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The Office of Finance: Improving the Reporting Ecosystem to Maximize Performance

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Organizations must improve decision making under cost constraints and should make investments in their reporting ecosystem that return value quickly while supporting longer-term goals.

The following question was posed to Kathleen Wilhide, research director of IDC's Compliance and Business Performance Management Solutions practice, on behalf of IBM Cognos customers as part of IBM's analyst series *Controllers' Corner: Two-Minute Essays on Financial Management and Control*.

Q. How can the office of finance enable the strategic use of information across the enterprise through reporting investments that yield quick time to value?

A. Organizations are under ever increasing pressure to deliver accurate and timely financial and operational information to a wide variety of internal and external stakeholders. This increase in transparency also increases risk. Companies go through multiple information gathering and validation cycles that involve a wide variety of departments and employees, but the process is typically spearheaded by the office of finance.

The demands of a challenging market require organizations to streamline the process and increase the integrity of information analysis and delivery. This can be accomplished only through a reporting strategy that is based upon a single source of information that is accessible to a wide variety of users.

While this may sound like a technical initiative, what is important is that the office of finance spearhead a business approach to reporting and business intelligence, one that provides a framework for decision making, managing performance, and consistent reporting. Best practices already in use today consistently show that a successful approach can do the following:

- Improve management's ability to access and use information
- Make more information available to more people
- Improve information quality and eliminate inconsistency

Initiatives that deliver these results can sound like the next big ERP project, but that is not the case. Solutions today are designed to support a quick time-to-value strategy. They require a collaborative effort between business and IT that establishes a reporting layer *on top of* existing systems that serves to harmonize data and make information more accessible.

CFOs should take an active role in defining business-critical technology requirements. They should ensure that the organization evaluates and ultimately selects a reporting and analysis solution that taps into, but is not dependent upon, the existing infrastructure. The key characteristics of such a solution include:

- A clear strategy for dealing with information inconsistency between source transactional systems and the ultimate reporting solution
- Reporting and analysis tools that are easy for a wide variety of employees to use

By ensuring that these broad business requirements are met, CFOs can enable the quickest path to increasing information access and integrity. The result is the automation of existing manually intensive reporting practices that involve spreadsheet-based hunting and gathering.

Once the core solution is in place, improving reporting does not have to be disruptive. Organizations can take a measured approach to improving their reporting, one that focuses on high-risk areas along the value chain, such as:

- Integrated financial and management planning, reporting, and analysis
- Procurement
- Sales and marketing
- Cost and profitability

What is important is for organizations to put in place a solution that can serve immediate needs, but with an eye on the future. This means providing a foundation for the reporting and delivery of information that can support a staged approach to providing information for decision makers across the organization.

Finance must play a key stakeholder role in this initiative as the representative of the broader organization. The finance organization is considered the primary source of reliable data in the company and should use this position of credibility to influence investments in an effective reporting strategy. Taking a proactive approach to the information management and reporting strategy is a significant initiative that will enhance the ability of the CFO to impact corporate performance.

ABOUT THIS ANALYST

Kathleen Wilhide is a CPA and is the research director for Compliance and Business Performance Management (BPM) solutions research at IDC, a worldwide research firm with headquarters in Framingham, Massachusetts. Ms. Wilhide directs IDC's research efforts on software solutions supporting compliance and risk management and related business assurance processes. Ms. Wilhide also directs the research for BPM applications and participates on teams related to general enterprise applications research, with a focus on enabling finance and corporate governance through technology.

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