INSIDE TALK WEBINAR SERIES

# Future of Finance: Accelerating Digitization—Making the Business Case for Investment in Cloud-Based Digitization

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Carl White

May 26, 2021

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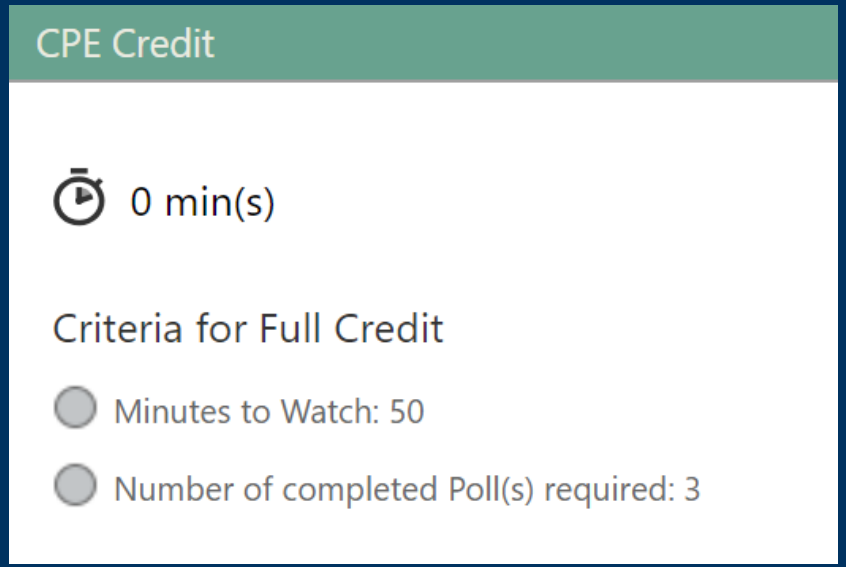

# Moderator

**Steve Shannon**

**Director**

**Partnership Marketing, Business Development**

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# Featured Presenter

**Conor O’Kelly, BComm, FCA, M.S.**

**Senior Director of Statutory Accounting**

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# Conor O’Kelly’s Biography

- Conor has over 20 years of experience as a senior finance operations controller for multinational corporations including Workiva (NYSE:WK), Hewlett Packard (NYSE:HPE) and Ericsson (NASDAQ:ERIC) as well as international financial standards setters. He is a Fellow of the Institute of Chartered Accountants Ireland and past member of Council at the Institute of Chartered Accountants in Ireland. He has also served as vice chair of the Board of Directors of XBRL International Inc.



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# Featured Presenter

**Carl White**

**Director of Value Management**

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# Carl White’s Biography

- Carl is an outcomes-focused director with proven expertise in the design, sales, implementation, and growth of high-value, complex solutions across a wide number of finance teams. He employs a consultative, analytical approach to identify and quantify value drivers to support customer buying decisions.



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# Learning Objectives

*Upon completing this webinar, you will be able to:*

1. Identify the value drivers behind the rapid adoption to cloud-based Platform-as-a-service (PaaS) amongst corporate reporting teams.
2. Explain how to measure and quantify the costs and benefits of the value drivers.
3. Develop a value-based scoring mechanism and risk rating system to use when making the business case for investment in technology projects within your organization.



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# Polling Question 1

When preparing your statutory financial statements, on average how many file versions of the master file are created before the final version is complete?

a) One version—we never have multiple versions
b) We normally save 2 to 5 versions before the final version is complete
c) We normally save 6 to 10 versions before the final version is complete
d) We typically save more than 10 versions



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# Polling Question 1 Results (Placeholder)

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# Finance teams are redesigning delivery around longer term resilience and control to deal with COVID.

1

## Operational Basics

Process enablement operational resilience and Internal controls.

- End-to-end visibility
- Standardization and centralization

2

## Remote Digital Workplace

Remote workforce, culture and employee welfare.

- Improved time mgmt.
- Working from home
- Work life balance
- User friendly environment
- Minimal onboarding
- Staff engagement

3

## Corporate Governance in the Cloud

Greater governance, increased scalability reduced redundancy greater connected finance operations and people.

- Oversight/ controls
- Management estimates
- Section 172 Companies Act 2006 (UK)
- Section 304 Certification
- SOX 404 Controls
- Audit Committee

4

## Process & Controls Agility

Ability to respond to market uncertainty with pace and agility in financial processes while maintaining the highest levels of control.

- Centralization of controls
- Assessment/deployment of new controls
- Remote audit PBC
- Remote staff assignment
- Centralized task tracking and completion status
- Enhanced compliance

5

## Business Resilience Enablement

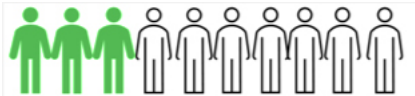
Increased demand to support business enablement. (liquidity management, payroll changes, govt, flexible remote working, re-opening business)

- Reduced time to deploy
- Lower change mgmt
- Velocity, volume, variety
- Connect governance, business owners, controls

# Pandemic response using technology that was adequate for our needs.

**38%** Determined that the right people are contributing to the assessment of risk of material misstatement

**38%** Conducting oversight and controls over the development of estimates, probabilities, and projections



**32%** Completing the Section 302 certification process remotely

**41%** Structuring and documenting management review policies

**6/10** Time management is somewhat or significantly more challenging

**"...company executives are candid about how much they don't know..."**

Bloomberg Tax/Workiva, Feb. 1, 2021



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Source: https://news.bloomberglaw.com/financial-accounting/preparing-year-end-reports-shaken-by-fundamental-uncertainty

# Making the Business Case for Transformation in Statutory Reporting

**$1.12M**
Projected annual benefit for customers with 150+ legal entities

**Reduce risk**

- Full visibility into completion status
- Integrated automation of financial statement preparation
- Centralized audit process
- Scalable growth model for sustained growth

**Save time**

**31–40%**

- First year time saving in 81–90% of customers
- Improved staff engagement and retention

**Reduce cost**

**11–15%**
External audit cost savings identified per year

**$7,500+**
Total cost benefit per entity across Workiva global statutory customers

**Measuring strategic, operational, and financial outcomes our customers achieve**



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# Polling Question 2

How automated and standardized would you say your reporting process is today?

a) Fully automated—we have direct links from source files to final outputs, and updates to source data flow through automatically
b) Partial automation—our source files are linked but any updates after the initial transfers are done manually
c) Limited automation—we use templates, but they're not linked and both source files and template updates are completed manually
d) No automation—gathering and adding source data to spreadsheets and subsequent updates to data and narrative in the reports are all done manually



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# Building the Business Case

Carl White, GSR Value Management

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# Why Do I Need a Business Case?

When it comes to statutory reporting, you know you've got challenges. You have an idea of what those challenges are, but how do you articulate them in such a way that arms the wider business with the necessary information in order to make the right purchasing decision?

**How do we ensure that our requirements get elevated amongst the many business priorities that exist today?**

**How do we get past budget approvals efficiently?**

**How do we get leadership buy-in?**

Defining and clearly explaining how your current challenges affect you and prevent your team from meeting organizational objectives, and also how—with a dedicated platform—you can overcome those challenges and drive more value for the business, is a critical skill.



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# Where Do I Start?

- **Map** out the current process
- **Include all contributors,** not just the core team
- **Interview** key stakeholders in the process
- **Capture** key quantitative data and qualitative challenges
- **Document the impact** of current pain



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# Polling Question 3

How do you track updates throughout the preparation process?

a) We have an automated audit trail of all changes logged that identify what, when, where, and by whom changes were made
b) An audit trail to capture changes exists, but it is done manually in a separate sheet or document
c) We can identify changes between versions, but it's difficult to identify when, why and by whom changes were made
d) No changes are logged—information regarding changes often resides in emails and it takes a significant effort to investigate issues



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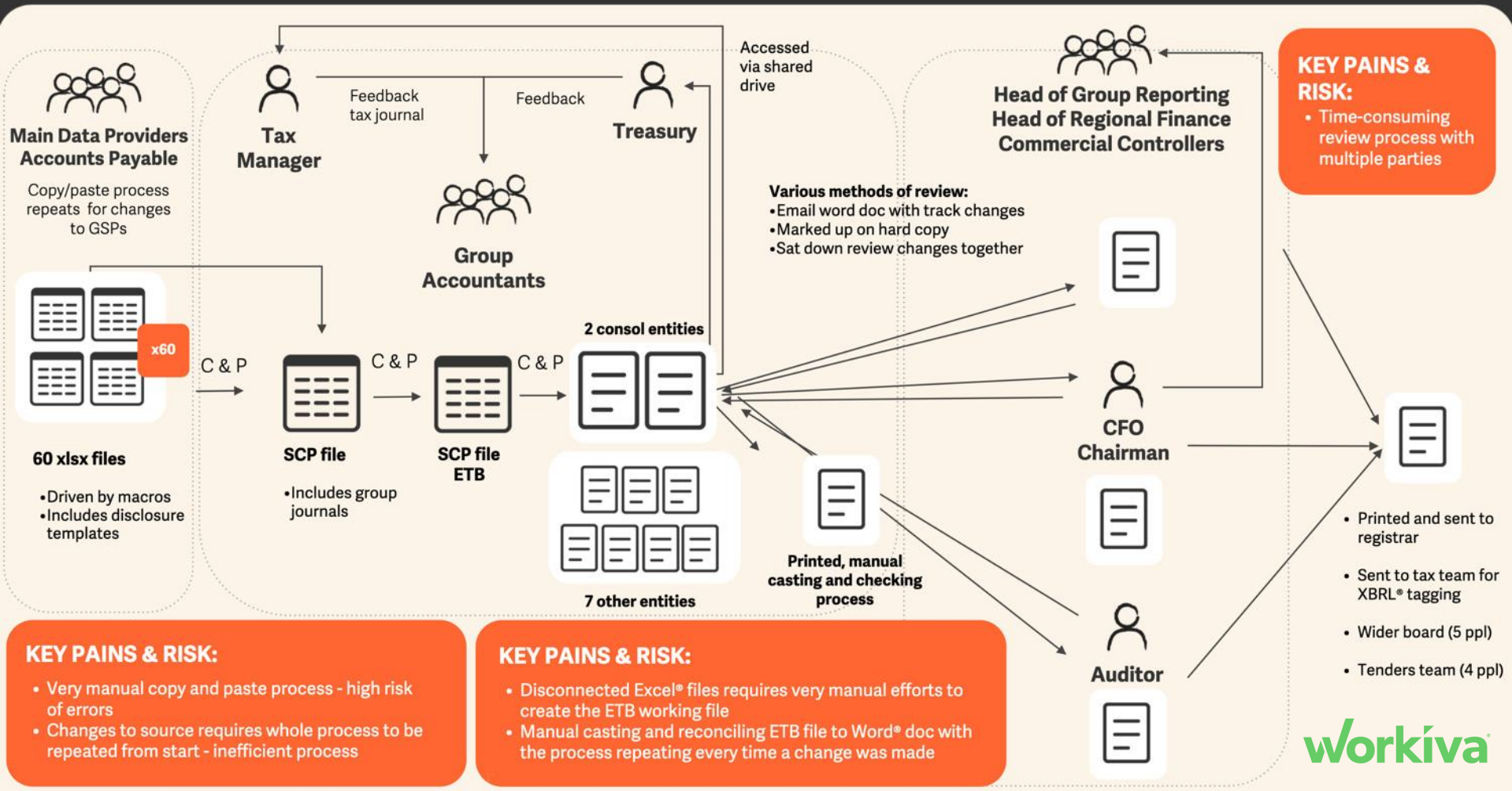
Main Data Providers
Accounts Payable
Copy/paste process repeats for changes to GSPs
x60
60 xlsx files
•Driven by macros
•Includes disclosure templates
C & P
SCP file
•Includes group journals
C & P
SCP file ETB
C & P
2 consol entities
7 other entities
Tax Manager
Feedback tax journal
Feedback
Treasury
Accessed via shared drive
Group Accountants
Various methods of review:
•Email word doc with track changes
•Marked up on hard copy
•Sat down review changes together
Printed, manual casting and checking process
Head of Group Reporting
Head of Regional Finance
Commercial Controllers
CFO
Chairman
Auditor
KEY PAINS & RISK:
• Time-consuming review process with multiple parties
• Printed and sent to registrar
• Sent to tax team for XBRL® tagging
• Wider board (5 ppl)
• Tenders team (4 ppl)
KEY PAINS & RISK:
• Very manual copy and paste process - high risk of errors
• Changes to source requires whole process to be repeated from start - inefficient process
KEY PAINS & RISK:
• Disconnected Excel® files requires very manual efforts to create the ETB working file
• Manual casting and reconciling ETB file to Word® doc with the process repeating every time a change was made
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# Identify Your Desired Future State

List your desired future state, but don't focus on features and functionality

**We would like more time to conduct a deeper review… we seem to be up against tight deadlines all the time.**

**The number of errors is too high, we'd like to mitigate the risk as much as possible.**

**We currently outsource financial statement preparation in some countries, ideally we'd like to bring that back in house.**

**Our external audit process is complex and so the cost is excessive...it needs to be addressed.**



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# Qualitative vs. Quantitative Challenges

Categorize your challenges. A few examples...

| | Qualitative | Quantitative |
|---|---|---|
| Cost | Budgetary inflexibility | Excessive spend |
| Efficiency | Employee morale | Inefficiency |
| Risk | Reputational damage | Penalties, late fees |



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# Demonstrate The Value

## Describe the qualitative benefits

What would achieving our ideal future state mean?

- More time to conduct deeper reviews
- Improved confidence in the quality
- Better staff morale
- Lower risk

## Calculate the quantitative benefits

Will the purchase give us a positive ROI?

- How much time will we save?
- Which external costs can we reduce?
- How much risk can we eliminate?



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# How Do We Assess Risk?

| Question: | Option A | Option B | Option C | Option D |
|---|---|---|---|---|
| Where are the master / working files stored whilst they are being worked on? | They are all stored in the cloud, nothing is stored locally | Mostly cloud-based but some work is conducted & saved to local network drives or individual computers before the final version is uploaded to the cloud | All files and individual working versions are stored on network drives | Most or all work is conducted, and working versions stored, on individual computers using desktop applications—individual versions are then merged into the master file |
| How is permissioning to files granted to the individuals who conduct the financial statement preparation? | Granular permissions at cell, sheet, or page level - users can only access data relevant to their section and can only access their relevant sections of the final output | Permissions are at file level, users can only access files that are relevant to their section and/or can also access all areas of the final output | Permissions are at network level, users can access some files that are not relevant to their section, and/or can access all sections of the final output | We have little or no permissions, all users can access all data and all sections of the final output |



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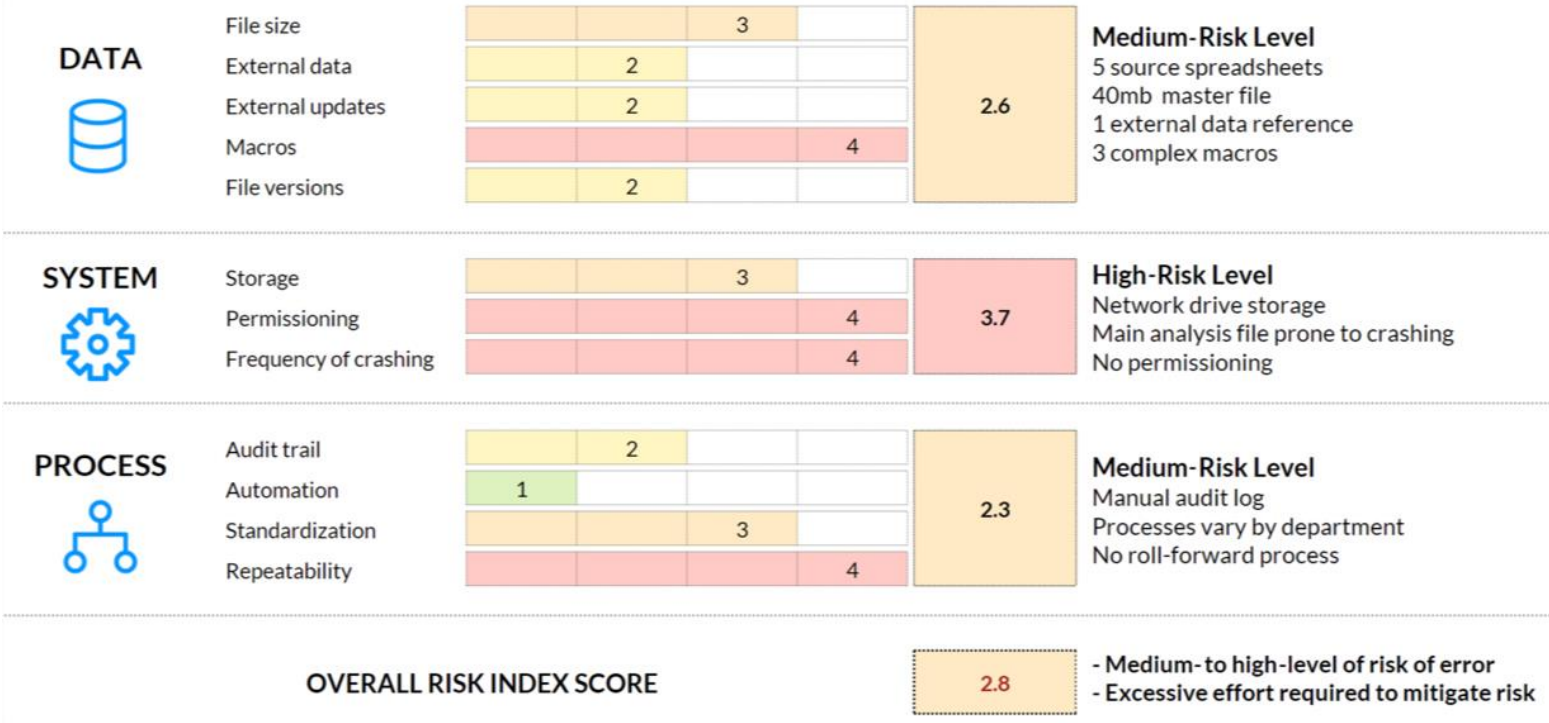
# How Do We Assess Risk?



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# How Do We Assess Risk?

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# The Output: What Should My Business Case Look Like?

**1 Executive Summary**

- Describe the problem that you're trying to solve
- Highlight the challenges and pain

**2 Desired future outcomes**

- List the aims: What do you want to achieve?
- Highlight how the proposed solution will help you get there

**3 Include the figures**

- Calculate the gross and net benefit
- Show the return on investment and payback period



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# Polling Question 4

Are you considering purchasing new technology for your reporting and/or compliance needs?

a) Yes, looking to purchase in the next 12 months
b) Yes, but not looking to purchase for at least 12 months
c) No, we are not looking to upgrade at this time.



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# Questions & Answers

***Use the* Q & A Panel *to send your questions to our panelists.***

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**Director of Value Management**
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**Conor O'Kelly, BComm, FCA, M.S.**
**Senior Director of Statutory Accounting**
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**Steve Shannon**
**Director,**
**Partnership Marketing,**
**Business Development**
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# Thank You to Our Featured Presenters!

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  - Evaluation Survey icon at the bottom of your console
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  - Click the “CPE” icon at the bottom of your console

    **or**
  - Click the link in your post-event e-mail
- Please print a copy of the CPE certificate for your records.
- Your CPE credit will be automatically recorded in your transcript.

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