

BENCHMARK YOUR FINANCIAL CLOSE PROCESS



The financial close is an essential process for any organization, and is a key indicator of the efficiency of your finance function.

So how do you compare with your peers in the R2R process? And what can you do to improve?

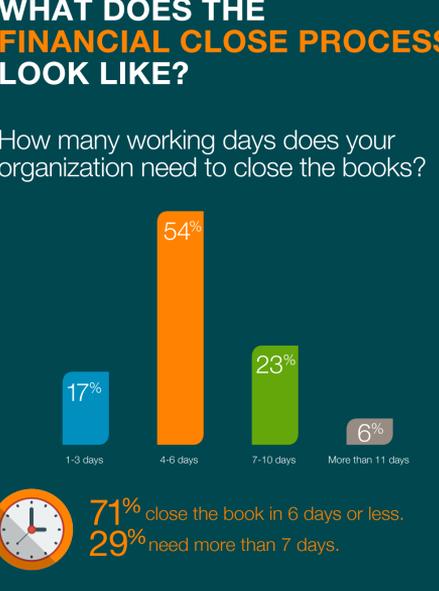
sharedserviceslink and Adra recently conducted a financial close survey with over 100 finance professionals.

The survey sought to better understand your financial close process and to help you map your process maturity and drive improvements.

About our respondents

Annual revenue (in USD)

79% of companies have more than \$1bn annual revenue.



Job Title



WHAT DOES THE FINANCIAL CLOSE PROCESS LOOK LIKE?

How many working days does your organization need to close the books?



71% close the book in 6 days or less.
29% need more than 7 days.

Is your close process centralized?



In your financial close process, how would you rate the following?



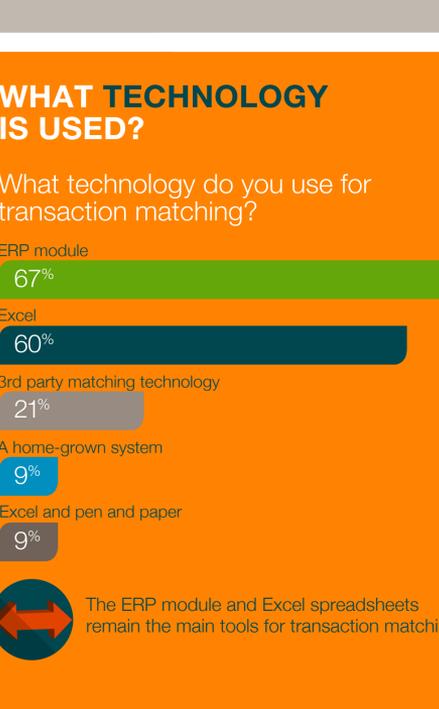
• Less than half (**44%**) rate process standardization as good or excellent.
 • **37%** rate process visibility as good or excellent.
 • Only **27%** rate process automation as good or excellent.

Do you agree or disagree with the following statements:



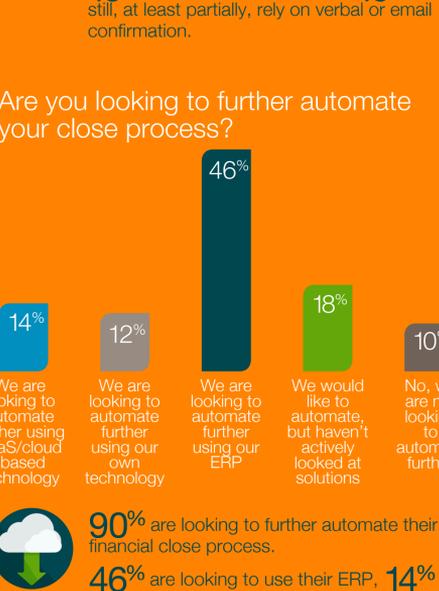
• **87%** work overtime during the financial close
 • **78%** are under pressure to close faster
 • Only about half, **55%**, trust their numbers
 • And the majority are not satisfied with the quality or visibility of their close process.

What are your biggest pain points in the R2R process?



• **73%** struggle with spreadsheet-intensive processes, and **66%** say they have no time for analysis.

On a scale of 1-10 (with 1 being low effect and 10 being very high effect) how would you rate your stress level during the financial close process?



• Most rated their level of stress fairly high, as a '7' or higher!
 • **80%** rate it 7 or higher for their team
 • **56%** rate it 7 or higher for themselves

WHERE ARE PEOPLE LOOKING TO IMPROVE THEIR FINANCIAL CLOSE PROCESS?

In terms of priorities for improvement of the close process, please rank the following in order of importance (1 as the highest, 7 as the lowest).



• **28%** say improving the quality of the close is the number 1 priority.
 • **23%** say closing faster is the top priority.

How well are you able to perform analysis on your financial data?



Only **5%** say they have ample time to perform analysis.

Do you agree or disagree with the following statements:

84% think the rest of the business underestimate the burden of the financial close process.

WHAT TECHNOLOGY IS USED?

What technology do you use for transaction matching?

The ERP module and Excel spreadsheets remain the main tools for transaction matching.

How is the visibility of your reconciliation process organized?

While respondents use more than one process, about half use shared spreadsheets or dedicated tools.
16% keep them in binders, and **19%** still, at least partially, rely on verbal or email confirmation.

Are you looking to further automate your close process?

90% are looking to further automate their financial close process.
46% are looking to use their ERP, **14%** are looking at cloud-based technology.

KEY LEARNINGS

SPEED
 71% close the book in 6 days or less, however 78% are under pressure to close faster.

WORKLOAD
 The financial close is stressful for those managing the financial close and their teams. 80% rated the level of stress for their team as 7 out of 10. 84% think the rest of the business underestimate the pressure of the financial close process. 87% work over time during the close.

AUTOMATION
 73% struggle with spreadsheet-intensive processes. The vast majority, 90% want to further automate the close process.

ANALYSIS
 Given the time it takes respondents to manage the close process, 66% say they have no time left for analysis.

QUALITY
 Only about half, 55%, trust their numbers in their financial close process.

Based on our findings we developed three suggestions to improve your financial close process.

1 AUTOMATE TO IMPROVE VISIBILITY AND TRUST.
 Many companies face a tug-of-war between the quality of the reconciliations and the speed of reconciliations. It can be done quickly with errors, or accurate but time consuming. Automating the process can remove this tension as it can improve the speed and quality of the close process. When less time is spent on manual activities, more effort can go into improving the quality and control of the process.

2 CONSIDER THE CLOUD.
 While many are still reliant on spreadsheets for the reconciliation process, not only does this put data at the risk of computer crashes, it is also difficult to share and communicate up-to-date data. Cloud technology has come a long way in the last few years. Data security and server resilience of cloud-based systems is often more robust than in-house capabilities and is used by many top performers in the Record-to-Report process.

3 FUTURE-PROOF YOUR DEPARTMENT BY MAKING TIME FOR ANALYSIS.
 For all businesses, shared services included, the future is automated. As more work will be done by computers and robots, it is important to leverage the skills and intellect of your team to perform analysis. A value-adding finance department is one that not only executes processes well, but also is able to provide actionable insight to improve business performance. Reducing manual work in the close processes can also improve morale and employee engagement.

ABOUT ADRA

Adra is a leading provider of cloud solutions for Financial Controls & Automation. Adra's cloud-based solutions help all types of organizations to work smarter and quicker with better control and accuracy. Adra's mission is to streamline and standardize accounts departments and give them an overview of the company's key processes at all times.

With over 25 years' experience of providing software for the automation of the Financial Close Process, Adra is a market leader with more than 3000 customers. Adra is headquartered in Scandinavia and today we serve customers in more than 30 countries around the world. Among our customers are Hertz, GE Capital, KPMG, Toyota, IKEA and BMW.

For more information about Adra visit www.adra.com

