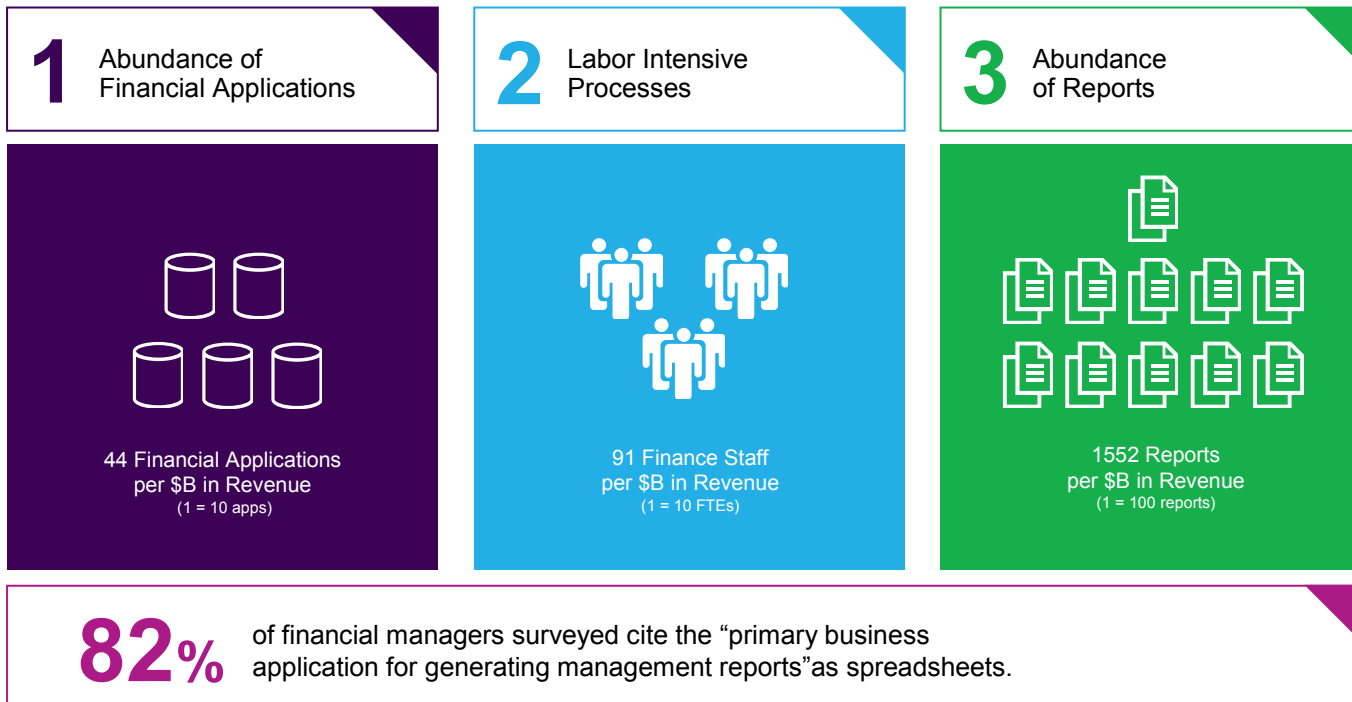**BusinessConnect 2014**
A New Era of Smart

Achieve a Faster, More Accurate Financial Closure

Samir Parey

Principal Solution Specialist - Business Analytics
Performance Management & GRC

IBM

Today's organizations are facing many **NEW CHALLENGES**
with primitive tools and practices

1 Abundance of Financial Applications

2 Labor Intensive Processes

3 Abundance of Reports

44 Financial Applications
per $B in Revenue
(1 = 10 apps)

91 Finance Staff
per $B in Revenue
(1 = 10 FTEs)

1552 Reports
per $B in Revenue
(1 = 100 reports)

82% of financial managers surveyed cite the "primary business application for generating management reports" as spreadsheets.

What Customers Struggle With
Lack Of **Time**, Limited **Control**, Lower **Confidence**

1. **Long _time_ to complete**

   - Manual processes to identify and organize data dominate most narrative reports

   - Limited visibility in to the progress

   - Highly paid intelligent people doing low value, time-consuming tasks and checks

   - **Little to no time to perform analysis and provide insight for decision makers**

2. **Challenges with data management- _control_**

   - Error-prone activities repeated over and over again that involve re-keying information into different forms and reports

   - Inability to easily compare reporting versions

   - Slow response to changing requirements

   - **Have to compromise on volume and velocity of reports**

3. **Incomplete and/or inaccurate information - _confidence_**

   - People can make mistakes

   - Little or no security, controls, audit trail or transparency

   - Unable to completely incorporate business review and analysis with financial reports

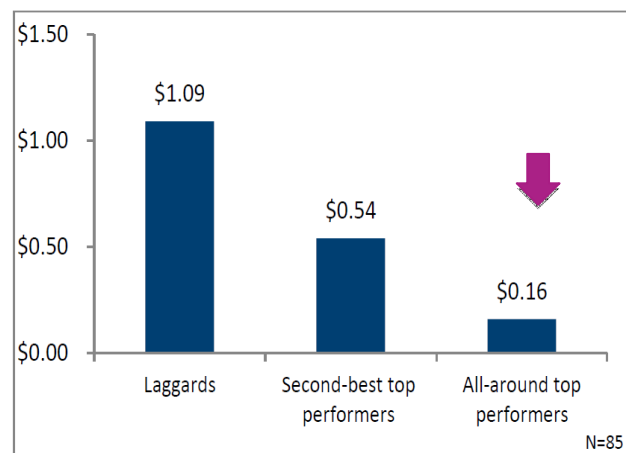   - **Decisions are made on incorrect data**

Gaps are Pervasive & Have Direct Impact on Performance

- The challenges associated with manual processes and gaps in existing technology are not just in External Reporting—they are pervasive throughout the Finance organization

- All this extra work on low value activities steals time from higher value analysis

Total Cost of Financial Reporting per $1,000 in Revenue

Laggards not effective or efficient…

- Too much time spent on manual data collection & creating reports by hand—causing delays in critical reports and analysis
- Over-reliance on personal productivity tools & email lead to longer cycle times and less accuracy in reports
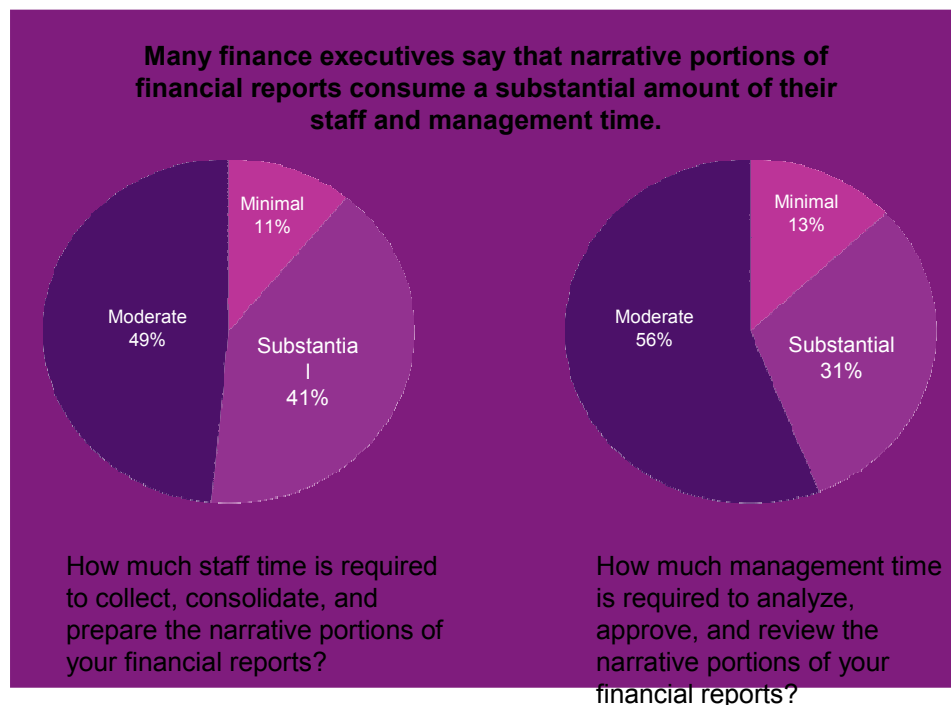- Execution, data accuracy & control challenges are pervasive

	$1.50		
$1.09			
	$1.00		
		$0.54	
	$0.50		$0.16
	$0.00		
	Laggards	Second-best top performers	All-around top performers
			N=85

What's the value of a Narrative Reporting Platform?

Reporting Beyond Charts & Graphs

• Decisions can no longer just be made based **on numbers alone**

• Executives and managers want **detailed analysis (narrative)** to support the data before making **critical business decisions**

• Need to join **financial, operational,** and **statistical** data with detailed **qualitative analysis** in a **fluid** and **dynamic** environment
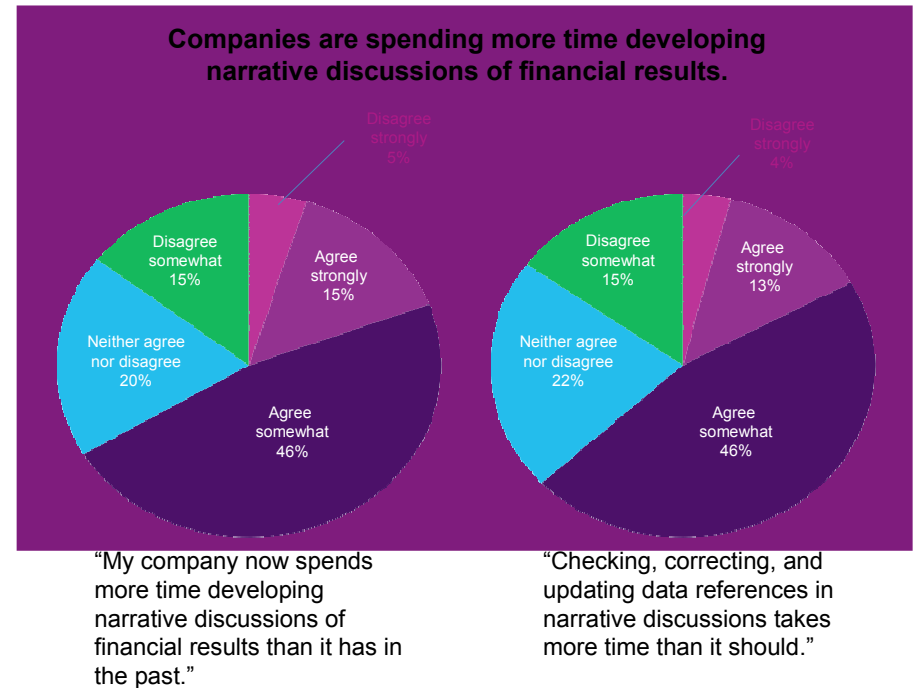
Many finance executives say that narrative portions of financial reports consume a substantial amount of their staff and management time.

Minimal 11%
Moderate 49%
Substantial 41%

Minimal 13%
Moderate 56%
Substantial 31%

How much staff time is required to collect, consolidate, and prepare the narrative portions of your financial reports?

How much management time is required to analyze, approve, and review the narrative portions of your financial reports?

CFO research

Poor Practices—Directly Impact Performance.

Few companies are able to take advantage of the benefits of automation in updating the narrative portions of financial reports.

Do your company's information systems automatically update narrative analysis and discussions any time an underlying data point changes?

63%

No, we must mutually update all reports any time a data point changes

26%

Some, but not all reports can be updated automatically

8%

Yes, every time a number changes, the system automatically updates reports

Companies are spending more time developing narrative discussions of financial results.

Disagree strongly 5%
Agree strongly 15%
Disagree somewhat 15%
Neither agree nor disagree 20%
Agree somewhat 46%

Disagree strongly 4%
Agree strongly 13%
Disagree somewhat 15%
Neither agree nor disagree 22%
Agree somewhat 46%

"My company now spends more time developing narrative discussions of financial results than it has in the past."

"Checking, correcting, and updating data references in narrative discussions takes more time than it should."

How do the existing processes and tools used to manage and support critical management reporting activities impact your organization's ability to access, analyze and present insights to drive value?

CFO research

Lack of Confidence in the Process, Reports, & Data

IBM Performance Management Solution

The Close, Consolidate, Report Process

CLOSE	CONSOLIDATE	REPORT

First Mile	Consolidation	Last Mile

Closing Process
(Consolidation System)
- Data Input & Changes
- Collect From Subsidiaries (Financial & Operational Data_

Closing Process
(Accounting Processes)
- Close Sub Ledgers and Systems
- Account Reconciliation
- Intercompany transactions
- Prepare journal entries: accruals & adjustments

Consolidation
(Consolidation System)
- Create single currencies
- Minority interest holdings
- Intercompany eliminations
- Group closing adj.
- Management adjustments
- Allocations
- Advanced formula calculations

Internal controls & compliance testing

Reporting
(Consolidation System)
Internal Reporting
- Financial reporting adjustments
- Cash flow & other preparation

Disclosure Management & Tagging (CDM)

External Reporting
- Financial statements with integrated notes disclosure
- Publish highly formatted quarterly, annual reports, press releases
- Tagging of data

Compliance & Control

First Mile
Data quality and control system for collection and reconciliation
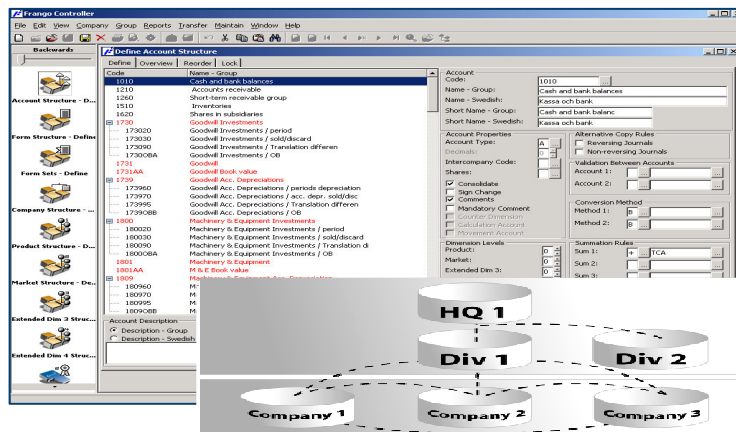
Consolidation
Financial consolidation and systems for processing and preparation

Last Mile
Leveraging financial data trapped in the close process for reporting Certifying and publishing external documents

IBM Cognos Consolidation

- Built-in Financial Intelligence

- Deep Consolidation Functions

- Multi Jurisdictional GAAP Reporting

- Familiar Web & Excel User Interface

- Consolidation Workflow

- Configurable data submission process

- 260+ Working Reports – Out of the Box
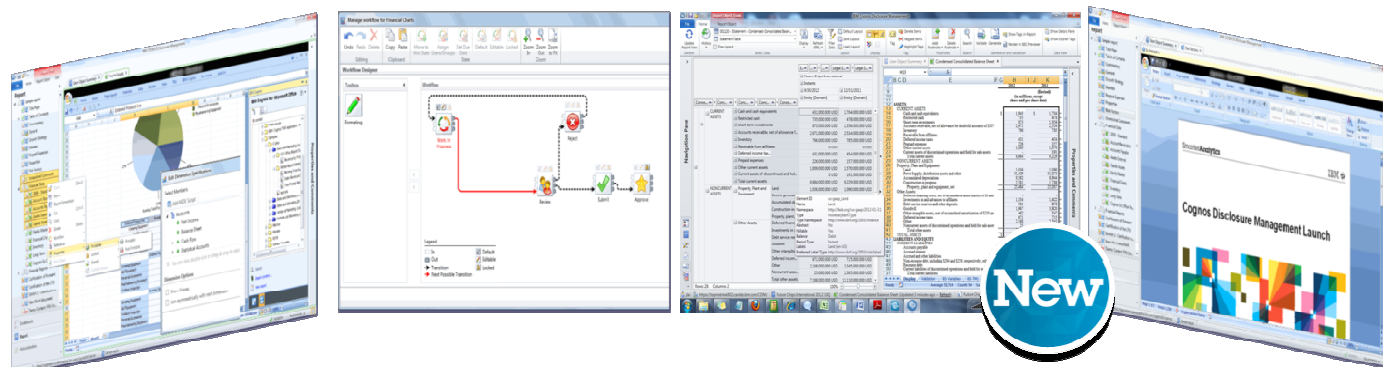
- Command Centre Visibility – Group & Company
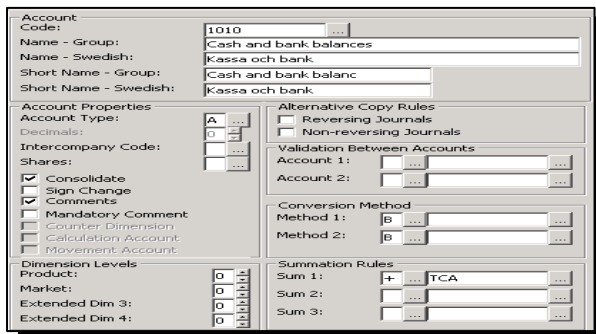
- Application Configuration Approach
- Financed Operated/Managed
- Rapid Time to Value

Cognos Disclosure Management 10.2.1

One platform for internal / management and external financial reporting

Load and leverage spreadsheets
Connect easily to all data
Design intelligent process and automation
Integrate numbers with narratives

+

Tagging functionality – e.g., XBRL
Edgar Conversion for SEC filing
XBRL – Analytics and auditing functionality
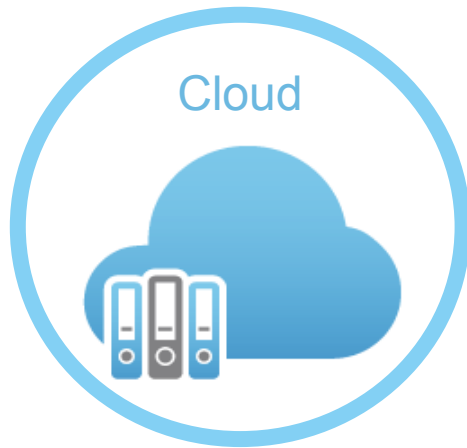**Enhanced integration and workflow**

Available on premise and on cloud

IBM
Disclosure Management Solutions

A secure, reliable reporting and analysis solution that converges performance data and BI reports with robust narrative analysis in a collaborative and controlled environment
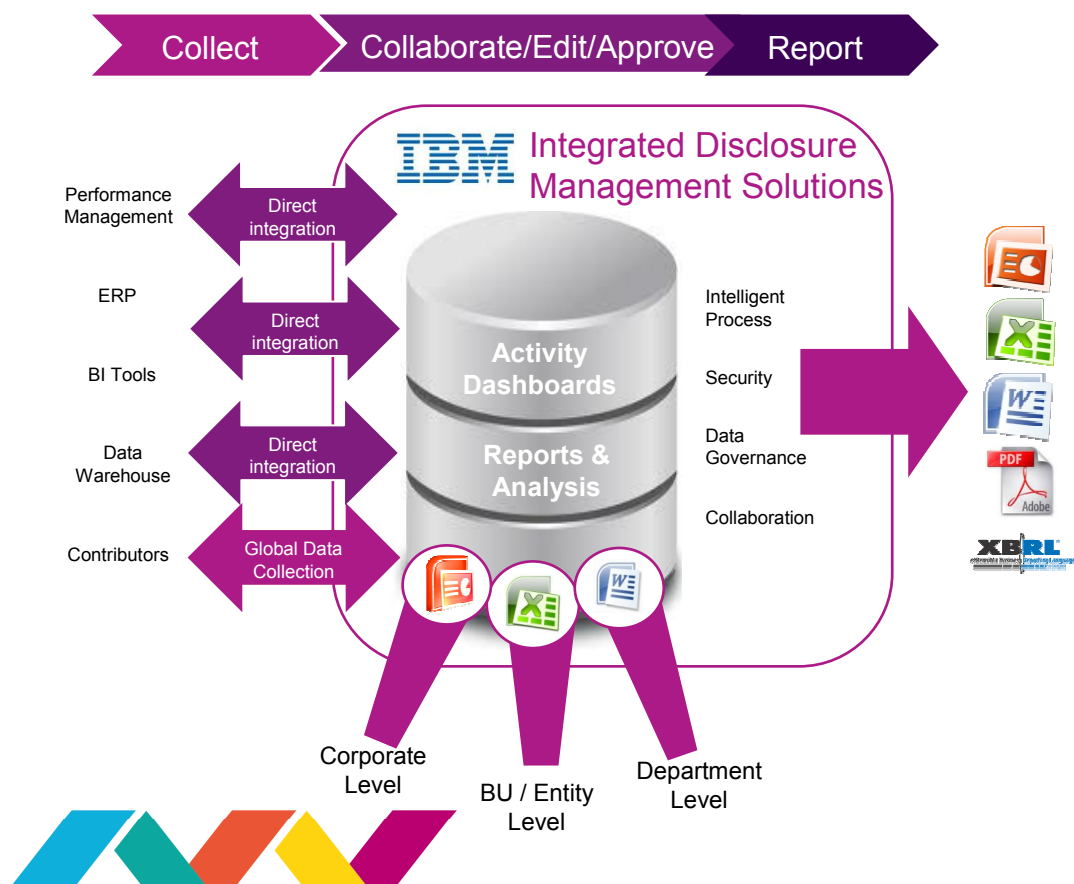
New Deployment Options

Cloud

Cognos Disclosure
Management on Cloud

On Premise

IBM Cognos Disclosure Management — How It Works

Collect → Collaborate/Edit/Approve → Report

IBM Integrated Disclosure Management Solutions

Performance Management — Direct integration

ERP — Direct integration

BI Tools

Data Warehouse — Direct integration

Contributors — Global Data Collection

Activity Dashboards

Reports & Analysis

Intelligent Process

Security

Data Governance

Collaboration

Corporate Level

BU / Entity Level

Department Level

- A secure enterprise-scalable reporting & analysis solution
- Leverages the tools already in use: Microsoft Word and Excel
- Direct access to source data means data and analysis dynamically updates in reports
- Powerful, collaborative environment
- Workflow and task management
- Embedded controls, security & validation
- Publish highly consumable reports and analysis in multiple output formats
- Integrated Tagging capabilities for multiple purposes

Trademarks and notes

IBM Corporation 2014

- IBM, the IBM logo, and ibm.com are trademarks or registered trademarks of International Business Machines Corporation in the United States, other countries, or both. If these and other IBM trademarked terms are marked on their first occurrence in this information with the appropriate symbol (® or ™), these symbols indicate U.S. registered or common law trademarks owned by IBM at the time this information was published. Such trademarks may also be registered or common law trademarks in other countries. A current list of IBM trademarks is available on the Web at "Copyright and trademark information" at www.ibm.com/legal/copytrade.shtml.

- Other company, product, and service names may be trademarks or service marks of others.

- References in this publication to IBM products or services do not imply that IBM intends to make them available in all countries in which IBM operates.