



# RGP

To the Power of Human™

## Transforming the Finance & Accounting Function

December 2020



# Today's Agenda

1. Quick Intro – RGP & Andy
2. What do we mean by “Finance Transformation”?
3. Why is this an important topic?
4. Process areas to consider
5. Wrapping up / Q&A



# About RGP

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- **4,000+ professionals**
- **Worked with 86 of the Fortune 100**
- **Annually serve over 2,400 clients**
- **Helping locally and globally across 70 practice offices**
- **Delivered projects in over 48 countries**
- **100% retention of top 50 clients**

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## Polling Question #1

**How would you characterize the focus of your F&A function today?**

- We are always looking ahead, providing insights to leadership throughout the organization
- We are focused on cost containment within our function and across the business
- We strike an appropriate balance between cost containment and providing insights

# The textbook definition...

**Finance transformation** is a (fundamental) change in how the finance function operates to achieve a significant improvement in current performance by delivering services that better meet the needs of the business

**In practice,  
finance transformation can be**

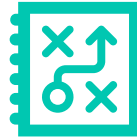
**REVOLUTIONARY**

**or**

**EVOLUTIONARY**



We see Finance leaders as **strategic partners** to the CEO and board, with expanding opportunities to **influence business planning and maximize growth and profitability**. Asked to do “more with less,” the finance function is tasked with streamlining and automating operations...while providing enhanced insights into how the business should invest its resources.

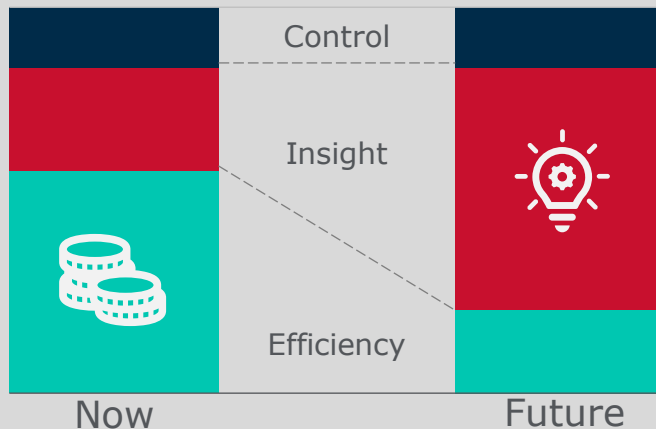


Objectives	Strategies	Enablers
<ul style="list-style-type: none"> <li>▪ Reduce cost</li> <li>▪ Increase capacity</li> <li>▪ Improve accuracy</li> <li>▪ Accelerate reporting</li> <li>▪ Enhance efficiency</li> <li>▪ Create agility</li> <li>▪ Add value to the organization</li> </ul>	<ul style="list-style-type: none"> <li>▪ Standardization/ streamlining</li> <li>▪ Shared Services/ COEs</li> <li>▪ Onshore / offshore</li> <li>▪ Insource/ outsource</li> </ul>	<ul style="list-style-type: none"> <li>▪ Business process &amp; control enhancement</li> <li>▪ Program/ project management</li> <li>▪ Change management</li> <li>▪ Organizational redesign</li> <li>▪ Technology enablers                             <ul style="list-style-type: none"> <li>• Cloud platforms and ERP</li> <li>• RPA / Enhanced Automation</li> </ul> </li> </ul>



# A Shift within Finance

## Percentage of Finance Time



A major goal of finance transformation is to shift from an efficiency-centric model (one that consumes significant resources on historical reporting) to one that provides business insight through analysis of financial and operational data, affecting the people, processes, and technologies of the finance function (and the entire organization).

### ▪ People

- Workforce composition
- Nature of the work (transactional → analytical)
- Skills and experience

### ▪ Processes

- Standardization across business units
- Centralization of process ownership/governance
- Reengineering to enable effective sustainable automation

### ▪ Technologies

- Unification and harmonization of data across the enterprise
- Rationalization of disparate systems
- Deployment of cloud technologies and intelligent automation

# Finance Function Priorities in 2020 & Beyond

Research indicates that finance professionals share common challenges and priorities, among them:

## Cost & Productivity

- Adopting leading practices
- Standardizing processes and systems
- Implementing new technologies
- Streamlining operations
  - Shorten cycle times
  - Reduce cost
  - Increase efficiency
- Continuously improving

## Analysis & Insights

- Driving financial and operational insights through effective use of data and analytics
- Investing in innovative and disruptive technologies that promote organizational agility
- Adding value throughout the business through data-driven decision making

Sources: APQC, McKinsey

# Change Catalysts



**Mergers & Acquisitions**



**Management  
Reorganization**



**Divestitures/Carve-Outs/  
Spin-offs**



**Growth/Downsizing**



**Start-Ups/IPO/Privatization**



**Standards & Regulations**

# Shift in the Finance & Accounting Workforce

The Finance and Accounting function of the future will differ significantly from that of prior years.

## Changing Demographics

Fewer people are choosing F&A as a field of study or career. Millennials, with different goals and aspirations, comprise largest segment of workforce – more likely to change employers multiple times throughout career.

## Proliferation of Technologies

Emergence of cloud platforms and interoperable point solutions. Robotics and data analytics moving toward ubiquity as machine learning and artificial intelligence become more commonplace.

## Expectations of Stakeholders

Boards, CEOs, and business unit leaders looking toward Finance for *business* insights and future trends.

## We foresee several shifts in the Finance function of the future:

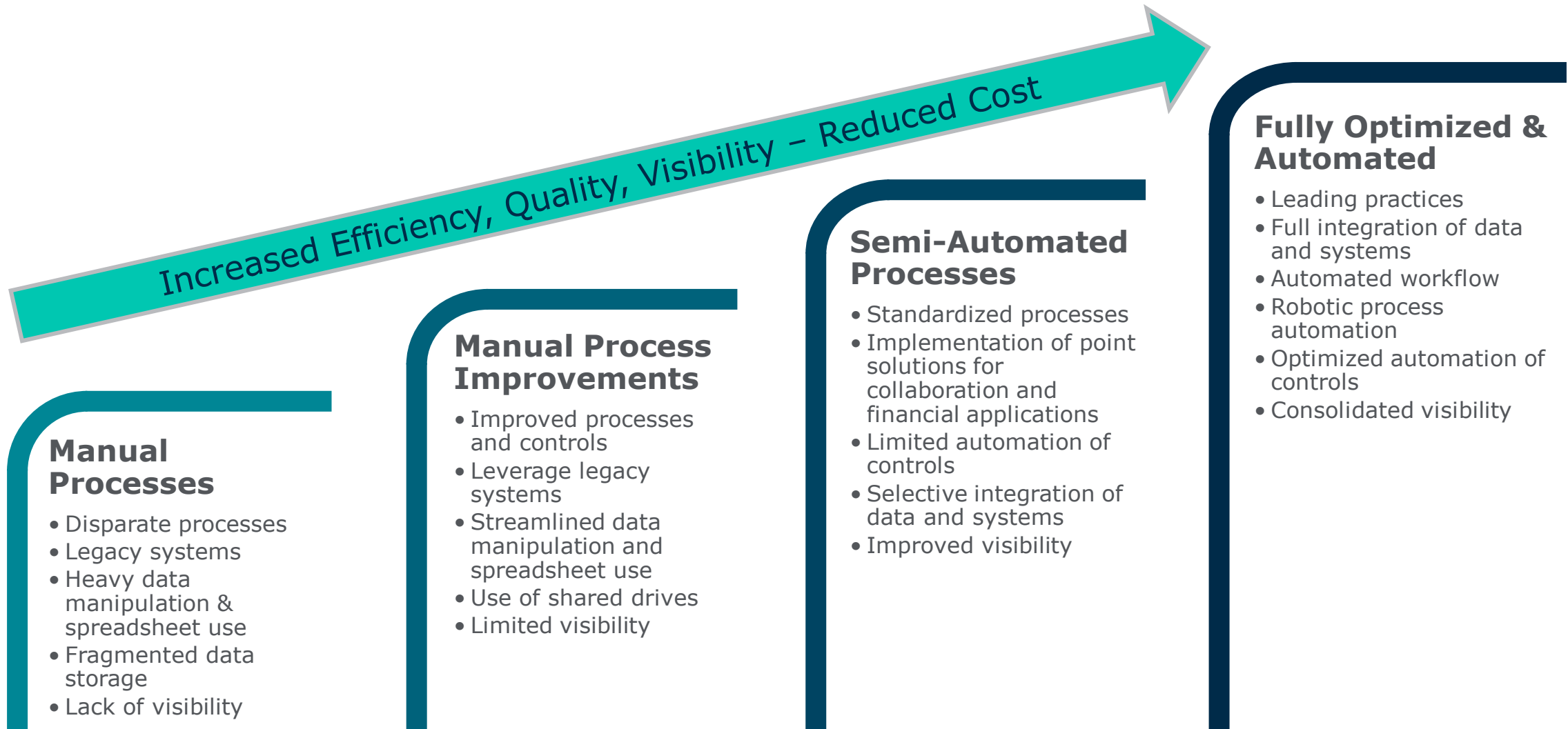
- Mindset will change from historical reporting to predictive analysis
- Digital workforce replaces a significant percentage of traditional accounting roles
- Finance mobilizes teams of tech-savvy problem solvers that use experience and analytics in project-centric roles
- These teams of project-centric problem solvers will be composed of a mix of employees and gig-workers

## Polling Question #2

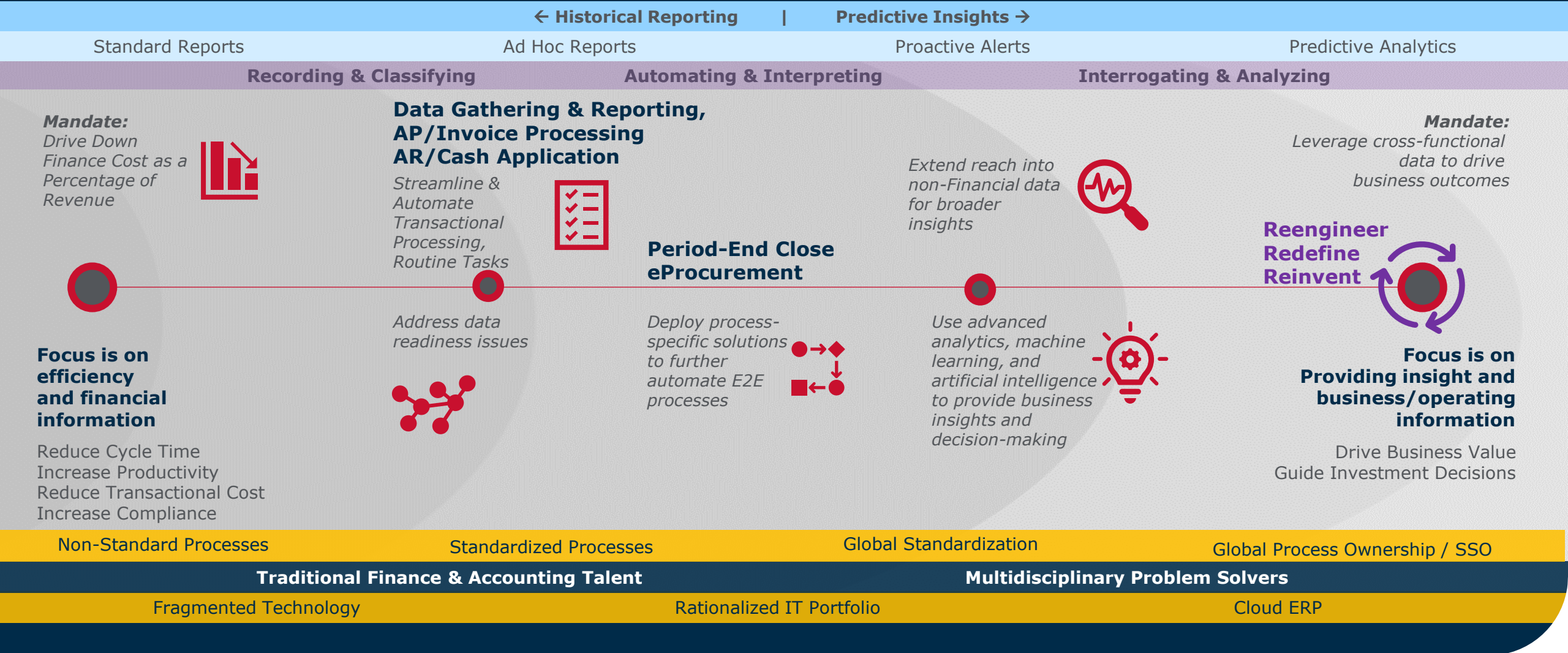
**How would you rate the maturity of your Finance & Accounting processes and technologies when comparing to peers and best-in-class firms?**

- We're very mature – among best in class
- Our processes are solid, technology is lagging
- Our technology is cutting edge, but we need to examine our processes
- We're lagging and need to focus on process and technology

# Finance Maturity Model



# Another Way to View the Maturity Model



# Financial Process & Systems Optimization

Revenue Cycle	Expenditure Cycle	Payroll Cycle	Production Cycle	Financial Reporting Cycle	Treasury	Financial Planning & Analysis
Order to Cash	Procure to Pay (Incl T&E) Acquire to Retire	Hire to Retire	Inventory/ Manufacturing	Close to Report		
<ul style="list-style-type: none"> <li>• CRM</li> <li>• Order Entry</li> <li>• Order Fulfillment</li> <li>• Billing</li> <li>• AR/Cash App</li> <li>• Credit/Collections</li> <li>• Customer Mgt</li> </ul>	<ul style="list-style-type: none"> <li>• Requisitions</li> <li>• Purchase Orders</li> <li>• Receiving</li> <li>• Vouchering</li> <li>• Payment Processing</li> <li>• EFT</li> <li>• Imaging &amp; Workflow</li> <li>• Fixed Assets</li> <li>• Leases</li> <li>• Projects</li> <li>• Vendor Mgt</li> </ul>	<ul style="list-style-type: none"> <li>• HRIS</li> <li>• Payroll</li> <li>• Employee Master</li> </ul>	<ul style="list-style-type: none"> <li>• Inventory Management</li> <li>• Inventory Accounting</li> <li>• RM/WIP/FG</li> </ul>	<ul style="list-style-type: none"> <li>• General Ledger</li> <li>• Reconciliations</li> <li>• Financial Close (e.g. BlackLine)</li> <li>• Consolidations</li> <li>• Financial Reporting</li> <li>• Interco</li> <li>• Chart of Accounts</li> </ul>	<ul style="list-style-type: none"> <li>• Treasury Management Systems</li> <li>• Bank Rationalization</li> </ul>	<ul style="list-style-type: none"> <li>• Budgeting/Forecasting</li> <li>• Analytics/Visualization</li> </ul>



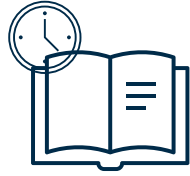
## Polling Question #3

**In your organization, which cycle/process is most in need of re-engineering?**

- Reporting Cycle / Record to Report (R2R)
- Revenue Cycle / Order to Cash (OTC, O2C)
- Expenditure Cycle / Procure to Pay (P2P)
- Financial Planning and Analysis (FP&A)
- None of the Above

# Four Common Targets

## Process & Systems Optimization



### Accounting Close

- General Ledger
- Reconciliations
- Financial Close Cloud Platforms (e.g., BlackLine)
- Chart of Accounts



### O2C

- CRM
- Order Entry
- Order Fulfillment
- Billing
- AR/Cash App
- Credit / Collections
- Customer Mgt



### P2P

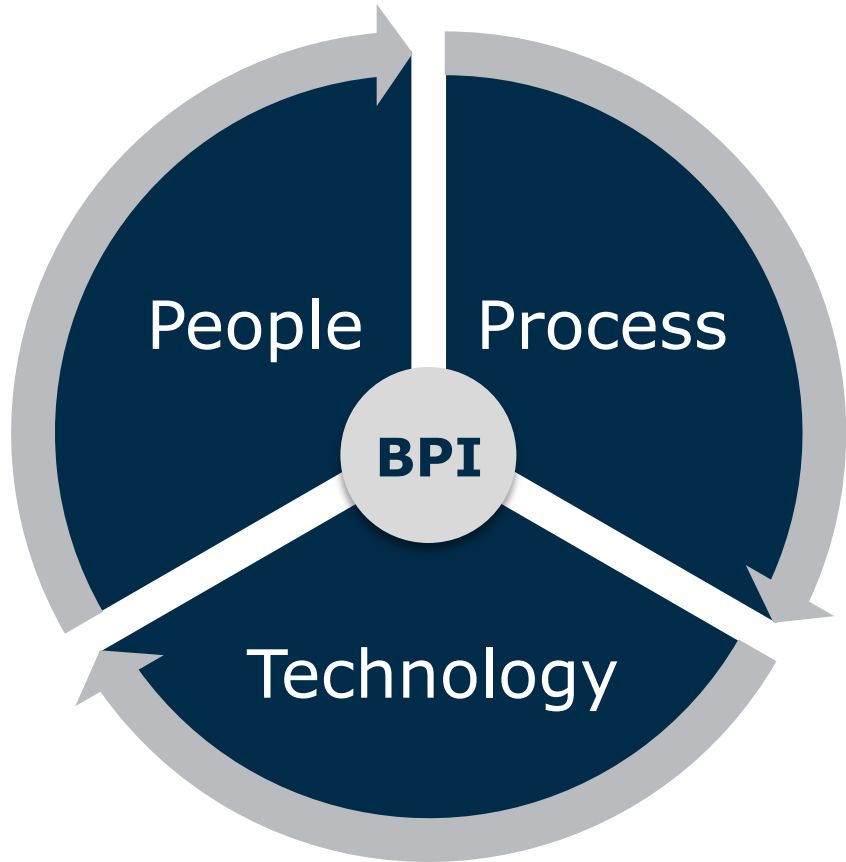
- Requisitions
- Purchase Orders
- Receiving
- Vouchering
- Payment Processing
- EFT
- Imaging & Workflow
- Fixed Assets
- Leases
- Projects
- Vendor Mgt



### Enterprise Performance Management

- Budgeting, planning, forecasting
- Modeling the value creation of a company
- Consolidation of the results
- Performance analysis
- Analytics / Visualization

# Business Process Improvement (BPI): An Approach



- Engage senior client leadership in discussion about their environment, their business needs, and the implications of their current practices
- Assess how effectively clients are delivering what the organization needs, uncovering root causes
- Provide a flexible, modular approach:
  - Apply diagnostics for the process lifecycle or specific workstreams of the process (e.g., R2R, P2P and O2C)
  - Modify questionnaires to reflect need for data to support current state assessment
  - Use leading practices and RGP's insight to support analysis and future state design

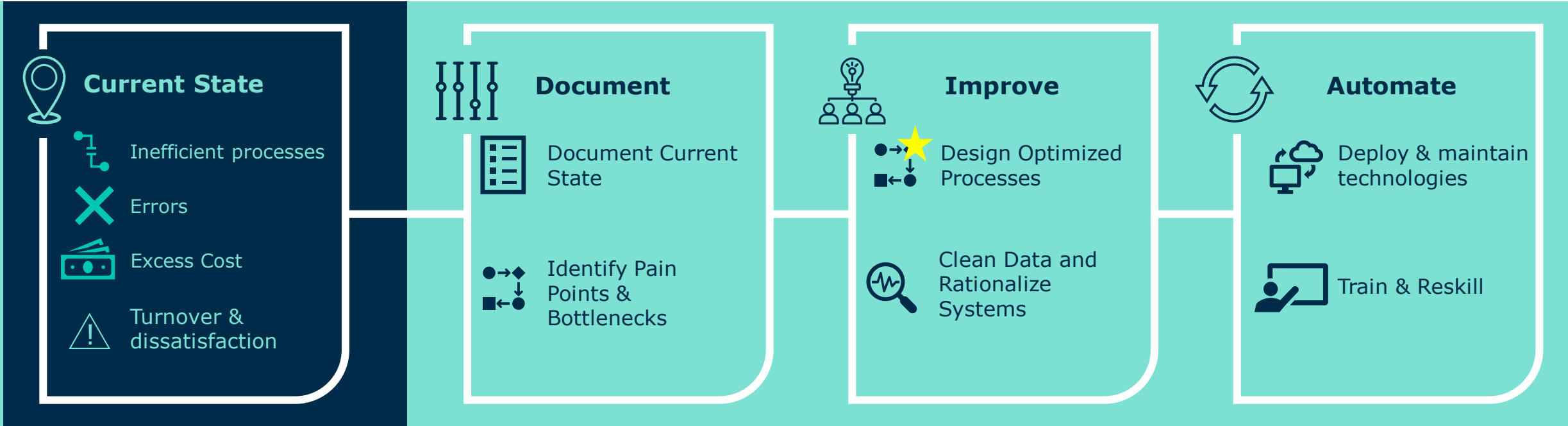
# Process Improvement & Automation

- **Cost & Productivity:** standardizing processes and systems, implementing new technologies, streamlining operations and adopting leading practices
- **Analysis & Insights:** Driving insights through data and analytics, investing in innovative technologies and adding business value through data-driven decision making

Today's Challenges



Are addressed by aligning leaders to the future state, engaging with the workforce and supporting their willingness and ability to change, and sustaining the new ways of working.



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# Accounting Close Optimization

## Polling Question #4

**How would you describe your period-end close?**

- Highly automated, orderly
- Controlled, mature with a lot of manual work
- Fairly manual, could be better
- Stressful, chaotic, and highly manual

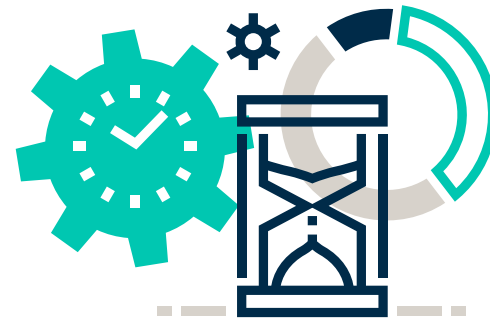
# What are the objectives of Close Optimization?



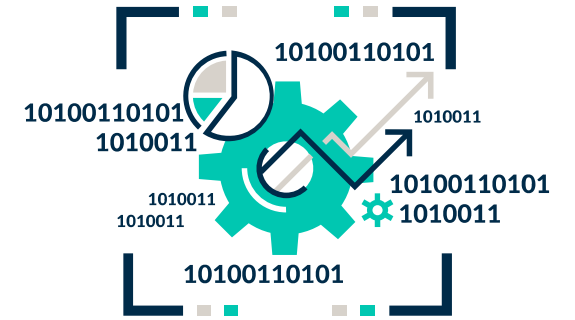
**Reduced  
Cost**



**Improved  
Accuracy**



**Reduced  
Cycle Time**

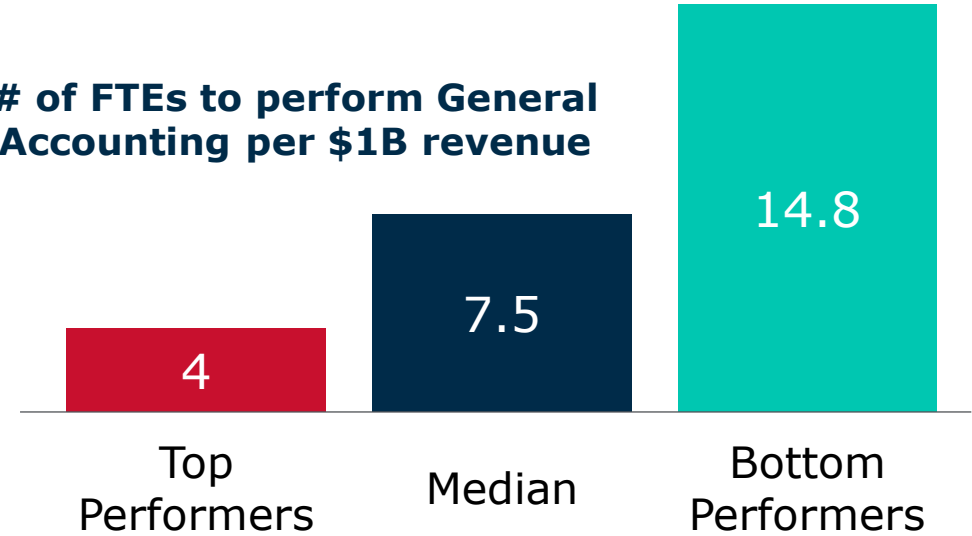


**More Time for  
Analysis & Insights**

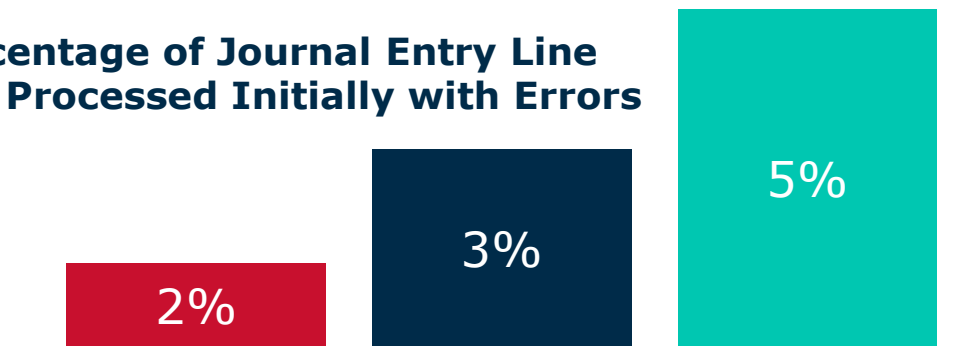
# Cost and Error Reduction Benchmarks

**Inefficient organizations use 3.7x more FTEs to perform the general accounting activities than high performers**

# of FTEs to perform General Accounting per \$1B revenue



Percentage of Journal Entry Line Items Processed Initially with Errors

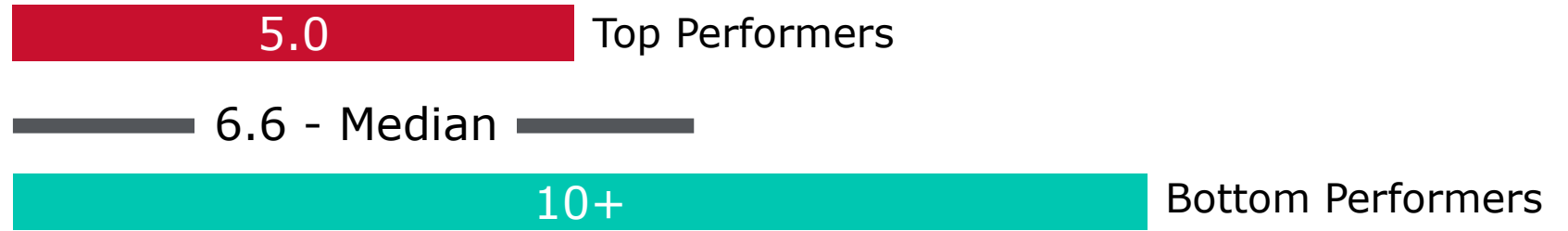


Source: APQC, 2019

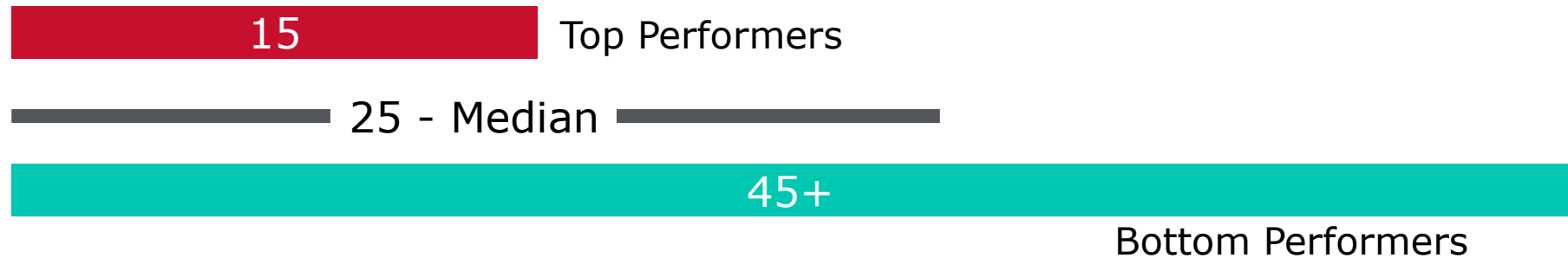


# There's Time to be Saved

Days to Complete Monthly Consolidated Financial Statements



Days to Perform the Annual Close

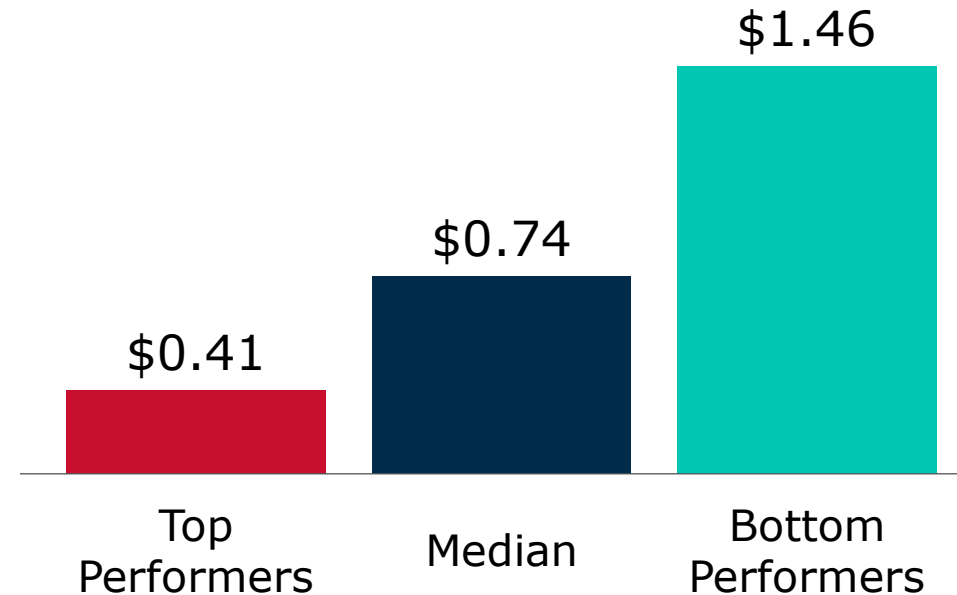


**What could you achieve with 5 “extra” days every month, or 20-30 days at year-end?**

Source: APQC, 2019

**Optimizing Your Close Will Reduce Your Cost Structure**

**Total Cost to Perform "General Accounting" activities per \$1000 Revenue**



Source: APQC, 2019

# Accounting Close Optimization (ACO)



# Benefits of Cloud Financial Close Solutions



### **Now is a GREAT time to consider Finance Transformation...**

- Many organizations have reduced headcount during the pandemic, but the pressures to perform remain high
- The finance and accounting function will continue to face cost pressures
- Executives continue to look to Finance for insight into the business
- Technologies have emerged that are key enablers to facilitate transformation

# THANK YOU!

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**RGP™**



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# Appendix

# Advisory & Project Services



## Finance & Accounting

## Technology & Digital

## Business Transformation

## Risk & Compliance

Functional

### Finance Transformation & RPA

- Shared Service Center Advisory
- Business Process Improvement
- Technology / Automation Enablement
- IT/Finance Roadmaps

### Technical Accounting

- Lease Accounting
- Revenue Recognition
- GAAP Conversions
- SEC Reporting

### Tax & Treasury

### Technology Enablement

- System Implementation
- User Acceptance Testing Strategy
- System Selection
- Data & Analytics
- Customer & User Experience

### Managed Services

- Equity Administration & Accounting
- Lease Accounting as a Service

- Program & Project Management

- Change Management

- Business Agility

- M&A Integration/Divestiture

- Bankruptcy Services

- Supply Chain

- Internal Audit & Compliance

- Internal Control Optimization

- Information Security & Privacy

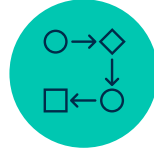
- Risk Management



# How RGP Assists in Finance Transformation



Visioning  
Strategy  
Stakeholder  
Alignment  
Roadmap  
Development



Current State  
Process  
Documentation  
Bottleneck  
Identification  
Future State Process  
Design



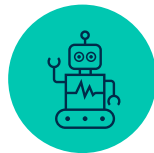
System Selection  
Requirements  
Determination  
Future State Design



System Configuration  
Training / Knowledge  
Transfer  
Testing



Data Management &  
Governance  
Data Readiness  
Analytics



Automation /  
RPA & IPA  
Data Blending  
Workflow



Program & Project  
Management



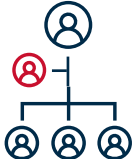
Change Management  
Organization Design  
Training &  
Communications

# An Agile Partner for Transformations



### End to End Project Delivery

Complete ownership of project approach, deliverables, timeline, and resources



### Program & Project Management

Integrating work streams and initiatives, driving program synergies and better organizational collaboration



### Workstream Teams

Driving results while working at the client's direction through burst resources



### SMEs

Subject matter experts who play individual contributor roles within the broader team

# Business Strategy & Transformation: Modernizing for Growth



RGP is a long-term partner in project managing enterprise transformation initiatives to support our client's investments in technology and automation, improved data governance and process optimization. But it's the investment we place in our relationships, our clients, and the people they serve that makes the difference in times of change.

## The Challenge

A multi-billion dollar global insurance and financial services company needed Project Management and Change Management expertise to modernize the way they work across their entire enterprise, with a goal of reducing costs by \$1 billion.

## What We Did

- Closely collaborated with our Client to improve end-to-end processes, making the Finance organization of 3,500 global employees more efficient and effective.
- Partnered in creating the Global Project Management Office (PMO), joining with the newly established Change Management Office (CMO) to manage all program, project and people implications of the overall transformation strategy and execution.
- Developed and deployed the PM roadmap across 10 Transformation Office workstreams, assessed the initial PMO and recommended an improved governance model and through our trusted relationship, we staffed several key PM roles within the PMO.

## Our Impact

- The Transformation program is ongoing, and our Client is realizing key accomplishments across various workstreams, including:
  - Stronger PMO leadership and governance across the 10 workstreams
  - New management reporting, budgeting and projection cloud tools
  - New COEs and reconciliation automation
- Detailed project and business adoption plans were developed by area and region to ensure a smooth transition to the new processes and operating model.



Desiring to achieve greater efficiencies and enhance the value of the finance function, the client engaged RGP to assess its current state to identify opportunities for improvement.

## The Challenge

A leading full service sports and entertainment firm engaged the services of RGP to review finance functions that may have been impacted by their recent sale of assets to another company. The review was conducted to determine what efficiencies could be realized by evaluating their current state organizational structure, processes and technologies.

## What We Did

RGP analyzed and documented the finance functions' current state based on a client customized approach in the following areas:

- Financial Close
- Consolidation and Reporting
- Accounts Payable
- Accounts Receivable
- Time and Expense Capture
- Planning Budgeting and Forecasting (FP&A)
- Contract Set-up
- Billing and invoicing

A Gap Analysis based on leading practices and RGP insight was prepared and presented to senior management and stakeholders, A Roadmap and Implementation Plan was then created for the recommendations to be implemented

## Our Impact

Upon completion of the initial analysis a "Roadmap" was created highlighting a path forward that was based on leading practices associated with organizational structure, processes and technologies. The analysis focused on the finance organizational structure, process activities associated with the finance function, and the technology (e.g., MAS500, Concur & Hyperion).

The client implemented the RGP recommendations, improving efficiencies, reducing processing costs to further enhance the finance functions value proposition.



The client was challenged to shorten the overall financial close process while maintaining and enhancing internal controls. RGP assessed the R2R process and provided the client with the knowledge and tools to “Optimize the Accounting Close.”

## The Challenge

A publicly traded global internet company was experiencing a lengthy Record to Report (R2R) process as compared to their peer-group and in the previous year needed to restate their financial statements. The client was in a “perpetual close process during 10 of the 12 months of the year” and the R2R process was cited by their external auditors as a “material weakness”.

## What We Did

During the current state assessment phase of the project, RGP reviewed all SOX control documentation and observing two live R2R month-end processes. All elements of the R2R workstream (Organization, Process and Technology) were assessed.

RGP identified 81 opportunities for improvement in the Gap Analysis as compared to leading practices and RGP insight, 16 of which were “quick hits.” Included in the analysis was to establish a formal governance and improve communications during the Accounting Close process, updates to the Accounting Policy & Procedures, Further leveraging of the ERP systems automation functionality and revisions to internal controls to improve efficiencies. The client requested RGP to assist with the implementation stage of the project.

## Our Impact

The client realized significant reductions in their non-quarter, quarter and year-end close processes of 10 business days. The client’s audit committee approved RGP’s updated Accounting Policy recommendations reducing staff effort. The corporate and division accounting staff members began working in a more collaborative and team manner to streamline and shorten the close process. Additionally the corporate function was able to realize staffing reductions due to the efficiencies realized.

# Financial Reporting Reconciliation Automation: Putting Robots to Work



To optimize the human workforce, RGP – along with our technical alliance partner – designed and developed an innovative virtual workforce solution to automate thousands of monthly reconciliations across multiple geographies.

## The Challenge

A Fortune 500 global SaaS company needed a solution to automate their monthly account reconciliation process to accelerate their close, increase productivity and improve accuracy.

## What We Did

- Designed a robotic process automation (RPA) solution with a human-first approach.
- Automated reconciliations using a virtual workforce to complete manual and repetitive tasks.
- Identified additional workflows that could be automated, optimized and standardized.
- Let accountants retain control over how and when reconciliations are prepared.

## Our Impact

- Harnessed the power of client collaboration to implement a solution that increased account reconciliation from 50% to 95%.
- Increased capacity for accountants to engage in more valuable analysis work.
- Reduced time to complete month-end reconciliation by reconciling over 4,000 accounts in less than half a day.
- Improved accuracy and positively impacted financial reporting metrics with an adaptable solution.

## Project Management



- Kick-off Engagement
- Determine Process Universe & Improvement Objectives
- Develop Project Plan

- Document Current State
- Identify Opportunities for Improvement

- Design efficient best practices
- Design enhanced controls
- Design organizational structure

- Validate Future State Design
- Train Stakeholders
- Manage Change

- Fine tune Future State
- Install Culture of Monitoring and Improvement

## Change Management

*RGP employs a phased approach to business process design since future phases are dependent on the results of the prior phase.*