



Improving Financial Data and Decision Making with Cloud Technology

Introduction

Financial Planning and Analysis (FP&A) teams can achieve new levels of accuracy in planning and management reporting when their companies make the right investments in Cloud technology. In order to fully realize the promise of these technologies, however, FP&A needs to get involved at an operational level. Involvement in every step of the process—planning, implementation, and post-implementation usage of these systems—ultimately enhances FP&A’s ability to support company leaders with real time, metrics-driven intelligence. This paper offers pointers for FP&A teams on how to expand beyond being consumers of data from business systems to playing a much more direct and active operational role with the systems.

Confronting the Bad Data Threat

Company leadership relies on FP&A to provide financial and operational data as inputs to a range of management decisions. When this data is incomplete, inaccurate, or not trustworthy, management runs the risk of poorly informed decision making. Consider, for example, an FP&A analyst telling decision makers, “Stan’s team should be producing 200 units,” while Stan’s manager reports that, “Stan is trying really hard, but his team hit some challenges that caused unit production to decrease.” The manager goes on to explain why Stan’s performance level is reasonable, calling FP&A’s model into question. If the decision makers don’t trust the data behind the model, they are likely to accept the opinion of the manager instead of reassessing whether Stan has the right training and resources to maximize his team’s performance.

Poor data quality is a common issue, especially in larger companies with legacy IT systems. If company systems aren’t implemented and managed correctly—a common problem—operational data quality suffers. FP&A teams are forced to sink time and money into workarounds such as spreadsheets and manual data cleansing, often without ever getting to the accuracy that they want. It can become difficult to climb out of the abyss of bad data.

AMEX GBT CONFRONTS BAD DATA WITH CLOUD TECHNOLOGIES

Operating as a business unit with American Express, the company had dealt with a mix of old and new technology strung together with “spaghetti code.” Reporting was difficult. The business devoted sizable teams of analysts—100+ professionals—to pulling data from these multiple systems, data cleansing, and creating reports.

“We’d go to meetings, and the finance department would walk in with a set of numbers. Business units would walk in with a slightly different set of numbers, and we’d spend the first 15 minutes arguing over whose numbers were right.” – Steve Curts, Chief Strategy Officer, American Express Global Business Travel

By moving the entire back office to Cloud technologies following a spin-out from American Express, the newly formed AMEX GBT realized huge improvements in data quality. Referring to a meeting following the launch of the new systems, Steve said, “I’ve never seen a finance person be so giddy and excited about how easy it was to get information out of these systems.”

View [100% Cloud at American Express Global Business Travel](#) for more on AMEX GBT.

Benefits of Accurate Financial Data

With proper investment in implementing Cloud technologies, companies get the accurate data that they need for smart decision-making directly from their operational systems. Freed from struggles with data cleanup, FP&A can proceed efficiently with their primary function of providing financial and operational data for management decision-making, such as:

- Long-term projections that allow company management to consider investments that may not impact financials until years ahead.
- Budgets and short-term business data that let management monitor each team's goals and actual performance.
- In-quarter forecasts that let management know where the company will land that quarter with respect to Revenue, COGS, OpEx, and Cash.

FP&A can also monitor operations and initiate conversations where it appears that something is amiss, and provide analytical support when it is needed.

An Operational Role for FP&A

Increasingly, dynamic companies are shifting to the Cloud for the ease of use, operational efficiency, and business agility that Cloud technologies can provide. FP&A teams can help to ensure that their companies also realize improvements to the quality of business data by taking an active, operational role throughout the planning, implementation, and post-implementation usage of these systems.

Planning

Projects to deploy Cloud technologies, such as implementing Coupa for Spend Management, represent enormous opportunities to improve operational data quality. Operational processes will be revisited as part of the project. Users will be trained on the new system and process to ensure user adoption and policy compliance. But, project budgets are often squeezed, and business process reviews, training, and change management can get short-changed. If that happens, opportunities for improving data quality are squandered: Business processes remain unnecessarily complex, and untrained or confused users make errors or work around the new system. By getting involved in Cloud projects at their start, FP&A teams can ensure that they are adequately resourced for success.

ACCURACY IN MANAGEMENT REPORTING

"Company management wants to know 'Where are we going to land?' Without running Coupa, Adaptive, Jobvite, Netsuite, ADP, and Salesforce, I could never tell them that with any degree of certainty because my visibility into what is occurring on the ground would be limited. It is Finance's job to provide support and reporting to the executive team. With those six systems, we can do what we do best—process massive data sets into humanly consumable information—which should enable our executives to do what they do best: design, build, implement, and support our product."

- Roger Kopfmann, Director of Financial Planning and Analysis, Coupa Software

Even when projects are appropriately planned and resourced, issues during implementation can lead to inaccurate operational data down the road. FP&A can help to resolve these issues by staying involved during the implementation phase and advocating for best practices to ensure project success:

- Secure broad executive sponsorship so that leaders can encourage employee adoption and so that they will become active users themselves.
- Invest substantially in training the implementation team. Train team members prior to implementation to create a body of experts in what the system can do and how it works.
- Involve operational users in implementing and managing the new systems. This ensures that the system is well set up for its users, and it spreads knowledge of the system broadly.
- Go “big bang” if possible by fully implementing each system all at once, rather than piecemeal. This approach smooths the transition by letting the company change its practices only once.
- Invest in end-user training, change management, and appropriate systems administration so that users adopt the system and use it correctly.
- Ensure that the project is appropriately prioritized and resourced throughout its implementation and rollout. Sticking to a tight schedule makes this easier.

Post-Implementation Usage

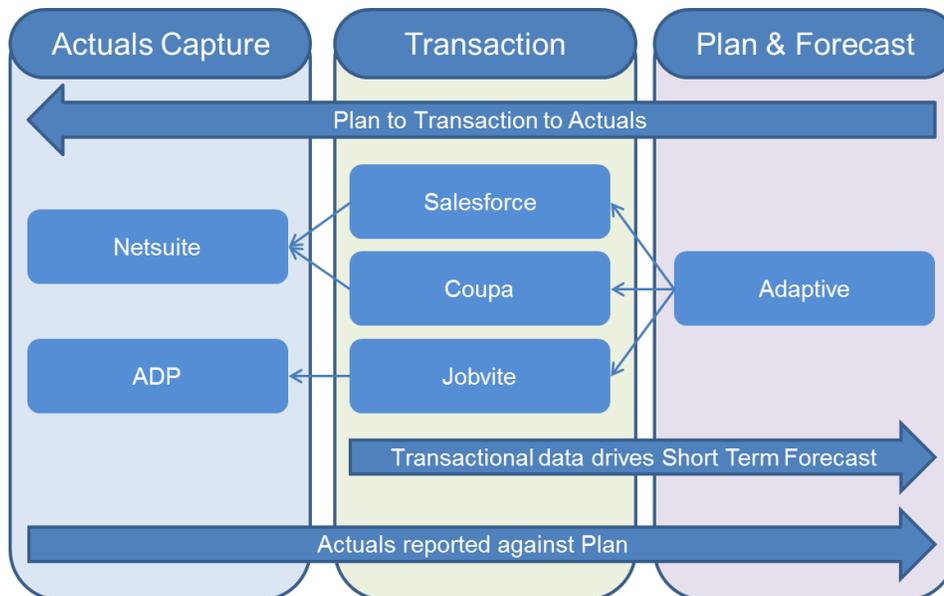
FP&A teams at small to mid-sized businesses can play an active role in making sure that post-implementation usage of Cloud systems yields accurate operational data. Data flows are relatively straightforward and the volume of data is manageable. FP&A can be included in approval chains for most or even all purchase requests, ensuring that spend is recorded against the correct accounts and budgets. With accurate transactional data and basic modeling in MS Excel, as well as Cloud FP&A solutions such as Adaptive, lean finance teams can punch above their weight and execute at a high level.

Choosing and Using Cloud Systems

For companies that are looking to maximize the data quality benefits of their investments in Cloud solutions, the best practice is to run relatively few systems but invest in deploying and running them well. For example, companies need to invest in implementing their CRM system well so that it generates great data—the data they need to get to the level of specificity that they’re comfortable with. It doesn’t make sense to invest in a point solution for sales forecasting and skimp on CRM implementation. It’s best to pick a leading Cloud solution for each area with the needs of key users in mind.

An All-Cloud Landscape

The following represents the systems landscape used by Coupa Software for capturing Actuals and Transactional data, as well as for Planning and Forecasting. With this suite of systems and sufficient investment to run them well, FP&A can get the scope of data and the quality of data it needs to generate accurate reports.



Revenue Data

Revenue data are captured and managed using Salesforce.com (SFDC) and NetSuite. Sales transactions are recorded in the SFDC CRM system. All new sales are entered into SFDC by the sales team. This is the data source on revenue from new sales transactions, across both existing and new customers. Deferred revenue data are available in the NetSuite ERP system. For subscription service businesses, such as Cloud software, revenue collected at the beginning of the contract must be deferred until the time that the service is delivered to the customer. The portion of deferred revenue corresponding to the services delivered to these customers in the current period is recognized as revenue in the period.

GAAP COGS and OpEx

Expense data are captured and managed using Coupa, ADP, and JobVite. With Coupa Procurement, purchase requests can be monitored as they are entered, approved, and issued as Purchase Orders to suppliers. Travel expenses are captured in Coupa Expenses as they are entered and approved—as part of normal business processes. Compensation expenses, including salaries and benefits, are housed in the ADP HR system used to pay employees and administer benefits entitlements. Hiring plans, open positions, and new hires are captured in the JobVite recruiting system as part of the normal recruiting process.

Cash In

Billings are captured and managed using NetSuite and SFDC. Accounts Receivable data, including the bills sent to customers and the amounts received, are held in NetSuite as part of the standard AR process. New sales transactions that are expected to close soon and will become a source of cash when they close are held in SFDC.

Cash Out

Accounts payable data, including invoices received, ready-to-pay, and paid, are held in Coupa Invoicing as part of the standard AP process, including any early payment discounts. Compensation is held in ADP.

Financial Planning and Performance Monitoring

Financial planning and performance monitoring activities are done with simple Excel and Adaptive's Cloud planning software. Financial plans are developed using Adaptive. Then budgets are compared to actuals, and Budget/Actual/Variance are reported. In addition to reporting at the end of a period, FP&A advises company management during the reporting period on what the financial results are likely to be at the end of that period.

In addition to the basic financial data for the company—revenue, expenses, and cash flow—performance metrics are calculated and monitored. Operational data from a variety of systems are included in executive dashboards for monitoring the performance of the different departments.

MANAGEMENT DASHBOARDS

"For the Professional Services organization, I'm uploading a flat file from our hours tracking system (Harvest); for my Support organization I'm uploading a flat file from our ticketing system (Zendesk). And I've got spend data (Coupa), sales data (Salesforce), and so on across the company. All of this, with a bit of report building, generates the CxO dashboard. Of course, this is tailored for each executive, and for top leadership of the Company, and it includes our short term forecasting data."

- Roger Kopfmann, Director of Financial Planning and Analysis, Coupa Software

Benefits of a More Active Role for FP&A in Company Operations

Cloud technologies present exciting opportunities for FP&A to achieve new levels of accuracy in financial planning and management reporting. At small to medium-sized companies, the IT landscape can be kept relatively easy to understand and monitor. By taking an active role in the planning, implementation, and post-implementation usage of key systems, FP&A can help to ensure that the company's systems generate accurate operational and financial data. As companies grow, FP&A can provide ever more value to company leadership and to middle managers as they join the ranks. Of course, many successful companies will reach the point where management structures and IT infrastructures are so complex that FP&A must take a step back from their operational involvement. While expansive growth and global complexity are good problems to have, FP&A teams at small and medium-sized companies should take full advantage of the opportunities that the relative simplicity of their companies' operations provide.



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Whitepaper: [Improving Financial Data and Decision Making with Cloud Technology](#)

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