



# PROGRESSIVE CFOs: **INSPIRED** BY WHAT'S **REQUIRED**

How Global Finance Executives Are Creating Strategic Opportunity  
From Increased Regulatory and Corporate Reporting Complexity

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## INTRODUCTION

Financial executives at large global organizations are living in interesting times. They are in the midst of transforming financial reporting and planning processes to address the growing demands of external and internal stakeholders for better, more varied and meaningful information and analysis. Corporate management and regulators alike are asking for deeper insights into company operations and financial and strategic risks and opportunities. Business markets and company operations are more complex and changing rapidly. Risks are more acute and far-reaching. The need to know is paramount.

CFOs are under pressure from boards, local authorities and auditing partners to improve the timeliness, accuracy, transparency and efficiency of consolidating reliable results across multiple borders and operational boundaries. This even as currency fluctuations and other economic conditions create more difficulty in reporting and unpredictability in forecasting future performance.

The ability to successfully manage complexity and uncertainty has become an imperative in the face of mounting regulatory requirements, changing accounting standards, accelerating mergers and acquisitions, and greater economic instability. CFOs must have the controls and processes in place to deal with increasing requirements and complexity without negatively impacting the timeliness of, and confidence in, the numbers.

Yet, CFO and board confidence in the accuracy and compliance of financial reporting has declined dramatically. A recent E&Y survey of 1,000 CFOs around the world found that only 55 percent were fully or somewhat confident in compliance, compared to 84 percent in 2014. In addition, just 48 percent of respondents believed their financial reports had the confidence of their boards, compared to 71 percent in 2014.

As one executive declared, finance is in the middle of “a perfect storm.” However, while the challenges are great, so are the opportunities for finance to become a more valued and strategic business partner to management. The demand for greater agility and more rigorous and trusted financial and business insight, analysis and counsel has never been greater. CFOs and financial organizations that evolve to meet the challenge will play a strategic role in ensuring business success.

The Business Performance Innovation (BPI) Network has undertaken this study to examine the growing challenges and requirements of finance executives as they seek to meet demands for improved accuracy and timeliness in delivering much-needed and greatly expanded information to external and internal audiences. We also look at the new platforms and processes that financial organizations need to improve their capacity to deliver.

Sponsored by Tagetik, a leader in global performance management software solutions, our report, unlike many others, is not based on surveys. Rather, we have gathered our insights from one-on-one conversations with financial executives at large complex global businesses (See next page). The result is deeper, peer-driven insights from the frontlines of financial change. We thank them for their generous contributions to this report.

## STUDY PARTICIPANTS



**CAROLE CRAN, CFO**

Aggreko is a global supplier of modular, mobile power and adjacent product solutions operating in some 100 countries worldwide. It is headquartered in Glasgow, Scotland, United Kingdom and listed on the London Stock Exchange. It is a constituent of the FTSE 250 Index.



**MASSIMO ROMANO, Head of Group Integrated Reporting & CFO Hub**

Generali Group is the largest insurance company in Italy and third largest in the world. Headquartered in Trieste, Italy, it has operations around the world. The company is a component of the Euro Stoxx 50 stock market index.



**JEFFREY NATAUPSKY, Vice President, Legal Entity Financial Reporting & Controls**

John Hancock Financial is the United States insurance division of Manulife Financial, a global insurance financial services company based in Toronto, Ontario, Canada. Its stock is traded on the Toronto Stock Exchange (TSX), the New York Stock Exchange (NYSE) the Philippine Stock Exchange (PSE) and The Stock Exchange of Hong Kong (SEHK).



**ROB FENNE, Managing Director of Accounting**

Randstad Holding NV is a multinational human resources consulting firm and the second largest HR services provider in the world. Headquartered in Diemen, Netherlands, Randstad operates in 39 countries around the world. The company is listed on the AEX of Euronext Amsterdam.



**LUIGI ALBINI, CFO**

Tagetik is a leader in next-generation financial performance management. More than 850 companies in 35 countries use its software and cloud platforms to automate complex business processes that impact financial results.



**ROBERTO MONACHINO, Chief Data Officer**

UniCredit Group is an Italian global banking and financial services company. Its network spans 50 markets in 17 countries, with more than 8,500 branches and over 147,000 employees. Headquartered in Milan, Italy, the company is a component of the Euro Stoxx 50 stock market index.



**CRAIG ALBRIGHT, VP, Finance for Large Enterprise Operations**

Xerox Corporation is an American global corporation that sells business and document technology solutions and services. Headquartered in Norwalk, Connecticut, United States, Xerox is part of the Fortune 500 list of companies and traded on the New York Stock Exchange (NYSE).

**Large Multinational Financial Services Company  
VP, Head of Global Financial Operations**

## THE COMPLEXITY CHALLENGE

Today's fast-evolving, highly competitive and often tightly regulated global business environment is increasing complexity within the Office of Finance and intensifying the pressure for faster and more accurate consolidation, reporting and forecasting.

Interviews with leading finance executives around the world reveal a variety of factors driving this mounting pressure to perform, including:



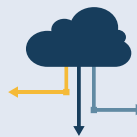
Increased competition and change in global markets



Intensified regulatory pressures



Greater business and operational complexity with global corporations



Demand for analysis and reporting around a wider range of data sources

Growing competition and risk require more sophisticated analysis from both regulators and management to ensure better governance and more agile decision making, according to Luigi Albini, CFO at Tagetik. At the same time, competitive market dynamics are creating more operationally complex businesses, which make financial processes all the more challenging.

For example, global businesses are aggressively diversifying and expanding through mergers and acquisitions to address the need for growth. In 2015, businesses around the world set a new record by closing over \$5 trillion in M&A deals. Finance must consolidate and report the information from these disparate businesses and systems across a growing range of regulatory bodies and internal reporting requirements.

"Today's competitive environment is leading to more mergers and acquisitions," says Albini. "Consolidation becomes much more challenging with figures coming from different sources, different ERP systems, even from different accounting principals. This is the kind of issue the office of the CFO now must commonly deal with."

Explains a financial executive who heads up reporting for a major global financial services company: "We and our competitors operate in multiple domains and in multiple countries with different regulations and standards. The multiplicity of businesses and the multiplicity of platforms they operate on certainly create challenges. For all of this to come together in a perfectly orchestrated way is a complex undertaking."

Despite international efforts to better harmonize reporting requirements among various international agencies and standards bodies, significant differences continue to add complexity to financial reporting and planning processes, explained Jeff Nataupsky, Vice

President of Legal Entity Financial Reporting and Controls at John Hancock Financial Services. John Hancock is part of Manulife, a leading financial services group based in Canada.

*"Despite efforts to harmonize reporting among various standards bodies, significant differences continue to add complexity to financial reporting and planning processes."*

**Jeff Nataupsky, John Hancock**

There continues, for example, to be significant differences between the International Accounting Standards Board (IASB), which develops and approves International Financial Reporting Standards, and the Financial Accounting Standards Board (FASB), which is responsible for the GAAP standard within the United States. These types of differences not only add to the complexity of the financial close and reporting process of international businesses, Nataupsky explains, they also make it more difficult to compare like-businesses operating in different jurisdictions around the world.

Executives agree: As the complexity and risks of business grow, there's a growing need to more rapidly deliver and understand business and financial data. A company's ability to close the financials quickly, efficiently and without the need to re-work the numbers, directly impacts the organization's ability to analyze and respond to the results. A solid baseline of information allows for better forecasting and better planning. Corporations then need a process that leverages that information into business decisions.

"I like to think of the current environment not necessarily in terms of complexity but rather in terms of increasing pressure both in a regulatory form and from end markets becoming tougher and more competitive. This increases the pressure on finance leaders to be able to report both quickly and accurately," says Carole Cran, CFO of Aggreko, a U.K.-based global leader in the rental of modular, mobile power and adjacent product solutions.

*"There is a dichotomy between the rapid advance of technology in terms of data analysis and the speed of transformation of our financial services."*

**Craig Albright, Xerox**

Roberto Monachino, Chief Data Officer at UniCredit, agrees. Pressures are growing from regulators for a faster financial close because they want to be able to compare the actuals against forecasts and plans as quickly as possible to ensure future sustainability, just as the business does.

Expectations are also rising because technology is accelerating every other aspect of business and consumer life. "You might be accustomed to a new application that can provide your pipeline and your sales information through your mobile phone while you're on the go, and you get accustomed to being able to slice and dice the information at a moment's notice," says Craig Albright, Vice President of Finance, Large Enterprise Operations, at Xerox. "Then you return to your financial reporting for your cost systems and realize it's going to take you a week to publish the same report with a lot less flexibility. It's this dichotomy of the rapid advance of technology and the much more powerful capabilities we have for data analysis now that are running in contradiction to the speed of transformation of our financial services inside of the organization."

## EVOLUTION OF THE SPECIES

Financial teams are being asked to up their game. When successful, the result is better, more agile and high-performing companies. "It's like Darwin's evolution of the species," says Massimo Romano, Head of Integrated Reporting for Assicurazioni Generali, one of the world's largest insurance companies.

"This is a very disruptive period, which means it is a fantastic opportunity to evolve," he says. "The finance community is dealing with something that is incredibly new and difficult, but it's an opportunity to grow our role from simple bookkeeping to something much more valuable. Yet all that is possible only if you evolve your mindset and your capacity to manage through a perfect storm."

*"We are in a very disruptive period, which means it is a fantastic opportunity to evolve from our role of simple bookkeeping to something much more valuable."*

**Massimo Romano, Assicurazioni Generali**

Changes to the global regulatory environment are in many ways an opportunity for businesses to get smarter and more agile in how they manage themselves.

Major new regulatory standards, such as Europe's adoption of International Financial Reporting Standards and Solvency II for the insurance industry, require significant investments for European companies. However, Romano also believes that for those that take a longer-term view, these regulations also bring an opportunity to improve finance's capacity to deliver more meaningful oversight

and analysis and to save money through the implementation of a common standard across countries.

Monachino sees regulators now taking a different view of the reporting process, one that is much more aligned with the way banks themselves look at the process and integrate the goals of planning and forecasting, as well as reporting.

According to Monachino, there are three dimensions to planning and forecasting—business performance and growth, risk and capital management and the linkage between targets

*"Today's CFO must act as a true business partner who can help the CEO drive the business forward with planning, forecasting and analysis."*

**Luigi Albini, Tagetik**

and KPIs. "These three dimensions are now very important to the reporting process. Regulators are looking at our capability to grow while managing risk—keeping credit risk, liquidity risk and interest rate risk under control. I'm simplifying my message here, but to me, regulators are not so interested in reporting for its own sake. They are using reporting to build a strategic plan scenario, in order to see how banks can grow in a very sustainable way, in three, four, five years," says Monachino.

Helping companies reduce risk, improve agility and grow more efficiently, while operating in an increasingly complex business environment, is the mandate of every CFO today, according to Albini. "The CFO can no longer be the person who simply certifies what happened in the company. Management is, of course, interested in fast and accurate reporting of results, but it is much more interested in having the CFO act as a true business partner who is helping the CEO drive the business forward with planning, forecasting and analysis."

Albright concurs: "The biggest change that I see as a member of the finance community is the increasing demand for different ways to look at, analyze and interpret business performance. A standard monthly report that used to be acceptable is no longer acceptable. We have to be able to get into our information in a more robust way—in a more analytical way, using data and facts to point to new ways we can increase productivity, improve customer service or stimulate the top line."

## BEYOND FINANCIAL DATA

Increasingly, the planning and forecasting function must look beyond financial data to help businesses keep pace with change. Traditionally, reporting focused on financial data exclusively, but today a wide variety of new data sources have the capacity to provide deeper insights into performance, adding another dimension to overall reporting.

Cran believes the advent of Big Data represents a major new frontier for the Office of Finance. As a result, the finance function will increasingly need to look beyond the accounting discipline to fulfill its role in the enterprise.

"Big Data is already having a significant impact on the role of the CFO," she says. "Everyone has their own definition of Big Data, but from our perspective more and more (non-financial) data is becoming available to help us understand the performance of our business, the performance of our equipment, and the performance of our workforce."

The analysis, benchmarking and monitoring of non-financial factors are intrinsic to the integrated reporting movement. Integrated reporting allows companies to provide a deeper and more meaningful measurement and communication of their performance in creating

*"One of the biggest challenges for financial planners is finding the right KPIs, and clearly linking them to the overall strategic plan."*

**Massimo Romano, Assicurazioni Generali**

value. It looks at both financial and other relevant information about the company's progress toward its strategic plan and toward meeting essential goals.

Romano prefers to use the term "pre-financial," rather than "non-financial," to describe the new types of data that are part of integrated reporting. By integrating KPIs associated with critical success factors, a truly valuable integrated report communicates where the company is in achieving its strategic vision.

Romano believes this integrated approach is about much more than a new way of reporting. Rather, it's about being better focused on corporate strategy and more inclusive in integrating all parts of the organization in its development. Determining the right KPIs is essential.

"One of the biggest challenges for the planning guys and the finance guys is defining the right KPIs, and not becoming overloaded with too many," he says. "Each KPI needs to be very clearly linked to achieving the strategic plan. In total, there should only be about five."



Indeed, the EU is moving toward the integration of more non-financial data into regulatory reporting. The challenge for finance will be integrating new sources of data into the reporting process.

*"Regulators force business to be external-facing. This transparency presents an opportunity for green and socially-conscious companies to become market leaders."*

**Roberto Monachino, UniCredit**

Monachino sees integrated reporting as essential to being a corporate leader in the 21st century. Companies need to set goals and track KPIs against social goals, such as environmental protection, as well as financial and strategic business goals.

"In the past, we had internal and external reporting, and the internal was much more granular. Now the regulators are also looking for that granular information, so it forces businesses to be external-facing and transparent with their activities. For UniCredit, this presents an opportunity. We now have a social balance sheet. The social expectation of corporations is to be green, and companies must be aware that in order to be a leader, they must link the social environment with the economic environment."

## MEETING THE CHALLENGE

How can CFOs and their finance teams cope with growing demands for faster, more accurate reporting and more penetrating and agile analytics and forecasting in a world that's moving more rapidly than ever? People, processes and technology must come together to win the day.

In an evolving and highly regulated business landscape, the importance of accuracy and transparency is on par with the ability to segment data according to distinct processes and standards. In order to comply, multinationals must adopt integrated financial systems that allow them to vet out errors more quickly and produce distinct reports. As a result, they accelerate the speed and accuracy of close, and boost the capacity to analyze results.

Many financial organizations remain dependent on manual, error-prone spreadsheet processes or inflexible legacy systems that make input, access and analysis of information difficult and fail to easily integrate key financial processes. The result is a lack of transparency and lack of confidence in the numbers, creating an inability and lack of time and resources to dig more deeply into what the data is really saying.

Today's finance organization is being asked to go far beyond a simple historical report. The CEO, board and regulators all want a deeper view into what the numbers mean, and the ability to do on-the-fly analytics. To Albini, that ability requires a corporate performance management system that closely integrates closing and consolidation with planning, forecasting and budgeting.

"The old systems were not really interconnected. They were not born integrated. There was one platform for closing, another for consolidation and still another for forecasting," Albini says. "The result is inefficiency and often unreliability."

Cran recalls that the legacy system her company used became highly cumbersome, making consolidation increasingly challenging, especially for a global business operating in some one hundred countries. "We were actually ending up with conflicts, which meant the numbers were not being reported properly. We started to have concerns about the accuracy of the information."

She said that the result also meant horrendously long hours for the finance team as they waited at the end of every month for one country or another to load their numbers before they could start their run.

*"Financial teams can no longer be simply accountants. We need to be able to analyze data that extends far beyond the traditional requirements of finance."*

**Carole Cran, Aggreko**

"As the CFO, I need the confidence to know that our reporting is accurate, easily segmented and analyzed, and agile. This is especially true now, when we are seeing an evolution in the skill set of financial leaders with an emphasis towards analytics. Financial teams can no longer be simply accountants. We need to be able to analyze data that extends far beyond the traditional requirements of finance," says Cran, whose company migrated to Tagetik in 2014.

Modern, highly integrated and agile corporate performance management systems will increasingly be a requirement for global businesses. Many of the companies participating in this report are Tagetik users, and their experiences underscore the value to next generation systems such as Tagetik.

"For a multinational of our scale we need the ability to have concurrent reporting across hundreds of users across the globe," says Cran.

"The ability to pull ad-hoc reports increases not only reporting capabilities, but the time in which it takes to segment and analyze financial reports," says Fenne, Managing Director of Accounting at Randstad. "We can easily pull reports on organic growth, revenue growth, gross margins, development with and without acquisitions, etc. This allows us to exchange and compare analytics and financials quickly and easily. So when it comes to business agility we have increased our functionality greatly."

According to Fenne, traditional reporting only supported forecasting at the end of the year. "Tagetik's rolling forecast capability is invaluable, helping the financial team contribute more strategically to business decisions. By increasing the capabilities within reporting and analytics, you have an incredible resource of data at your fingertips. It paints a picture of the current state, but also allows you to implement 'what-if' scenarios quickly and easily."

*"Using an automated tool means we can spend more time trying to understand the numbers rather than just compiling them."*

**Jeff Nataupsky, John Hancock**

Both Monachino and Romano agree that Tagetik's capacity to seamlessly link the close and reporting process with budgeting and forecasting is critical to their ability to accelerate these processes and provide deeper and more valuable insight to their businesses and regulators.

"The dramatic reduction of manual data entry, in and of itself, is transformational," says Nataupsky. "John Hancock's old process meant that every number was manually typed into

reporting documents. There were a lot of situations where we had the same disclosure in numerous documents, and every time we had to make a change to one, we had to make a change to all of them," he says. "Using an automated tool provides us with immediate time savings. And those savings mean we can now spend more time trying to understand the numbers as opposed to just compiling a bunch of spreadsheets. Now, we can ask more strategic questions."

## CONCLUSION

Discussions with finance executives at large global enterprises make it clear they are facing an operating environment, competitive landscape and regulatory climate that are far more demanding than at any other time in history. As a result, the depth and complexity of information being required in financial and reporting processes are straining some organizations.

Yet, modern finance teams must go far beyond the simple consolidation and historical reporting of numbers if they are to help their businesses keep pace with change and retain the trust of stakeholders. While finance executives are certainly looking to tackle the challenges of financial and regulatory reporting, they are keenly aware of the need to take on a more strategic role when it comes to guiding and facilitating decisions at all levels of the organization. They are looking to automate the "have-to's" of the job — such as required reporting — so that they and their teams can spend more time working with business and functional leaders and performing more detailed risk analysis and planning.

A rapid and accurate consolidation and reporting process is simply the first step in achieving a new and more evolved state of performance management.

Increasingly, the reporting and planning process must incorporate new and varied "pre-financial" data from a wide range of sources, which are essential to monitoring and managing business performance and communicating the company's progress in value creation. Big Data represents a major new opportunity and challenge.

Making this transformational journey should be at the top of the agenda for today's financial executives and their organizations. Executives we spoke with agree that the trip will require the integration of new skill sets and disciplines into the Office of Finance and the establishment of more integrated business processes. Most certainly, new and more sophisticated financial and performance management systems will be critical to both handling basic reporting requirements and providing deeper more meaningful analysis and planning to drive competitive advantage. As this report shows, organizations that have moved to a new generation of integrated performance management are realizing major benefits in their efforts to manage change and become strategic partners to the business.

## CAROLE CRAN



### CFO at Aggreko

Regulations on financial reporting are driving increased complexity for companies around the globe. And it hits multinationals hardest. For a company like Aggreko, which has operations in 100 countries and has to deal with distinct legislation and reporting requirements within these countries, the power of financial reporting can mean the difference between a market leader or a market laggard.

"For many businesses, the challenge of ever-increasing complexity in reporting is especially prevalent in terms of the end market because of increased competition, which forces finance to grow in its role in overall strategy. Finance professionals are getting asked to be involved in many other strategic decisions, including cost control and data analytics over different initiatives, as well as looking deeper into monitoring and evaluation as a route to growth."

*"I like to think of the current environment not necessarily in terms of complexity but rather in terms of increasing pressure both in a regulatory form and from end markets becoming tougher and more competitive. This increases the pressure on finance leaders to be able to report both quickly and accurately."*

As a listed company in the UK, where from a regulatory perspective there are external reports due at the half-year mark and at the year end mark while many companies also continue to report quarterly on a voluntary basis, reporting continues to become more and more demanding. Additionally, transparency around disclosure means companies need to have good and efficient reporting systems that they can report from very quickly.

"I like to think of the current environment not necessarily in terms of complexity but rather in terms of increasing pressure both in a regulatory form and from end markets becoming tougher and more competitive. This increases the pressure on finance leaders to be able to report both quickly and accurately."

While traditionally, reporting focused on financial data exclusively, big data means that businesses have clearer insight into performance, which adds a new dimension to the overall reporting requirements. Whereas in the past the handling of data was related only to the month-end close, now finance teams are constantly analyzing data and sharing those analytics in relation to finance. So while increased regulation means additional external reporting, big data and steep competition means agility in continuous internal reporting is crucial.

"At Aggreko, we have increased data available on how the business is performing, how our equipment is performing, and how our workforce is performing. It's not the traditional information set around the month or year-end, but continual monitoring and reporting. This means that the month-end reports now contain a chunk of financial information, but also lots of additional information about how assets are performing. So whether it's breakdowns, running hours, or anything in between, finance is now in a position to report and segment data above and beyond the traditional finance information that was expected."

As a company operating in 100 countries, with a monthly close reporting process in each of those locations, reporting needs to be seamless. As with many large corporates, there are a multitude of potential pitfalls that can occur by using traditional methods of reporting—where the margin for error increases because of cumbersome platforms and conflicts of information. Data accuracy, speed, agility, and an ability to slice and dice information can make all the difference.

“For a multinational of our scale we need the ability to have concurrent reporting across hundreds of users across the globe,” says Cran, whose company implemented Tagetik in 2014. “As the CFO, I need the confidence to know that our reporting is accurate, easily segmented and analyzed, and agile. This is especially true now, when we are seeing an evolution in the skill set of financial leaders with an emphasis towards analytics. Financial teams can no longer be simply accountants. We need to be able to analyze data that extends far beyond the traditional requirements of finance.”

The increasing pressure for improved reporting has triggered the evolution of the role of finance teams across corporates. Finance has become a hub of analytics that extend beyond traditional reporting. This is an opportunity that, if embraced, will allow financial leaders to contribute to business strategy in avenues previously untouched.

## MASSIMO ROMANO

GENERALI

### Head of Group Integrated Reporting & CFO Hub at Assicurazioni Generali

The finance world is in the midst of a perfect storm. The function is being buffeted by huge new waves of regulatory requirements. It's awash in pressures to deliver more robust reports and business insights with greater cost efficiency and on tighter deadlines. Both internal and external stakeholders and authorities are demanding more.

It's also a wonderful time to be in finance, says Massimo Romano, Head Integrated Reporting at Assicurazioni Generali, one of the world's largest insurance companies.

"I tend to look at the bright side," says Romano. "This is a very disruptive period, which means it's a fantastic opportunity to evolve. I like to quote Darwin; this is like the Evolution of the Species. The finance community is dealing with something that is incredibly new and difficult, but it's an opportunity to grow our role from simple bookkeeping to something much more valuable. But all that is only possible if you evolve your mindset and your capacity to manage through a perfect storm."

Major new regulatory standards, such as the European Union's adoption of International Financial Reporting Standards and Solvency II for the insurance industry, are requiring significant new investments for European companies. However, for those who take a longer-term view, it is an opportunity to actually save money through implementation of a common standard and to create more valuable insights into businesses, says Romano.

The risk, however, is that the situation will lead to information overload, making the process and reporting outputs less useful for the business and the regulators—something that the private and public sectors will need work together to prevent.

*The finance community is dealing with something that is incredibly new and difficult, but it's an opportunity to grow our role from simple bookkeeping to something much more valuable. But all that is only possible if you evolve your mindset and your capacity to manage through a perfect storm."*

The role of finance, of course, should be more than ensuring regulatory compliance. Finance needs to become a true business partner to the C-suite, helping to guide the company forward with the right information, insights and analysis. That means developing a strategic plan and relying on finance to measure where the company is its efforts to achieve that strategy. To fulfill the role, the financial reporting process needs to be more closely integrated with planning and forecasting. It also requires a tight focus on the most important KPIs for measuring progress toward the plan.

Romano has led the effort to make Generali a leader in integrated reporting, in which both financial and non-financial information (or as Romano calls it, "pre-financial information") is presented to the marketplace in an integrated way. That approach, which is being encouraged by European regulators, is a powerful tool in communicating the company's value creation story to both internal and external audiences, Romano says. But it also reflects a more holistic and strategic approach to managing the company and its performance.

Integrated Reporting allows companies to provide a deeper and more meaningful measurement and communications of their performance in creating value. It looks at both

financial and other relevant information about the company's progress toward its strategic plan and toward meeting essential goals.

Romano prefers to use the term "pre-financial", rather than non-financial, to describe the new types of data that are part of Integrated Reporting. A truly valuable Integrated Report should communicate where the company is in achieving its strategic plan, integrating KPIs associated with critical success factors. The integrated approach is about much more than a new way of reporting. It's about being better focused on corporate strategy and more inclusive in integrating all parts of the organization in its development. Determining the right KPIs is essential, he says.

"One of the biggest challenges for the planning guys and the finance guys is defining the right KPIs, and not becoming overloaded with too many," he says. Each KPI needs to be very clearly linked to achieving the strategic plan. In total there should only be about five, he says.

Strategic and financial planning is like the restaurant business. You start with the great menu—the strategic plan. Then you have to have the right process, the reporting process and the right inputs, or ingredients. "Every dish has to have the right appearance and needs to be presented on time; nobody wants cold food. And finally you do not want to waste the food, like the information."

Generali chose Tagetik as its performance management platform in 2014 and has continuously expanded what the finance team and the company is doing on the platform—from regulatory reporting to a variety of strategic programs that are all integrated through Tagetik.

## JEFFREY NATAUPSKY



Vice President, Legal Entity Financial Reporting & Controls at John Hancock

For Manulife, and its U.S. division, John Hancock, the complexities of varying accounting standards impacting financial reporting means the necessity of moving towards automated data analytic systems. Yet this evolution provides an opportunity for their finance and accounting team to work towards an analytical view of the ecosystem, thereby increasing its strategic function within the business unit.

*“Using an automated tool provides us with immediate time savings. And those time savings mean we can now spend more time trying to understand the numbers as opposed to just compiling a bunch of spreadsheets. Now, we can ask more strategic questions.”*

“The financial statement reporting process continues to be complicated by the regulatory environment with the adoption of new and or amended accounting standards. Using traditional financial reporting methods is manageable if you have only one location and accounting basis. Given Manulife is an international company with multiple bases of accounting in which the accounting standards are completely different; it adds a huge level of complexity into the financial reporting environment. With that being said, if you have the right process and the right people, you should be able to manage your way through that with minimal challenges.”

Add to those challenges the expertise needed on various accounting standards, it is certainly a challenge to stay abreast of evolving and shifting expectations to ensure all reports are accurate. This is especially true in the insurance industry, where there are different types of insurance products and the accounting is different for each of those products on an International IFRS, U.S. GAAP, and Statutory basis of accounting.

“It brings a level of complexity that can be even more complicated by various administrative systems that could be old and outdated and not able to provide all of the required information. Therefore, workarounds are sometimes required which adds to an already complicated process.”

Manulife has to comply with a number of different regulatory agencies, including the Canadian insurance regulators that look at the parent company, and various regulators looking at the insurance companies in the U.S.. In Asia there are also regulators in every country. Of course, all of these rules and standards are quite different, adding multiple layers of complexity to the reporting process. One of the biggest challenges for the insurance industry continues to be the differences between the IASB, which is the board that sets IFRS, and the FASB, which is the board that sets the U.S. GAAP pronouncements.

“They have not been able to develop a set of standards that can be used globally. For those insurance companies that utilize IFRS comparing them to their peers in the U.S. is challenging because the accounting rules are different, so it’s hard to compare their results. The discrepancies in reporting standards means that beyond challenges in reporting, companies are trying to compare themselves to others that are not following the same set of accounting standards. And as IFRS and U.S. GAAP continue to move in different directions, it will create challenges for everybody.”



On top of shifting reporting standards, multinational corporates often need their finance teams to shift resources towards work on a merger, acquisition or a disposal. With this, corporates understand they need to start streamlining processes. New expectations mean an evolving skill set. Finance teams need to spend less time plugging information into a tool or platform, and more time analyzing and segmenting the data for business gain.

When you take key resources away, it can create challenges in your reporting environment. However, Nataupsky believes that if you have the right tools, processes and skill sets in place, the process will have minimal interruption if you need to reallocate resources.

"From the perspective of John Hancock, our old process meant that every number was manually typed into reporting documents. There were a lot of situations where we had the same disclosure in numerous documents, and every time we had to make a change to one reporting document, we had to make a change to all of them," says Nataupsky, whose company moved onto Tagetik in 2012 to simplify the financial reporting process. "Using an automated tool provides us with immediate time savings. And those time savings mean we can now spend more time trying to understand the numbers as opposed to just compiling a bunch of spreadsheets. Now, we can ask more strategic questions."

## ROB FENNE



### Managing Director of Accounting at Randstad Holding

As multinationals face increasingly complex financial reporting processes, new regulations coming out of the EU will continue to impact financial departments and force them to evolve not only toward the implementation of new, integrated technologies, but toward new skill sets and expectations as strategic actors within the business.

"There are all sorts of new regulations coming from the E.U.. Currently, there are discussions on whether or not multinationals should comply with integrated reporting. That means that along with the typical financial and tax reporting, non-financial information will also be included on a country-by-country basis."

In an evolving and heavily regulated ecosystem, the importance of accuracy and transparency is on par with the ability to segment data according to distinct processes and standards. In order to comply with these regulations, multinationals need to incorporate integrated financial systems that allow them to vet out errors more quickly, and produce distinct reports, and thereby accelerate the speed and accuracy of close.

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In an increasingly complex reporting environment, the ability to easily pull reports of segmented information to slice and dice the data into meaningful insights will greatly impact the role and expectations of the finance units within multinationals.

"The ability to pull ad-hoc reports increases not only reporting capabilities but the time in which it takes to segment and analyze financial reports. We can easily pull reports on organic growth, revenue growth, gross margins, development with and without acquisitions, etc. This allows us to exchange and compare analytics and financials quickly and easily. So when it comes to business agility we have increased our functionality greatly," says Fenne about Tagetik.

Traditional reporting only supported forecasting at the end of the year. But in today's ecosystem, the ability to have a rolling forecast is invaluable. It also makes the financial team more able to contribute strategically to business decisions.

"By increasing the capabilities within reporting and analytics, you have an incredible resource of data at your fingertips. It paints a picture of the current state, but also allows you to implement 'what-if' scenarios quickly and easily."

Financial leaders such as Fenne are increasing the capabilities within the finance team to respond and contribute to business strategy and complexity with increased agility, data, and analytics. The ability to respond to business decision-makers with the data to support financial decisions means that finance leaders will be able to contribute more strategically to decisions around how to move forward, what decisions to make, and how to react to a given scenario.

## LUIGI ALBINI



### CFO at Tagetik

Increasing complexity in the financial close and reporting process is a reality for most CFOs and financial executives today, says Luigi Albini, CFO at Tagetik. New regulatory demands are coupled with a more complicated business environment, thereby requiring finance to play a bigger and more analytical role in charting and navigating global operating and competitive challenges.

More than ever, the CFO needs to be a strategic partner to the CEO—not just the person who certifies the financial state of the company. In addition to providing an accurate assessment of the company's performance, management expects the finance organization to help plan and forecast where the business is going in an environment that is changing more rapidly and dynamically than ever before.

"Yes, regulatory requirements are increasing. But market complexity is also challenging CFOs. Today, the CFO must be a business partner who continuously provides the analysis and answers the CEO needs to drive the company forward."

To Albini, this means the financial close and reporting process must now be inextricably linked to strategic planning and budgeting.

"Nowadays, it's crucial to have the capability to integrate actual close data with forecast and budget data. It's not enough to have a static understanding what happened in the past and what is projected for the future. Management needs to see the impact of actual results to forecasts in a dynamic way in order to make ongoing assessments and adjustments."

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On one hand, a more global and diversified competitive environment requires increased sophistication and detail of analysis. On the other, these same competitive challenges are increasing complexity inside of the company and the financial function itself. Mergers and acquisitions, for example, can significantly complicate the financial close.

"To consolidate company figures coming from different sources — from multiple ERPs, business units, and even accounting principals — is a challenge the CFO faces on a daily basis."

Add to that the fact that integrated reporting, which incorporates a wide range of non-financial data and metrics from multiple databases and systems, is becoming a requirement for many companies.

With overall business complexity growing and the level of government regulation dramatically increasing, particularly within the financial services and insurance industries, CFOs are clearly being asked to do more — and to do so in an increasingly timely and cost-effective manner.

Older legacy financial systems are really not up to the challenge, says Albini. One of the greatest downfalls of legacy systems is that they are actually a patchwork of systems designed independently of one another and are not well integrated. There's one platform for the close, another for consolidation, another for forecasting. The result is much lower levels of efficiency.

Albini argues that modern Enterprise Performance Management systems, such as Tagetik, are critical to meeting the new challenges of financial consolidation, reporting and planning. Tagetik, he says, provides a unified solution with built-in financial intelligence and the ability to integrate disparate data sources. It's just this kind of solution that's needed to help the office of the CFO simplify financial management and provide more in-depth reports and detailed analysis to meet external and internal requirements and, of course, help drive and manage the company's forward progress.

## ROBERTO MONACHINO



### Chief Data Officer at UniCredit

The impact of the new regulatory environment on business strategy is critical. For UniCredit, Chief Data Officer Roberto Monachino knows that to be leaders in the industry, finance teams must not only link the regulatory environment with business environment, but also with the expectations of external stakeholders who now have clear insight into the financial operations of large corporates.

"The banking industry is currently being barraged by new regulations on what used to be a simple activity. To survive in this state, we must be fast in producing actuals and in the process of planning and forecasting. Actuals must be produced quickly in order to understand the scenario and close those numbers quickly in order to check the forecasting and planning activity, and on top of that, now more than ever, to be sustainable in the future."

For UniCredit, which has 3,600 users on its Tagetik platform spread across 700 companies, it is imperative to harmonize both the product catalog and the way in which they measure and report. In addition to their massive user base, UniCredit has subsidiaries in 17 countries, each with its own unique set of regulatory requirements. Additionally, they have to comply with

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Euro versus non-Euro reporting. Consolidation provides the ability to manage the governances of the financial groups with those of all the subregions. To remain agile and transparent, the key is to have data entry that is cohesive across the units so that the slicing and dicing of information, as well as information consolidation, is as fluid as possible.

"Nowadays financial reporting is much more meaningful in that these reports are actually being used to build strategic plans. In regards to planning and forecasting, there are three different dimensions that are really important when it comes to the regulatory environment. The first is business, or the capability to grow. The second is finance, or the capability to maintain and handle risk controls. And the third dimension is to have a proper linkage between targets and sustainable KPIs."

In terms of strategy and forecasting, UniCredit operates under a multi-year-plan, which is considered long-term forecasting. In addition to that, they have a quarterly and a monthly approach to forecasting, and based on how they hit those targets, the three-year plan must be compared and re-measured accordingly. Adding to this complexity is the fact that the finance unit has to link each business line with the risk association.

"We are working to find right methodology in order not to be time-consuming and also to have reliable information on how to link these single forecasting processes into a streamlined, consolidated process. We need to look at each individual scenario and ask: 'What does it mean for us, for instance, to increase mortgages or to increase credit card business? What does it mean in terms of revenues, in terms of new volumes and to link this to new risks with assets, new liquidity position, new interest rate risk?' It becomes incredibly complex."

But for Monachino, while regulators might ask for a lot, they never ask for more than what is already necessary for a strategic businesses' decision-making processes. And this forces companies to comply with new 'green' and sustainable practices because the external ecosystem has clear insight into the activities of the corporation.

"In the past, we had internal and external reporting, and the internal was much more granular. Now the regulators are looking for that granular information, so it forces businesses to be external facing and transparent with their activities. For UniCredit, this presents an opportunity. We now have a social balance sheet. The social expectations of corporations is to be green, and companies must be aware that in order to be a leader, corporates must link the social environment with the economic environment."

## CRAIG ALBRIGHT



### Vice President, Finance, Large Enterprise Operations at Xerox

We don't just live in a digital world, but in a complex, heterogeneous environment of analog and digital, paper and mobile, personal and social. Digital interactions and experiences have changed expectations for information access, mobility, security and productivity. There is a pervasive belief that information should flow easily between paper forms and digital systems, and financial reporting practices have been caught in the middle between legacy and leading edge.

"Imagine you've become accustomed to a new application that provides insights into your pipeline and sales information. You get used to slicing and dicing information at a moment's notice. Then you return to your legacy financial reporting for your cost systems. You realize it's going to take a week to publish the same kind of report, but with less flexibility. There's this dichotomy between the rapid advance of technology with its powerful data analysis, and the lagging speed of transformation of financial services inside the organization," says Craig Albright, Vice President, Finance, Large Enterprise Operations, Xerox.

He adds that Xerox is strongly focused on helping companies analyze their workflow and transform the way that work happens. "This is especially important in document- and labor-intensive financial processes. We've introduced many workflow solutions that make it possible to start digital transformation at this process level."

It's true that data analysis can dive deeper and faster into more granular levels of detail than even a few years ago. But these advances put pressure on legacy reporting systems and internal resources to keep pace with what is expected in financial reporting today. "We see this a lot in clients' environments. Our solutions bring in tremendous amounts of data about documents, users, workflow and more, but unless you can turn that data into insight, what good is it?" asks Albright.

*"The way we manage our processes must satisfy demands for productivity, global standards and consistency. We then need to leverage the outcomes of the financial close process into the planning, budgeting, forecasting, and decision-making around the business."*

To restore balance, organizations need to study how work gets done and explore ways to automate and transform that work. "As leaders of financial teams, we need to challenge and change the way that work happens," he says. "When you step back and take a look at your business from the perspective of its workflows, you come up with a range of opportunities to transform the company with just a little investment. It's not just investment in technologies, but also in transforming how people think about time, effort and system expectations."

For Albright, the biggest challenge is the demand for different ways to look at, analyze and interpret business performance. The standard monthly report is no longer acceptable. Finance leaders must compile information in more robust, analytical ways.

Through rich insights, reporting can stimulate the top line and make finance a better partner for the organization. A solid baseline of information allows better forecasting and planning.



This factual foundation comes from a disciplined and independent financial close process that assures the integrity of the books. Corporations then need good processes to leverage that information into business decisions. "Market forces put pressure on business leaders to respond faster and with better information," he notes.

Finance reporting and process applications can contribute to the productivity goals of an organization, and also directly support reporting in the regulatory environment. External requirements vary by industry, but it's always important to demonstrate to shareholders and stakeholders that you're in control and operating in a responsible way.

"Finance teams must find balance between standardizing around their ERP systems and having a unified environment, and keeping up with changing technology to take advantage of point solutions that solve specific problems in finance workflow," explains Albright.

Workflow solutions that integrate with existing systems, provide audit trails for documents and help employees be more productive demonstrate attention to performance and results.

Balancing local systems and capabilities with the need for common global processes and policies is a special challenge of running a global operation, Albright added. Corporations tend to establish global policies to ensure an absolute minimum level of performance. Every local operation system is capable of rising to that standard and complementing the total process.

"Xerox has offshore capabilities complemented by local onshore functions and processes, all rolling up to global functional organizations," he explains. "There is a constant quest for productivity, while maintaining a high level of integrity.

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"From our position at the intersection of analog and digital communications and content, Xerox has a unique position to witness profound shifts in the way the world connects and communicates" he notes. "Our view is that to keep pace with economic challenges and advances, we need to challenge and change the way that work happens," pointing to a number of Xerox workflow automation products that address specific financial workflow needs.

All businesses are trying to manage this digital transformation, while improving business results, client satisfaction and retention. Enterprises that accelerate digital migration improve their outcomes through increased productivity, security and financial insights.

## VP, HEAD OF GLOBAL FINANCIAL OPERATIONS

### Large Multinational Financial Services Company

For this large financial multinational corporation, the finance team is responsible for financial accounting, balance sheet reconciliation, and business unit reporting across the enterprise. Yet while the multitude of functional domains adds a level of complexity to their responsibilities, the advantage is that the team directly sees how finance impacts other strategic business areas.

"The results of our financial close process have an impact both internally and externally. Externally: in that we can be transparent and open with financials in accordance with reporting standards. And internally: in that we can determine different strategic approaches across the business units."

*"The results of our financial close process have an impact both internally and externally. Externally: in that we can be transparent and open with financials in accordance with reporting standards. And internally: in that we can determine different strategic approaches across the business units."*

The financial close process impacts the way a business is managed because it impacts the way the business gets analyzed. So the ability a company has to close the financials quickly, efficiently, effectively, and without needing to re-work anything, directly impacts the business because it accelerates the time the businesses get to analyze the results, and explain them, before the results are submitted to the public.

"When you have multiple business systems, it is vital to have a single accounting close and consolidation platform. Technology and reporting platforms for today's business environment need to be integrated. And equally important is an ability to segment that data. While the financial close process is standardized across the different business units, the business units themselves analyze the results. This means that the data coming from the financial unit must be segmented according to the different business functions' goals and priorities."

In the external environment, regulatory requirements have also added complexity to the financial close process. Most of the peer network within the company is comprised of financial service companies, which operate in multiple domains and multiple regulated countries. So reporting changes based on the country's regulations and overall FCC regulations.

"New regulations mean a need for additional controls and reporting methods. We now require processes that are built around the fact that we have an obligation to report to the public and comply with certain regulatory requirements. It adds additional layers to whatever processes are currently in place around financial close."

Yet with all the internal and external complexities facing this agile team, the executive feels confident that this company continues to act as a leader in the industry. "We believe that our financial close process, and our technology behind that, is fairly matured. The biggest concerns that plague the industry tend not to hit us as hard because we have the processes and technology to support our agility in financial close and analytics."

## ABOUT THE BPI NETWORK



The Business Performance Innovation (BPI) Network is a peer-driven thought leadership and professional networking organization reaching some 50,000 heads of IT transformation, change management, business re-engineering, process improvement, and strategic planning. It is dedicated to advancing the emerging roles of the Chief Innovation Officer and Innovation Strategist within today's enterprise. The BPI Network brings together global executives who are champions of change within their organizations through ongoing research, authoritative content and peer-to-peer conversations. These functional area heads (operations, IT, finance, procurement, sales, marketing, product development, etc.) and line-of-business leaders are advocates for Innovation as a fundamental discipline and function within 21st Century organizations. They seek to demonstrate where and how new inventive solutions and approaches can advance business value, gratify customers, ensure sustainability and create competitive advantage for companies worldwide. For more information, visit [www.bpinetwork.org](http://www.bpinetwork.org).

## ABOUT TAGETIK



Tagetik understands the complex challenges that face the Office of Finance and translates that knowledge into intuitive, enterprise-scale performance management software solutions that drive business results. With Tagetik, companies get the simplicity of the Cloud and the power to unify financial and operational planning; shorten the consolidation and close process; immediately analyze results, model and compare full financial statement impact of business scenarios; adjust strategic plans; seamlessly update rolling forecasts; produce formatted and auditable financial statements and management reports; collaborate on business reviews, and automate disclosure and board reporting. Tagetik has built-in financial intelligence so that CFOs, finance managers, and operations executives can orchestrate multiple or all processes in one software solution. More than 850 customers across 35 countries count on Tagetik to improve efficiency, reduce risk, save money and deliver results. For more information, visit [www.tagetik.com](http://www.tagetik.com). We get Finance. You get results.