Reporting and insights accelerated with a digitized, connected, and faster close

KPMG and Workiva help a global IT company transform its financial processes from good to great

Key facts

Client: A global IT company

Industry: Telco/Media/Technology (TMT)

Primary goal: Digitally transform the Record to Report (R2R) process and reduce time required by five days

Primary platform:

- Workiva
- SAP S/4HANA

When a multinational IT provider of hardware, software and services was about to complete its implementation of SAP S/4HANA, the CEO issued a challenge to the finance department: Find a way to cut five days out of the close and earnings reporting process. Although the company was already known for the accuracy of its financial reporting, speeding up the process would get quarterly and fiscal year-end numbers to investors more quickly and enhance its reputation as a leader in technology and digital transformation.

Compressing the R2R cycle wouldn't be easy. The first step would be persuading the talented and dedicated people managing the reporting process to rethink the way they worked. Next would come identifying optimal ways to leverage the value they could realize from existing software platforms including SAP, Workiva, and other R2R specialty providers. KPMG LLP (KPMG) was ready with the savvy and experience to do both.

Outcome highlights

Key outcomes—overall	Increased credibility with internal stakeholders and the investment community	5-day reduction in Close and Reporting time	Client's image enhanced by faster, technology driven reporting
Key outcomes—Finance	5-days reduced from the R2R process	New, automated reporting process	Greater speed and insight into factors affecting quarterly numbers

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Client transformation

Where they were

An R2R process that was accurate, reliable—but not fast enough for their standards

As a longtime, publicly held company, over the years the client had established financial reporting processes that produced numbers that were well regarded by investors for their accuracy and consistent delivery.

Despite this high-quality output, in-depth interviews and analysis with stakeholders revealed that major monthly and quarterly reporting packages were prepared through disparate systems and disconnected processes. Reviewing final numbers before release was human-centric, requiring meetings, emails, and calls between multiple participants. Although some processes were nominally electronic—using Excel and other software, they were far from being fully automated. And most technical solutions were focused on the front end of the process rather than the close.

In organizational terms, it became clear that no single person or office fully owned the closing process. Instead, various stakeholders worked within siloes that offered limited insight or connectivity to the overall goal. Settling on final numbers for release involved extensive double-checking and reconciliation between various participants.

This state of affairs might have continued indefinitely if the client's CEO had not issued a simple, but challenging demand to his CFO and staff: Digitally transform their R2R systems and procedures to take five days out of the process. Faster reporting to Wall Street was a primary objective, along with reaffirming the client's reputation as an IT and technology leader.

Where they are

Better processes mean faster, more agile reporting

Overall financial reporting processes now gain from better integration, communication, and data transparency.

But the real value goes beyond speed and automation. Stakeholders now think about the close process differently. They use and actively support new, more efficient processes. They also look for ways to better meet the needs of those outside Finance who rely on their reports.

And instead of applying lots of new technology, the client is accomplishing this by creatively using what they already had–including technology from SAP and Workiva–and using it in a new more effective way.

Where they're headed

R2R as a model for continuing change

Success in accelerating R2R and the acceptance of new procedures and systems promises to redefine the role and reputation of finance within the organization.

Instead of being valued mainly as fixers whose hard work simply produced accurate reports, finance is becoming more focused on the needs of outside investors and internal stakeholders.

With more connected and transparent data inputs and less time spent on checking and reconciliation, the finance department is better positioned to provide forward-looking insights faster, thus improving morale and creating value.

The R2R transformation demonstrates what thinking, acting and automating end-to-end can deliver. And other reporting areas and processes have taken notice. Examples of this include efforts that are now underway to streamline and accelerate Order to Cash, integrate and automate ESG reporting, and optimize Payroll for efficiency.

The themes are consistent – analyze end-to-end, think outside of silos and collaborate, leverage and optimize value from the digital technology landscape, establish and empower accountability, and track and measure outcomes.

"We worked with our client to gain the perspective that looking at the close was not only about producing accurate numbers about the business, but supporting all functions to engage around what those numbers mean to the business. The real value occurs when you use technology to support your discussion of the story behind the numbers—the factors and conditions that are affecting your business."

—**Ralph Canter**
KPMG Managing Director, Finance Transformation

The how

A multi-phase approach to transforming reporting.

Reimagining reporting

Understanding how financial reporting could be improved meant understanding how the current process had evolved, as well as the culture behind it. Most of the company's business comes from selling PCs and other hardware—categories that have existed for decades. And many of the financial professionals involved in reporting are long-term employees accustomed to working within an established (if unwieldy) system that consistently produced strong reports. Finally, it's worth noting that achieving consensus among teams and managers had always been a key element in the company's organizational culture.

All of this meant that persuading the finance department to embrace change wasn't easy, but once our KPMG team had demonstrated an in-depth grasp of the background, work processes, and technology used for reporting, we began to gain greater acceptance for a new approach. Only after this essential buy-in was achieved did we explain how to leverage the cloud-based technology they already owned from SAP and Workiva to execute the work. Key steps included:

- Establishing a Target Operating Model (TOM) for how a best-case R2R process should work
- Challenging embedded governance and "rules" that no longer added value
- Breaking down established functional silos for better workflow and data-sharing
- Establishing an enterprise global process owner
- Optimizing the functionality and value from the existing technology landscape

Making the most of a dedicated, experienced financial team

Early in the engagement the client asked our team to document the current R2R process, since little formal documentation existed within the company. Each participant had their own set of rules, systems, and procedures, but a full perspective on how the entire process worked was hard to pin down. In a matter of weeks, we were able to show the client the reality of the multiple inputs, data challenges, and constant revision that went into each report. Yes, the final output was still on time and accurate, but the method for getting there was labor-intensive, requiring the finance department to work longer and harder than necessary. To address these issues and identify better alternatives we began by:

- Reviewing and documenting the existing R2R processes and technology
- Defining success criteria for an improved reporting process
- Rationalizing an overall strategy across key reporting packages
- Developing a comprehensive data model identifying all required data points

Saving time where it matters most

While the upgrade to SAP's S/4HANA platform delivered company-wide efficiencies, it had little impact on the later stages of the reporting process. One reason was that two sets of reports were developed simultaneously for different constituents: purely fact based quantitative external reporting for shareholders and regulators, and more qualitative reports used by management to explain quarterly results. The process for creating these reports was only partially automated through older techniques that required extensive human inputs. To replace this, KPMG made changes to Workiva's reporting software that allowed it to access data from a single, validated source and generate fully automated reports. Other improvements included:

- Removing 99% of export/import activities through common data model linking
- Configuring all reports in Workiva, including roll-forwards to support Cash Flow reporting
- Developing a process to support commentary creation in Workiva
- Eliminating unnecessary extracts and excel models
- Streamlining communication and discussion by removing emails as the primary discussion forum
- Enabling a more digital process of comparing differences between periods
- Streamlining the process automation connections between similar external and internal reports

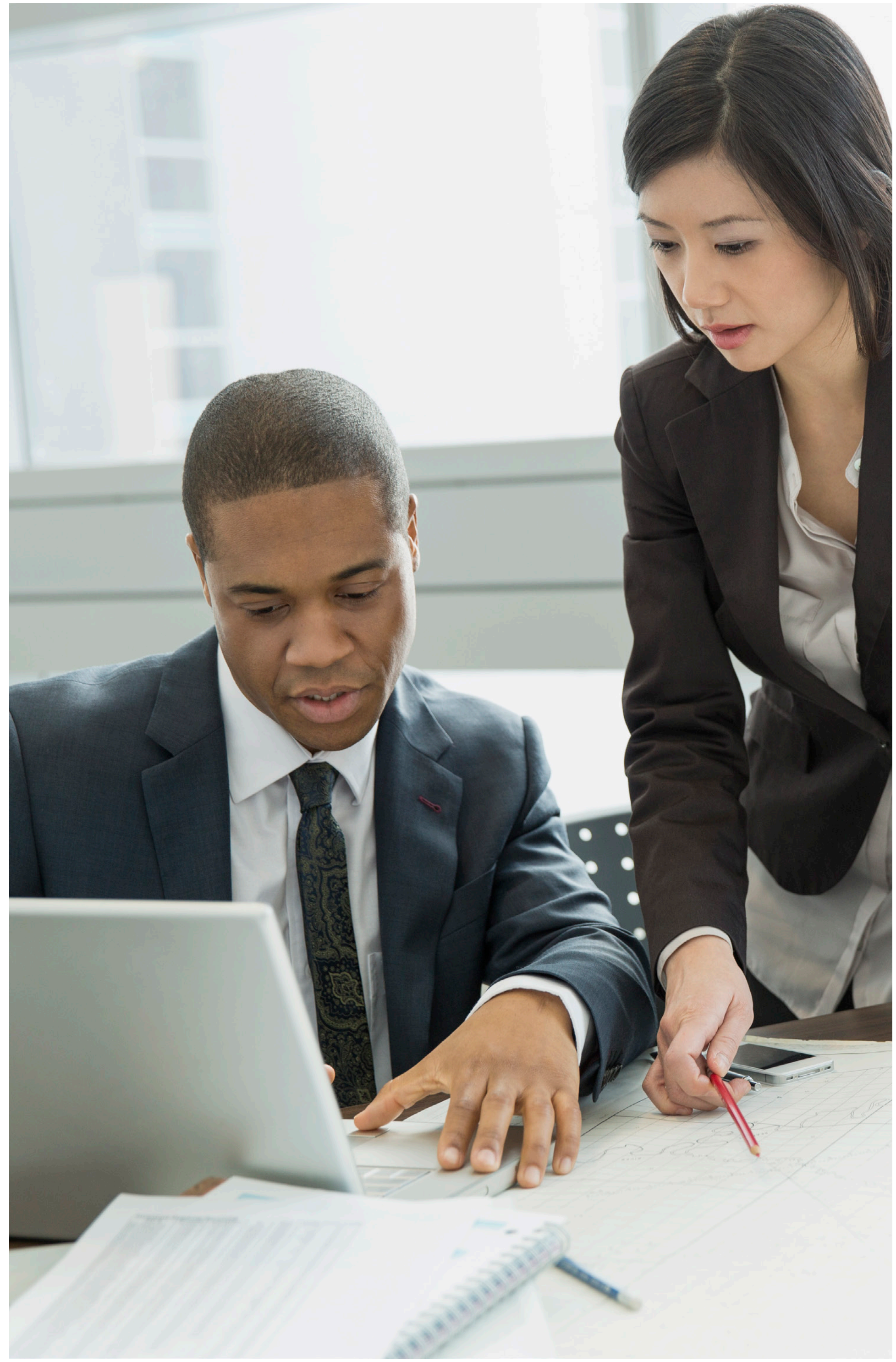
Building the processes needed to support a modern, digital platform.

Implementing a full digital transformation instead of spot fixes for individual problems was a key factor in shortening the R2R process by five days. Quarterly and monthly reports are already being created on this new schedule, with fiscal year-end reporting set to follow. Other benefits being realized include:

- Streamlined quantitative Enterprise Monthly Report (EMR) and qualitative Story Behind the Numbers (SBTN) processing
- Automated cash flow reporting process
- Reduced validation across report packages
- Automated, data integration/availability to report preparers and end users
- Developing a leaf level data repository capable of supporting a growing set of reporting demands
- Improved employee morale due to lack of redundant processes
- Increased collaboration in commentary compilation and review
- Reduced control effort and reconciliations of data

From Fixers to Futurists—spending less time ensuring data

Helping the client make the most of technology from Workiva and SAP was an accomplishment in itself. But the bigger achievement was changing their perspective on how to manage the R2R process and expanding its value within the organization. Historically, R2R participants found themselves spending too much time focused on double- and triple-checking numbers, seeking out bad data, or working around anomalies in the system. But as reporting grows faster and more automated it promises to make information more available and relevant—not just on a monthly or quarterly basis but continuously. By building on this foundation, finance departments can look ahead to providing forward-looking strategic information and analysis to a wider range of end-users inside and outside the organization.



Are you getting the most from your financial reporting?

Let’s talk about where you are now and your goals for the future.

Spotlight

Getting more out of work with Workiva

Workiva is a cloud-based platform that helps more than 4,300 companies worldwide simplify the process of managing and reporting financial data. KPMG has been an alliance partner with Workiva since 2019. Our client was already using Workiva to support quarterly reporting, but our team helped to customize the system for added functionality and speed.

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Start a conversation

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