

accountagility
achieve more

COUNTING ON DATA

PUTTING FINANCE DEPARTMENTS IN CONTROL



COUNTING ON DATA

PUTTING FINANCE DEPARTMENTS IN CONTROL

- ! Databases are ubiquitous; Excel (used by 43.5%) is the most widely used solution for planning in finance departments, despite adoption of a range of other solutions
- ! A lack of features (47.5%) and inflexibility (45.5%) are among the key weaknesses recognised
- ! Practical functions such as the ability to handle regional differences (51.5%) and foreign exchange (44%) are among the key requirements for planning solutions
- ! 70% would like to do more planning cycles a year, but too many spreadsheets (56%), the volume of data (51%) and labour intensity (49%) prevent it
- ! 72.5% are concerned by their reliance on spreadsheets
- ! Eight out of 10 have had one or more incidents or faults with month-end reporting or planning using spreadsheets



Executive Summary

Most firms know financial planning is essential for commercial success, so the time and money committed to these plans – and the data and reports that underpin them – is unsurprising. However, these are not always well-invested.

Too often the resources expended on planning reflect the challenges of the process rather than the depth of the plan: Finance departments struggle to draw together from multiple data sources and resolve complex adjustments, conflicts and errors. Moreover, it is not just the efficiency of the process that suffers, but the robustness of the resulting plans. This undermines the role finance is increasingly asked to play as a strategic partner to the business, with responsibilities that expand far outside its traditional scope.

To better understand the challenges facing these departments, Accountagility surveyed 200 chief financial officers and finance directors about their planning and processes.

The findings show well-recognised weaknesses in existing solutions, significant challenges and concerns about processes, and frustrations with the effort and complexity involved.

This paper argues that the continued reliance on spreadsheets is actually a symptom of the inadequacy of many alternative solutions. This undermines the financial planning process, with the consequences found in the costs, effort and integrity of the planning process and resulting plans.

There is hope for the future, however; the paper also finds that 86% in finance departments would consider something better if they didn't lose control. It seems finance professionals want a system that combines the benefits of spreadsheets with the control offered by finance-focussed alternatives.

By delivering a flexible solution that users can tailor to meet their varying needs, businesses can be weaned off their over-reliance on spreadsheets. Better still, ensuring the solution provides the control needed for consistent and accurate data will mean businesses can eliminate the errors, integration challenges and manual adjustments that occupy so much of finance departments' time.

This paper also argues that it is vital this control comes from within finance itself, without having to rely on IT. In this respect, we need to see a greater role for finance departments in the technology choices that determine the success and effectiveness of the planning process.

With agile, flexible business intelligence, users can concentrate on analysis and planning, rather than wrestling with data. The benefits of this approach will be found in the robustness and insight which finance figures and plans provide; they will also be found in the frequency with which departments are able to complete their planning and forecasting cycles.

This approach can offer a powerful tool for businesses. Moreover, it is only through such a change that finance can genuinely be expected to fulfil the role expected and required of it by today's businesses.

We hope this paper begins to map out a path to these much-desired outcomes.

COUNTING ON DATA

PUTTING FINANCE DEPARTMENTS IN CONTROL

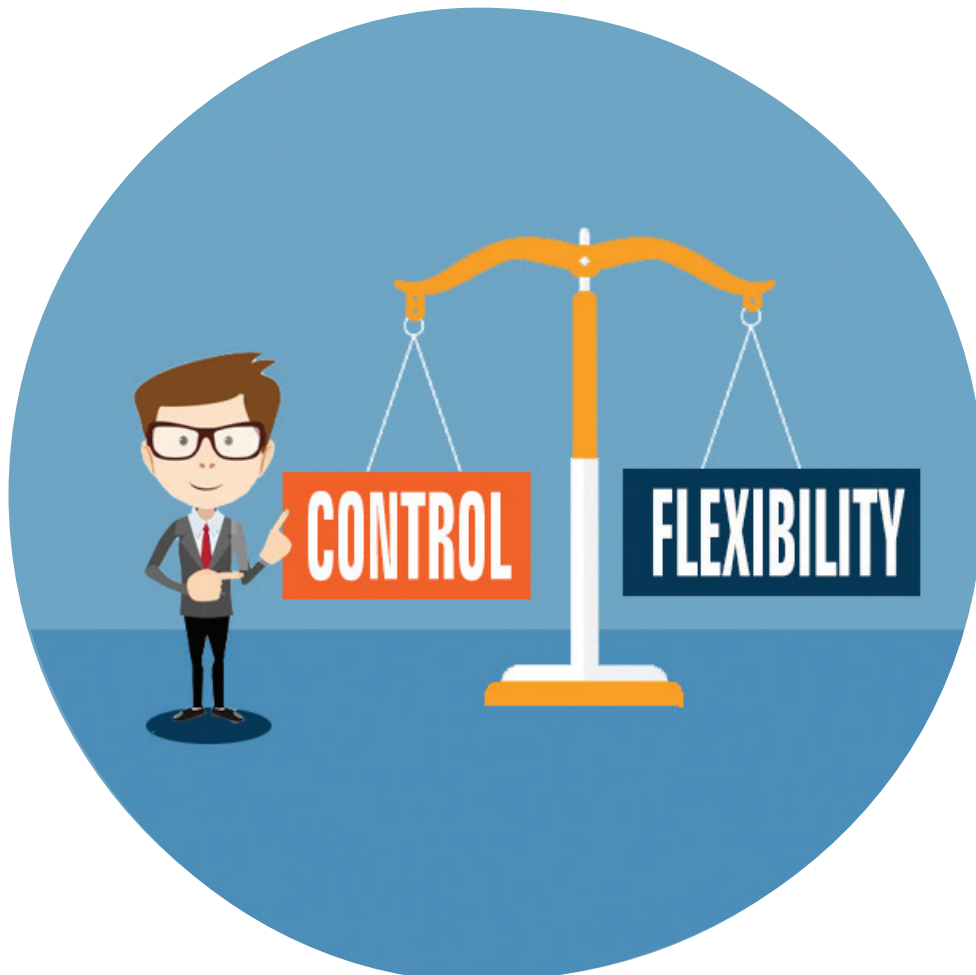
Introduction

The finance function is constantly changing, yet the technology many finance departments still use is stuck in the past: that's one key lesson we can draw from our survey of 200 finance professionals.

We examined how finance functions across a range of businesses managed the key tasks of budgeting, period-end closing and planning - and the challenges and frustrations they encounter along the way.

The results show that existing solutions - heavily reliant on spreadsheets - are falling short. Time consuming and over-complicated, yet lacking insight and, above all, error-prone, they represent a barrier to finance functions fulfilling their potential.

But so, too, do many available alternatives. Too often, when automating key processes, finance departments are asked to choose between flexibility and control. The findings detailed in this report show that finance professionals want and need both. Solutions that provide both will not only save time and money and safeguard against costly, embarrassing mistakes; they will enable finance departments to plan more frequently, more effectively and with more certainty, bringing true value to their businesses.



Section 1: The changing role of finance

The role of finance is becoming ever more strategic, and ever more complicated. Budgeting and planning increasingly sit alongside a whole range of additional roles in which finance functions play a part - from investor relations to mergers and acquisitions and business continuity.¹

Among smaller companies, research shows a clear correlation between high-growth businesses and finance functions acting as strategic business partners.² Among the very biggest, CFOs are increasingly likely to become the CEO at some point.³

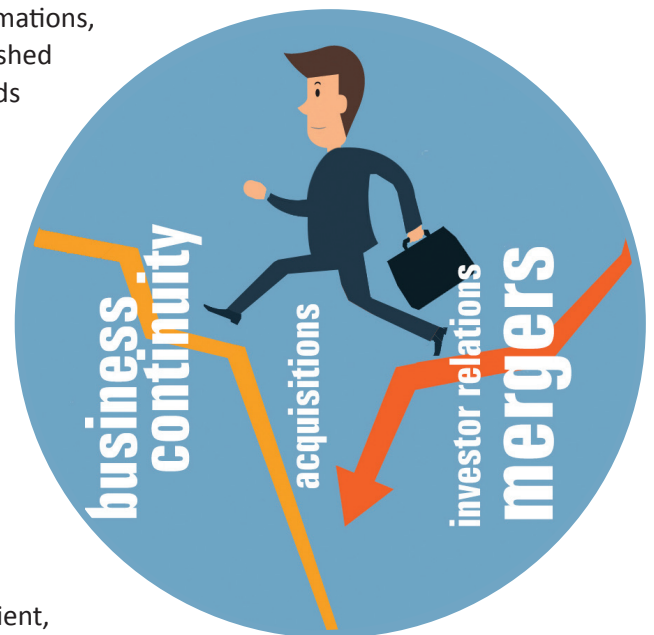
“By setting up their finance departments to add strategic value to the organisation, the role of CFO has been transformed to become a true business partner and co-pilot of the enterprise,” one consultant noted.⁴

Globalisation, technology, increased risks, business transformations, stakeholder demands and a whole variety of other trends have pushed finance to the fore in recent years.⁵ At the same time, these trends have made the key tasks of budgeting and planning more vital than ever. Businesses’ demands for reliable data and insightful plans and forecasts have grown more intense and frequent.

Furthermore, regulatory pressure on finance function since the financial crisis has intensified massively, and continues to do so. The Senior Managers Regime (SMR), coming into force in March 2016, will make CFOs personally responsible for regulatory failings. As expectations of the finance function grow, many CFOs complain they are too distracted by compliance and corporate governance demands to play a full strategic role in the business.⁶

In this environment, it is vital that the finance function is efficient, effective and accurate. Planning and budgeting is core to this task,⁷ and time and resources are rightly dedicated to both of these areas. Done correctly, planning - along with the reports and data underpinning it – adds real value and helps to drive business performance. Data entry, time spent correcting unnecessary errors and searching for data sources do not.

The increasing importance of the finance function should be matched by an increasing focus on ensuring the department has the right tools to complete its core tasks effectively. If we can facilitate that, we go some way to ensuring the finance function can play an increasingly vital role at the heart of the business.



1 <http://www.treasuryandrisk.com/2014/06/05/how-strategic-is-treasury>

2 <http://www.financialdirector.co.uk/financial-director/news/2423435/finance-function-performs-key-role-in-fast-growing-smes>

3 <http://www.financialdirector.co.uk/financial-director/news/2384984/cfos-increasingly-taking-ceo-role>

4 <http://www.financialdirector.co.uk/financial-director/news/2384984/cfos-increasingly-taking-ceo-role>

5 <http://www.accaglobal.com/content/dam/acca/global/PDF-technical/finance-transformation/pol-afb-croc.pdf>

6 <http://www.cfoclub.cz/data/1211947519/CFO-report.pdf>

7 <http://www.protiviti.com/en-US/Documents/Surveys/Infographic-2015-Finance-Priorities-Survey-FERF-Protiviti.pdf>

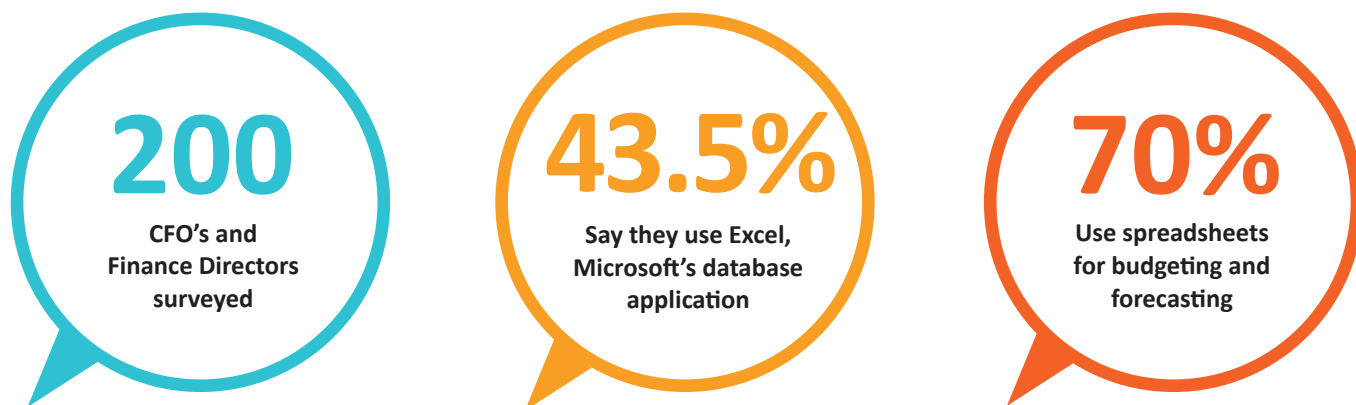
COUNTING ON DATA

PUTTING FINANCE DEPARTMENTS IN CONTROL

Section 2: The dominance of spreadsheets

The continuing transformation of the finance function has, by and large, not been matched by a transformation in the processes and technology it relies upon.

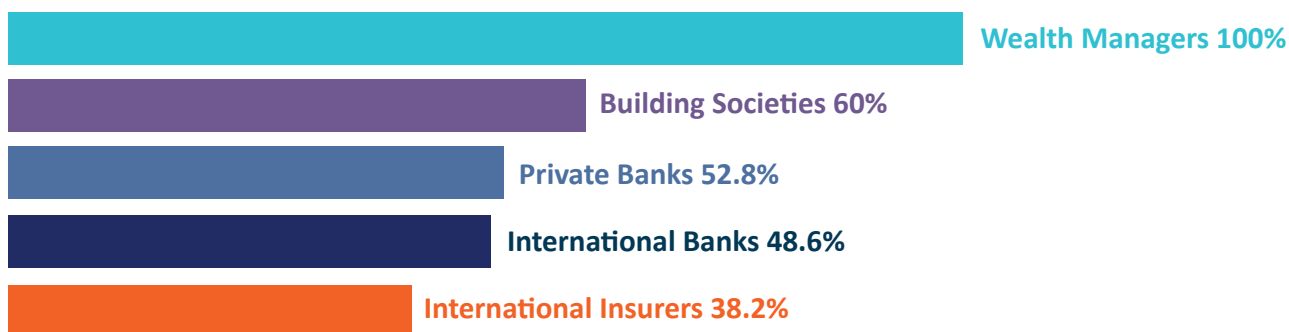
Our survey of 200 CFOs and finance directors shows this group is still heavily dependent on a technology that is now three decades old. While finance departments employ a whole range of finance-specific solutions available in the market for their planning, the most commonly used tool is Microsoft's Excel, a package first released by the software giant in 1985. Many use more than one package for planning, but with 43.5% saying they use Excel, Microsoft's database application is the most popular.



The ubiquity of spreadsheets is consistent across a range of financial service sectors, with Excel the most popular package (or equally popular with another package) at building societies (60%), international banks (48.6%), international insurers (38.2%), private banks (52.8%) and wealth managers (100%). In all other cases – including domestic property and casualty (P&C) insurers, life insurers, asset managers and even challenger banks (which often have a reliance on new technology at their heart) – it was the second most popular package.

These findings support previous research, which has found that over 70% of medium and large businesses use spreadsheet software for budgeting and forecasting,⁸ and that, despite recent competition, Microsoft continues to be by far the market leader.⁹

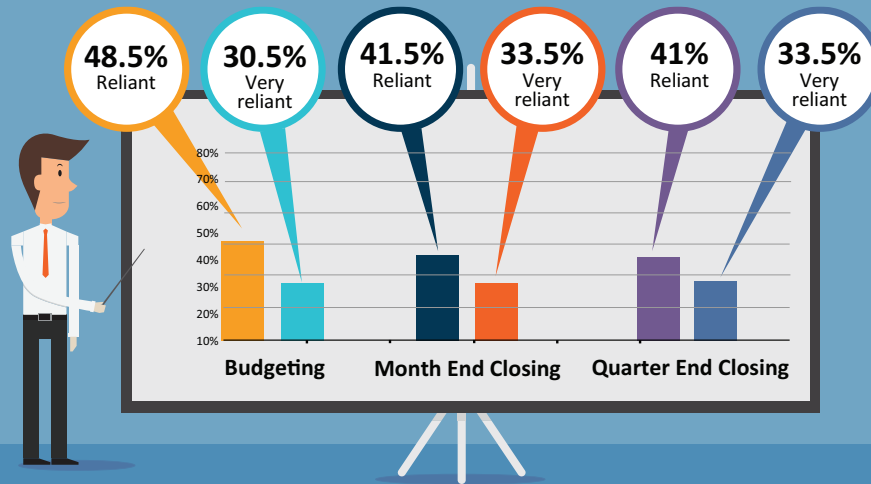
Use of spreadsheets across financial service sectors



⁸ <http://info.f1f9.com/capitalisms-dirty-secret>

⁹ <http://www.theinquirer.net/inquirer/feature/2395521/office-suites-are-about-to-fragment-far-beyond-google-and-microsoft>

How reliant are finance departments on spreadsheets for budgeting, month and quarter end closing?



In finance departments, spreadsheets are everywhere - used extensively for not only planning, but also for budgeting and month end closing. In our survey, 79% said they were either reliant (48.5%) or very reliant (30.5%) on spreadsheets for their budget; 75% were reliant (41.5%) or very reliant (33.5%) on them for month end closing; and an almost identical proportion (74.5%) for quarter end closing.

Excel clearly dominates finance departments - and elsewhere - in a way that no other software packages could ever hope to.

Can't live with it, can't live without

There are good reasons for this unrivalled dominance: Excel has been a tremendous boon to the finance department, helping it cope with the changing and increasing demands put on it over recent decades. Combined with increased processing power and lowering storage costs, Excel's functionality has enabled finance departments to manage ever-larger details, records and plans.

Its ubiquity is also explained by its flexibility and ease-of-use: Users can tailor the spreadsheets to their requirements, creating templates to tackle jobs in exactly the way they want, both in terms of the process and presentation. And because they know how to use it, they don't have to involve the IT department.

That is probably part of the reason for such high levels of satisfaction with planning solutions in our survey: More than half (56.5%) of respondents said they were satisfied with their planning solution; another quarter (27.5%) said they were very satisfied.

COUNTING ON DATA

PUTTING FINANCE DEPARTMENTS IN CONTROL

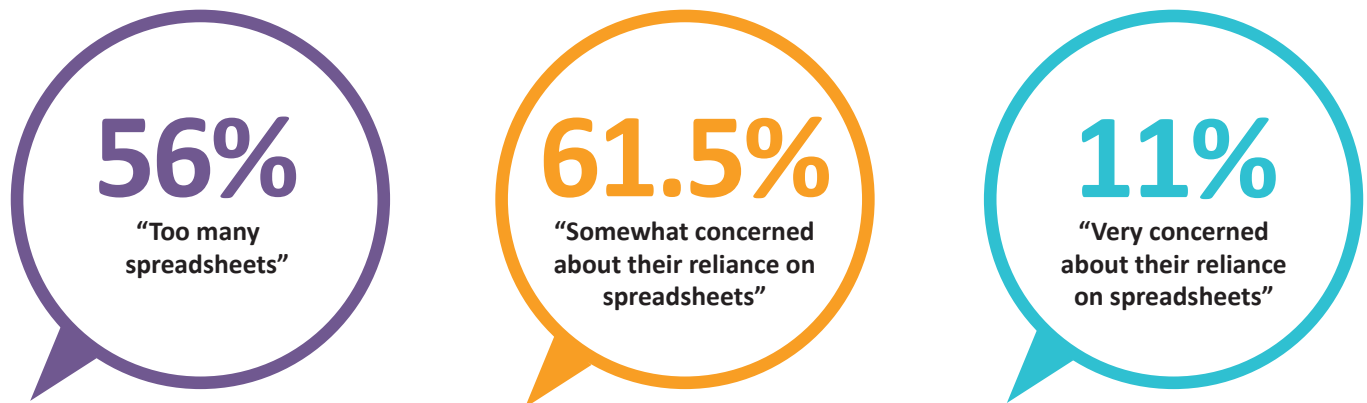
For all the benefits Excel has brought to finance, however, it's not without significant problems. The ubiquity of spreadsheets itself is an issue for finance. Asked for the biggest challenge of their existing planning process, the words on the lips of more than half (56%) of those surveyed were "Too many spreadsheets" - the most common response. Furthermore, close to three quarters were either somewhat concerned (61.5%) or very concerned (11%) about their reliance on spreadsheets for processes such as planning, budgets and period ends.

These concerns are well justified. Wide-ranging problems with spreadsheets make them poorly suited to meet the challenges facing finance.

First, the very flexibility of spreadsheets causes problems because it is not matched by control of the process. The freedom to create new templates and craft the process to individual preferences means there is an inherent lack of replicability with many spreadsheets; temporary or permanent absence of the spreadsheet creator can cause serious problems for others in the organisation who may need to use, adjust or interrogate the data.

Second, spreadsheets offer little in the way of traceability or version control. The latter is a key requirement of planning solutions, mentioned by 46% of those surveyed. And there's no validation of data quality, which is another important consideration given that in most organisations quality testing of the general ledger and other source systems is infrequent: most commonly done quarterly (31%) or every six months (23%), sometimes even less frequently - annually (11%) or not at all (5%).

What's the biggest challenge of finance departments existing planning process?



Spreading risk

The principal danger of the reliance on spreadsheets is errors - the consequences of which can be profound. From JP Morgan's "London Whale" trading loss, caused in part by an "operational error" in one of its spreadsheet calculations¹⁰ to Fidelity Magellan, which infamously reported a \$1.3 billion loss as a gain in its annual accounts through omission of a negative sign,¹¹ examples of catastrophic errors abound.¹²

¹⁰ http://files.shareholder.com/downloads/ONE/2272984969x0x628656/4cb574a0-0bf5-4728-9582-625e4519b5ab/Task_Force_Report.pdf

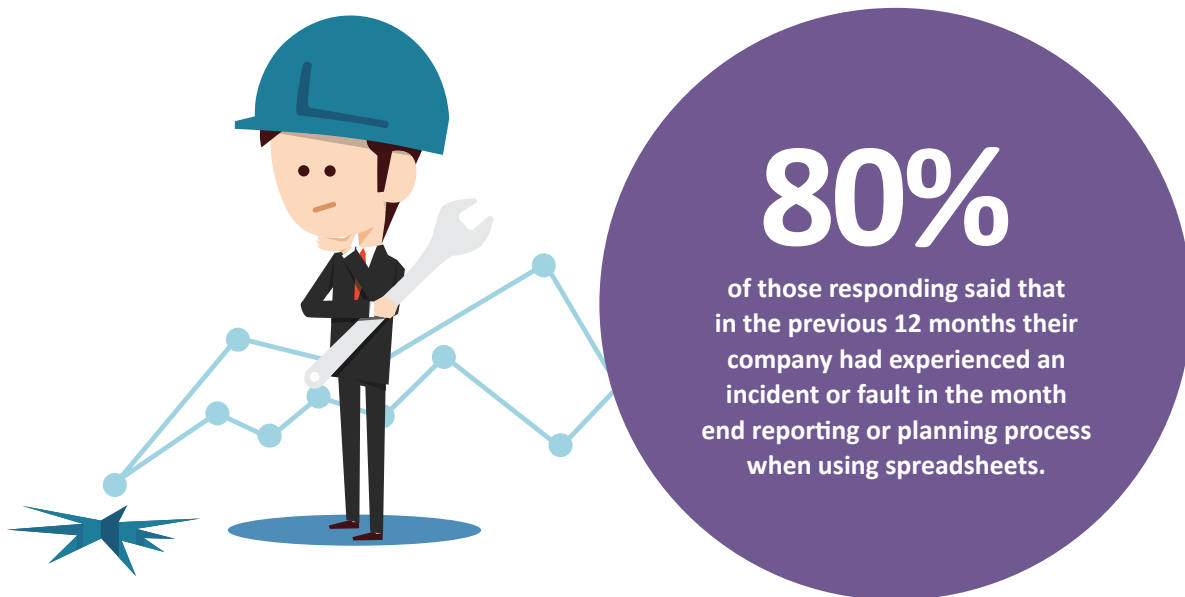
¹¹ <http://www.nytimes.com/1995/01/04/business/magellan-error-is-explained.html>

¹² <http://www.eusprig.org/horror-stories.htm>

¹³ <http://www.forbes.com/sites/timworstall/2013/02/13/microsofts-excel-might-be-the-most-dangerous-software-on-the-planet/>

It is perhaps not surprising that some have asked whether Excel is the world's most dangerous software.¹³ As one commentator writes: “[W]hile Excel the program is reasonably robust, the spreadsheets that people create with Excel are incredibly fragile. There is no way to trace where your data has come from, there’s no audit trail (so you can overwrite numbers and not know it), and there’s no easy way to test spreadsheets, for starters.”¹⁴

However accurate or otherwise, the estimate that 94% of spreadsheets contain errors¹⁵ points to an undeniable truth: many (perhaps most) do. This is supported by our survey: 80% of those responding said that in the previous 12 months their company had experienced an incident or fault in the month end reporting or planning process when using spreadsheets. Just under half had experienced faults more than once, either 2-3 times (42%) or 4-5 times (7.5%). Only 8.5% said they had not had a fault - at least that they knew of.



This is worrying given the widespread reliance on spreadsheets shown in our survey, along with evidence elsewhere that seven in 10 large businesses use spreadsheets for their key financial decisions.¹⁶ It is also reasonable to posit that other errors continue to be missed. As such, those truly satisfied with solutions that rely heavily on spreadsheets probably need to think again.

If nothing else, the potential for errors reduces the usefulness of reports and plans. As a recent study showed, four in 10 finance professionals still feel business decisions are based on “gut feel”, rather than hard data. This must, in part, be down to the lack of robustness and trust of the data that finance departments currently produce, which has significant implications for the growing importance of the finance function.

As Jamie Lyon, head of corporate sector at the Association of Chartered Certified Accountants, has said: “If management do not trust the data on which performance insight is based, or would rather use their own instinct, it becomes even harder for the rest of the business to see it as an essential part of the decision making process.”¹⁷

¹⁴ <http://baselinescenario.com/2013/02/09/the-importance-of-excel/>

¹⁵ <http://www.ft.com/cms/s/0/0fdc6e62-2f23-11e5-91ac-a5e17d9b4cff.html#axzz3t9xzqqCg>

¹⁶ <http://www.ion.icaew.com/ClientFiles/5e3c4bef-df91-4d31-a9ff-51716120898a/2015%2006%2025%20-%20XL%20-%20Excel%20modelling%20standards%20handout.pdf>

¹⁷ <http://www.the suite.co.uk/CFO/index.php/human-resources/436-cfo-decision-making-gut-instinct-4345435>

COUNTING ON DATA

PUTTING FINANCE DEPARTMENTS IN CONTROL

Section 3: Considering the alternatives

Even where spreadsheet errors are caught early enough to be corrected, they have a considerable detrimental impact on the efficiency of the process. For a start, they often waste time in the completion of tasks where there is little time to spare.

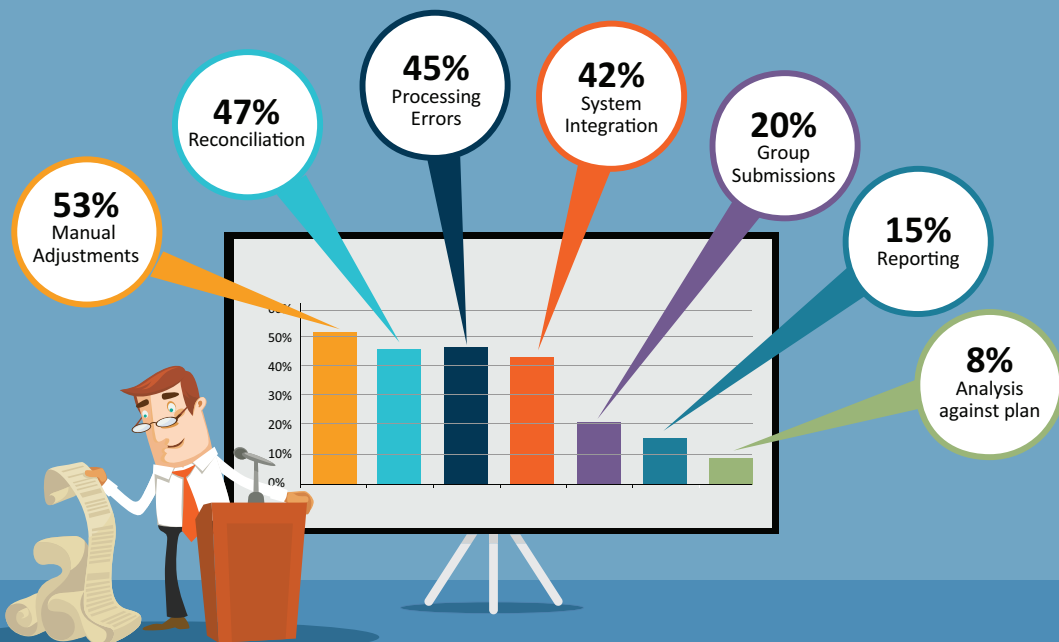
Our survey found that of the 94% of companies performing an early month end close to give them time for processing, the (mean) average early close is 1.7 days, with two thirds (66.5%) closing two days early and a quarter (25%) one day early.

Whether due to mistakes or otherwise, the manual adjustments involved in most current processes make this a tall order. More than half (53%) say this is among their biggest challenges at month end - the most common response. Processing errors (44.5%) were also a widespread complaint. Likewise when it comes to expenses, coding errors are among the top three challenges for finance departments.

This is all the more surprising when one considers that these problems are largely avoidable. With the month end cycle, for example, issues are typically spotted when the CFO examines the output. A change must then be made and the data resubmitted. The actual cause of the problem is frequently a data issue in the general ledger or other systems, but this can be time consuming to correct. It is therefore left until the following month to clear up.

If the month end were considered like any other manufacturing process, it would not be left until production was complete (the month end numbers) to identify problems. In manufacturing, defect tracking, quality control and - crucially - quality assurance of the raw materials prevents most errors much earlier. There is no reason the same approach cannot be applied to finance.

What is the biggest challenge over month end?



It is not surprising, then, that companies often now use other packages in attempts to automate and control the process. In particular, what market researcher Gartner terms “corporate performance management” (CPM) solutions (often included within the wider group of business intelligence systems) are becoming increasingly popular.

“Applications that enable CPM translate strategically focused information to operational plans and send aggregated results. These applications are also integrated into many elements of the planning and control cycle, or they address BAM [Business Activity Monitoring] or customer relationship optimisation needs,” it notes.¹⁸

As well as introducing tighter control and consistency to finance processes, such software can eliminate version control issues, offer built-in back-up, and provide compliance support.

Our survey showed the variety of solutions in use by finance all include CPM functions to a greater or lesser extent.¹⁹ Yet the figures show widespread reliance on spreadsheets continues even among users of these packages, and that it is a concern for them. Clearly, existing alternatives to spreadsheets are proving inadequate for many users.

The balancing act: Control vs Flexibility

The reason for this reliance on spreadsheets, we argue, is that while CPM solutions introduce control to the process, this is at the expense of flexibility - the key attribute that makes spreadsheets so widely used.

No two businesses are identical. Finance departments’ performance indicators, processes, systems and requirements vary widely - even within the same industry. Consider insurance earnings (since life and P&C insurers made up 45.5% of our sample). Policy premiums may be written over 12 months, 24 months or over a number of years for long-tail business. Any software being used by such companies must be flexible enough to accommodate these differences and hundreds of others.

Many fall short, according to our survey. A lack of flexibility is a complaint of close to half (44.5%) of finance departments when asked the main weaknesses of their solution, while 45.5% say simply that their solution “doesn’t fit”. (Respondents could choose more than one answer.)



¹⁸ <http://www.gartner.com/it-glossary/cpm-corporate-performance-management>

¹⁹ <http://www.gartner.com/technology/reprints.do?id=1-2K47V4S&ct=150729&st=sb>

²⁰ <http://www.actuarialpost.co.uk/article/solvency-ii-will-hit-home-in-2015-6958.htm>

COUNTING ON DATA

PUTTING FINANCE DEPARTMENTS IN CONTROL

It is worth reflecting that while ‘being a poor fit’ and ‘inflexibility’ are similar complaints, they are not entirely identical. Both suggest finance departments already have a problem with their solution. The latter, however, suggests even those that don’t will do so in future – or will have worse problems than they already experience. That is because requirements change over time, whether due to changes in the business or regulatory demands; Solvency II is a good example of the latter, to take another example from the insurance world.²⁰

This rigidity in the process and data entry requirements leads to a whole range of problems, but principal among them is integrating data from different systems (among the biggest challenges in month end reporting for 42% of respondents). In practice, a lot of these systems do not resolve problems caused by databases; they simply push them from the top of the group to the bottom, and as they travel down the organisation they are amplified. So, rather than having a couple of group accountants struggling to deal with spreadsheet submissions, everyone in the group is forced to struggle to get numbers to the head office in a format acceptable to the system being used.

This is often a result of the other main complaint of existing systems by users (in fact the most commonly made): a lack of features (47.5%). And, again, similar to the issues of inflexibility, this problem will affect more users as time goes on: It is much easier to identify those requirements already unmet by the solution than those lacking that you may need in future.

What’s the biggest challenge for finance departments in month end reporting?

42%

“Integrating data from different systems”

47.5%

“A lack of features”

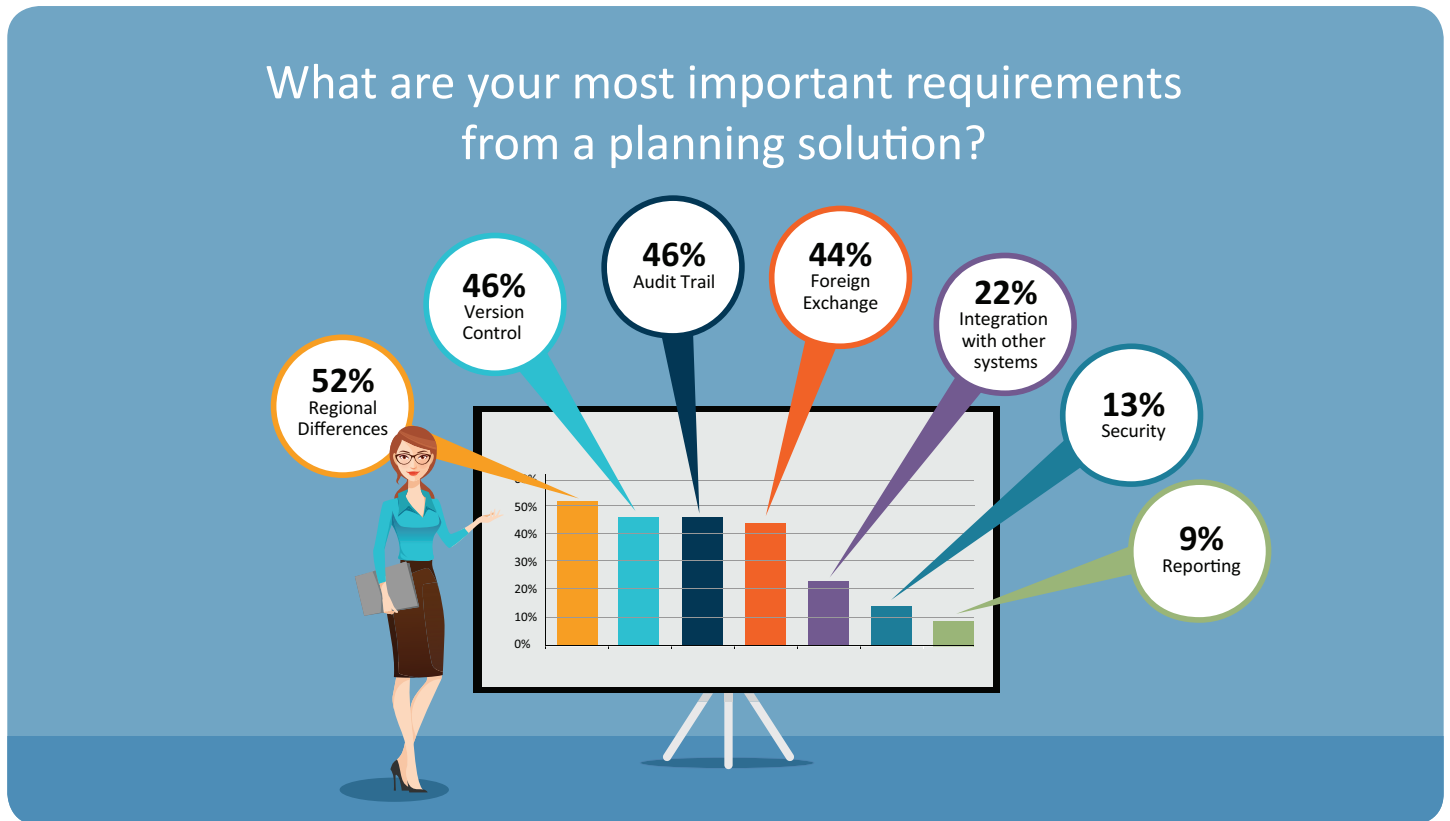
51.5%

“Regional differences”



Forced back to the spreadsheet

All these problems - inflexibility, lack of “fit”, and missing features - are closely related, and to an extent interchangeable. We can see this in the answers given to what features are most important in a planning system. The most commonly cited is “regional differences”, named by a majority (51.5%), while “foreign exchange” (44%) was high up, too.



Every business is unique; so is every territory. A single, identical approach in the finance department across territories is unlikely to work, not least because in some territories, such as France, the fields of the general ledger are dictated by law. As such, there has to be the flexibility to handle these differences. Likewise, difficulties handling currencies are more complex and serious than may be first thought. If the solution can only plan in a single currency and there is a significant shift in the exchange rate, it is impossible to see how the plan is affected. For many this is not a trivial issue.

This partly explains why spreadsheets remain ubiquitous even in businesses that have business intelligence (BI) or CPM solutions in place. If spreadsheets offer an agile, flexible experience with poor control, then other tools can offer the opposite. They have tended to be finance unfriendly, controlling the inputs and outputs so rigidly that users feel forced back to their spreadsheets.

For every instance where users are not able to manipulate, collect and report data in the way they need or where the system does not offer a feature they require, you can be sure there will be a spreadsheet.

COUNTING ON DATA

PUTTING FINANCE DEPARTMENTS IN CONTROL

Section 4: Considering control

It is not entirely true to say that all current systems are inflexible. Often they can be changed to adapt to requirements. However, it requires IT departments to make these changes. The underlying business process toolkit by which the rules, workflows and coding are set is not available to users. Any changes required (identified at the month end, for example) result in a request being sent to IT, where workloads mean they may sit for months. Many simply never happen.

The problem illustrates that it is not sufficient for a solution to provide control of processes, nor even control and flexibility. It matters who is in control. If many systems do not address the requirements of the finance departments who use them, it is simply because they were never designed to - or have long-since been hijacked by IT specialists or business roles outside finance.

This can be seen in the emphasis of reporting in many solutions, an important function in any package, but not, in fact, a major problem for the majority of finance departments in our survey. In the list of seven requirements from planning solutions, reporting came last (8.5%). In terms of challenges at month end, it was sixth (15%). In some cases, the planning system will not even be doing the reporting, but simply feeding a separate BI system.

The challenge, therefore, is not reporting, but the hundreds of other steps to get there. What finance departments need is solutions tailored to their particular challenges and problems. Finance, not IT, nor the solution, must dictate the rules and basis of control. This is not just to make the finance departments more efficient. It also promotes process clarity, which is vital to the business for a range of reasons.

We see a good example in the survey results, looking at the challenges finance departments face over expenses. More than two thirds said expense allocations were among their biggest challenges, followed by accruals at 47.5% and coding errors at 41.5%.



It is true that expense allocations can be complicated, but few modern systems struggle with cross-allocations, where expenses are split between departments or categories. Rather, problems are caused by allocations that don't match finance requirements or disputes over the allocations made - particularly where expenses play a role in determining department profitability or employees' pay.

If finance departments are able to set and demonstrate transparently how allocations are made, however, this can help to avoid such problems. It can also ensure computation of expenses is consistent in the planning system and in the general ledger. Without such consistency, comparison of the plan with the actual figures is impossible. Similarly, giving finance control enables "what if" analysis to see the impact different allocation approaches would have.

Again, these are not trivial issues: Expense allocations often determine the profitability or otherwise of business units. For marginal units it can determine whether or not they survive.

Visibility, not visualisations

More obviously, control helps deliver increased visibility when it comes to verification, traceability and auditing. (Audit trail provision - cited by 45.5% - was a top three priority for finance when it comes to solutions.)

First, if finance is in control of the system, this improves validation and data quality. Set rules for the data validation processes, handling manual inputs and in-house system feeds from all parts of the business, ensure automation can be achieved without loss of control. In this way, all incoming data is checked at the outset. Later in the process, meanwhile, it massively accelerates corrections. Without control and visibility of the logic used to create numbers, it is often quicker for finance professionals to return to the GL and do entire calculations from scratch, rather than trying to correct errors in the month end or planning system. Putting finance in control means they can see and adjust logic as required.



COUNTING ON DATA

PUTTING FINANCE DEPARTMENTS IN CONTROL

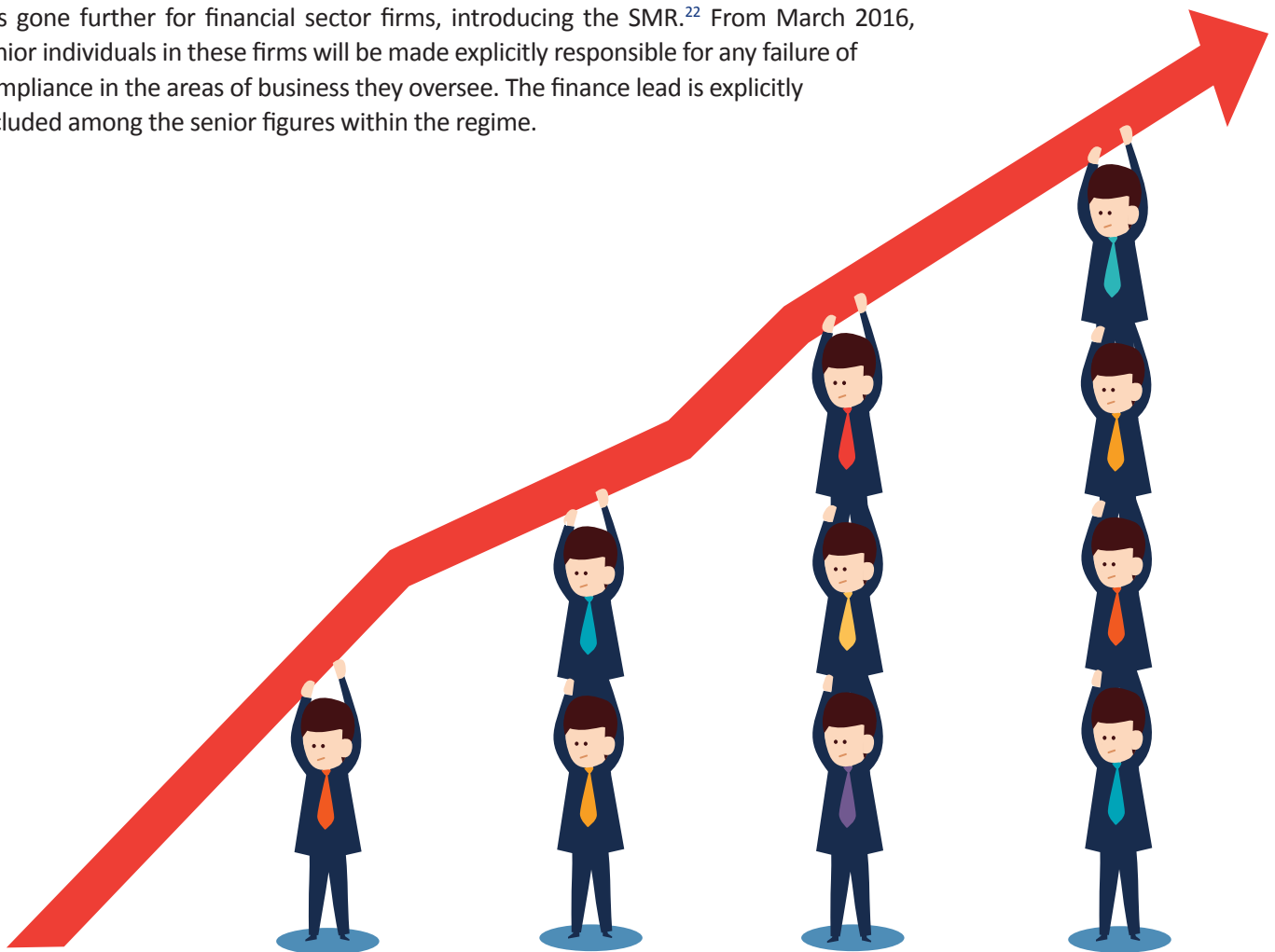
Second, it enables finance to eliminate avoidable errors in future. If an error happens once, it is usually possible for it to happen again. If it can be detected, however, it can also be tested for. When errors are spotted, finance can put in controls to test for the same error in the future - again, as long as it does not have to rely on IT departments to make the change. As a result, quality control becomes increasingly automated.

Finally, visibility and control give power to key performance indicators. A central criticism of many KPIs from existing systems is that they oversimplify metrics. Without the ability to analyse and alter the data attributes, KPIs' flexibility, insight and usefulness is limited. However, giving the finance function the power to examine and pick apart the constituents of leading indicators enables trends to be identified, analysis to improve and confidence in the figures to be bolstered.

Power to the people

There is also another reason for putting finance in control of the system: The growing regulatory expectations on them. The widening role of the CFO and other senior finance figures has been increasingly matched by growing potential for personal liability, in the US²¹ and elsewhere.

The UK, where the FCA is committed to holding members of senior management accountable, has gone further for financial sector firms, introducing the SMR.²² From March 2016, senior individuals in these firms will be made explicitly responsible for any failure of compliance in the areas of business they oversee. The finance lead is explicitly included among the senior figures within the regime.



²¹ <http://ww2.cfo.com/regulation/2013/02/cfo-most-dangerous-job-in-corporate-america/>

²² <https://www.fca.org.uk/news/fca-publishes-final-rules-to-make-those-in-the-banking-sector-more-accountable>

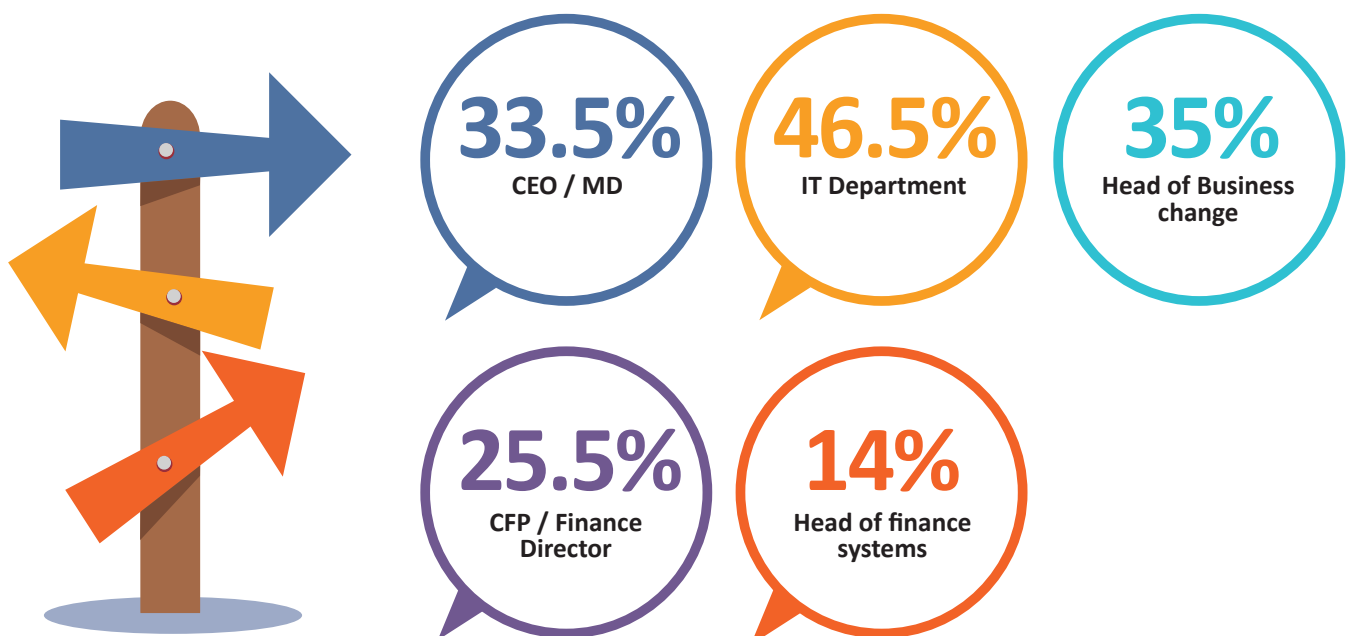
As such, it is no longer simply the reputation of finance managers on the line when things go wrong, but potentially their livelihood and wealth. It is therefore more vital than ever that they are happy and confident in the figures, reports and plans they produce. It is also difficult to argue against the proposition that they should control the system that is responsible for them. This is not just a practical argument; it is close to being a moral one.

Despite this, our survey found that responsibility for identifying and approving the purchase of finance solutions usually rests with the IT department (46.5%), head of business change (35%) or CEO/MD (33.5%). Only in a minority of cases was this responsibility owned by or shared with the CFO/finance director (25.5%) or head of finance systems (14%).

If nothing else, this seems a poor recipe for good relationships between finance and IT. It is difficult for any department to fully understand the needs of another, but, equally, users frustrated with a system are understandably likely to blame those responsible for choosing it. It is also inefficient for both: Finance ends up with systems that do not meet its needs, making tasks more complicated and time consuming than necessary; and requests for changes and help only add to the workload on IT.

It also does not seem wholly sustainable. The ability of senior individuals in finance to carry out the diligence required by law is largely dictated by the systems the organisation uses. Giving them a greater say in the choice of these systems therefore seems inevitable.

Who is responsible for identifying and approving the purchase of finance solutions?



COUNTING ON DATA

PUTTING FINANCE DEPARTMENTS IN CONTROL

Section 5: A better solution

As we have shown, what is needed is a solution that retains the agility and flexibility that have made spreadsheets so popular, yet also enables finance to control the data and processes, including its validation and integration. This will deliver a wide range of benefits, most directly by making the process more efficient and more reliable.

In relation to efficiency, if appropriate rules to check, validate and process data can be put in place, more of the system can be safely automated. This addresses some of the key concerns with current planning processes - that the system is too laborious (49%), for example, or the difficulty in dealing with the sheer volume of data (51%). As we've shown as well, giving finance functions the control, functionality and flexibility they need will reduce the number of spreadsheets - the top concern (56%) stated.

Automatic checks and validation, meanwhile, reduce errors by checking data at the start of the process, rather than waiting until the end. This addresses concerns around coding errors in expenses or processing errors at month end (mentioned by 44.5%), for example. Furthermore, the reliability and efficiency of the process improves with time as knowledge about potential errors is captured and embedded in the solution, so that errors are not repeated in the future.

The prospect of more efficient, reliable processes for planning, month ends and other finance duties is an attractive one to most finance departments. Indeed, despite the widespread satisfaction professed by those surveyed (see above), 84% of those questioned said that they would be interested in replacing key spreadsheet-based processes with a third party solution, assuming no loss of control.

Better and more frequent

There are also more profound benefits to be gained from such a switch. The first, as we have already touched on, is that planning becomes more robust and powerful. That is partly due to the reliability of the data and the control finance has to interrogate it in greater depth. This is due to the integration of systems, consolidating data; bringing together disparate spreadsheets for income and expense planning, for example, allows firms to take a single view of the data and focus resources on high-level strategic analysis.

Finance departments can also plan more frequently when suitable systems are in place. Currently, the firms in our survey plan an average of twice a year (with a mean of 2.2), with most planning once (28%) or twice (38.5%) a year. A quarter (25%) plan more frequently - three times a year, but only 7.5% more than that. Yet 70.5% would like to be able to plan more frequently. They don't, however, simply because of the numerous challenges with spreadsheets and existing systems that we have outlined.

Removing the obstacles to more frequent planning - and combining this with more insightful, robust and efficient data - unlocks a powerful resource for the business. Not only can firms confidently and regularly compare actual figures with the plan to identify variances, but they can also continually revise forecasts to quickly identify the impact of changes and then, if necessary, continually revise plans (while keeping track of each version for later analysis).

More fundamentally still, the CFO and finance departments will spend less time engaging with spreadsheets and more time engaging with the business. In short, this approach will enable finance to play the role we increasingly expect of it.

About Accountagility

Accountagility provides a full suite of solutions specifically designed to meet some of the most widely faced challenges in finance, including planning and forecasting, reporting, period end close and expense allocations.

The Accountagility team is comprised of finance experts who bridge the gap between finance and IT due to their deep knowledge of finance and their extensive technical expertise. This allows organisations to be confident that their finance requirements will be translated accurately into project results.

Accountagility's solutions are rich with practical, time-saving features that enable organisations to optimise their performance and agility by:

- **Improving business flexibility through faster information turnaround**
- **Adding value through automating manual or spreadsheet-based processes**
- **Enabling staff to concentrate on more valuable activities**
- **Keeping abreast of key compliance issues**

Accountagility helps companies accelerate business performance, reduce risk and deliver cost savings of up to 80%.

For more information visit: www.accountagility.com





+44 (0) 207 947 9650



info@accountagility.com



accountagility.com

Accountagility
Warnford Court
29 Throgmorton Street
London, EC2N 2AT

accountagility
achieve more

