



DE-RISKING REPORTING IN THE AGE OF DISRUPTION

Reporting Beyond the Numbers

DISRUPTION

1. forcible separation or division into parts.
2. a disrupted condition.
3. ***Business.* a radical change in an industry, business strategy, etc., especially involving the introduction of a new product or service that creates a new market.**



CERTENT™

**WE DON'T KNOW WHAT WE DON'T
KNOW**

CERTENT™

WHAT IS NARRATIVE PERFORMANCE REPORTING?



NARRATIVE PERFORMANCE REPORTING DEFINED



Narrative performance reports are typically high frequency, highly collaborative, and owned by the business.



Monthly management reports, board reports, budget books, etc. are just some of the examples of reports that fall into this category.



Are you producing these types of reports in your organization today?



Many of these reports **should contain both the numbers and the story behind the numbers**, but often do not.

IT IS A GLOBAL REPORTING BUSINESS PROBLEM





Challenging the Current Narrative Performance Reporting Methods

“Our company currently use Excel, Word and PowerPoint for our internal reporting requirements...”

“Our company currently use a corporate performance management solution for our internal reporting requirements...”

NARRATIVE PERFORMANCE REPORTING DEFINED

Northwest March 2018 In USD (thousands)	Cash By Region			
	Management Briefing Deck Adjusted and Consolidated March, 2018			
	Actual	Plan	Variance	Var %
	Cash	5,000	15,000	(10,000) (67%)

Northwest March 2018 In USD (thousands) Cash	Cash By Region			
	Management Briefing Deck Adjusted and Consolidated March, 2018			
	Actual	Plan	Variance	Var %
	5,000	15,000	(10,000)	(67%)

Net Sales eroded substantially from prior quarter against plan to \$5.0 million, a period over period decrease of \$10 million. This was due to a Days Sales Outstanding (DSO) increase to 120 days versus 90 in 2017 Q4. The DSO increase was due to an unanticipated departure of several associates in A/R Collections Department and an substantial increase in net-new orders.

Global Initiative #45 is to decrease DSO to 75 days by Q4 2018. We are just starting to implement #45 in April with the hiring of 15 new A/R Collections associates. Based on our planned ramp-up schedule we anticipate getting to plan by Q3 2018, for both Cash balance and Days-Sales-Outstanding.



Based on the definition of Narrative Performance Reporting do you feel you have automated, controlled, and created efficiencies in the production of these reports?



Yes



No

CERTENT™

WHAT MARKET
TRENDS ARE
WE SEEING?



CERTENT FSN STUDY DETAILS



The survey drew responses from **616 international senior** finance professionals from our **53,000** strong FSN Modern Finance Forum on LinkedIn.



This survey covered finance professionals across **23 different industries**. **87%** of these professionals were considered to have senior job titles and above.

CFOS AND THEIR TEAMS NEARLY ALWAYS GET THE JOB DONE

Yet **64%** say they never miss a reporting deadline
(LY:64%)

61%

Only 61% say their data is accurate and trustworthy
(LY:59%)

59%

Only 59% say they can easily trace a number in a report back to its source
(LY:58%)

47%

Only 47% say their spreadsheets are well controlled and error free
(LY:45%)

39%

Only 39% Say they can easily see the status of reporting process at any time
(LY:42%)

37%

37% say the number of reports is growing uncontrollably



CFOS NEED TO DRIVE ACTIONABLE INSIGHT NOT JUST MEET DEADLINES

“

Seems that we have created a bureaucratic machine. Reports are produced in 2-3 days and the management accounts for a business unit can be 90 pages long per month. This is a remarkable achievement.

However, the balance between standardized reporting requirements and interpretation of said results has become skewed.

Finance has lost time to be able to distil key risks/opportunities from the reports, prioritize actions and deliver change.

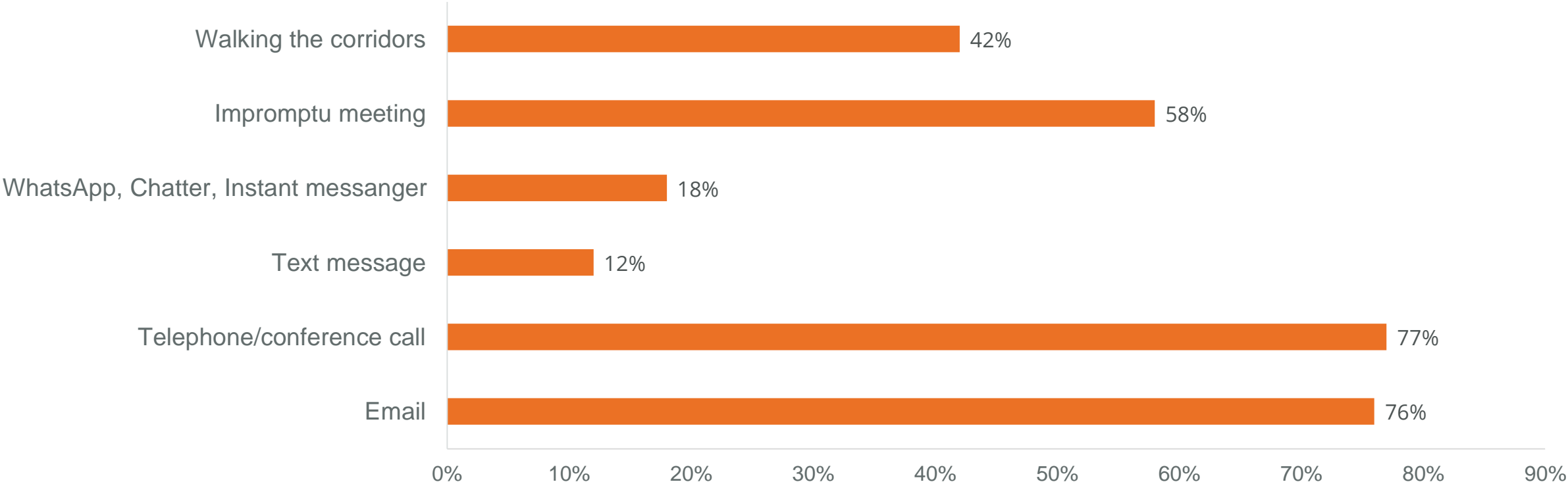
”

Head of financial reporting, PLC

FSN
The Modern Finance Forum

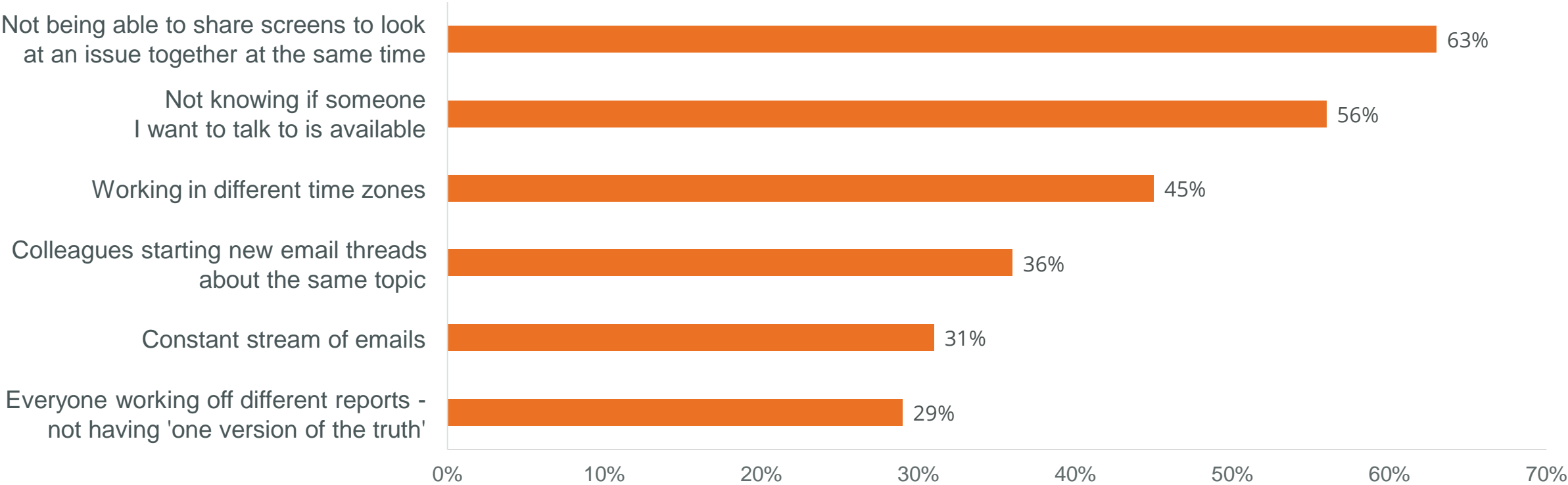
COLLABORATION IS STILL RELYING ON OLD TECHNOLOGY

When things go unexpectedly wrong in reporting, what is your preferred method of communication?



BIGGEST OBSTACLES TO COLLABORATION IN REPORTING

Factors Driving Growth in Financial Data Volumes



CERTENT™

THE CURRENT STATE





How do you currently create your internal narrative performance reports (i.e. Management Reports, Board Presentations, etc.)



**Microsoft
Office Tools**



**Corporate Performance
Management Solution**
(i.e. Budgeting & Forecasting
and/or Consolidation Solution)



**Business
Intelligence Solution**



Other



Do you feel the current process for producing these internal narrative reports is collaborative and controlled?



Yes



Somewhat



No

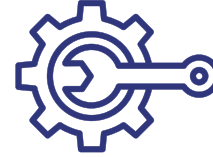
COMMON CHALLENGES



“Manual effort on updates.
Tailoring message to
multiple parties.”



“Too high level with very poor
level of insight that actually
provides value to business
decision making.”



“Currently it’s too manual of a
process that is susceptible to error.
It also takes too much resource
capacity and time to deliver.”



“Using mostly non-dynamic data,
which makes the whole process a
lot like storytelling and not really
captivating. Too much focus on
past events and not enough on
actions and anticipated outcomes.



“Too many numbers and not enough
thoughtful narrative because people are
too focused on the tables and tables
of numbers”.



“FP&A and Management Reporting teams
using different versions of reports to
communicate business performance.”



“Many stakeholders involved in the report
cycle which makes it very difficult to control
versions and workflow events...”

THE REPORT PRODUCTION CHALLENGE

Data Inputs

- Relational / DW
- Consolidations
- OLAP - cube
- CPM / BI

Excel Extraction
(Financial Statements)

Excel Working Papers
Schedules / Checklists



Narrative Performance Report Outputs



Internal Report Consumers



External Report Consumers

Process is typically:

- ✓ Manual (using MS Office)
- ✓ Time-consuming
- ✓ Error-prone
- ✓ Uncontrolled (e.g. versioning)

EVER BEEN ON THIS CALL...?

No time for analysis....
we constantly need to update
and validate the data...

How did this happen...again

Not surprised the data is
different...these reports took a
week to put together



CxO: This is not the data that we have... why is your data different? And where is the analysis?

NARRATIVE PERFORMANCE REPORTING AT THE ENTERPRISE LEVEL

Consolidated GAAP Financial Statements and Footnotes

Executive Compensation

Asset Management

Operational & Risk Measures

Business Unit 1 Sales & Revenue

Business Unit 2 Sales & Revenue

Plan and Forecast Data



CEO/CFO Packages

Board Books

Monthly Management Reports

Regulatory & Statutory Reports

Plan & Forecast Packages

CERTENT™

WHAT IS THE BUSINESS PAIN?









A hand is shown dropping a coin into a stack of several other coins. A small green plant with two leaves is growing out of the top of the coin stack. The background is a bright yellow with a large, semi-transparent white circle on the right side.

**“WHAT IS THE DIFFERENCE
BETWEEN WHAT I DO TODAY
AND THE ADDITIONAL VALUE
CAN CERTENT PROVIDE?”**

CERTENT + INTERNAL SOLUTIONS AND PROCESSES = NARRATIVE PERFORMANCE REPORTING



Traditional internal reporting solutions and developed processes provide all the **data** your organization requires in a structured reporting format.

It may also provide **minor commentary** around certain balances.

More often than not, data and minor commentary are not telling the **full story behind the numbers**.

This is where Certent allows you to extend your internal investment to create **narrative performance reports** in multiple output formats.

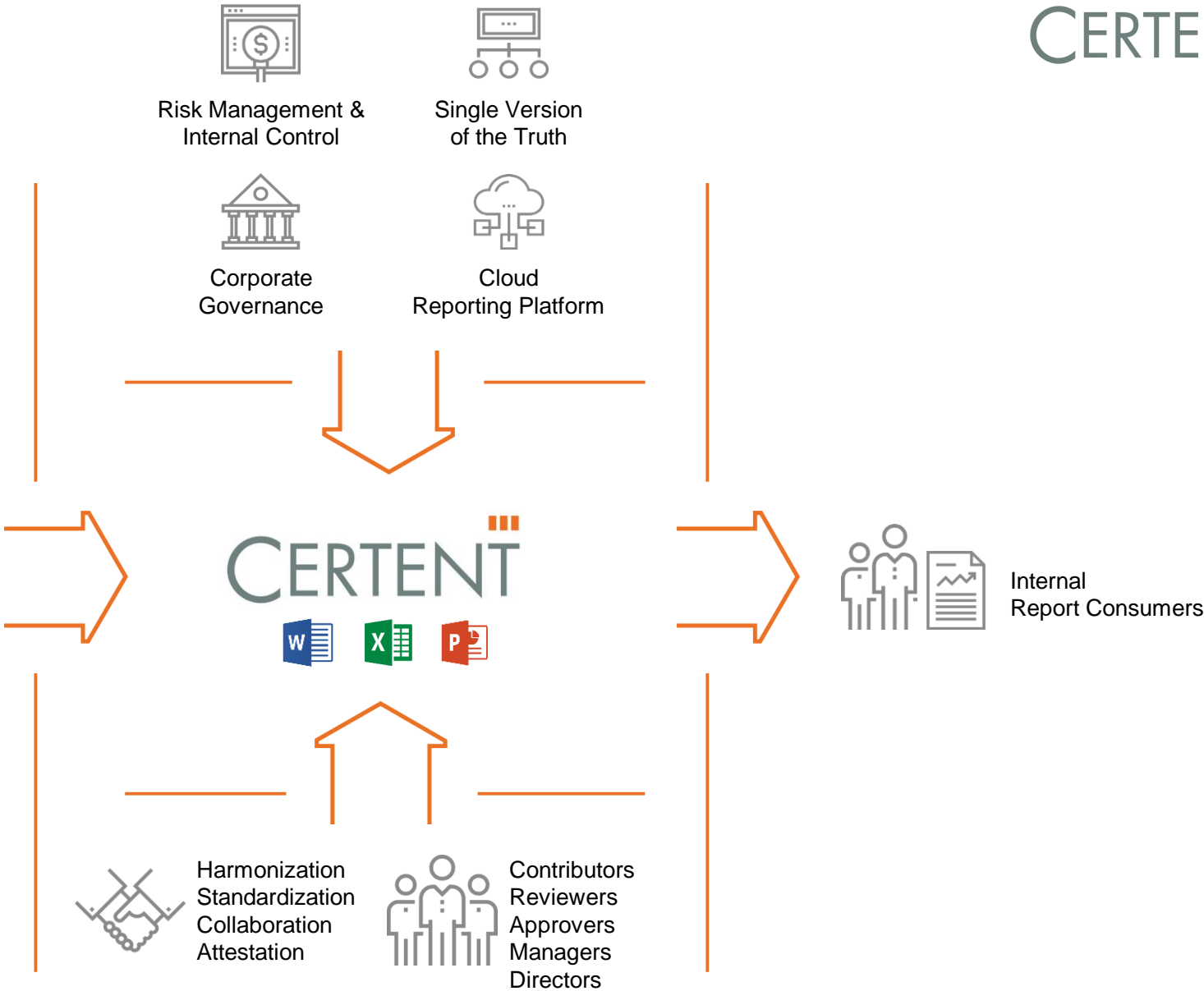
CERTENT™

THE CERTENT CDM SOLUTION



OUR SOLUTION


Structured Data Sources





Narrative Performance Reports

Finance and Accounting Operations

Sustainability/CSR	Treasury Reporting
Management Accounts	Line of Business/Central Service Function Reports  Divisional Internal Inter-departmental Report Consumers
Corporate Business Plans	
Budget Books/Decks	
Board Books/Decks	Project Management
Business Unit Performance	Industry Specific Operational Reporting
Lender Reporting	Profitability Analytics – Customer, Geography, Channel

CERTENT™

CLIENT CASE STUDY



Industry:

Financial Services



Client and Position:

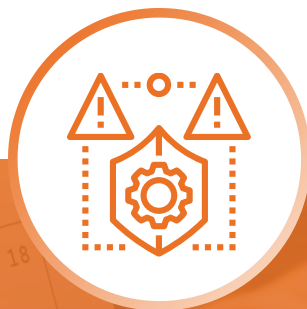
Andy Young, Head of Finance



Key Result:

Decreased risk, improved process controls, increase confidence in reports.





THE BUSINESS PROBLEM

“Our subsidiary Statutory Accounts were prepared in Word and were produced from Excel files from our trial balances. These **Word documents were rekeyed into our consolidated spreadsheet.**

That got us our subsidiary information, with a fair amount of pain, **and then that consolidated spreadsheet had to be put into a Group Accounts template, which was then copied into a desktop application...**”

“But the biggest single issue was changes coming from the subsidiaries – from the bottom up – **at the ninth-hour, always a critical time, when we had to get the reports done and filed, limiting our review and checking time, which in turn put pressure on us not to miss key changes to the information,**” said Young. “In effect, it was the ‘last mile’ in producing reports that was exposing us.”



THE SOLUTION

“Simply put, Certent CDM gives us one version of the truth. **Since CDM pulls straight from our trial balances, rather than pushing data through Microsoft Excel, we have that assurance that key data is coming straight from our General Ledger...**”

As the implementation of CDM continued and the solution was introduced to the broader organization, the production of monthly management reports, weekly management information reports, financial risk reporting, and more became a part of the process as well.

More than half of LVE subsidiaries were set up to report using CDM and all teams reported substantial control improvements and user adoption of the solution. **“Existing Word and Excel formats were easily copied into CDM and on the auditors’ side, that they, and ourselves, were able to track changes between versions, to the point where we had a single version of the truth when we produce our Company Annual Accounts,”** said Young.



THE RESULT

For the weekly Management Information Package over 70 people used to produce eight separate packs, **prior to CDM one person would spend several days a week collating data from different areas to gather the necessary information to produce the reports with CDM that process was cut down to 30 minutes** as we are aware of the people, who are responsible for the surrounding data.

“Before using CDM producing eight separate monthly management information packs, which overall totaled 200-250 pages. We’ve pushed that all into CDM so when we now issue our monthly packs they’re all created from the same place, with consistent data appearing across the whole package, rather than having people pulling different information from different areas across the company, in different ways.”



Purpose

To make complex financial compliance and narrative performance reporting processes easier.



Solutions

Narrative Reporting Management

Equity Compensation Management

Professional and Administration Services



Growth and Momentum

Founded in 2002, headquartered
Bay Area, California

2,500 customers in EMEA, North America,
and APAC

280 Employees, 4 Global Offices

CERTENT™

THANK YOU

