

Future of Finance: Accelerating Digitization— The New Finance Road Map for 2021

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The Association of
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Financial Professionals
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Moderator



Steve Shannon

Director

**Partnership Marketing, Business Development
IMA**

Featured Presenter



Conor O'Kelly

B.Comm, FCA, MSc., IMA

**Senior Director of Statutory Accounting
Workiva Inc.**

Conor O'Kelly's Biography

- Conor O'Kelly has over 20 years of experience as a senior finance executive for multinational corporations. He is a fellow of the Institute of Chartered Accountants in Ireland (FCA). He was also a Member of Council at the Institute of Chartered Accountants in Ireland from 2002–2005.

Featured Presenter



Steve Soter

**Senior Director of Product Marketing
and Accounting Industry Principal**

Workiva Inc.

Executive Advisor

SEC Professionals Group

Steve Soter's Biography

- Steve Soter is Senior Director of Product Marketing and Accounting Industry Principal at Workiva. Previously, Steve served as an accounting leader in multiple roles including Vice President and Controller for Backcountry.com, a private equity owned, online retailer of outdoor products, and as the Director of SEC Reporting for Overstock.com (NASDAQ: OSTK), a \$2 billion revenue, online retailer of home goods and blockchain technology company.
- His experience includes multiple acquisitions, debt offerings, an IPO, and the world's first digital debt and equity offering (by Overstock). Steve is also a former member of the US XBRL Data Quality Committee.

Learning Objectives

Upon completing this webinar, you will be able to

- Recognize the drivers and benefits behind the accelerated pace of digitization by finance teams after closing the books during the pandemic of 2020.
- Explain the role cloud-based computing plays in enhancing financial controls and corporate oversight in financial reporting.
- Identify opportunities to improve the efficiency and reliability of corporate reporting by transitioning to cloud-based platforms and tools.

What We've Heard So Far...

2008

Financial Crisis Shareholder-Focused

- GAAP/IFRS accounting
- Legal entity accounting
- Transfer pricing
- Parent & subsidiary
- Earning per share
- GAAP reconciliation
- Financial audit

2018

Post-Financial Crisis Public Interest-Focused

- Employee engagement
- Corporate governance
- Sustainability accounting
- Non-financial reporting
- Directors responsibility
- Trust in statutory audit
- Tax transparency

2021

COVID-19 Redesign for Resilience

- Acceleration to cloud
- Employee welfare
- Going concern
- Liquidity assessments
- Management estimates
- Virtualizing the workspace
- Process resilience
- Agility in finance operations
- Global recessions & lockdowns

Polling Question 1

When you consider your company's accounting function pre-pandemic compared to peers, which best describes the overall pace of acquiring new systems?

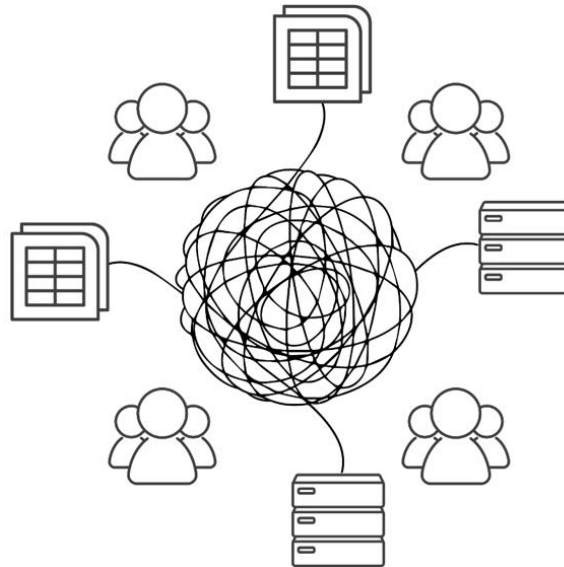
- a) Considerably ahead: We prioritized new solutions for efficiency and to stay ahead of our competitors
- b) Ahead: Not early adopters, but we acquired and implemented solutions as needed
- c) Behind: We got by, but we could have worked better with new solutions
- d) Considerably behind: We generally put off modernizing systems even if better systems are available

Polling Question 1 Results (Placeholder)

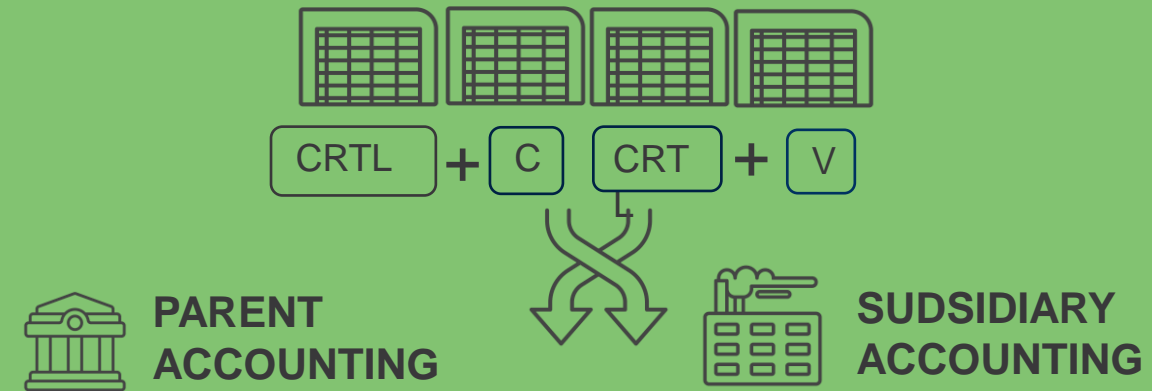
Challenges

- Disparate software systems
- Intercompany agreements
- Transfer pricing
- Mergers & acquisition
- Heterogeneous ERPs
- Charts of Account (CoA) gaps
- Invoicing and payment systems,
- Local knowledge not leveraged
- Desktop processes not documented
- Reliance on third party for regulatory updates
- Subsidiary entity accounting locally owned

Data Wrangling



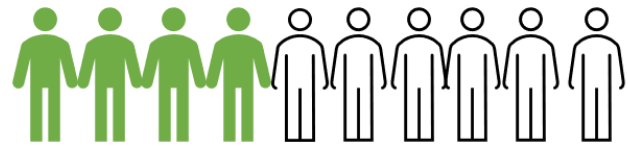
Financial Reporting



- No central oversight
- Low return on investments
- No economies of scale
- Parent entity disclosures misalignment with subs
- Ad hoc manual workarounds
- Increased effort to maintain key controls and integrity
- Manual interventions.
- Risk of write-downs

- Local knowledge (both process, organizational, and regulatory) vested in individual staff members
- Cognitive technologies RPA, machine learning, and AI fail to impact
- Processes remain localized
- Local ledger setup and review cycles
- Locality to locality & subsidiary to subsidiary

Pandemic response using technology that was adequate for our needs....



38%

Determined that the right people are contributing to the assessment of risk of material misstatement



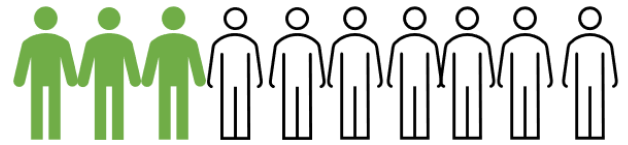
38%

Conducting oversight and controls over the development of estimates, probabilities, and projections



41%

Structuring and documenting management review policies



32%

Completing the Section 302 certification process remotely



6/10

Time management is somewhat or significantly more challenging

"...company executives are candid about how much they don't know..."

Bloomberg Tax/Workiva Feb 1st 2021

<https://news.bloomberglaw.com/financial-accounting/preparing-year-end-reports-shaken-by-fundamental-uncertainty>

IMA/Workiva/US SEC Pro Groups members survey October 2020 n=264

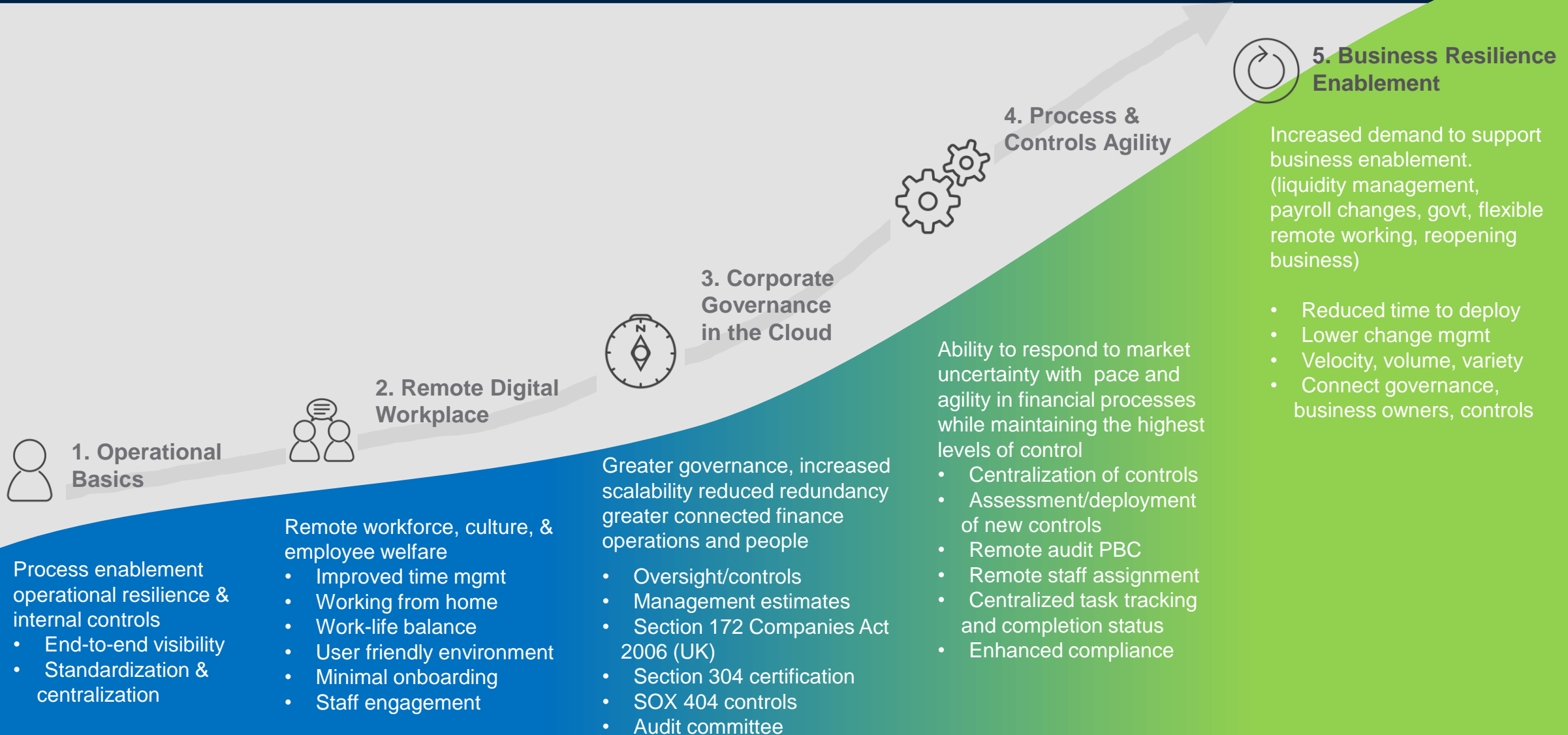
Polling Question 2

How would you describe the pace of acquiring and adopting new technology and solutions for the accounting function compared with other corporate departments?

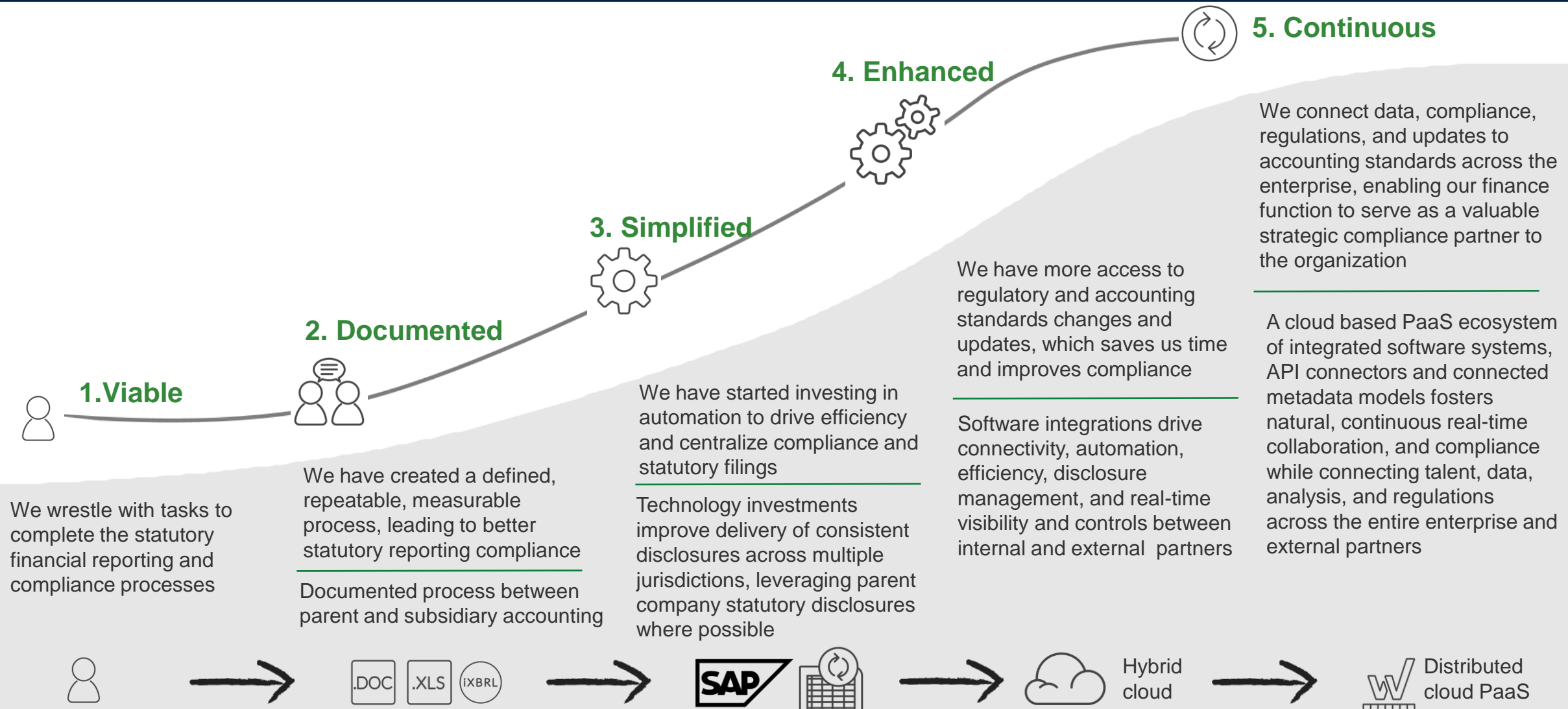
- a) Our company always prioritized corporate accounting needs over other corporate functions
- b) Our company frequently prioritized corporate accounting needs over other corporate functions
- c) Our company sometimes prioritized corporate accounting needs over other corporate functions
- d) Our company never prioritized corporate accounting needs over other corporate functions

Polling Question 2 Results (Placeholder)

Finance teams are redesigning delivery around longer term resilience and control to deal with COVID.



The Statutory Record to Report (R2R) Process Maturity Model



Polling Question 3

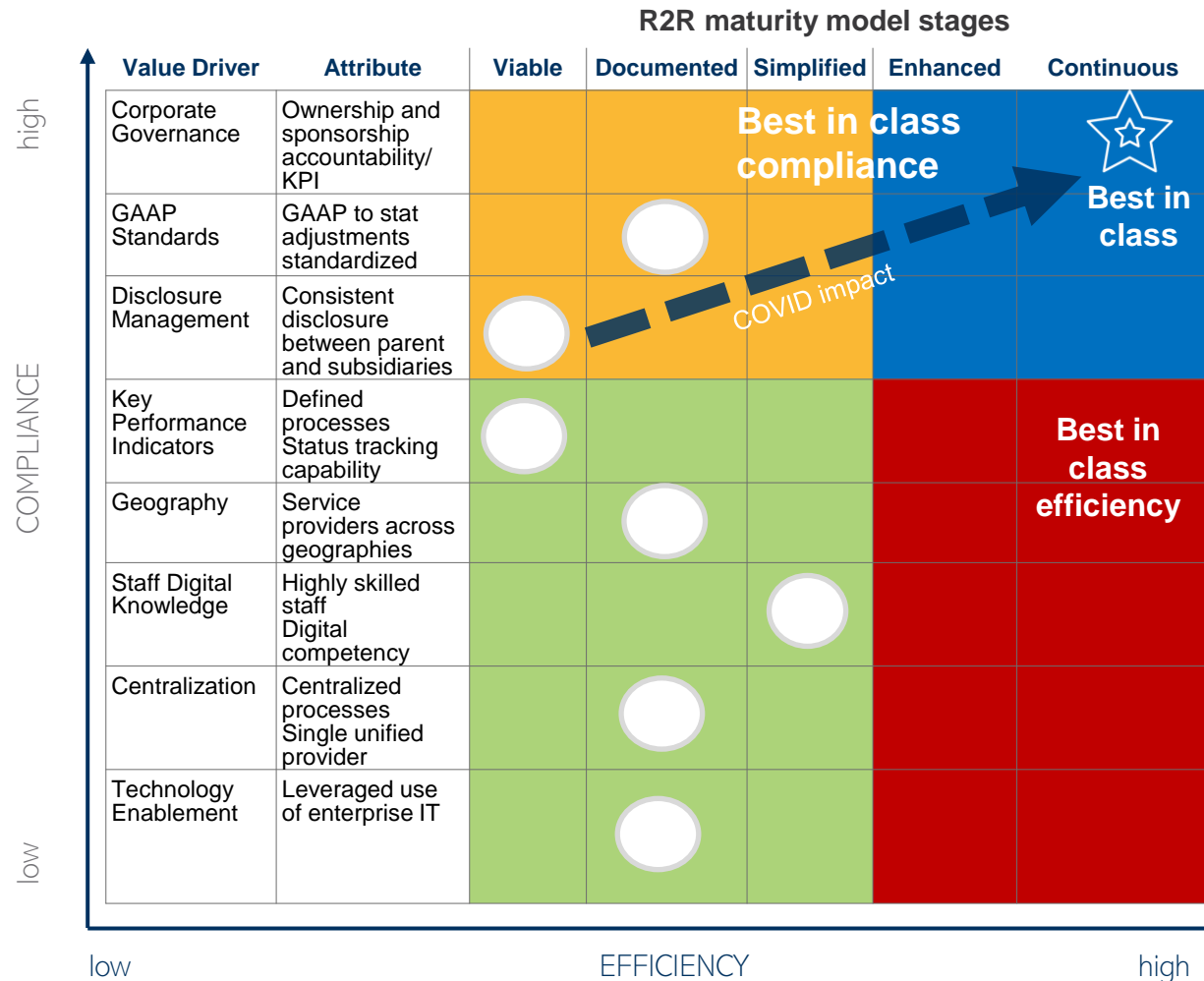
Since the pandemic hit, has your company changed its prioritization of corporate accounting technology solutions?

- a) Greater priority
- b) About the same
- c) Less priority
- d) None of the above

Polling Question 3 Results (Placeholder)

Statutory R2R process maturity model

Mapping where finance delivery capabilities are currently on the maturity curve



"...the research reveals a prioritized interest in solutions that document management review processes over judgment areas..."

IMA/Workiva/US SEC Pro Groups members survey
October 2020 n=264

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ORACLE

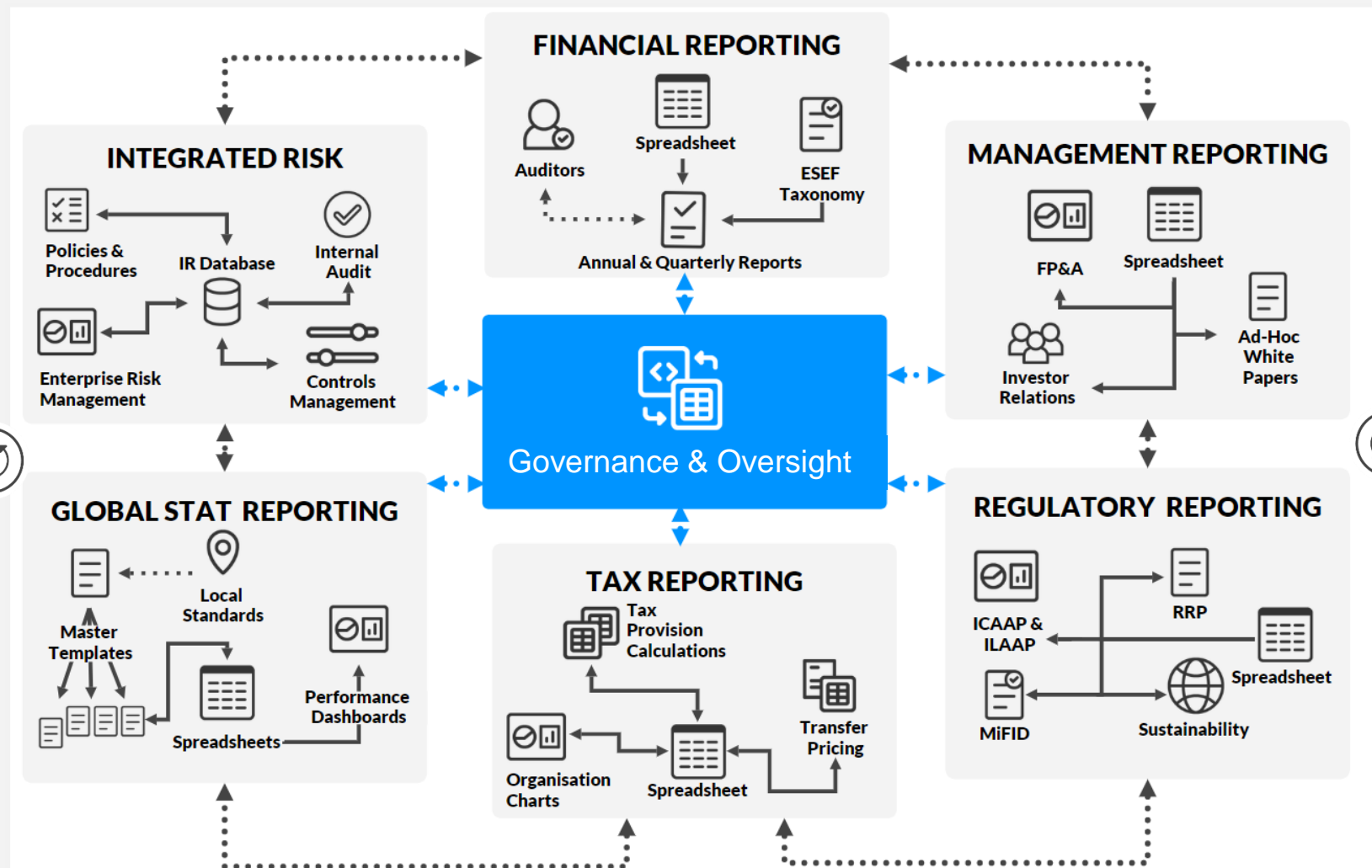
SAP

workday.

Professional
Advisors

FMP Global

.XLS



- Trial balance/GL/finance MDM
- Enterprise risk register (ERM)
- Furlough staff/working from home
- Physical workspace/real estate

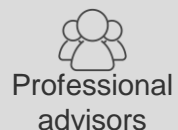
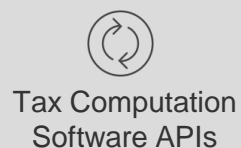
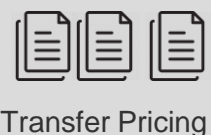
- GAAP to STAT walk
- Supporting documentation
- Group & subsidiary entity disclosure
- 100% remote finance close & audit

- Management estimates
- Expected credit losses
- Impairment estimates
- Post balance sheet events

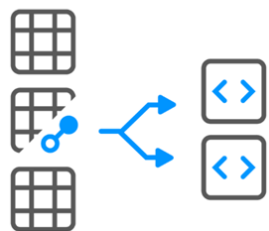
BOARD
DECISIONSMANAGEMENT
ESTIMATESAUDIT
OPINIONSREGULATOR
IMPACTSEMPLOYEE
WELFARE

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SOURCE DATA



WORKIVA SYSTEM OF WORK



FINANCE OPERATIONS MANAGEMENT

- Chart of Account (CoA) mapping tables
- Secondary General Ledger (GL)
- Extended Trial Balance (ETB) adjustments
- Non-GAAP adjustments
- Non-financial data sources (SCM, HCM)
- Standard cost data tables
- Materials ledgers & transfer pricing rates
- Direct/Indirect tax mappings
- Intercompany agreements logic
- Inventory standard cost queries
- Corporate Income Tax (CIT) rates management
- FX/Treasury integration
- Effective Tax Rate (ETR) models



CORPORATE GOVERNANCE & OVERSIGHT

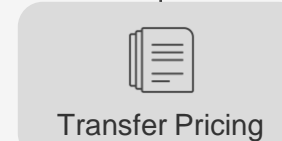
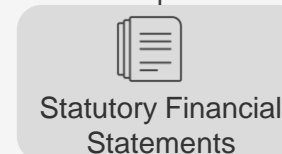
- Corporate governance frameworks
- Disclosure management
- Tax determination calculations
- Tax library catalog
- Tax policies and procedures
- GAAP disclosures management
- Document archiving & storage
- Knowledge base management
- Document review and approval workflow
- Tax audits and controversy management



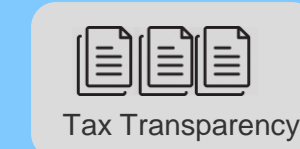
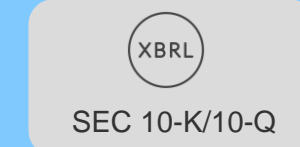
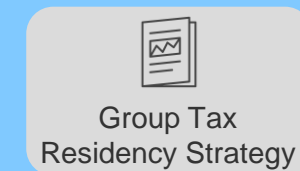
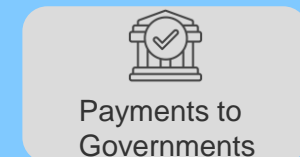
DATA ORCHESTRATION & INTEGRATION

- Tax performance management
- Tax databases, transfer pricing
- ETR models, scenario planning
- Business systems
- Transactional data storage
- Tax data management
- DRMS (data record management solutions)
- Data analytics
- Business performance management

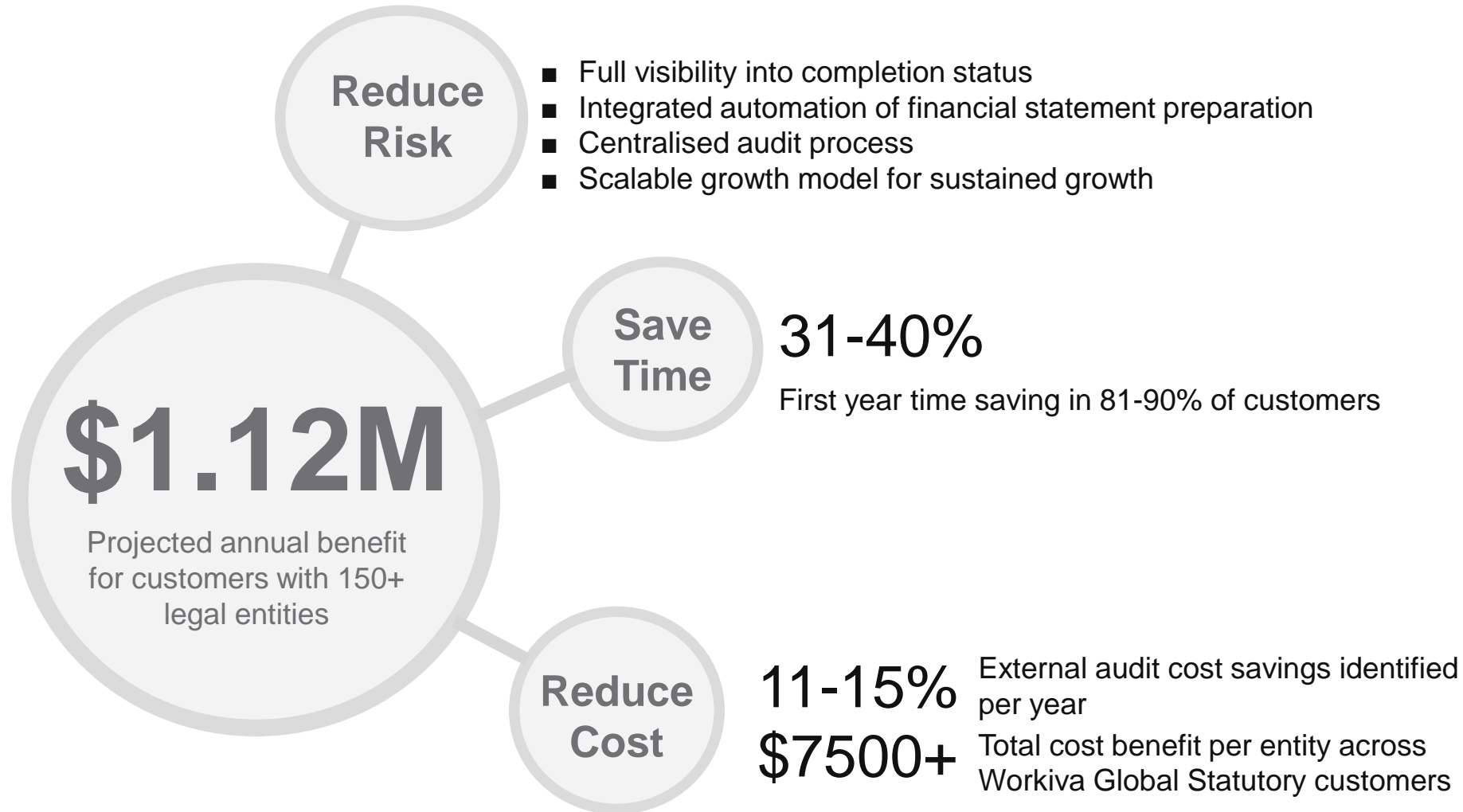
OUTPUTS



REPORTS



Making the business case for transformation in statutory reporting



Polling Question 4

Are you considering purchasing new technology for your reporting and/or compliance needs?

- a) Yes, looking to purchase in the next 12 months
- b) Yes, but not looking to purchase for at least 12 months
- c) No, we are not looking to upgrade at this time

Polling Question 4 Results (Placeholder)

Next Steps in Implementing the Statutory R2R Maturity Model



Maturity model assessment

- Align on current state maturity
- Finance master data maturity assessment
- Legal entity mapping
- Intercompany transfer pricing model
- GAAP/IFRS requirements mapping
- Develop statutory reporting future state model
- Staff competency assessment



Implementation road map

- Future state model development and documentation.
- Prioritized ranking of improvement areas
- Develop detailed roadmap with timelines, dependencies
- Agreed requirements for technology based solutions
- Best practice operating model benchmarking

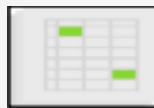


Design and implementation

- Execute roadmap following the design approach.
- Deliver change at legal entity and local level
- Deliver quick wins
- Engage third parties and vendor network

Project tools

- 5-step GSR maturity model
- GSR data model
- Value management model
- Future state report inventory
- Staff competency frameworks



Project tools

- Statutory reporting templates
- Value management assessment
- Workiva Marketplace
- Architecture road map
- Staff competency model



Project tools

- Technology vendor relationships
- Shared services/CoE playbook
- Partner training checklist
- Partner go-live checklist
- Global governance & oversight dashboard
- Real-time legal entity status analytics



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Questions & Answers

Use the Q&A Panel to send your questions to our panelists.



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Thank You to Our Featured Presenters



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Industry Principal**

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Executive Advisor
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Conor O'Kelly, FCA, MSc.

Senior Director of Statutory Accounting
Workiva

Final Reminders

- ▶ **Complete the Evaluation poll** – 2 options
 - On your screen
 - Evaluation Survey icon at the bottom of your console
- ▶ **Access to your CPE Certificate** – 2 options
 - Click the CPE icon at the bottom of your console
 - or
 - Click the link in your post-event email
- ▶ Please print a copy of the CPE certificate for your records
- ▶ Your CPE credit will be automatically recorded in your transcript



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