How to Move from Static Financial Reporting to Dynamic Storytelling

Today's Presenter

Dan Phillips
VP, Sales
insightsoftware

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About insightsoftware

insightsoftware is on a mission to help companies turn their financial and operational data into better business outcomes that drive growth and ROI.

- **60+** Years Combined Business History
- **10** Offices around the World
- **6,500** Customers
- **160,000** Users Worldwide
- **#1** Top Provider of Reporting Solutions

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Today's Agenda

01 Introduction to digital reporting advantages

02 Pitfalls of traditional reporting

03 Telling the story of integrated performance

04 Use case examples

05 Q&A session

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Poll Question

What EPM system do you currently use?

- Oracle Hyperion
- SAP BPC
- OneStream
- IBM
- Other
- We don’t have an EPM system

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The Advantages of a Digital Age

Today we can **Control** the music we are listening to on any **Mobile** device, **Sharing** our favourite songs and **Connecting** to all every artist and album world-wide.

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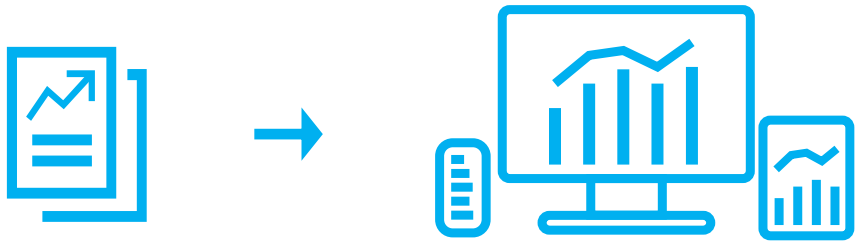
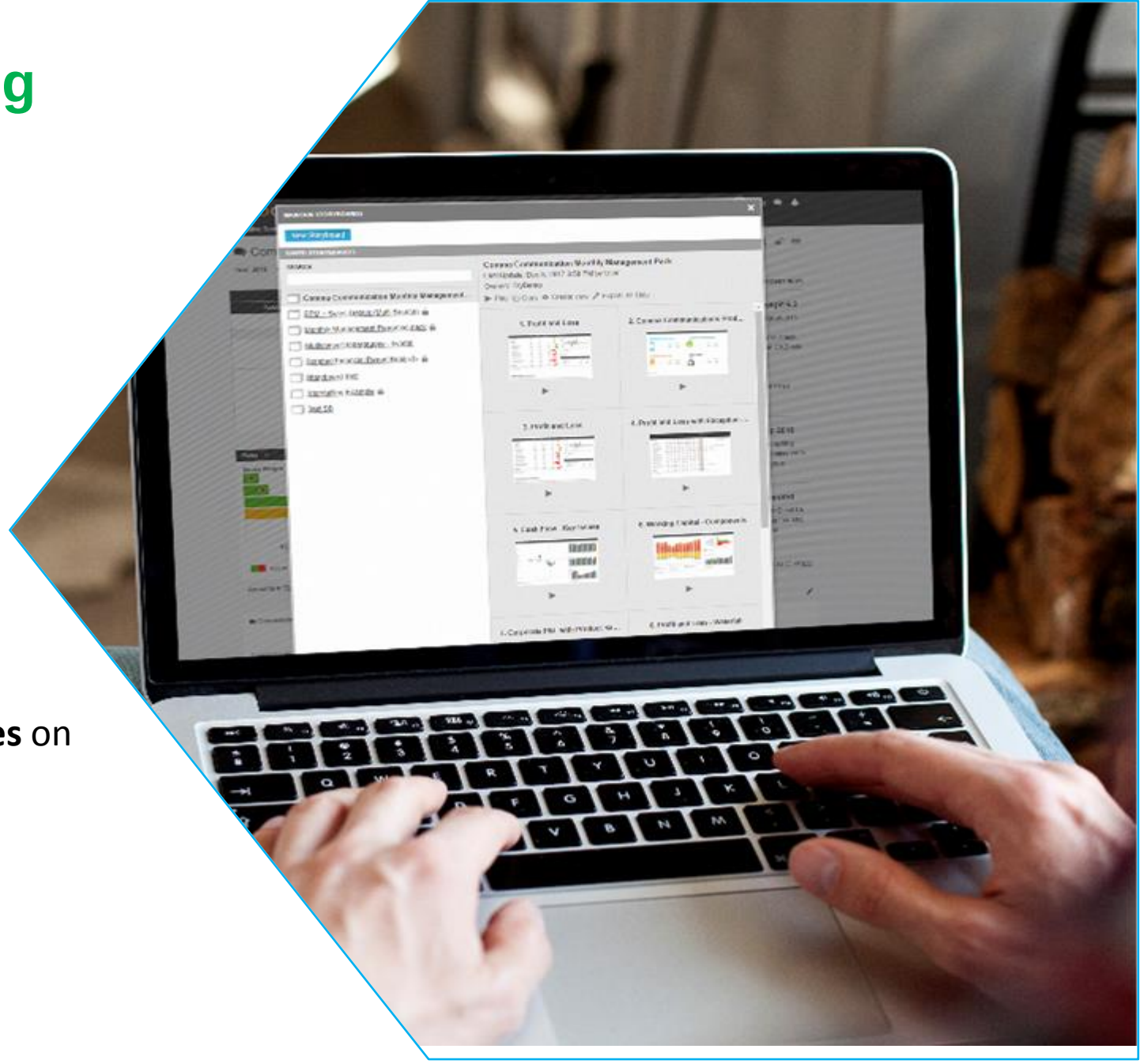
Digital Advantages in Reporting



Digital Performance Reporting enables finance to **Collaborate** by sharing their **Analysis** and **Narratives** on a **Secure** Platform that Connects directly to the EPM/CPM data sources.



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Benefit From Digital Growth

9% more revenue

26% more profitable

12% higher market valuation

Research by MIT Sloan management and CAP Gemini shows that digital leaders outperform their peers in any industry.

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Pitfalls of Traditional Reporting

DISCONNECTED
Data Duplication

Semantic Layers

Distributed Data

STATIC
Office tools

Paper Print

Disconnected

INEFFICIENT
Manual

Repetitive

Errors

ERROR PRONE
Decentralized

Email & Excel distribution

Manual Manipulation

IT CENTRIC
Data Duplication

Semantic Layers

Distributed Data

NON COMPLIANT
Data Duplication

Semantic Layers

Distributed Data

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Poll Question

Of your total time spent on reporting, what percentage of your time is spent on analysis and recommendations?

- Less than 10%
- 10-25%
- 25-50%
- 50-75%
- Greater than 65%

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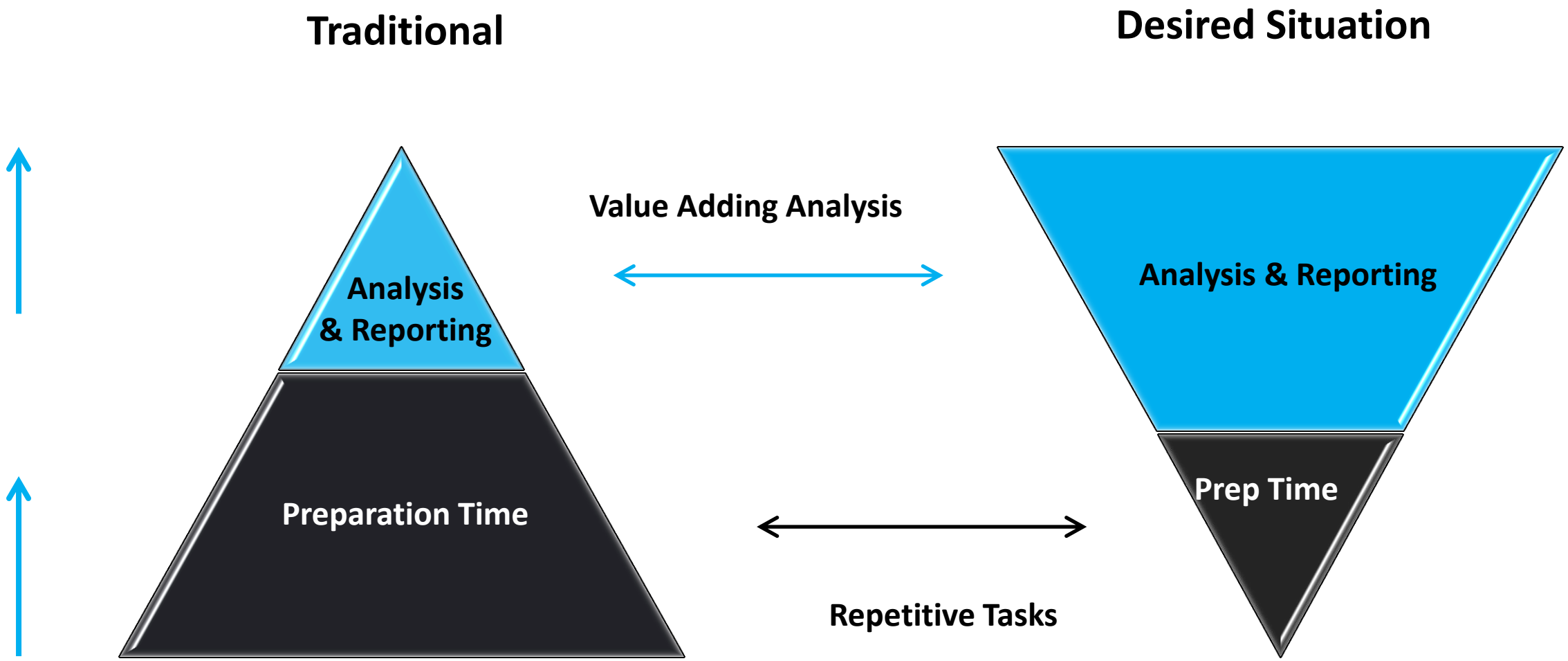
Strong Wish for Digital Reporting



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Telling vs. Storytelling

- No Context
- No Analysis
- No Action
- Unguided data presentations

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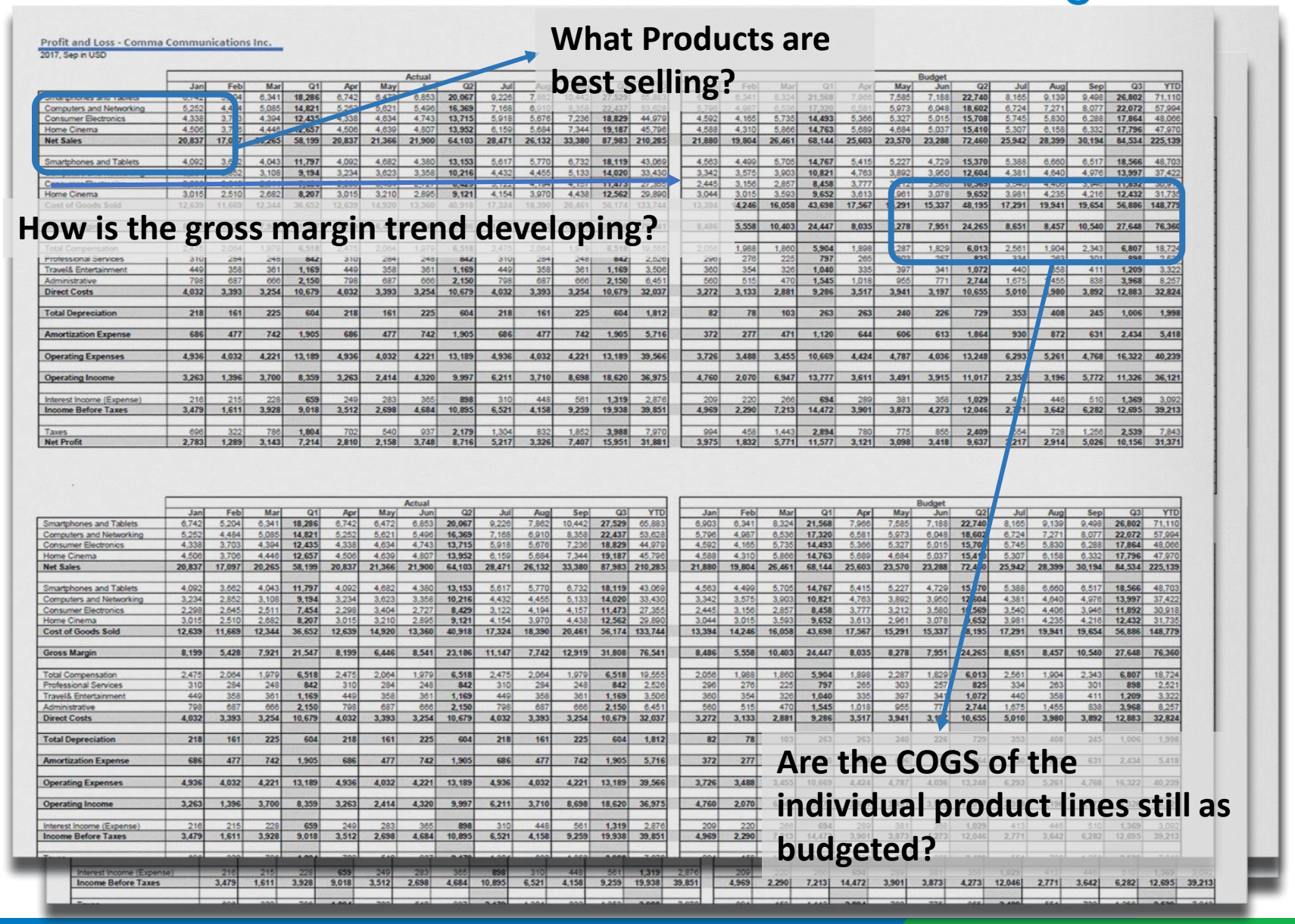
Does anyone recognize this?



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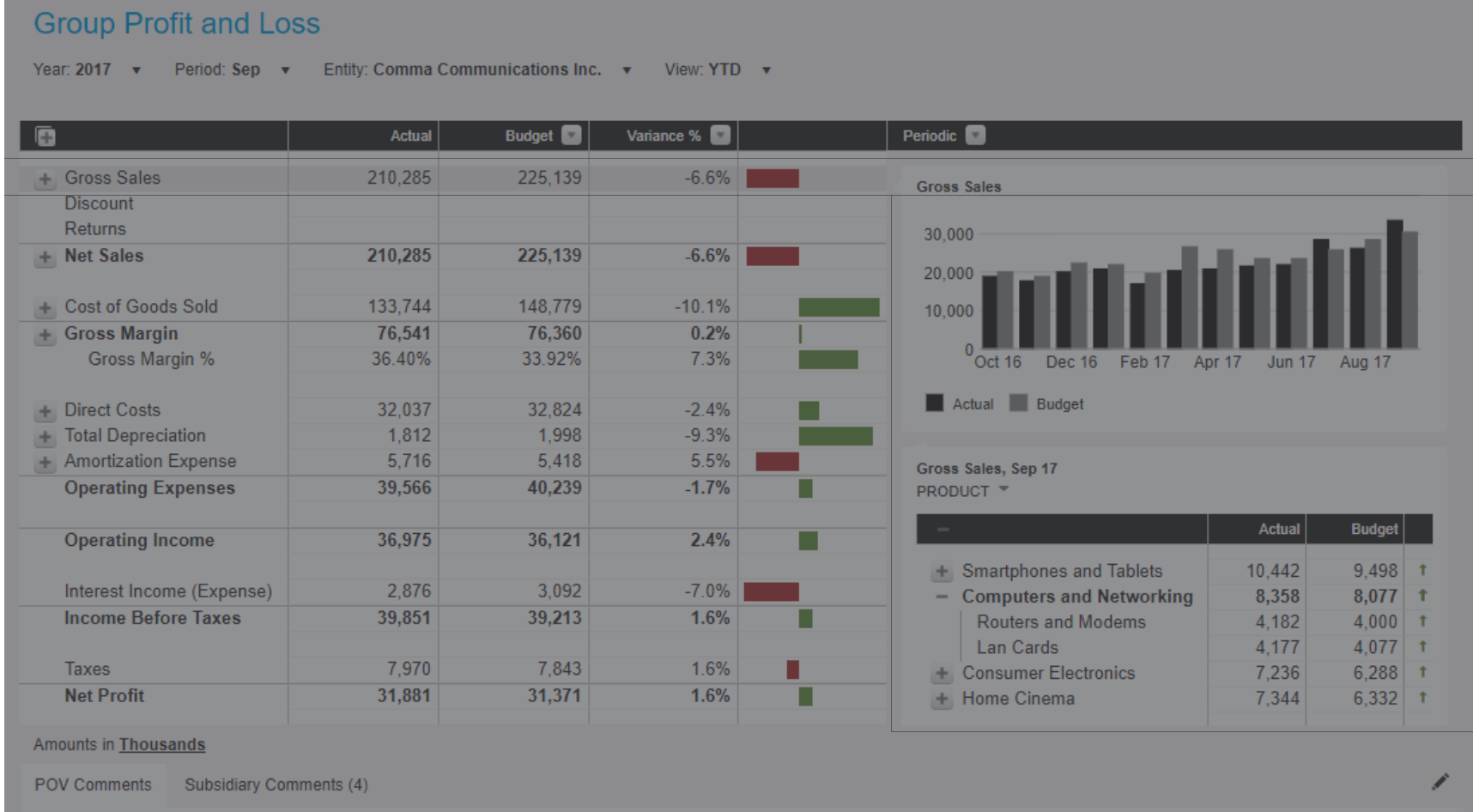
Tell The Integrated Story of Performance

Enrich Your Data with Operational Detail and Analyst Insight



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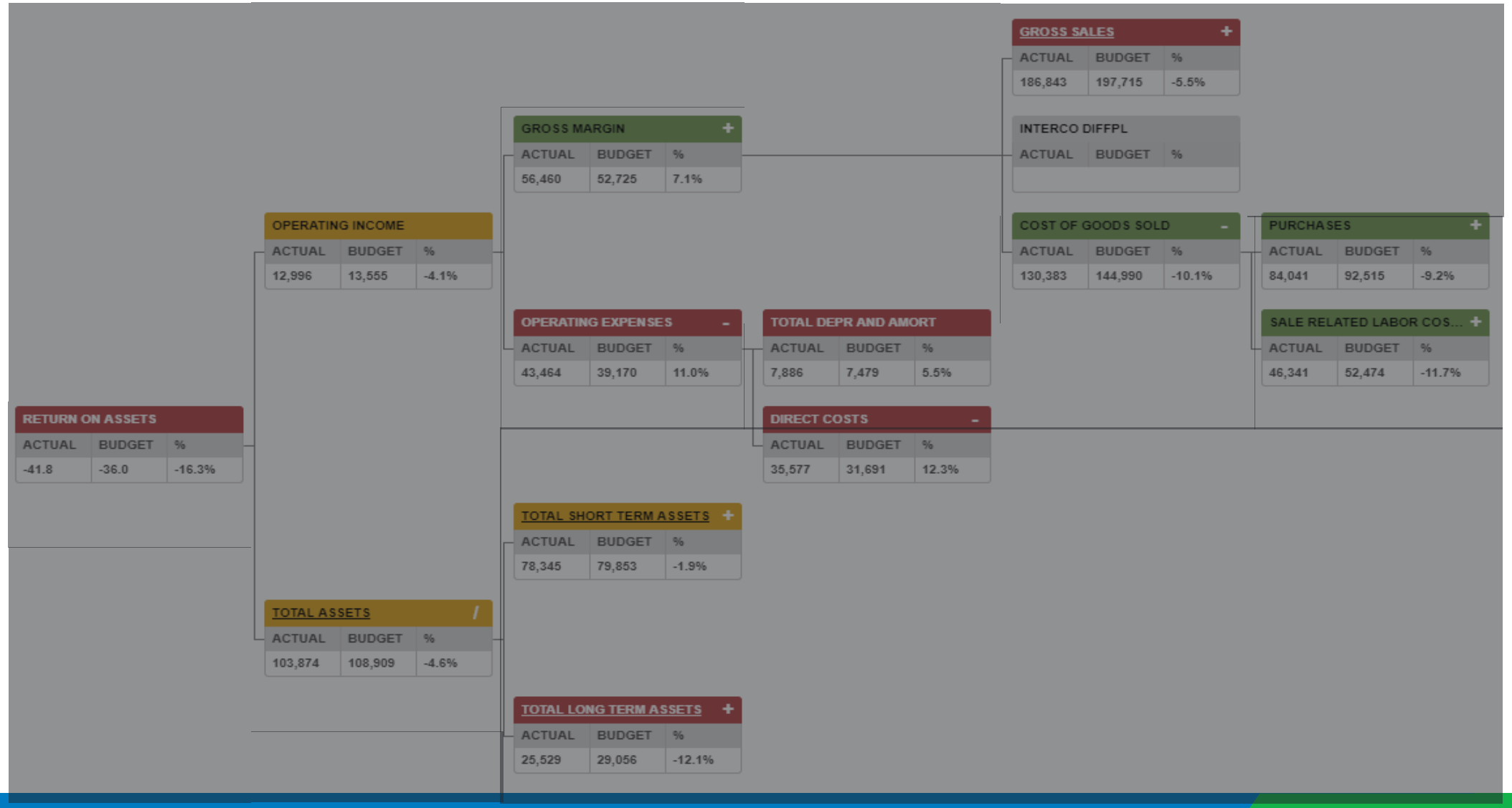
Communicate Performance to the Business

In a Way Business Users Would Understand



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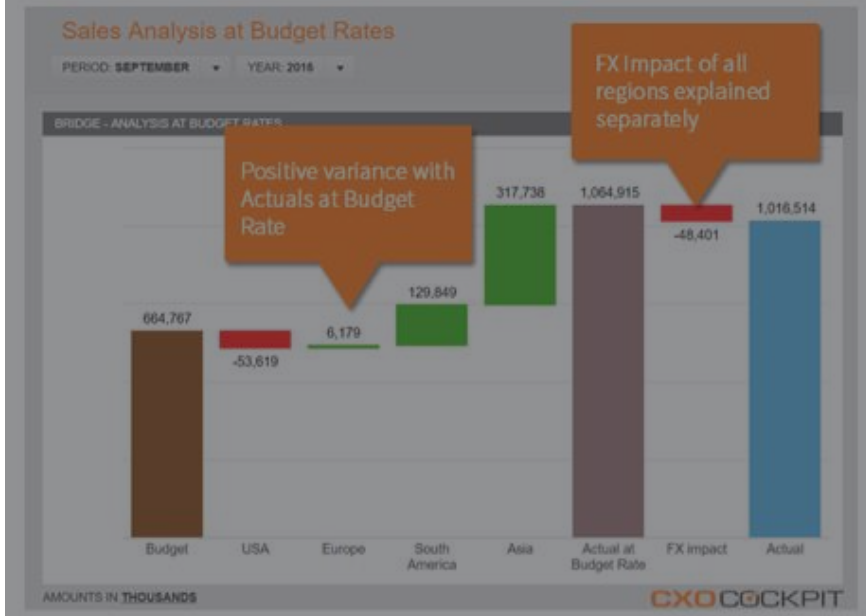
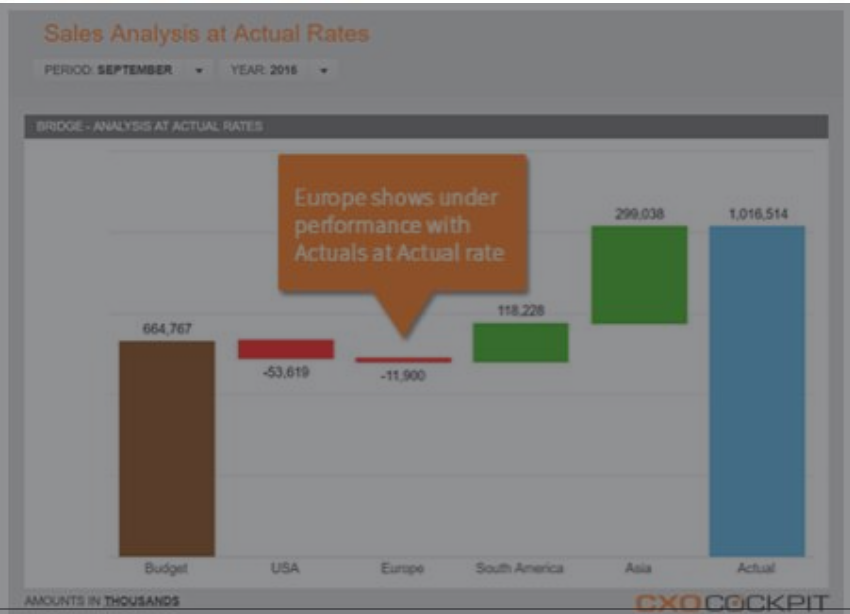
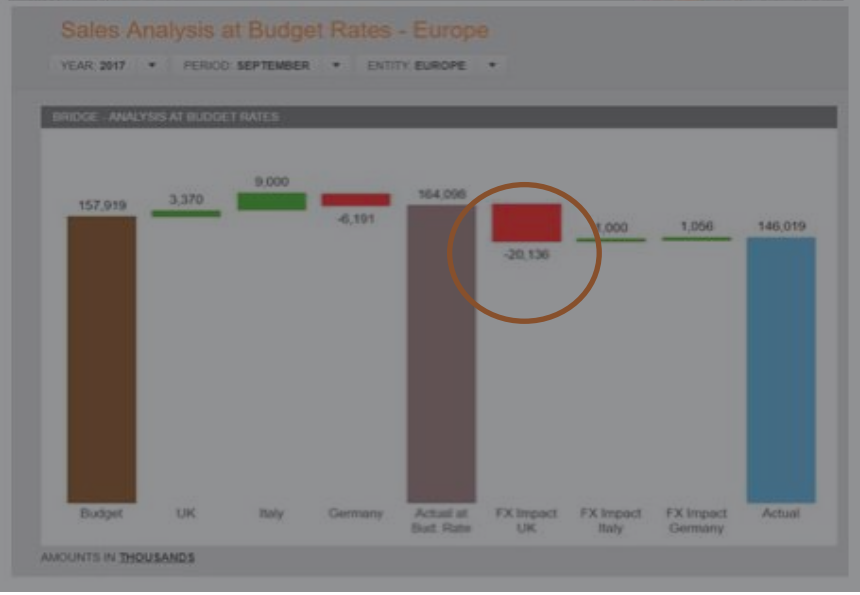
Create Meaningful Analysis and Build Up a Story



2. Exclude FX Impact to see real performance



1. Europe Behind PLAN



3. Zoom in to Europe and Explain the Brexit effect

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Explain Variances

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Don’t just report variances, but provide a narrative

P&L - Flux Reporting

Year: **2017** Period: **Sep** View: **Periodic**

	Comma Communications Inc.				
	Sep 2017		Variance		
	Actual	Budget	Δ	%	Variance Comments
Gross Sales	33,380	30,194	3,186	10.6%	
Net Sales	**33,380**	**30,194**	**3,186**	**10.6%**	
Cost of Goods Sold	20,461	19,654	807	4.1%	
Gross Margin	**12,919**	**10,540**	**2,379**	**22.6%**	
Direct Costs	3,254	3,892	-638	-16.4%	Direct costs for overall Comma Communications lower per company wide initiative to cut costs.
Total Depreciation	225	245	-20	-8.3%	
Amortization Expense	742	631	111	17.7%	
Operating Expenses	**4,221**	**4,768**	**-547**	**-11.5%**	
Operating Income	**8,698**	**5,772**	**2,926**	**50.7%**	
Interest Income (Expense)	561	510	51	10.0%	
Income Before Taxes	**9,259**	**6,282**	**2,977**	**47.4%**	
Taxes	1,852	1,256	595	47.4%	
Net Profit	**7,407**	**5,026**	**2,382**	**47.4%**	

P&L - Flux Input

Year: **2017** Period: **Sep** View: **Periodic** Entity: **United States Of America**

	United States of America				
	Sep 2017		Variance		
	Actual	Budget	Δ	%	Variance Comments
Telephone	11	1	10	1,567.4%	
Utilities	9	1	8	1,301.0%	
Office Supplies	3	1	2	284.8%	
Purchases	741	550	191	34.7%	
Cost of Goods Sold	1,494	1,109	385	34.7%	Cost of goods sold overall higher than Budget due to unexpected increase in materials. Mainly affecting USA.
Sale Related Labor Costs	752	559	194	34.7%	
Direct Costs	259	307	-48	-15.8%	Better than expected direct costs due to new program to help cut costs.
Janitorial	2	2	0	-16.6%	
Legal	5	6	-1	-16.6%	
Professional Services	22	27	-4	-16.6%	
Advertising	8	10	-2	-16.6%	
Software	8	9	-2	-16.6%	
Operating Expenses	298	372	-73	-19.8%	
Transporation Depreciation	6	8	-2	-23.5%	
Total Depreciation	20	26	-6	-23.5%	
Building Depreciation	14	18	-4	-23.5%	
Travel& Entertainment	30	39	-9	-24.0%	
Administrative	36	57	-21	-36.5%	
Meals	6	10	-4	-38.0%	
Total Depreciation and Amortization	39	64	-25	-38.8%	
Gross Margin	846	1,430	-585	-40.9%	Gross Margin affected by the significant increase in cost of goods sold. Outlook looks much better towards the end of year.
Entertainment	4	8	-4	-48.3%	
Operating Income	548	1,059	-511	-48.3%	
Amortization Expense	20	39	-19	-49.0%	
Amortization of Goodwill	20	39	-19	-49.0%	
Income Before Taxes	567	1,115	-548	-49.1%	See explanation for gross margin.
Taxes	113	223	-110	-49.1%	
Interest Income (Expense)	19	56	-37	-65.8%	
Maintenance	14	55	-41	-74.5%	

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Report With Intelligence

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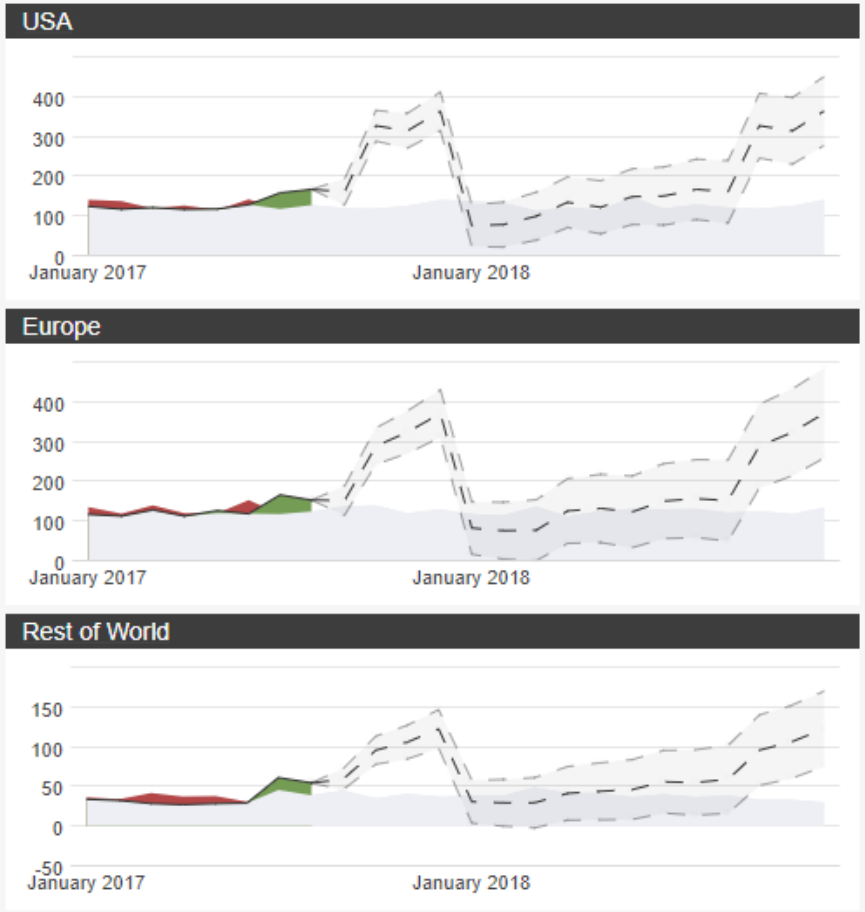
Enrich your reports with predictions

	Actual	Budget	Variance
+ Total Cloud Revenues	4,007	3,986	20
− **Total on-prem revenues**	**14,833**	**13,883**	**949**
New software licenses	2,372	2,350	22
Software maintenance	12,461	11,534	927
Hardware revenues	2,246	2,307	-61
Services revenues	2,132	2,199	-68
Total Revenues	**23,218**	**22,376**	**842**
Sales and marketing	5,183	5,441	-259
Cloud SAAS Expenses	3,387	3,313	74
Cloud platform costs	399	434	-35
Software and Support Expenses	12,461	11,534	927
Hardware	738	761	-22
Research and development	4,134	4,342	-208
General and administrative	780	776	4
Amortization of intangible assets	837	898	-62
Acquisition related and other	90	101	-11
Restructuring	230	258	-28
Total Operating Expenses	**15,927**	**16,678**	**-751**
Operating Income	**7,291**	**5,698**	**1,593**
Interest expense	-1,351	-1,419	68
Non-operating income, net	532	558	-26
Income before taxes	**6,473**	**4,838**	**1,635**
Provision for income taxes	962	970	-8
Net Income	**5,511**	**3,869**	**1,643**



Amounts in Millions

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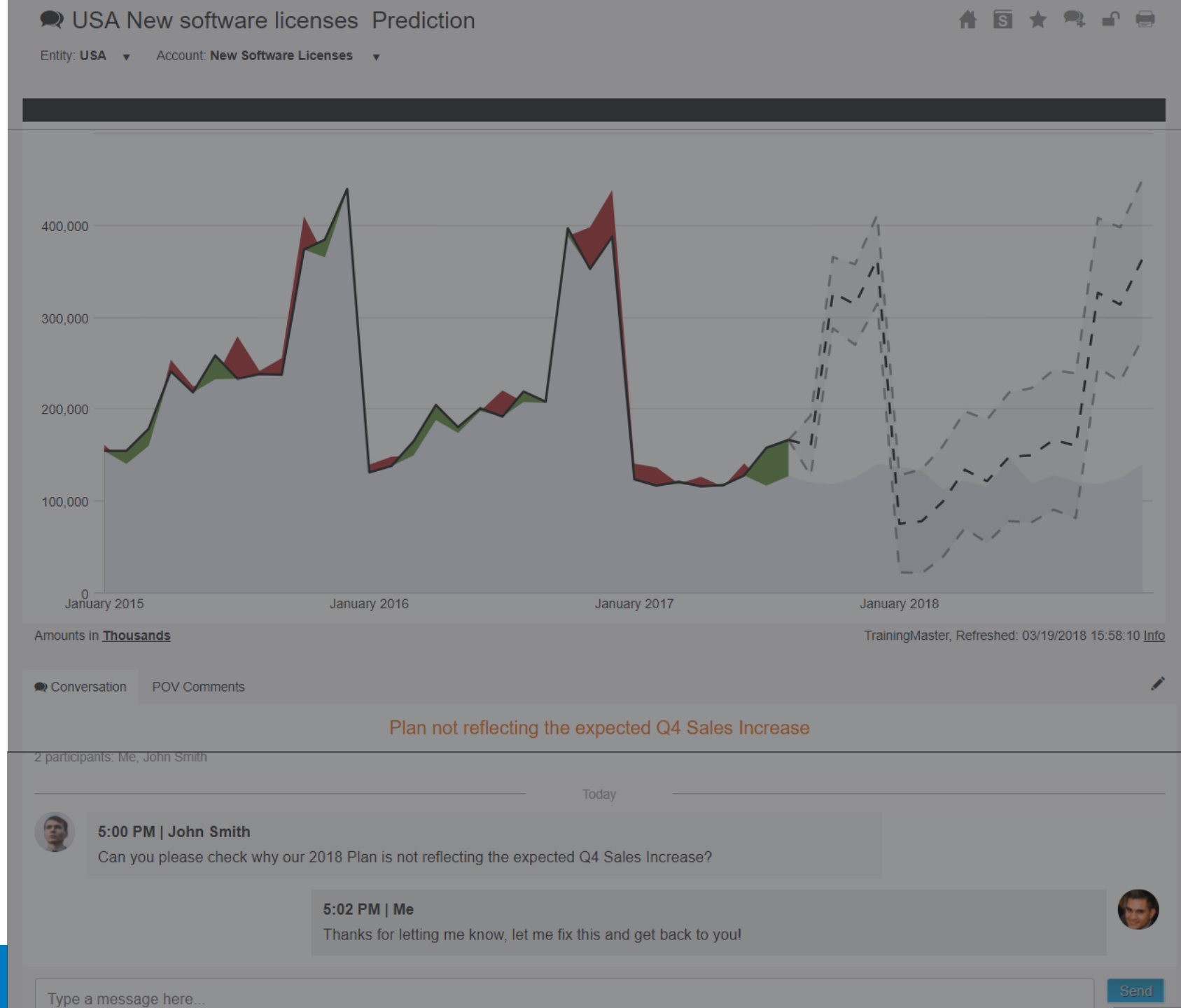
Share Analysis

Have meaningful dialogues within or outside the FP&A team



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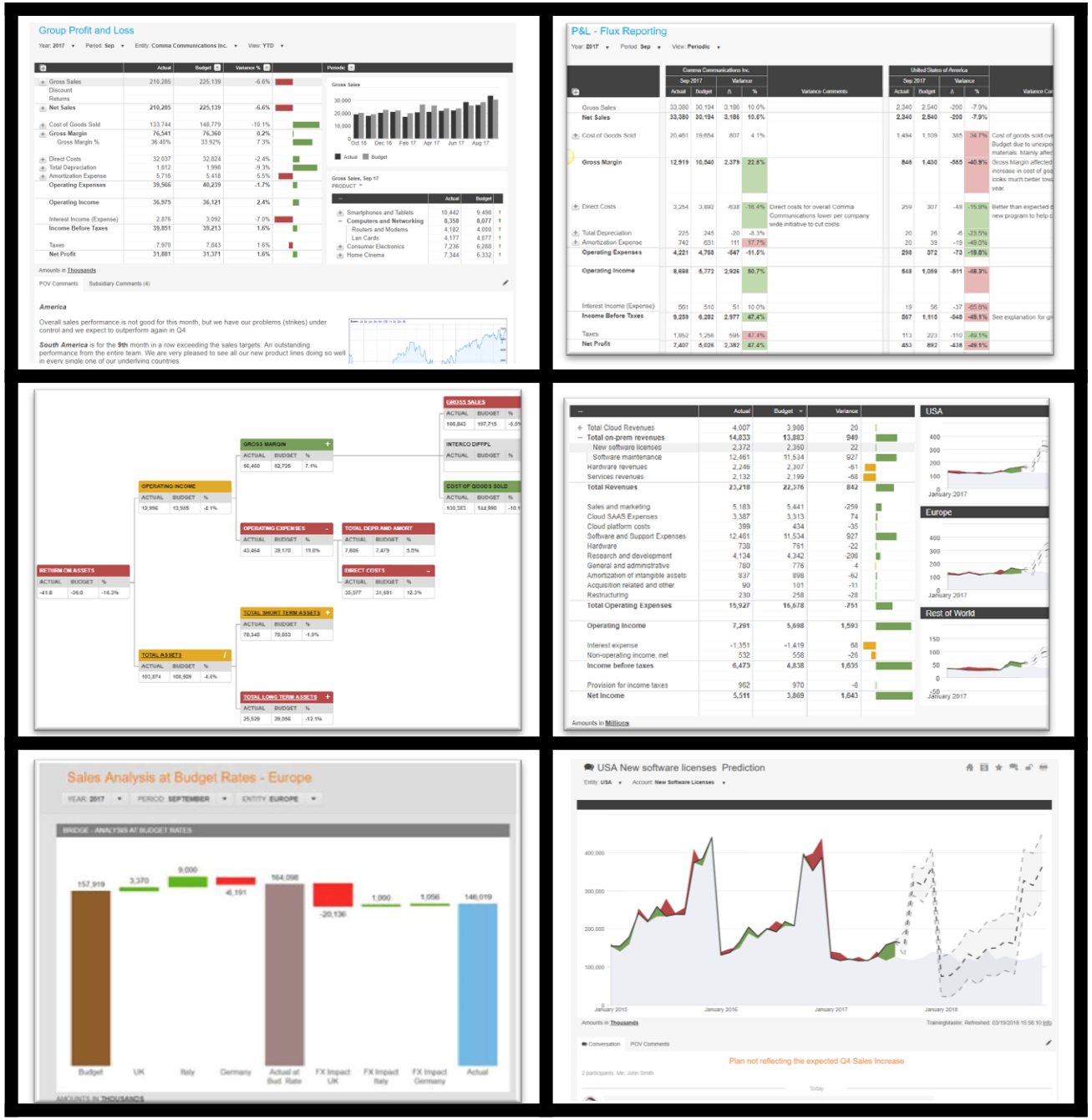

Digital Storytelling

1. Do Proper Analysis
2. Enrich with Commentary
3. Build your Story of Corporate Performance by ordering your analysis to best tell the story

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Poll Question

What ERP system do you use?

- SAP
- Oracle
- Infor / Lawson
- JD Edwards
- Microsoft Dynamics
- PeopleSoft
- Other

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Use Case 1

Cost center reporting with integrated narratives at Fortune 100 tech firm

FP&A Systems

Standard Analytics Software

It took **3 Months** for the BI vendor to deliver 1 report – result was unacceptable

CXO delivered a report with finance data and comments within **3 Hours**

Result within **3 Months** a complete digitalization of FP&A Reporting

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Flux Reporting Example

P&L - Flux Reporting

Year: **2016** ▾ Period: **Sep** ▾ Company: **Comma Communications Inc.** ▾ View: **Periodic** ▾

	Total					Smartphones and Tablets					Computers and Networking				
	Sep 2016		Variance			Sep 2016		Variance			Sep 2016		Variance		
–	Actual	Budget	Δ	%	Variance Comments	Actual	Budget	Δ	%	Variance Comments	Actual	Budget	Δ	%	Variance Comments
Gross Sales	33,380	30,194	3,186	10.6%		10,442	9,498	944	9.9%		8,358	8,077	282	3.5%	
Net Sales	**33,380**	**30,194**	**3,186**	**10.6%**		**10,442**	**9,498**	**944**	**9.9%**		**8,358**	**8,077**	**282**	**3.5%**	
+ Cost of Goods Sold	20,461	19,654	807	4.1%	We continue to run at almost 4.2% over budget	6,732	6,517	215	3.3%	Slight increase in costs of goods sold versus last year (driven almost equally by purchases and labor costs)	5,133	4,976	157	3.2%	
Gross Margin	**12,919**	**10,540**	**2,379**	**22.6%**		**3,710**	**2,981**	**729**	**24.5%**	GM continues to exceed both Monthly and Rolling FY Forecast and Budget.	**3,225**	**3,101**	**125**	**4.0%**	
– **Direct Costs**	**3,254**	**3,892**	**-638**	**-16.4%**											
+ Total Compensation	1,979	2,343	-363	-15.5%											
+ Professional Services	248	301	-53	-17.6%	Professional services team impacted due to retirements										
– **Travel& Entertainment**	**361**	**411**	**-50**	**-12.1%**											
Travel	231	252	-21	-8.4%											
Meals	79	95	-17	-17.7%											
Entertainment	52	64	-12	-18.7%											
+ Administrative	666	838	-172	-20.6%											Lower HR meant lower admin costs
+ Total Depreciation	225	245	-20	-8.3%											
+ Amortization Expense	742	631	111	17.7%											
Operating Expenses	**4,221**	**4,768**	**-547**	**-11.5%**											
Operating Income	**8,698**	**5,772**	**2,926**	**50.7%**	Operating Income remains on track versus budget thanks to strict cost control and better than expected raw materials prices in the first months of the year.	**3,710**	**2,981**	**729**	**24.5%**	Achieved most of the expected positive effect from our corporate cost-control and reduction drive	**3,225**	**3,101**	**125**	**4.0%**	Computers & Networking operating income YTD is a bit worse than expected due to a temporary slowdown of sales.
Interest Income (Expense)	561	510	51	10.0%											
Income Before Taxes	**9,259**	**6,282**	**2,977**	**47.4%**		**3,710**	**2,981**	**729**	**24.5%**		**3,225**	**3,101**	**125**	**4.0%**	
Taxes	1,852	1,256	595	47.4%											
Net Profit	**7,407**	**5,026**	**2,382**	**47.4%**		**3,710**	**2,981**	**729**	**24.5%**		**3,225**	**3,101**	**125**	**4.0%**	

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FP&A Reporting at DeLaval

Cost center reporting with integrated narratives at Fortune 100 tech firm

Sales Reporting
- Daily Sales
- Sales and Margin Development

Management Reporting
- Group Performance
- Performance by area of responsibility

Board Meetings
- Key KPI's
- Ad-hoc questions

Areas of focus
- Transformation
- R&D projects
- Business Intelligence

Result within **7 Months** 300 – 500 business users reporting digitally

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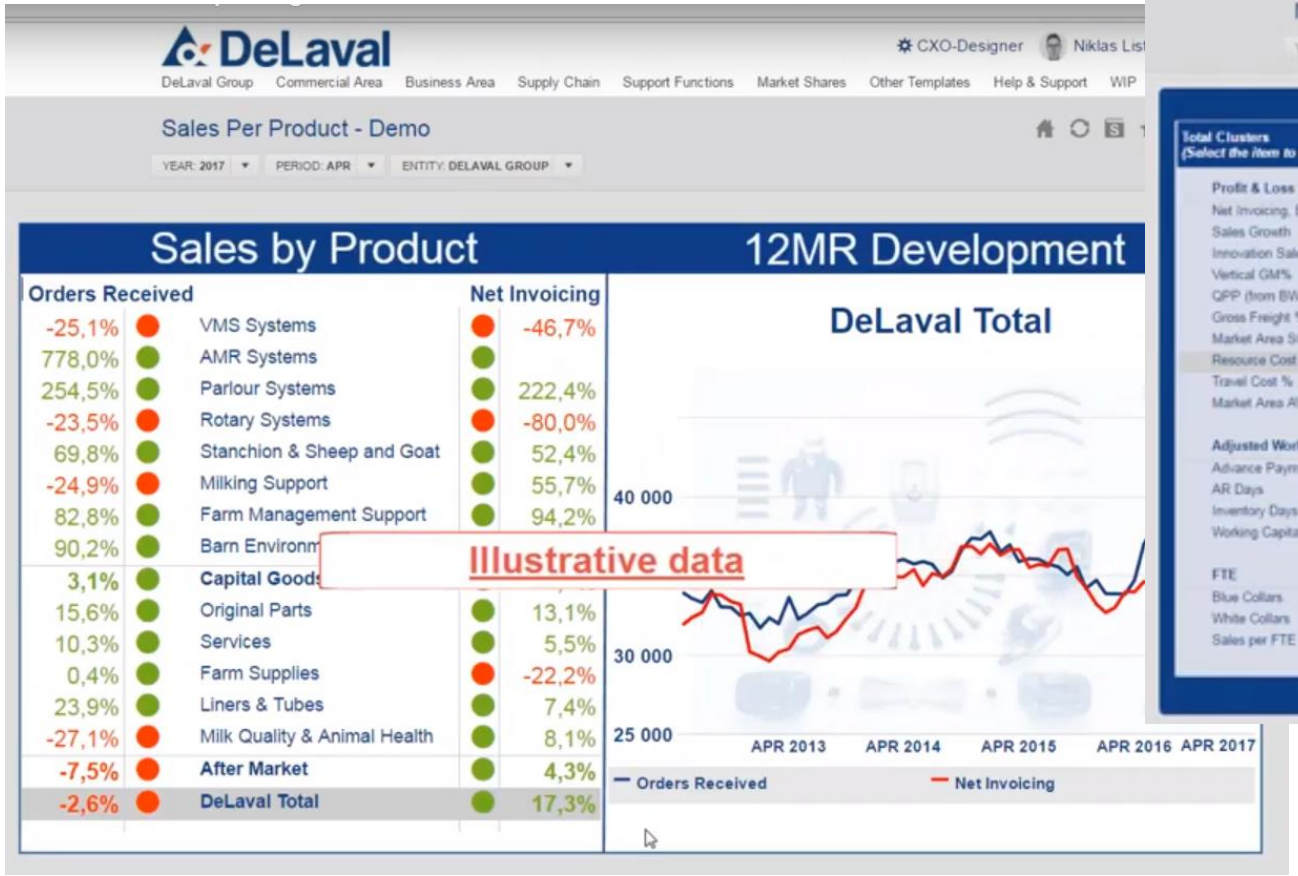
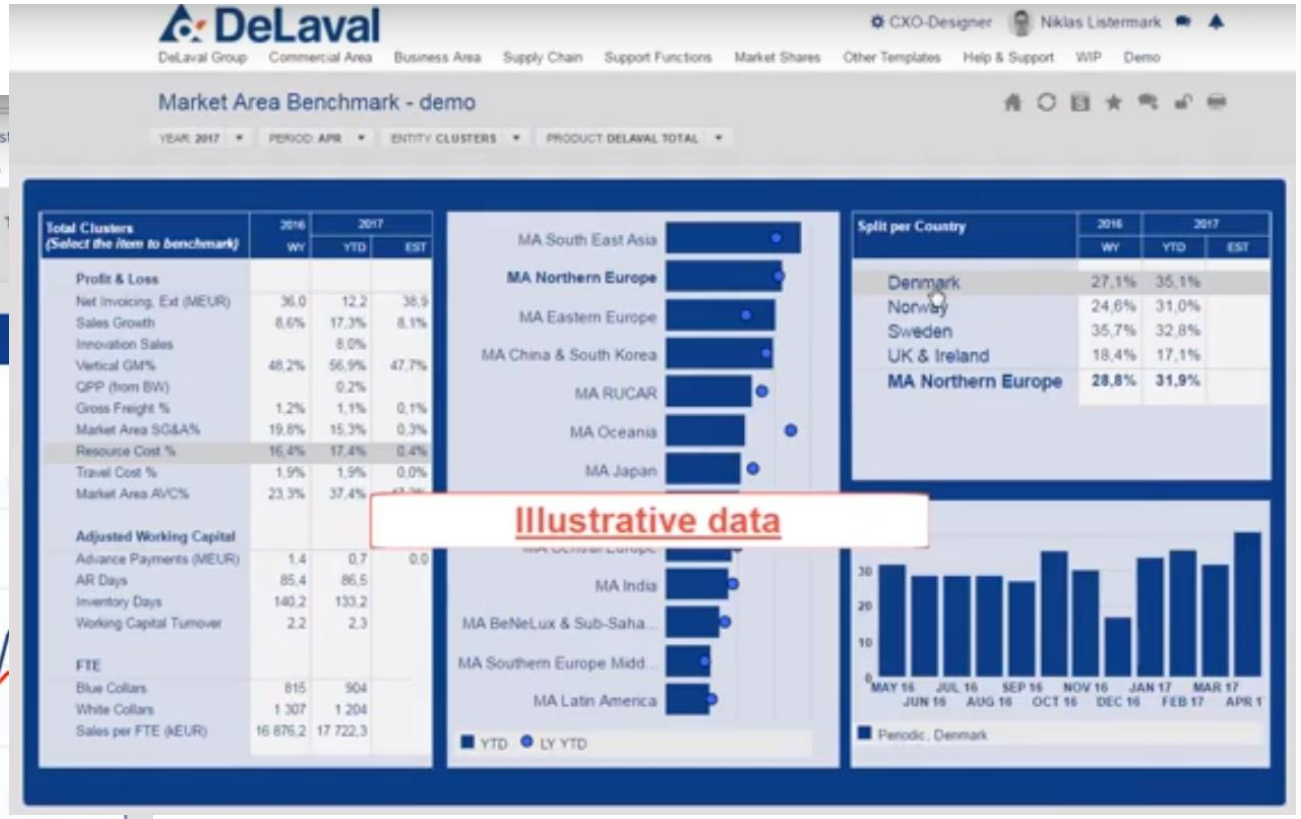
Storytelling Example: DeLaval





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Key Benefits of Effective Storytelling

- Business insights ready for management decisions
- Faster, higher quality information specifically correlated to the performance of the business directly from those closest to the business
- The Foundation for a more agile enterprise!

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Digital Performance Reporting with CXO

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Simplified, Secure, Connected, Controlled

SAP

ORACLE

IBM

Microsoft

AARO

Wolters Kluwer | CCH Tagetik

ONESTREAM

Value of CXO Software

- Automate the Report Pack Creation
- Mobile
- Any Data Source Connectivity
- Compliance & Governance
- On-Premise Security
- Drill Down Analysis
- Commentary Collection Workflow
- Internal Collaboration

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Finance Insight: New York

- A roundtable to discuss financial and EPM reporting that accelerates businesses processes

- Topics include:
  - Accelerating period-end close processes
  - Improving data processing and use of data throughout your organization
  - How to drive better business outcomes

- June 20 – 8:00am-11:30am
- The Cornell Club New York

- Learn more/Register: go.insightsoftware.com/NYC

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Poll Question

Are you interested in learning more about how you can deliver more value from your financial reporting using technology?

- Yes, of course
- Yes, but in a few months or later in 2019
- No thank you, we are good

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Additional Resources

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