

# The Future of Financial Reporting

Survey 2017

*Insights from the FSN  
Modern Finance Forum  
on LinkedIn*

**FSN**

**The Modern Finance Forum**

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**Giovanni Grossi**  
CEO BOARD International

Dear Colleagues,

As the role of modern CFOs expands from the traditional mandate to manage company numbers to supporting and developing strategy, and thereby guiding key business initiatives, the Office of Finance is becoming crucial to the entire organization, including the supply chain, sales and marketing, as well as HR and IT departments.

This new pressure on Financial Departments to leverage vast amounts of unwieldy data at the velocity and rhythm of today's business unfortunately clashes with the current limits of major enterprises' financial reporting processes and systems.

Resulting from a survey of 977 finance professionals across the globe, the following insightful FSN study on the Future of Financial reporting finds a process that is teetering under the strain of new information demand into a spreadsheet spiral™, collapsing under the weights of inappropriate technologies and the unwillingness of boards to add to finance function headcounts.

Significant data are often distributed across several legacy systems that are poorly connected or not connected at all. In other instances, the data are not accessible, as much of today's valuable corporate data are locked in a spreadsheet on someone's laptop. To compound the challenge, much of the available data is often underutilized in the decision-making process because finance professionals are spending too much time cleaning and blending it, and, as a consequence, they do not have enough time to dedicate to data analysis.

Understandably, more and more overwhelmed and under-resourced CFOs see self-service reporting as a panacea – a way to offset the pressure they are under. But this FSN research identifies so many fault lines in their regular reporting that it is clear that many enterprises are simply not ready to allow users to

help themselves. That would simply make matters much worse.

**If the FSN report effectively spotlights the problem, what is the answer?**

Here at BOARD, we fully agree with Gary Simon's findings: to avoid a spreadsheet-spiral running out of control and affecting the integrity of financial information, quick fixes simply won't work; the solution is to tackle the problem holistically from the ground-up.

There is a clear need for unified performance management systems capable of integrating data coming from diverse sources, to ensure information integrity, and to easily adapt to organizational changes, thus making it possible for business users to achieve full self-service capabilities.

This is exactly what BOARD has been working to deliver over the last 20 years: a decision-making platform for the Office of Finance, capable of breaking data-silos and of leveraging data to properly address the reporting processes within the same unified and interactive environment for planning, analysis and simulation processes.

Our continuous investments into a unified platform that is conceived to better connect finance and business, built to handle analysis and planning in a single environment, designed to deliver self-service reporting at enterprise scale, and engineered to perform in the cloud, allows me to confidently state that the BOARD platform already is the Future of Financial Planning.

*Giovanni Grossi*

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CEO BOARD International

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## Executive Summary

Financial reporting is a window into the corporate center, providing internal and external stakeholders with their most regular, thorough and visible perspective of a company's financial performance. A CFO's reputation rests on delivering accurate and timely financial reports, because despite the raft of new strategic responsibilities they are taking on, financial stewardship remains the cornerstone of their role. The ability to close the books, consolidate group results and publish statutory accounts and insightful management accounts in ever decreasing timescales is widely regarded as a good proxy for good corporate governance, a 'tight ship' and a competent finance team.

In the main, statutory reports are delivered on time, board reporting packs inform directors sufficiently and business continues as usual. But FSN's survey of almost 1000 CFOs and senior finance professionals has exposed the less than solid foundations on which the financial reporting process is built. Across the process there are inefficiencies, inexpert fixes, delays and lax controls that cause CFOs sleepless nights and force them and their teams to spend untold hours manually checking and ensuring the veracity of the reports. Over half of respondents said reporting involves huge amounts of manual checking every time a change is made, and 60% believe they spend too much time cleaning and manipulating data. Their willingness to burn the 'midnight oil' to ensure the financial reports are delivered accurately and on time is admirable, but it isn't sustainable.

Figure 1:



*More than **50%** of respondents said reporting involved huge amounts of manual checking every time a change is made*



***60%** of respondents said they spend too much time cleaning and manipulating data*

To make the difficult strategic decisions required to remain competitive, organizations and the boards they are accountable to need trustworthy reporting that is agile enough to adapt as business models change, but the survey reveals a very different picture.

Only 3% of the survey respondents slept soundly. The rest worried about all manner of reporting obligations, including looming deadlines, lack of adequate controls, the prospect of unanswerable questions in the boardroom and whether an unexpected error will be discovered in a critical spreadsheet. Almost half of respondents shared this last worry, which was correlated highly with a litany of other flaws in the reporting process. These included a high degree of manual checking, delays in data collection, difficulty accommodating changes in information requirements and failing to remove redundant information from reporting packs.

The report finds finance functions stuck in a spiral of multiplying spreadsheets that stems from a lack of agility within the reporting process and an over-reliance on under-resourced IT departments. 43% of the senior finance executives surveyed don't even know how many business critical spreadsheets are in use. Productivity is low because of antiquated technology, and time-poor senior finance executives are still having to manually check or chase data.

Figure 2: ***CFOs caught in a spreadsheet-spiral™***



**43%** of the senior finance executives surveyed don't even know how many business critical spreadsheets are in use.

In an attempt to alleviate some of the time pressure CFOs have prioritized the implementation of self-service reporting in order to delegate responsibility. But the failings within the process will only be exacerbated by introducing even more users. Instead, their top technology priorities of self-service reporting and producing automated documents with version control and electronic signatures, should actually be last on the list of process improvements. First should be the implementation of a unified environment, either a modern ERP or CPM system that can change with the organization. In a unified environment, with autonomy in the cloud, finance functions need no longer rely on IT to adapt to organizational changes. Finance professionals can halt the proliferation of spreadsheets to cover gaps in reporting, and implement proper governance and controls, which will go a long way to reducing manual checking, data delays and redundant reports.

Only then is self-service reporting and automated document production a feasible solution for CFOs looking to devolve reporting responsibilities.

The effect in the boardroom will be significant too. According to the survey, only 60% of boards have a complete view of business performance, which means 40% are under-informed. But implementing changes at the heart of the finance function will ensure more visibility of a business's actual performance, uncluttered by redundant or unread reports, and board packs that reflect the current market environment rather than that of three years ago. CFOs have the opportunity, if they choose to embrace it, to turn their backward-looking financial reporting process into a meaningful indicator of future financial performance.

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**40%** of boardrooms do not have a complete view of the business.

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**BOARD combines reporting, analytics, planning and simulation into a single unified environment.**

**This way, BOARD provides the Office of Finance with a cutting-edge platform to drive financial reporting and decision-making processes across the whole organization, achieving an enterprise wide view of company performance.**



## Chapter 1

# CFOs are not ready for an era of self-service reporting

To make self-service reporting work, organizations first need to back it with a unified, consistent and controlled data environment.



## CFOs are not ready for an era of self-service reporting

As the financial reporting burden grows, CFOs are seeking solutions to give themselves some breathing space. Even though financial stewardship is the cornerstone of the CFO role, they also must find time to be strategic advisors, business partners and technology evangelists.

In their quest for a workload reprieve, it should come as no surprise that senior finance executives see the enablement of self-service reporting as one of their top priorities over the next three years. Self-service reporting disperses the workload by empowering individuals to support decision making. It enables a wider number of users to query data and produce the information and reports they need, when they need it.

On the face of it, self-service reporting appears to be an effective solution to the time-sapping requirements of producing ever-expanding reports, by giving more people the tools to develop those reports themselves.

But it can only work when it is built around a reporting process that is controlled, transparent and efficient, and many CFOs and their senior executives just aren't ready for an era of self-service reporting despite a strong desire to implement it.

## Reporting in disarray

If CFOs are going to hand the keys of the data room over to a larger pool of users, the integrity of the information – both within the system and what might be added by self-service users – must be assured. For a good proportion of survey respondents this isn't yet the case.

55% of respondents are concerned about whether their internal controls were working during the reporting period, which raises serious questions over the integrity of the data already being circulated. A further 46% worry about unexpected errors being identified in a critical spreadsheet, and 40% don't believe that their data is always trustworthy and accurate. For those CFOs whose data is in various stages of disarray, it would be prudent not to add several more users to an already fragile system.

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**55%** of respondents are concerned about whether their internal controls were working during the reporting period, raising serious questions over the integrity of the data in circulation.

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Finance executives also need to consider how agile their reporting process is, because the restrictions of a rigid reporting structure will only be compounded by more users in the process. The survey found that 60% of respondents spend too much time on data cleaning and manipulation, and 54% spend too much time battling fragmented systems which require data from multiple sources.

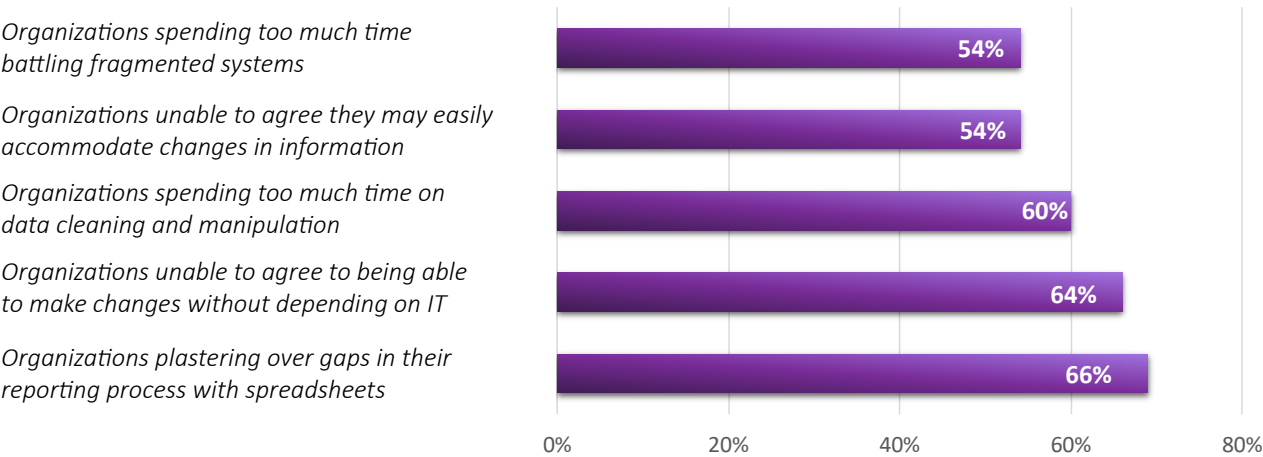
Only 46% of respondents said they could easily accommodate changes in information requirements, and only 34% said they could make changes without depending on IT. So when gaps in reporting appear, 69% of CFOs plaster them over with spreadsheets.

Preparing for self service

Offering a self-service option when control of data and processes is poor and the environment they operate in is too fragmented to support a system of self-service reporting, will only create problems further down the line. The low quality of data will mean more questions from users, negating any time gains, and if they’re not asking questions they could be populating reports with errors to begin with.

To prepare the ground for a self-service solution, senior finance executives must start with a unified, controlled environment which will serve as the central repository and engine room for all self-service users. With data proliferating exponentially, from the “Internet of Things”, social media sources, sales and customer information, organizations need a central repository into which the data can be fed, and then accessed by all relevant users.

Figure 3: CFOs grappling with a rigid reporting process



But CFOs must also consider the users of self-service software when preparing the organization for the move. Spreadsheets are often demonized for proliferating input errors or confusion around multiple versions of reports, but for some users they are the preferred method of report generation and data entry. When considering solutions, CFOs should look for a self-service choice that allows each user to engage using their preferred reporting tool, but that will still enable a unified environment in which to work. This will encourage self-service take-up and increase the likelihood of its successful implementation.

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*CFOs and senior finance executives ranked self-service reporting as one of their top priorities for financial reporting over the next three years, but they need to be ready.*

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**The fact that for the most part, real time reporting isn't on offer in the board room suggests that few organizations are ready to embrace an era of self-service reporting. Real time reporting in the board room is an indicator of a CFOs ability to serve up relevant and timely information to stakeholders, but three quarter of respondents are yet to make that move. CFOs and senior finance executives ranked self-service reporting as one of their top priorities for financial reporting over the next three years, but they need to be ready. If they are bogged down by fragmented systems, manual checking, poor controls and constant worrying about errors, self-service is likely to exacerbate these issues. Instead they must empower finance teams and managers with a unified environment, enhanced controls and a user-friendly self-service system. Then CFOs can spend more time adding strategic value to the business.**

While it is important to provide users with a full self-service reporting ability, it is equally important to maintain full governance on data reliability and security.

Excel, Data Discovery tools, or a patchwork of point solutions are not the answer.

There is the need to combine self-service reporting capabilities with a unified, validated, consistent and always updated data repository: a decision-making platform best-suited to today's Office of Finance.

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*“Financial analyses can be done dynamically in front of a live audience. Based on high level figures a drill down to underlying details is quite easy. This results in interactive financial sessions and an immediate mutual understanding of trends and focus points.”*

Okele van der Kam,  
responsible for Reporting  
and Business Control at  
KPMG Netherlands

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## KPMG Finance adopts BOARD for integrated reporting, analysis, planning, budgeting and forecasting.

### Challenge

The world is changing at an ever increasing pace. Increased internationalization, new data regulation, **disruptive technology and alternative business models transform market conditions for both KPMG and their clients.**

With this continuous change, the ability to seize opportunities while ensuring outstanding quality and control is essential for KPMG’s success. Moreover, these developments have impacted the requirements on KPMG’s internal finance department. In addition to their focus on quality and financial control, enabling the business to respond quickly to changing market conditions is a key value-adding activity.

In order to enable KPMG Finance to support the business actively in decision making, **an enterprise performance management system is required which allows for integrated reporting, analysis, planning, budgeting and forecasting.**

As agility is important to meet changing circumstances and need for information, **this system should be easy for users to handle** so it can be integrated in their daily work, **without having to depend on IT** to fulfill additional requirements. In addition, it should be able to deal with **both financial and non-financial data** from the ERP and any other source systems.

In other words: **easy access to all relevant information for decision making.**

## How BOARD fits in

**As recognized in Gartner's Magic Quadrants for both Business Intelligence Platforms and Corporate Performance Management Suites, BOARD combines both BI and EPM in one single platform.** This all-in-one approach enables organizations to support their different performance management processes with one integrated application.

In addition to the all-in-one concept, **BOARD is praised for its ease of use** and development by business and finance users, **with limited involvement of IT.** These characteristics make it possible to apply an agile implementation approach, with short iterative cycles to develop functionality step-by-step.

It's because of these strengths that **several KPMG member firms worldwide have been working on projects with BOARD successfully.**

**Teo Griffioen**, member of KPMG's Global EPM Competence Center and leading the Enterprise Performance Management practice at KPMG in The Netherlands: ***"The all-in-one toolkit approach of BOARD matches our vision on integrated performance management.*** This key capability, together with its ease of use and implementation, ***makes BOARD a very attractive tool"***

## Proof of concept and project

Based on an initial analysis of the current landscape and requirements of the KPMG Finance department, a short and thorough proof-of-concept stage was conducted. During this proof-of-concept, the most challenging functional and technical requirements were validated, in order to ensure that BOARD would be a good fit.

Amongst others, these requirements included delivering specific reports, supporting ad-hoc analysis, combining financial and non-financial data from different sources, and the ability to drill-down to transactional data from the ERP system.

Within a few weeks, analysis, development and presentation of the **proof-of-concept took place, confirming that BOARD could easily fulfill the requirements defined, and that implementation would be possible in a short timeframe.**

**Okele van der Kam**, responsible for Reporting and Business Control at KPMG in The Netherlands, is more than satisfied with the first phase of the project:

*“Implementing a new tool can be quite a challenge, especially if you want results in such short timeframe. But the implementation was well managed, with quickly resolved issues and a very limited amount of concessions to the original requirements. **All in all, it was remarkably easy to do!**”*

## Benefits

As a result, the current functionality offered through **BOARD allows the end user to easily access and analyze detailed financial data in a much faster and more flexible way than before**, through its options to view from different angles or to drill down to the lowest level of GL data. This way, leveraging BOARD to gather data, prepare and distribute reports, and perform analyses **enables KPMG to optimize the month-end closing and reporting process**. As intended, this functionality also enables business controllers to support decision making even better. A good example was provided just before the official Go-Live of BOARD when Jonathan Meijer, business controller at KPMG Advisory, was preparing for a management meeting. In gathering the required data, BOARD enabled him to prepare the relevant reports much faster, allowing him more time to analyze and provide the relevant insight during the meeting. **Jonathan Meijer:**

*“Financial analyses can be done dynamically in front of a live audience. Based on high level figures a drill down to underlying details is quite easy. This results in **interactive financial sessions and an immediate mutual understanding of trends and focus points.**”*

## Next steps

With this functionality delivered, KPMG Finance leverages just a part of the capabilities BOARD offers to support the wide range of EPM-processes. Next to adding non-financial data to BOARD from other sources and making these insights available to a wider range of users, Finance is now exploring how to support budgeting and forecasting processes. **Okele van der Kam:**

*“Running a good, thorough forecast process normally takes finance too much time to run the necessary checks and balances. So the challenge is to speed up that process, making it feel fast and easy – while staying in control – and that should give us the time to work on relevant scenarios of that forecast. **My view is that with BOARD we will be able to achieve***



## Chapter 2

# CFOs have lost their grip on reporting

A spreadsheet-spiral™ is affecting the integrity and the effectiveness of the Financial Reporting process. Only by breaking this self-perpetuating spiral can CFOs significantly improve the quality and timeliness of the Financial Reporting process.

## CFOs have lost their grip on reporting

Financial reports are being weighed down by unnecessary information as finance professionals fail to get a proper grip on an increasingly bloated and convoluted reporting ecosystem. At a time when the volume of available data is increasing exponentially, there will invariably be a rise in the type and amount of information corporate boards and shareholders will require. Externally, organizations are being compelled to add more data to their financial reports by regulatory requirements, while internally companies trying to stay ahead in their industry will be keen to track and monitor more diverse information.

In many cases this additional data is helpful, adding clarity, nuance and competitive edge in response to volatile market conditions. But it must be managed properly within the financial reporting process otherwise it can get unwieldy and overwhelming. And it appears that many senior finance executives have surrendered to the fact that the number of reports in circulation will continue to grow.

### Too much information

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**50%** of respondents do not remove redundant information from their reporting packs.

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According to the survey, 50% of finance teams do not remove redundant information from their reporting packs and 41% don't remove reports that are no longer used, even as the number of reports grow. This makes the reporting pack cumbersome and can unhelpfully mask what relevant information remains.

The issue may stem from an inability to understand which reports are helpful within or outside the organizations – 34% of respondents were unable to tell which are actually used.

Filling packs with redundant or obsolete reports may be one way for uncertain CFOs to try to ensure that critical information won't be excluded, because 43% of senior finance executives don't know how many business-critical spreadsheets are in use.

Overwhelmed and under resourced, over a third of survey respondents were unable to see the status of the reporting process at any given time. When finance executives can't see the wood for the redundant trees, don't know where their reports are in the process or how the process is progressing, they become vulnerable to the 'spreadsheet-spiral™', a self-perpetuating trap of spreadsheet overuse.



## The spreadsheet-spiral™

According to the survey, 71% of organizations depend on spreadsheets for collecting data across the majority of their business units. While the proliferation of spreadsheets is not a new phenomenon, few have been able to articulate why it is happening. This research pinpoints the two principle causes for the very first time.

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**71%** of respondents depend on spreadsheets for collecting data across the majority of their business units.

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Firstly, the inability of some ERP and CPM systems to change as the business changes and secondly the high dependency that most finance functions have on the IT function for even the simplest of systems changes. Only 29% of senior finance executives reckon they can change their organizational structure without major delays to their reporting timeline. And only 34% could make any required changes without IT intervention. So instead they turn to spreadsheets to paper over the cracks in the reporting process, with 69% of survey respondents resorting to this inefficient solution. And this reinforces the high dependence they have on spreadsheets in the first place, leading to a uncontrollable spreadsheet-spiral™.

As businesses are increasingly having to respond to new competitive pressures and new technology disruptors, reporting must remain efficient and easily adapted to new circumstances. For the vast majority, relying on the IT function to enable change just introduces unacceptable delay and means senior finance executives turn to more spreadsheets to paper over any gaps in order to avoid the convoluted process of getting something changed.

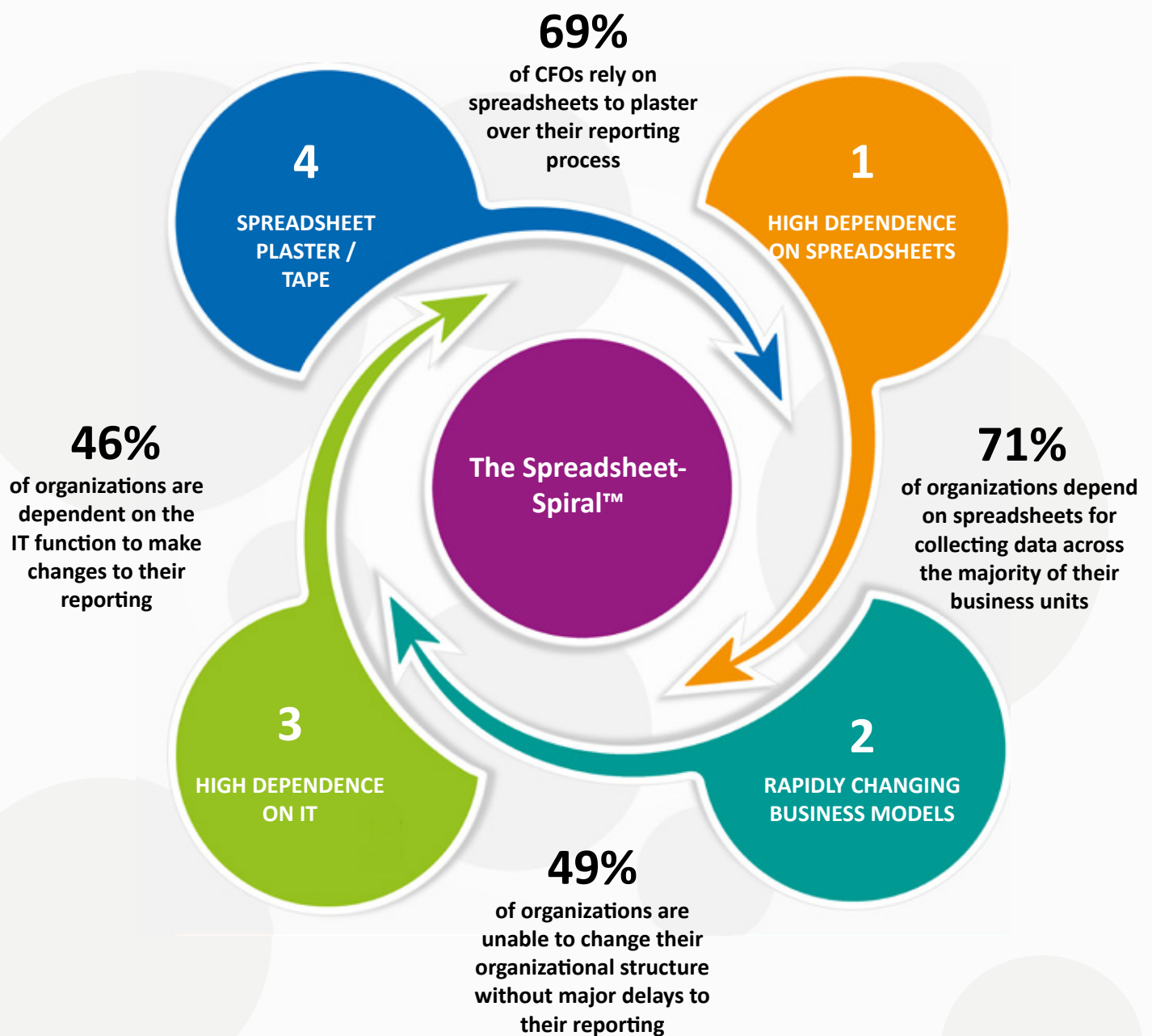
That's not to say spreadsheets are no longer fit for purpose, but an over-reliance on them can make it much harder to be agile, and accurate. Because in today's rapidly changing corporate environment, companies are having to improve their business models and change their corporate structure to stay competitive.

As the number and complexity of reports grows, using spreadsheets to track and manage financial reporting is increasingly ineffective, and sometimes downright obstructive.

CFOs have lost their grip on reporting

Figure 4:

*The spreadsheet-spiral™*



## Losing control

Without control of the proliferating report cycle, CFOs will find it even harder to track and refine their financial reports. More than half of CFOs confess to spending too much time manually checking each time a change is made, and in 57% of cases only one person can work on the report at a time.

This loss of control affects the integrity of the reporting process, and senior finance executives leave themselves open to severe reputational damage if errors are overlooked.

Despite the difficulties CFOs and senior finance executives have maintaining control of their processes and reacting to changes in the corporate environment, getting on top of their reporting situation is still low on their priorities. In a ranking of reporting priorities over the next three years, 'ensuring that critical spreadsheets are identified and controlled', and 'reducing the size and number of reports in circulation' were ranked fourth and fifth on their priority list.

The proliferation of alternative technology, the reliance on spreadsheets and the dogged inability to clear out old data remains a substantial stumbling block to an improved reporting regime. To make matters worse, ignoring basic housekeeping duties like clearing out redundant reports may indicate that controls in other areas of the financial reporting cycle are not entirely robust.

**While papering over the cracks with yet another spreadsheet may keep the wheels on for another reporting period, it can't last indefinitely. CFOs are doing a disservice to their new strategic role by offering up obsolete or obscured information when the board and shareholders really need more clarity to compete effectively.**

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*Despite the difficulties CFOs and senior finance executives have maintaining control of their processes and reacting to changes in the corporate environment, getting on top of their reporting situation is still low on their priorities.*

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We are fully aware of the spiral-spreadsheet™ phenomenon, which undermines the Financial Reporting process in many organizations. With BOARD, we have addressed its root causes by developing a unified decision-making platform that is conceived to better connect finance and business, built to handle analysis and planning in a single environment, designed to deliver self-service reporting at enterprise scale, and engineered to perform in the cloud.

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***Volkswagen Mexico's Office of Finance reports that the tremendous improvement in processes, accuracy and visibility in the finance strategy efficacy, combined with cost savings and improved accuracy of their premise data for planning, has reaped an increase in efficiencies from 57% to 91% since implemented in February 2015***

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## **Volkswagen de Mexico chose BOARD to combine Analysis, Reporting, Performance Management and Predictive Analytics**

### **The Company**

One of six Volkswagen manufacturing plants around the world, **Volkswagen de Mexico employs more than 65,000 people, including 49,000 supplier employees, at plants in Puebla and Silao** for the production of the Volkswagen Jetta, Beetle, Beetle Cabriolet and Golf 7 models, as well as engines and components for a wide range of other vehicle brands owned by Volkswagen. The plants, now covering more than 3.6 million square meters, have been operational since 1964.

### **The Challenge**

Until 2015, the finance department of Volkswagen Mexico relied on multiple applications running on Microsoft Office products to produce its annual plans and develop the key financial milestones for the company's operations.

Those applications, which had been created mostly in Microsoft Access Databases, flat files, Microsoft Excel spreadsheets and manual connections to other related systems, were judged to be inflexible, disconnected and unsecured, each requiring a great deal of very time-consuming and error-prone manual processing and integration. Each planning process cycle required many hours of work on those manual processes that often could contain deviations on numerical calculations. Such manual processes could introduce costly errors, subsequently leading to confusion and potentially inaccurate premises for the company's planning cycles and KPIs.

## The Solution

To alleviate those technical and business pains, VW Mexico decided in 2015 to find a flexible FP&A software solution on which they could implement a Business Intelligence strategy that would allow their planning processes to run smoothly, automatically and more efficiently than their legacy processes had allowed.

After an extensive review of potential enterprise software vendors for Financial Planning and Analysis (FP&A) and BI reporting, including Oracle, IBM, SAP and Qlik, **VW Mexico chose the BOARD platform, which combines FP&A, Financial and Strategic Corporate Performance Management, BI and predictive analytics** on a single database with built-in ETL and no-coding application development for business users.

VW Mexico cited superior functionality within the BOARD platform, including its flexibility, data analysis capabilities and technical infrastructure for virtual hardware, as primary reasons behind its selection.

The BOARD platform's no-coding, toolkit approach allows VW Mexico business users to easily develop and reconfigure applications by dragging and dropping elements from platform menus. Its tight integration with Microsoft Office products provides those users with the same look and feel they are accustomed to working with in Excel.

## The Results

In its first year of deploying the BOARD Platform, VW Mexico has successfully developed and launched financial planning applications around its Marginal Contribution Calculation program, Integration programs, Input Consolidation, Variation Analysis and Reporting.

Marginal Contribution Calculation is a cost accounting concept that allows VW to determine the relative profitability of each product and line of business of the plants in Mexico. The metric allows VW to evaluate different areas of the business to determine which parts to emphasize based on the highest margins or the differences compared with the last financial planning cycle for a given part. With the BOARD-based applications, the company can now accurately determine the composition of their income and cost integration for each product and business line.

**VW Mexico's Integration Application collects and integrates the information coming from many end-users in Mexico, financial information from SAP FI (Finance Module) and information coming from the global systems in Germany in an automated manner to give the company and users a fully integrated repository from which to organize all of its data as a basis for analyses and simulations.**

Also implemented on the BOARD Platform are applications for Input Consolidation, Variation Analysis and Reporting. Their Input Consolidation application allows each business owner of data to input their data and release it to other systems in the company through strong business rules and validation processes. Their Variation Analysis application gives business users a broad view of the data and calculations to fully understand conclusions and provides numerical explanations for differences between planned finances and the real results.

For reporting, **the company now has more than 20 standard reports to deliver information to VW Headquarters.** For custom reports the end-users now have a strong multidimensional BOARD database to create ad-hoc reports by intuitive dragging and dropping of elements, thus achieving huge time reductions and ensuring consistent quality and accuracy as they are drawn from a single data source in the BOARD platform. The platform's flexibility allows ad-hoc reports to be created easily with the same high degree of accuracy and all reports give readers enable powerful drill down capabilities into underlying data.





## Chapter 3

# Unexpected error anxiety may be more serious than CFOs realize

The foundation to improve data trustworthiness, to make financial reporting processes more agile and to streamline data collection and validation can't be Excel. There is a clear need for supporting the Financial Reporting process with a unified decision-making platform.

## Unexpected error anxiety may be more serious than CFOs realize

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**90%** of respondents were concerned about two or more aspects of the reporting process.

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Corporate reporting is not static. Changing regulatory requirements and the abundance of new data to inform the corporate story continuously affect the content, speed, and efficacy of financial reports. From this quagmire, CFOs must create order and process to ensure the board and investors get the right information, on time and without error.

Which is why it's no surprise that senior finance executives are losing sleep over their financial reporting. Worrying isn't necessarily a bad sign. It can mean CFOs are invested in their responsibilities and will be more motivated to find solutions to their issues. And there are invariably many things senior finance executives can lose sleep over, from time pressures to accuracy concerns to compliance and control worries.

In fact only 3% of survey respondents weren't losing sleep over their reporting processes or deadlines, and 7% only worried about one aspect of the process. Which means 90% were worrying about at least two financial reporting concerns, and in some cases the worries were actually part of a larger pool of misgivings and process failures indicative of a malaise in their entire financial reporting system.

## Losing sleep over unexpected errors

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**62%** of respondents worried about missing reporting deadlines.

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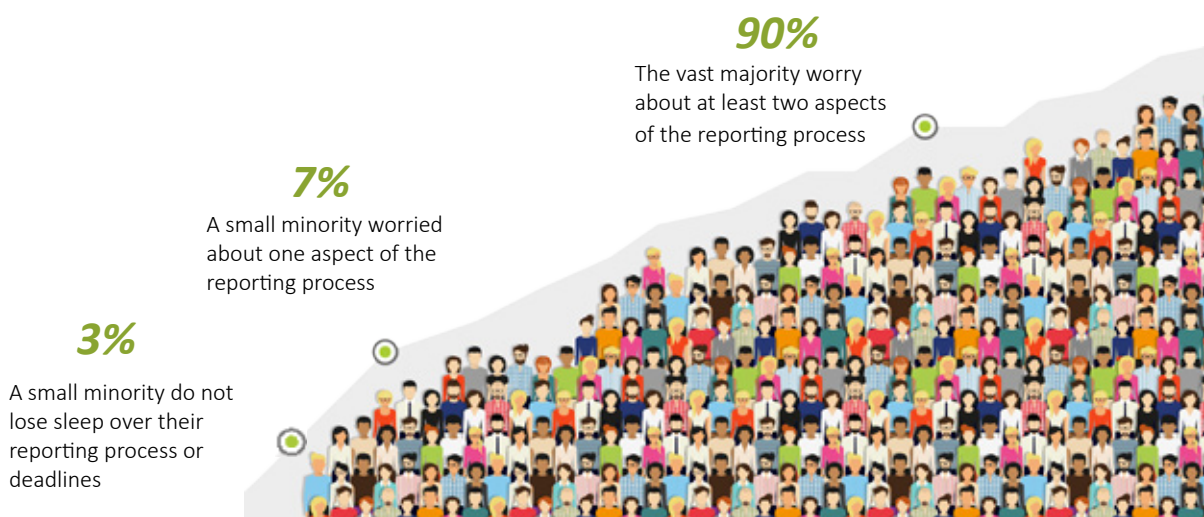
Meeting deadlines is the top worry amongst senior finance professionals, affecting 62% of survey respondents, indicating that the time pressure evident with an increasingly diverse and strategic workload remains an issue even where financial reporting comes in.

This is followed closely by process concerns, with 55% worried about whether financial controls are working and whether all documents and disclosures reflect the most up-to-date changes to the accounts. Coming fifth on a list of six nightly worries is this: "will an unexpected error be discovered in a critical spreadsheet." Nearly 46% of senior finance professionals agreed or strongly agreed that this worry kept them up at night. On its own this may look a simple anxiety, however, it was strongly correlated with a series of further concerns or shortfalls indicating lax controls, inefficiencies in data collection, a lack of agility in the reporting process, and a lack of understanding of which spreadsheets were critical in the first place.



Almost all (93%) of these error-prone worriers lacked the confidence that controls were working during the reporting period. This compares with more than half who weren't prone to worrying about errors and therefore confident of their own controls. Worrying about unexpected errors in critical spreadsheets also meant these organizations were prone to more manual checking, their data collection took up more time, they were less able to accommodate changes in information requirements and they didn't remove redundant information from their reporting packs.

**Figure 5:** *The reporting process keeps 97% of CFOs awake at night!*



## A system in crisis

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*Reporting is a linear process. It is only as robust as its weakest link, Which means CFOs and senior finance executives can't fix these issues piecemeal.*

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The litany of other issues that dog organizations with concerns about unexpected errors is symptomatic of a reporting ecosystem in crisis. These organizations are hindered by the weakness of the reporting process and boards are delayed from making critical business decisions over concerns about the accuracy of the data.

They struggle for time, are less likely to spend the right amount of effort on data collection and analysis, and while they're spending extra time manually checking their data, they have less time to spend on controls and compliance, exacerbating the weaknesses in their processes.

The received wisdom is that if a problem is substantial, tackle small amounts of it piece by piece. But reporting is a linear process. It is only as robust as its weakest link, and a bottleneck or jam in one place will affect the entire outcome. Which means CFOs and senior finance executives can't fix these issues piecemeal.

## A solution for more peaceful nights

The survey results imply that issues and errors are not isolated and the remedies for them shouldn't be either. To address the root causes of these myriad issues, organizations need to create a unified environment, centralizing ERP data and workflow processes from which all stakeholders can draw from and upload to. This doesn't mean throwing out all the spreadsheets, but it does mean developing a central repository where data can be stored and analyzed, and from which reports can be generated.

These days a robust corporate performance management (CPM) tool will do all these jobs – ensure stakeholders can easily and timeously input the data, establish the veracity of the data, accommodate changes to the information requirements by adding new parameters to the system, and generate timeous reports. This will ensure trust in the accuracy of the data and remove doubts that could delay decision-making.

A robust CPM system will enable CFOs to identify the business-critical data and ensure the most vigorous controls are in place to protect the accuracy of generated reports.

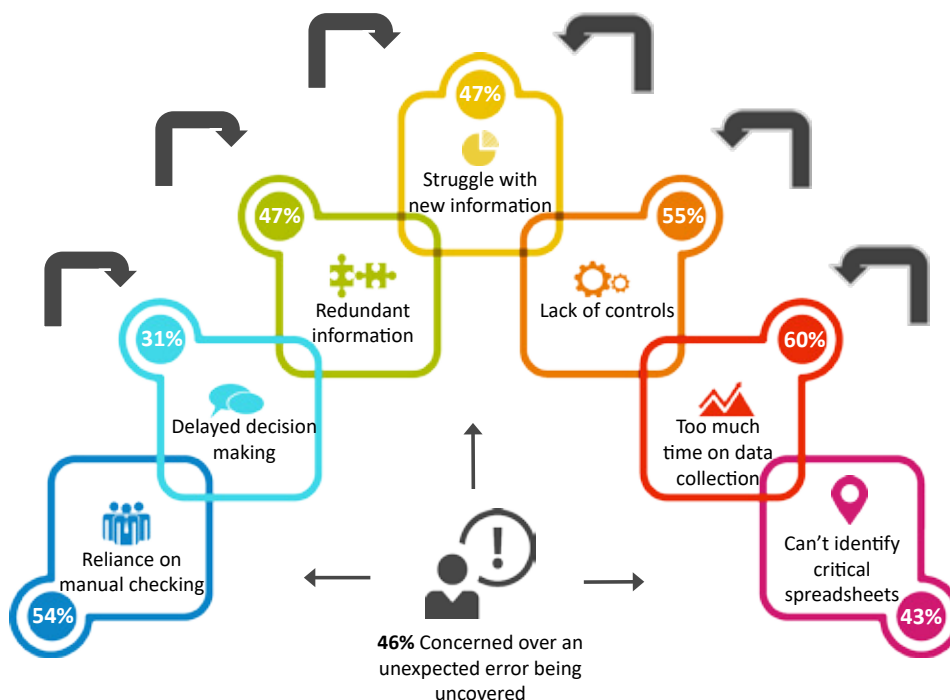
CFOs and finance executives who are freed from the spiral of spreadsheet analysis, haphazard controls and untrustworthy data will be able to refine their output by removing redundant information and quickly respond to changes in requirements without worrying whether the changes have percolated through the corporate reporting structure.

A simple worry can turn into a much bigger headache for CFOs and senior finance executives who don't get a proper handle on their financial reporting ecosystem.

Today, CFOs need to get the big picture at a glance so they may easily summarize business performance in a meaningful way. Unluckily, transparency is not easy to achieve when dealing with Excel data silos and disconnected applications for reporting, budgeting, planning, forecasting, analysis and simulation. Without a decision-making technology infrastructure, all of this far-flung or unavailable data make it difficult to gather the relevant information, to ensure data accuracy, and to adapt reporting to changes in business requirements in a timely manner.

Figure 6:

**A reporting ecosystem in crisis**



Percentage of respondents concerned over different aspects of the reporting ecosystem. The survey found that the concerns tended not to be isolated and 90% of respondents were concerned about two or more aspects of the reporting process.

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*"In the past, it always took a long time to clarify the how and why of certain financial figures. With all the different versions of Excel in use, it was like comparing apples and oranges. Thanks to BOARD, it's easy to drill down to the source so we can manage business based on up-to-date and consistent figures. That also saves me a lot of work when I have to present the figures to external stakeholders."*

Giuseppe Motta, Director  
of Planning & Management

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## KOS group - End-to-end financial and business reporting, analysis, planning and simulation

### The Company

Leader in the healthcare sector and in advanced technology applied to medicine.

KOS is a leading Italian healthcare group that operates in the area of social health, residential care for chronic illnesses, rehabilitation and mental health services, advanced technology applied to medicine and acute care medicine.

The KOS Group manages **77 facilities** in Italy: **51 nursing homes; 10 rehabilitation centres; 11 psychiatric treatment communities and 3 mental health clinics; 2 hospitals**. It also operates 22 outpatient rehabilitation and diagnosis clinics and 30 diagnosis and therapy service centres across the globe. Over 6,300 people work with the group.

### Business Challenges and Selection Process

**Autonomy and flexibility: BOARD as the decision-making platform that unifies Business Intelligence and Performance Management.**

Operating in around 120 production sites distributed throughout many different geographic areas, KOS is a business with a very fragmented structure, whose growth is partly built on the acquisition of facilities that the management has had to integrate gradually into the group. Consequently, there was an overwhelming need to ensure stringent control of all processes for each facility within the group, to maintain long-term compliance with the fundamental principles of KOS, both from the standpoints of efficiency and quality, and with regards the fulfilment of customer needs and ethical principles.

Each production site was tied to its own system of reporting and management commentary, built on Excel spreadsheets with individual logics supported by databases and management software (ERP, as well as HR solutions) that were separate from each other. To more effectively guide value creation inside and outside the group and ensure the increasing quality of the supplied services, the management needed to make decisions with greater awareness and speed, based on reliable, validated information supplied in a timely manner. Within this context, planning and management control have proven increasingly key functions that support the management and directors in their strategic choices. In other words, it was necessary to collect a set of fragmented data from different sources into a single structured environment, to gain deep insights and carry out continuous benchmarking (both general and for each production site) that would steer the group's decision-making processes towards growth and efficiency.

The choice of BOARD as the unified BI and CPM platform was, therefore, a logical consequence of the KOS Group's business needs. *"In particular,"* said Giuseppe Motta, Director of Planning & Management Control, *"the two main characteristics that led KOS to opt for BOARD were: the autonomy that the software would offer us, especially regarding the planning and control department, together with the solution's tremendous flexibility. In fact, with regard to autonomy, the planning and management control staff were able to define the reporting structures in detail, aligning them across the entire group. In particular, BOARD's flexibility has enabled KOS to design tailored reports and workflows based precisely on the ideas of the management and directors, without needing to know specific programming languages,"* since BOARD is a platform that allows applications to be created without having to write code.

## The Solution

**BOARD helps the KOS Group to integrate displaced facilities and standardise diverse logics.**

Through cooperation between BOARD Italia and its partner Bios Management, and with the support of the internal IT department of KOS, the project initially entailed balancing and aligning the approach methods of the various people involved, thus ensuring the rapid success of the project activities and their compliance with predefined objectives, including intermediate objectives. The scalability of BOARD has permitted the solution to be extended easily over time, increasing the number of users from 10 to over 130:

*"We started by evaluating the state of existing reporting activities. We then began to use BOARD in management and operational reports, gradually extending it to other reporting areas until it eventually covered all our reporting needs. We then moved on to building applications for budgeting, planning and forecasting, all on the same platform."*

*Finally, we were able to leverage BOARD's vast potential in simulating different scenarios. The solution has supported KOS throughout a period of growth that is still ongoing, fundamentally improving the activities of the Planning & Control department, as well as other critical business departments," said Mr Motta.*

*"We started out with a very diverse, fragmented situation consisting of facilities that were distant from one another, both geographically and in terms of the logic they used. BOARD has made everything much more orderly because it has allowed us to carry out analysis, planning and simulations within a single environment that has a single consistent logic, based on common algorithms. This lets us manage and compare data in the same way for the whole group. **The weekly or monthly report that ends up on the Managing Director's desk is formulated with the same methods as the report used by the director of each health facility or hospital,**" added Giuseppe Motta.*

## The Benefits

### Full awareness and shared information assets thanks to BOARD

*"Before using BOARD, we worked directly on the various operating systems and then aligned the information using Access and Excel. This procedure and other limitations made it increasingly difficult for us to integrate newly acquired facilities. **With BOARD, however, we were able to take the complete set of reports that we had already defined for the group and apply it to the new acquisitions,**" affirmed Mr Motta. This means both better accessibility of information, which is certified and structured according to unique algorithms, and the ability to **share information assets with all of the group's relevant personnel**: from the operational heads of the facilities, to the departmental managers, right up to the Managing Director: *"The deployment of BOARD has given all levels of the organisation a **better and more thorough knowledge of the market and the sectors in which we operate. The group's information assets have actually increased, becoming a valuable resource for everyone, including in terms of awareness of the business itself,**" underlined Mr Motta.**

KOS currently has around **130 users working on BOARD**, including around **50 in the areas of administration, finance and control, and the remainder in various departments, from marketing to internal auditing**. In addition, budgeting is not limited to economic aspects, but also encompasses property and financial aspects: *"It's an end-to-end budget that is also more versatile thanks to BOARD's complete integration with the Microsoft Office environment (especially Excel),"* added Giuseppe Motta.

*"In addition to formulating reports based on homogeneous workflows, the use of BOARD at full capacity has allowed us to benefit from increasingly **advanced analytics, multi-scenario simulations and continuous cost benchmarking**, giving us full control of both the big picture and each individual facility within the group," said Mr Motta.*



## Chapter 4

# Productivity is under threat

In a situation where the office of Finance is increasingly under the pressure of decreasing headcounts and expanding requirements, the only logical choice is to make better use of technology to increase productivity.



## Productivity is under threat

Time-poor CFOs are struggling to keep up with their growing list of responsibilities. The only way they can take on the more strategic role their position now demands is to make the most productive use of their time, but this survey shows they aren't managing to do that with their financial reporting duties.

Mired in manual reporting methods like spreadsheets, Word and PowerPoint, CFOs spend their time worrying about errors and delays because their processes are technologically archaic.

CFOs can no longer ignore the impact of outdated technology on their financial reporting process and the case for investing in back office technology needs to be brought to the table.

## Back office - front of mind

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**54%** of survey respondents said their reporting process involves huge amounts of manual checking every time they make a change.

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Front end systems have been lavished with resources for many years now. Customer-facing applications that enable sales or improve customer service and retention have been the principal beneficiary of technology allocation, and for good reason. In a highly competitive market, organizations need to generate sales and grow revenue to stay in the game. But a lack of investment in back office systems is becoming a serious hindrance to productivity, and in the case of financial reporting could be the source of a major error leading to reputational damage.

For financial reporting, the technology failings that are putting a strain on productivity are often quite basic. According to FSN's survey, 34% of respondents had difficulty merging different document types into one report. If the issues are unresolved finance staff may end up spending time manually transferring the data, which is an unproductive use of their time.

In addition a similar percentage don't automatically link and update documents from underlying spreadsheets and word documents. This means all changes must be filtered from source documents into the final reports manually. This may be why 54% of survey respondents said their reporting process involves huge amounts of manual checking every time they make a change.



To be sure, manual checking will at least provide peace of mind for worried CFOs who want to ensure the data in their reports is correct and distributed accurately throughout the financial report. However, it is an incredibly inefficient way to do it and indicative of a process that isn't well controlled or transparent.

Inefficiencies also arise when the process is inflexible. 57% of survey respondents said it is difficult for more than one person to work on the same report during the process of putting together the financial accounts.

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**57%** of survey respondents said it is difficult for more than one person to work on the same report during the process of putting together the financial accounts.

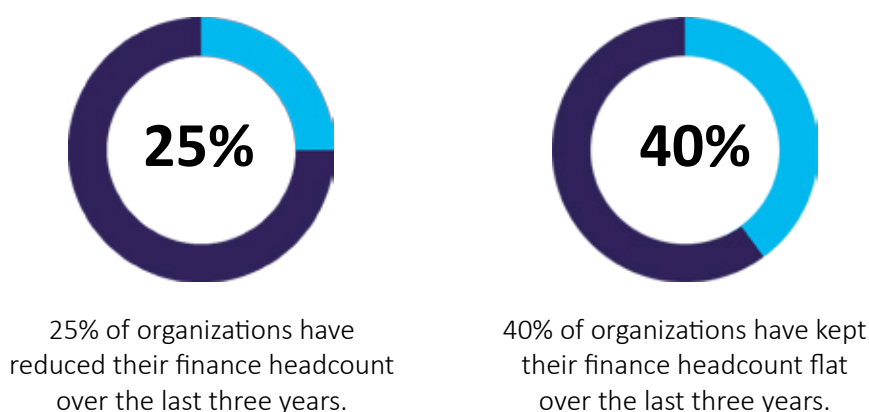
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The root of the issue may be the fact that almost three quarters of companies surveyed still use manual methods like spreadsheets, Word and PowerPoint for reporting. Limiting the number of users working on each report is designed to limit errors and avoid the issue of multiple copies in circulation, but it is inefficient and can hold up the whole process if each user doesn't timeously 'release' the report back into circulation.

## Headcount heading down

Productivity concerns are being compounded further as CFOs struggle with headcount reduction and growing pressure to reallocate resources to fuel the management reporting engine. One quarter of respondents had reduced their finance headcount in the last three years, and 40% had kept headcount flat in the same period. When reporting relies so heavily on manual checking and processing, reduced headcount only makes the issue worse.

Figure 7: **Finance functions under pressure due to headcount reductions**



## A technical solution

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*The most up to date systems will also likely include social networking benefits, like in-app chat and collaborative tools designed to engage stakeholders and improve the reporting process.*

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It seems CFOs know they have a productivity problem because they ranked improved productivity through standardization and automation as their top reporting priority over the next three years. Standardizing and automating simple tasks within the financial reporting process is a very good place to start improving productivity targets. Ensuring all stakeholders are using standardized technology will enable automatic merging, linking and updating of reports which will clear some of the manual backlog.

But CFOs should go further. New technology is widely available that will enable multiple users to work on reports, ensure data integrity in a centralized environment and raise productivity standards so that finance executives are adding value rather than checking facts. There are other simple fixes that CFOs and their executives can do to take back control of productivity, like reducing the number of reports being produced. FSN's research found that senior finance executives don't always take redundant reports out of circulation, even as new report requirements add to the growing density of reporting packs. Back office technology solutions that improve the visibility of the process and the data underlying it will allow finance executives to recognize the critical reports and exclude the redundant ones.

The most up to date systems will also likely include social networking benefits, like in-app chat and collaborative tools designed to engage stakeholders and improve the reporting process. Admittedly this often requires a substantial shift in corporate culture, but it will improve visibility and collaboration in the reporting process, help resolve issues and queries quickly, and improve productivity overall.

Investing in technology to improve financial reporting productivity will solve the problem of disparate document types, allow more than one person to work on documents at the same time without threatening the integrity of the data, and reduce the time spent on making and checking changes. With the right tools, financial reporting can become a collaborative, accurate process, but CFOs will need to invest in a unified environment so the back office can become as productive as the front.

By combining full data governance with self-service reporting, BOARD offers a cutting-edge solution to the increasing productivity needs of the Office of Finance.

The latest software release, BOARD 10.1, introduces a powerful combination of cognitive capabilities, storytelling and in-context collaboration to further augment business users' capabilities to easily create and share personalized versions of enterprise reports - mitigating the burden of internal reporting requirements from the LOBs (Lines of Business).

Business users with zero technical knowledge can simply interrogate BOARD verbally and get back a machine-generated report that is automatically integrated with vocal and written narratives. The same results are achievable also by typing in a question: BOARD will automatically create a meaningful report and return all the most relevant results amongst existing reports.

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*“WaterAid UK has reached a stage in its development where our global accounting system needs to be complemented by a dedicated financial planning and reporting tool. We were looking for a user-friendly, flexible solution that could accommodate multi-currency, multi-country and multi-level planning and reporting, and we believe that BOARD is the right choice for us.”*

Paula Laird, Director of Finance and Information Services

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## **WaterAid implements BOARD to provide Financial Planning and Reporting across 27 countries**

### **The company**

WaterAid is an international organisation whose mission is to transform the lives of the poorest and most marginalised people by improving access to safe water, sanitation and hygiene.

Through a network of partners, WaterAid reached 2 million people with safe water and 3 million people with sanitation in 2016.

### **The challenge**

WaterAid required a scalable and flexible financial reporting, budgeting and planning solution that could supplement their core finance system, allowing for reporting and budgeting across 27 countries; including not only top down strategic planning, but also bottom up planning at an individual project level.

### **The solution**

Through the use of BOARD’s financial budgeting, planning and reporting solution, WaterAid’s finance and leadership teams in the UK and overseas now have an accurate and comprehensive solution that supports the growth and vision of its business into the future as it utilises the features of BOARD to make better business decisions.

*“WaterAid UK has reached a stage in its development where our global accounting system needs to be complemented by a dedicated financial planning and reporting tool. We were looking for a user-friendly, flexible solution that could accommodate multi-currency, multi-country and multi-level planning and reporting, and we believe that BOARD is the right choice for us.”* commented Paula Laird, Director of Finance and Information Services



## Chapter 5

# Problems in the boardroom

With 75% of boardrooms not having access to real time information, Boards of Directors are forced to make decisions with one hand tied behind their backs, while modern decision-making technology is now available to provide immediate help.

## Problems in the boardroom

While CEOs and their executive management team take on the daily running of the business, they are answerable to the board members, who take the financial reports as their primary source of insight. At this level, the information should reflect a rounded view of the company, enabling them to make well-informed decisions for the good of all stakeholders.

But financial reporting is consecutive, and the board is at the very end of complex process, fraught with challenges and risks that will impact on the dependability of what is reported in the boardroom and affecting the ability of the board to make effective decisions. Only 61% of senior finance executives say the board always has a complete view of business performance. This means many corporate boards are making their decisions with one hand tied behind their back.

The survey also found that only half of CFOs can immediately answer ad-hoc questions about performance in the boardroom. If the board isn't getting all the information it needs from their reporting pack, it follows that in some cases the gaps won't be filled by asking questions.

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**Only 61%** of senior finance executives say the board always has a complete view of business performance. This means many corporate boards are making their decisions with one hand tied behind their back.

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Meanwhile board packs are not keeping pace with the changes in business models and the competitive environment. Only 57% of respondents have changed their board pack in the last three years. Considering the relentless pace of innovation and change in every sector of the market, it is unlikely that the static board packs can be as relevant in today's corporate environment. This reflects the issue, previously raised, of redundant information and unused reports clogging up the reporting pack, muddying the waters for board members who really need clarity and insight.

Even if the reporting pack can be kept free of extraneous information, CFOs are not providing the board with progressive data. 55% of respondents have yet to include more forward-looking information in their reporting packs, encumbering boards with historic information that doesn't provide the foresight necessary to help them make competitive decisions. This may be because even the backward-looking data is not entirely trustworthy. 30% of respondents have delayed their decision-making because of doubts over the quality of their data.

To remain competitive in a fast-changing market, organizations need timely insight and foresight, but 75% of boardrooms don't have real-time access to information. Reports are already outdated by the time boards meet, and board members are not challenging the antiquated methods of reporting that are hindering the quality and timeliness of their corporate information.

Boards work for all stakeholders, internal and external, and it behoves them to challenge the status quo of the reporting process so that they have the right information to make strategic decisions for the good of the organization as a whole.

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**77%** of respondents believe investors need more frequent but simpler reporting requirements in order to properly understand the performance of the business.

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## Statutory reporting falling short

Even as the survey identified substantial shortcomings in the boardroom, reports for external consumption aren't exactly meeting stakeholder needs either.

Almost half of senior finance executives believe the statutory reports are too complex for investors to understand, while 64% say the information in them is too late to be relevant to investors. To this end, 77% of respondents believe investors need more frequent but simpler reporting requirements in order to properly understand the performance of the business.

And if investors have questions about the contents of the report, over half of senior finance professionals who took part in the survey believe they should be able to query the statutory reports themselves. This is essentially what XBRL was supposed to do, but 46% of CFOs say XBRL has not made the impact it was expected to.

The limitations of statutory reporting should come as no surprise to corporate veterans. Over the years there have been many efforts both globally and nationally to simplify statutory reporting and, as far as possible, to give external stakeholders the same view of performance as internal stakeholders. Yet despite global efforts of accounting standards bodies backed by political will, the financial community remains frustrated with the overly complex, backward-looking statutory reports they are required to produce quarterly.

While these convoluted statutory standards remain in place though, it should be the CFOs mission to build an uncluttered board reporting pack that provides real insight and foresight about the organization and the market it is operating in.

Figure 8:

**Statutory reporting falling short**



47% of CFOs believe the reports are too complex for investors to understand



46% of CFOs say XBRL has not made the impact it was expected to



64% of CFOs say statutory reporting is too late to be relevant to investors



77% of CFOs say investors need more frequent but simpler statutory reporting to understand performance



52% of CFOs say Investors should be able to query statutory reporting for themselves



## Emaar Hospitality Group implements BOARD for worldwide Corporate Performance Management

The company- EMAAR: premier lifestyles from the Emirates to the rest of the world

Emaar Properties is one of the world's most valuable and admired real estate development companies. Established in 1997, Emaar Properties is a Public Joint Stock Company listed on the Dubai Financial Market. The challenge- Plan and monitor hotel and hospitality assets' profitability and financial performance at world-wide level

*"Our plan and strategy was to create a strong and structured budgeting process moving more than 30 independent business units onto a single platform for budgeting, forecasting, profitability analysis and reporting, thus freeing our people from their Excel nightmare and allowing our management to achieve better control of the organization's performance."*

*"We identified the requirements for a fully integrated planning cycle, capable of providing a detailed perspective of profitability through the whole organization, from the S&OP of any single business unit, to the Group P&L,"* affirms Mr Lijo Mathew Kankapadan, IT Director of Emaar Hospitality Group LLC. "We wanted our budget and actuals to be as detailed as possible, collecting the data from various systems and consolidating them in a central shared repository, to make it easier to access and use the information.

All of this keeping in mind a simple but essential objective: make our business better."

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*"The executive management and Board of Directors can navigate historical information and future plans on the fly, from a top view of the group financial perspective down to the lowest level of operational detail. All in all, the benefit of the tool is to move the organization from gut feel decision to a fact based decision-making process."*

Lijo Mathew Kankapadan  
Director of IT Emaar  
Hospitality Group LLC

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The main points to be taken into consideration were:

- Fragmented data from different systems to be consolidated, normalized and made consistent throughout the organization
- Different business units to be consolidated in a single chart of accounts
- Capability to link S&OP with financial planning
- Need to ensure consistency, completeness, validity, timeliness and accuracy of data
- Possibility to manage multicurrency
- Ability to offer cross-company visibility and data consolidation

The project – From S&OP to Consolidated Finance Planning and Reporting “All in One”

From a functional standpoint, the BOARD application allows each Business Unit, such as the Armani Hotel or Dubai Marina Yacht club, to run its specific S&OP budgeting process and to create a P&L account that is consolidated in the group P&L projection through a world-wide multi-currency and multi-company process.

This means that each business unit is involved in the same holistic planning process even if they can run the diverse budgeting phases in different moments and with their own timeline.

The bottom-up budgeting cycle is complemented by a top-down rolling forecast process aimed at monitoring and anticipating key performance drivers.

The whole planning process is articulated in 5 main phases:

### **Primary revenues**

In this phase any Business unit plans its core business revenue.

Once primary revenues are confirmed, through several approval levels, all the correlated revenues and the associated costs are automatically recalculated.

For example, the revenues generated by the restaurants are automatically updated if you change the number of guests per day or the electricity costs are recomputed in case you modify the number of “room nights”.

In this phase, the capabilities offered by BOARD in terms of:

- data multidimensionality
- advanced data entry capabilities (cells lock and spread)
- automatic allocation procedures (i.e. allocation of a value from month to day (and vice versa) or subscription management)
- possibility to always compare and analyze historical data

not only make planning users extremely productive in all their activities, but dramatically increase the overall accuracy and timeliness of the whole process.

### **Secondary revenues**

After planning the primary revenues, each Business Unit starts a second planning phase aimed at determining the Secondary Revenues (all those groups of items that do not have primary impact on the overall revenues, for example Food and Beverage, Minor operating departments, etc.)

As for the primary revenues, the associated costs and revenues are automatically calculated.

### **Operating cost reassessment and final calculation.**

In this phase, the process lead switches from the Business Units to the Departments (HR, Finance, Marketing) which reassess and review the cost automatically calculated during the previous planning phases.

### **Non-operating costs/expenses**

Once all the primary and secondary revenues and the associated costs are planned, the next logical step is the calculation of all the other costs and expenses such as Tax, Interests and Intercompany fees.

### **Group P&L**

Even if the BOARD application makes it possible to run a P&L consolidation anytime, from a logical and process perspective, the consolidation phase is the final step of the whole planning cycle.

The result is a provisional P&L that can be visualized and navigated by business units, divisions, and departments and clearly at a group level.

Furthermore, any single P&L line can be navigated down to the lowest operational detail, analyzing how this has contributed to building up the consolidated number (i.e. room revenue can be broken down by market segment or room rate).

The application does not only manage the annual budget but, at any time during the year, makes it possible to create a "To Go" version of the plans, that essentially represents the difference between actual and planned figures transposed to the year end.

*"EMAAR's project is very wide and pervasive as we are not only running hotels with rooms, attendees and spas as major drivers, but are also running many more departments: golf clubs, fitness clubs, yacht clubs, polo clubs, we have membership programs and so on. And all departments are based on different and independent logics and processes."*

*"The first thing we did was build applications around each business independently. We collected all the revenues together and divided them into primary revenues, secondary*

*revenues and management calibration, all in one standard platform.*

*Even if we have different business units following different kinds of budget processes – for example, the logic between golf club and hotel is totally different – we managed to work on a common platform and bring the data into one single standard budget. In fact, all the business units consolidate back to the corporate office so that the board can look at the budget across all the businesses. The entire logic is very complex I must say, but we are very happy with the final result.”*

*“We started operating only in the United Arab Emirates, where the currency is AED. But we are looking at multicurrency in the coming days. For example, when we started to expand to other regions – one of them being Milan, Italy – we knew we would have to report in multicurrency.*

*All the financials – which are the main features for a budgeting process – will work in their own currency, but the consolidation will work on a reporting tool with currency conversion into AED.”*

By implementing BOARD, Emaar has been able to bridge the gap between financial planning and operational planning, linking high level plans with day-to-day operations and company profitability analysis, while delivering one shared, accepted output. Furthermore, the extreme flexibility achieved in managing scenarios and new initiatives allows the whole organization to stay nimble and adapt more quickly to market challenges.

The customer’s benefits- Making better decisions, faster  
In the hospitality business unit, BOARD is the corporate reporting, budgeting and planning tool.

### **A single source of truth**

*“One of the main benefits in the organization is that we now have a very pervasive planning and budgeting process running on a unique data repository, the DWH, where we connect to independent applications and have one single vision of the company performance with a single source of information.*

*BOARD not only makes this possible, it also enables the use of all the details collected from different applications to be used as drivers for our budgeting and reporting processes.”*

### **Decisions “on the fly”**

*“Our strategy was to stabilize all the independent applications at the lower level of the pyramid. Then we rolled them up to the DWH and then to the corporate reporting tool: BOARD. Details – available at executive level – are collected from individual applications*

*from the DWH to BOARD. This way, in looking at financials and non-financials, we are able to understand right away why the revenues are lower or higher. This links statistical information with the financials which allows the executive management and the board of directors to make decisions “on the fly”. At the same time, we are also feeding future data (bookings) to show future plans, cash flows and potential business allowing us to focus more on the right department and plan future actions even better.*

*With the market moving faster these days with future data and past experience, the management is able to make – according to previous experience and future plans – quick decisions. All in all, the benefit of the tool is to move the organization from a gut feel decision to a fact based decision-making process.”*

#### **Full pervasiveness**

*“The whole organization is involved in the budgeting process, with 300/400 users. Each department, each division, each business unit, produces their own budget, rolls it up to the higher level and then to the management company above them. It goes to all the organizational levels.”*

#### **Increased collaboration**

*“The level of details and collaboration in the budgeting process has increased a lot within the organization. Accuracy has improved as well. All of this results in a strong improvement in the entire budgeting process.”*

#### **Why BOARD? Comprehensive, Easy, Fast: a perfect fit for our needs**

Over the last three short listed products – Cognos, Infor and Prophix – we decided that BOARD was the most suitable product. There are some key factors that make BOARD different from the competitors:

- **BI&CPM integrated solution:** it is not a product but a platform where you can develop complex solutions; it is not just focused on Performance Management alone, but is integrated with Business Intelligence, providing a great analytic environment.
- **Development free environment:** the platform is really easy to manage. Once you deliver an application, the power users can easily create their own reports without requiring any assistance from the IT department. Clearly the fundamental design has to be done with a consultant and the division manager of the business, but after that, should we need more development, it can easily be achieved by a power user.



## Chapter 6

CFOs are overwhelmed and looking for a quick fix, but their priorities are back to front

A successful digitalization of the Financial Reporting process requires a holistic approach, underpinned by the appropriate technology. It's the right time to break the Excel spiral and adopt a modern Decision Making platform.

## CFOs are overwhelmed and looking for a quick fix, but their priorities are back to front

The finance function, this survey has revealed, faces three major obstacles to an efficient, effective and economical reporting environment, namely;- the self-perpetuating spreadsheet-spiral™, a matrix of problems within the reporting ecosystem, and trouble in the boardroom.

CFOs are overwhelmed by the growing number of reports to be produced, the delays owing to antiquated systems and the increasing workload demanded by their more strategic corporate role. Their technology priorities suggest they are looking for quick fixes to free up their time. They rated their top concerns as being able to produce automated documents with version control and electronic signatures, and setting up self-service reporting- both of which are designed to devolve responsibility and free up time.

But the reporting process is linear, and it's only as fast or efficient as the weakest link. If CFOs try to implement quick fixes at one end of the process when they face challenges across the board, they will be building on shifting sand. The solution is to tackle the problems holistically, from the ground up, from spreadsheet-spiral™ to boardroom.

### Fixing The Spreadsheet Spiral

To tackle this fundamental issue at the very base of the reporting pyramid, organizations must put in place unified transaction and management information systems that can change with the organization. Modern ERP or transactions systems, as well as CPM or performance management systems, are able to take organizational change in their stride, but many enterprises are saddled with decades-old solutions that are inflexible to change. If the system can be maintained and changed by the finance function all the better, as this eliminates a frustrating bottleneck at the IT department.

These days cloud solutions tend to offer finance functions that autonomy. They generally require less IT involvement, and the world's major software developers are now putting their R&D dollars almost exclusively into cloud-based solutions. So not only are cloud solutions likely to be more adaptable and require almost no IT involvement but they are also the main source of finance process innovation, including the latest functionality.

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*If CFOs try to implement quick fixes at one end of the process when they face challenges across the board, they will be building on shifting sand.*

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*CFOs are overwhelmed and looking for a quick fix, but their priorities are back to front*

Implementing a unified system (transaction or management information-based) that can adapt as the organization changes, automatically reduces the number of vendors, and enables collaboration and sharing of common information. These ranked last on respondents list of technology priorities in the survey, yet they need to be tackled first to build a strong reporting foundation.

## Reporting ecosystem in crisis

Resolving the spreadsheet-spiral™ is only the first step in reaching the boardroom goals CFOs aspire to when they look to implement automated document production and self-service reporting. Because underlying the reporting process is an ecosystem in crisis.



Worryingly, 46% of survey respondents were concerned that an unexpected error might be uncovered in a critical spreadsheet. This fundamental uncertainty was an indicator of a network of problems within the reporting process, with worriers more likely to rely too much on manual checking, fail to remove redundant information, fret over lack of controls and fail to identify critical spreadsheets.

Having dealt with the issue of spreadsheets spiraling out of control, CFOs can focus on governance over the spreadsheets that really matter, identifying high risk spreadsheets and monitoring them, and ensuring those that remain are pertinent, trustworthy and controlled. This will enable finance executives to identify critical spreadsheets, adopt a single chart of accounts, and start to clear out redundant reports that are clogging up the reporting pack.

## The boardroom

Operating under a unified environment enables CFOs to stem the proliferation of spreadsheets and encourages them to control the reporting environment with the right tools. In turn the impact this has on the problems in the boardroom is far reaching. It enables senior finance executives to present a much more complete view of the business to the board, which will help the 40% of organizations that currently can't see their organization from all sides. With centralized information, CFOs can finally move towards automated document production and disclosure management, and can be more confident in devolving responsibility through self-service reporting tools. Real-time reporting becomes more feasible and there should be fewer delays in decision-making over data quality concerns.

*With centralized information, CFOs can finally move towards automated document production and disclosure management, and can be more confident in devolving responsibility through self-service reporting tools.*



*CFOs are overwhelmed and looking for a quick fix, but their priorities are back to front*

The technology priorities listed by the survey respondents suggest a frustration with their workload and the quest for a quick fix to free up their valuable time. They want automated document production and self-service reporting, but their systems aren't stable and agile enough to ensure it doesn't become a rod for their own backs. They might want a single chart of accounts and automated governance and control of spreadsheets, but their spreadsheet-spiral™ is out of control. Instead they should tackle their last priorities first. By reducing the number of vendors and enabling collaboration within a unified system, they can control the spreadsheet problem, resolve the crisis within the ecosystem with proper controls and management of the process, and deliver a boardroom report that is accurate, relevant and timely.

BOARD has been developed from the ground-up as a single unified analytical platform so that Performance Management and Business Intelligence applications share the same data and metadata (structural information such as account codes, organizational hierarchy, cost centres). This is not only vital to preventing wasteful duplication of data but it also crucially ensures the integrity of the underlying data, i.e. consistency of information across business processes and in all reporting dimensions. A unified platform also lends itself to easier self-service reporting and greater staff productivity, providing a sound foundation for decision making by linking strategic, operational and financial plans and metrics.

CFOs are overwhelmed and looking for a quick fix, but their priorities are back to front

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*It's not just about seeing a high-level number; individuals now have the self-sufficiency to query any data. The business reached a stage whereby reporting sat with IT and consequently other teams lost faith in receiving timely analysis, therefore finance then took over that responsibility and that's when we identified the need for a tool to aid that understanding.*

Matthew Carpenter  
Business Intelligence  
Manager

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## L&Q Achieve BI & Reporting Under One Roof

### The Company

Founded in 1963, L&Q is one of the UK's leading housing associations and one of London's largest residential developers.

As a non-profit organisation, L&Q work alongside over 90 local authorities, managing over 70,000 homes across London and the South East to provide affordable rented accommodation and low-cost home ownership schemes, such as shared ownership.

### Business Challenges

L&Q were in need of an alternative method to collating information from across the business to provide a corporate-wide overview of performance, which could in turn reduce the risk element of managing this information.

The existing process by which the IT team were responsible for collecting and collating data from multiple networks of spreadsheets, to produce monthly KPI report packs to various teams in L&Q on a weekly, monthly and quarterly basis, was costly and prone to manual error at every turn, with the average pack taking a week and a half to produce.

The initial objective was to first find a BI replacement for the existing solutions in place in addition to the hundreds of spreadsheets being transferred from department to department.

Matthew Carpenter, Business Intelligence Manager at L&Q explains: *"My team were responsible for collecting these spreadsheets from across the organisation and putting this data into other spreadsheets, which is then collated into performance packs to be distributed to various teams on weekly/*

*CFOs are overwhelmed and looking for a quick fix, but their priorities are back to front*

*monthly/quarterly basis. We wanted to replace both spreadsheets and the BI tools already in place, including Vision, an Excel add-in, to achieve a shared view and remove multiple systems.”*

### **The Project**

The implementation went very smoothly; the internal business case took longer than getting the implementation off to a start.

*“Our IT team worked seamlessly with BOARD to get the project up and running very quickly. We’ve done other system implementations and therefore we understood that that relationship is key to a successful implementation.” Continues Matthew; “It wasn’t just the front of house people that sold the project to us, but the technical team behind the scenes.”*

*“The project took a couple of months to complete but we were able to use the software straight away and start thinking about our rollout plan. There are now trained teams that didn’t exist before using BOARD on a day to day basis across the business. However, it is never a complete journey; it has continued to grow as we use BOARD across more and more areas of the business. We focused mainly on maintenance as we spend over £15m a year keeping properties up to scratch, and as we use a lot of contractors to do so, we need to monitor and review the performance of those contractors to ensure we are keeping our spend in line.”*

*“We are now using this performance management process to also review the performance of our own internal staff; looking at a really low level of detail such as time taken and cost comparisons.”*

With many internal customers, the team historically was responsible for showing and explaining their data. With the ease-of-use of the BOARD platform, those customers no longer need to request and query the data; they can now take that data and transform it into the information they wish to see using BOARD’s drag-and-drop capabilities to build customisable dashboards.

CFOs are overwhelmed and looking for a quick fix, but their priorities are back to front

## Business Benefits

*“Our team can get more involved in some really interesting projects with this time saved, it means we can push BOARD out to the teams that really understand their area of the business such as the Anti-Social Behaviour team monitoring resident behaviour and the Complaints teams to analyse and understand the maintenance performance. We have finance business partners that we push data out to and the use of BOARD has reduced the number of phone calls and hours spent quoting spreadsheets as the clean look and feel show information clearly and in an easily presentable way. Now the partners can understand their numbers and compare this with the non-financial data.”*

With a growing presence across the business, L&Q now have 140 power users across departments and over 600 concurrent lite+ users.

Matthew’s advice to others is to understand where internal engagement is needed to start the adoption process before looking into the vendor selection process. In doing this, L&Q identified the needs and wants of the whole business from a department-up as well as an enterprise-wide view, ensuring a smooth implementation and software adoption across all users. “BOARD does now touch every area of the business. There isn’t one team that doesn’t see their data in a BOARD report.”

*“It’s not just about seeing a high level number; individuals now have the self-sufficiency to query any data. The business reached a stage whereby reporting sat with IT and consequently other teams lost faith in receiving timely analysis, therefore finance then took over that responsibility and that’s when we identified the need for a tool to aid that understanding. We have a strong culture of learning in L&Q and people are enjoying learning to use this software; it is quite easy to learn so it’s easy to build confidence levels quickly.”*

The Senior Executive team are keen to start using the mobile functionality, in particular CEO, David Montague, who is often asked to present headline figures and therefore looking forward to being able to take that information on the road.



## Chapter 7

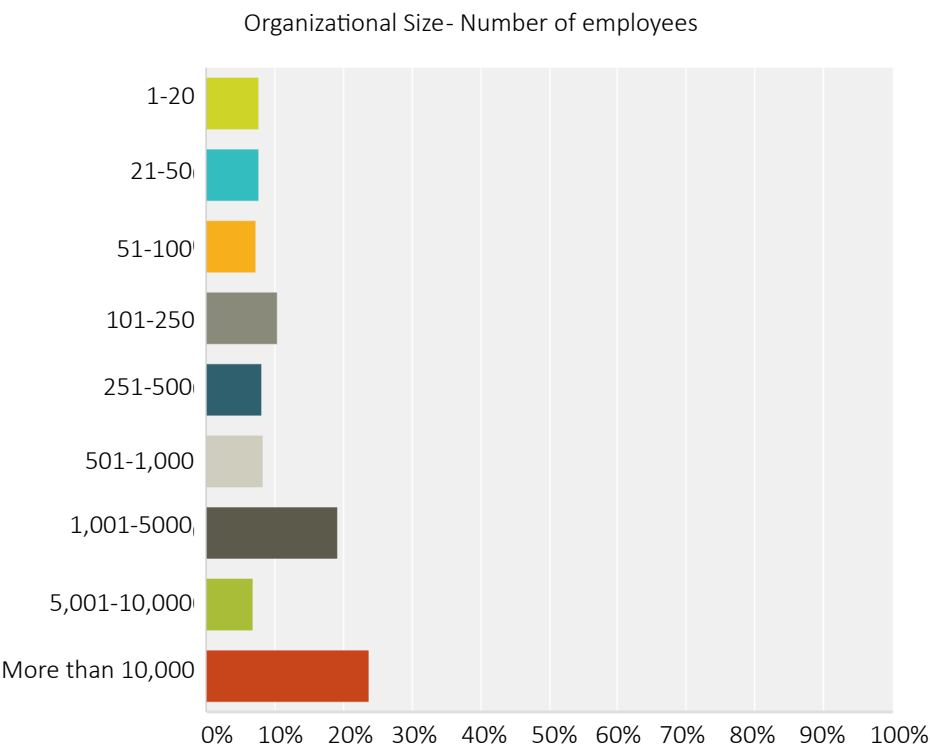
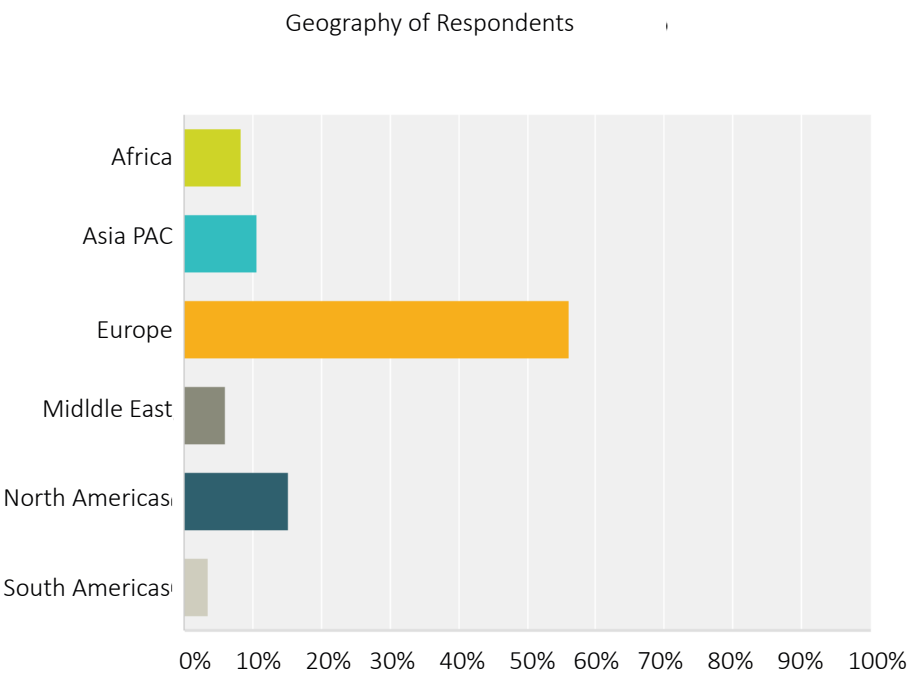
# Methodology



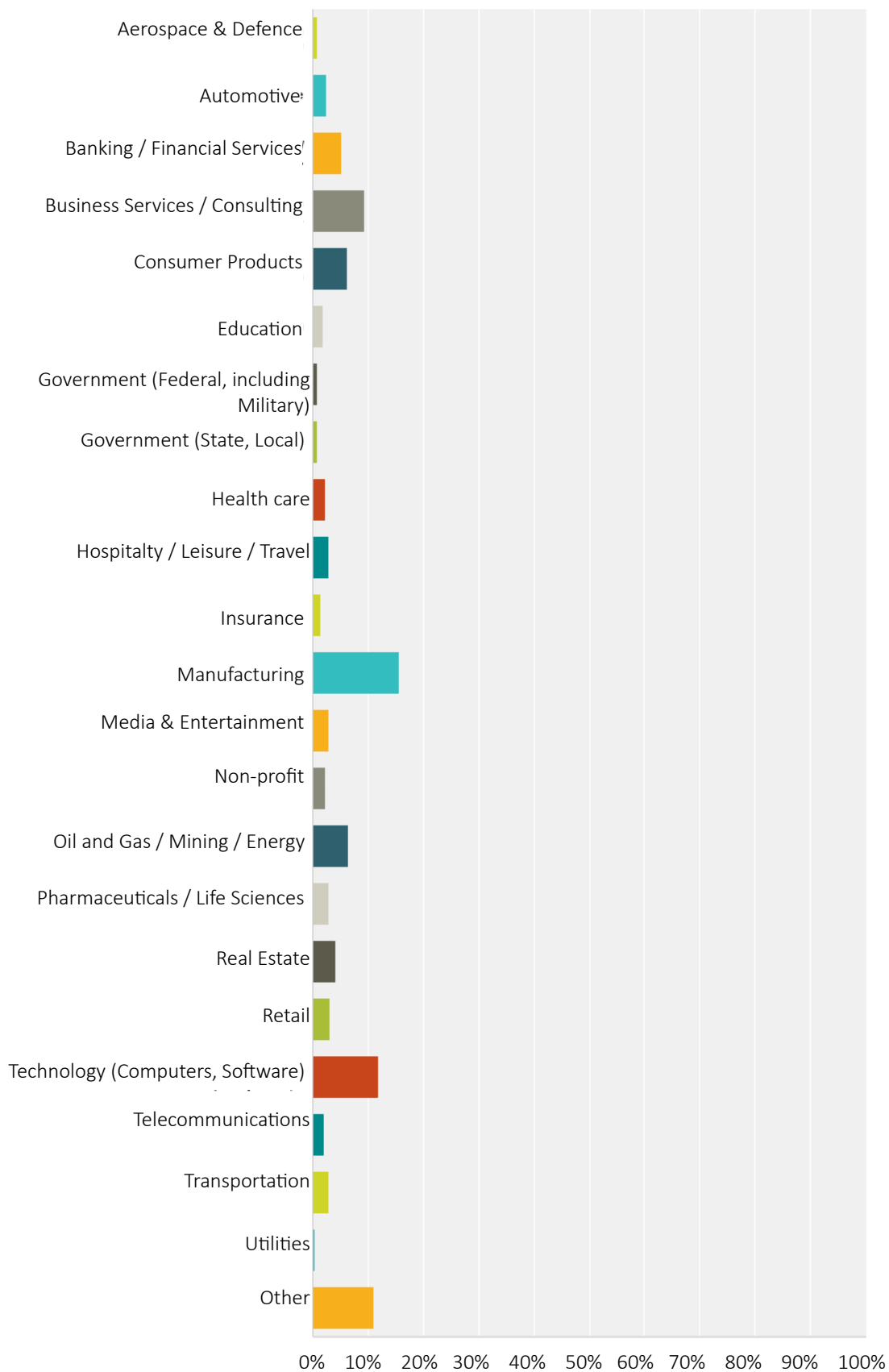
METHODOLOGY

The survey drew responses from 977 international senior finance professionals from our 49,000 strong FSN Modern Finance Forum on LinkedIn.

This survey covered finance professionals across 23 different industries. 81% of these professionals were considered to have senior job titles and above.



## Industry of Respondents



## ABOUT FSN

[FSN](#) is a global publisher of thought leadership, research and “must-have” content for CFOs and senior finance professionals around the world. FSN’s highly popular and active [Modern Finance Forum](#) on LinkedIn has a membership of more than 48,000 readers in more than 23 countries and across every major industry segment. It is also the publisher of the popular [www.fsn.co.uk](http://www.fsn.co.uk) and [www.fsnelite.com](http://www.fsnelite.com) websites and regularly holds networking dinners and events for its members.

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## ABOUT BOARD International

BOARD International is the #1 decision-making platform for organizations of any size. Founded in 1994, BOARD International has enabled more than 3,000 companies worldwide to rapidly deploy Business Intelligence, Corporate Performance Management and Analytics applications on a single unified and programming-free platform.

The BOARD platform allow companies to achieve a single, accurate and complete view of business information and a full control of performance across the entire organization, from strategic formulation down to operational execution.

BOARD provides seamless solutions for:

- Reporting and Business Analytics
- Budgeting, Planning & Forecasting
- Profitability Modelling and Optimization
- Simulation and What-if Analysis
- Scorecarding and Strategy Management
- Financial Consolidation

Thanks to its programming-free toolkit approach global enterprises such as Acer, DHL, H&M, Mitsubishi, NEC, Puma, Rolls-Royce, Siemens have rapidly deployed end-to end decision-making applications in a fraction of the time and cost associated with traditional solutions. Implemented in over 100 countries, BOARD has 21 offices around the world and a global reseller network.

### Contact:

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