



Modernizing the Month-End Close within a Digital R2R Process

Virtual Event

armanino 

Introductions



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Agenda



Review the key components of the Record to Report process

01

Discuss why automation is important now more than ever

02

Learn ways to deliver faster financial close, improve compliance, and enhance decision making

03

Evaluate tangible methods for improving your Record to Report Process

04

Armanino Overview



CORE PURPOSE

To be the **most innovative** and **entrepreneurial** firm that makes a **positive impact** on the lives of our **clients**, our **people** and our **communities**.

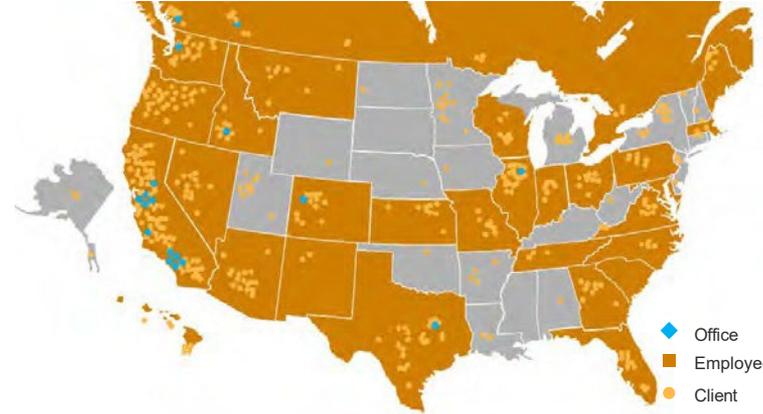


SNAPSHOT

- 1,500+ Employees
- 21st Largest CPA & Consulting Firm in the Nation
- Team Members in 23 States
- Top Partnerships With Technology Partners



LOCATIONS



- ◆ Office
- Employee Locations
- Client

CALIFORNIA

- San Ramon
- San Jose
- San Francisco
- Folsom

Los Angeles (2)

- Irvine
- El Segundo
- Woodland Hills
- San Luis Obispo

ILLINOIS

- Naperville

TEXAS

- Dallas

WASHINGTON

- Seattle

IDAHO

- Boise

COLORADO

- Denver

CANADA

- Vancouver

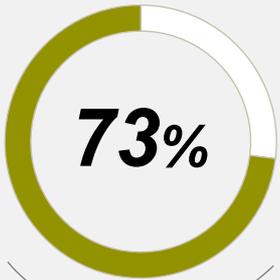
RECOGNITION & AWARDS



Can Financial Transformation Save A Marriage?

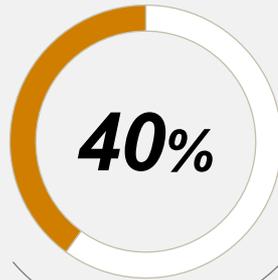


The Struggle to Transform



Transformation Is Imperative

73% believe if their company fails to transform today, it will not exist in the future



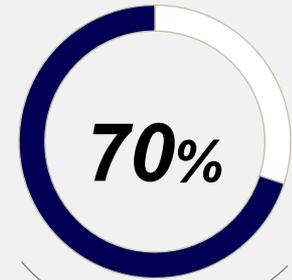
Transformation Spending

40% of all technology spending in 2019 will go towards digital transformation.



Success Rate

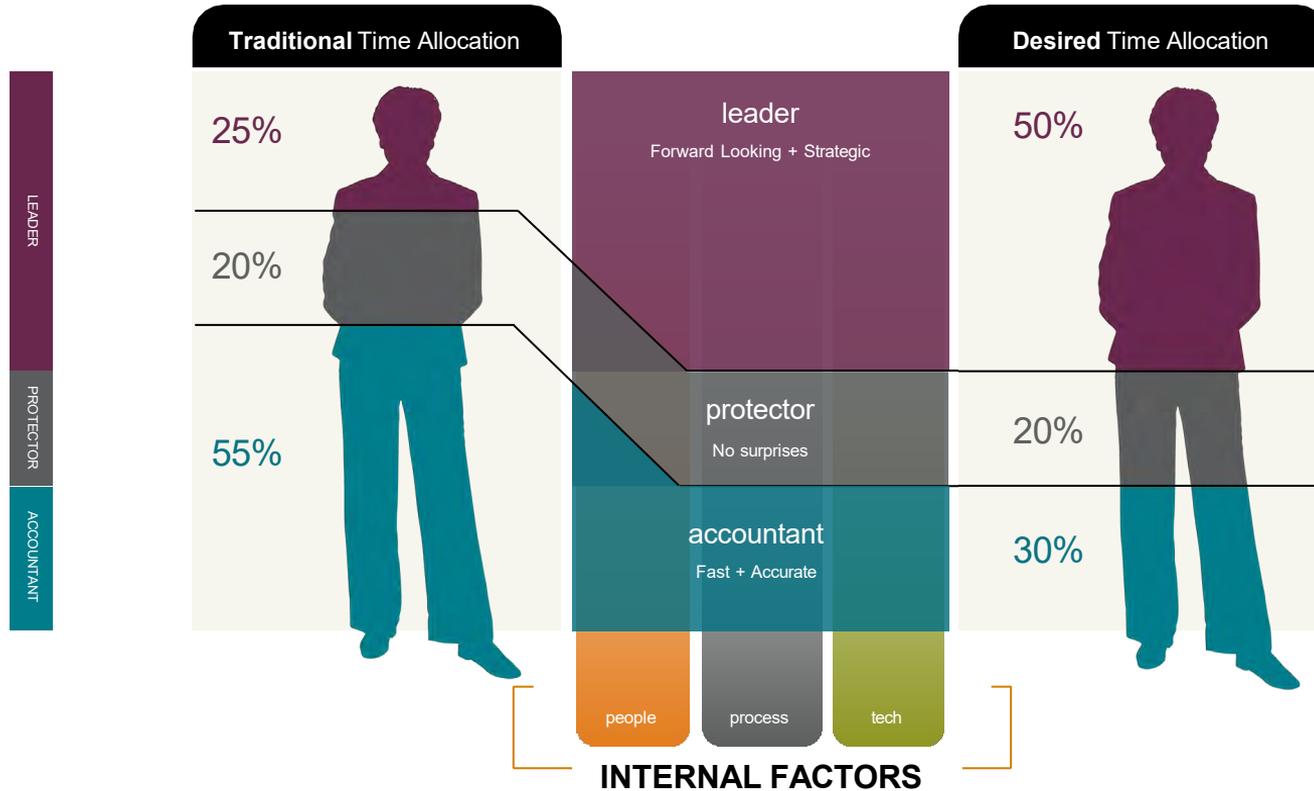
More than 50% of digital transformation efforts fizzled completely in 2018.



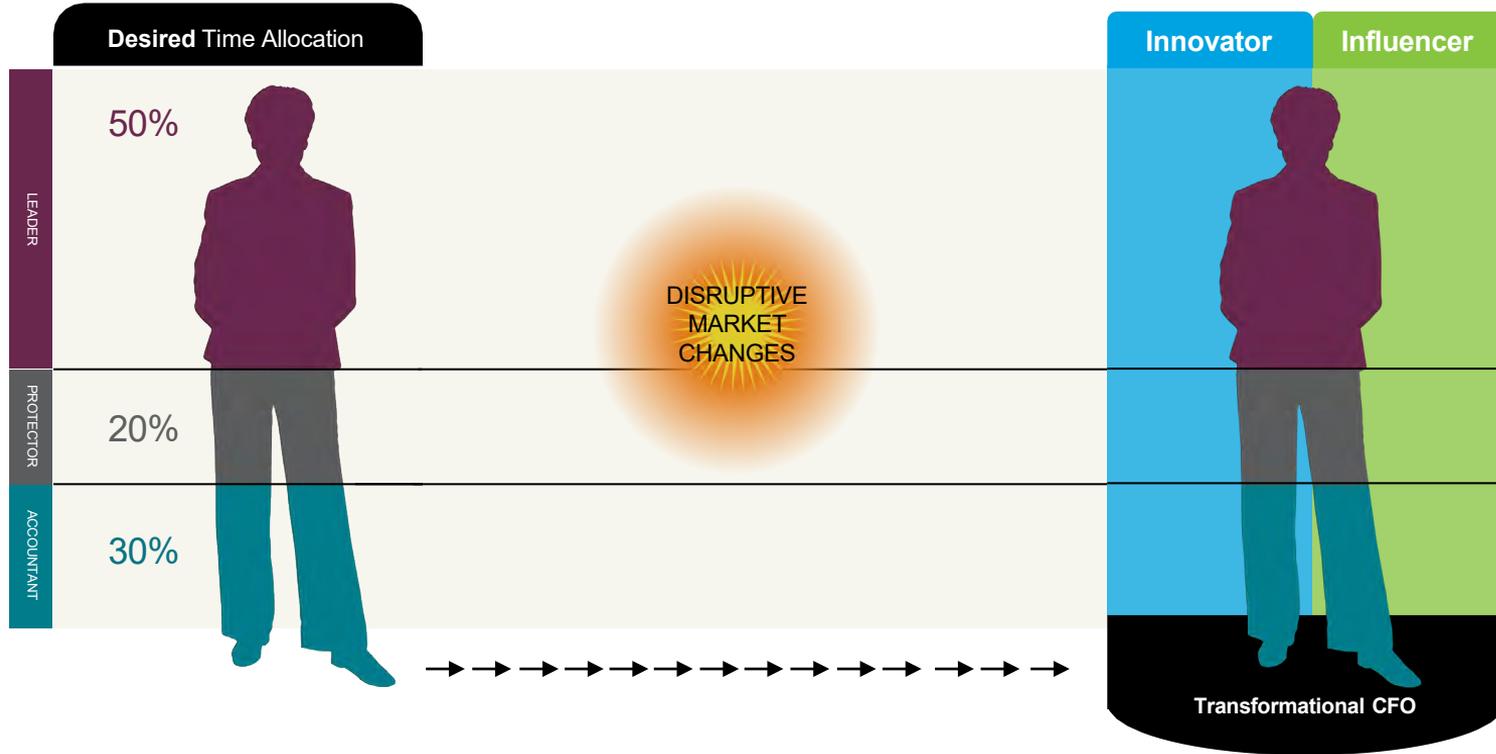
Root Cause

70% of digital transformations fail, most often due to resistance from employees.

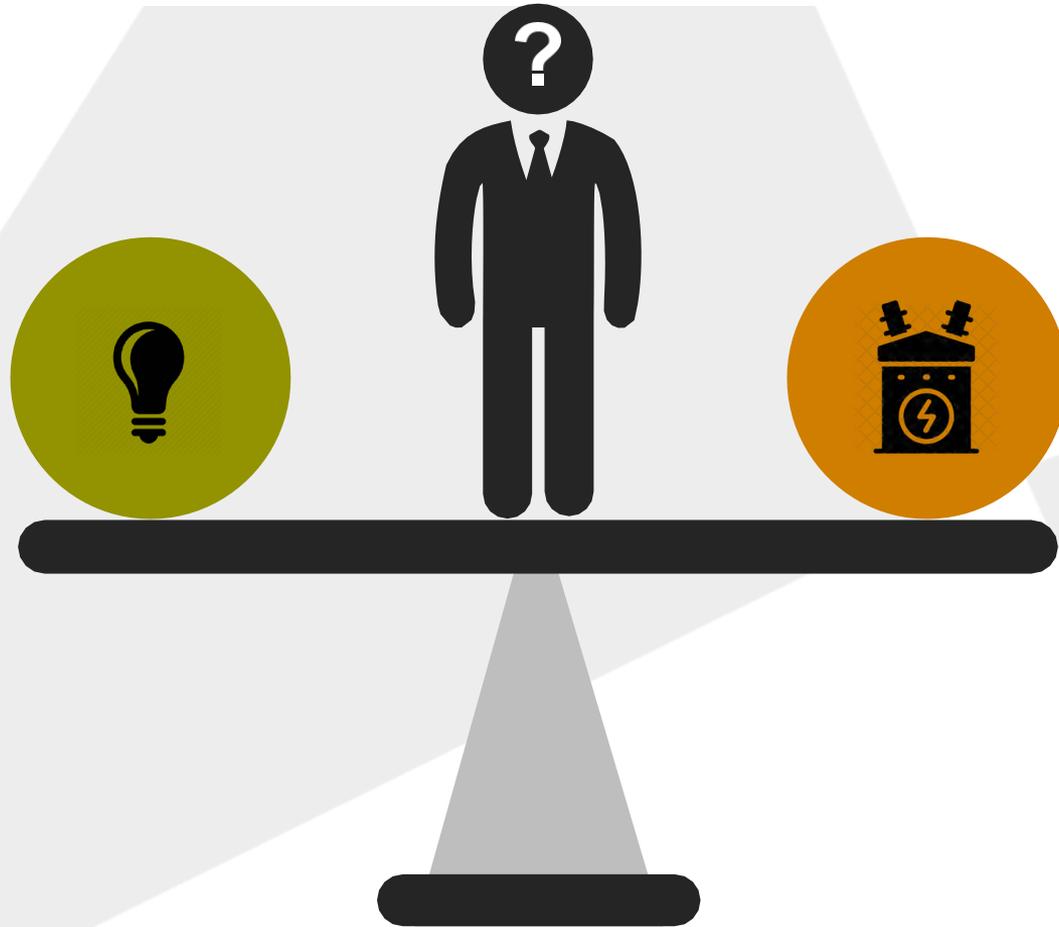
CFO Evolution 2.0



CFO Evolution 2.0



Becoming a Transformational CFO



Where To Start?



**Revenue
Cycle**

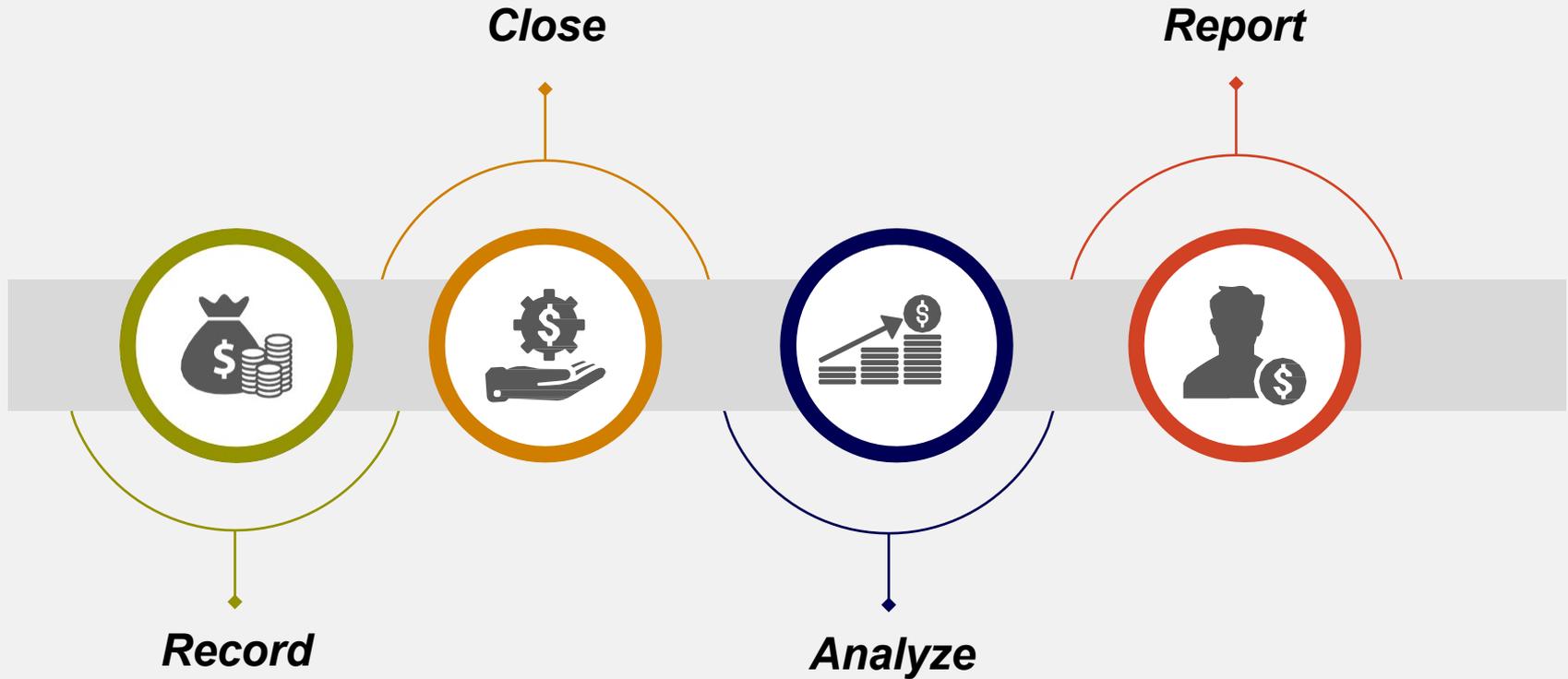


Spend Cycle

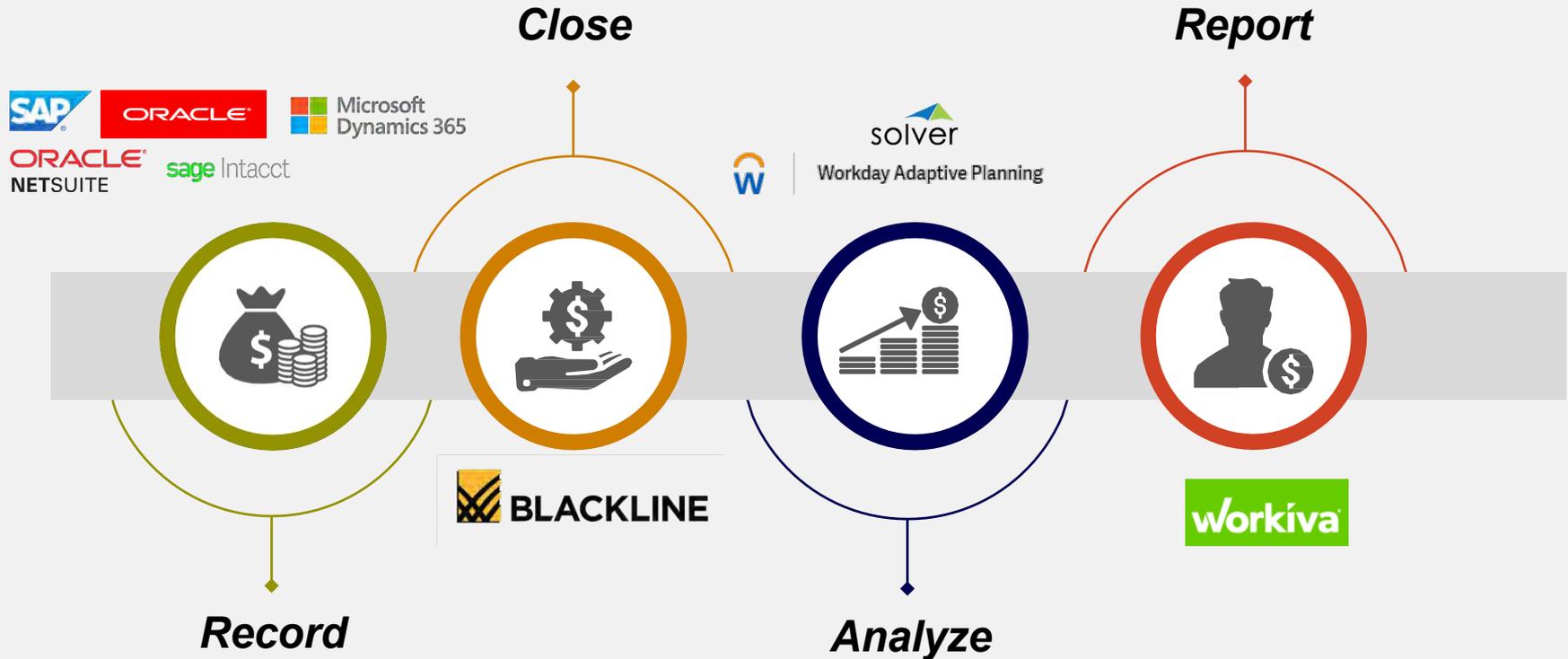


**Reporting
Cycle**

The Record-to-Report Process

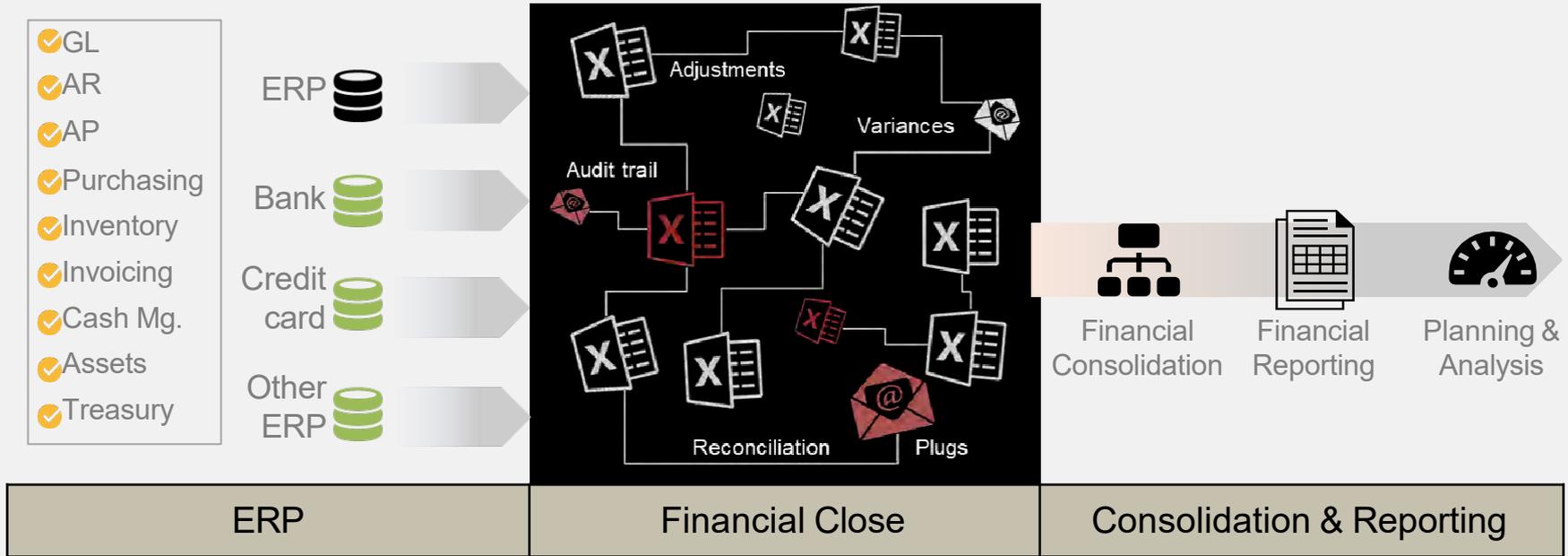


The Record-to-Report Process



Manual accounting processes are one of the top **frustrations** of every accountant because of the **repetitive work**, the **endless spreadsheets**, and the **late nights** at month end.

The Financial Close Process Is Still Very Manual



The Five Major Costs Of Manual Accounting



TIME



COST



RISK



AUDIT &
COMPLIANCE

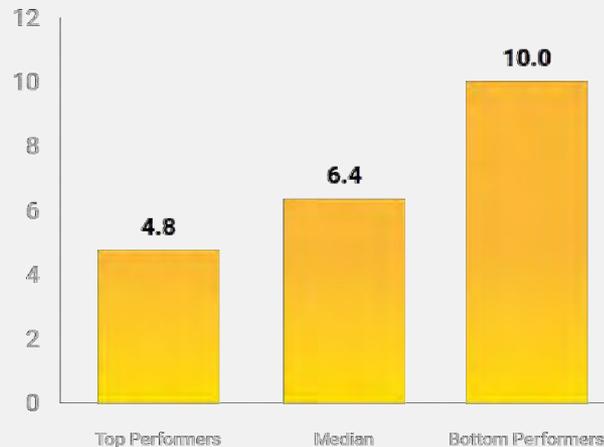


TALENT

Time

It's no secret that manual accounting at period end costs valuable time often spent on compiling, validating, and processing spreadsheets and paper binders. There's often little transparency into who's doing what, which means even more time is wasted waiting on others to learn the status of tasks like the completion of a reconciliation.

TIME IN DAYS TO COMPLETE MONTHLY
CONSOLIDATED FINANCIAL STATEMENTS



Metric of the Month: Cycle Time for Monthly Close, CFO.com

30-40%

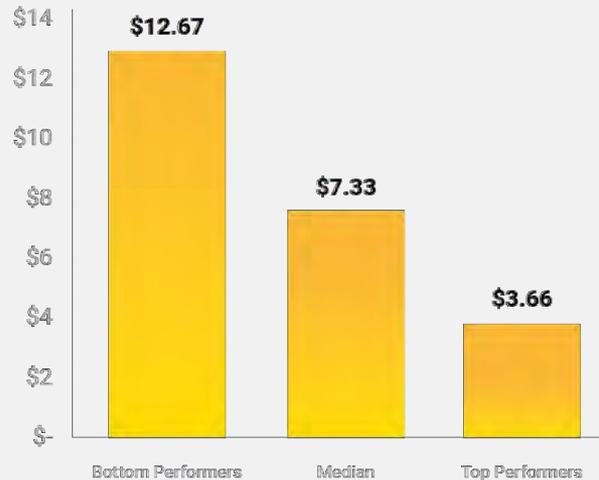
of time can be
reduced with finance
automation and
behavior change.²

²Finance Effectiveness Benchmark
Report 2019, October 2019, PwC.

Cost

With so many organizations having a high degree of labor-intensive accounting, reducing the cost of accounting operations is an almost impossible proposition.

PERSONNEL COST TO RUN THE FINANCE
FUNCTION FOR \$1,000 IN REVENUE



Metric of the Month: Cost to Run the Finance Function, CFO.com

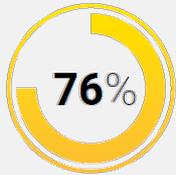
While trending down, 48% of U.S. companies still don't use any automation for GL account reconciliation,³ which is a meaningful way to reduce the cost of accounting.

³Benchmarking Accounting & Finance Functions: 2019, FERF/Robert Half.

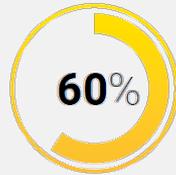
Risk

Manual account processes are often fertile ground for fraud, with gaps in standardization, controls, flux analysis processes, separation of duties, balance sheet analysis, completeness, and spreadsheet dependencies.

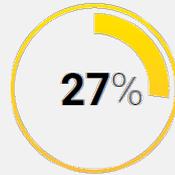
REPORT TO THE NATIONS: GLOBAL STUDY ON OCCUPATIONAL FRAUD AND ABUSE



**of fraudsters created or altered
accounting system transactions**



**of fraudsters created or altered
electronic documents or files**



**of fraudsters created
fraudulent journal entries**

*Internal Control Weaknesses and Financial Reporting Fraud, August 2017,
American Accounting Association.

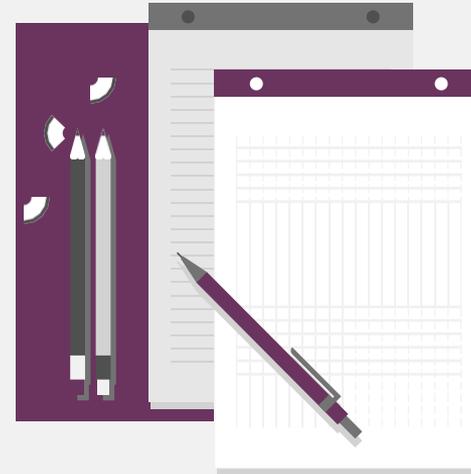
There is an

80-90%

higher incidence of
fraud in companies
with material
weaknesses.⁶

Audit & Compliance

- While fees themselves have stabilized somewhat after the initial spike from SOX, the increasing amount of accounting time spent meeting audit requests has not.
- At the same time, a lack of follow-up on aged items, incomplete reconciliations, inability to quickly answer auditor questions, and lack of overall visibility all tie up accounting resources further.



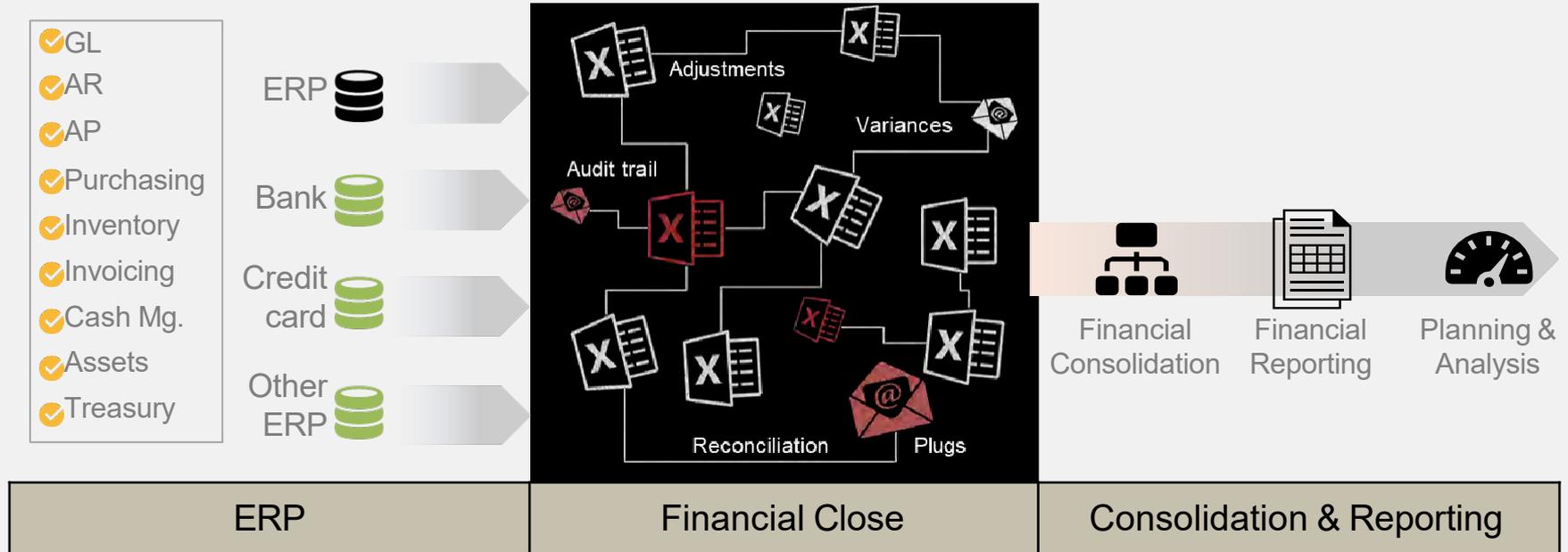
Talent

The inability to attract or retain accounting talent due to lack of job satisfaction creates substantial operational risk.

Manual processes can also have other detrimental effects, reducing employee engagement, lowering productivity, and ultimately decreasing the value each employee is able to drive for the organization.

Gallup found that an actively disengaged employee costs their organization \$3,400 for every \$10,000 of salary, or 34%. That means an actively disengaged employee who makes \$60,000 a year costs their company \$20,400 a year.

The Financial Close Process Is Still Very Manual



A Streamlined and Automated Financial Close Process



- ✓ GL
- ✓ AR
- ✓ AP
- ✓ Purchasing
- ✓ Inventory
- ✓ Invoicing
- ✓ Cash Mg.
- ✓ Assets
- ✓ Treasury

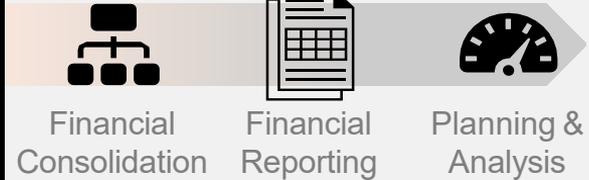
ERP 

Bank 

Credit card 

Other ERP 

- Automated:
 - Task Management
 - Reconciliations
 - Transaction Matching
 - Journal Entries
 - Consolidation
- Audit trail and support
- Reporting
- Variance Analysis



Deliver Faster Financial Close with Armanino

- ✓ BlackLine's Gold Solution Provider in North America
- ✓ 2020 Top Certified Modern Accounting Playbook (MAP) Partner



How will Financial Transformation Enable your Happy Marriage?





Thank You!

Visit us at: armaninollp.com/software/blackline/

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