Streamlining the Financial Close with OneStream's Unified Platform

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Introduction

In today's volatile and sometimes disruptive economic environment, CFOs and finance organizations need to be able to lead the organization's decision-making processes with insight, speed and confidence. Yet many finance organizations are still bogged down by inefficiencies in routine processes such as the period-end financial close and reporting cycle and are unable to shift their time to value-added analysis and decision support.

This white paper highlights the key capabilities OneStream's unified Intelligent Finance platform provides to help organizations conquer the complexities of the financial close, consolidation and reporting process. It also documents the results several OneStream customers are achieving with the platform.

Complexities in Financial Close, Consolidation and Reporting

The financial close, consolidation and reporting process can be relatively easy in a small enterprise that is using a single, centralized GL/ERP system, operates in a single currency, and has a simple legal entity structure. However, as organizations grow and evolve in sophistication, the process can become quite complex. In a mid-sized to large enterprise, the financial close and reporting process spans the following activities:

- Closing out the sub-ledgers (e.g., accounts payable, accounts receivable, fixed assets) and general ledgers (GLs) at multiple locations

- Collecting and consolidating financial results from multiple locations and systems

- Performing account reconciliations, booking the tax provision

- Producing financial and management reports

- Completing statutory reporting and filings to regulators

As highlighted on the prior page, as organizations grow and evolve in complexity, the financial close and reporting process can cross multiple locations and departments, involve multiple systems, and consume a great deal of the finance team's time and resources. Most organizations execute the financial close and reporting process on a monthly basis, with additional tasks and even more rigor on a quarterly basis. The year-end close then requires yet even more time and effort.

Sub-Ledger Close	General Ledger Close	Data Quality	Consolidation	Internal & External Reporting
Close Sub-Ledgers into GLs (e.g., AP, AR, FA)	Perform Reconciliations: • Bank Reconciliations • Standard Account Recons • Sub Ledger Recons • Post Accruals	Gather and validate trial balances and supporting data needed to support all financial reporting needs	Consolidate financial results across multiple hierarchies and accounting standards (e.g., US GAAP, UK GAAP, IFRS)	Management reports, KPIs and dashboards, financial statements, board books and presentations, regulatory filings

Figure 1: The Financial Close, Consolidation and Reporting Process

Any time and resources freed up from the mechanics of the process can be allocated to value-added activities, such as analyzing financial/operating results and supporting strategic business decisions across the enterprise.

Moreover, having the ability to execute an efficient financial close and deliver timely and accurate financial and operating results allows CFOs and finance executives to lead the organization's decision-making processes with insight, speed and confidence.

Facing the Challenges

Earlier in this white paper, we describe the breadth of activities that comprise the period-end financial close and reporting process. Here is a summary of the key challenges and complexities inherent in this process, especially in a mid-sized to large enterprise with global operations:

- Integrating and Validating Data from Multiple Sources
- Performing Currency Translation and Impact Analysis
- Managing Intercompany Eliminations
- Accounting for Partial and Cross-Ownership
- Entering Journal Adjustments and Running Allocations
- Performing Account Reconciliations
- Calculating the Tax Provision
- Supporting Multiple Accounting / Reporting Standards
- Handling Financial, Statutory and Management Reporting

Effectively addressing all these complexities in a global enterprise is critical to delivering accurate and auditable financial results. And efficiently executing the financial close process requires full visibility into the process. To achieve an efficient close process, CFOs and other senior finance executives need the ability to define the close calendar, then orchestrate and monitor the process on a day-by-day basis. Doing this requires real-time visibility into what tasks or processes have been completed by whom, with the ability to identify bottlenecks and quickly take action to resolve them.

Weighing the Options

While accounting departments performed consolidation and reporting on a manual basis for many years, in today's world there are several types of software tools used to support these processes. Below is a table identifying the three primary options and the trade-offs between them (see figure 2).

Purpose-built financial close, consolidation and reporting applications found in today's corporate performance management (CPM) software solutions are becoming the preferred approach for mid-sized to larger enterprises. These applications are designed to integrate data from multiple sources, have specific functionality built in to handle the complexities of financial close and consolidation, and typically have all the required security and audit trails.

Purpose-built CPM applications also provide easy to use reporting tools that can automatically generate consolidated financial statements, as well as management reports, dashboards, board books, presentations and spreadsheet-based analysis in a fashion that is not conceivable in a transactional system.

While these systems have historically been deployed in on-premises data centers, they are now available as cloud or software as a service (SaaS) offerings, making them easier than ever to deploy and manage. A good example of a purpose-built application for financial close, consolidation, reporting, and more is OneStream.

Tool	Pros	Cons
Spreadsheets	Cheap and widely available; familiar and easy to use	Error-prone, missing key functionality, no audit trails
GL/ERP	GL is available as part of ERP system and has currency translation, journals, basic intercompany eliminations	Not designed to integrate data from other GLs, doesn't support multiple consolidation hierarchies, limited reporting capabilities
Purpose-Built CPM Apps	Integrates data from multiple sources, has advanced consolidation features, robust reporting, full audit trails	Requires extra license in addition to GL/ERPs

Figure 2: Software Tools for Financial Close, Consolidation and Reporting

The OneStream Approach

OneStream Software provides a unified, Intelligent Finance Platform that simplifies financial close and consolidation, planning, reporting, analytics and financial data quality for sophisticated organizations. Deployed via the cloud or on-premise, OneStream's unified platform enables organizations to modernize Finance, replace multiple legacy applications, and reduce the total cost of ownership of financial systems. OneStream unleashes Finance teams to spend less time on the mechanics of managing finance processes and more time focusing on driving business performance.

OneStream is the first and only solution that delivers corporate standards and controls, with the flexibility for business units to report and plan at additional levels of detail without impacting corporate standards—all through a single application. We call this unique capability Extensible Dimensionality®.

The OneStream platform (figure 3) can easily be extended with solutions from the OneStream MarketPlace.™ These downloadable solutions are fully battle-tested and optimized for the OneStream platform, allowing customers to easily extend the value of their CPM platform to meet the changing needs of Finance and Operations. More than 50 solutions are available on the OneStream MarketPlace and in use by customers including Close Management, Account Reconciliations, Transaction Matching, Tax Provision, Lease Accounting and others.

With over 600 customer organizations globally, OneStream was designed to address the financial close, consolidation and reporting requirements of the largest, most complex organizations in the world. In addition to its built-in financial intelligence, OneStream includes many pre-built capabilities designed to help streamline financial close, consolidation and reporting.
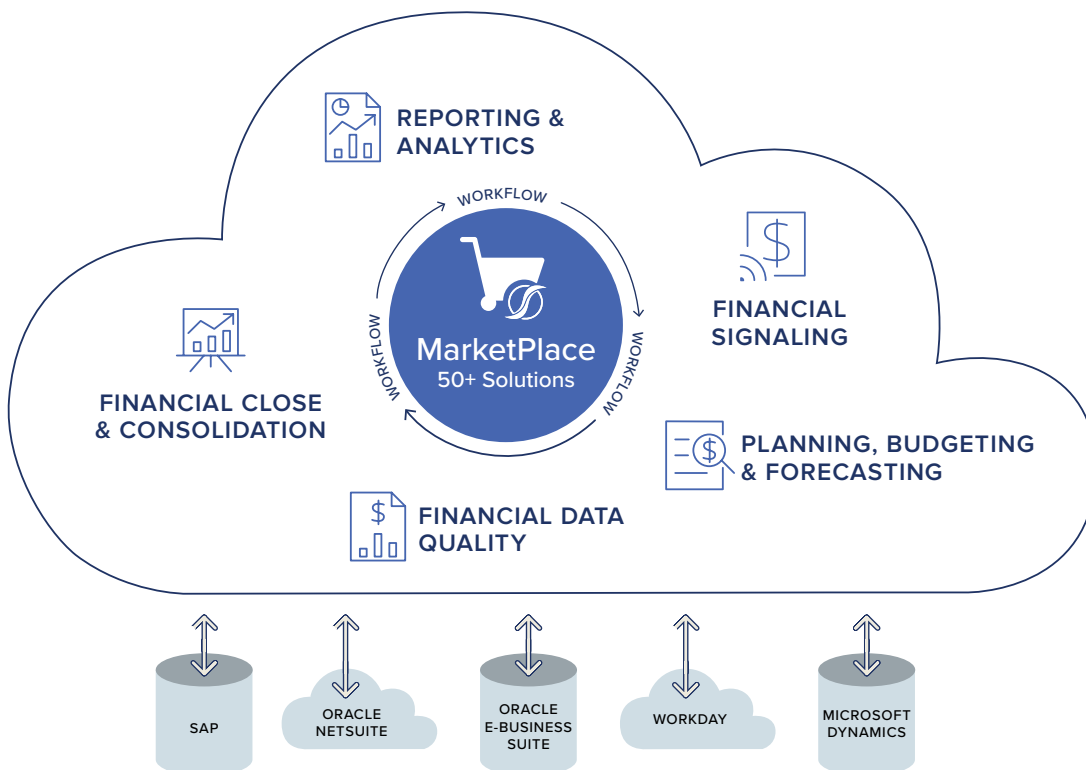

Figure 3: OneStream's Intelligent Finance Platform

Integrated Financial Data Quality

With OneStream, Financial Data Quality is not a module or separate product, but part of the core platform. When it comes to financial reporting, speed and accuracy are of paramount importance. OneStream's Financial Data Quality Management provides strict controls to deliver confidence and reliability in the quality of financial results.

OneStream's Guided Workflows (figure 4) protect business users from complexity by guiding them uniquely through all data management, verification, analysis, certification and locking processes.

Key Features Include the Following:

- ☑ Read any GL trial balance file or report in any format with no manipulation

- ☑ Direct integration with any open ERP or data source

- ☑ Pre-consolidation mapping and intersection validation

- ☑ Post-consolidation validation and confirmation email or text error alerts

- ☑ Complete audit trails and controls

- ☑ Drill through to source GL or ERP data

- ☑ Support for phased submissions

Figure 4: OneStream's Guided Workflows

Financial Close and Consolidation

While most CPM vendors attempt to support financial consolidation using a straight aggregation engine, this approach often fails to scale and perform well in complex organizations. OneStream developed a purpose-built financial consolidation engine that contains the core requirements for true statutory consolidation and is designed to meet the needs of the world's largest global enterprises. OneStream supports strict compliance requirements with comprehensive audit controls on data, metadata and processes.

OneStream (figure 5) delivers confidence in external and management reporting with high performing and true statutory compliant consolidation functionality without compromising the ability to deliver operationally relevant management reporting.

Key Capabilities Include the Following:

☑ Supports statutory financial reporting
including US GAAP, IFRS, Multi-GAAP
and local requirements

☑ Advanced foreign currency translation

☑ Powerful, automated intercompany eliminations

☑ Flexible organizational structures with varying
ownership percentages

☑ Base and topside journal entries

☑ Powerful allocations

☑ Complete audit trails and drill-through capabilities

☑ In-system reporting, analysis, dashboards
and Excel® integration

Figure 5: OneStream Intercompany Matching

Built-in Reporting and Analytics

OneStream provides a single version of the truth for financial, statutory and management reporting. OneStream provides multiple reporting and analysis capabilities in a single platform including Guided Reporting (figure 6) for end-users, formatted and ad hoc reports, Excel®-based reporting, interactive dashboards, and mobile delivery. It also provides seamless integration with Microsoft Office®, automating the creation of complex documents such as board books, presentations and regulatory filings.
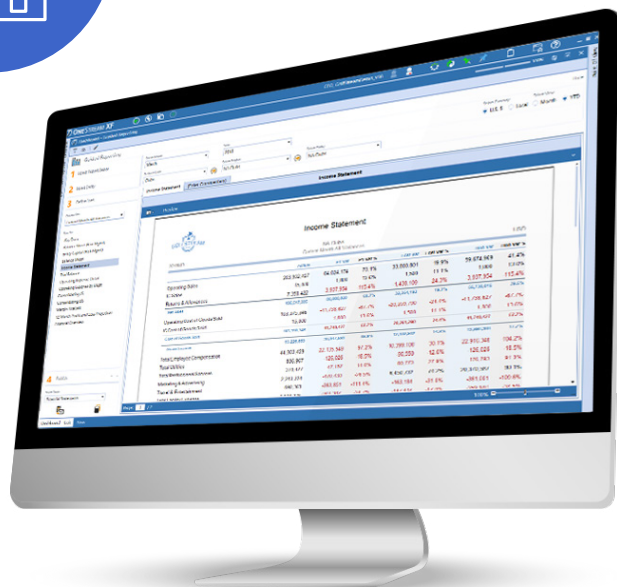
Figure 6: OneStream's Guided Reporting

Account Reconciliations

OneStream allows customers to attack the challenges in account reconciliations in a unique way, with a solution that is completely integrated with the financial close, consolidation and reporting process. Available as a free download from the OneStream MarketPlace, the Account Reconciliations solution can be integrated into the financial close workflow, and leverages data that already resides within the consolidation application.

As a complement to OneStream Account Reconciliations, OneStream's Transaction Matching (figure 7) solution from the MarketPlace helps accounting teams collect and match large volumes of transactions from two or more sources, identify and resolve differences in order to accurately finalize period-end balances and close the books. The solution supports the loading of transaction data from multiple sources via flat files or direct connect, manual or automatic matching of transactions with a configurable, rules-driven approach and extensive reporting or exporting of results.

Key Capabilities Include the Following:

- ☑ **Risk Management Reporting** — delivers a complete statistical view of financial reports including a risk adjusted balance sheet

- ☑ **Drill-To-Reconciliation** — link reported balances to reconciled accounts and drill all the way from your financial statements to the reconciliations

- ☑ **Trial Balance Single Sourcing** — means there is never a disconnect between what you reconcile vs. what you report

- ☑ **Process Control** — leveraging Guided Workflows and the stage engine for complete process controls and a simplified end-user experience

- ☑ **Single Point of Maintenance** — reuse metadata & mappings, same user access

Figure 7: OneStream's Transaction Matching

Tax Provision

For tax departments, the OneStream Tax Provision solution from the MarketPlace was purpose-built to accelerate time to value, reduce risk, drive transparency, and increase productivity by eliminating spreadsheets and disconnected point solutions from the entire tax provisioning process.

Aligning tax provisioning and reporting with financial consolidation, OneStream simplifies data gathering by leveraging the platform's built-in financial data quality capabilities, enabling users to automate and streamline tax data collection, validation and ensure consistency in tax calculations, including:

- Current Tax Provision
- Deferred Tax Roll-forward
- Effective Tax Rate Analysis
- Monitoring of Tax Losses and Tax

- Credits
- Current and Deferred Tax Asset
- Balance / Walk Across

Once tax information is downloaded and prepped, OneStream's unified platform enables users to leverage existing data and minimize reconciliation, automate reporting, and export data to tax compliance systems.

Task / Close Management

A key tool for managing the overall financial close, consolidation and reporting process is the Task Manager solution (figure 8) from the OneStream MarketPlace. The Task Manager solution provides a way to organize workflows and tasks both inside and outside of OneStream. It provides one place for administrators and users to manage and ensure the success of their processes — be it the financial close and consolidation, planning, forecasting, reporting or any other financial processes.

OneStream Task Manager guides users to the right place to complete tasks, and also supports automatic sign-off of completed tasks. It eliminates spreadsheets, manual steps or legacy applications that hinder effective financial close, reporting, planning and other processes.

Task Manager provides finance teams with real-time visibility into the status of key processes with the ability to take action on bottlenecks to ensure timely completion and accuracy.

Key Capabilities Include the Following:

- Visual Progress Charts
- Integrated Messaging
- Role and Task Security
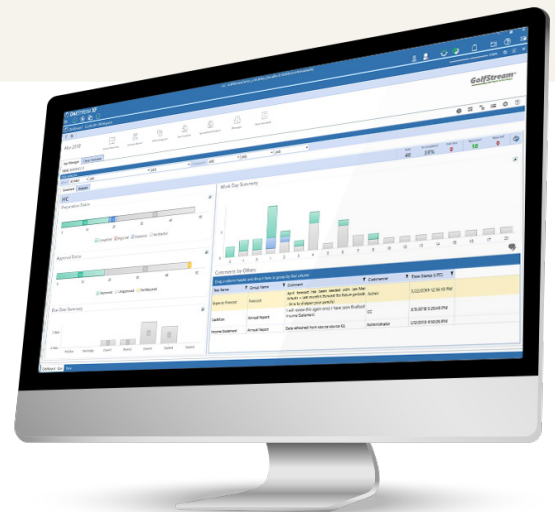- Document / Disclosure Management

Figure 8: OneStream's Task Manager

OneStream in Action — Customer Examples

More than 600 organizations globally have implemented OneStream's unified platform, replacing spreadsheets or multiple legacy applications for financial close, consolidation and reporting as well as planning, forecasting and analysis. By automating manual tasks, connecting directly to source systems, and eliminating multiple points of maintenance and data integration these organizations are experiencing improvements to their finance processes, and to their businesses.

Here are a few specific examples of the benefits customers have achieved by replacing spreadsheet and legacy CPM applications with OneStream's unified platform.

xylem Let's Solve Water

Xylem — replaced three instances of Oracle Hyperion Financial Management (HFM), three Hyperion Planning applications, and instances of both Oracle Hyperion FDM and FDMEE with OneStream's unified platform for financial close and consolidation, reporting, budgeting and planning for the entire organization — all in a 9-month time frame and while undergoing an implementation of Oracle E-Business Suite (EBS).

Working with OneStream partner Finit, the Xylem team leveraged OneStream's Extensible Dimensionality® to support all their requirements in a single application — with a flexible model that supports local cost center reporting as well as global functional reporting requirements.

Key Benefits Include the Following:

- ☑ Improved visibility into line of business financial and operating results

- ☑ Data load times reduced from 6–8 hours to 15 minutes

- ☑ Elimination of a 10,000-line journal entry for allocations

- ☑ Lower total cost of ownership and decreased IT requirements by deploying in the OneStream Cloud

TEREX®

Terex — replaced Oracle Hyperion Financial Management (HFM), Oracle Hyperion Financial Data Quality Management, Prophix, Excel® and several point solutions with OneStream's unified platform for financial close, consolidation, reporting, corporate planning and detailed operational budgeting.

In evaluating OneStream, Terex saw an opportunity to start fresh, with a single solution for both actuals reporting and planning, with enough detail to accommodate both processes in a single system. With OneStream's platform they could eliminate painful data administration being performed by the FP&A team, and the Extensible Dimensionality® of OneStream would allow for the elimination of Prophix which was being used for line of business planning.

Key Benefits Include the Following:

- ☑ Nine months to go-live on OneStream for consolidation, reporting and planning

- ☑ Single source of the truth with right level of detail for actuals reporting, planning and forecasting

- ☑ Automation of many manual steps in planning and reporting

- ☑ Consolidations reduced from 18–20 hours to less than 15 minutes

- ☑ Improved data quality and availability

Valeo FOODS

Valeo Foods — had grown significantly through acquisitions yet was still using Excel® for its monthly close and consolidation process. Growth via acquisition increased the complexity of Valeo's management and statutory reporting, and over time using Excel® to consolidate data was a cumbersome approach prone to manual errors. It was difficult to consolidate foreign currency translations and too much manual effort and time was spent just collecting data.

Valeo implemented OneStream for financial close and consolidation, financial and management reporting, and driver-based forecasting. As a result of the implementation, Valeo Foods has realized significant improvement in management reporting and financial statements, which is recognized by many stakeholders.

The efficiencies gained in the financial close process give the Valeo Foods Group Finance team the opportunity to spend additional time on the review and analysis of data and results as opposed to merely preparing reports.

Key Benefits Include the Following:

- ☑ Faster, more detailed management and financial reporting

- ☑ Significantly reduced risk of manual data entry errors in Excel®

- ☑ Unified platform for analyzing data across global locations

- ☑ Streamlined "plug and play" approach when on-boarding new acquisitions

- ☑ Improved visibility into intercompany sales and margin data

- ☑ Reduced the close process by three to four days

Conclusion

Supporting an efficient period-end financial close process is essential to producing timely and accurate financial and operating results for any internal and external stakeholders that require agile decision-making. This might sound easy on the surface, but in a large global enterprise, the process can be very complex. Such a process includes collecting and consolidating financial results from multiple systems, managing currency translations, handling intercompany eliminations, accounting for partial ownerships and reporting in accordance with multiple reporting standards.

Purpose-built software applications to support the financial close and reporting process have been available for over 20 years. Yet many organizations struggle in managing this complex process with spreadsheets and manual work, or legacy financial applications that are inflexible and no longer meet current business requirements.

Organizations that have adopted modern, cloud-based applications for financial close, consolidation, reporting and other processes have been more successful in streamlining the process, ensuring the accuracy of their financial results. And perhaps most importantly, such organizations have gained the agility needed to adopt quickly to changing business and industry requirements.

For more information, visit our website at **OneStreamSoftware.com**.

313-395-6100 | sales@SiQllc.com | SiQllc.com

OneStream Software
362 South Street
Rochester, MI 48307-2240
Phone: +1.248.650.1490
OneStreamSoftware.com
Sales@OneStreamSoftware.com