



WHITE PAPER

Best Practices in Financial Consolidation and Reporting



WHITE PAPER

Look to the Cloud for Modern Financial Consolidation and Reporting

TABLE OF CONTENTS

- 3 Finance is Moving Beyond Spreadsheets
- 4 Financial Consolidation Shouldn't Be a Massive Burden
- 4 Quantitative Benefits of Financial Process Modernization
- 5 Modern Finance Solutions are Built to Handle Complexity
- 6 Modernizing Financial Consolidation and Reporting

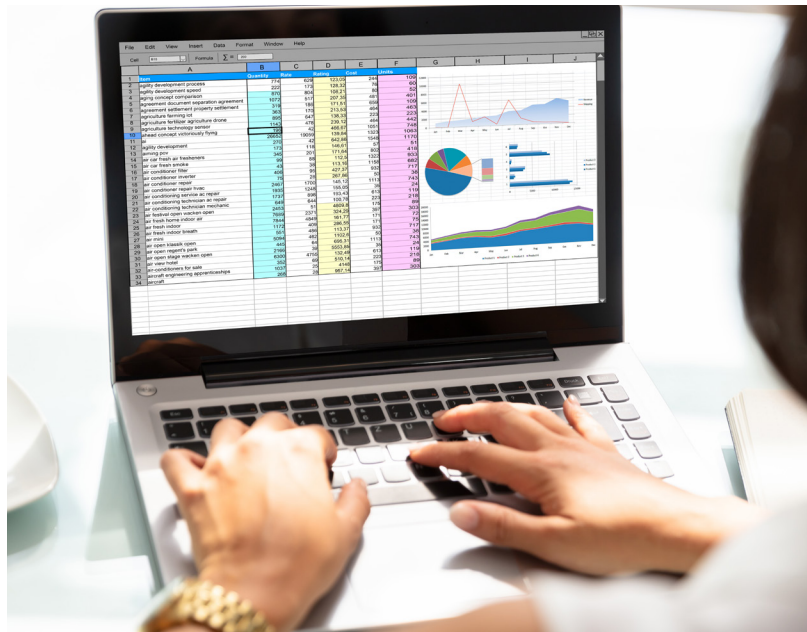
FINANCE IS MOVING BEYOND SPREADSHEETS

Spreadsheets are a staple of financial reporting and consolidation. But as data becomes more pervasive and spread across different systems, spreadsheets make it increasingly difficult to manage financial data at scale. Collecting, compiling, and validating data in spreadsheets is tedious, time-consuming, and error-prone. And reporting on financial data in spreadsheets requires extensive manual manipulation to display the data in the way that finance and accounting audiences expect.

As a result, the monthly financial close and consolidation process is often a time-consuming and hectic endeavor. The need for financial consolidation and reporting to move beyond spreadsheets is critical. But finance and accounting teams continue to struggle through monthly, quarterly, and year-end financial close and reporting cycles trapped in spreadsheets. As finance moves other planning, forecasting, and reporting efforts to modern, cloud-based solutions, it makes sense the accounting team should follow suit.

Here are five quick reasons to think beyond spreadsheets for financial close and consolidation:

- 1 Spreadsheets are tedious and require too much time to prepare complex consolidation activities, adding days or weeks onto reporting cycles.
- 2 Data entered manually isn't always accurate. Even a single error undermines the confidence and trust in the reported financial results.
- 3 Spreadsheet formulas frequently require long, complex calculations with tangled formulas and cross-tab references. What's more, there's no error-checking of each formula unless they're manually reviewed.
- 4 Spreadsheets lack security and auditability controls. Every user can view and change any data or calculation, and any spreadsheet can be emailed, added to a USB drive, or shared via online storage in just a click.
- 5 The needs of modern finance have grown well beyond the inflexibility of spreadsheets. As a business grows, acquires, and enters new markets, the ripple effect across manually built and maintained spreadsheets can bog down growth efforts.



THERE IS ANOTHER CHOICE, AND IT LIVES IN THE CLOUD.

Cloud-based applications are decidedly mainstream. A 2018 study by IDG Communications found that 73 percent of organizations have deployed cloud-based applications. Benefits range from speed to efficiency to low cost, but specifically the simple ease of use, ease of deployment, and powerful consolidation and close features are all of value to the office of finance.



FINANCIAL CONSOLIDATION SHOULDN'T BE A MASSIVE BURDEN

Consolidation isn't just a necessary task for large enterprises. Even small and mid-sized companies sometimes require robust and reliable financial consolidation and reporting tools. This happens regardless of size when more than one general ledger, transactional or ERP system is in use, after acquisitions, and when alternate organizational rollups are employed. Additional requirements arise when currencies come in to play, when there are intercompany transactions that need to be eliminated, or when subsidiary structures and partial ownership rules need to be applied.

Planned activities, such as external audits and IPOs also impact consolidation and reporting efforts.

The frustration, workload, and excessive time required for period-end close is always a major burden on the accounting team.

The good news is that cloud-based solutions are relatively easy to deploy, automate all of these financial consolidation tasks, automatically integrate with financial plans, budgets, and forecasts, and seamlessly connect with existing finance tools and processes such as ledgers and sub-ledgers.

QUANTITATIVE BENEFITS OF FINANCIAL PROCESS MODERNIZATION

Real examples of the benefits of cloud-based financial consolidation and reporting show that the results and benefits are significant.

A study by Forrester Consulting, a leading independent research firm, found that companies using EPM solutions can realize \$1.2 million in benefits over three years and a total ROI of 393%.

For those companies using modern finance solutions, the results are tangible and measurable.

PS Logistics, one of the largest flatbed trucking firms in the U.S., transformed its financial and management reporting to a cloud-based solution and drastically shortened the monthly close process from four weeks to just five days.

Annually, the company's year-end auditing was reduced from a months-long process to just a week or less. And, it also helped the finance team identify errors that, when fixed, resulted in a \$2.4 million annual savings.

Acciona Energy, which operates wind and solar power farms had struggled with two accounting systems and 250 spreadsheets before modernizing its finance operations with a cloud-based solution. The new solution enabled the company to reduce their quarter-close time to just three days. Adding in other productivity gains, such as reducing budgeting from four months to four weeks, the company's financial team was able to spend more time analyzing opportunities, applying insights, and making better investment decisions.

MODERN FINANCE SOLUTIONS ARE BUILT TO HANDLE COMPLEXITY

Financial consolidations are a challenging and complex process which requires special skills and a multitude of inputs and steps. It begins with collecting financial data from multiple

general ledger systems, each of which can have different nuances, currencies, practices, terminology, and more. Then, finance needs to translate those different inputs into a common structure. It requires experience and expertise, and historically has relied on manual effort that invariably invites human error. Even the smallest error can cause significant re-work and costly delays. Worse yet, mistakes can result in penalties, fines, financial restatements, and a decline in share price.

Modern cloud-based financial software automates complex consolidation activities such as GL data loads, currency conversion, journal entries, and intercompany eliminations. These solutions come with pre-built intelligence so they automatically classify and display financial data the way financial audiences require. Validation rules highlight areas of concern and potential errors so the team can spot and rectify issues, and have confidence in the final results. Built-in task management tools enable the team to stay aligned and focused on key activities and deadlines. Generation of financial statements for review and approval is automated. And, all the while, audit trails and data logs are recorded, key dates and deadlines are managed, and individual tasks and milestones are monitored so the financial close is completed quickly and smoothly.

Today's cloud-based EPM solutions unify financial performance management into a single system, bringing financial consolidation, budgeting, planning, forecasting, and reporting into a comprehensive platform that transforms how finance works. That transformation gives finance the power and speed to simplify and accelerate financial consolidation and reporting,



leaving more time to focus on more strategic tasks like data analysis and strategic decision-making. Eliminating weeks of effort from a monthly close or annual budgeting process frees up real time for accounting, and having the confidence that final numbers are accurate and secure is invaluable.

MODERNIZING FINANCIAL CONSOLIDATION AND REPORTING

As more organizations seek to modernize and transform finance, their solution choices range from the old to the new. Legacy, on-premise software solutions require large capital expenditures and costly maintenance. These consolidation applications come with a price tag in the six or seven figures. Point solutions that provide financial planning and budgeting features often lack sufficient consolidation tools, leaving you with a gap in capabilities.





Cloud-based financial consolidation has many advantages over traditional spreadsheet-based processes. Because spreadsheets were developed decades ago, technological advancements have far eclipsed their capabilities. A modern finance organization can no longer be bound by the limitations of old technology, nor can they be comfortable accepting the risks and resource burdens that come with it.

Cloud EPM offers finance easy deployment, budget-friendly costs, and an easy user experience. But where it really shines is in helping them do their jobs without frustration, delays, or tedious manual tasks. It provides governance of security, internal controls, and audit trails, plus adds extreme power to handle any volume of data or complexity of business.

FINANCE CONSOLIDATION SOLUTION MUST-HAVES

For organizations still mired in the world of spreadsheet-based financial consolidation, the level of pain and effort may be considered a necessary evil. However, there are clear signs that a consolidation solution is needed. These include reporting efforts that take longer than expected or place an undue workload on the finance team, challenges getting reports generated and formatted, more than one version of the truth with respect to data or results, inability to incorporate last-minute changes or new data, and a lack of confidence in the final results.

As organizations grow, the need for greater financial sophistication also grows. Every organization has specific needs, of course, but the highest-priority items are common to most. When looking for a modern financial consolidation and reporting system, consider the following when creating your list of desired attributes.

-  **A single data source to drive consolidation, budgeting, and forecasting.**
-  **Reports that are easy to format and generate, yet can incorporate complex components.**
-  **Automation across the consolidation process to add speed, eliminate manual work, and reduce the possibility of errors.**
-  **Robust tools for compliance, control, and transparency.**



Ultimately, cloud-based financial close applications help the accounting team elevate itself from a transactional role into a more strategic component of a high-performing organization. By eliminating the time spent fighting with spreadsheets, EPM software applications let accounting make faster, more strategic decisions while working more tightly with the business.

Planful Consolidation accelerates and automates financial close, consolidation, and reporting. It's simple and affordable while ensuring security, accuracy, and confidence in your final financial results.

Learn more at www.planful.com