

Wayne Isaac & Mike Jeffery - 15th May, 2012

Automating the Close, Consolidate, Report and File Process (CCRF)

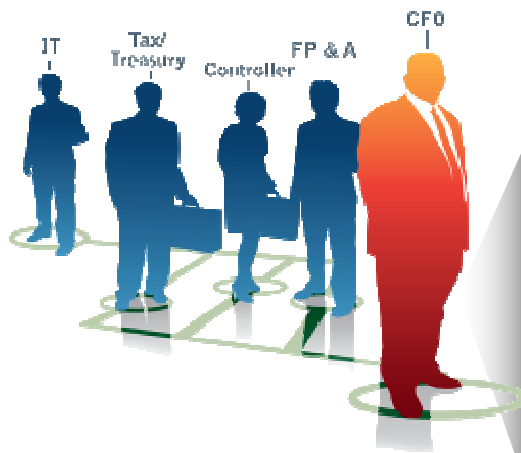


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Driving Smarter Decisions for better business outcomes



Planning, Analysis & Forecasting

Profitability Modeling & Optimization

Close, Consolidation, Report and File

Performance Reporting and Scorecarding

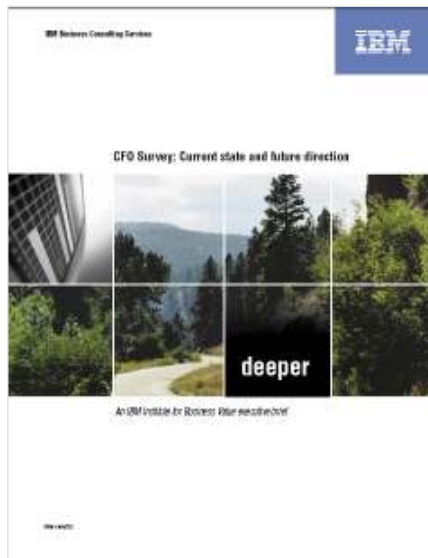
Governance, Risk and Compliance



Performance Management Solution Excellence

- Best in Class and Owned by Finance Solutions
- Connect Financial & Operational Performance Enterprise-wide, Enterprise-deep
- Independent Performance Management System that span all data, transaction systems and enterprise investments
- Infused with world class Business Intelligence and Cognos 10

IBM CFO Studies



2003



2005



2008

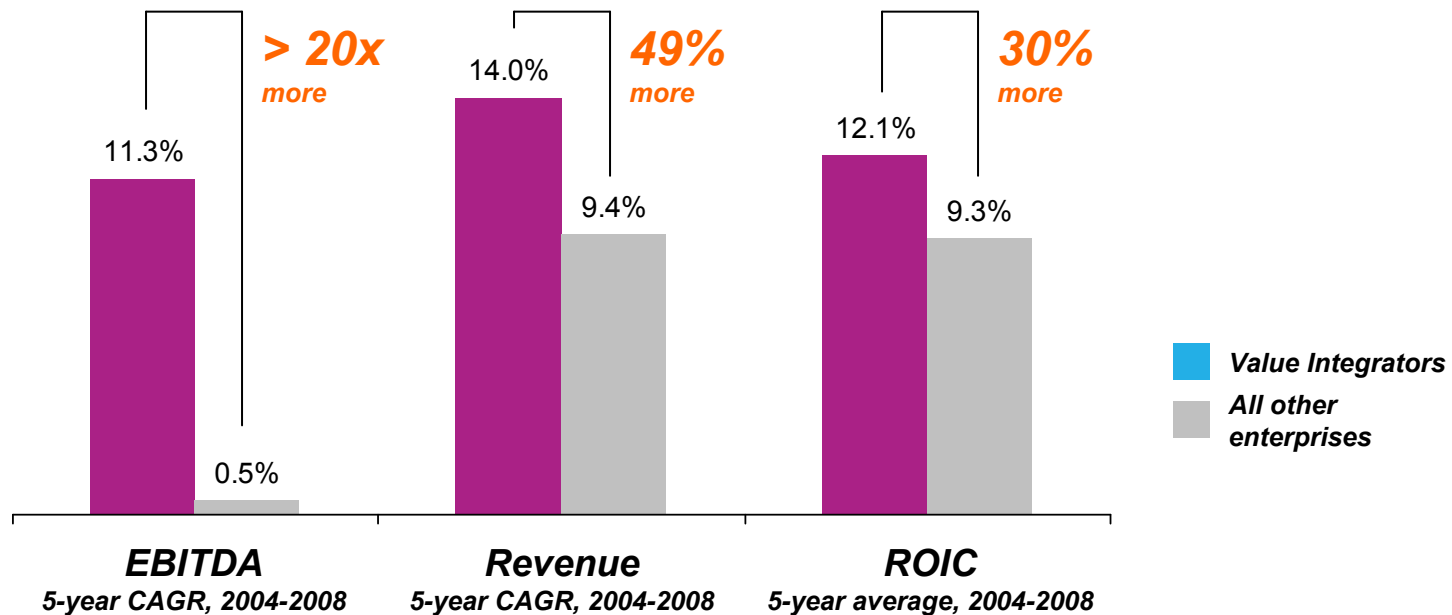


2010

<http://www-935.ibm.com/services/us/cfo/cfostudy2010/index.html>

Theme #3 – The greatest rewards come from doing both well

“Value Integrators” = Deliver Efficiency + Business Insight



Revenue Growth: N = 580; EBITDA: N = 531; ROIC: N = 501;
Source: IBM Institute for Business Value, The Global CFO Study 2010

The Close, Consolidate, Report & File Process



Close (First Mile)
Data quality and control system for collection and reconciliation

Consolidation
Financial consolidation and systems for consolidating financial results

Reporting and Filing (Last Mile)
Deliver automated financial documents

Leverage financial data trapped in the close process for financial reporting & analytics

The Close, Consolidate, Report & File Process



- **Collect, certify and validate financial results**
- **Centralize, manage and apply standard accounting and financial rules**
- **Establish single, centralized store for consolidated financial results**
- **Manage and deliver internal financial/management reports**
- **Provide ad-hoc analysis and insight on-demand**
- **Coordinate, create and publish external financial documents and file.**
- **Collect and assess internal controls**

The Close, Consolidate, Report & File Process



- Account Analysis
- Close Analytics
- Financial Consolidation
- Financial Controls Management
- Corporate Reporting
- Regulatory Filing (e.g. XBRL)



Close, Consolidate, Report, File (CCRF) process critical starting point for certified financial results

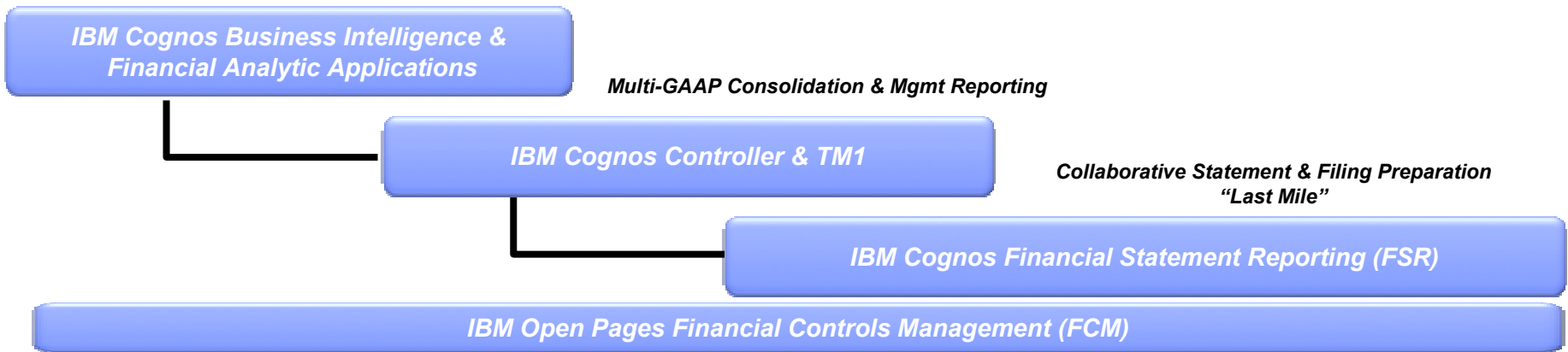
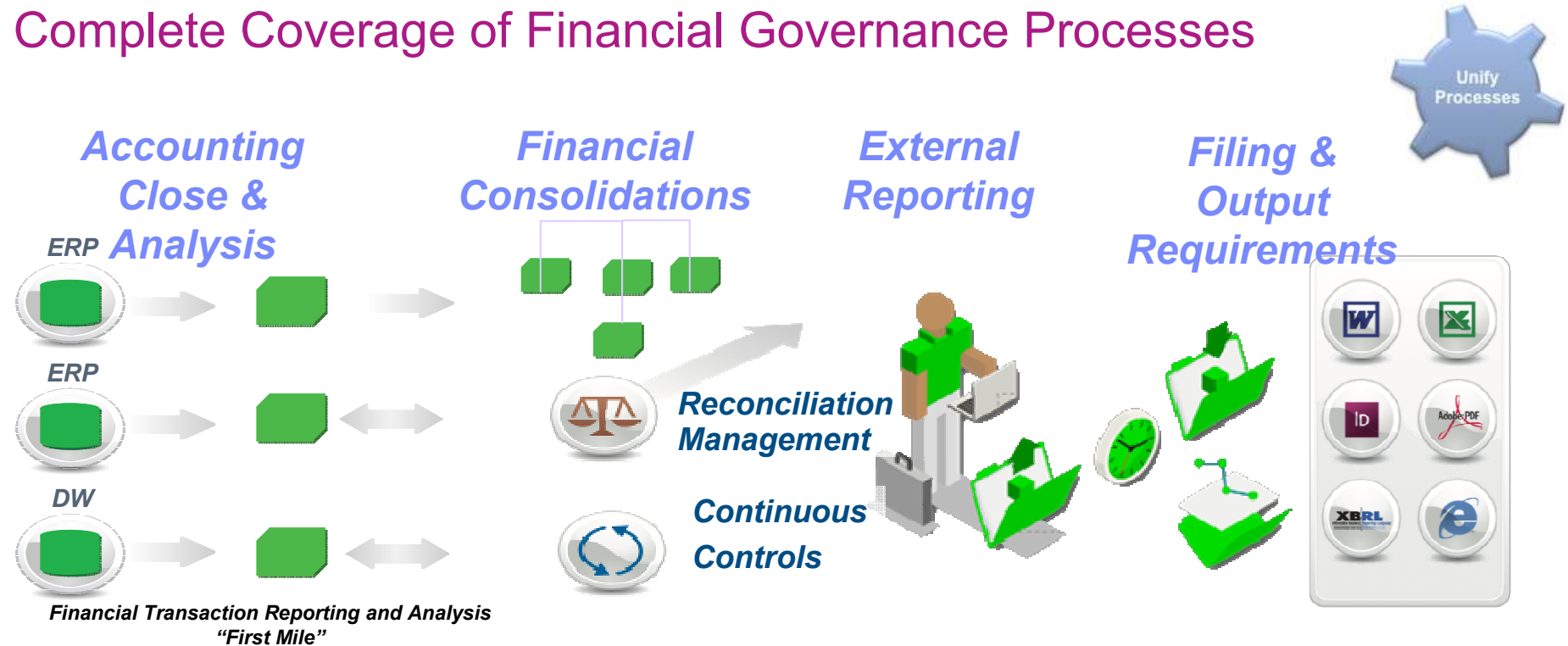
Support the 5 key tenets of the close, consolidate, report process

1. Reduce the length of time to close
2. Reduce resources consumed
3. Eliminate data errors
4. Certify & audit financial consolidation
5. Provide audited accounting policies



IMPACT: Cost efficient and effective compliance and faster cycles of performance feedback. Confidence in reporting to external stakeholders.

Complete Coverage of Financial Governance Processes



Why companies invest in integrated CCRF solutions

- ❖ **To speed reporting – this shows good governance.**
- ❖ **Strengthen the companies ability to provide timely and accurate data for better, more effective business decisions**
- ❖ **Obtain financial information in a controlled, auditable process**
- ❖ **Ensure data integrity and transparency needed to comply with various regulatory requirements**
- ❖ **Evaluating and limiting the risks of errors**
- ❖ **Obtain a single platform in order to enhance and monitor internal controls**
- ❖ **Automate the production of consolidated financials and external compliance reports**

Issues with the CCRF Process

- ❖ **Inconsistent data from various subsidiaries – multiple GL, ERP, and disparate transactional systems**
- ❖ **Lack of unified platform for managing the financial close management steps**
 - ❑ **Finance professionals to labour through hundreds of manual and administrative checks**
 - ❑ **Update and checking hundreds of offline spreadsheets**
 - ❑ **Little or no visibility into the status of steps in closing process**
 - ❑ **Waste of time in performing redundant data checks**
- ❖ **Excessive overtime or missed compliance deadlines**
- ❖ **Close activities prove to be extremely inefficient and costly**

Review the CCR process as a whole and not as separate activities

- ❖ **Ensures accurate data flow within and between currently disparate processes**
- ❖ **Improves communication across the processes**
- ❖ **Reduces cycle times and errors through automation of data transfers**
- ❖ **Provides enhanced internal controls**
- ❖ **Complete complex financial consolidation activities through integrated CCRF activities**

Close, Consolidate, Report: Key Requirements



Controller



FP & A

- *Single controlled environment*
- *Application configuration*
- *Audit tracking*
- *Internal controls*
- *Finance owned*
- *IT infrastructure compliance*
- *Global and local accounting support*
- *Consolidation workflow*
- *Security & access control*

DEMO

Financial consolidation



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Trends in Financial Reporting

- ❖ Adoption of IFRS – Subsidiaries and FRSME
 - Opportunity to drive standardisation across report preparation (templates)
 - Fewer manual processes around adjustments to/from local GAAP.
 - Consolidation on single ERP system.
- ❖ Increasing size and complexity of Annual Reports
 - E&Y Financial Reporting Outlook
 - 36% feel that the Annual Report is most effective way to inform
 - 81% believe their AR is adequate but could be improved.
 - 47% agree with the premise of the FRC initiative to “Cut Clutter” , but 45% do not feel it is important.
 - 20% agree with more reporting of sustainability and other issues.
- ❖ DBIS call for simplicity in Narrative Reporting requiring Companies to publish a high-level strategic report.
- ❖ Coalition commitment to "reinstate an Operating and Financial Review (OFR) to ensure that directors' social and environmental duties have to be covered in company reporting, and investigate further ways of improving corporate accountability and transparency".
- ❖ UK leads Corporate Responsibility reporting – nearly all Global Fortune 250 companies report CR activity, and half claim financial value.

The future of narrative reporting

http://www.grant-thornton.co.uk/thinking/the_boardroom/index.php/artic...



Annual reports grow in size - 08 Sep 2011 - Accountancy Age print view http://www.accountancyage.com/print_articles/news/1107693-annual-reports-grow-in-size



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Annual reports grow in size

08 Sep 2011, Accountancy Age Staff, AccountancyAge

<http://www.accountancyage.com/news/1107693-annual-reports-grow-in-size>

ANNUAL reports are just getting longer. That's the conclusion of the latest research from corporate reporting consultancy Black Sun which found that the average annual report has lengthened by 10 pages.

Black Sun concluded that while The FTSE 100 may be taking their reporting responsibilities seriously under new provisions of the UK Combined Code, "they are struggling to do it concisely".

The average report length is now 175 pages (up from 164 in 2009) while six of the FTSE 100 produced volumes of 300 pages.

Sally Pike, Black Sun's director of the quality of content and the way i

Sun claims reports may have grown around strategy and more links bet

Visitor comments

PMA

The other thing I always find stragg - pls do not generally state the you discover what it is (they just say, fo 2011). I would have thought that if) at least extend this basic framework. Also some companies with Decemb Spring the 2010 Report because it c instead. I hardly think we need an IAS for it conciseness.

Posted by: Peter Arrowsmith, 12 5

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Haymarket House, 28-29 Haymarket
Wales with company registration n

report now 100 p

Accountancy Age

[p://www.accountancyage.com/aa/ne](http://www.accountancyage.com/aa/ne)



	2011	2010	2009
Annual report	134.5	128.2	120.7
Narrative reporting	69.3	65.4	63.6
Financial statements	65.2	62.8	57.1

Source: 2011 Grant Thornton Corporate Governance Review

and one which, in my previous report

Is this achievable?

Our challenge last year to reduce annual report length by 10% has fallen on deaf ears.

She believes company reports are becoming standardised, as companies 1 of 4 potential competitive or legal risk.

"Inevitably you plagiarise because plagiarism is safer than improvisation," she said.

The government is investigating possible reforms to reporting requirements, following its decision to



The Boardroom Blog

- Popular
- Video Posts (0)
- All Articles (1)

The future of narrative reporting

Thursday, October 13, 2011 | Posted by: Simon Lowe

Categories: FRC, Governance | Tags: governance, FRC, Corporate Governance, Simon Lowe, FTSE 350, Corporate Governance Review, financial reporting, BIS, annual reports, IIRC, Ben Langford, narrative reporting

Government plans to rationalise the structure, format and content of annual reports are aimed to improve clarity for investors.

The size of annual reports has risen by 5%, growing to 135 pages from 128 pages last year. They have become unwieldy documents, often full of boilerplate text and regulatory holders.

nt report by the Department of Reporting. The recommendations and simplification of

ncise description of the direction and risks. Companies and format of this report. The re prescriptive.

ompanies using innovative ways of en the time to understand the key most use to investors.

ber 2011 to remove roadblocks to help to streamline reporting and

) has also issued a recent icating Value in the 21st Century". for reporting with an exposure draft

f international accounting reporting should be welcomed. A t will be interesting to note how this

the BIS and IIRC consultations

1 of 1

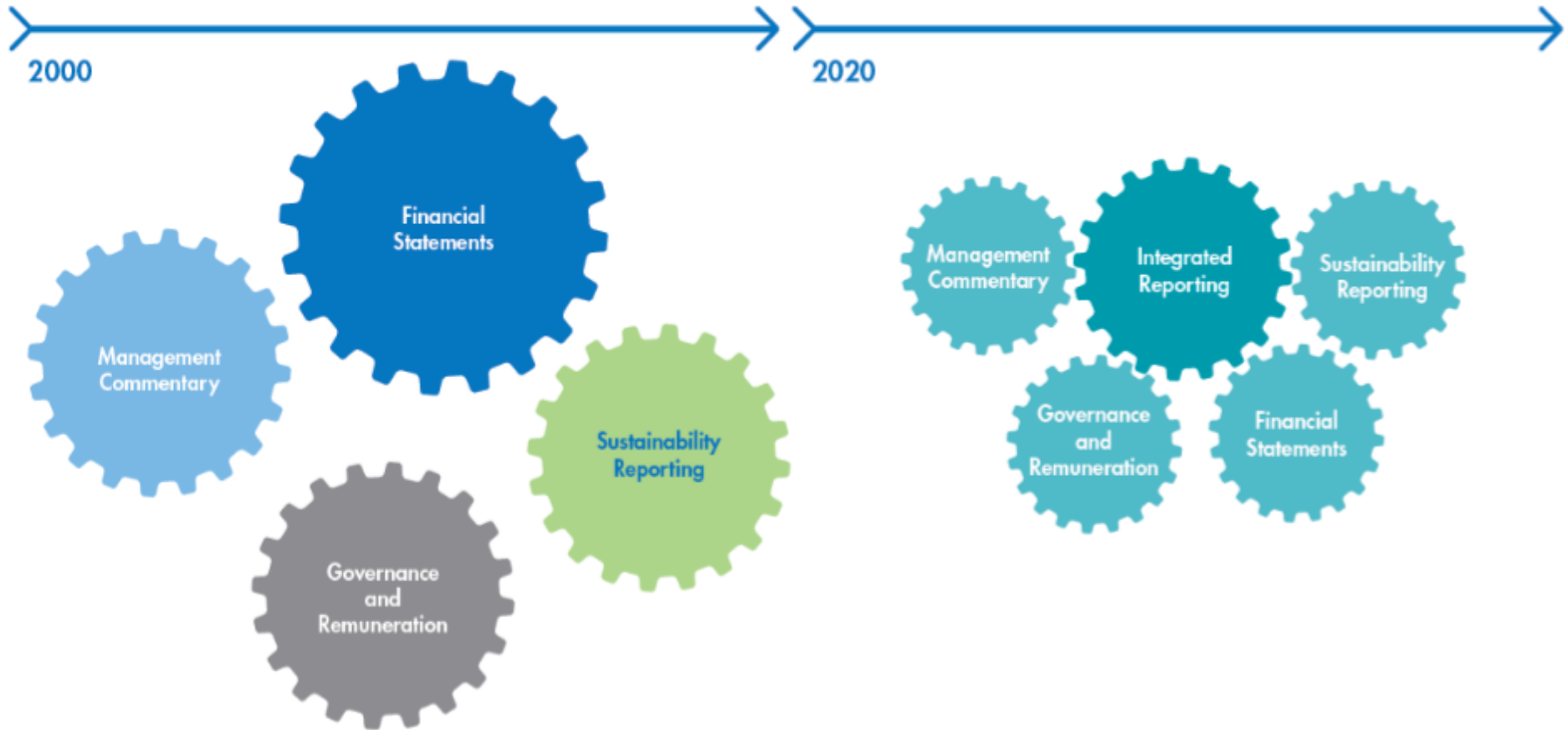
MY ACCOUNTING, OUR TEAM. 14/02/2012 11:34

14/02/2012 11:30

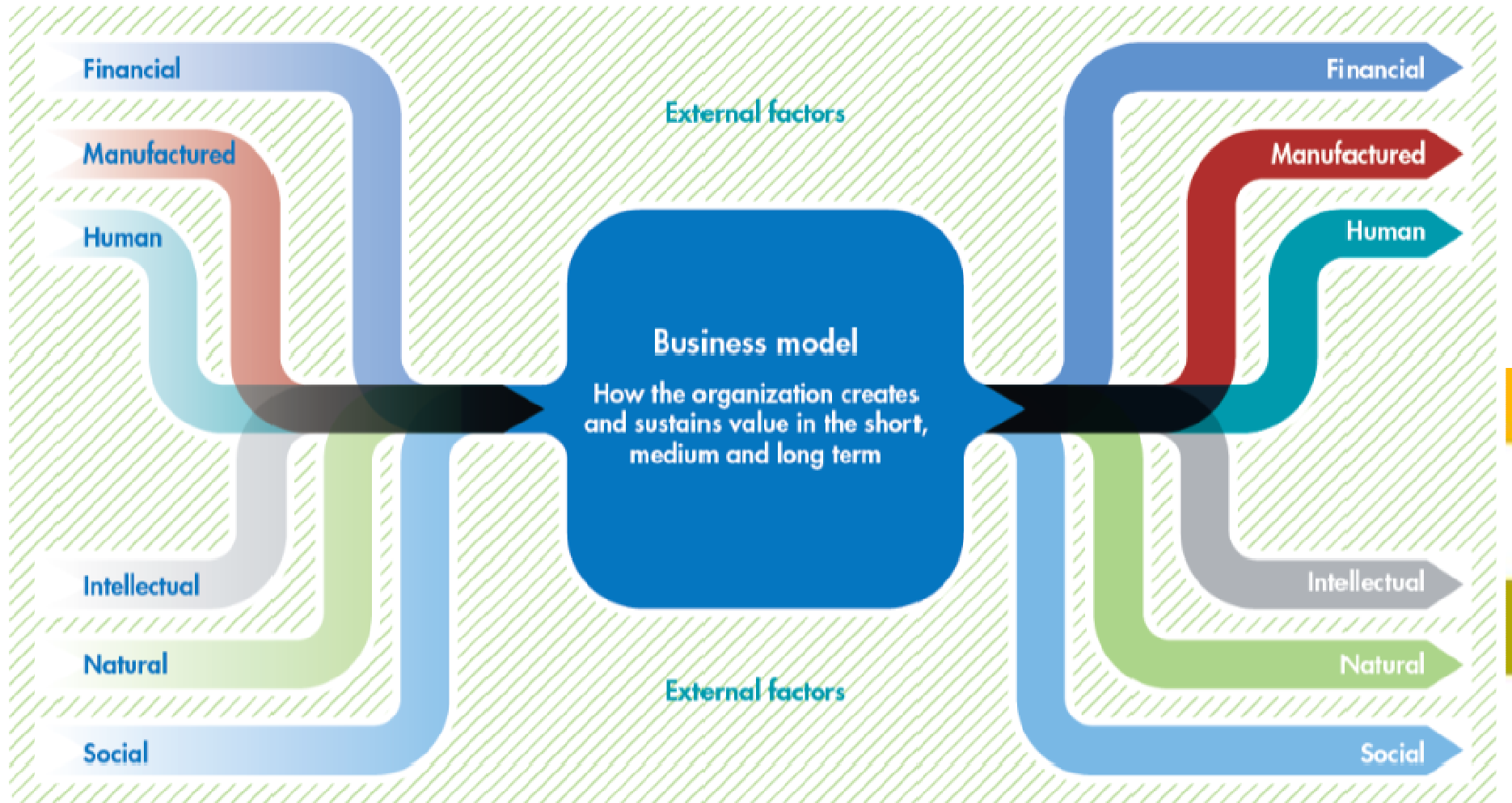
The Reporting Landscape

- ❖ Many users, different views, no overall perspective
- ❖ Processing data – not overall system
- ❖ Conflicting views and end-users
- ❖ Systems within systems (shareholders' meetings, investor presentations, board packs etc)
- ❖ Piecemeal development of systems
- ❖ Performance not compliance.

...Integrated Reporting – the Future



Central themes - Business model & value creation



IIRC - HOW IS INTEGRATED REPORTING DIFFERENT?

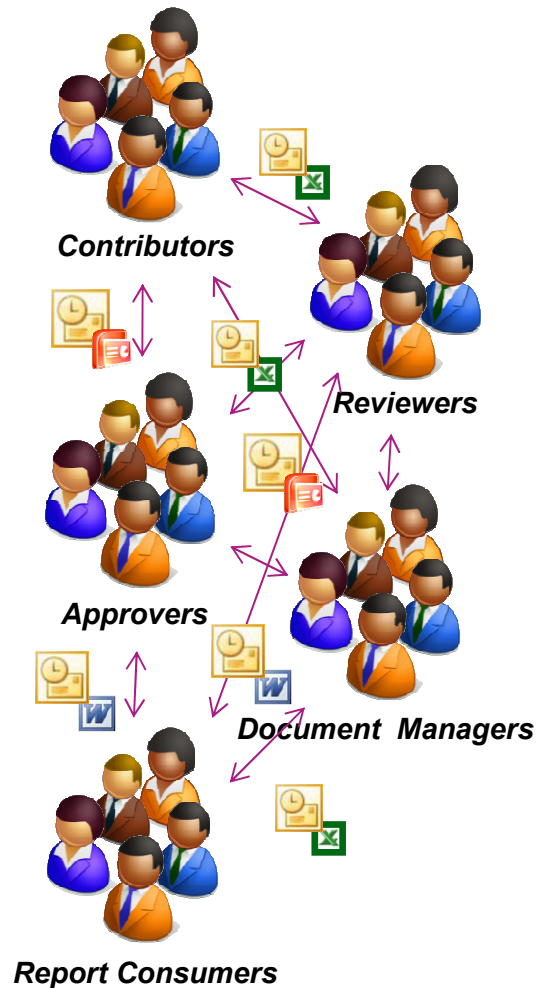
- ❖ Thinking - Integrated Reporting reflects and supports integrated thinking for an organization's value creation process
- ❖ Stewardship - An Integrated Report displays an organization's stewardship not only of financial capital, but also of the other "capitals" (manufactured, human, intellectual, natural and social).
- ❖ Focus - An Integrated Report focuses on an organization's strategic objectives and its ability to create and sustain value in the future, as well as, past financial performance and financial risks.
- ❖ Timeframe - Integrated Reporting specifically factors in short, medium and long term considerations.
- ❖ Trust - Integrated Reporting emphasizes transparency, rather than focussing primarily on a narrow series of mandated disclosures, and helps to build trust.
- ❖ Adaptive - Integrated Reporting offers a principles-based approach which drives greater focus on factors that are material to particular sectors and organizations.
- ❖ Concise – Integrated Reporting is concise and material, not long and complex.
- ❖ Technology enabled – Integrated Reporting takes advantage of new and emerging technologies to link information within the primary report and to facilitate access to further detail online

Integrated Reporting Model

What is Integrated Reporting?

- ❖ By reinforcing these connections, Integrated Reporting can help business to take more sustainable decisions and enable investors and other stakeholders to understand how an organization is really performing.
- ❖ External reporting vis-a-vis board strategy: if external reporting is not focused on what boards are focused on, then it is neither strategic or material. (Top-slice of management information).
- ❖ An Integrated Report should ideally be the primary reporting vehicle.
- ❖ To enable the effective creation of such reports, the process of assembly and review will need to be more automated and streamlined, eliminating pervasive manual assembly and review systems. (Reporting will not be easy).

A closer look at the current reporting process...



- **Editing, updating, and review of reports done in multiple versions of offline Excel spreadsheets, Word docs and PowerPoint slides**
 - MS Office tools not integrated into processes which leads to little visibility or auditability of data within
 - Version control is a nightmare
 - Pieces of data and analysis need to be shared across multiple reports for different audiences
 - Not everyone has access to same files
- **High risk of errors**
 - Report data not integrated with source data
 - Requires multiple manual updates of financial or operational data in tables and narrative commentary
 - Requires time-consuming checks to ensure data is up-to-date and to ensure integrity of data throughout the report(s)
- **And little security**
 - Primary collaboration tool is unsecured email
 - No central, collaborative solution for preparing reports
 - No controls, audit trail or security over using MS Office & email
 - Confidential information can be easily leaked

From our work in the current year we established that 95% of the excel spreadsheets examined had errors out of which 80% had significant monetary errors (i.e. spreadsheet gives an incorrect result).

(Source: PwC, 2011)

90 percent of all Excel spreadsheets with more than 150 rows of Excel formulae contain material errors;

(Source: KPMG, 2008)

Risk Elements	Outcomes
Error	Financial loss
Fraud	Legal challenges
Overdependence	Loss of stock value
Incorrect interpretation	Loss of reputation
Lack of enterprise interoperability	Fines and penalties
Lack of accuracy	Job loss
Productivity	
Compliance	

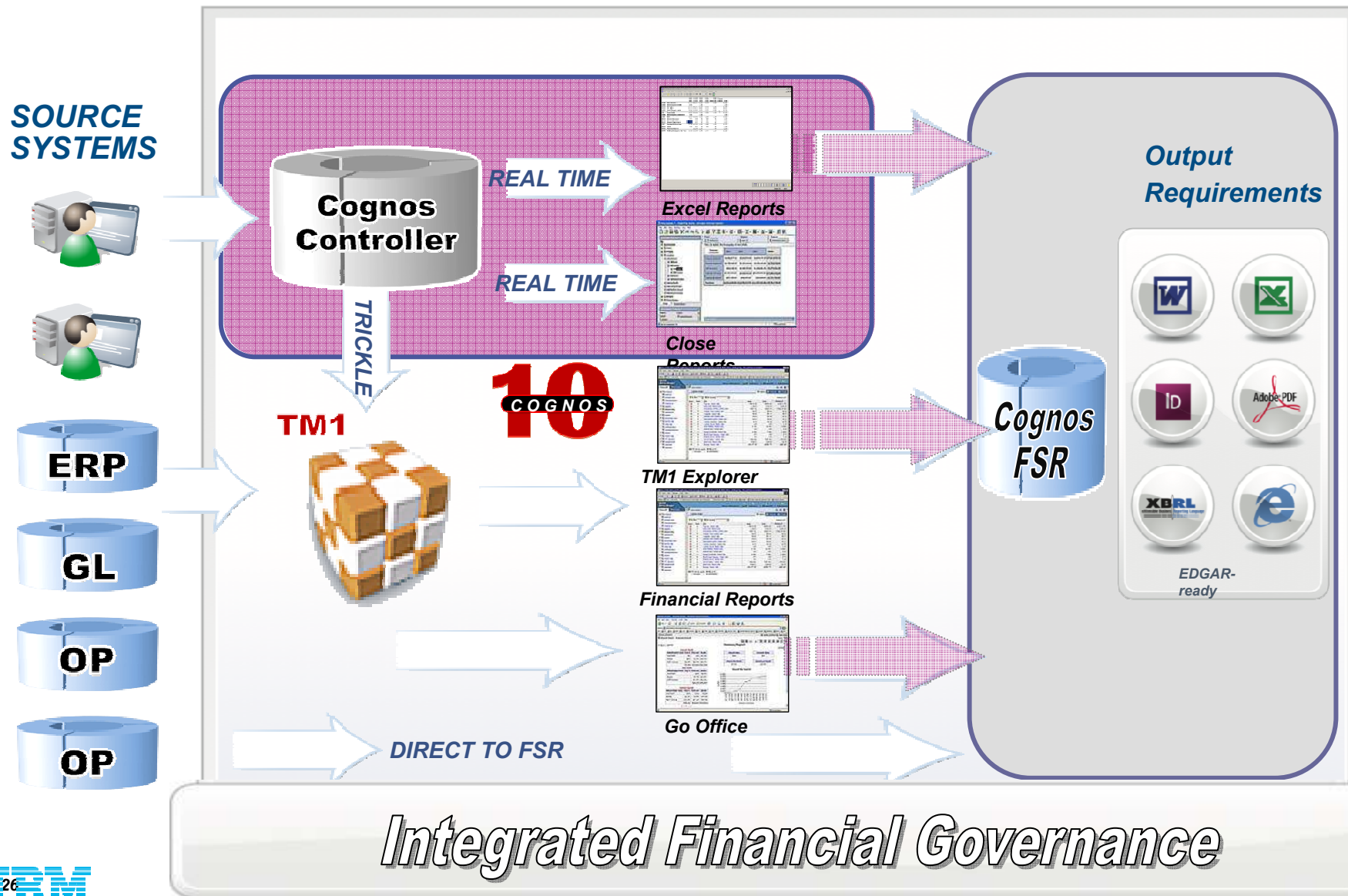
Source: Forrester Research, Inc.

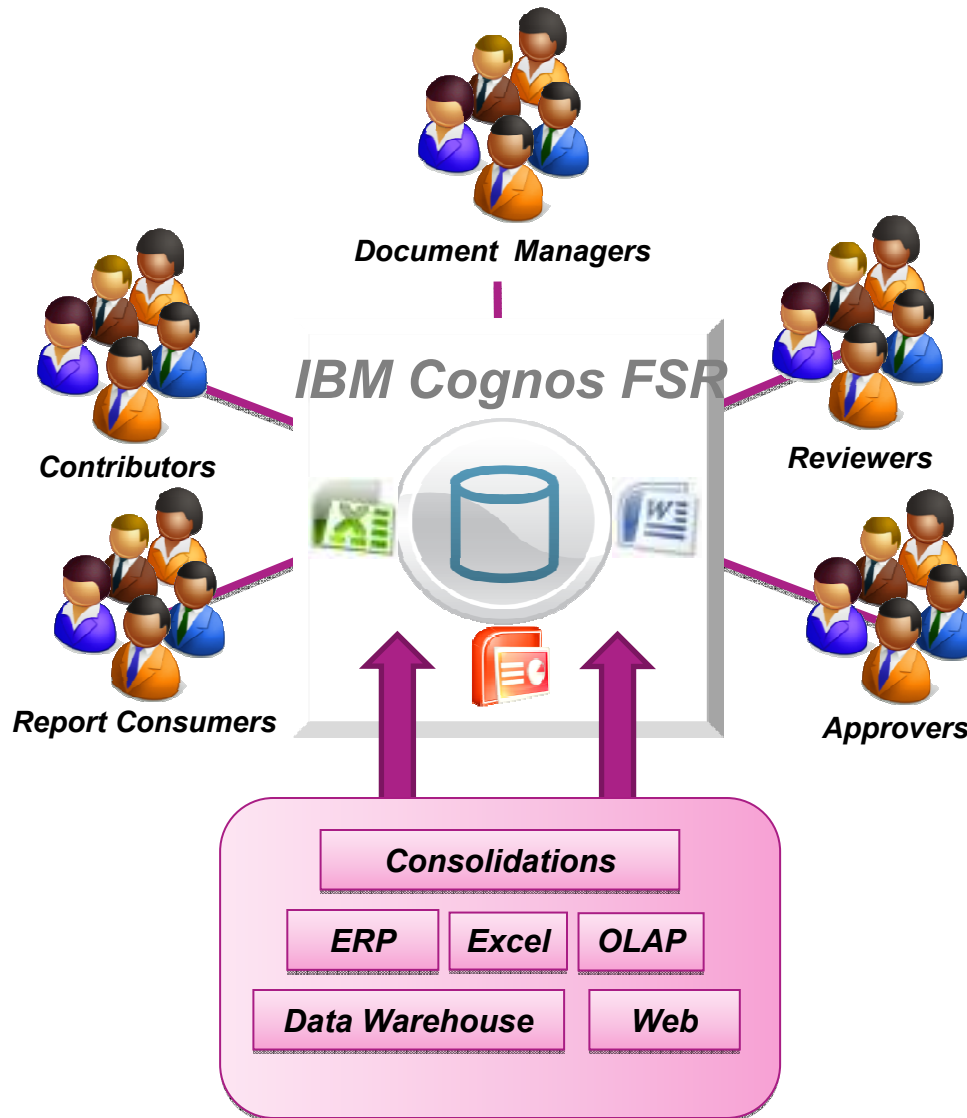
Spreadsheets, a fact of life in most enterprises' financial business processes, form the core operations tool of many organizations around finance, treasury, reconciliations, portfolio and asset management, audit, and risk management, to name a few.

(Source: Forrester, 2008)

Today, many enterprises struggle with slide version control as a significant business issue — not just a productivity issue at the individual information worker level. For example, business units often find it extremely difficult to ensure that appropriate content, such as a correct financial statement or the correct representation of a pharmaceutical product, is in the slide.

(Source: Forrester, 2007)





A unified governance platform for automating internal management reporting processes

- ✓ **Integrate with any data source to ensure a single source of the truth**
- ✓ **Use web templates to automate data collection from anywhere in the world**
- ✓ **Variables in text provide real time data updates within reports**
- ✓ **Enhance controls and security with audit trail reporting and embedded approval checklists**
- ✓ **Workflow and task management tools provide greater visibility into every step of the process**
- ✓ **Create/update content once and automatically update that content across multiple reports**
- ✓ **Multi-author environment allows for collaboration in creating content-rich reports**
- ✓ **User friendly and familiar interface of MS Office**
- ✓ **Business rules and embedded validation greatly reduce risk of errors**
- ✓ **Generate reports in multiple formats including PDF & Powerpoint, MS Word and more**

Financial Statement Production: The Final Step in the Last Mile of Finance

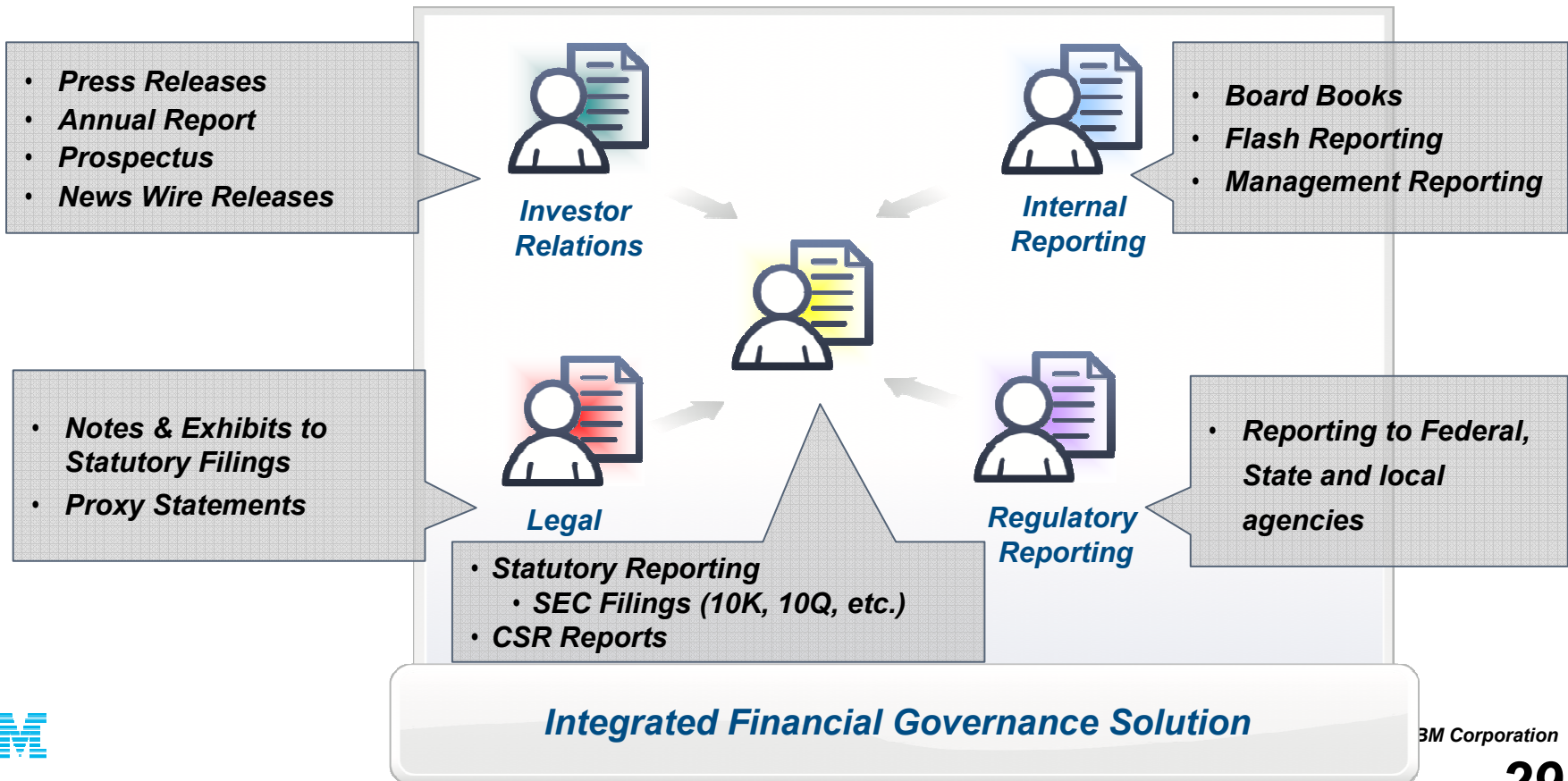
John E. Van Decker

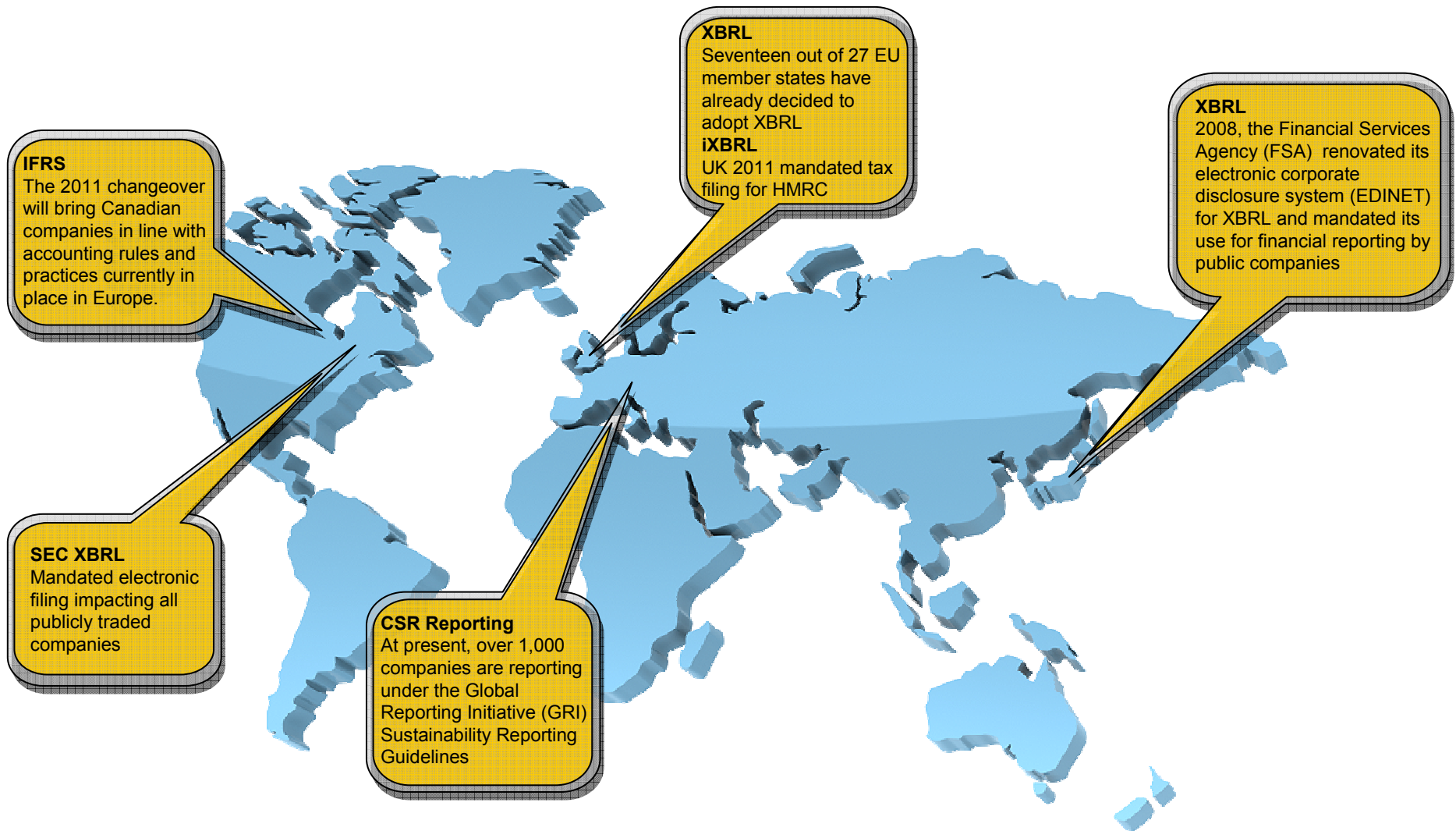
Key Findings

- XBRL should be applied to the final financial statements, which are developed in the loosely controlled process of preparing reports for the publisher, as there is still a possibility for final adjustments.
- Tools that can help coordinate the financial statement, regulatory reporting and investor report production activities in one central product that can provide a collaborative environment for all contributing parties can reduce process costs by up to 30%.
- Financial statement reporting solutions provide visibility and governance of XBRL and statement production, reducing the need for management and supervisory hands-on oversight.
- These solutions can help in aligning the organization around a single approach for financial report generation.

Recommendations

- Publicly traded companies in the U.S. that have or will soon have XBRL disclosure requirements should evaluate the financial statement reporting offerings, as should any enterprise that wishes to close the control gap in financial reporting.
- Taking back in-house the current XBRL outsourced approach will prove valuable to many firms. This will also help organizations develop a strategy for future increased disclosure requirements.





- All financial and regulatory markets require financial disclosure documents

- Most markets accelerating towards electronic filing of XBRL

XBRL Leadership

- First to offer XBRL Tag Once capabilities
- First vendor to offer Integrated Taxonomy Editor
- Only major vendor with “0” EFM errors for first Level IV SEC XBRL submission
- Regular briefings with SEC staff
- FASB licensed FSR to help manage the XBRL taxonomy project
- IBM is an active member within the XBRL community

Proven Solution – No surprises

- As listed on www.xbrlcloud.com as of Nov. 22, 2010
100% filed with ZERO EFM Errors

	Level 1 Filings	Level IV Filings	Total
IBM Cognos FSR	145	62	207

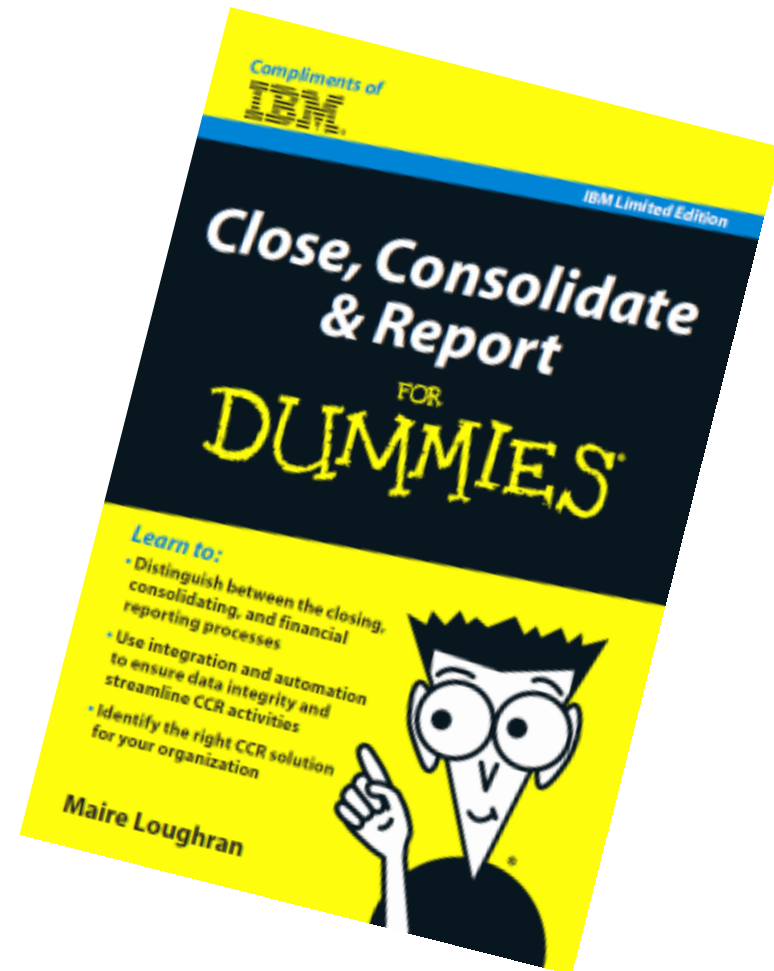
DEMO

External Financial Statement Production



Learn To

- **Distinguish between the closing, consolidating, and financial reporting processes**
- **Use integration and automation to ensure data integrity and streamline CCR activities**
- **Identify the right CCR solution for your organization**





Thank you

