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THE **FUTURE OF ACCOUNTING** IS NOW

Workflows enhanced by automation improve the close for the finance team
and all involved



INTRODUCTION

Standard accounting functions need to run flawlessly in any organization, but the Chief Accounting Officer (CAO)/Controller faces some technical and cultural hurdles when it comes to ensuring that complex accounting regulations are followed amid pressure to close the books faster with fewer resources.

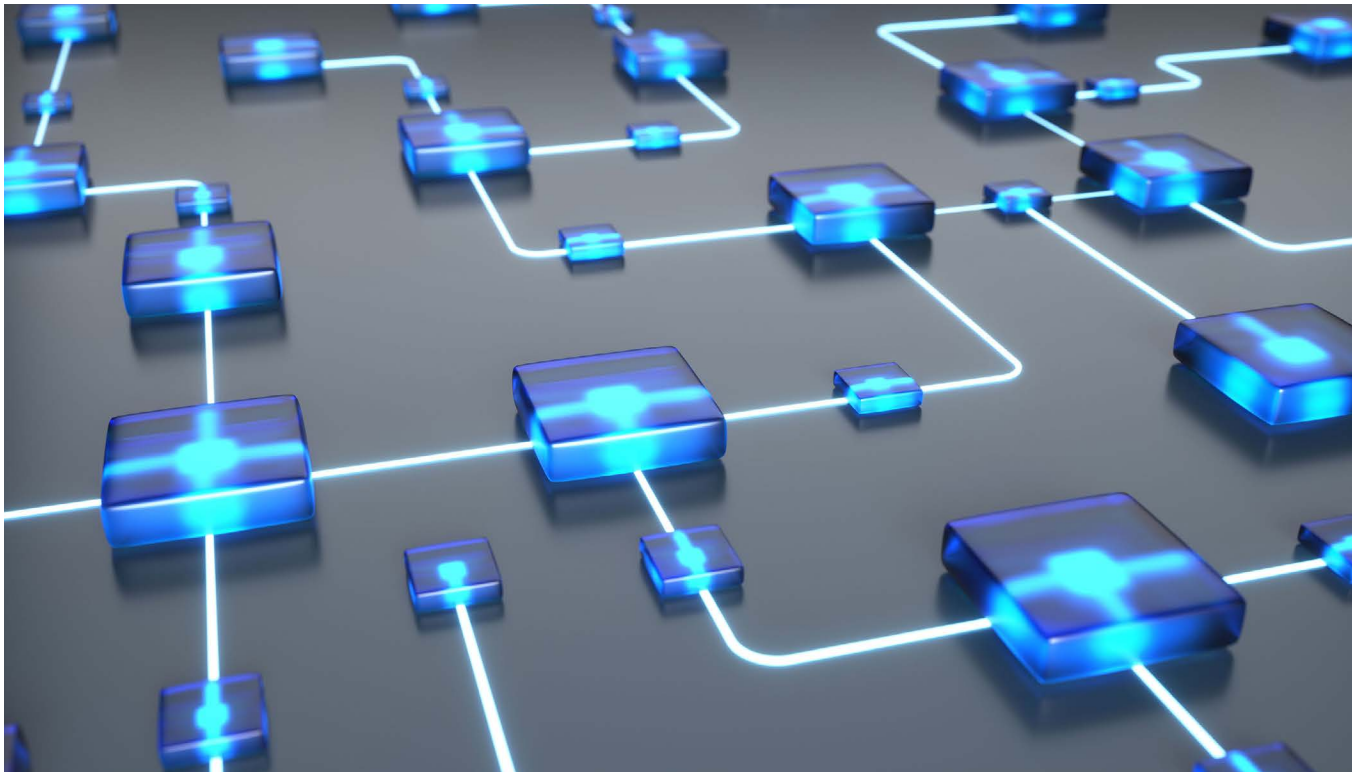
As finance leaders weigh their options for achieving a less painful close, they increasingly rely on automation such as advances in the cloud and artificial intelligence (AI) to improve their work lives as well as offer a better experience for employees and partners. Siloed spreadsheets, endless email chains, and manual processes no longer get the job done.



While automation is intended to improve efficiency, “technology sprawl” has caused workflows to become difficult to manage. There is a lack of cohesive strategies to connect work, processes, and people to maximize finance efficiencies.

Over the past two years, the financial close market has shifted from mature on-premises offerings to cloud solutions, according to Gartner. This is a result of finance application leaders seeking improvements in financial close capabilities, enhanced cost control/efficiencies, greater application flexibility, and shorter time to value.

This eBook will look at some of the challenges of addressing the future of accounting, along with benefits and best practices.



RISK AND A UNIFIED PROCESS FLOW AMONG THE CHALLENGES

The responsibilities of the CAO/Controller are centered around risk mitigation, but outdated processes and a lack of automation hamper the ability to manage risk. “The processes that are fraught with risk given their manual nature and dependence on legacy applications such as Excel and Outlook,” said Amir Jafari, Vice President and General Manager of the Finance Business Unit for ServiceNow™.



Another critical issue: Most organizations lack a unified process flow that manages all the necessary tasks holistically across finance teams. Instead, they tend to manage workflows separately based on the unique needs of each finance function. In addition, workflows that are managed off-line in various disconnected desktop solutions make it difficult to accurately assess the current situation.

The fact that many organizations rely on antiquated reporting systems and processes compounds the challenge. Often, the finance team ends up pulling data from one system, reformatting and putting it into another system to provide a patched single source of the truth. “We need real-time integrations that will allow data to be shared across platforms. In return, this will allow systems to provide intelligent analytics and predictive outcomes,” according to Jafari.

In a related challenge, the close involves number of areas — accounting, audit, tax, FP&A, and others — each with their own set of tools and processes. Getting those to work in concert to provide a unified and reliable source of information takes a lot of manual coordination, adjustments, and rekeying.

The close is also complex, encompassing hundreds or even thousands of different tasks, many of which are interrelated and dependent on completion of one before moving on to the next step. A delay in one segment of a protracted and linear process negatively impacts the entire cycle. The result is a risk of missing the close or presenting inaccurate information.

Lastly, the move to modernize accounting faces cultural hurdles as finance transitions to systems and workflows that automate many routine tasks. The staff may be resistant to these changes for fear of artificial intelligence and robotic process automation will take over their jobs. But in reality, it frees them to focus on more value-added activities to move the business forward.

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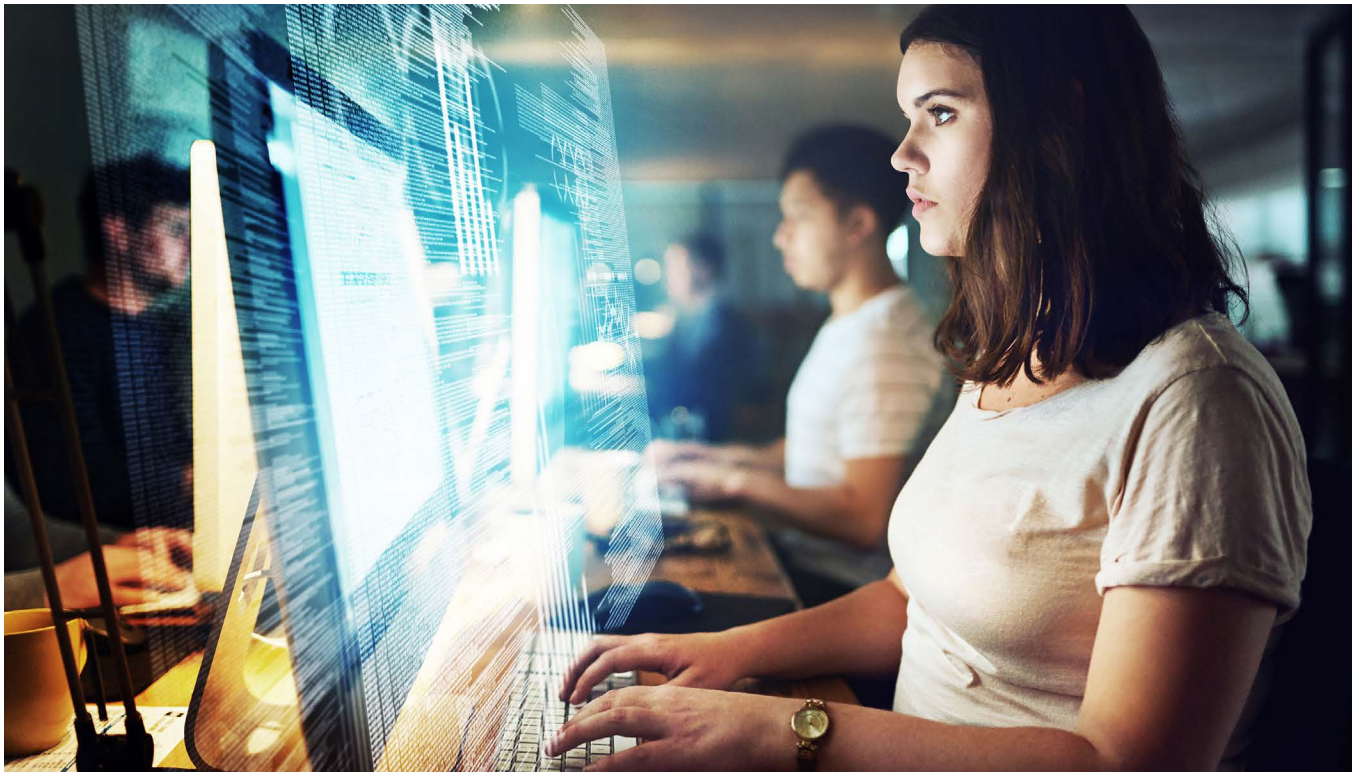
— Amir Jafari,
Vice President and
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BENEFITS: MITIGATE RISK, IMPROVE EFFICIENCY

The CAO/Controller is focused on mitigating risk and maximizing resources. Here are some key improvements that finance professionals can expect by automating some of the routine accounting tasks.

Automation helps to manage risk. If the close doesn't happen on time and accurately, there are severe consequences in terms of compliance, reputation and a poor experience for employees and customers/partners. The best way to manage risk is by deploying automation as a first line of defense to flag anomalies that can impact reporting.



According to APQC's Internal Controls survey, organizations with the highest levels of automation when it comes to their internal controls, half or more of the primary controls are automated. In organizations at the other end of the spectrum, just 11% or fewer primary controls have been automated. At the median are the organizations that have automated about 19% of their primary controls, leaving more than 80% of primary controls to be processed manually.

Improved efficiency and productivity. Some key metrics that can get a boost from automation include a reduction in time needed to close and fewer full-time employees devoted to the process. When fewer days are devoted to the month-end close, more days can be spent providing finance expertise to organizational initiatives and decisions. APQC's General Accounting Open Standards Benchmarking survey reports that the bottom 25% of respondents need 10 or more calendar days to perform the monthly close process. The top 25% can wrap up a monthly close in just 4.8 days or less — about half the time of the bottom 25%.

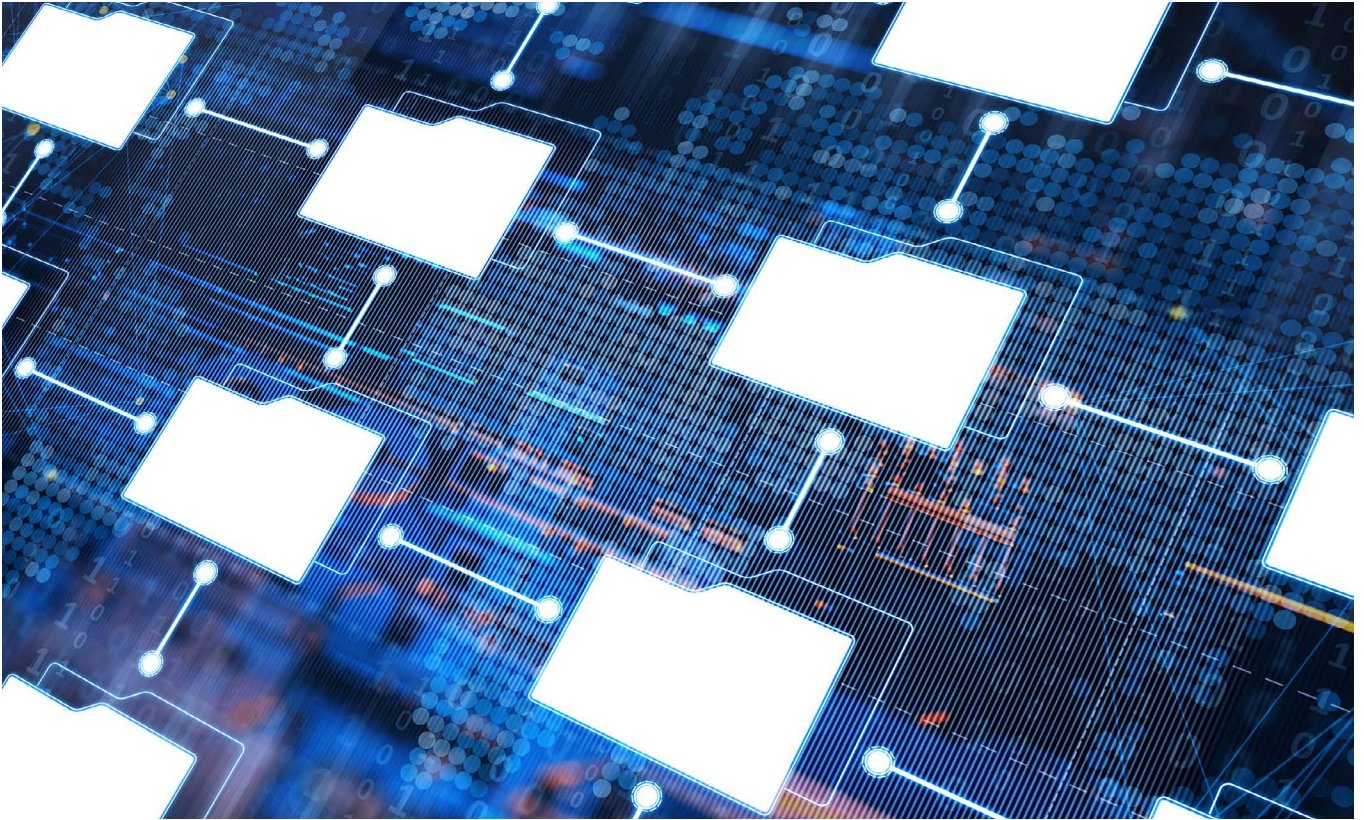
Work is automatically routed when the preceding task gets completed, making the process more predictable and measurable. There is no waiting for someone to move the process along or a delay because the person



responsible for moving things to the next stage is out of the office or the task is stuck in their inbox.

Automation enhances the ability to run business processes with maximum visibility and minimal intervention. The finance team can handle exceptions and focus on value-added activities — including forecasting and decision support, planning future projects with department heads, and improving finance reporting and communications — instead of stepping away from your assigned tasks just to check on the progress of the close.

The opportunity to measure outcomes and devise a strategy to better leverage the resources you have versus guessing and trial and error. When there is confidence in the finance operations process, business leaders are more likely to rely on the numbers for strategic decision-making.



BEST PRACTICES TO PREPARE FOR THE FUTURE OF ACCOUNTING

As CAOs/Controllers become increasingly focused on organizational health, they need to leverage automation to drive efficiencies rather than moving the same work to a less expensive location. But that change can be challenging to manage without a clear objective.

As finance professionals look to the future, the most important questions should revolve around “why.” Why are our processes unchanged? Why



don't we have a mobile experience? Why aren't our systems integrated?

When it comes to change management, it is imperative to identify the voids in terms of people, processes and technology. "What we have to today are a number of point solutions — niche applications that solve a problem — and the employee and their work are often ignored," said ServiceNow's Jafari.

Driving adoption is critical to successful change management, and the burden of investing in user-friendly solutions lies as much with the finance team it does with the enterprise. Providers such as ServiceNow are committed to offering solutions that foster maximum adoption out of the box.

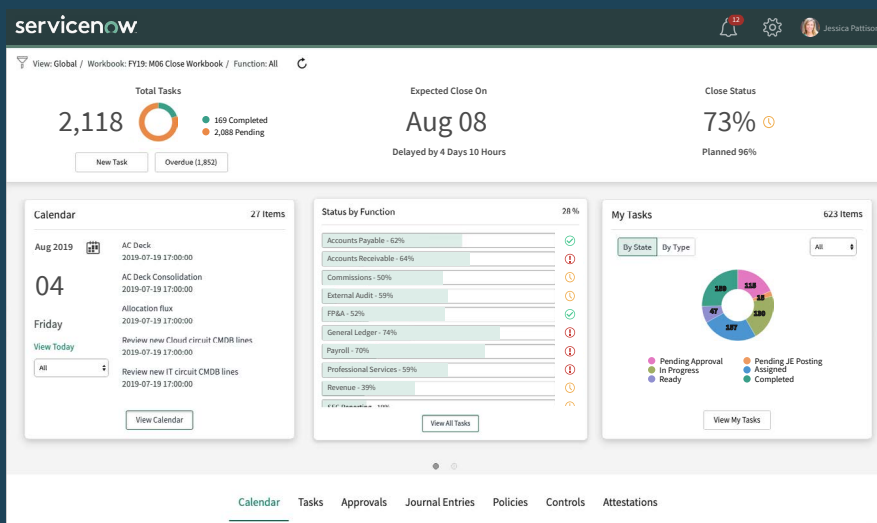
Change is driven from the top, and it is important for the C-suite to fully support the move toward the future of accounting. Without their backing, it is likely to fail as it will not be seen as a priority. "Luckily, the C-suite is already getting ready, and transformation has never been a bigger topic and focus area," Jafari said.

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By using intelligent task orchestration, **ServiceNow Finance Close Automation** delivers a centralized workspace for finance teams to manage all activities related to the close process—accelerating it, reducing risk, and increasing team satisfaction.

- ▶ Decreasing accounting errors by 15-20%
- ▶ Increasing team productivity by 3-5%
- ▶ Reducing time to close and report by 2-4 days



Above: An accounting executive's close management portal for real-time visibility.

Transitioning to the future of accounting requires flexibility to adjust plans as the project moves forward. “As you do with everything else in life, you don’t throw away all of the work,” Jafari said. “You acknowledge that a system may have failed but the goals of each enterprise that are tied to transparency, risk and automation should be reinvigorated.”

Lastly, measuring success should be a continual function as the transition advances. How do you measure success? It is important to evaluate tangible value to the employees along with a simplified process that yield financial leverage, reduced risk and operational excellence.



CONCLUSION

The CAO/Controller is not just the captain of the ship but the admiral of the fleet that involves the cross collaboration between accounting and several other key functions.

The future will undoubtedly be very different as we free up time and allow people, teams and organizations to work on strategic/ value-added work when tedious and redundant tasks are performed automatically. Mobile capabilities coupled with transparency allow for a true continuous close.

All accounting professionals strive for a world without the peaks and valleys tied to month-end and quarter-end. Automation enables the finance team to achieve a faster — and maybe even real-time — close.

With the proper people, processes, and strategy in place, the future of accounting is an ambitious but ultimately achievable goal for any organization.

Key takeaways:

- » CAOs/Controllers need to ensure an efficient and accurate close, but the process is hampered by siloed and manual systems and processes.
- » The benefits of automation are clear, including smoother workflows, greater efficiencies, and an improved ability to mitigate risk.
- » Managing the transition to the future of accounting is easier when systems are designed to encourage adoption from the beginning.

ABOUT THE SPONSOR

ServiceNow (NYSE: NOW) is the fastest-growing enterprise cloud software company in the world above \$1 billion. Founded in 2004 with the goal of making work easier for people, ServiceNow is making the world of work, work better for people. Our cloud-based platform and solutions deliver digital workflows that create great experiences and unlock productivity to approximately 5,400 enterprise customers worldwide, including almost 75% of the Fortune 500.

For more information on ServiceNow Finance Operations Management, visit www.servicenow.com/fom.

