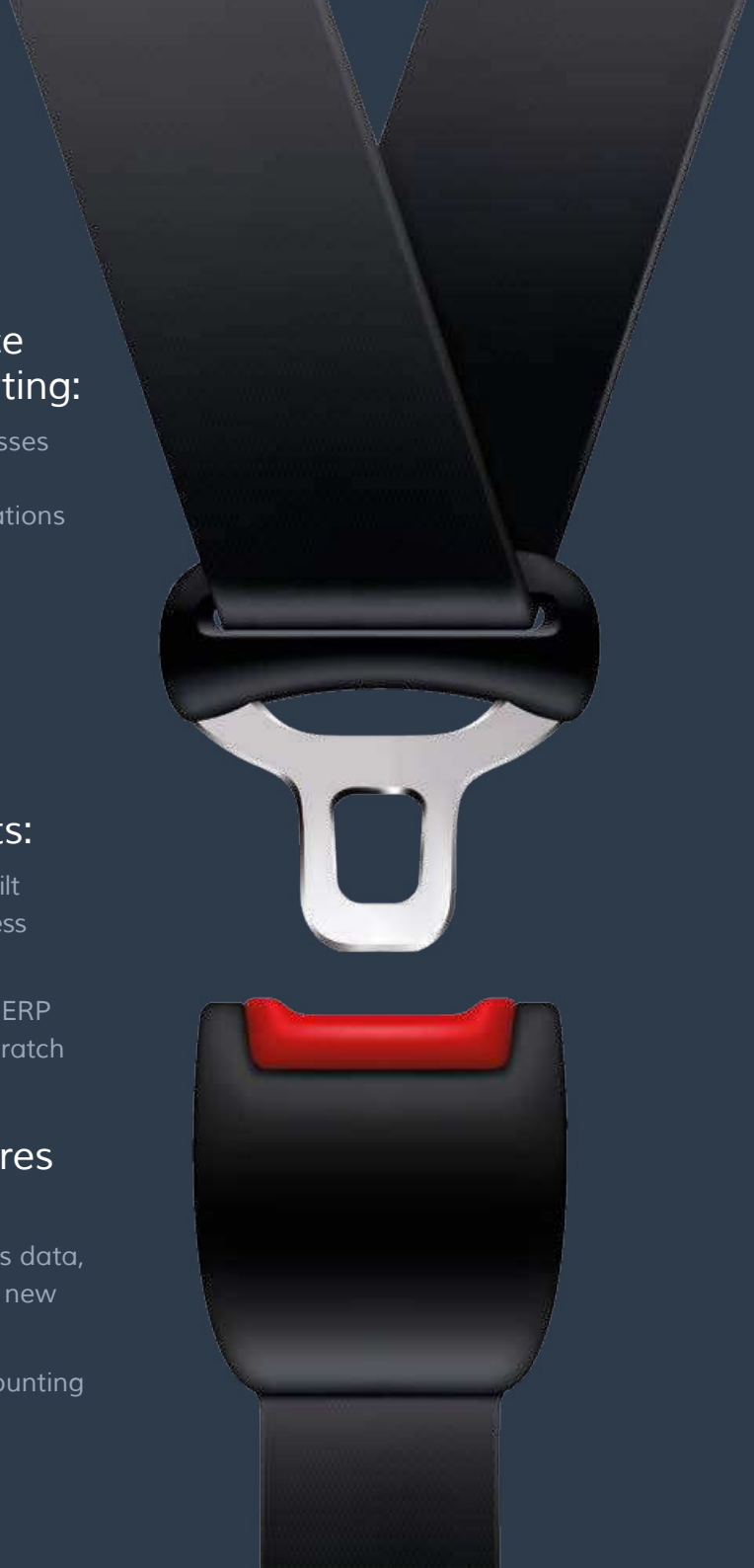
Who we are

We help enterprises to build the mission-critical software systems that executives need to drive their businesses forward.

Our heritage is in serving CFOs and controllers to supercharge financial reporting, uncover profit drivers and comply with regulations.

Enterprise architects and application development teams also use the Aptitude technology platform to quickly build data-driven software systems. We pride ourselves on helping enterprises to build fit-for-purpose applications that are able to rapidly process massive volumes of data.

Learn more about our configurable products and the Aptitude application platform at

aptitudesoftware.com