

THE NEW
ERA OF

Financial Operations Management

THE TWELVE KEYS TO
FINANCIAL OPERATIONS
EXCELLENCE



**It's time to
transform.
It's overdue.**

Unprecedented demand for finance and accounting leaders to be more strategic in a period of historic business uncertainty, together with today's workforce demanding more rewarding work and flexibility, is putting unsustainable pressure on people, processes, and technology.

**IT'S WHY
ACHIEVING
FINANCIAL
OPERATIONS
EXCELLENCE IS
A PRIORITY.**



A recent McKinsey survey

found that only 11% of business executives believe their current business models will be economically viable through 2023. The survey also found that agility and scale are top priorities.

A recent IDG Market Pulse survey

found that 82% of leaders have more urgency to modernize accounting processes after their experiences over the past 12-18 months. Transformed finance and accounting organizations are unlocking considerable capacity within their teams, cutting onerous workloads and period-end processing by 50% or more to spend more time on what matters—providing strategic value to the business.

According to Hackett,

world-class finance organizations outperform the peer group by a wide margin, up to \$51 million in cost savings for a typical large company. They deliver services at 46% lower cost with greater effectiveness and require 52% fewer full-time equivalents (FTEs) per \$1 billion revenue. The top performers close the books 52% faster than bottom performers.

Yet achieving these kinds of results often required tens of millions of dollars in investment and multi-year projects—resources and time that are only available to a handful of finance and accounting organizations. While other departments forge ahead with transforming their operations with purpose-built solutions and platforms, from Customer Relationship Management (CRM) to Supply Chain Management (SCM) that transform their operations, finance has been left behind with point applications, generic tools, homegrown projects, and stubborn manual processes.

THIS HAS NOW CHANGED.

Financial Operations Management (FOM) is the emergence of technology with solutions built on platforms that bring achieving financial operation excellence within reach of every organization, by quickly integrating, orchestrating, and automating high-value accounting processes that often sit at the intersection of ERPs, subledgers, teams, and business units.



THE EMERGENCE OF

Financial Operations Management

The need to accelerate the journey to financial operations excellence has seen the emergence of packaged, purpose-built Financial Operations Management solutions to elevate persistently manual processes that are ripe for transformation. They typically include workflows and automation, intelligence, analytics, and collaboration. These are all proven to deliver predictable returns, from speeding up the close, to reducing DSO, to streamlining netting and

settlement processes. A purpose-built approach accelerates delivery and reduces delivery risk while realizing predictable returns on investment.

Yet Financial Operations Management takes this further, with the emergence of an enabling underlying platform. This provides a shared data, integration, automation, and orchestration technology foundation to compose new solutions for key accounting process.

FINANCIAL OPERATIONS EXCELLENCE STARTS WITH PACKAGED SOLUTIONS DESIGNED TO ACCELERATE



1.

Solutions that drive financial close excellence

The cost of accounting operations is up to 3X more at companies that rely on manual effort. In an era of business and financial transformation, that is unsustainable.

Applications to drive financial close excellence—by orchestrating and automating accounting—can accelerate the close by 70%+ and reduce manual work by 50% around repetitive processes like reconciliations and journal entries while improving standardization and reducing risk. A core capability is coordinating work, such as task management, from assignment to execution, embedding policies and procedures and certification checklists into every process. These applications also provide visibility into the status and integrity of the close around every task, variance, exception, and the overall progress.

Built on a shared automation foundation, capability geared to elevating accounting operations can auto-validate low-risk accounts, create reconciling items from unmatched transactions, and even post journal entries automatically. They can automate detail-heavy reconciliations, such as bank reconciliations, credit card matching, intercompany reconciliations, and invoice-to-PO matching. Applications can also streamline journal entry management by managing the creation, review, and approval of journals with electronic certification and supporting documents. Collectively, this can deliver significant gains to accounting productivity, risk reduction, and accelerated reporting.

FINANCIAL CLOSE EXCELLENCE

70%+

Accelerated close

50%

Manual work reduced

2.



Solutions that drive accounts receivable excellence

The last two years spotlighted the importance and value of cash to almost every business globally. PwC found that nearly \$1.4 trillion is held hostage globally on companies' balance sheets. Releasing cash from debtors on the balance sheet is now business-critical because it's one of the most significant assets on the balance sheet. The Institute of Financial Management found that 55% of finance leaders aren't satisfied with how their company's accounts receivable processes are performing, while one-quarter of businesses reported that their DSO is more than 10 days.

Delivered on an integrated Financial Operations Management platform, AR automation apps can transform cash application, credit and risk management, collections management, disputes and deductions, team and task management, and AR analytics. For example, machine learning and purpose-built algorithms can speed cash application, matching customer payments to open invoices without human intervention to reduce DSO and costs and increase cash flow.

CASH APPLICATION

CREDIT & RISK

COLLECTIONS MANAGEMENT

DISPUTES & DEDUCTIONS

TEAM & TASK MANAGEMENT

AR INTELLIGENCE

PWC FOUND THAT

NEARLY \$1.4 TRILLION IS HELD HOSTAGE GLOBALLY ON COMPANIES' BALANCE SHEETS.



3.

Solutions that drive intercompany excellence

Intercompany transactions form some 80% of global trade, dwarfing external sales by as much as a factor of 10 or more. One of the reasons is the accelerating pace of M&A as companies look for scale, growth, and stronger supply chains. It's now firmly on the CFO's risk radar. As governments look to raise revenue, regulatory scrutiny on intercompany trade, transfer pricing, and new rules for country-by-country reporting on it are at an all-time high.

ACCORDING TO HACKETT

“INTERCOMPANY HAS ONE OF THE LARGEST DISPARITIES BETWEEN THE EFFICIENCY OF WORLD-CLASS AND PEER-GROUP FINANCE ORGANIZATIONS.”

Built on a Financial Operations Management platform, intercompany accounting applications can automate, centralize, and standardize the lifecycle of intercompany transactions and processes across an organization's accounting, tax, and treasury departments, regardless of ERP(s) and systems. They can provide a range of benefits, including:

- 1 Intercompany accounting efficiency can drive an incremental 60% reduction in days to close
 - 2 Centralization of transactional detail and documentation
 - 3 Avoidance of intercompany balance write-offs that impact investor confidence
 - 4 Cost of capital savings—settle in 4+ days faster with quick access to cash
 - 5 50% reduction in F/X exposure by settling quicker and improving currency controls
 - 6 Reduction in financial restatement risk
 - 7 Repurposing teams to more strategic work
- 



4.

Solutions for accounting excellence across every process

Accounting processes, like managing clearing accounts such as payroll clearing, travel and expense clearing, or lease clearing, are often ripe for improvement. Other areas like suspense accounts, managing accruals, roll forwards, or managing amortization and depreciation can all provide significant returns on automation. More broadly, fixed assets, accounts payables, inventory, payroll reconciliation, cost center, project accounting, and other areas can provide substantial finance transformation opportunities.

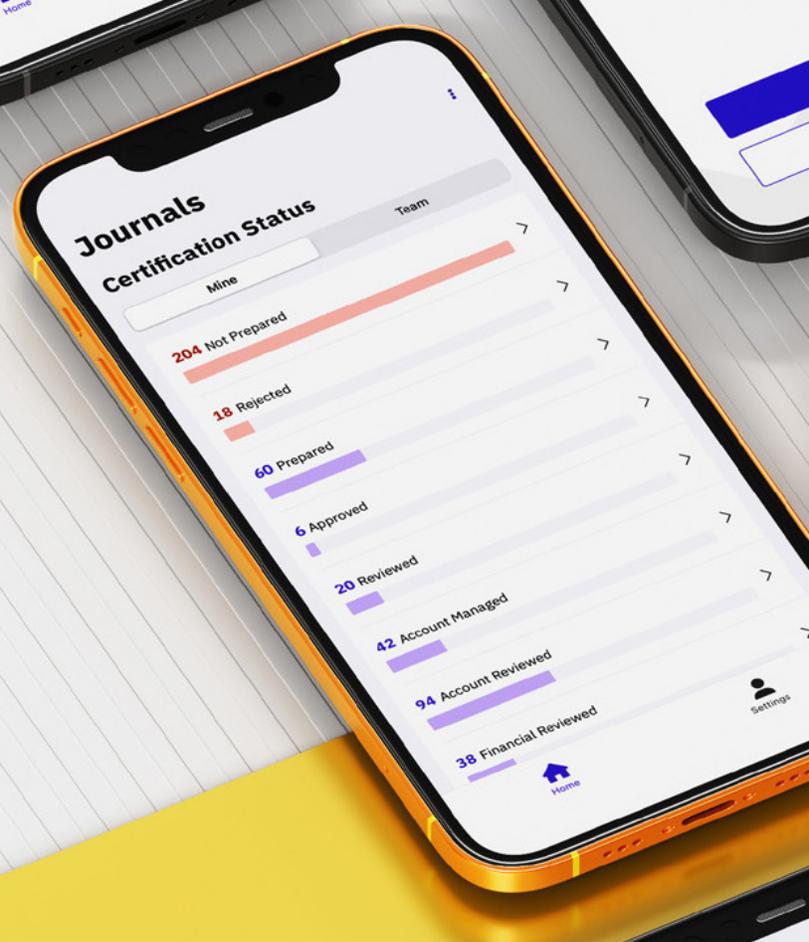
Simply, the opportunities for finance transformation can stretch across dozens or even hundreds of processes. A Financial Operations Management Platform enables teams and technologists to compose new workflows and automations that streamline every key accounting process, using easy-to-configure tooling, pre-built components, and packaged integrations.

FINANCIAL OPERATIONS EXCELLENCE IS POWERED BY A UNIFYING PLATFORM

Financial Operations Management underpins solutions with a shared platform for finance and IT to drive finance transformation. It ensures every key accounting process targeted for transformation provides a consistent user experience, common connectivity, flexible automation and orchestration, and a shared data foundation.

5.

Mobile, modern, and work from anywhere user experience



'The Great Resignation' has launched a new era of work as finance and accounting professionals push for more control and remote work. Disconnected, cobbled together finance and accounting processes crush productivity with too many data silos, different user experiences, and fragmented workflows. Siloed checklists, different reconciliations experiences, separate ways to apply cash, multiple document stores, and separate ERP logins to chase down inter-company disputes—they just don't cut it.

A Financial Operations Management platform provides a unified experience to monitor, manage, automate, and improve processes, from the financial close to intercompany accounting, managing receivables, and beyond. The most visible of these building blocks is the interface that users see every day, allowing key accounting tasks to be performed in the most efficient way and with the least amount of clicks.

A robust, unified, and native mobile experience is crucial for managing journals, certifying journals on the go, notifying the team of critical activities and tasks, and accessing reporting and dashboards allowing leaders to make decisions and assign tasks from anywhere.

Finally, the platform must provide the enabling integration to extend financial operations management to every corner of the organization at scale with SSO, identity management, role-based and granular security, and globalization.

6.

Pervasive finance stack connectivity and modern APIs

Finance and accounting operate in an ever-growing technology landscape, with a multitude of data flows, stakeholders, processes, and changing analytics needs. Data is the lifeblood of modern accounting and every key accounting process, flowing from multiple applications—including ERP, subledgers, tax and treasury, expense, payroll, and external banking systems. A single ERP is often the tip of the iceberg of data sources that accounting must easily tap into because finance and accounting processes inevitably connect to dozens of packaged and homegrown systems.

A Finance Operations Management platform is neutral, so it works across the stack, no matter how much the environment changes. This is critical because achieving financial operations excellence means automation must tie into every corner of the accounting stack, seamlessly.

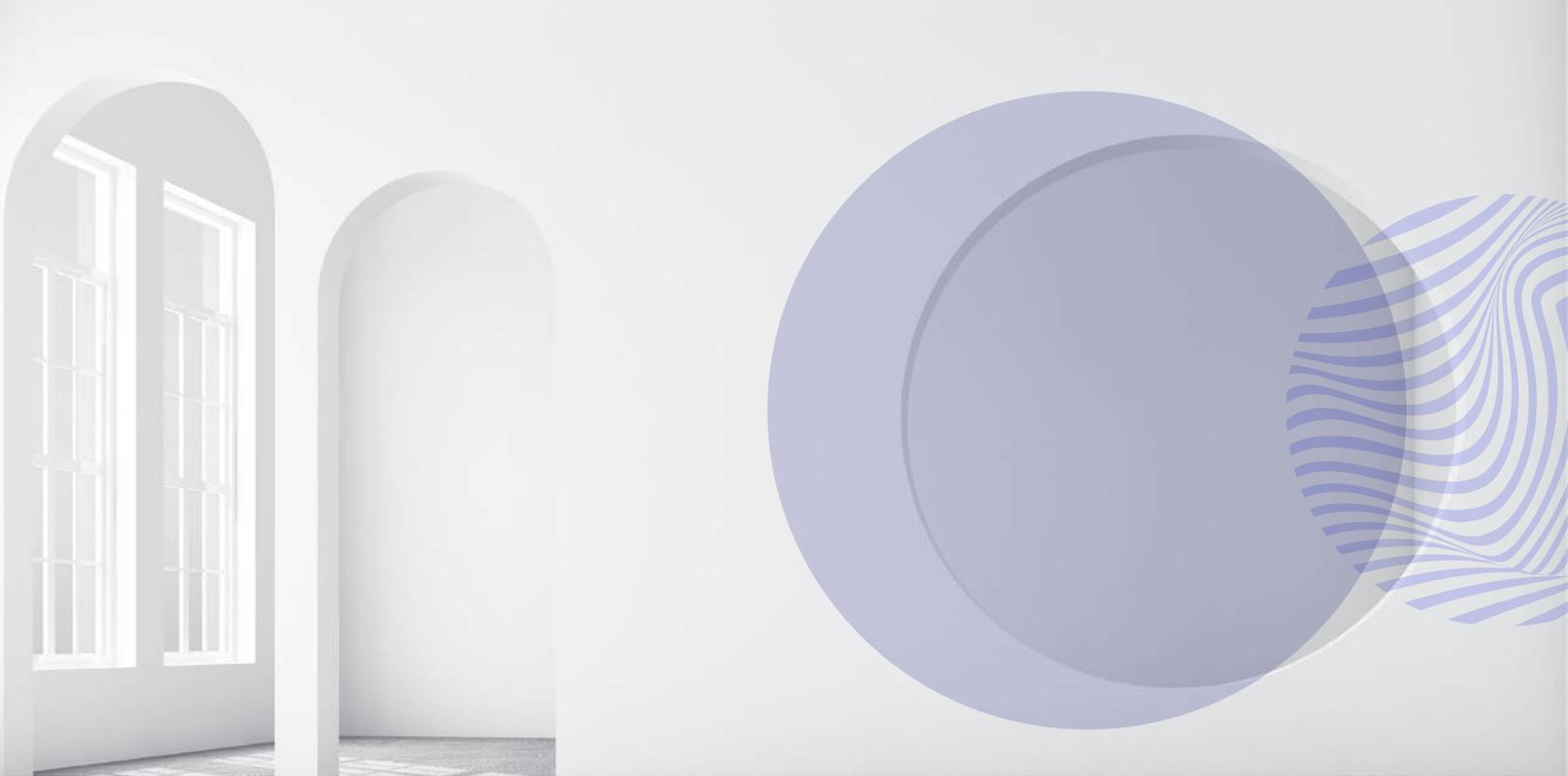
A FINANCIAL OPERATIONS MANAGEMENT PLATFORM IS

API-first

Application Programming Interfaces (APIs) are the new connective tissue for digital and finance transformation. By providing a comprehensive set of REST APIs, teams can build direct integration to push data directly into any automated accounting or business process using triggers, programmatically managing account changes, frequencies, amounts, currencies, journal entries, and other data. APIs enable auto-importing high-volume transactional data from banking, credit card, billing, payment, payroll, and other systems, all using existing API and integration management tooling, essential for automation at scale.

Connected

Packaged connectivity is critical to accelerating automation initiatives. By providing pre-built connectors to leading ERP systems such as SAP ERP, SAP S/4HANA, Oracle Financials, Microsoft Dynamics 365, NetSuite, subledgers, and hundreds of other systems, a Financial Operations Management Platform can flow data frictionlessly across processes, integrating summary and detailed data and even posting journals back to the GL.



7.

Centralized data and master data foundation to enable automation, intelligence, and insights

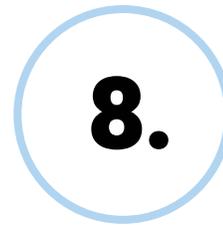
Screen-scraping and playing back keystrokes using robotic process automation tools relies on data scattered across multiple systems, that is sometimes inconsistent or incomplete, with poor data easily able to flow into processes. The data needed to drive end-to-end finance and accounting automation rarely exists solely within the ERP, because it's situated in bank details, fixed assets, credit card transactions, suspense accounts, AR/AP, open items, subscriptions, POS, W-2 matching in benefits and payroll, and numerous other areas.

A Financial Operations Management platform sits uniquely at the intersection of ERPs, subledgers, and processes, allowing it to deliver a powerful data foundation for new digital finance applications. It provides scalability to applications across financial close, intercompany accounting, and accounts receivable automation, and acts as a foundation to build analytics and intelligence based on the data. A data platform foundation provides embedded analytics and AI/ML-driven automation into every process that helps free accountants to spend less time reporting results and more time serving as a partner to the business.

**AUTOMATION,
ORCHESTRATION,
AND VISIBILITY
ALL RELY ON ONE
THING—CONSISTENT,
QUALITY, VALIDATED,
AND UNIFIED DATA.**

Easy to use and flexible accounting workflow orchestration

There's more back-and-forth between business units, departments, and shared services than ever. The role of accounting has also expanded, with greater expectations around business partnership and strategic input. Strong coordination and collaboration are paramount. Enhancing team abilities to share information and work cooperatively reduces accounting friction. It is indispensable for faster, more efficient, more harmonious finance and accounting processes, both within the accounting organization and extending to other departments, customers, and suppliers. It's why robust platform capability for designing end-to-end processing and orchestrating collaboration is crucial, including:



- Visually optimizing, designing, and even eliminating processes for best-in-class operations
- Embedding controls and ensuring end-to-end compliance with no black boxes
- Pre-packaged workflows and event-based triggers built on leading practices

Intelligent process automation and standardization



Process automation extends to the high volume tasks by including transaction matching engines, purpose-built to hunt down relationships in millions of line items of data and connect the dots. Highly configurable and trained with machine learning, they can use rules to try to match on every possible field, using fuzzy matches, variance thresholds, lookup tables, many-to-one matching, and other techniques to automate detailed tasks.

Purpose-built intelligent process automation frees F&A to focus on exceptions and analysis. It enables accounting to move to an exception management mindset: allow the computers to do the mundane work and surface items for higher-value analysis better executed by an accountant.

Financial Operations Management Platform capabilities execute key accounting tasks end-to-end, intelligently, with little to no human intervention, because the system itself knows when dependent tasks are complete and when the next steps in a process may be automatically triggered. Real-time processing automates many accounting tasks as they happen, through Continuous Accounting, not just month-end. Pre-built templates and rules accelerate automation outcomes.

- Pre-built tools in automation library, no coding required
- Embrace API-based AI and move beyond UI-based "bots"
- Automation for more than routine tasks to automate complex business processes

10.

Enterprise security designed for the office of Finance and IT

Achieving excellence with accounting processes is no longer simply about improving performance and financial metrics. It's also about reducing cyber risk. Managing cyber risk is a top three CIO priority, but work from home (WFH) and manual accounting processes raise exposure. Employees may work differently from home, for example, in how they handle data and communications.

A Financial Operations Management Platform centralizes accounting data and processes for the most common accounting activities, like journal entries, reconciliations, and intercompany accounting, reducing data silos, spreadsheets, and manual extracts/imports that are often vulnerable.

It also includes built-in cybersecurity and privacy protections to meet the extra level of trust that finance, accounting, and IT jointly demand. SSAE 18 and ISAE 3402 SOC 1 and

SOC 2 Type 2 reports, SOC 3 reports, and GDPR compliance are a minimum. Ideally, adherence to ISO/IEC 27017 certification—one of the world's most rigorous security standards—provides a robust cybersecurity foundation to support every account process transformation.

11.

Operational finance and accounting reporting and analytics

A Financial Operations Management Platform not only accelerates financial close processes to speed downstream financial reporting and FP&A processes, but it also provides a clear perspective on operations excellence and opportunities to improve processes, from speed to quality to reducing financial risk.

Achieving financial operations excellence requires instant visibility into operating metrics that elevate collaboration and efficiency and reduce roadblocks, turning them into candidates for automation that can be determined by asking:

- What are the key account variances that warrant further investigation?
- Do any entities present intercompany exposure?
- Where is there a workload imbalance that may present a quality risk?
- Are there tasks that are failing approvals or taking too long to complete?
- Which tasks aren't being consistently handled/processed?
- What is the time to issue financial and management reports, complete processing of AP, close payroll and record accrued wages, or count and value ending inventory?
- What is the on-time completion percent of tasks?
- What is our risk exposure with specific customers?

12.

Finance and accounting empowered self-service configuration

Transforming and automating accounting processes can fail if it requires significant amounts of IT effort, custom scripting, and coding. Ongoing changes like new reports or dashboards, field updates, ad hoc imports, or modifications to accounting structures that depend on IT disempowers finance. A Financial Operations Management Platform puts accounting in control with robust cloud-native, no-code automation capabilities, and simplifies configuration management, with less reliance on IT or services

It enables finance and accounting to easily apply technology like artificial intelligence to transactional matching or changes to receivables management processes without relying on technologists, easily managing processes changes such as:

- **Modify variance exception thresholds in just a few clicks**
- **Change standard or custom report fields or dashboards on the fly**
- **Change any other automation logic without requiring technical consultants**

Accounting must be empowered to add new business units without the need for reimplementation, or quickly change or add accounts, add new users, change approval processes, or make any other updates, all in a few clicks.



Embracing What's Next

Financial Operations Management has arrived to enable CFOs and controllers to deliver on the promise of fast, efficient, and predictable finance and accounting process excellence. It's the evolution of solutions and technology to deliver digital transformation for finance.