Financial Consolidation & Reporting for Visionary Finance Executives

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IBM India
Measuring / monitoring business performance is the #1 CFO priority

Better analysis, not better soft skills are needed to improve finance decision support

Finance Transformation, CFO Executive Board
The key internal factors leading to a change in performance management processes were identified as increasing for financial data/reports and increasing information requests from CxOs.
Driving Smarter Decisions for Better Business Outcomes

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

Enterprise Planning and Analysis

Financial Mgmt & Control (Consolidation & Reporting)

Financial Analytics

Strategy Management and Scorecarding
Driving Performance ....

### FRONT-OFFICE ACTIONS:
- Improve Sales Forecasting, Manage Pipeline Risk, and Improve Working Capital

### FINANCE ACTIONS:
- Simplify and eliminate redundancy; drive dynamic, sustainable FPM practices

### WORKFORCE ACTIONS:
- Retain the best, retrain or eliminate the rest

### CUSTOMER ACTIONS:
- Protect Profitable Customers & Manage the Unprofitable Ones

### FINANCE ACTIONS:
- Simplify and eliminate redundancy; drive dynamic, sustainable FPM practices

### SUPPLIER ACTIONS:
- Leverage Your Best Suppliers and Manage Supply Risk

### PRODUCT ACTIONS:
- Eliminate Unprofitable Products & Non-value Added Activities

### REPORTING AND ANALYTICS
- Eliminate redundant projects; Focus on Quick payback

### PLANNING
- Your Best Suppliers and Manage Supply Risk

### MEASURING AND MONITORING
- Customer Actions: Protect Profitable Customers & Manage the Unprofitable Ones

### REVENUE ACTIONS:
- Measure productivity
- Spot product/customer margins
- Improve effectiveness
Driving Performance (in Turbulent Times)...

**MEASURING AND MONITORING**

**PLANNING**

**REPORTING AND ANALYTICS**

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<th>Marketing</th>
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<th>Finance</th>
<th>Product Development</th>
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<th>IT/Systems</th>
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Driving Performance (in Turbulent Times)...

FINANCE ACTIONS:
Simplify and eliminate redundancy; drive dynamic, sustainable FPM practices
Complete Close, Consolidate, Report Solution
IBM Cognos 8 Controller

Close, consolidate, report (CCR) process critical starting point for certified financial results

- Support the key tenets of the close, consolidate, report process
- Reduce the length of time to close
- Reduce resources consumed
- Eliminate data errors
- Certify & audit financial consolidation
- Provide audited accounting policies

IMPACT: Cost efficient and effective compliance and faster cycles of performance feedback.
Confidence in reporting to external stakeholders.
Imagine if you could deliver...

...confidence in the quality and accuracy of financial results

...comfort in the integration financial information into performance management

...control and audit ability of consolidation & reporting processes

...solutions and systems supporting self service and finance insight

...ensure financial results are certified, auditable and available for external and internal decision makers
Financial consolidation & corporate reporting

CLOSE

CONSOLIDATE

REPORT

First Mile

Consolidation

Last Mile

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

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
- Consolidate financials
- Internal controls & compliance testing

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

External Reporting (Consolidation System)
- Financial statement preparation
- Other adjustments

Financial Reporting

First Mile

Consolidation

Last Mile

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Financial Reporting

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Financial Reporting

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Financial Reporting

• Data entry reports
• Reconciliation reports
• Data lineage and import reports

• Intercompany reports
• Currency reporting
• Investment balances
• Trial balances
• Financial statements

• Financial publishing & GAAP
• Financial statements
• Financial Reporting

• Performance/management reports
• Financial scorecards/dashboards
Financial consolidation & corporate reporting

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Compliance & Control

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Close, Consolidate, Report: Key Requirements

IMPACT: Cost efficient and effective compliance and faster cycles of close process execution. Confidence in consolidating financial results accurately and sharing with internal and external stakeholders.

- Single controlled environment
- Application configuration
- Audit tracking
- Internal controls
- Finance owned
- IT infrastructure compliance
- Global and local accounting support
- Consolidation workflow
- Security & access control
Close, Consolidate, Report: Collect & Certify

IMPACT: Quality data input, accountability and controls ensuring effective collection of all financial data for the close process

- Multiple data entry options – users and systems
- Import from source systems with data lineage
- Workflow to manage data collection
- Data reconciliation and approval
- Internal controls & audit checklist
IMPACT: Controlled procedures and rules in an auditable application deliver consolidated financial results for all global and local demands.

- Multiple entity rollups & structures, multiple versions
- Extended business segments
- Apply automated and manual adjustments
- Track important balance sheet balances, accruals and adjustments
- Apply currency adjustments by account type
- Process important financial results such as CTA schedules, trial balance
- Automate and schedule
- Manage monthly, quarterly, yearly rules

Centralized system for fast consolidation of results

Close, Consolidate, Report: Consolidate
Close, Consolidate, Report: Prepare

IMPACT: Deliver financial results from a single, controlled data source

- Automated and manual adjustments
- Text commentary and other supporting documents
- In-process reporting to certify financial results
- Financial statement reporting for external distribution
- Deliver multiple GAAP and other reports from a single system
- Track and audit different report adjustments

Execute accounting and financial policy adjustments for external stakeholders

Controller

FP & A
Close, Consolidate, Report: Report & Analyze

**Finance led reporting and analysis for decision making**

**COLLECT** & Reporting Solutions

**PREPARE**

**CONSOLIDATE**

**IMPACT:** Certified financial results supporting office of finance reporting mandates and providing insight to all business holders

- Real-time in-process close accounting reports
- Complex accounting reports for inter-company, investments, journal entries, etc.
- Direct access via Excel for sophisticated accounting reports
- Leverage financial information for financial & management reports, ad-hoc analysis
- Provide access to financial data in all delivery mediums from dashboards and scorecards to structured reports
In process reporting

- Real time access
- Highly secure data
- Accountant focused
- Complex accounting information

*Finance Team*

- Standard reports delivering close process information for process specific understanding and data formats
- Custom reports in IBM Cognos Controller for specific access and delivery of in process accounting information
- GL/AR/AP reporting and analysis supporting pre-close activities

IMPACT: Cost efficient and effective compliance and faster cycles of close process execution. Confidence in consolidating financial results accurately.
External Reporting

- Post close
- Preparation
- Access notes & data
- Formal financial statement creation

IMPACT: Cost efficient and effective compliance, faster cycles of close process execution and performance feedback. Confidence in reporting to external and internal stakeholders.
Financial Reporting

- Separate access
- Highly secure
- Self-service
- Enterprise consumption
- Extended analytics

- Standard and custom reports that deliver financial results post close cycle.
- Financial reporting that includes time based insight and comparison across versions and business dimensions.
- Reporting standardization enabling financial reporting for all user communities and reporting requirements

IMPACT: Cost efficient and effective compliance, faster cycles of performance feedback. Confidence in reporting performance to internal stakeholders.
Office of finance reporting standardization

Finance teams stewards of reporting linked to financial data

- Manage and deliver financial statements
- Manage and deliver internal financial/management reports
- Provide ad-hoc analysis and insight on-demand
- Manage and deliver performance reports
- Coordinate, prepare and validate access to information
- Facilitate or deliver operational and transactional management reports

IMPACT: IBM Cognos provides the complete reporting & analysis portfolio to extend & coordinate reporting beyond finance
Three mission critical criteria

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<th>Enterprise Consumption</th>
<th>Analytics</th>
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<td>Finance aware “business” data</td>
<td>OLAP analysis</td>
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<tr>
<td>Finance &amp; management business rules</td>
<td>Financial formatting &amp; layout</td>
<td>Custom definition, rules</td>
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<tr>
<td>Security &amp; access control</td>
<td>High performance, high volume</td>
<td>Ad-hoc analysis</td>
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<tr>
<td>Real-time, managed</td>
<td>All modes: Excel, HTML, PDF, Mobile</td>
<td>Incorporate operational information</td>
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<tr>
<td>Self service</td>
<td>Connect with operational, transactional data</td>
<td>Optimized access</td>
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Driving best practices with performance blueprints

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<tr>
<th>AUTOMATION</th>
<th>TRANSFORMATION</th>
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<tr>
<td>ADDRESS Initial Needs</td>
<td>DRIVE Best Practices</td>
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**Blueprint Philosophy**

- Elevate process improvement and transformation options
- Link process, technology and internal controls
- Provide best practices from world class partners, customers, industry thought leaders

<table>
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<th>Blueprint</th>
<th>Description</th>
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<tr>
<td>Group Consolidation and Corporate Reporting Blueprint</td>
<td>Best practice template and reports for delivering IFRS and Group reports in IBM Cognos Controller</td>
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<tr>
<td>Deloitte Close, Consolidate, Report Blueprint</td>
<td>Best practices for internal controls and financial consolidation</td>
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<td>Management &amp; Financial Reporting Blueprint</td>
<td>Best practice examples and templates for reports, scorecards &amp; dashboards in Cognos 8 BI</td>
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<td>Semansys &amp; IBM Cognos Partner Blueprint for XBRL</td>
<td>Partner solution for delivering XBRL reports with Cognos Controller</td>
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<td>Deloitte &amp; IBM Cognos Internal Controls Blueprint</td>
<td>Integrated internal controls assessment and reporting in IBM Cognos Controller</td>
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Connect Close, Consolidate, Report to Performance Management

Support all stakeholders

Extend information to the forward view

Connect finance to all reporting needs

Infuse & extend financial reporting

Renew Close, Consolidate, Report process
IBM Cognos 8 Controller Financial Reporting & Analytics

**Foundational**
- Back office
- Accounting information
- Dedicated financial analysts
- Monthly, quarterly
- Automated for control

**Breakaway**
- Integrated in PM system
- Finance/performance
- Everyone
- Real-time, on-demand
- Optimized for process

**IMPACT:** Next Generation of financial reporting connects traditional financial systems for consolidation with high performance analytics and reporting.
Performance Standardization in Finance: Reporting & Analysis

- **Timely, Reliable Forecasts**
- **Increased support compliance-driven Finance initiatives**
- **Improved data governance by replacing spreadsheets**
- **Top down & bottom up alignment**
- **Connected planning models**
Flexible Access to Information

- Any language (robust Unicode support)
- Any format (PDF, HTML, Excel, XML...)
- Self-service access with personal alerts and search-based authoring and exploration
- Automated delivery with scheduling, email bursting, and event-triggers
- Access from within applications; in-process
- Access in location that best suits the user (MS Office, mobile devices, search...)
IBM Cognos FPM solution

Enterprise reporting and standardization

**Financial Reporting & Consolidation**
- World Class application for Financial Consolidation
- Workflow, Controls and Audit Trail
- Adaptable, configurable application
- Multi-jurisdictional regulatory reporting
- 200+ Validation and audit pre-built reports

**Financial Reporting & Analytics**
- World Class analytics functionality
- High performance, high scale in memory 64 bit server
- Modeling environment for all types of performance management calculations
- Interactive OLAP data source

**Planning & Analysis**
- World Class application for Planning, Forecasting & Budgeting
- Workflow, high modeling flexibility and scalability
- Model financial and operational plans
- Adaptable, end user driven planning input

Finance owned & managed, open & independent systems
Thank You