

Standardized Reporting —Why it's Worth the Effort

*Gary Simon, Group Publisher,
FSN Publishing Limited*



This essay is part of a series, *Controllers' Corner: Two-Minute Essays on Financial Management and Control*, which asks industry thought leaders for their opinions on critical issues facing today's finance organizations.

Standardized reporting systems can have an impact from financial to operational reporting, and help deliver much greater efficiency for finance.

Q How can finance leaders make the case for process efficiency, and how can they standardize processes across a heterogeneous enterprise with businesses around the world?

It is startling to think that even now, well into the 21st century, many organizations struggle to 'tame' the financial Reporting Supply Chain (RSC). In broad terms, this is the process of collecting management and statutory information from local reporting units (subsidiaries, associates, minority interests and joint ventures), consolidating it and preparing the Board pack, and statutory and regulatory reports and filings.

In principle, it should be feasible to standardize the information collected, as well as the process and the technology employed. But in practice there are many obstacles to overcome – added to which is the fact that reporting takes place in a fluid and dynamic environment constantly subject to externally and internally inspired change.

Governments and regulators around the world have heaped additional complexity on the RSC. Take, for example, International Financial Reporting Standards (IFRS), which are unevenly adopted across the globe, with several large economies (United States, Japan and India) still using local GAAP for the foreseeable future. Multinational businesses have to cope with multi-GAAP reporting as well as more novel forms of reporting such as environmental reporting and carbon trading schemes that have added to the breadth of information that has to be captured and reported.

Add different time zones, cultures, languages and group policies into the mix, together with varied operational ERP systems, and the scale of the challenge of standardizing group reporting starts to become apparent.

That is not to say that we should give up, for the benefits gained from standardization are very worthwhile. Unifying the reporting supply chain makes it more dependable, accelerates reporting and liberates finance personnel from the 'mechanics' of the process, leaving them free to add value through deeper insight and analysis of business performance. There are also compelling economic benefits from efficiency gains, as well as less



“The final piece of the jigsaw is data quality management – the need to use data consistently and accurately across the enterprise as well as between applications.”

tangible reputational gains as companies that report quickly and accurately after each reporting period are looked on more favorably by the capital markets. So how does one achieve standardization in a multinational organization, especially one with heterogeneous businesses?

Achieving standardization requires the coalescence of people, process and technology. To date, the processes have been ill-defined but they now extend well beyond the historic boundary of strict financial reporting. The modern reporting supply chain should be viewed as a combination of performance management (budgeting, planning, forecasting and management reporting), financial (i.e., statutory) reporting, and Governance Risk and Compliance (GRC). It follows that any technology solution should fully embrace these core requirements and do so most likely in a unified environment provided by a single vendor.

But how does one re-connect finance personnel to these processes? End-to-end visibility for everyone charged with the process is vital to achieving a uniform result. This means that solutions should be available 24/7 over the web and they should leverage collaborative technologies such as workflow, instant communications and web portals. All of these technologies reduce bottlenecks by enabling a collaborative approach to problem resolution and the ready promulgation of best practices across the enterprise.

The final piece of the jigsaw is data quality management – the need to use data consistently and accurately across the enterprise as well as between applications. This requires a group data dictionary that fully describes the varied statutory, management and regulatory reporting needs for the entire organization, taking care to balance local and group reporting needs. Creating this group data dictionary is often the most challenging task, but once the information is codified, the deployment of standardized technology and processes is much less overwhelming.

The result is uniform processes that are easier to maintain, a finance function that is more responsive to the needs of the business, and finance personnel who can enjoy a much more fulfilling user experience.

About Gary Simon

Gary Simon is the Group Publisher of FSN Publishing Limited, Managing Editor of FSN Newswire and the author of many product reviews and white papers on financial software. Simon is a graduate of London University, a Chartered Accountant and a Fellow of the British Computer Society, with more than 23 years of experience implementing management and financial reporting systems. Simon was a partner with Deloitte for more than 16 years and has led some of the most complex information management assignments for global enterprises in the private and public sector. Gary Simon may be contacted at gary.simon@fsn.co.uk.



About IBM Business Analytics

IBM Business Analytics software delivers complete, consistent and accurate information that decision-makers trust to improve business performance. A comprehensive portfolio of [business intelligence](#), [advanced analytics](#), [financial performance and strategy management](#) and [analytic applications](#) gives you clear, immediate and actionable insights into current performance and the ability to predict future outcomes.

Combined with rich industry solutions, proven practices and professional services, organizations of every size can drive the highest IT productivity and deliver better results.

For more information

For further information or to reach a representative:

ibm.com/cognos

Request a call

To request a call or to ask a question, go to ibm.com/cognos/contactus. An IBM Cognos representative will respond to your enquiry within two business days.

© Copyright IBM Corporation 2010

IBM Canada Ltd.
3755 Riverside Drive
Ottawa, ON, Canada K1G 4K9

Produced in Canada
June 2010
All Rights Reserved.

IBM, the IBM logo, ibm.com and Cognos are trademarks or registered trademarks of International Business Machines Corporation in the United States, other countries, or both. If these and other IBM trademarked terms are marked on their first occurrence in this information with a trademark symbol (® or ™), these symbols indicate U.S. registered or common law trademarks owned by IBM at the time this information was published. Such trademarks may also be registered or common law trademarks in other countries. A current list of IBM trademarks is available on the Web at "Copyright and trademark information" at www.ibm.com/legal/copytrade.shtml.

Other company, product and service names may be trademarks or service marks of others.

References in this publication to IBM products or services do not imply that IBM intends to make them available in all countries in which IBM operates.

Any reference in this information to non-IBM Web sites are provided for convenience only and do not in any manner serve as an endorsement of those Web sites. The materials at those Web sites are not part of the materials for this IBM product and use of those Web sites is at your own risk.

P24722



Please Recycle

FSN