Finance transformation

Dragging finance into the 21st Century with detailed analytics

On Arrival

- Good people, fragmented processes, changing business, lack of finance direction...................oh and pretty old systems

- So much paperwork it felt like an Insurance company, from the 80's

- A desire to modernise and some good first steps taken e.g. Qlikview

- Data wasn't in short supply, information and analytics was

Global Leaders In Interdealer Broking

Tradition

First Steps

♦ **Evaluate the team**
 – Good at producing the numbers, poor at understanding and explaining them
 – Very helpful to the business, sometimes too much
 – Fantastic at chasing cash

♦ **Evaluate the processes**
 – Different legal entities, different processes
 – Lots of people doing the same task
 – Limited checks and balances

♦ **Understand the need**
 – Accurate numbers for reporting
 – Cash management
 – Analytics and understanding for performance management

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Tradition

Priorities

- Get the core numbers right, first time, every time
  - This is the day job, without accuracy there is no credibility
  - Processes needed improving and aligning between entities
  - Work had to be reviewed and challenged
  - Timetables had to be met
- Give something useful to the business
  - They expect the day job to be done, no plaudits there
  - Quick wins, not promises for the future
  - Turn data into information and information into suggestions
- Make sure I have the people to get this done
- New sytems have to wait!

What Matters In Interdealer Broking

The technology landscape (after all it is an IBM conference)

- General Ledger built in AS400 system
- ADP payroll
- Web based expenses system
- Microsoft office, thank god for excel
- Qlikview sitting over the top of some AS400 fields
- HR Pro
- Nothing talks to each other

Tradition

Onto systems and analytics

- ◆ Step 1 is to hire a good excel jockey
  - – Management accounts
  - – Budgeting/forecasting
  - – Profitability analysis, by desk and by individual
- ◆ Step 2 is to integrate data sources
- ◆ Step 3 is to tell the story of the analysis, as simply as possible
- ◆ Step 4 is to add complexity and scenarios
- ◆ Step 5 is to repeat step 3 etc etc

- ◆ Excel is good and can take you a long way providing demand isn't high
- ◆ After 18 months we were at our excel limits, so........

Tradition

.........here comes Cognos Express

- Needed something with more stability, versatility, integration capability and repeatability

- But not too expensive or I'll hire another excel whizz

- Will only be used by finance

- No big data warehouse project thanks

- Needs to be deployed with minimal internal IT help

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Tradition

Prioritising the demand

- Kids in a candy store but see slide 4 bullet 1
- Back to basics, get the data right, provide some quick wins etc
- Take unstable excel models and rebuild them
- Take the most time consuming and error prone models and replace them

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Tradition

Delivering the system

◆ Have dedicated resource in blocks of time

◆ Make sure you are able to receive and use the software on day 1

◆ Prioritise getting the feeds correct

◆ Have regular planning/catch up/review sessions, but once planned spend time doing not meeting

Global Leaders In Interdealer Broking

Tradition

Where are we now

- ◆ Phase 1 delivery complete on time and budget
  - Individual P&L's and Broker Performance analysis
  - General Ledger and Sales Ledger:
    - ▪ Region -> Entity -> Desk -> Broker
  - Balance Sheet
  - IT timesheet and project info, allocation rules and cross company journal output
  - Budgeting & Forecasting - Lite
  - ICAAP Reporting - Lite
- ◆ Phase 2 in planning
  - Budgeting & Forecasting - full model
  - ICAAP Reporting – full model
  - Detailed Revenue analysis

Tradition

ONE
GLOBAL
FORCE

Steve Umpelby
CFO, EMEA

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Tradition

Patrizio (Pat) Calitri, CA

London, UK- November 8, 2012

Transforming Finance Operations

Financial Close Management – Is this still an issue today?

> 60%

Percentage of companies that need to satisfy multiple reporting standards and requirements with their FCM process

> 60%

Percentage of companies that admit personal productivity tools increase the risks associated within the FCM process

> 90%

Percentage of companies that admit that staff and management spend too much time collecting & consolidating or reviewing & approving various elements associated with the FCM process

LINKING NUMBERS AND NARRATIVES
Correlating Quantitative Reports with Qualitative Analysis
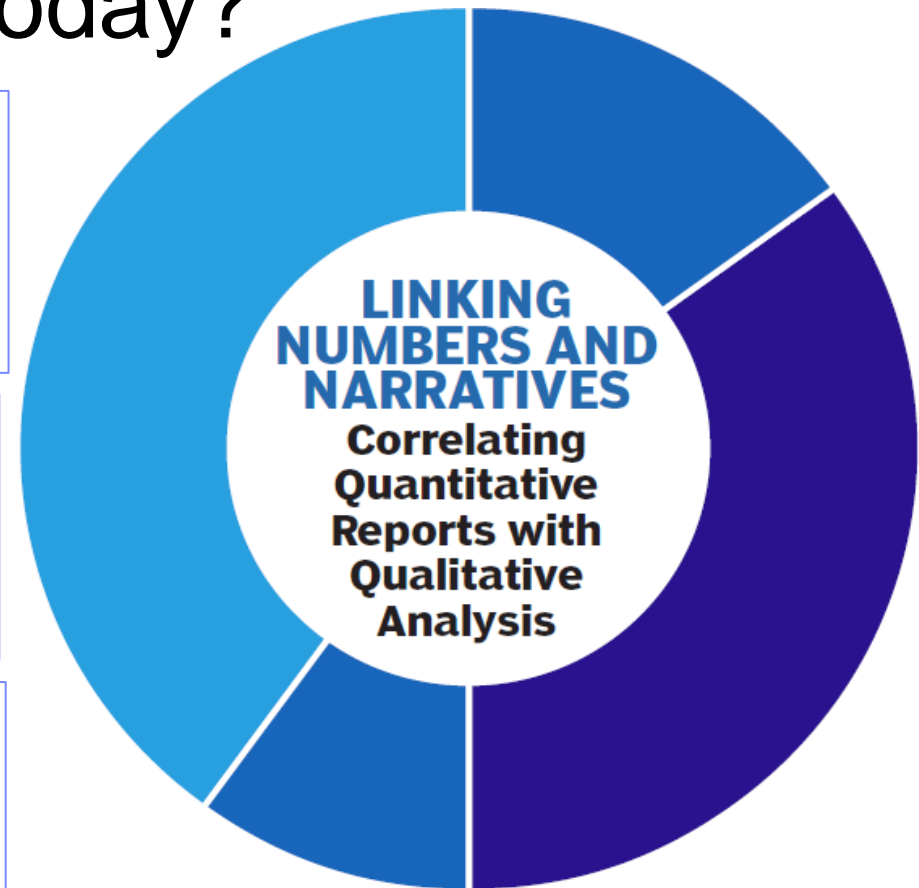
A report prepared by CFO Research
in collaboration with IBM Business Analytics

CFO research

IBM

46

CFO research

* July 2012 *Linking Numbers and Narratives: Correlating Quantitative Reports with Qualitative Analysis*

Senior Finance Individuals agree:

Across the board, manual processes and pervasive use of personal productivity tools (spreadsheets, word processing files and email) increase the difficulty in completing the FCM

Figure 3. Reliance on personal productivity tools makes many financial close activities more difficult.
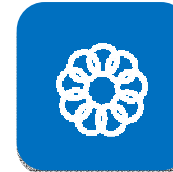
Does reliance on personal productivity tools make it more or less difficult for your company to carry out financial close activities?

	Not more difficult	More difficult
Maintain data security	29%	68%
Ensure accuracy of data	38%	62%
Update financial statements	49%	47%
Collaborate in preparing financial statements	56%	43%
Audit financial statements	55%	41%
Perform account reconciliation	69%	31%

Note: For each category, 0%–3% of respondents said, "Don't know/Not applicable."
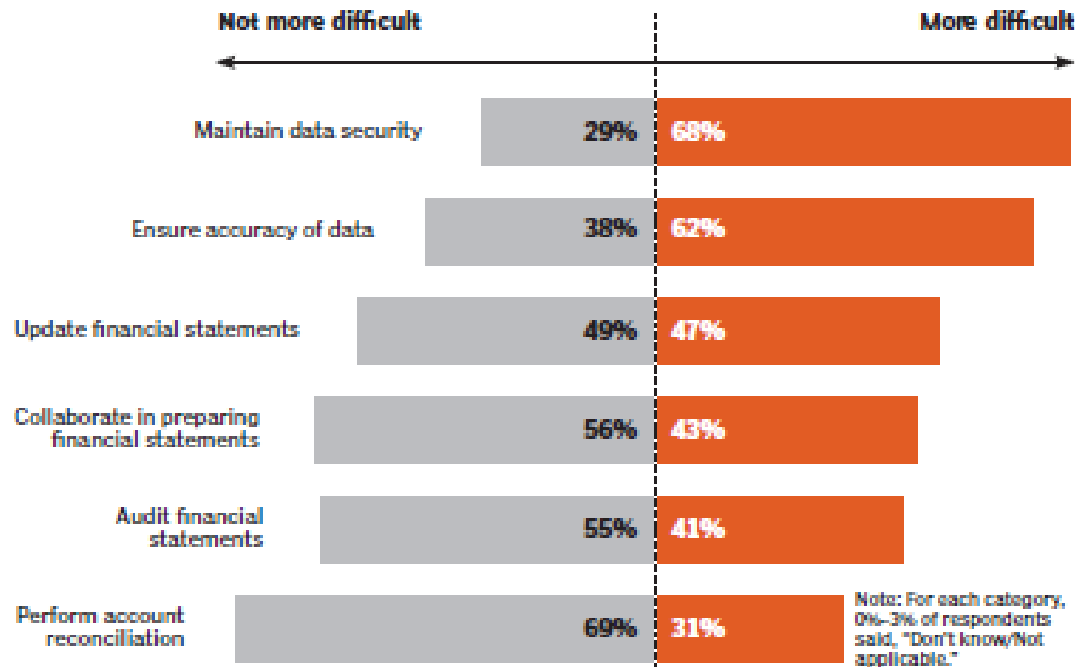
What does this mean?

- **TIME:**
  - Increased Time to prepare the various documents,

- **CONTROL:**
  - Less Control over the close process

- **CONFIDENCE:**
  - Reduced Confidence in the documents generated through the close process.

Financial Close Management
Reporting Efficiently with Confidence to Stakeholders

Account Analysis & Close

Consolidation Reporting & Analysis

Compliance, Regulatory, & Tax

Disclosure Management

Common Information & Technology Platform
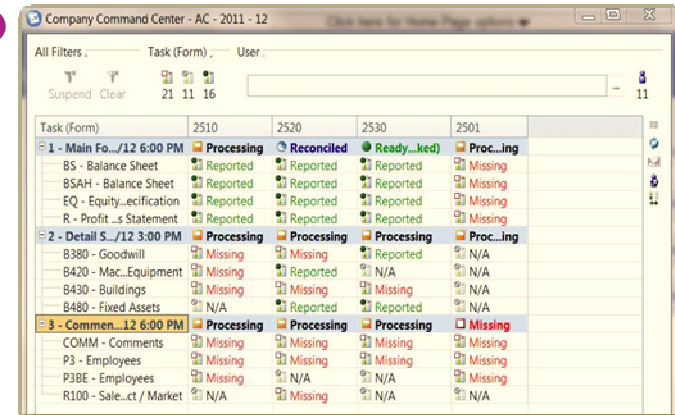
Consolidation Reporting & Analysis
Process visibility & high fidelity integration

- Enhanced visibility into the consolidation close process with command center allowing enhanced process visibility
  - one location for user data interaction
  - multiple form and submission status updates
- Enhanced data publishing to the Cognos TM1 OLAP repository
- Continued conformance and high level of interoperability with Cognos TM1 10.1, Cognos Business Intelligence 10.1, Cognos FSR 6.6.1, Cognos Business Viewpoint 10.1

Steve Thomson
Senior Director of Finance Transformation
JABIL

CASE STUDY: Jabil, a leading electronics manufacturing services provider, has reduced time to close and manual activity by 50%

Compliance, Regulatory, & Tax
Extended integrated tagging for IFRS, SII, CoRep & FinRep, et al

- Extension of integrated tagging platform with addition of Solvency II, COREP and FINREP taxonomies in addition to previously supported XBRL, iXBRL and IFRS taxonomies

- Enhanced integration with desktop publishing

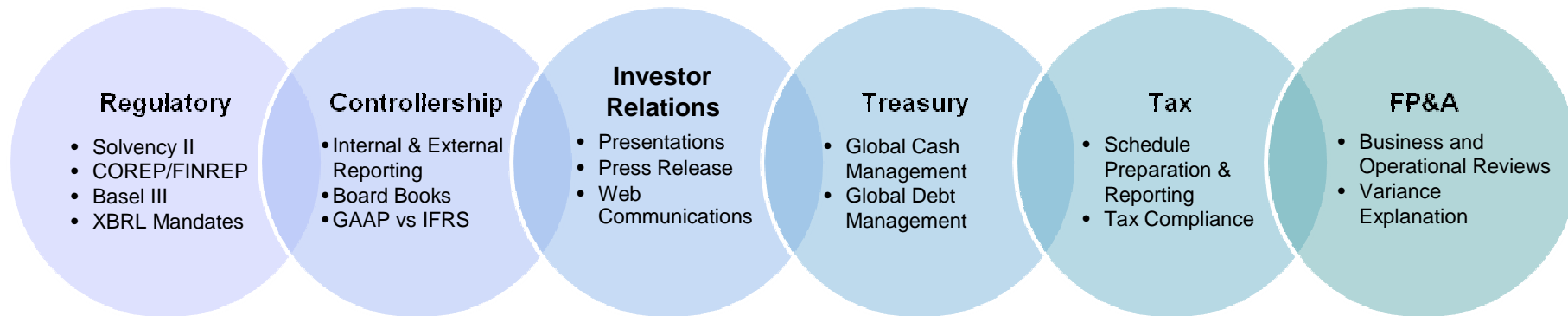- Native Office support so advanced features of each version are available to users

Disclosure Management Challenges are Pervasive

Regulatory
- Solvency II
- COREP/FINREP
- Basel III
- XBRL Mandates

Controllership
- Internal & External Reporting
- Board Books
- GAAP vs IFRS

Investor Relations
- Presentations
- Press Release
- Web Communications

Treasury
- Global Cash Management
- Global Debt Management

Tax
- Schedule Preparation & Reporting
- Tax Compliance

FP&A
- Business and Operational Reviews
- Variance Explanation

Significant Number of Financial Applications
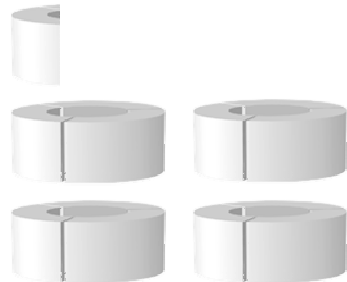
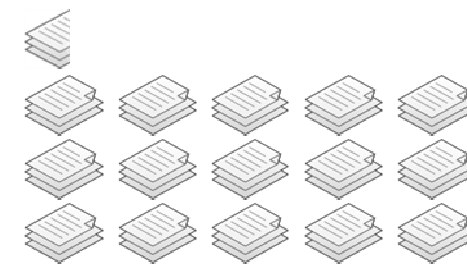**44** Financial Applications per $B in Revenue (1 = 10 apps)

+

Labor Intensive Processes

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

+
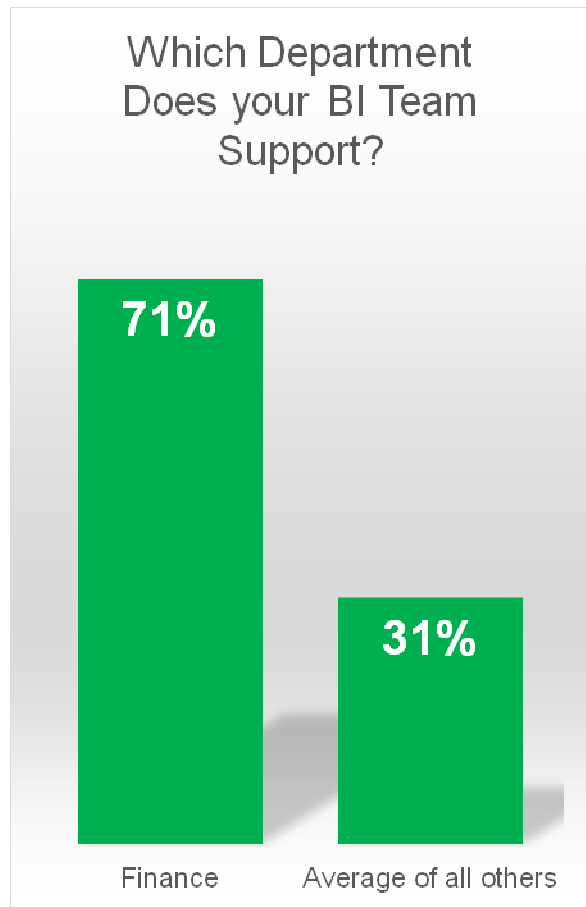
Abundance of Reports

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

It all adds up to significant opportunity to save time, money, and risk to reputation

Source: Hackett Group, Book of Numbers 2012; All values are medians for peer group.
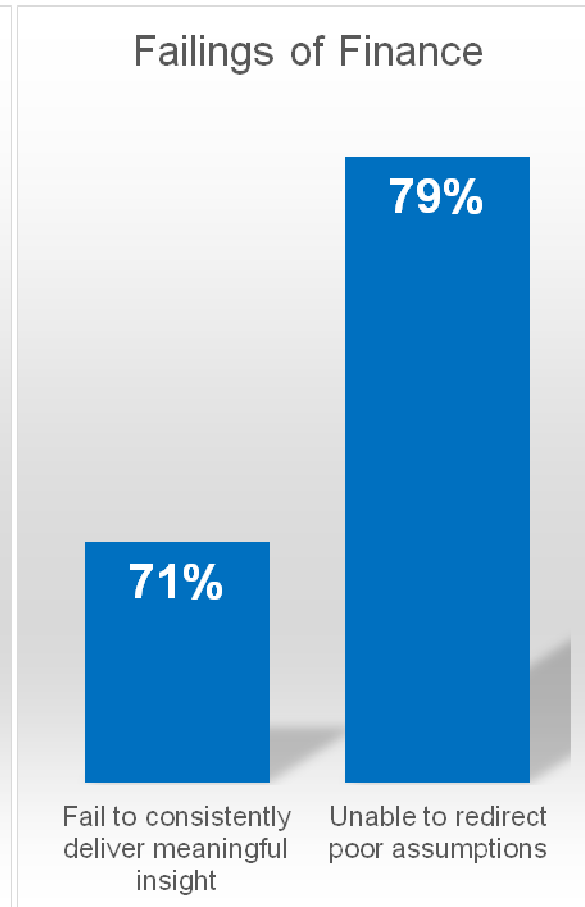
Disclosure Management

Authentic Enterprise Source Systems

Corp GL

Corp Consol

ERP

Legacy Systems

Global data collection

Interface

Interface

Spreadsheets

Paper Reports

XBRL
eXtensible Business Reporting Language

ID

PDF Adobe

Report Types

| Contributors | Reviewers | Document Managers | Approvers | Report Consumers |

User Management, Workflow & Process Control

IBM Cognos TM1 (optional)

IBM Cognos FSR

Analytic Data Management & Synchronization

Disclosure Management
IBM Treasury Use Case

Challenges

- Data is in various systems with no way of collecting the data into one area

- Manual data manipulation for different reports

- No visibility of assurance or consistency between reports

- Prior periods are recalculated each time they are presented to ensure they are prepared in same method as current period being reported.

IBM Cognos FSR Solution

- Direct integration with multiple authentic enterprise data sources

- Enhanced audit trail and visibility

- Roll forward capabilities

"Real-time data updates made it easier for those working at Treasury HQ to see what changes are made throughout the day in all 170 countries where IBM operates….The collection, aggregation, review and validation of the quarterly cash and debt data and reports were automated, while controls and visibility over the entire process have been optimized. "

Impact

- Reduction of preparation time for various reports

- Integration of quantitative data points into narrative write-ups

- Audit Trail and control put back in hands of staff preparing each downstream report

Disclosure Management

*"We've gained **greater control** over the reporting process …consolidation of numerous **spreadsheets…with version control, workflow and audit trail**."*

Group Financial Controller, LV=

*"IBM Cognos FSR has been a tremendous help in **getting our reports done and filed**, and has significantly reduced the time pressure."*

Group Financial Controller, LGC

*"We were able to automate each step in the cash management process – **cutting the time and effort** needed to collect, consolidate and review monthly reports and forecasts while also greatly **reducing the risk** of errors in this critical function."*

Global Treasury, IBM

*"We're created and filed our 10-Q already with Cognos FSR and it really **reduced our workloads**."*

Director, Corporate Financial Systems, TimeWarner

Learn more by selecting from these Cognos FSR Case Studies

Disclosure Management

IBM　　**Status Quo?**

1. Drive efficiencies and scale

- Structure & automate low value, manual and error prone processes
- Eliminate bottlenecks in collecting data, and building reports and focus on analysis and actions

Time
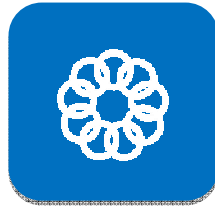
2. Gain agility and preparedness

- Integrate disparate data from across the enterprise
- Enhance strategy with analysis that correlates analytics with
- Enterprise scalable secure, collaborative environment

Control

3. Improve effectiveness and outcomes

- Dramatically reduce risk of errors
- Improve controls and governance across global finance organization
- Cost-effectively address compliance and escalating business expectations

Confidence

SmarterAnalytics

IBM

To Learn More….
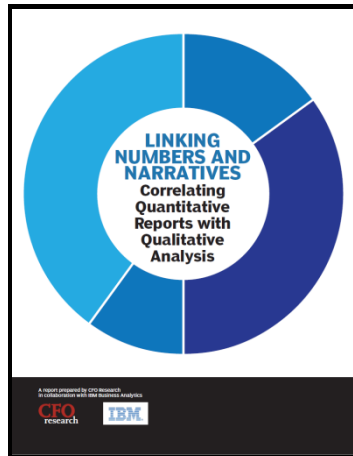
Linking Numbers & Narratives

Correlating Quantitative Reports with Qualitative
Analysis. CFO Research July 2012

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IBM Cognos Case Studies

Case studies of how IBM helps its
customers succeed . IBM.com

<Click Here>

Business Analytics Solutions for the Office of Finance

Predictable financial and operational performance with
sustainable Compliance. IBM July 2012

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