

# Delivering a Modern Financial Close



## How are you keeping up with the increased business complexity & reporting requirements?

Increasing regulation and stakeholder demands are putting more and more pressure on financial consolidation, close and reporting processes.

Organizations are continually required to report more in less time, both internally as well as externally. This is coupled with demands for increased transparency and governance. A fragmented approach to financial close and reporting processes makes meeting these demands problematic. Organizations are now turning to cloud software solutions that address the extended process from ledger close to regulatory filing, like Oracle Financial Consolidation and Close Cloud Service, to help them deliver the **Modern Financial Close**.

70%

More than **70%** of companies have more than 5 reporting standards

**50%** of companies increased staff in the last 3 years to keep up with requirements

50%

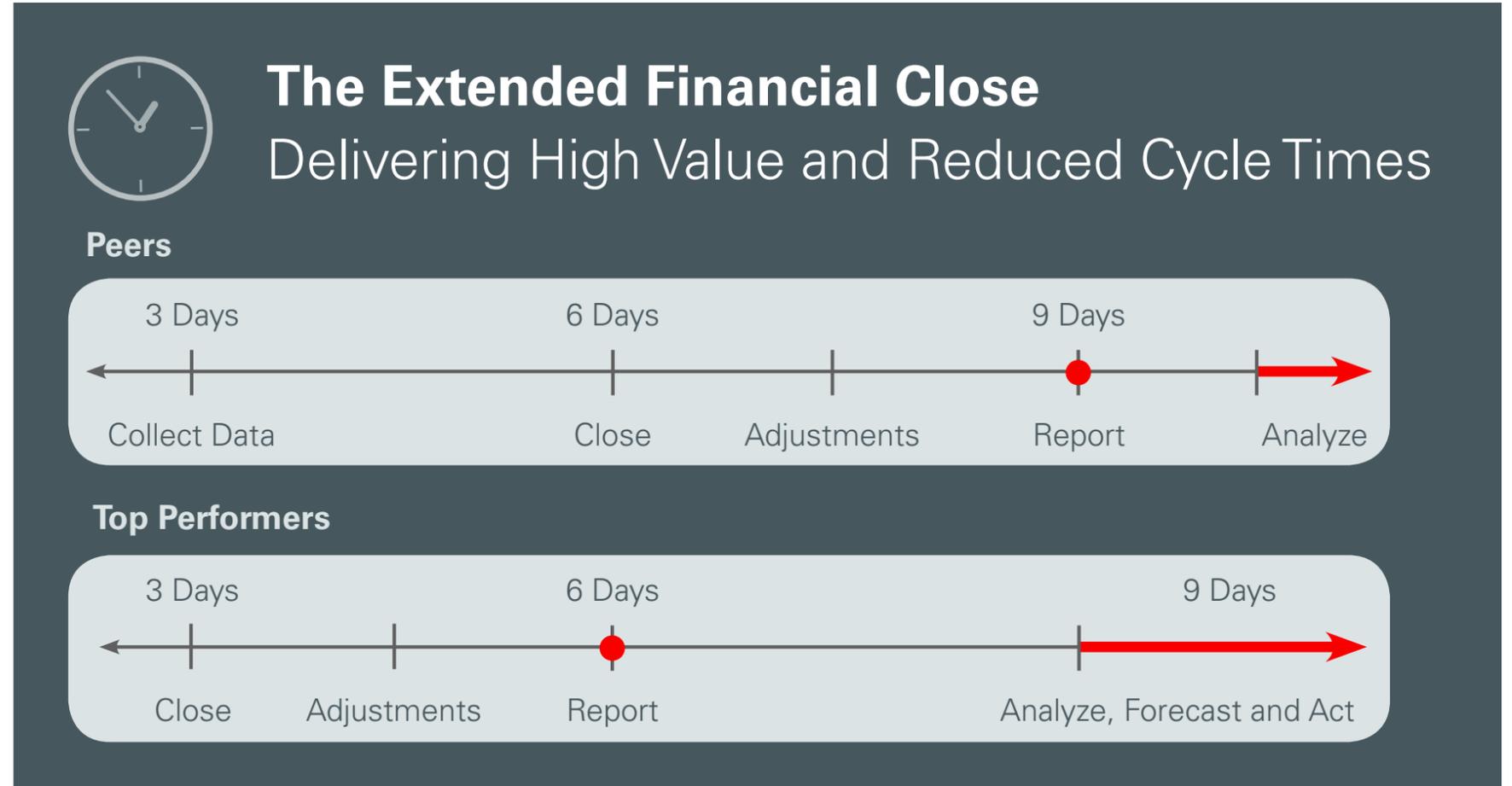


## Today's Financial Close Challenges

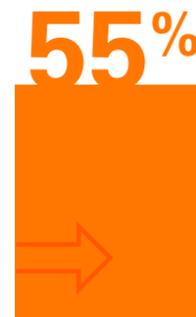
Financial close and reporting requirements come from a variety of sources and are both complex, and ever-changing. Regulatory scrutiny has never been higher—especially since the Sarbanes-Oxley Act (SOX) in the United States and International Financial Reporting Standards (IFRS 2005) in Europe. In addition, external stakeholders want more quantitative and qualitative disclosures about the organizations they are investing in, as well as internal management stakeholders who are demanding more frequent insights into financial and operating results.

### To Meet These Demands Organizations Have To:

- Streamline the period-end close cycle
- Ensure visibility and predictability in financial consolidation and close
- Integrate financial controls to ensure accuracy of financial results
- Avoid delays from unexpected reconciliation issues
- Address all external/ statutory and internal reporting needs
- Manage costs related to financial reporting and filing



## Challenges Facing Senior Finance Professionals



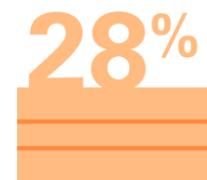
Complex legacy systems and environment



Managing complex needs of all stakeholders



Managing new and complex risks



Difficulties in standardizing finance processes due to complex operating models

## Taking a Modern Approach

Traditionally financial close and reporting processes have been fragmented, often held together by manual interventions and many disconnected spreadsheets. The result has been lengthy cycles, opportunity for undiscovered errors and little governance and transparency. The modern approach taken by many world-class organizations is holistic, addressing the entire, or extended, financial close and reporting process and using an enterprise software solution to support this.

## Best Practice Consolidation Out-of-the-Box

The financial consolidation process is complex and executed under considerable time pressure and finance departments often do not use the best tools and practices for the financial consolidation. In addition the cyclical nature of the process leaves little time to research, develop, test and implement best practices. As a result errors are very difficult to detect in the complex consolidation calculations required.

Market leading financial close solutions offer best practices that are embedded in the solution with simple configuration selection and no complex scripting including processes like intercompany balance eliminations and complex ownership calculations. Pre-built dashboards and reports including cash flow, balance sheet and income statement are often also included.

This ensures the use of best practices for accurate and efficient financial consolidation, close and reporting and makes it easy for finance departments meet global financial regulation requirements like IFRS and GAAP. It significantly reduces timescale, cost and risk in the financial consolidation, close and reporting processes.

“We’ve got tougher requirements set by the authorities on the one hand, and by the stakeholders on the other...We’ve also high pressure due to limited resources, requirements regarding data quality, and last but not least, increasing compliance demands.”

—Mark Minne, Vice President of Reporting & Information Service (RISE) at Deutsche Telekom

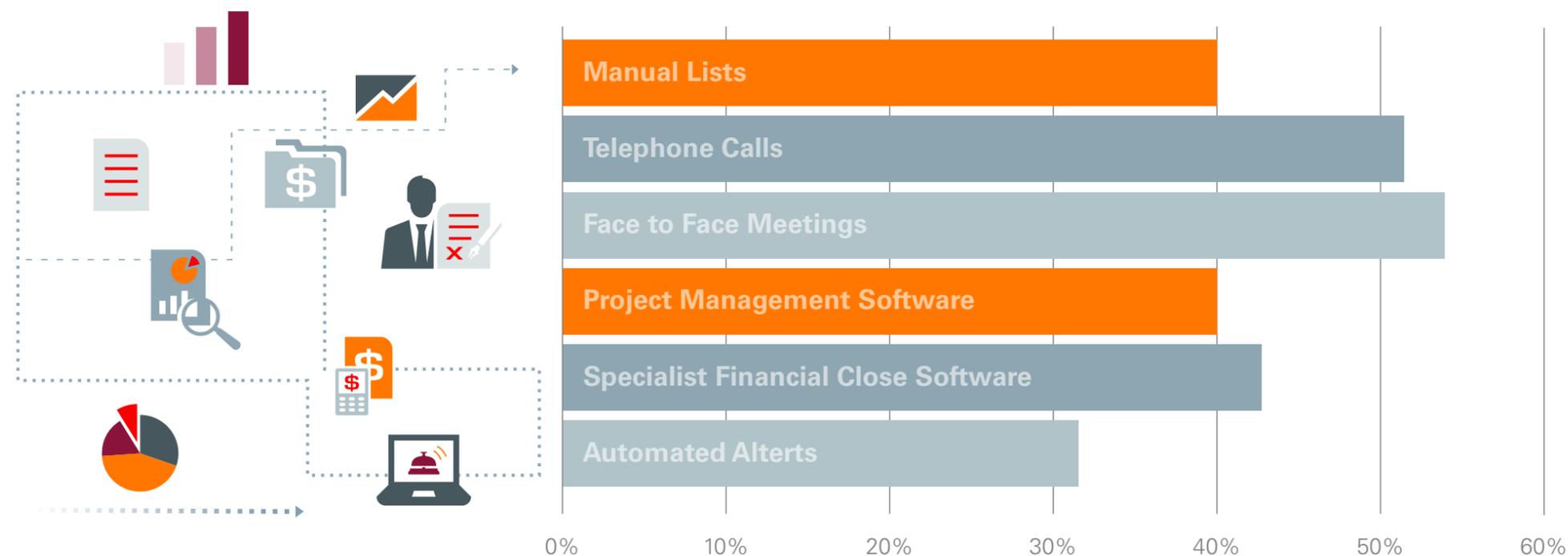
Quote from EY report: Connected Reporting Responding to Complexity and Rising Stakeholder Demands



## Comprehensively Address the Extended Close Process

The 'extended' financial close encompasses everything that takes place from sub-ledger close to submitting filings to the appropriate regulatory body. This often can involve 1000s of individual activities and 100s of people even in a mid-size organization, especially where there are many subsidiaries. Making this happen on time and right the first time requires careful planning and management and, smooth and trouble-free execution. Not an easy task with manual tick lists, email, spreadsheets and disparate systems. Oracle and Accenture research shows that while organizations use many different tools to manage the process, see graph, in fact 86% of them also use spreadsheets.

### How Organizations Track the Financial Close, Reporting and Filing Process



The Challenge of Corporate Reporting Research Study carried out by Dynamic Markets on behalf of Oracle and Accenture.

Modern solutions that comprehensively address the extended close process:

- Reduce the time it takes to complete the financial close
- Ensure visibility and predictability in financial consolidation and close
- Deliver numbers that are complete and accurate
- Do not require replacement or alteration existing transactional systems
- Increase collaboration
- Ensure clear responsibilities and timescales
- Help improve the consistency and quality of their financial close

## Integrated, Secure and Auditable

Organizations have significant challenges when their financial close is disconnected and inefficient through using manual processes, including spreadsheets, email and telephone calls and through poor integration with source systems. These rely on manual audit trails and have very limited controls and little transparency. The lack of modern tools for the job can also compromise the security of what is very sensitive information.

By contrast a modern financial consolidation and close solution will deliver confidence in the completeness and accuracy of data and improve the security, consistency and quality of financial reporting. This is achieved through a strong compliance framework including auditing, segregation of duties, and transparent calculations plus direct integration with source systems managed by the business users. Users will also have secure anywhere anytime access to latest financial information that remove the dependency on finance for generating reports and analysis.

“Complex organizations recognize they need to take active steps to simplify, standardize and optimize their business.”

Accenture 2014 High Performance Finance Study: The CFO as Architect of Business Value



Modern solutions which are integrated, secure and auditable:

- Contain / reduce audit costs
- Provide confidence in compliance with regulations
- Ensure security of sensitive data when providing access for reporting
- Deliver integrated user driven self service dashboards and reporting with comprehensive security
- Provide secure mobile user access for easy, on-the-go data access
- Have Microsoft Office integration for online/offline analysis and reporting that maintains security

# The Extended Financial Close

**Control**



Close Management



Finance Dashboard

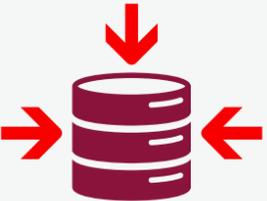
**Execution**



Data Sources



Data Assurance



Consolidations

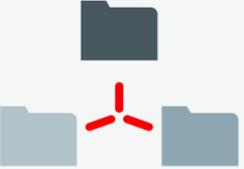


Management & Analytical Reporting

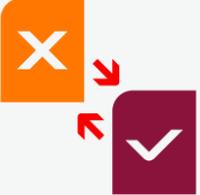


Compliance & Statutory Reporting

**Support**



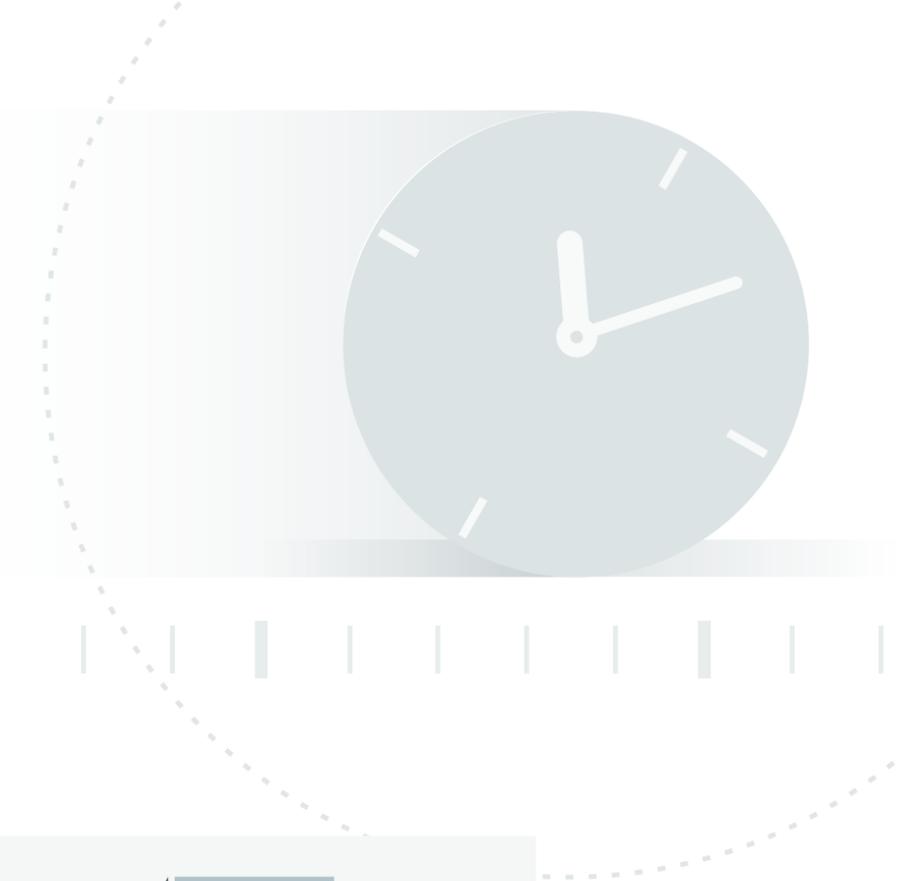
Hierarchy Governance



Reconciliations



Supplemental Data



## A World Class Close

World class performers look to modern integrated enterprise software cloud based solutions to support their efforts across the entire extended financial close. It is only by integrating all aspects of the financial close that world-class results can be achieved.

### World Class Benchmark—Financial Close and Reporting

Metric	Top Performers	Peers
Time to close	3 days	5 days
Time to report month end operating results	2 days	4 days
Process costs as % of revenue	0.084% (52% advantage)	0.174%
FTEs involved in process	7.2 (63% fewer)	19.6

Source: Hackett Group 2014

The key characteristics of how world class organizations approach the financial close are:

- Take a holistic approach—address and manage the entire process
- Focus on the time-wasters (intercompany transactions, cash flow, foreign exchange, minority interests, account reconciliations, supplemental data etc.)
- Deliver information as early as possible—interim flash reporting
- Include unstructured information—reporting with commentary
- Close source systems and keep them closed
- Do it right the first time—audit trails, process control
- Report direct from the system: self service and automated internal/external reporting (Word, PowerPoint, Excel, HTML, PDF, etc.)
- Incorporate ALL regulatory reporting requirements



## Consolidate, Close and Report with Confidence

The Oracle EPM Cloud Financial Close Solution provides an integrated solution for the extended financial close and reporting process. It enables organizations to report to stakeholders in a timely and accurate manner and provides a level of governance, visibility, and transparency into the financial close and reporting cycle that enables management to be confident in the numbers they report to stakeholders.

### Oracle Financial Consolidation and Close Cloud Service

Oracle Financial Consolidation and Close Cloud Service is a solution that can be configured to fit individual organizations' requirements. Using best practices, coupled with pre-seeded content, the system allows organizations to build an application that meets their business needs without having extraneous functionality that is not required. It enables organizations to combine a world class consolidation solution with the ability to tailor the solution for the features they require.

### Oracle Account Reconciliation Cloud Service

Oracle Account Reconciliation Cloud Service is a purpose-built solution in the Cloud for managing the global reconciliation process. It provides real-time visibility into the performance of reconciliations and ensuring that all reconciliations prepared are properly qualified. It also helps companies streamline and optimize performance by automating certain reconciliation tasks and supporting risk-based reconciliation cycles.

### Oracle Enterprise Performance Reporting Cloud Service

Oracle Enterprise Performance Reporting Cloud is a purpose-built solution in the Cloud for management and narrative reporting. It provides a secure, collaborative, process-driven approach for defining, authoring, reviewing, and publishing financial and management report packages for internal and external stakeholders.



More information:  
[cloud.oracle.com/epm](https://cloud.oracle.com/epm)

#### Other Oracle EPM Cloud Services:

Oracle Planning and Budgeting Cloud Service,  
Oracle Enterprise Planning and Budgeting Cloud Service

