

Transforming the Last Mile of Finance

Integrating financial consolidation, reporting, and disclosure

Written by Mike Rost and Brian Martell

Introduction

The ability to close the books, consolidate results, publish financial disclosures, and provide insightful performance reports in the least amount of time possible is widely regarded as a proxy for good corporate governance. However, the financial close and reporting process is weighed down by inefficiency and unnecessary information.

Accounting and finance professionals must fight to manage and optimize an increasingly complex and disconnected ecosystem. The available amount of data is only going to increase, and CFOs are tasked with leading financial transformation initiatives to address the disparities. The pressure is on finance teams to modernize and improve.

Business leaders are looking to develop a well-oiled decision-making machine that is fueled by a competent finance team. Having an efficient financial close, consolidation, reporting, and disclosure process is also essential to providing timely, accurate information to both internal and external stakeholders.

This white paper highlights how forward-thinking organizations integrate the leading cloud platforms provided by Planful and Workiva to streamline the last mile of finance. It examines best practices for improving the accuracy and timeliness of financial reporting while reducing the cost of compliance and freeing up finance to perform value-added analysis.

Challenges in the last mile of finance

The last mile of finance: what is it, and what is so hard about it? Like the last mile of a marathon, the last mile of finance may be the most difficult to complete.

The last mile of finance is generally described as the activities that occur after closing the books and generating a trial balance. This process typically involves the capture and consolidation of financial data, adjusting entries and complex

consolidation, and the preparation and filing of financial statements, including 10-Ks, 10-Qs, and other regulatory filings. The last mile includes the following:

- Collecting and consolidating financial results from multiple divisions and systems
- Generating and finalizing the consolidated financial statements
- Management reporting
- Board reporting
- Presentations, press releases, and earnings calls
- SEC filings and other regulatory reporting

This last mile of finance can be summarized into four primary steps:



Let's take a look at the challenges inherent in each of these steps.

Step 1: Collect

Collection of data includes identifying and obtaining the financial results from multiple GL/ERP systems, and it often involves collecting operational statistics from other systems, such as human capital management (HCM), CRM, and more. This data may reside in multiple locations, in different divisions, and different countries, and commonly, in different currencies. During the collection process, the data must be validated and mapped to the corporate chart of accounts with completeness and accuracy. Finally, this must all be done quickly at the end of the month or quarter.

Step 2: Consolidate

Consolidating financial results might sound easy on the surface, but it is more than just adding up numbers. In an organization that operates with multiple divisions, in multiple countries and regions, the process can become complex. This includes dealing with issues such as:

- Currency translation
- Noncontrolling interests
- Intercompany reconciliations
- Multi-GAAP reporting, e.g., US GAAP, Canadian GAAP, IFRS

Step 3: Report

Reporting includes the complexities of delivering financial and operating results to multiple internal stakeholders, all with different requirements. Here are just a few examples of stakeholders in the reporting process, and what their roles may entail:

- Finance power users – generate financial statements, ad hoc reporting, and Excel®-based reporting
- Finance executives – look to access financial statements and interactive dashboards
- Operating executives – need dashboards, management reports, and books
- Board of directors – review of board books and presentations that include multiple data types

Step 4: Disclose

The last step for disclosures may be the most difficult of all. This includes combining multiple data types into a single document, such as regulatory filings (e.g., SEC 10-Ks, 10-Qs) and annual reports that include financial statements, charts, tables, and a large amount of explanatory text. Information must be collected from multiple sources across the organization, including accounting, FP&A, the CFO, legal, tax, and audit. Then, in the case of SEC filings, reports must be electronically tagged in EDGAR and XBRL® formats for easy consumption by regulators.

As you can see in the steps highlighted above, the last mile of finance crosses multiple systems, departments, locations, and data types. This can consume a lot of time and resources every month, quarter, and year-end in medium to large enterprises.

According to a [recent cycle-to-close benchmark survey by APQC](#), the bottom performers take 10 days or more to close and report their results to management. Additional time is then spent on external financial reporting and filings. The best performers are able to cut this in half—they can complete the last mile in under 5 days.

Why focus so much on accelerating the last mile of finance? It is an opportunity to gain a competitive advantage. Companies with a fast close process can spend more time on value-added analysis and strategic decision-making and are better equipped to deliver information faster to both internal and external stakeholders.

Typical solutions and their pitfalls

Most organizations utilize a variety of tools to navigate the last mile of finance, many of which include several limitations and risks.

Spreadsheets, office tools, and email

These ubiquitous business tools are frequent fallbacks for collecting and consolidating financial results, as well as for reporting and disclosure management. The pitfalls and risks here are plentiful, including error-prone and time-consuming manual processes, lack of controls, and lack of audit trails.

GL/ERP systems

While these systems include some facilities for consolidating financial results, they are not designed for collecting data from multiple sources, reporting is often limited, and they do not provide the flexibility needed to roll up and report results for different purposes, e.g., management, legal, divisional. They must often be augmented with desktop productivity tools for reporting and disclosure management, which introduce additional risks.

Legacy tools

Many organizations rely on legacy on-premise applications and tools for managing the financial close, consolidation, and reporting process. However, some of these tools are no longer supported by the vendor, so they represent a compliance risk. Others are IT-intensive, costly to manage, and do not provide finance flexibility to make changes when needed.

Nonintegrated point solutions

Some organizations may have automated parts of the last mile of finance with purpose-built applications for financial consolidation, reporting, or disclosure. But the lack of integration across these tools introduces manual data integration steps that increase the risk of error and adds time and costs to the process.

With an integrated approach, organizations can streamline the process, improve accuracy, and reduce their costs in data collection, financial consolidation, reporting, and disclosure.

A closer look at the challenge of desktop spreadsheets

For many organizations, the last mile process of compiling, reporting, and analyzing business data is manual, repetitive, and error-prone. Large enterprises often employ hundreds of people to manage and maintain rolling versions of draft documents and underlying spreadsheets using legacy business productivity software and niche, point solutions. These random, ad hoc spreadsheets contain numbers of uncertain provenance, yet they drive the substance of presentations to boards and investors.

This makes using spreadsheets a dangerous proposition.

A [2017 survey sponsored by FSN and Workiva](#) reported that 40 percent of boardrooms do not have a complete view of the business. Survey respondents say they lose sleep over missing deadlines, making mistakes, and lacking adequate controls. Too much time is spent on tedious activities—checking, cleaning, and manipulating the data—and not enough time remains for thoughtful analysis of the data.

In this same survey, 46 percent of respondents were concerned that an unexpected error might be uncovered in a critical spreadsheet. This fundamental uncertainty is an indicator of greater problems within the reporting process: relying too much on manual reviews, failing to remove redundant information, fretting over lack of controls, and failing to identify critical spreadsheets.

The modern age of the last mile

Cloud systems built for the financial close and FP&A have proven to drive significant efficiencies in transforming the last mile. With cloud solutions, there is a faster time to value since the effort and costs of setting up and managing infrastructure are eliminated. The total cost of ownership is typically *one-fourth* the overall cost of on-premise software. There is also increased autonomy—the cloud empowers finance to control both the initial implementation and the ongoing maintenance of the financial close and FP&A solution.

Additional benefits of cloud solutions include:

Controlled access of confidential and critical data

Compared to using spreadsheets and documents, cloud platforms have proven to be more secure. You control the risk of unauthorized disclosure. You also avoid the traps of emailing confidential information and reports internally or externally. Features such as two-factor authentication and permissioning at the document and section levels help teams control access to confidential reports, making the cloud far more secure than email.

Reduced risk of errors

It is every finance professional's worst nightmare: reporting an inaccurate number. Whether for an internal management report or an external disclosure, you want to be confident in the provenance of the numbers. Many teams spend countless hours in legacy systems and spreadsheets worrying, ticking and tying numbers, and validating they are using the most recent versions. Cloud platform features such as data linking and full audit trails provide confidence in the numbers used for analysis and reporting.

Improved collaboration

Cloud software facilitates collaboration. When the finance team connects to a single cloud platform, they all work on the most current version of each plan, report, and dataset. Gone are the inefficient processes of emailing different versions of spreadsheets and documents. For example, in the financial disclosure process, you can realize substantial efficiencies by sharing all comments and reviews directly within spreadsheets, documents, reports, and presentations.

Planful and Workiva: Transforming the last mile of finance



Planful is a leader in cloud enterprise performance management (EPM), providing a unified, scalable platform for planning, modeling, consolidation, and reporting. In support of the last mile of finance, Planful offers the following capabilities:

- Integration and data validation from multiple sources
- Consolidation according to US GAAP/IFRS guidelines
- Currency conversions
- Intercompany eliminations
- Adjusting journals
- Accounting for noncontrolling interests
- Multiple hierarchies and organizations by period support



Workiva is a leader in cloud data collaboration, reporting, and compliance, providing an intuitive cloud platform that modernizes how people work within thousands of organizations. In support of the last mile of finance, Workiva offers the following capabilities:

- Connected data from your ERP, consolidation, and other financial systems
- Combined structured and unstructured data for numbers and narrative
- Publish-ready financial statements and reports
- Comprehensive SEC document types and filings, including: 10-Q, 10-K, S-1, S-3, S-4, 20-F, and more
- Performance and board reports, digital reporting books, and presentations
- XBRL tagging and professional services

Planful and Workiva recognize the challenges customers face in the last mile of finance. Both companies are innovators in cloud financial software, leaders in their respective markets, and providers of complementary solutions. By integrating the combined cloud solutions from Planful and Workiva, you can transform the last mile of finance in a cost-effective way.

Better together

Planful and Workiva both provide tremendous benefits to customers. Together, they provide even greater value in transforming the final mile of finance. With the ability to integrate data directly from Planful into the Workiva reporting platform, organizations can streamline the financial close, consolidation, reporting, and disclosure process. The combined solution provides capabilities that are unmatched in the market.

With over 700 customers and 40,000 users, Planful provides a proven, scalable solution that helps organizations automate and accelerate financial consolidation, close, and reporting. Planful has been able to deliver the following benefits:

- Reduce manual data collection and consolidation by up to 75 percent
- Streamline adjustments and intercompany reconciliations by 50–80 percent
- Automate and accelerate financial reporting by 50 percent
- Improve audit trails and reduce audit costs by \$200K or more annually
- Finance time shifts to value-added analysis, allowing more strategic work

With over 3,000 customers and 53 percent of 10-K and 10-Q XBRL filings reported through its platform, Workiva helps organizations modernize and streamline financial reporting and disclosure. Companies adopting the platform have achieved the following benefits:

- Improved efficiency and effectiveness of financial, performance, and regulatory reports
- Increased confidence in critical data, reports, and presentations
- Visibility into all changes throughout the document, down to the cell and section levels, including where data came from, who handled it, and where else it has been used
- Increased credibility with internal stakeholders and external auditors
- Optimized processes for enabling insight and faster, more informed decision-making

About the authors

Mike Rost

Mike Rost is a key contributor to product strategy at Workiva and works with business leaders in the areas of financial reporting and compliance. With more than 25 years of experience assisting organizations using technology to optimize business processes, Mike has an extensive background in finance and accounting, corporate performance management, and GRC technology. Mike was a founding member of XBRL International with involvement in the XBRL initiative dating back to 1999. He has also been active in industry associations, including the Open Compliance and Ethics Group (OCEG) and the Institute of Internal Auditors (IIA). Mike has a bachelor's degree in economics and an MBA in marketing and finance from the University of Minnesota.

Brian Martell

With an accomplished background in public accounting, corporate finance, and software consulting, Brian has expertise evaluating business problems and using business software and process to solve them. He is a product and finance subject matter expert at Planful, a market leader in cloud enterprise performance management. He helps companies understand how Planful will solve their requirements around financial consolidation, planning, modeling, and reporting.

For more information, please visit
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