



A Guide to Financial Close Management

3 STEPS TO MOVING UP THE FOOD CHAIN

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EVOLVING YOUR FINANCIAL CLOSE PROCESS TO A VALUE-ADDING ACTIVITY

Have you felt it too? The pressure to do more with less? Like everything else in business, there is an increasing pressure to deliver more value with less resources.

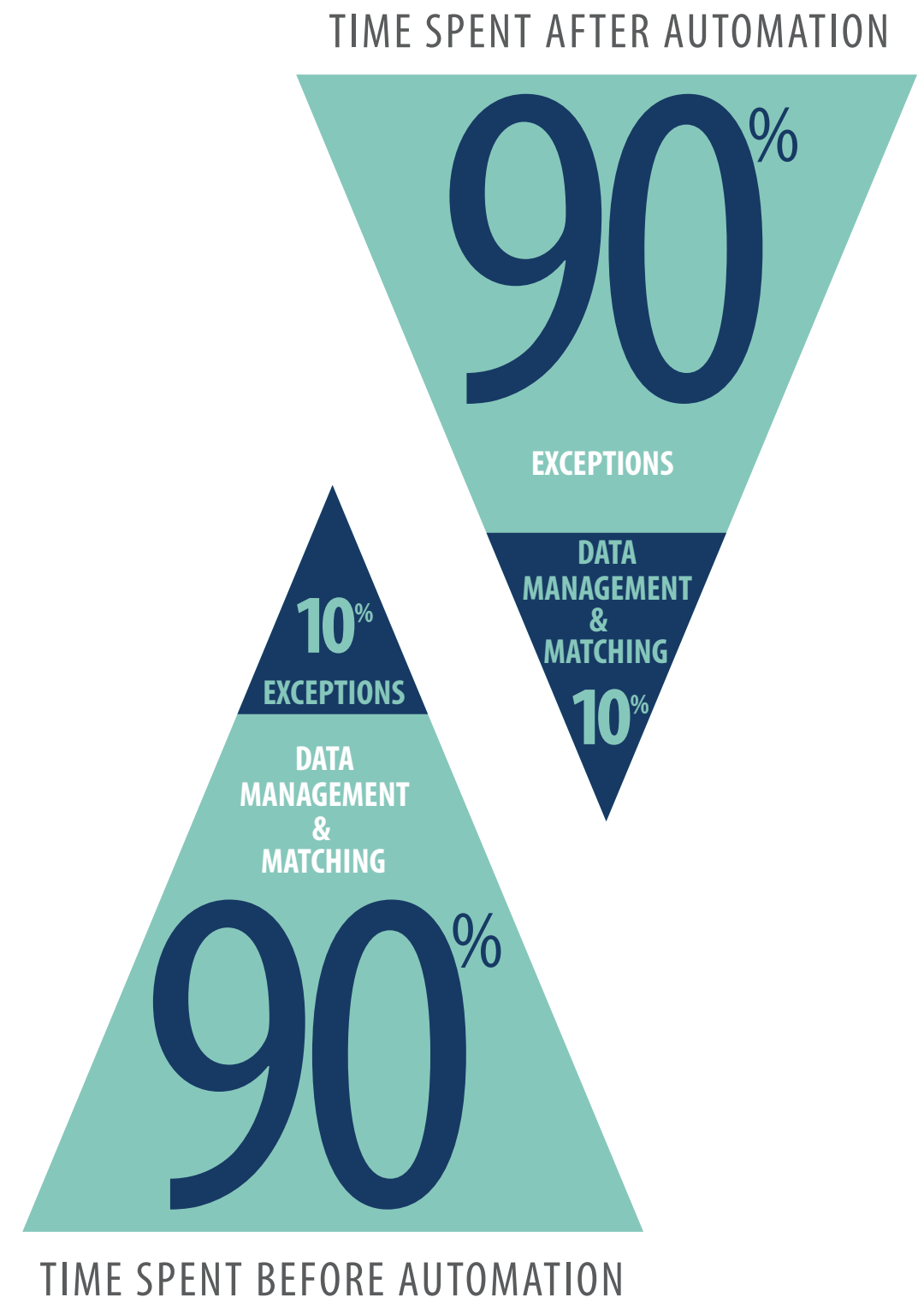
More and more CFOs are thinking about how their department can have a greater impact on the company-wide business by swinging the workload pendulum from number crunching to analysis, reporting and strategy.

So, how can you organise a high-performing and successful finance department?

First, you need a fast and cost-efficient close process. Second, you need to ensure high-quality financial reporting. And last, you need to free up time for more value-adding activities.

Taking the next step in financial close management will make your organisation more compliant, strategically resilient, and best of all, keep your auditors satisfied.

In this guide, we uncover the critical building blocks to creating a successful digital transformation of the financial close. We hope you will find it relevant and useful.



NOT LONG AGO, REACTIVE FINANCE DEPARTMENTS WERE THE NORM.

Driven by rushed financial close processes and general-purpose software like Excel, many companies suffered from unclear routines and poorly documented approvals.

Surprisingly, many of these problems still remain.

In this eBook, we explore how modern cloud-based software makes it possible to usher in a new era of best practices for the financial close. Today, we're living in an era where financial managers have complete control over documentation and approvals, a real-time overview of the status of every task, and far more time for the ongoing analysis that leads to continuous improvements.

Spend More Time and Less Money on More Valuable Work

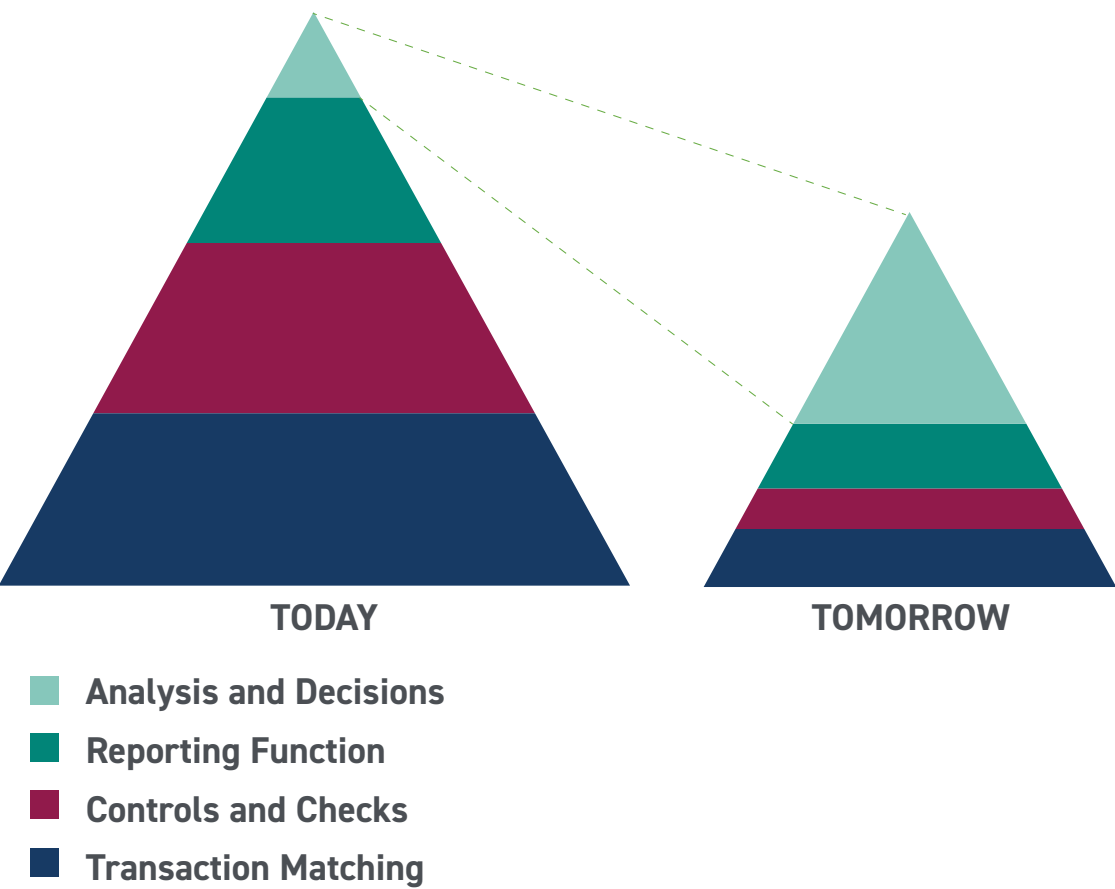
Empowered by structured processes and modern financial close software, high-performing companies spend far less of their revenue on their finance department. In fact, they save an average of

\$6.88 million

each year, according to an EY survey of large and mid-sized companies.

FOCUS ON THE VALUE-ADDING ACTIVITIES

According to Accenture, tomorrow's high-productivity, low-cost finance departments will become increasingly common. The key to this shift will be a higher degree of efficiency, enabling a major reallocation of the time spent on transactions to data analysis.



By automating our reconciliation processes, we've freed up extra time for other tasks. Earlier, we needed to go through a number of Excel files and compare with the ERP system. Now I can sit at home at night and check the status of all accounts—a big time-saver.

MEDIA AND ENTERTAINMENT
COMPANY SWEDEN



KEY INDUSTRY TRENDS AND DRIVERS

Faster Close is a Requirement

In today's fast-moving world of corporate reporting, agility and speed of response are not only essential, but often required by local authorities or other stakeholders.

A recent study by EY of 146 large companies showed that high-performing companies spend five days or less on their monthly financial closing process.

Digital Transformation is Here to Stay

Technologies like cloud computing, mobile, automation and analytics are delivering dramatic improvements in efficiency.

Many finance departments are tapping into this trend, with 82% of CFOs pointing to cloud applications as the future of their business applications.

Reduce Finance Department Costs— Do More with Less

Like everything else in business, there is increasing pressure on finance departments to deliver tangible results, often with fewer resources. Many CFOs are taking a hard look at their current cost base and are under pressure to perform more efficiently and truly add value.

More Regulatory and Other Demands (SOX, etc.)


New regulatory and audit control requirements are putting pressure on companies to be compliant and follow good corporate governance. Here, problems with data quality are often cited as a major pain point.

Not Enough Time for Analysis

One of the biggest complaints of CFOs and financial managers is that they spend more time producing financial reporting, with little time to actually analyse it. Tomorrow's successful finance departments will find ways to act more as advisors, automating repetitive tasks.

“ Productivity in finance departments will increase two to three times by 2020, while organisational costs will decline by 40%, according to Accenture. They also predict a dramatic shift in time spent on analysis—from just 25% today to 75% in the future. ”

SOURCE: EY NORDICS FAAS REPORT



“ By automating our reconciliation processes, we’ve freed up extra time for other tasks. Earlier, we needed to go through a number of Excel files and compare with the ERP system. Now I can sit at home at night and check the status of all accounts—a big time-saver. ”

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THE 3 KEY AREAS FOR A MORE EFFICIENT FINANCIAL CLOSE

To successfully make this shift, finance departments will need to undergo a significant transformation in their financial close processes. Now, you will have to create pre-defined tasks, procedures and shared milestones as well as designated preparers, approvers and reviewers for every workflow.

Ultimately, this results in real-time overviews of the relevant status, data and documentation. For managers, the list of potential improvements may seem endless—and automation is only part of the answer. A more focused approach starts with identifying the core weaknesses of current financial close processes—those that are the main sources of errors, unnecessary waiting, or where discrepancies are time-consuming to resolve. In most cases this all boils down to three key areas, all of which can be resolved with the help of modern, purpose-built software.

1) Unified Status Overview

Go from overstressed, at-a-glance approvals of complex spreadsheets to a single real-time overview of the status of all prioritised tasks, enabling up-to-the-moment reporting and follow-up for all stakeholders.

2) Standardised Approval Workflows

Wherever possible, a shift from Excel-based silos to high-visibility, automated, and standardised workflows and full traceability can deliver immediate results; this allows you to bring key insights, discrepancies and high-risk accounts to the attention of financial managers.

3) Safe, Retrievable Documentation

For supporting documentation, a move from local servers and printed documents to secure cloud-based storage can save hundreds of hours of headaches, even years into the future.

1. FROM MONTH-END STRESS TO COMPLETE CONTROL

Unified Status Overview

Are we done yet? Have we hit our milestones? Has everyone followed our guidelines and procedures?

Some questions are too important to wait until you're up against your deadline. And unfortunately, the most common spreadsheets offer few solutions for managers who demand a real-time overview of which tasks have been prepared and approved according to a clear timetable.

To deliver high-value strategic insights, financial managers need to move from policing every task and procedure to monitoring overall progress and analytics as part of their daily routine.

TOMORROW

Dashboard overviews highlighting high-risk accounts, key milestones and prioritized tasks at all times

Centrally planned processes with assigned roles and tasks visible to both preparers and management

Monitoring and control software with designated alerts and process analytics that reduce risk and deliver up-to-date insights

TODAY

Inefficient status checks with email updates, status meetings, decentralized information and error-prone spreadsheets

High risk of errors due to late journal entries and last-minute approvals, leading to corrections and investigations only after reporting

Unclear responsibilities and peak loads causing unnecessary stress and costly employee turnover

TOMORROW

Simplified approval processes with one purpose-built solution enabling segregation of duties for every account and task

Digital sign-off and designated approval with a secure system ensuring full control and oversight before reporting

Easy management of rejections and revisions with full traceability for the entire approval workflow



TODAY

Lack of standardized procedures with each employee working in a separate silo, individualized workflow and with little to no proper oversight

Poor segregation of duties, typically due to the use of Excel, which can cause unclear workflow approvals and often results in only a single managerial approval

2. FROM INDIVIDUAL SILOS TO TOTAL ACCOUNTABILITY

Standardized Approval Workflows

Flawed routines. Unclear approval responsibilities. Difficulties handling rejections and revisions. A time crunch causing managers to just take a random sampling of account preparations. There are many causes for violating the so-called “Four Eyes Approval Principle,” and all of them are far from industry best practices.

3. FROM AD HOC PANIC TO ONE-CLICK REVIEW

Safe Retrievable Documentation

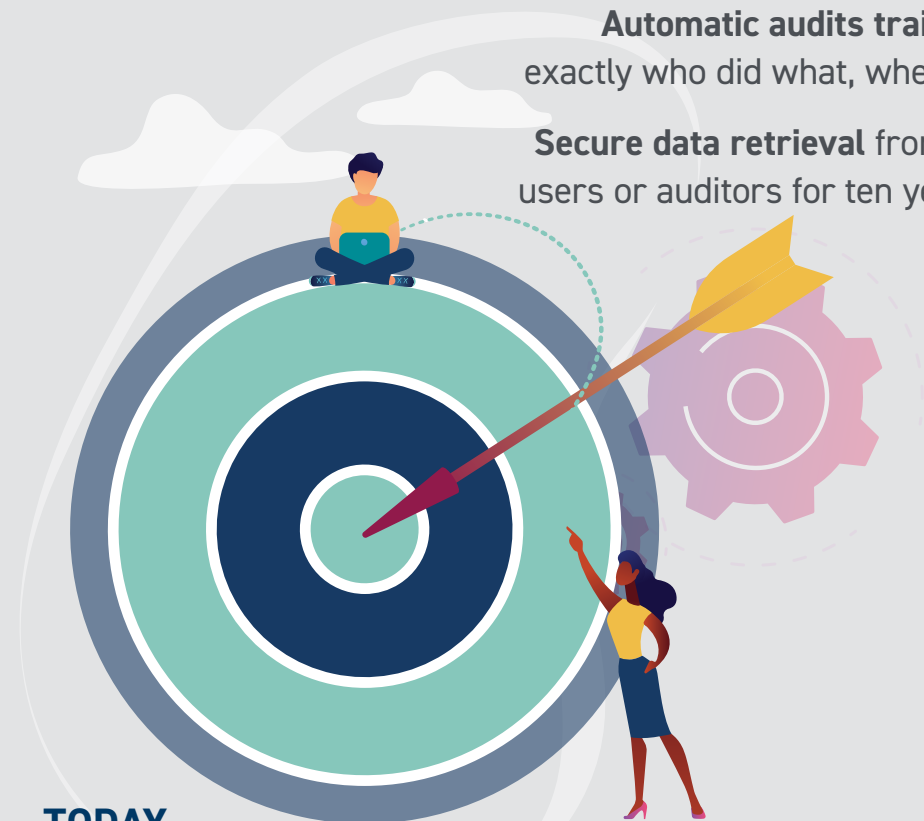
In a spreadsheet-driven environment, supporting documentation for open balances and specifications is often handled in a number of ad-hoc ways. Modern financial close software makes it possible to overcome these challenges by securely storing all relevant documents and journal notes just one tamper-proof click away from the task under review.

TOMORROW

A secure cloud-based server for all tasks, reconciliations and supporting documents

Automatic audits trails specifying exactly who did what, where and when

Secure data retrieval from authorized users or auditors for ten years or more



TODAY

Local server-hosted documentation

with web-based links where files might be deleted, written over, moved or misplaced over the required minimum of at least ten years

Documentation loaded directly into

the spreadsheet leading to extremely heavy files containing countless accounts and tabs

Physical print-outs of every page

stored in binders, the method favored by a full 62% of companies in our survey, causes excessive printing, organizing and archiving costs

EXPERT'S CORNER



Per-Øyvind Borge-Hansen

PARTNER, EY NORWAY

PER-ØYVIND BORGE-HANSEN is a partner at EY Oslo in the firm's Financial Accounting Advisory Services (FAAS) unit where he focuses on Process Excellence and Corporate Governance services. He is a 20-year financial veteran with extensive experience from improvement projects with respect to the financial statement close process and in managing international audit assignments. This includes advising corporate boards and executive groups in matters relating to internal control and accounting issues. He also has broad experience from capital market transactions such as acquisitions, share issues and listing processes.



Why is achieving excellence in the financial close so important?

In my opinion, there are three main reasons for setting a high standard in this area:

1. To achieve a fast and cost-efficient financial closing process
2. To ensure high-quality financial reporting free of material errors
3. To free up time for more value-adding activities

We hear a lot of talk these days about the new, strategic role of the finance department.

This is increasingly true of course. However, many reporting teams are not set up to meet stakeholders' needs for real-time, error-free information. Inefficient delivery processes—from fragmented routines to time-consuming manual workarounds—are slowing down response times. For many companies, the financial close is mainly about the production of financial data—getting the numbers right.

This means a lot of time and energy is spent on the mechanics of closing the books of business units and consolidating the figures from a group perspective.

In many cases, financial controllers are deeply involved in the production of financial data. We often see group controllers whose main focus is to help the business units close their books. In the scramble to finalize the management report on time, the value-adding business controlling that provides strategic insights into what the numbers say about the development of the business is often sacrificed.



**“ Reporting teams
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What do you gain from focusing on improving your closing process?

High performers not only produce higher quality reporting faster, they achieve this while spending less money on the finance function than the population average. According to our Nordic Closing Excellence survey, high performers’ finance function costs are approximately 1.2% of their revenue, while the population average spends 1.4%.

However, high performers still have room for improvement, with an average finance function cost of 0.8% of revenue. The message is clear – by striving to be a high performer, the reward is a financial closing process that is faster, of higher quality, and more cost-efficient, resulting in an output which is more value-adding and better aligned with the company’s strategy.

”

HOW CAN YOUR FINANCIAL CLOSE ADD MORE VALUE TODAY?

The three areas we've identified, status overview, approval workflows and documentation handling, are critical building blocks for any successful digital transformation of the financial close. Whatever systems and policies you have in place, be sure that you've covered the following general points as part of your transformation checklist:



Clearly define your transformation vision for senior management—what will the future financial close look like and what business value will it create?



Where possible, quantify the risks and inefficiencies of current practices and benchmark against industry standards



Start with the big picture, adding clear milestones and notifications for high-risk and prioritized tasks



When opening a new task, always assign a specific preparer, approver and reviewer, with clearly defined procedures and deadlines for each role



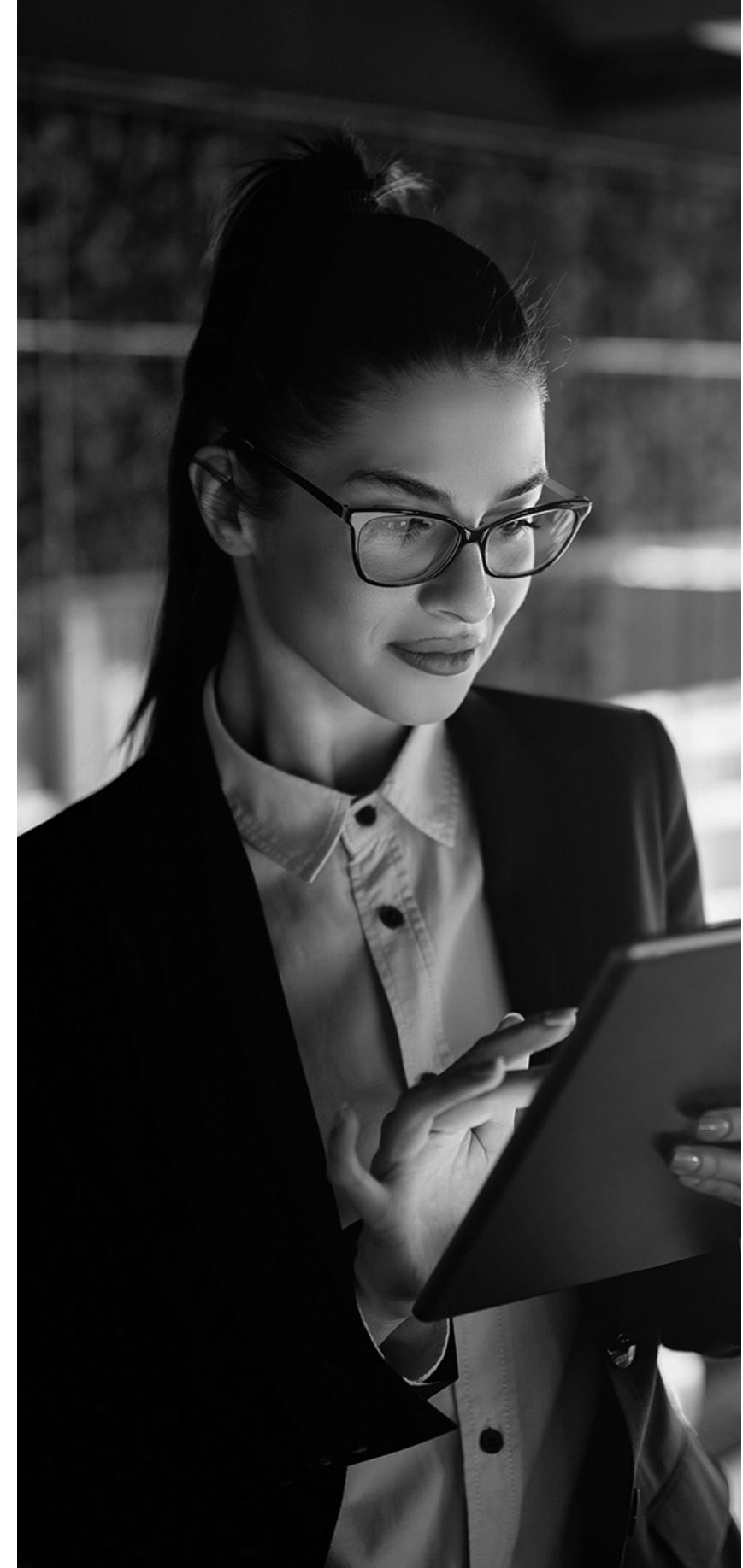
Invest in financial close software to ensure full digital certification and traceability for every task



Invest in a secure cloud-based solution for safe archiving of all supporting documentation



Always opt for transparency, with shared timelines, policies and procedures easily accessible to relevant staff



WHAT CUSTOMERS WHO HAVE AUTOMATED ARE TELLING US

“

BALANCER has been found to be an indispensable system – not only for our accounts department, but also for auditors. For example, by using BALANCER they are also able to keep track of whether we are meeting our goal of reconciling our balances on a continuous basis during the year. Furthermore, we have reduced the risk of errors and are experiencing a lot more confidence in our numbers than previously.

”

MARTIN TØRNES - CFO

FUJITSU

JOIN OUR MOVEMENT TO CLOSE THE GAP

If you're still using spreadsheets, binders and paper-based archiving during your financial close, you are not alone. However, because you have read this report, we know that you realize it's time to make a change. The **Adra Suite of Solutions** can help you do just that.



WANT TO FIND OUT MORE?

If you'd like to know more around this topic, please click on the relevant links below:



[A Guide to Reconciliation Management](#)

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ABOUT TRINTECH

Trintech Inc., a pioneer of Financial Corporate Performance Management (FCPM) software, combines unmatched technical and financial expertise to create innovative, cloud-based software solutions that deliver world-class financial operations and insights. From high volume transaction matching and streamlining daily operational reconciliations, to automating and managing balance sheet reconciliations, intercompany accounting, journal entries, disclosure and fiduciary reporting and bank fee analysis, to governance, risk and compliance – Trintech’s portfolio of financial solutions, including Cadency® Platform, Adra® Suite, and targeted tools, Trintech Disclosure Management®, ReconNET™, T-Recs®, and UPCS®, help manage all aspects of the financial close process. Over 3,500 clients worldwide – including the majority of the Fortune 100 – rely on the company’s cloud-based software to continuously improve the efficiency, reliability, and strategic insights of their financial operations.

Headquartered in Dallas, Texas, Trintech has offices located across the United States, United Kingdom, Australia, Singapore, France, Germany, Ireland, the Netherlands and the Nordics, as well as strategic partners in South Africa, Latin America and Asia Pacific. To learn more about Trintech, visit www.trintech.com.



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