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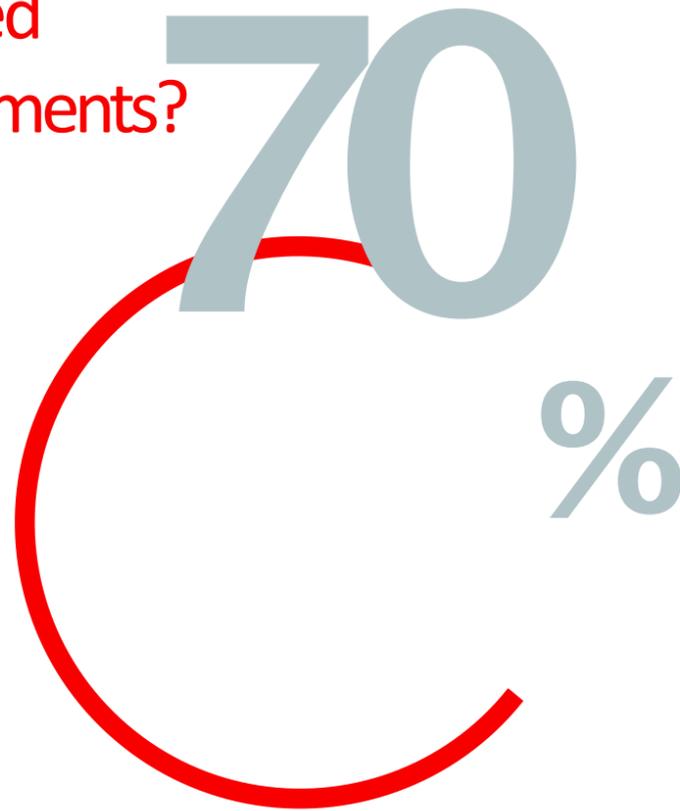
Delivering a Modern Financial Close

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How Are You Keeping up with the Increased Business Complexity & Reporting Requirements?

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

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



More than **70 percent** of companies have more than five reporting standards

50 percent of companies increased staff in the last three years to keep up with requirements



E&Y' Connected reporting Responding to complexity and rising stakeholder demands: 2014

Today's Financial Close Challenges

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

To meet these demands organizations have to:

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



The Extended Financial Close Delivering High Value and Reduced Cycle Times

Peers



Top Performers



Challenges Facing Senior Finance Professionals

Complex legacy systems and environment

55%



Managing complex needs of all stakeholders

48%



Managing new and complex risks

46%



Difficulties in standardizing finance processes due to complex operating models

28%



Accenture's High Performance Finance Study

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Taking a Modern Approach

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

Best-Practice Consolidation Out-of-the-Box

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

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

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

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

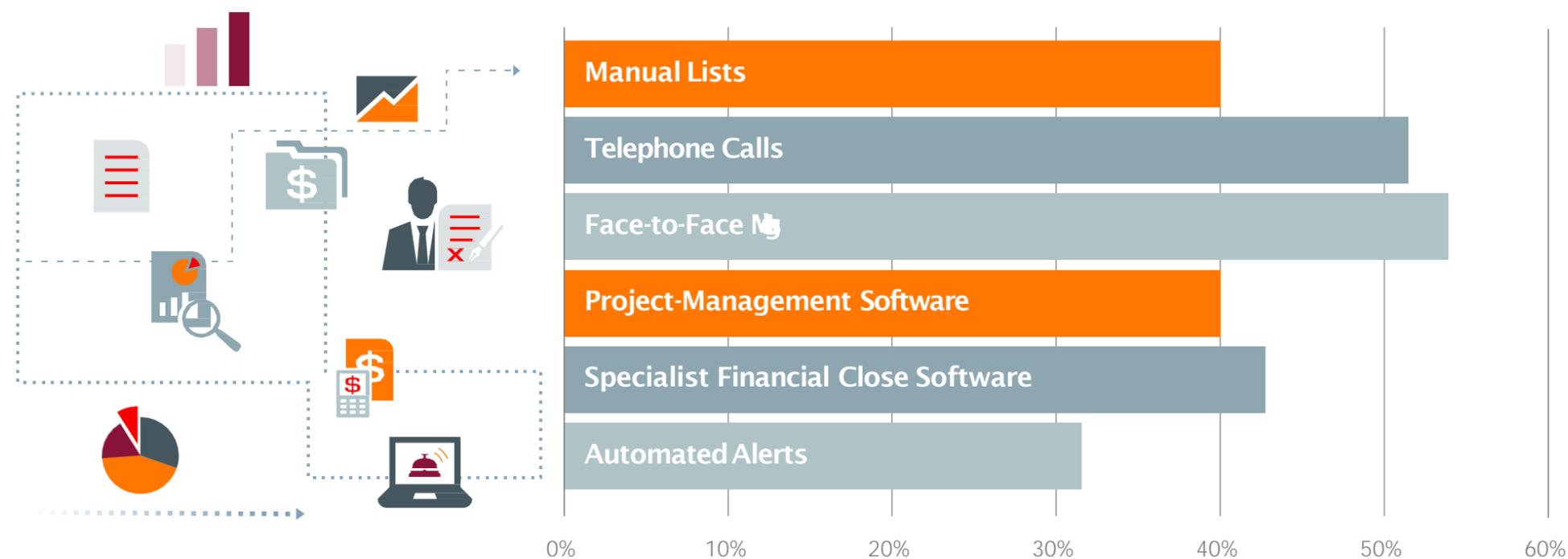
—Mark Minne, Vice President of Reporting & Information Service (RISE) at Deutsche Telekom

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

Comprehensively Address the Extended Close Process

The “extended” financial close encompasses everything that takes place from subledger close to submitting filings to the appropriate regulatory body. This often can involve thousands of individual activities and hundreds of people, even in a midsize organization, and especially where there are many subsidiaries. Making this happen on time and right the first time requires careful planning and management, and smooth and trouble-free execution. Not an easy task with manual tick lists, e-mail, spreadsheets and disparate systems. Oracle and Accenture research shows that while organizations use many different tools to manage the process (see graph), in fact 86 percent of them also use spreadsheets.

How Organizations Track the Financial Close, Reporting and Filing Process



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

Modern solutions that comprehensively address the extended close process:

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

Integrated, Secure and Auditable

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

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

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

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

Modern solutions that are integrated, secure and auditable:

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

The Extended Financial Close

Control



Close Management



Finance Dashboard

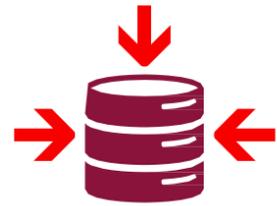
Execution



Data Sources



Data Assurance



Consolidations



Management &
Analytical Reporting

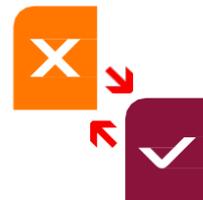


Compliance &
Statutory Reporting

Suppo



Hierarchy Governance



Reconciliations



Supplemental Data

A World-Class Close

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

World-Class Benchmark—Financial Close and Reporting

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

Source: Hackett Group 2014

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

- Taking a holistic approach—addressing and managing the entire process
- Focusing on the time-wasters (intercompany transactions, cash flow, foreign exchange, minority interests, account reconciliations, supplemental data, etc.)
- Delivering information as early as possible—interim flash reporting
- Including unstructured information—reporting with commentary
- Closing source systems and keeping them closed
- Doing it right the first time—audit trails, process control
- Reporting direct from the system: self-service and automated internal/external reporting (Word, PowerPoint, Excel, HTML, PDF, etc.)
- Incorporating ALL regulatory reporting requirements

Consolidate, Close, and Report with Confidence

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

Oracle Financial Consolidation and Close Cloud Service

Oracle Financial Consolidation and Close Cloud Service is a solution that can be configured to fit individual organizations' requirements. Using best practices, coupled with prepopulated content, the system allows organizations to build an application that meets their business needs without having extraneous functionality. It enables organizations to combine a world-class consolidation solution with the ability to tailor the solution to have the features they require.

Oracle Account Reconciliation Cloud Service

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

Oracle Enterprise Performance Reporting Cloud Service

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



More information:
cloud.oracle.com/epm