



Smart Closing & Reporting

How to stay on top of your financial close process



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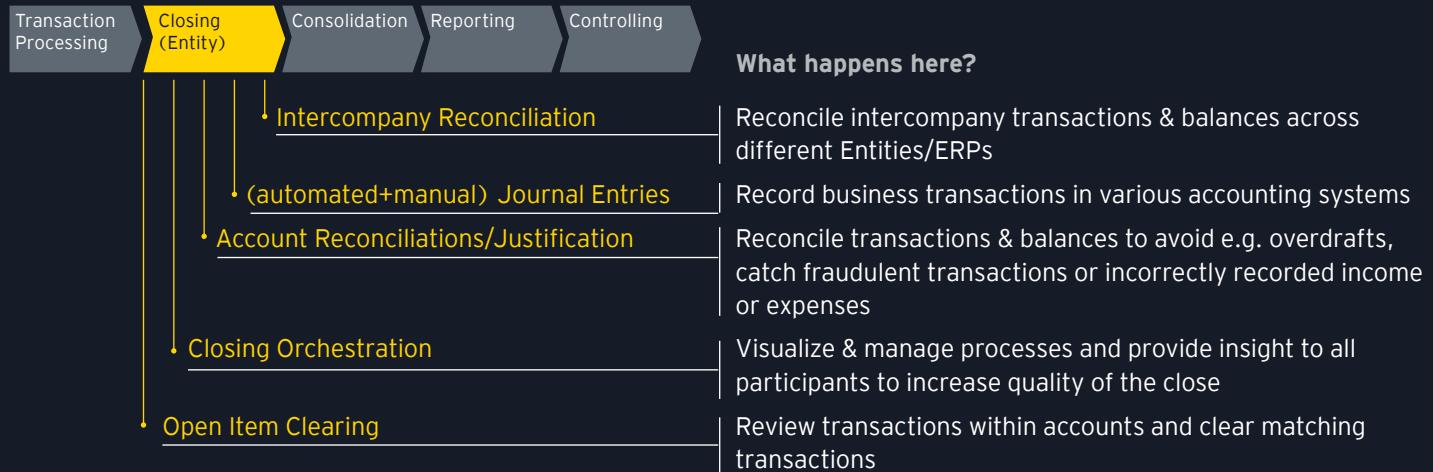
Closing the books is complex by nature.

Various dependent activities are performed manually from different parties within the organization, using different systems and following different processes.

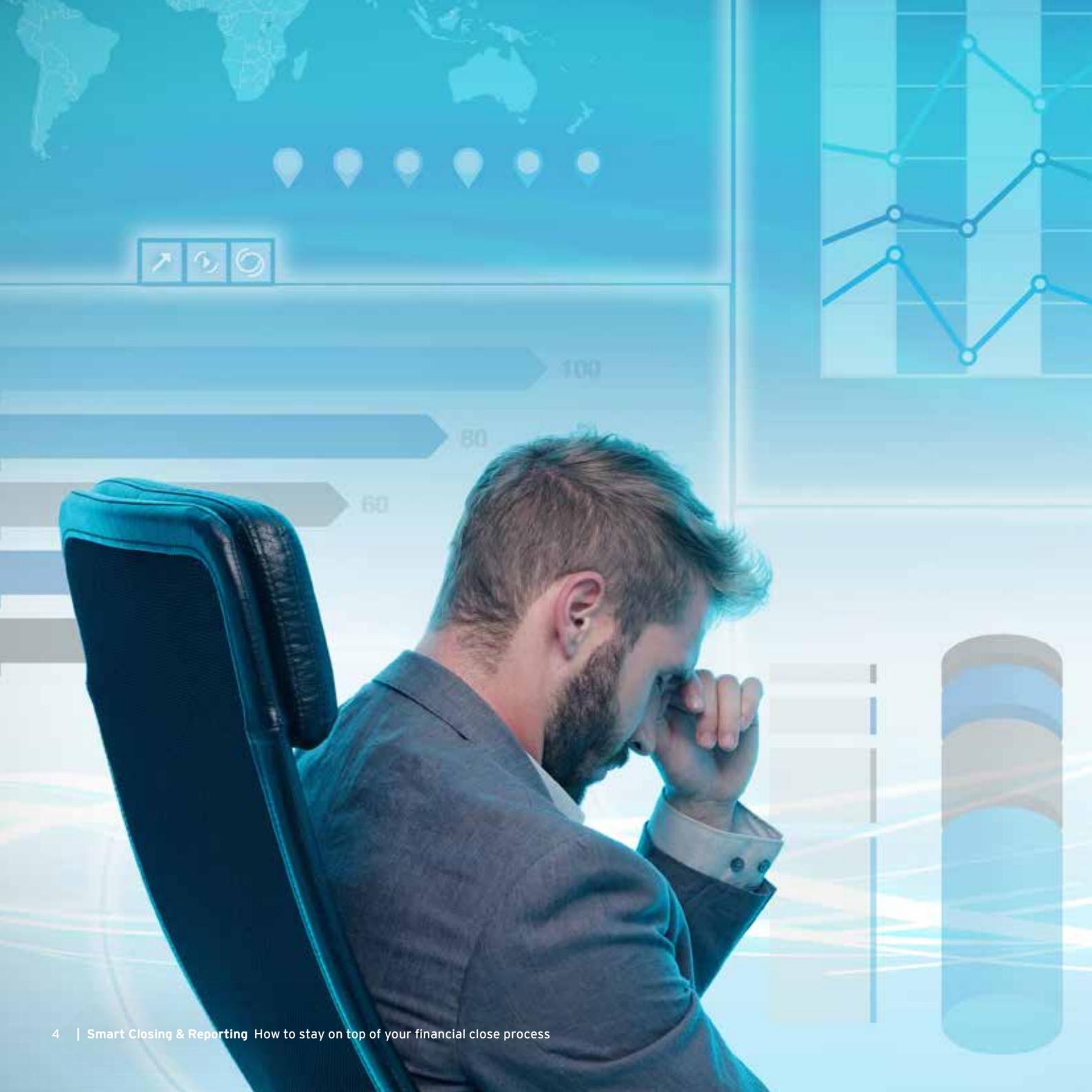
How do you stay on top of your financial close?

Intransparent
Not orchestrated
SLOW

Taking a closer look to the main areas of the closing process, they are often manual, dependent on each other, intransparent, time consuming and error prone:



Benefit area	Benefit ranges
Reduced Manual Effort	20% - 70% reduction
Auto Certification of accounts	24% - 86%
ROI and Payback Period	94% - 95% ROI and 15 - 20 months payback
Close Time Improvement	2 - 7 days
Journal Automation	Over 70%
Reduction in Manual Certification	54%
On-time Completion on Assignments	50% - 88%
Reduction in Manual Checklists	66%



Typical Challenges and your possible Benefits

	Challenges	Issues	Benefit after the Project
Inefficient and Manual Processes	Exchange and Requests via Email	No transparency of the progress	Full transparency and complete audit trail
	IC Differences on Group Level (Consolidation)	Significant time invest to resolve IC differences	Less IC differences & improved acceptance of IC charge
	High effort to ensure Compliance and ensure Audit trails	High costs and time & incomplete audit trails	Complete audit trail & reduced costs & cycle time
Lack of Accountability	Unclear Ownership	Iterative follow-up on differences & late identification of errors	Clear assignment and ownership
	Completeness of Documentation and Review	Control environment manual, prone to errors & non-compliant	Reduced audit findings using automation
	Update & Assessment of Business Transaction	Rare update of assumptions - risk of P&L impact	No unexpected P&L impacts
Improve Operations and lower Inherent Risk	Limited Visibility	Late identification of critical areas within finance	Higher data quality / consistency
	Data Consistency	Significant data cleansing required before SAP implementation	Higher data quality / consistency
	Less time for quality analysis	Manual tasks prevent the finance function to assess and provide meaningful business insights	Better and faster business inside
Lack of Standardization, Accounting Processes	Lack of Standardization	Inconsistent, ineffective reconciliation and matching process	Lower error & adjustment rates
	Know-how loss due to fluctuation	Significant time invest for new employee to understand the current processes and figures	Shorter onboarding time & no information gaps
	Inefficient and error-prone central function	Centralization of functions fail due to disparate processes & lack of transnational monitoring	Efficient, centralized operation with clear roles

Industry Examples with Significant Process Improvements

Industry	Their Challenges	Their Achievements
Food & Beverage	<ul style="list-style-type: none">► Lack of timely completions► Inadequate explanations and follow up on aged items► Lack of overall visibility► Regional approach to financial close led to lack of standardization and zero access to 'big picture' analytics	<ul style="list-style-type: none">► 55% reduction in accounting FTEs► 40% of reconciliations moved to shared services► Saved \$600K per year through increased productivity► Consistent methodology for preparing and documenting reconciliations► Transparency at a global level, in real time
Energy & Utilities	<ul style="list-style-type: none">► 3rd party outsourcer reconciled nearly 1,000 accounts each month► Reconciliations and reporting were performed manually, providing no visibility into finances► Only way to summarize items under investigation or track failures was to open recs individually and then re-key the data into another spreadsheet	<ul style="list-style-type: none">► Calculated an initial return on investment at more than 3 ½ FTEs► Staff are now able to focus on more strategic tasks, such as evaluating how well processes comply with company policy► Tightened controls and put a greater emphasis on data quality► 60+% automation of Account Reconciliations
Computer Software & Services	<ul style="list-style-type: none">► Inefficient, manual, and paper-based account reconciliations system► Lack of transparency across the close process► No central view of information	<ul style="list-style-type: none">► Remove 7 days from the financial close process (from 10 days to 3 days)► Achieve greater visibility into close processes and reconciliations► Improve auditing controls
Transportation	<ul style="list-style-type: none">► Insufficient insights into close process	<ul style="list-style-type: none">► Increased visibility into each stage of the close process► Improved ability to benchmark performance and optimize processes► Accelerated time to close
Insurance	<ul style="list-style-type: none">► Manual, labor-intensive approval process► Lacked transparent reporting capabilities increased risk► Inefficient variance analysis process► Lack of internal controls needed for insight into financial risk assessments	<ul style="list-style-type: none">► Increased visibility and improved monitoring and reporting► Eliminated time-consuming, manual process of pulling and analyzing discrepancies► Saved time across many of the account reconciliations that were being performed manually

Use Case: Account Reconciliation Module Standardization (A Global Insurance Company)

Project background

- ▶ 100+ Legal Entities with records for thousands of GL Accounts with many different SAP systems and versions
- ▶ Manual, labor-intensive approval process
- ▶ Thousands of monthly account reconciliations plus day-end, month-end and year-end uncoordinated processes
- ▶ Lacked transparent reporting capabilities increased risk
- ▶ Excel being used in many non-standardized ways for data import and export, closing check lists etc which is not fulfilling compliance requirements
- ▶ Inefficient variance analysis process
- ▶ Lack of internal controls needed for insight into financial risk assessments

Facts

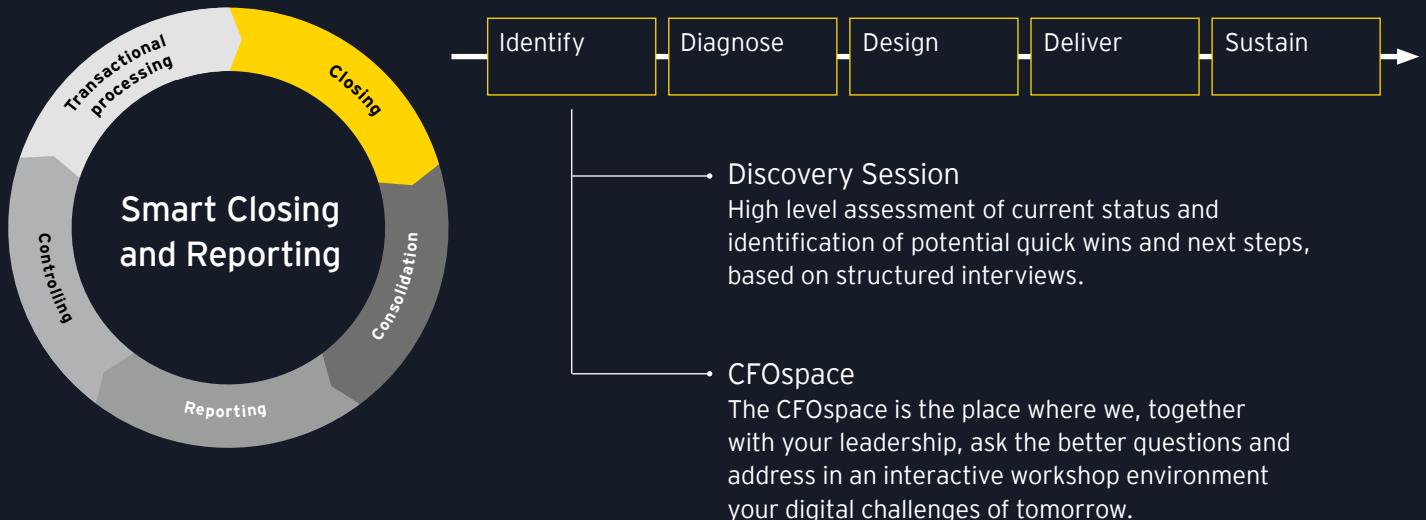
- ▶ Reduced time for all zero-balance account from 15 minutes each to zero.
- ▶ 50% of all accounts are now auto-certified.
- ▶ Complete electronic and paperless process for reconciliations.

Outcome

- ▶ After just 3 months Account Reconciliations and Task Management were rolled out in a pilot and benefits were realized immediately
- ▶ Standardized way of organizing and real-time tracking of closing process
- ▶ Increased visibility and improved monitoring and reporting
- ▶ Eliminated time-consuming, manual process of pulling and analyzing discrepancies
- ▶ Saved time across many of the account reconciliations that were being performed manually
- ▶ Much easier for Auditors to do reconciliation spot-checks as everything is on one platform including documentation



What could be a first step for you to Improve Your Close?



Your contacts



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Contracts

Typical challenges solved during our Smart Closing & Reporting projects



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