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in Business

BUILDING FINANCIAL REPORTING RESILIENCE THROUGH CLOUD-BASED COLLABORATIVE SOLUTIONS

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EXECUTIVE **SUMMARY**

The business buzzword "transformation" is everywhere. Technology is transforming economies, markets, and individual companies. Yet many companies, even large, global organizations, have demonstrated some reluctance to move to new, sophisticated systems for financial reporting, particularly around judgment areas, control documentation, and producing the actual reports.

For decades, companies have invested in powerful and secure accounting systems, such as SAP and Oracle, that gather and verify transactional information, summarize it automatically into journal entries, and produce ledgers. The last steps of creating financial reports such as assembling information from different ledgers, comparing it to economic data and trends, interpreting and applying regulations and standards, and bringing management oversight to the processes, however, have largely remained subject to patchwork systems that rely on costly cut-and-paste spreadsheets and email. Although new solutions such as cloud-based reporting platforms have been developed, many companies have considered these systems a lower priority than the technology needs of other business functions.

The arrival of the COVID-19 pandemic in late 2019 to early 2020 coincided with closing the books on 2019 and producing external reports. For most, this meant working remotely and using the technology already in place. Reports indicate that financial reporting teams were generally able to meet their responsibilities even under pandemic conditions with the tools they had at hand. Yet completing the financial reporting process amid pandemic conditions has brought new attention to technology-based solutions for the final steps of preparing and issuing reports.

IMA® (Institute of Management Accountants) conducted an online survey, seeking responses of financial statement preparers. Through the responses of 275 professionals, we evaluated their appetite for moving toward technology-based solutions.

Before the pandemic, corporate organizations placed a fairly low priority on technology-based financial reporting solutions compared to other areas. Only half of our survey respondents viewed their respective companies as ahead of their competition with respect to their utilization of accounting solutions (see Table 1), and two-thirds indicated that they were behind other internal teams in the competition for resources (see Table 2).

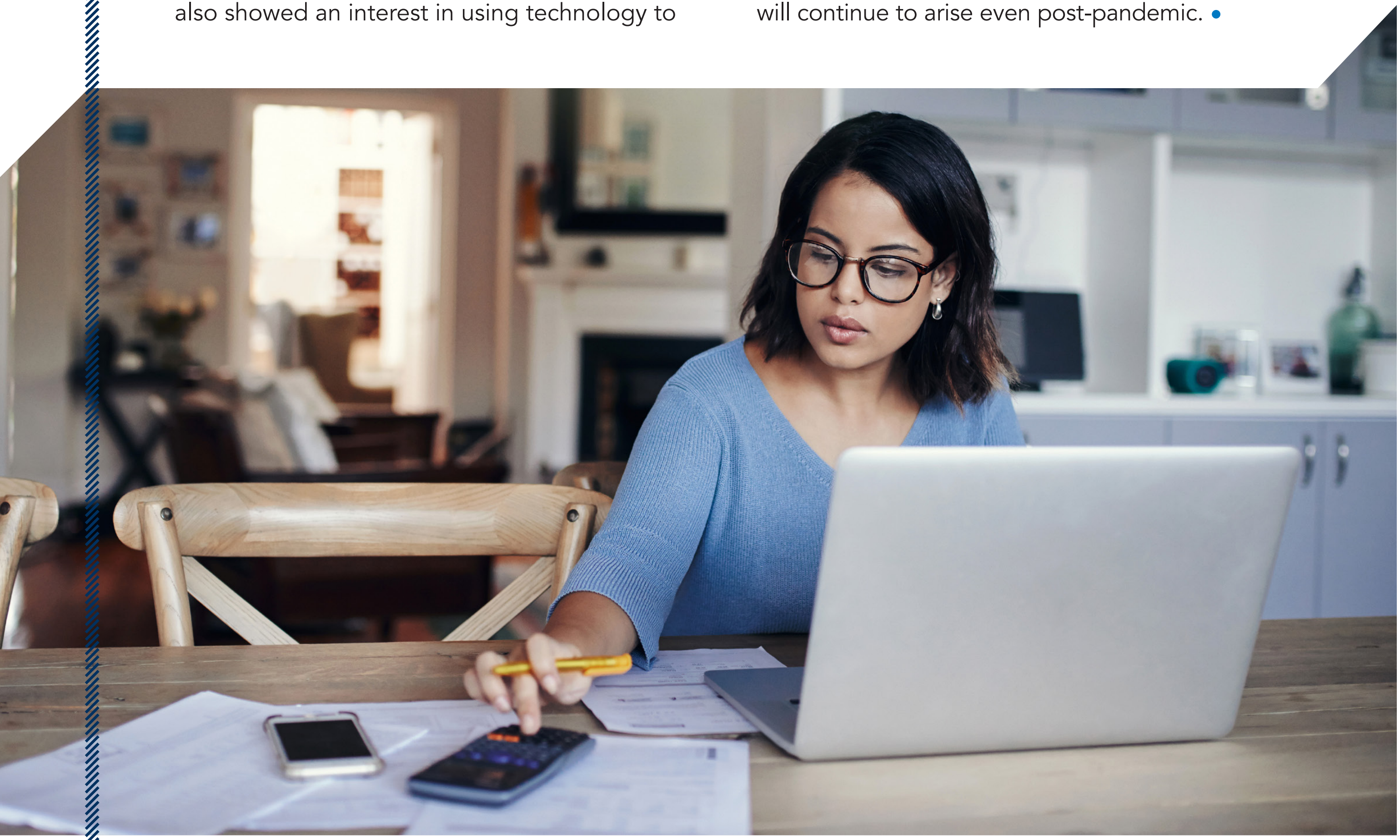
The majority of respondents have not changed their prioritization or budgets for technology-based corporate reporting solutions for 2021 and into the post-pandemic period. A notable portion (about one in four; see Figure 1), however, expects a significant or moderate budget increase and a greater priority on corporate reporting than the pre-pandemic period. Most of this appears to reflect an interest in cloud-based solutions.

For only a few reporting activities, more respondents expressed interest in a technology-based solution than those who found the status quo adequate. Slightly more respondents would prefer technology-based solutions around control ownership and succession in a single cloud-based governance platform than those who find the status quo adequate. In addition, slightly more would seek a solution around assessing revenue expectations.

Although more respondents viewed the status quo adequate, a significant portion (around 30%) expressed interest in a technology-based solution for various activities around the documenting of management review processes and judgment areas.

For most questions, respondents from private entities, single-jurisdiction public companies, and multinationals did not express significant interest in considering new corporate reporting solutions. Some differences were notable. For example, respondents from private companies expressed more interest than their public counterparts in solutions for two items: (1) accounting processes that require estimates and (2) sorting data for other types of government reporting, such as for the Paycheck Protection Program. This group also showed an interest in using technology to (1) assign responsibilities for internal controls over financial reporting and (2) reassessing materiality in changing circumstances.

Investment in technology-based solutions can free up experienced and talented members of financial reporting teams by eliminating repetitive cut-and-paste spreadsheet building and review by back-and-forth emails. A secure and effective system can preserve documentation of compliance around the most sensitive decision making that leads to the release of financial information to regulators and the market. Further, technology can allow a corporate accounting and reporting team to work collaboratively on overlapping financial reporting, management reporting, statutory reporting, regulatory filings, and enterprise risk activities. Working together to assess needs and implement solutions can enable agile performance as remote collaboration continues into the future. Identifying priorities around data and processes can enhance responsiveness to the fast-changing conditions that will continue to arise even post-pandemic. •



Background

The COVID-19 pandemic brought new attention to the processes that deliver accounting information from corporate entities to external users. Although many members of corporate reporting teams have anticipated or even planned for enhanced technology-based processes, responding to the challenges of the pandemic has moved such considerations from general propositions to a matter that requires more immediate consideration.[1]

Overall, the pandemic has heightened the focus on resilience within the reporting ecosystem. This movement reflects a reassessment of the usefulness of technology-based solutions to support professional expertise. Corporate reporting practitioners are looking at the following aspects of their activities:

- Accelerating the use of cloud-based solutions.
- Prioritizing employee welfare.
- Rethinking the application of regulations and standards around going concern.
- Assessing liquidity with a "zero-based" budgeting mind-set.
- Evaluating market trends to develop estimates for management and external reporting.
- Operating in a virtual workspace.
- Conceptualizing and operationalizing innovation and resilience.
- Bringing agility to the finance operations.

The circumstances are bringing to the forefront a reconsideration of the processes around closing the books and delivering external financial reporting. The conditions are also bringing new attention to budgets for technology-based solutions, as virtual teamwork will likely continue as a new normal after the pandemic ends.

At the same time, many financial reporting teams are working with dated technology that leaves them less agile in responding to constantly changing regulations, standards, and economic conditions. This can be particularly burdensome to global entities that must report in accordance with the requirements in multiple jurisdictions. For example, some subsidiaries of an organization may apply U.S. Generally Accepted Accounting Principles and file with the U.S. Securities & Exchange Commission (SEC), whereas other subsidiaries, such as those in Canada, the United Kingdom, and Japan, follow national versions of International Financial Reporting Standards.

Investment in technology-based solutions can free up experienced and talented members of financial reporting teams by eliminating repetitive cut-and-paste spreadsheet building and review by back-and-forth emails.

Most companies have large, secure, powerful, interconnected systems, such as those built by Oracle and SAP, to capture transactional data that feed into their accounting process. Some systems, such as Salesforce, ADP, and Workday, target specialized areas. These systems can hold the organization's chart of accounts and ledger systems. Sophisticated controls secure largely structured data streams that reach into critical aspects of a business, such as customer orders and fulfillment, procurement, warehousing, facilities,

[1]Although there are technical differences, this report uses the terms "corporate accounting," "corporate reporting," and "financial reporting" interchangeably unless otherwise noted. See the "Limitations" section.

and human resources, and produce largely structured reports.

At many companies, however, the last steps to produce the actual external reports require pulling data from a hodgepodge of different information sources. Even today, many companies maintain multiple, disconnected systems or an array of spreadsheets to collect, analyze, and interpret the source information and produce reports in accordance with reporting regulations and standards. Report writing becomes a cut-and-paste exercise of moving data from one spreadsheet to another, downloading economic data or forward-looking assessments, and emailing around for the appropriate-level approval and sign-off. Yet efficient and elegant cloud-based solutions are available to streamline these last steps in external reporting.

Implementing the right processes can help financial reporting teams meet departmental objectives toward greater operational resilience. The options under consideration are planning virtual workspace and workflow, moving toward cloud-based data and systems, and providing greater support to customers and employees. The question becomes whether the pandemic has revealed or accelerated actual or planned movement toward greater adoption of these solutions.

The pandemic reveals financial reporting challenges with the potential for technology-based solutions that can be categorized into three areas:

- Processing information that relies, at least in part, on expectations and future conditions,
- Implementing internal controls and oversight procedures, and
- Documenting management review and judgment areas.

Forward-looking assessments: Today's financial statements are based, in significant part, on expectations and estimates of future conditions.[2] Forward-looking assessments affect how companies report a broad range of items, such as receivables, loans, investment securities, inventory, fixed assets, and intangibles. Forward-looking assessments affect how a reporting company determines whether certain items reported are temporary or result from long-term trends.

COVID-19 hit world economies in 2020 as corporate teams were preparing year-end financial

[2]Shari Littan, "Financial Reporting during the Pandemic," *Strategic Finance*, October 2020, sfmagazine.com/post-entry/october-2020-financial-reporting-during-the-pandemic.

statements and gearing up for first-quarter closing processes. There was a sudden need to reassess assumptions and models. Practitioners could not rely on history to provide adequate comparisons. The nearest historical comparison, the 2008-2009 financial crisis, was driven by the mortgage market collapse and the structuring of financial instruments, fundamentally different circumstances than the current pandemic. Financial statement preparers had to rethink all of their prior assumptions and build new models to comply with the guidelines for various reported items. The pandemic represents a new era of unprecedented, fast-changing conditions. Responding quickly reveals and accelerates the need to modernize accounting software that can accumulate data from new sources and prepare new types of analyses for the first time. In short, reporting teams needed to reconsider all of the assumptions and processes built into long-used spreadsheets. Financial reporting professionals need agility and the right balance of tools for the uncertainties of disruptive crises.

Internal control and oversight: As the pandemic conditions accelerated virtual collaboration for accounting teams, it brought new attention to how to plan and execute controls over financial reporting. Although the powerful transaction systems have significant, automated control features, the processes around the last steps—gathering data from different streams and spreadsheets—lack the same level of inherent, automatic oversight systems. Remote work points to consideration of whether cloud-based platform systems can help teams assign and monitor oversight over these last steps in delivering external reports in a more efficient way than the current patchwork of documentation.

Documentation of management review and judgment areas: Overlapping the area of controls is the execution of governance oversight and review of high-level areas that require interpretation and judgment. This process needs to be documented, and the documentation needs to be preserved. As teams work remotely, however, these procedures, and the supporting documentation of their execution, may be accomplished more efficiently with cloud-based platform solutions rather than emails and storage in individuals' computer files.

> The pandemic conditions made reliance on historical trends a fairly unsound basis for [revenue] assessment, particularly when they first hit.

Recent complaints to the SEC's Office of the Whistleblower reveal that despite reports of corporate reporting teams successfully meeting the moment and closing the books during pandemic conditions, employees may be somewhat uncomfortable with the processes that they are observing.[3]

Whether or not this avalanche of referrals ultimately proves meritorious or unfounded, the ability to preserve documentation of how a reporting entity accomplished its reporting activities and concluded on judgment areas warrants secure and efficient systems of preservation and retrieval.

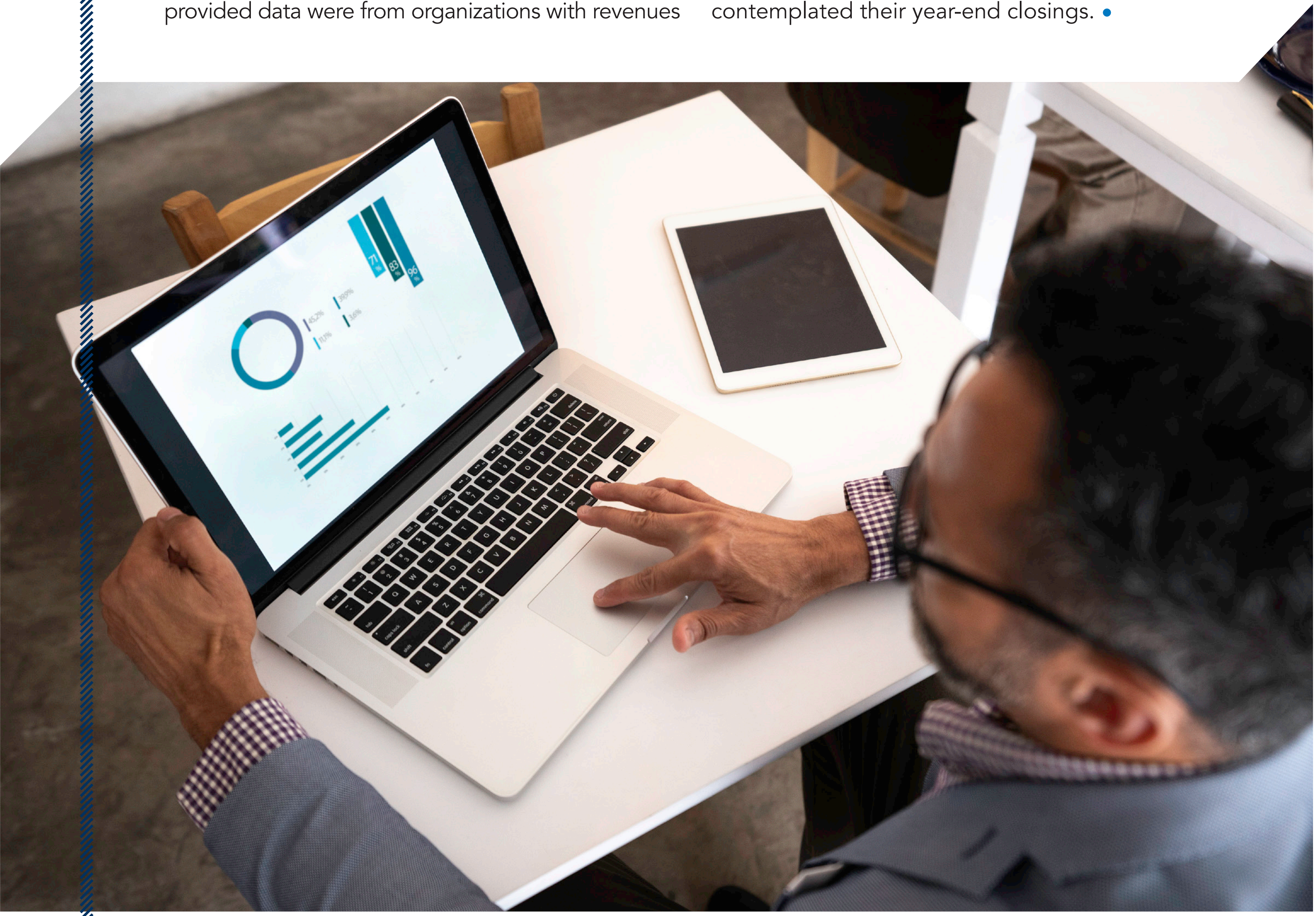
Reconsidering the patchwork in favor of the right solutions may allow for quicker access to the right data, analytics, and control over these sophisticated assessments. This can free up financial reporting professionals from the mundane tasks of accumulating data and allow them to apply their expertise—bringing insightful analysis for decision making as the pace of changing conditions accelerates. •

[3]See Matt Robinson and Benjamin Bain, "Whistle-Blowing Soars to Record With Americans Working from Home," Bloomberg, January 12, 2021, www.bloomberg.com/news/articles/2021-01-12/whistle-blowing-soars-to-record-with-americans-working-from-home.

Our **Study**

Aiming for responses from professionals on corporate financial reporting teams (preparers), we conducted an online survey of 275 financial reporting professionals. Based on self-reported data, these respondents represented companies of a range of sizes based on both head count and revenue. About an equal number came from organizations with up to 1,000 employees and those with 1,001 or more. Similarly, about 40% came from privately held companies, and 40% came from publicly held companies. Of these public companies, two-thirds report to multiple jurisdictions; the remaining one-third are single-jurisdiction reporters. Just over 46% of those who provided data were from organizations with revenues below $500 million, and 54% had revenues greater than $500 million. Although not intended to be a quantified representative sample of corporate organizations, the respondents reflect a range of perspectives. Our respondents were geographically less diverse. More than 60% represented accounting headquarters in North America. Representation from the Middle East (15%), Southeast Asia (11%), and Europe and the United Kingdom (both 10%) follow. Other jurisdictions include China, India, and Central America.

We conducted this survey during November 2020, two full accounting quarters into COVID-19 conditions and as financial reporting preparers contemplated their year-end closings. •



Findings

1. Corporate reporting solutions: planning and budgeting for 2021

Before the pandemic, corporate organizations placed a fairly low priority on technology-based financial reporting solutions.

A little over half (54%) of survey respondents viewed their companies, pre-pandemic, as ahead (40%) or considerably ahead (14%) of competitors in adopting new solutions for financial reporting (see Table 1). The rest viewed themselves as behind (36%) or considerably behind (10%) competitors.

TABLE 1: ABOUT HALF OF RESPONDENTS VIEWED THEIR DEPARTMENTS AS KEEPING PACE WITH COMPETITORS IN ADOPTING CORPORATE REPORTING SOLUTIONS.

Considerably ahead: We prioritized new solutions for efficiency and as a means to stay ahead of our competitors.	14%
Ahead: While we may have avoided being first to adopt new solutions, we acquired and implemented solutions as needed.	40%
TOTAL	**54%**
Behind: We seemed to be slower than other companies in adopting new solutions. We got by, but we could have worked better with new solutions.	36%
Considerably behind: We generally put off modernizing systems even if we knew they were out of date and better systems were available.	10%
TOTAL	**46%**

Nevertheless, these respondents had considerable internal competition—and losing out to other groups—for resources to upgrade or modernize their processes. The responses of two-thirds of respondents suggest a perception that their organization prioritized other organizational functions' needs for new technology over the needs of the accounting function (see Table 2).

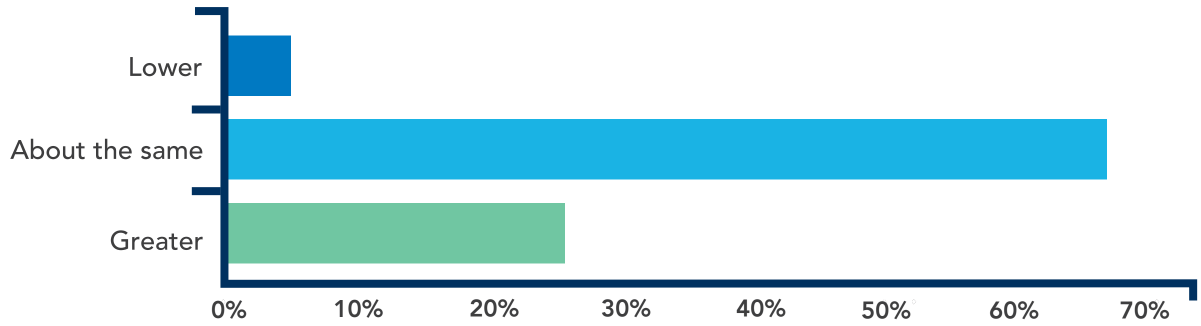
TABLE 2: COMPANIES HAVE GIVEN TECHNOLOGY SOLUTIONS FOR CORPORATE ACCOUNTING LOWER PRIORITY THAN FOR OTHER FUNCTIONS.

Always prioritized corporate accounting	14%
Frequently prioritized corporate accounting	20%
TOTAL	**34%**
Sometimes prioritized corporate accounting	49%
Never prioritized corporate accounting	16%
TOTAL	**65%**

Although the majority of respondents have not changed their prioritization or budgets for technology-based corporate reporting solutions, a portion expects increased budgets into the post-pandemic period.

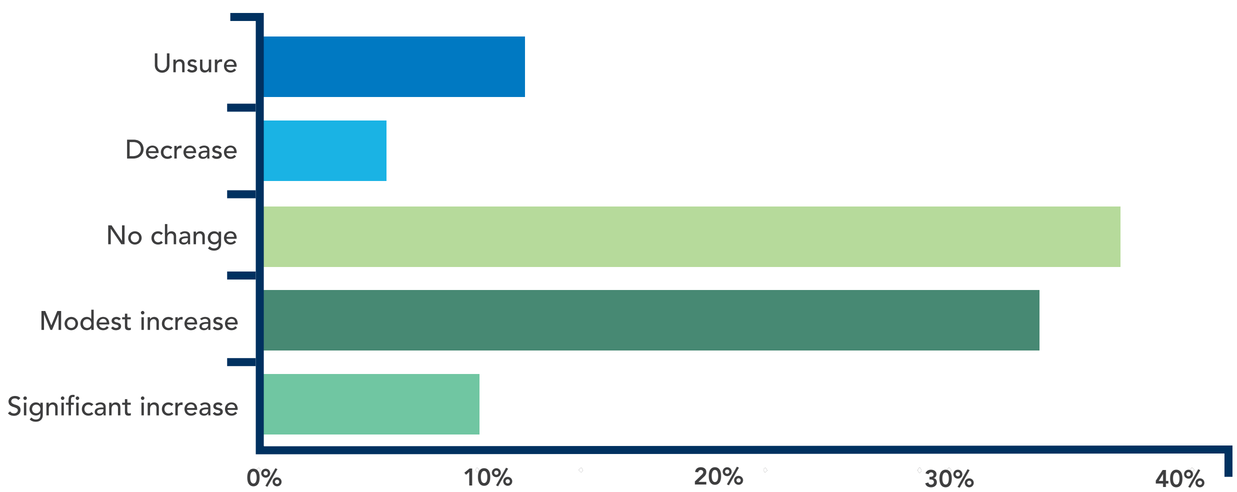
Although it is reasonable to expect companies to respond to needs for agility in delivering quality, decision-critical information during conditions like a pandemic, nearly 70% of survey respondents said that their companies were giving technology-based solutions for financial reporting the same priority as pre-pandemic (see Figure 1). About 25%, however, expected an increase.

FIGURE 1: ABOUT ONE-QUARTER OF SURVEY RESPONDENTS EXPECTED INCREASED PRIORITIZATION OF NEW CORPORATE ACCOUNTING SOLUTIONS FOR THE POST-PANDEMIC PERIOD.



Responses regarding expected budget changes for technology-based solutions to support corporate reporting yielded similar results. Nearly 40% of survey respondents expected no change in the coming year, but a portion expected either significant (10%) or modest (34%) increases (see Figure 2).

FIGURE 2: SURVEY RESPONDENTS INDICATED INCREASED BUDGETS FOR CORPORATE REPORTING SOLUTIONS IN 2021.



The responses suggest that although prioritization has not changed due to the pandemic (68%), a good number of companies are anticipating increased funding for technology-based solutions for the accounting function. This suggests that companies may be moving ahead or slightly accelerating their acquisition of new technology for corporate reporting into the post-pandemic period.

Digging deeper, respondents were asked, more specifically, whether these plans included movement toward cloud-based platforms to create digital, collaborative workspaces for corporate reporting teams. Table 3 compares expectations for all types of technology-based solutions vs. cloud-based platforms.

TABLE 3: RESPONDENTS EXPECTED TO LOOK INTO CLOUD-BASED PLATFORMS OVER OTHER TYPES OF TECHNOLOGY.

	Technology	Cloud-Based Platforms
Significant budget increase	13%	10%
Modest budget increase	39%	34%
No additional funding	30%	38%
Budget decrease	2%	6%
Not sure/Do not know	16%	12%

The comparison suggests that a good portion, but not all, of respondents' planned new technology for corporate reporting is for cloud-based collaborative platforms.

2. Financial reporting solutions for estimates, controls, and judgment areas

The remainder of the study addressed the areas for which respondents may be seeking technology-based solutions for corporate accounting activities (see the appendix). Based on anecdotal information, we found that the most challenging areas around financial accounting and reporting during pandemic circumstances fell into three general categories: (1) processes and analyses either based on estimates of uncertain or future conditions or that required novel data gathering and formatting; (2) maintaining and executing controls over financial reporting; and (3) documenting governance review of judgment areas. Remote work, we heard, was making these aspects of the process more challenging and potentially fruitful areas for software. We assumed that in reflecting on how their teams accomplished or had challenges with specific activities, respondents would indicate the areas for which a software solution would be most helpful not only for the remainder of pandemic conditions into 2021 but also on a "new normal," more permanent basis.

Most financial reporting teams accomplished their reporting objectives during the COVID-19 pandemic with existing technology.

For each of the three major categories, responses revealed a significant number of practitioners, between 20% and 50%, who agreed that they got relevant tasks accomplished, even under pandemic conditions, with existing technology (see the appendix).

Over the status quo, respondents expressed interest in technology-based solutions around revenue expectations, control succession, and collaborative, cloud-based governance systems.

Actions for which more respondents want a solution over the status quo
> Accessing data and metrics to understand customer trends/revenue expectations (35%)
> Building long-term process and corporate governance resilience by connecting business owners, financial reporting, and internal controls in a unified digital workspace in the cloud (36%)
> Creating a succession plan for control owners (31%)

Looking more closely at the data, the number of practitioners who indicated a need for technology-based solutions equaled or exceeded the number of practitioners who found existing systems adequate for the following three items:

• **Accessing data and metrics on customer trends and revenue expectations.** The onset of the pandemic coincided with the mandatory transition by public companies in the United States to a new standard for reporting credit losses, known by the acronym CECL (current expected credit losses). CECL requires a reporting entity to record credit losses on financial assets based not only on historical data but also on forward-looking assessments, which requires good economic data. Yet the pandemic conditions made reliance on historical trends a fairly unsound basis for assessment, particularly when they first hit. Later in the year, practitioners were able to identify the sources of potential credit risk, but a lot of uncertainty remained around timing: when somewhat normal conditions would return.

• **Building governance and controls through a collaborative, cloud-based platform.** More respondents expressed interest in a single accessible platform that monitors access and controls for accumulating data streams in a single space than those who indicated satisfaction with the status quo. A platform with the described parameters allows for collaboration between information owners, that is, operational units such as human resources, facilities, and corporate accounting teams that need to deliver this information, as verified, into external reporting.

• **Creating a succession plan for control owners.** Accounting and other corporate professionals who contribute to the system of data oversight are responding to fluctuating conditions—where and when they work. This has revealed a need to reconsider assigned responsibilities and identify who can step in if a particular person who is assigned to specific oversight tasks is unavailable due to illness, family emergencies, or the need to focus on other more pressing tasks. Assignments over critical areas need succession plans to promote agility. Using technology-based platforms can enable this planning and executing a change in the personnel assigned to oversight as the need arises.

A significant portion of our survey respondents (30% or more) expressed interest in other technology-based solutions for financial reporting, particularly around the documentation of management review processes.

Overall, the most interest in technology-based solutions addressed documentation of the management review process and judgment areas. Each proposed action item in this category received interest by about 30% of survey respondents.

Management review and judgment areas for which about 30% of respondents indicated interest
> Structuring and documenting management review policies (32%)
> Determining that the right people are contributing to the assessment of risk of material misstatement (31%)
> Reassessing materiality in changing circumstances (31%)
> Conducting oversight and controls over the development of estimates, probabilities, and projections (31%)
> Documenting the performance of management review processes (30%)
> Confirming that emerging risks of material misstatement are being effectively identified as circumstances change (29%)
> Assigning responsibility for the data that is consumed in management review (29%)
> Identifying the critical information and reports that are relied upon in management review (29%)
> Reviewing post-closing or unusual entries, onetime workaround (29%)

Many of the points that garnered respondents' interest in this area focus on the activities around management review, the last steps that give a reporting entity the green light to issue results and disclosures to the market. These steps need to be documented. A software solution can streamline the process. Technology can provide processes that create a trail of the critical data and documents on which a financial report relies. This includes assessing materiality, reviewing post-closing entries, and evaluating estimates and probabilities. It can automatically preserve and document who reviewed and signed off on results and disclosures to be reported. This retention can prove critical in the future if auditors, regulators, insurers, or investor representatives question the decision making that resulted in disclosure during times of economic challenges. It also readies the team members and the organization that depends on them to continue to carry out their critical functions remotely and with resilience into the future.

3. Do regulatory burdens affect interest in reporting technology?

Interest in particular solutions differed somewhat among survey respondents from global public companies, single-jurisdiction reporting entities, and private entities.

Generally, the interest in technology-based solutions was fairly consistent among survey respondents from global public companies that file in multiple jurisdictions, single-jurisdiction filers, and private entities. Some differences were notable.

Surprisingly, respondents from global public companies (24%) were less likely than their counterparts (39% for both single-jurisdiction reporters and private companies) to agree that their companies always or frequently prioritized acquiring new technology solutions for corporate reporting. The respondents from multinationals (34%) stated that their companies were also noticeably less likely than their counterparts to report an expected increase in 2021 budgets for accounting solutions (47% for single-jurisdiction reporters, 49% for private organizations).

Digging deeper into expressed interest in technology-based solutions for specific accounting tasks indicates unmet needs for private entities around process and estimates. More survey respondents from private entities expressed interest in a technology solution compared to those who find the status quo adequate around assessing impairment, considering options around contract renegotiations, considering the effects of new tax laws, and monitoring eligibility for government-support programs, such as the Paycheck Protection Program. In addition, respondents from these organizations showed a greater degree of interest in technology-based solutions around assigning control responsibilities and reassessing materiality than their counterparts at public companies.

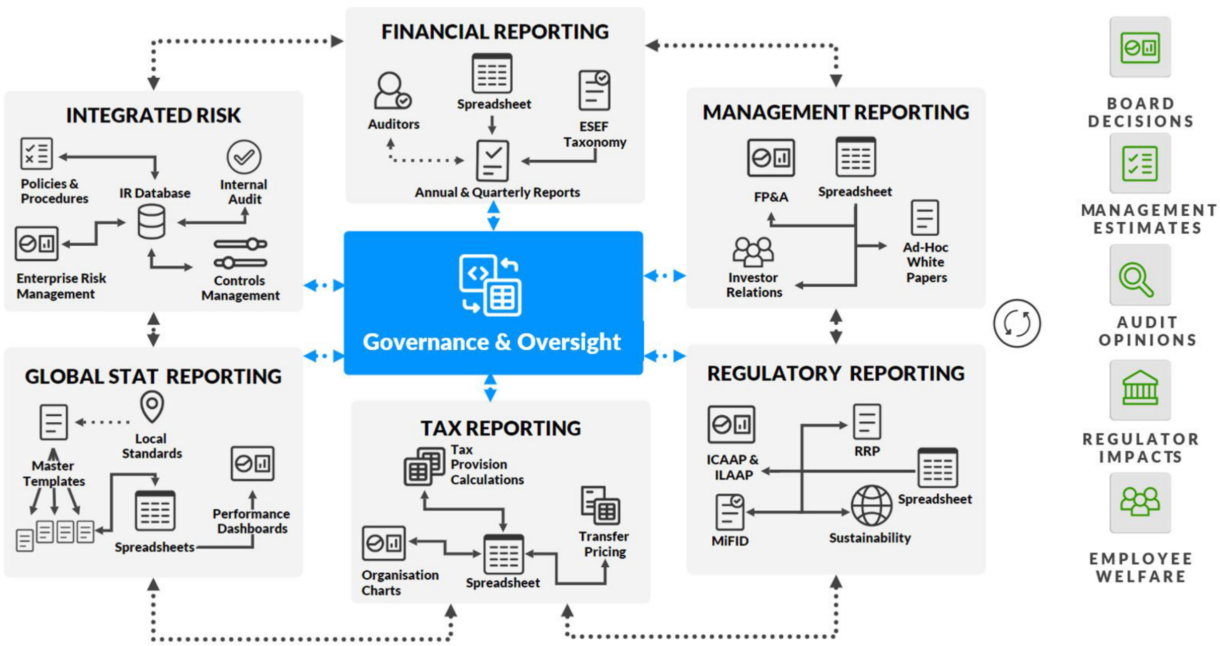
Accountants from private entities reported an interest in solutions around particular processes over the status quo
> Performing impairment assessment on goodwill and other intangible assets (21%)
> Keeping up with legislation, regulations, government support programs, and eligibility criteria (33%)
> Assessing the effects of tax law on reserves (24%)
> Comparing options for new or modified financing terms; contractual concessions (29%)
> Assigning roles and responsibilities–internal controls over financial reporting (36%)
> Reassessing materiality in changing circumstances (31%)

On the other hand, respondents from global organizations prioritized one process item: documenting the physical state of inventory (damaged or obsolete) in a way that is auditable or reviewable. Generally, organizations that hold inventory are indicating that they seek new means for evaluating the condition of their inventories remotely. This includes understanding the state of inventory during a period of uncertain supply chain sourcing, transportation, and warehousing when in-person restrictions are in place. It means assessments when ultimate usability by customers is uncertain. These conditions likely are proving more challenging to corporate accountants who deal with inventories around the world rather than in a limited, domestic location.

4. Collaborative planning and implementation

Today, technology points the way to powerful and sophisticated platforms not only for financial reporting but also for comprehensive management of multiple categories of corporate reporting. Senior management and those responsible for strategy, risk, and innovation are meeting new demands from a wider group of stakeholders. These professionals may benefit from considering a secure and accessible system that can not only produce various types of reports—both as documents and as data sets—but also allow for trends, analysis, and comparison. This means a system that can readily produce useful integrated risk, management, tax, statutory, financial, and regulatory reporting with meaningful governance and oversight (see Figure 3).

FIGURE 3: CORPORATE ACCOUNTING SYSTEM OF WORK



Yet a majority of the reporting teams in our study—a balance of both private and public companies with single and multiple reporting jurisdictions—showed some reluctance to implement new systems as they have been getting the job done, and corporate priorities may direct resources to other technology solutions. The power of technology-based solutions, however, can preserve evidence that processes are in compliance with legal and regulatory requirements. Technology-based solutions can also free up professionals who are currently using outdated cut-and-paste reporting activities and direct them toward higher-level analyses for decision making, strategy, addressing risks, and larger resource allocation questions. •

LIMITATIONS

The purpose of this report and the survey on which it is based is to provide a general picture of the preferences of corporate accounting teams with respect to new solutions for reporting. It was unintended for the survey to be representative of this population, and it was administered to people who self-identified as involved in corporate reporting. Therefore, even if results are expressed numerically, this report represents qualitative, subjective viewpoints only of the respondents who participated.

In addition, we did not analyze all data with respect to the size of respondents' organizations based on workforce or revenues. Although we did gather these data, we could not confirm the representativeness of the viewpoints expressed. Instead, we reported on selected items that provide some insight on differences expressed by respondents from private entities and multinational reporting entities.

In addition, we are aware that there are technical differences between corporate reporting, financial reporting, and corporate accounting. Except for the points raised under "Findings" (Item 3: Do regulatory burdens affect interest in reporting technology?), this report uses these terms interchangeably, and we made no effort to distinguish responses from people who may have different definitions for these terms. We assumed that all respondents understood that "corporate accounting" means the range of activities for producing external financial reports in accordance with regulations and generally accepted standards, as may be applicable. •

CONCLUSION

Digital transformation made the accounting function at most companies sophisticated and reliable, but innovative and useful financial reporting systems have lagged. For many companies, the processes of compiling and producing external reporting in compliance with regulations and generally accepted standards have remained subject to patchwork systems that rely on costly cut-and-paste spreadsheets and emails.

Financial reporting teams were generally able to meet reporting demands even under pandemic conditions, and a significant portion of survey respondents indicated that they got the job done with existing technology. Yet for many, the COVID-19 pandemic has brought about a rethinking of these processes and has initiated interest in potential digital solutions. Although many companies do not expect significant increases in funding for financial reporting solutions for 2021, there is an interest in considering cloud-based solutions and systems that can assist with documenting control owners and successors—the "who" for oversight responsibility. More prominently, the research reveals a prioritized interest in solutions that document management review processes over judgment areas.

Investment in technology can bring about competitive advantages by enabling experienced and talented corporate accounting and finance professionals to deliver sophisticated analyses and decision-critical insights with agility and in a timely manner. The right tools can enable these teams to apply their valuable expertise as fast-paced, changing conditions likely will continue long after the pandemic conditions ease. •

APPENDIX: PRACTITIONERS' INTEREST IN TECHNOLOGY-BASED SOLUTIONS FOR FINANCIAL REPORTING

	PROCESS, ESTIMATES	Status Quo	Interest in Solution
1	Finding economic data to assess expected credit losses	40%	22%
2	Updating customers' credit profiles	34%	21%
3	Accessing data and metrics to understand customer trends/revenue expectations	33%	35%
4	Determining indicators and metrics for estimating fair value/asset impairment	30%	24%
5	Performing impairment assessment on goodwill and other intangible assets	28%	21%
6	Keeping up with legislation, regulations, government support programs, and eligibility criteria	35%	33%
7	Creating processes around our compliance with government assistance programs in various jurisdictions	31%	26%
8	Assessing the effects of tax law on reserves	29%	24%
9	Scheduling and executing inventory counts	29%	21%
10	Documenting physical state of inventory (damaged or obsolete) in a way that is auditable/reviewable	28%	21%
11	Capturing and categorizing data around furloughed or part-time employees	35%	23%
12	Normalizing results for performance-based compensation	34%	22%
13	Comparing options for new or modified financing terms; contractual concessions	32%	29%
	CONTROLS		
14	Building new security and oversight over data that employees are accessing outside of the corporate firewall	51%	28%
15	Storing and accessing financial data through cloud-based applications	49%	24%
16	Protecting against fraudulent payments while the team is working remotely	44%	22%
17	Creating a succession plan for control owners	28%	31%
18	Updating process/systems documentation in changing circumstances (for example, to reflect a virtual environment)	37%	29%
19	Obtaining sign-off of control functioning in different departments or levels of accountability	35%	18%
20	Completing the Section 302 certification process remotely	32%	15%
21	Building long-term process and corporate governance resilience by connecting business owners, financial reporting, and internal controls in a unified digital workspace in the cloud	32%	36%
22	Assigning roles and responsibilities–internal controls over financial reporting	37%	36%
	MANAGEMENT REVIEW, JUDGMENT AREAS		
23	Determining that the right people are contributing to the assessment of risk of material misstatement	39%	31%
24	Confirming that emerging risks of material misstatement are being effectively identified as circumstances change	39%	29%
25	Reassessing materiality in changing circumstances	37%	31%
26	Conducting oversight and controls over the development of estimates, probabilities, and projections	39%	31%
27	Structuring and documenting management review policies	41%	32%
28	Assigning responsibility for the data that is consumed in management review	46%	29%
29	Identifying the critical information and reports that are relied upon in management review	47%	29%
30	Documenting the performance of management review processes	44%	30%
31	Reviewing post-closing or unusual entries, onetime workaround	42%	29%