Transparency, efficiency, and a modern employee experience in the month-end close process

Now on Now: How we use Finance Close Automation at ServiceNow
Automating month-end close with Finance Close Automation

When ServiceNow’s Accounting team closed the books at the end of each month, the same questions popped up. How can we close faster and more efficiently? Where are we in the close process? How can we lower our audit costs? Why do we have so many status meetings? Why isn’t there a system that will help me track my work? And after each close came the inevitable question: How can we keep our top talent from burning out?

The Accounting team is responsible for providing timely and accurate financial information and ensuring strict compliance with applicable laws. Until recently, the team used an inefficient, manually driven workflow based on emails, spreadsheets, and checklists, which made the month-end close challenging and time-consuming.

The manual process could not scale to keep pace with company growth, forcing the Accounting team to look for a better solution. After considering different options, they decided to develop a finance month-end close application using the Now Platform®. The internally developed solution was so effective in automating month-end close that it was turned into a commercially available application called ServiceNow Finance Close Automation, and then integrated into our newest product, Finance Operations Management.

The application gives the Accounting teams real-time visibility into the close process, process automation via an SAP integration, and integrated risk management to help ensure compliance. In addition, the teams can now collaborate horizontally, which eliminates the silos of the past. It delivers transparency so Accounting knows exactly where it is in the close process at any point in time.

Challenges

Before developing the Finance Close Automation application, ServiceNow Accounting operated under a decentralized model. We had 10 functional groups working in four locations and using seven different systems. Like most large companies, we didn’t have a central place to connect our employees, their work, and the data. Our data resided in three separate document repositories plus our ERP system. We used checklists in Excel and in other applications, and email was our primary workflow tool.
Another big issue was transparency. We didn’t know where we were in the close process at any given time. Our processes were globally inconsistent, both between and within business functions, and we had no visibility into the bottlenecks that were disrupting our processes. Issues were inevitable, especially when tasks were passed from one functional group to the next. Responses often took a full day due to the time zone differences. To get any visibility into the close status, we had to hold regular global status calls, which were time-consuming and caused further delays.

Frustration levels ran high because teams were working in silos: following multiple checklists, using different processes and systems in different locations, and managing data in separate repositories. This led to employee burnout and attrition.

Key considerations
In 2015, Accounting undertook the challenge of developing a month-end close process using digital workflows. To do this, we assessed four key areas:

- **Strategic vision.** Our first step was to determine a vision for the close process that took a fresh look at the way work was being done. We documented our current processes, identified pain points and non-value-added tasks, and reviewed the opportunities for improvement against our vision.

- **People.** We sought a culturally embedded, Accounting-driven solution that would eliminate silos and enable one integrated team. A ‘tiger’ team, composed of a champion from each functional group, helped develop the solution, direct implementation, and drive adoption.

- **Technology.** With a clear vision and the teams on board, we began to look at available technologies. We couldn’t find a third-party tool that would deliver on the scope of our vision. We decided to build on the Now Platform® so we could connect digital workflows across teams and systems, and use the platform’s ability to deliver a modern and intuitive user experience.

- **Change management.** Throughout the development and deployment process, we worked hard to ensure the solution encompassed the feedback of all the teams, especially during the transition. A training program on the new competencies was created to check that any changes were aligned with future processes. Videos played a major role in our training program so that the new process could be shared in a consistent manner as new people joined the team.

Four-phase development process
The Accounting team developed the Finance Close Automation application in four phases over three years while handling their regular work responsibilities. With that approach, the team could provide rigorous reviews and ongoing feedback.

**Phase 1 (2015):** In this phase, we launched the Intelligent Work Management Application on the Now Platform, which placed all the workbooks in one system and added a clear approval workflow for managers. We could now attach supporting documents to tasks so that they were
all in one place and provide an audit trail for Sarbanes Oxley (SOX) compliance. We were able to eliminate email as our primary workflow tool. For the first time, the Accounting teams began working in one system.

**Phase 2** (2016): The next step was integrating with SAP, our ERP system. We began to book our journal entries from the Finance Close Automation application directly into SAP, creating each entry and attaching supporting documents directly in the task. Journal entry validation allowed us to check our entries prior to submitting them for approval and posting them in SAP. We were also able to automate a key internal control by creating segregated roles, which ensured both preparers and managers created and approved the journal entries within their own function.

![Figure 1: Guided journal entry](image)

**Phase 3** (2017): The customizable close portal—the landing page for Accounting to complete their close activities—was launched in this phase. For the first time, we could see the real-time global close status and had visibility into the entire close process. Actionable widgets enabled users to view tasks assigned to them or their team in the portal. They could then drill into the graphic on the widget to view and complete the task without leaving the portal.
Phase 4 (2018): Before Finance Close Automation was released as a ServiceNow product, we deployed it internally. The software included many new features based on feedback we provided to the product development team prior to its release in 2019.

Finance Close Automation: almost a year later

Since July 2018, ServiceNow Accounting has been using Finance Close Automation as its system for the entire close process. Its portal displays tasks, work assignments, supporting documents, task status, as well as other details, based on the user role: executive, manager, and employee. Monthly global workbooks are generated for both internal groups and external auditors. Users have point-and-click access to functional and individual tasks and approvals.

The application’s planning console allows the team to view a Gantt chart, which shows the workbooks of each functional team for the period. From there, we can drill into the workbook to see the team’s tasks and create dependencies within that workbook or the workbook of other functional teams.
Managers can view the status of each employee’s work by status or by type—outstanding, overdue, due today, and journal entry support. They can create ad-hoc follow-up tasks for team members, which are published to both the employee’s task list and the manager’s approved task list. We also have an area for our external auditors to create their own workbooks for our quarterly reviews and annual audits. By collecting information through the portal, we increase efficiency.
Greater efficiency and productivity

In the first year since we deployed Finance Close Automation, we’ve seen several measurable benefits including:

- More than 6,800 hours saved annually, translating to savings of $742,000
- 13% increase in month-end close efficiency
- Shift of 3.7 full-time employees from performing manual tasks to other value-added activities
- One day reduction in the close process

Best of all, we spend less time on manual, redundant tasks and more time on activities that add value, contract evaluation, and account analysis. This has had a noticeable impact on employee morale, with many team members professing greater job satisfaction and less attrition. Our month-end close process is now standardized across the globe, eliminating late-night status calls and offering a shorter learning curve for new employees. The Accounting team now has the tool it needs to consistently and effectively manage the month-end close process.

ServiceNow

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