

Today's Webcast Presentation

The Virtual Close: Closing the Books While Sheltered in Place

Presented by

RGP

June 25, 2020

will begin shortly ...

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RGP

To the Power of Human™

The Virtual Close: *Closing the Books While Sheltered in Place*

May 2020



Today's Agenda

1. Quick Intro
2. Methodology
3. Findings
4. Recommendations



About RGP

- **4,000+ professionals**
- **Worked with 86 of the Fortune 100**
- **Annually serve over 2,400 clients**
- **Helping locally and globally across 70 practice offices**
- **Delivered projects in over 48 countries**
- **100% retention of top 50 clients**

RGP

To the Power of Human™

How do YOU describe your "typical" Period-End Close?



**How would you describe your
“normal” period end close?**

And then this happened...

RGP™

"All the News That's Fit to Print"

The New York Times

Late Edition
Today, partly sunny, a cooler day, high 54. Tonight, partly cloudy, low 37. Tomorrow, sunshine and patchy clouds, cooler weather again, high 50. Weather map is on Page A28.

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EMERGENCY IS DECLARED; HOUSE PASSES AID BILL



Tens of Billions in Help for States, Sick Pay, Food Assistance — The Markets Rally

By JIM TANKERSLEY and EMILY COCHRANE

WASHINGTON — President Trump on Friday declared a national emergency over the coronavirus pandemic and announced steps he said would speed the availability of testing, and the House passed a bill reflecting a deal with his administration to provide billions of dollars to help sick workers and to prop up a slumping economy.

Markets rallied on Mr. Trump's emergency declaration, which he said would free up \$50 billion for states and localities to cope with the outbreak — separate from the congressional relief measure — and which would allow the Treasury Department to delay tax filing deadlines for some individuals and businesses.

During a news conference in the Rose Garden, the president also said he would indefinitely suspend interest collections on federal student loans, although no bills would go down. And he instructed the Energy Department to buy enough oil to fill the nation's Strategic Petroleum Reserve "to the top."

The S&P 500 soared during the remarks and closed the day up by more than 9 percent.

At the news conference, Mr. Trump followed none of the safety protocols recommended to combat the spread of the virus, shaking hands with multiple administration officials and chief executives and sharing a microphone with them.

He said his plan would speed the ability of Americans to be tested for the virus. It includes private partnerships to speed tests to the market and a website designed by Google, where Mr. Trump said potential patients could enter their symptoms and be directed to a drive-through testing center. Mr. Trump said the site would be available starting on Sunday, with the goal of allowing all Americans who needed one to get a test "very safely, quickly and conveniently."

But later, Google appeared to cast doubt on when or even whether that would be possible. A spokeswoman said that the initiative was in its "early stages" and would first be introduced as a prototype in the Bay Area.

The president, who has claimed that anyone who wanted a test could get one, also deflected any blame for the testing delays that have hampered the government's response.

"I don't take responsibility for

Continued on Page A7

GRANT HENDERLEY FOR THE NEW YORK TIMES

A medical worker taking a nasal swab to screen for coronavirus at a drive-through testing site in Seattle, which has been hard-hit.

THE PRESIDENT'S CORONAVIRUS GUIDELINES FOR AMERICA

15 DAYS TO SLOW THE SPREAD

Listen to and follow the directions of your **STATE AND LOCAL AUTHORITIES**.

IF YOU FEEL SICK, stay home. Do not go to work. Contact your medical provider.

IF YOUR CHILDREN ARE SICK, keep them at home. Do not send them to school. Contact your medical provider.

IF SOMEONE IN YOUR HOUSEHOLD HAS TESTED POSITIVE for the coronavirus, keep the entire household at home. Do not go to work. Do not go to school. Contact your medical provider.

IF YOU ARE AN OLDER PERSON, stay home and away from other people.

IF YOU ARE A PERSON WITH A SERIOUS UNDERLYING HEALTH CONDITION that can put you at increased risk (for example, a condition that impairs your lung or heart function or weakens your immune system), stay home and away from other people.



For more information, please visit
CORONAVIRUS.GOV

Overview of Participants

**US-Based
Pre-IPO
Private**

**US Sub
Of Foreign
Owned /
Controlled
Entity
(Private)**

**US Sub
Of Foreign
Owned /
Controlled
Entity
(Public)**

**US-Based
(Public)**

**US-HQ'd
Global
Multi-
National
(Public)**

Consumer
Tech

Gaming

Heavy
Industrial

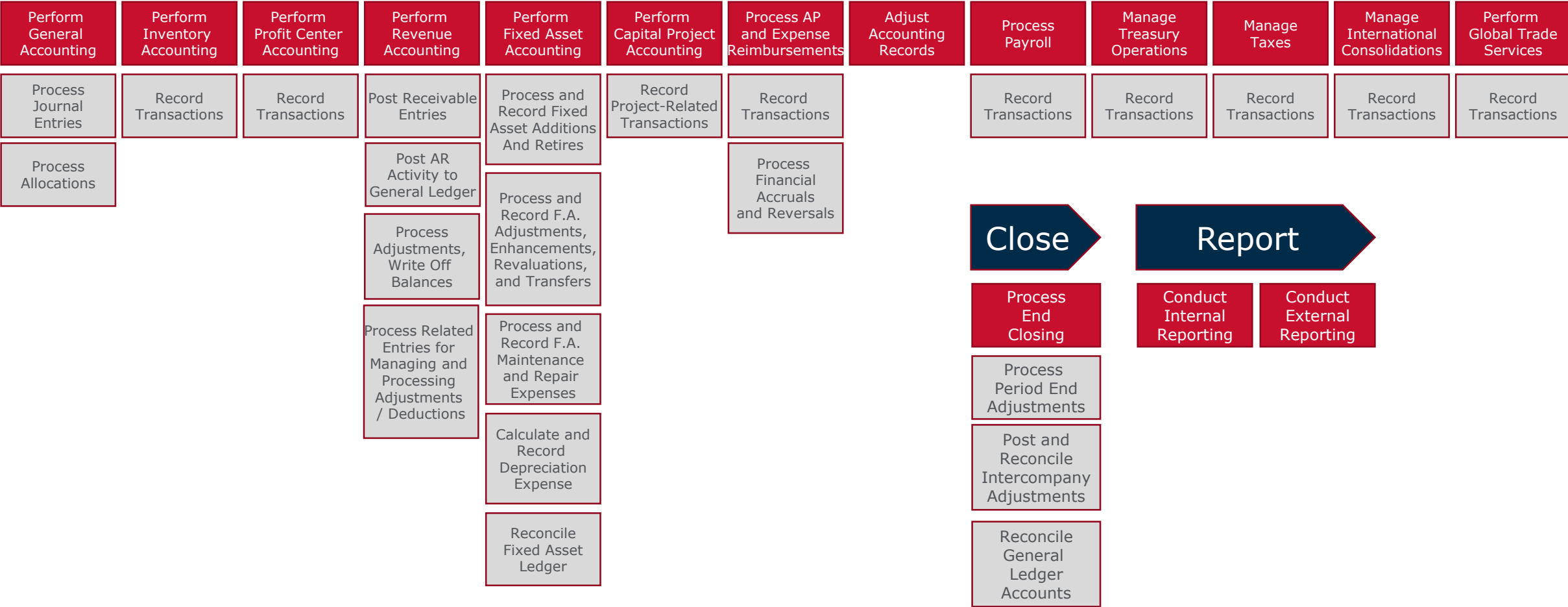
Tech /
Software

Media

Hospitality

Telecomm

Record



Source: APQC



Closing Subledgers

Posting Journal Entries

Scrubbing General Ledger

Analyzing Fluctuations and Variances

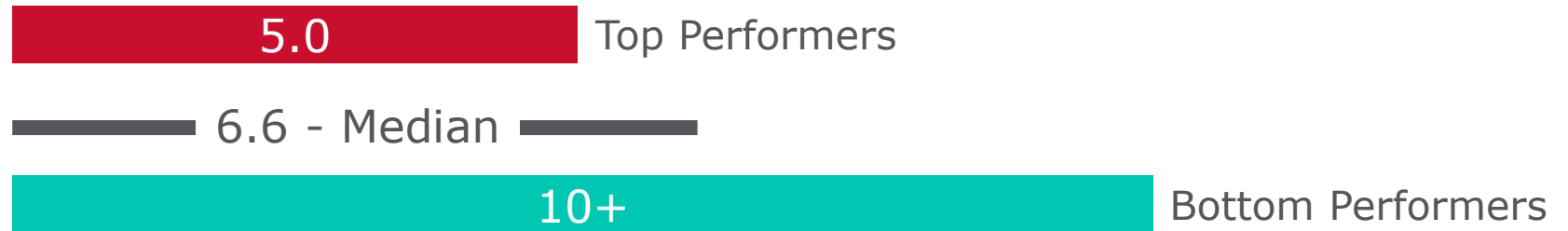
Reconciling Accounts

Consolidating Entities

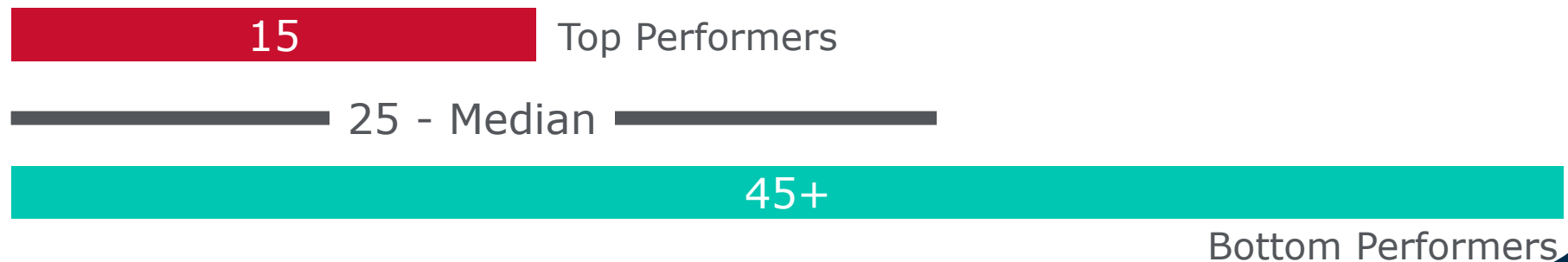
Reporting & Filing



Days to Complete Monthly Consolidated Financial Statements



Days to Perform the Annual Close



Source: APQC, 2019

Bottom Performers

Some Were Clearly Caught Off-guard



- A few interviewed “didn’t see it coming” or didn’t take assertive action to work offsite...and a couple of these were still heavily dependent upon paper, Excel, and email
 - Traditional signatures for approvals
 - Binders containing policies and supporting evidence
- Workflows and revised processes developed “on the fly”

Technology Cannot Be Taken for Granted



- Computers / Laptops
- Additional Monitors
- Internet Service / VPN / Hotspots
- Video Conferencing



While Others Were Well Equipped



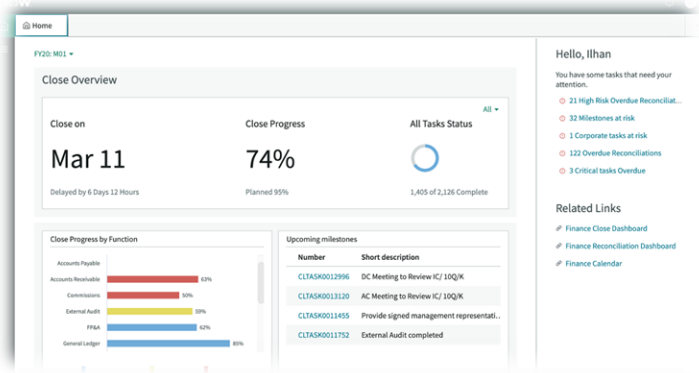
- Those who had recently optimized their R2R process adjusted quickly to a distributed work environment
- A few organizations with APAC operations or affiliates received a few precious weeks of advance planning time
- Some organizations benefitted from WFH policies and practices that were already in place

Process Excellence is Critical to Success



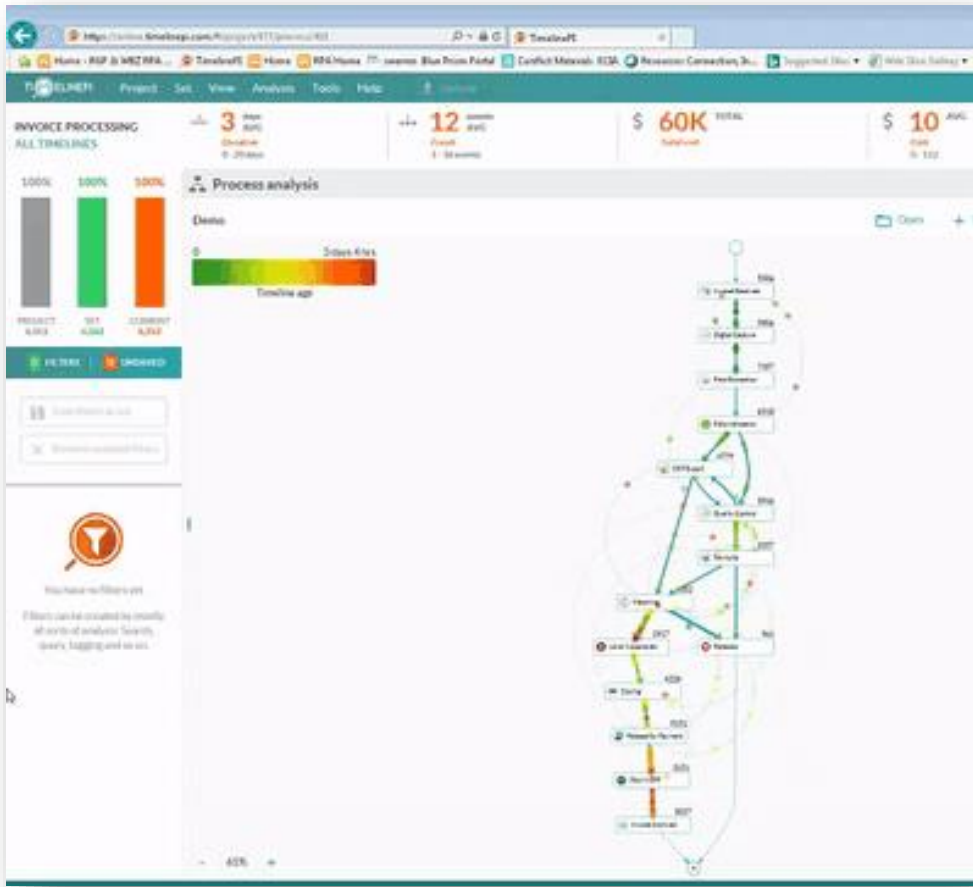
Those who had undertaken process improvement efforts aimed at the R2R process seemed to adapt to WFH much easier than those who have not.

Similarly, those with close calendars and up-to-date visibility of progress fared better than those who relied upon emails and telecommunications for updates.



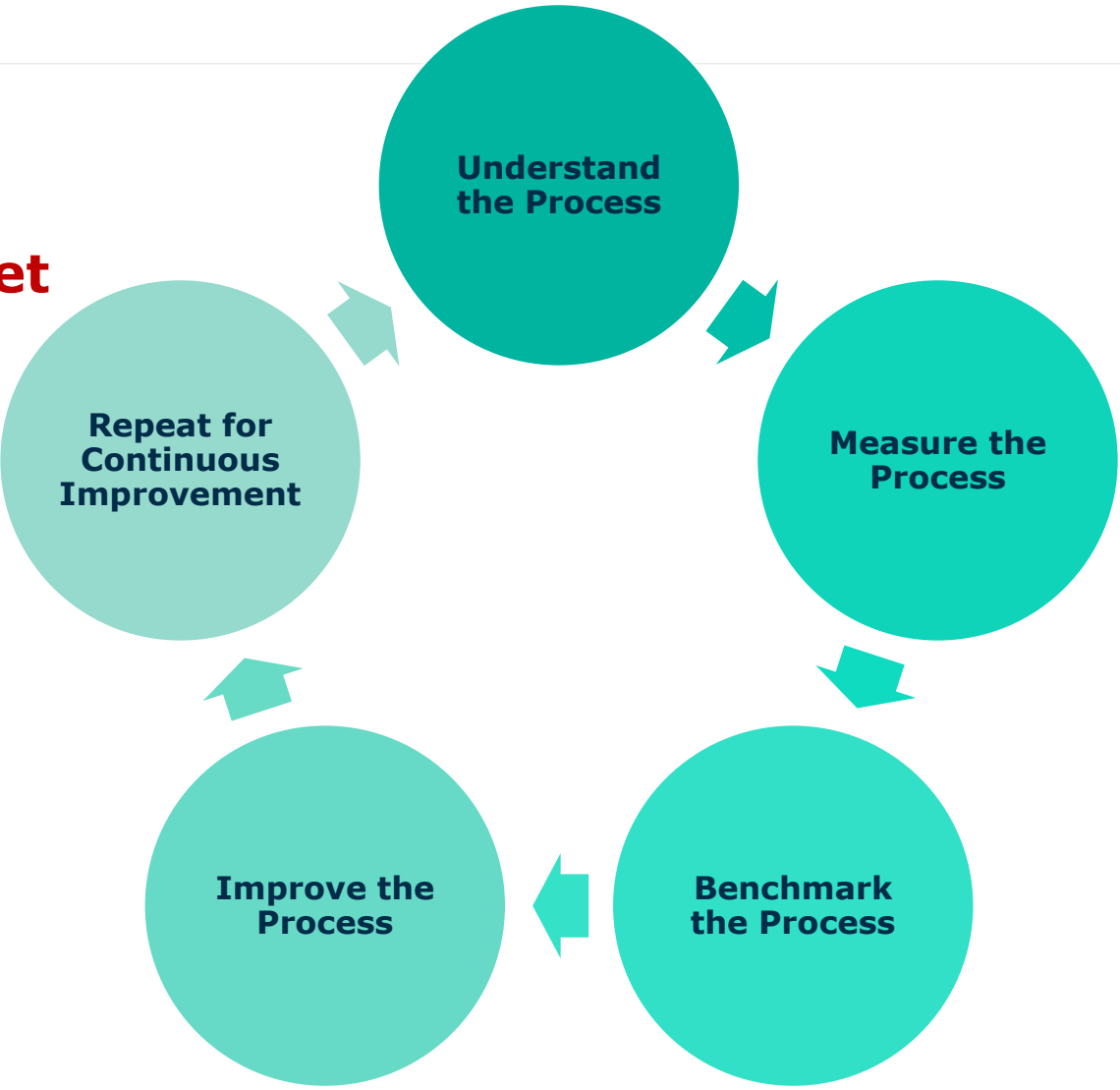
Document & Analyze Your Current Processes

- Identify process pain points and bottlenecks
 - Identify opportunities to simplify and eliminate steps
 - Use Process Discovery & Mining tools for further insights
 - Look for opportunities to move activities out of the close
 - Re-sequence events for optimum throughput
- Leverage 3rd parties to take advantage of leading practices



Guiding Principals:

- ✓ **Adopt a Continuous Improvement Mindset**
- ✓ **Seek Incremental Improvement**
- ✓ **Set Realistic Expectations**
- ✓ **Involve Stakeholders Outside of F&A**



Guiding Principals Continued:

- ✓ **Break the close into pieces...but keep an End to End mindset**
- ✓ **Adopt global process ownership and shared services**
- ✓ **Weigh materiality and risk when determining monthly and quarterly tasks**
- ✓ **Cross-train key tasks**



Keep it Simple

- Simplify Each Process Wherever Possible
- Remove Dependencies, Allowing Parallel Workflows
- Rationalize Systems
- Standardize Data Structures
- Streamline Chart of Accounts
- Automate Transactional and Reoccurring



Daily Standup Calls

- Consider Morning and Evening

Ensure All Have Visibility into Checklist, Calendar, and Policies

Additional WFH Considerations:

- Make Allowances for Non-Traditional Hours
- Ensure BCPs Provide Necessities
- Let Everyone Hear from Senior Leadership



- Those with automation reported higher degrees of success...and less anguish
- Automated transactional processing, workflow
- Centralized systems for housing files, evidence, and policies

Characteristics of Top Performers in FC Automation

87%+

of Journal Entry Line Items Automated

55%+

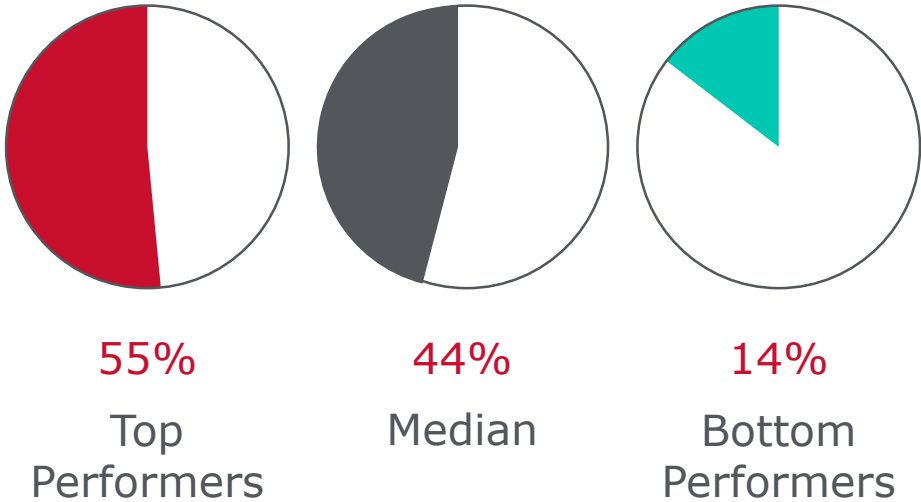
of Intercompany Transactions Automated

54%+

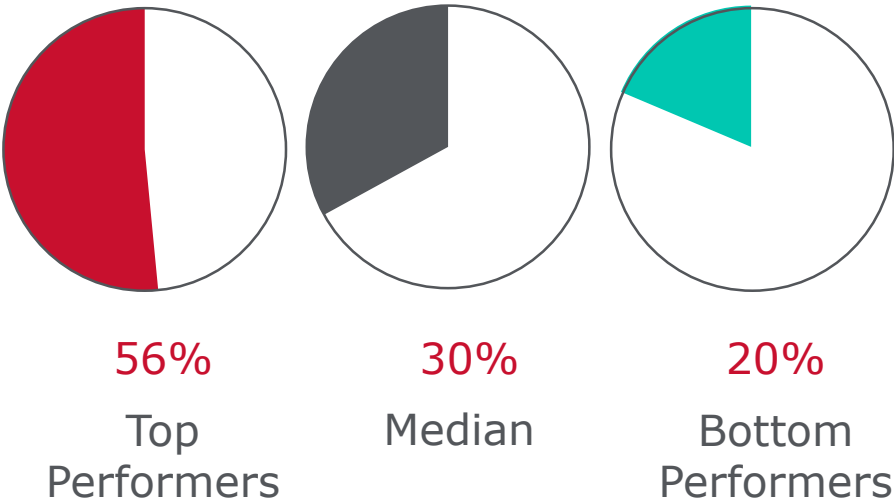
of Accruals Automated

Source: APQC, 2019

Percentage of Journal Entry Line Items Directly Linked from Source Systems

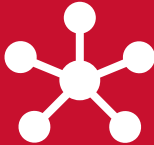


Percentage of Automated and Recurring Journal Entry Line Items



Source: APQC, 2019

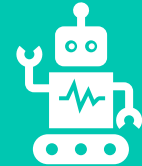
Technology Enablers



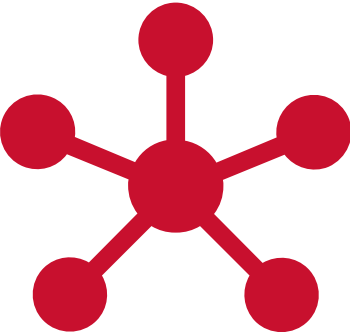
**DATA
INTEGRATION**



**CLOUD
PLATFORMS**



**RPA &
IPA**



Many Top Performers use tools such as

alteryx

dataIQ™



Informatica™

to integrate and augment financial data during the financial close.

Automating Technologies

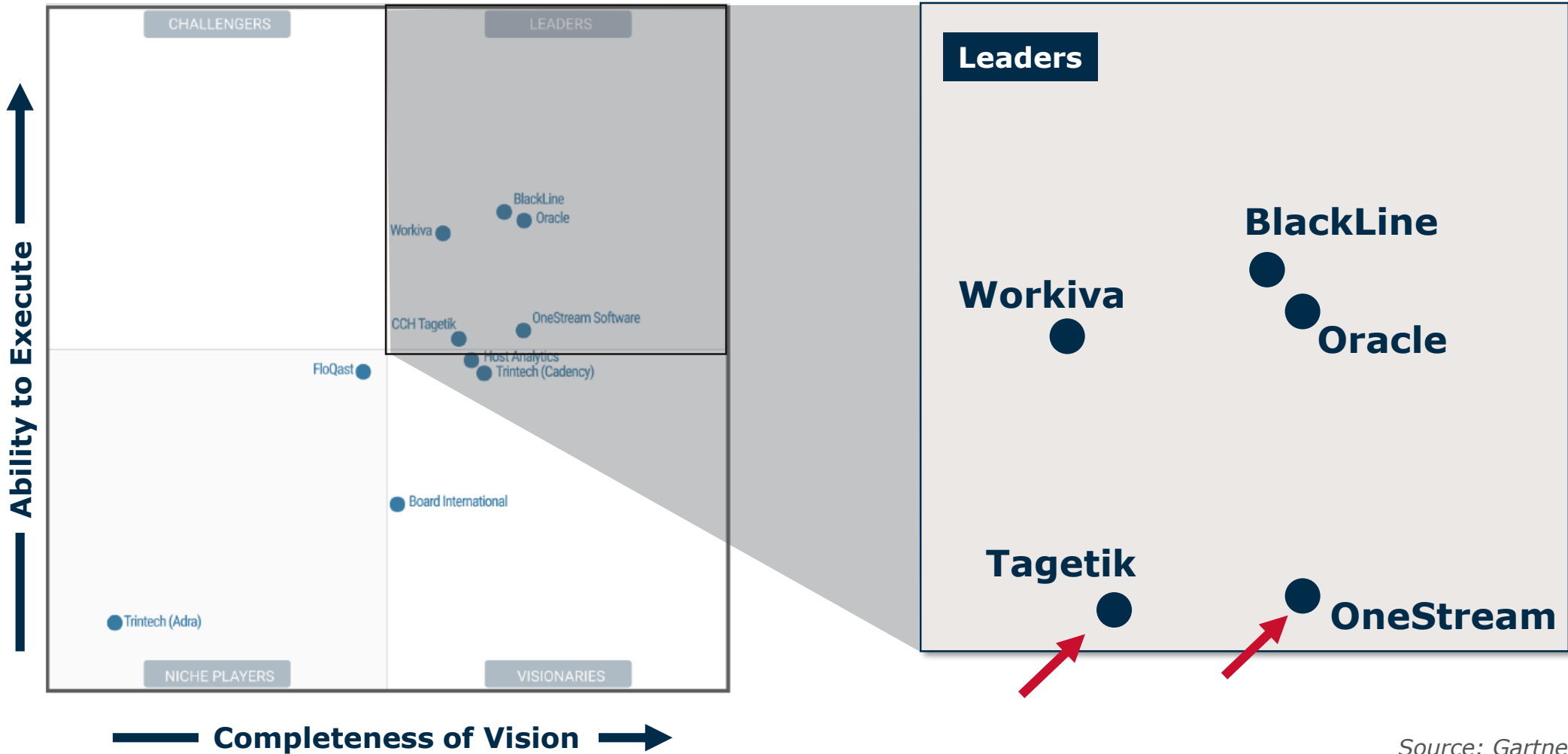


Specialized cloud based solutions enable faster, more effective financial closes

When embarking on an automation journey...

- Ensure you understand the process and data
- Engage (global) stakeholders within and outside of the Accounting function
- Communicate the benefits of automation and educate those affected to maximize adoption

Cloud Financial Close Solutions



New Entrant: servicenow.

Source: Gartner, Sept 2019

Benefits of Cloud Financial Close Solutions

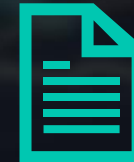
- Streamlined Processes through Standardized Templates
- Rules-Based Automated Reconciliations
- Integrated Storage of Supporting Documentation
- Real-time Dashboards, Task Mgmt, Reporting
- Automate High-Volume Transaction Matching
- Linking Recs to Policies & Procedures
- Flux / Variance Analysis
- Create & Automate Paperless Journal Entries
- Segregation of Duties & Automated Workflow



Expedite Close Process



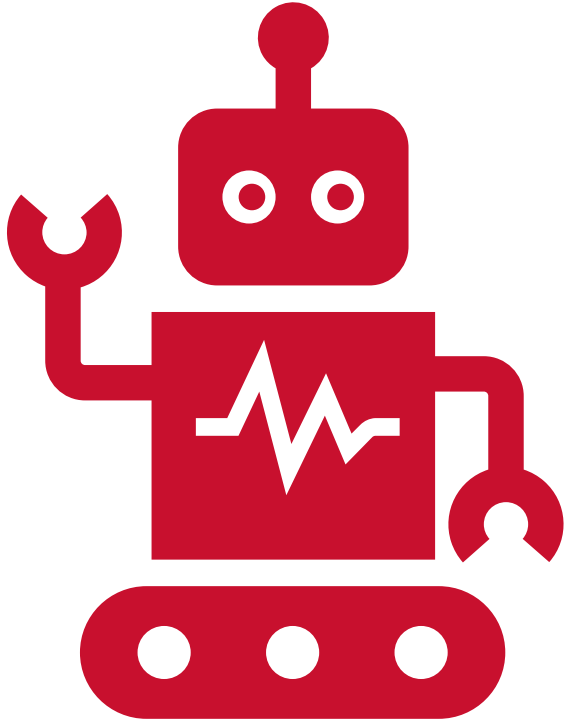
Reduce Manual Processing



Eliminate Paper



Improve Employee Satisfaction



Using RPA to Facilitate Close Automation

By interacting with existing systems, Robotic Process Automation (RPA) may be used to automate tasks or E2E processes that are:

- Rules Based, including Complex Rules
- Repetitive
- Typically Performed Frequently

**Common
FC Use
Cases**

**Data
Retrieval**

Reporting

**Data
Augmentation**

**Data
Manipulation**

Pulling it All Together

Perform Current State Analysis

- Identify process pain points and bottlenecks
- Re-sequence events for optimum throughput

Design Future State

- Think:
 - Globally
 - Enterprise-wide
 - End to End
- Standardize processes
- Build & automate close checklist and calendar

Automate as Much as Possible

- Establish linkages to subledgers and support systems
- Automate to the extent possible:
 - Intercompany transactions
 - Reconciliations
 - Journal Entries
- Eliminate reliance upon spreadsheets

Incorporate Solid Change Management

Benefits of Close Optimization



Mitigated Risk



Reduced Cost



Improved Accuracy



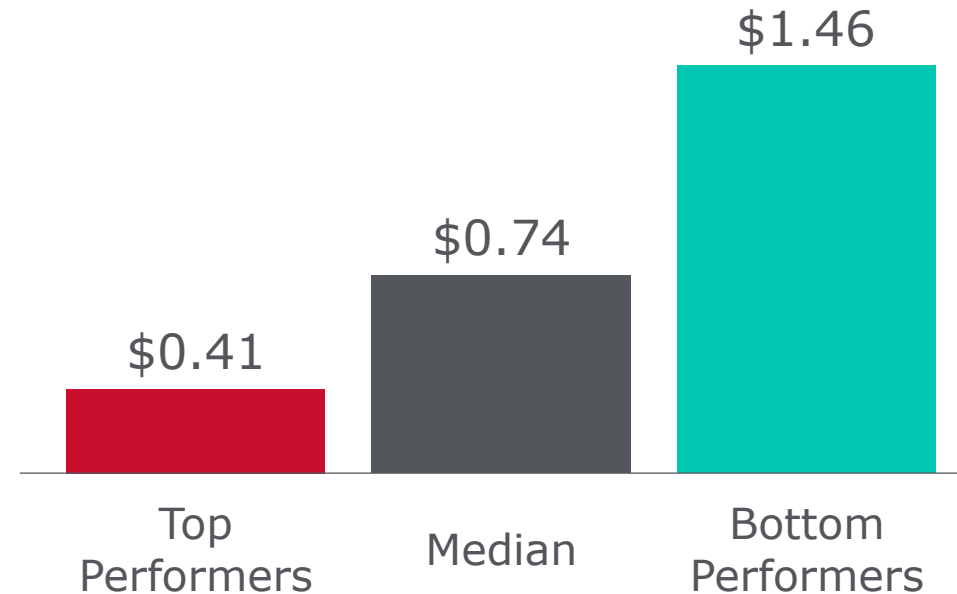
Reduced Cycle Time



More Time for Analysis & Insights

Optimizing Your Close Will Reduce Your Cost Structure

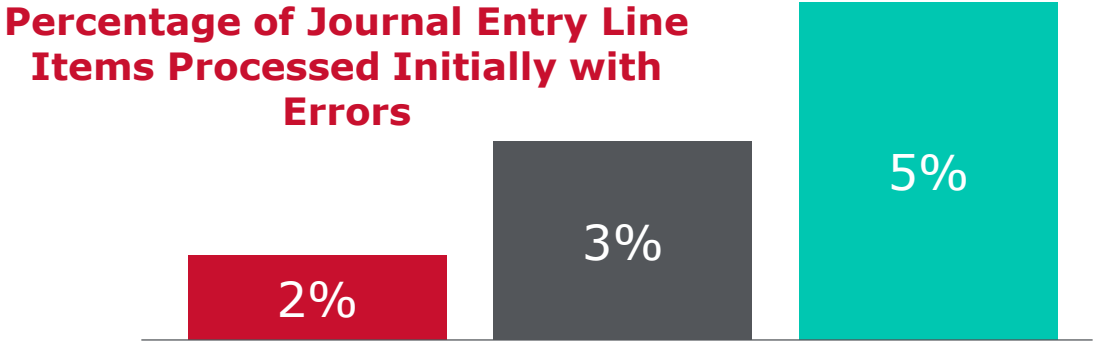
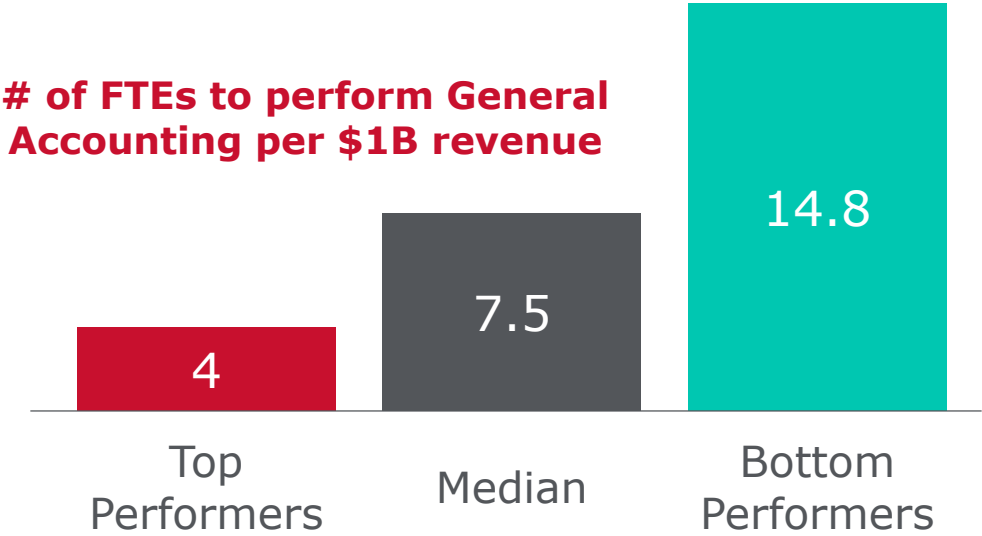
Total Cost to Perform "General Accounting" activities per \$1000 Revenue



Source: APQC, 2019

Cost and Error Reduction Benchmarks

Inefficient firms use 3.7X more FTEs to perform the general accounting activities than high performers



Source: APQC, 2019

Other Motivating Factors



We've learned first-hand pandemics and other events can significantly disrupt the R2R process – risks can be mitigated with redesign.



Removing stress from the close has a significant impact on Employee Satisfaction.

Happier employees means less attrition.



Studies show that attracting employees is a significant challenge in F&A.

Millennials are attracted to companies who use innovative technology.



Thank You,
Questions?



**Andy Jones, VP
Finance Transformation**

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Andy Jones

Vice President, Advisory & Project Services

Role and Experience

Andy is the firm's national practice leader for Finance Transformation, Process Optimization, and Robotic Process Automation (RPA).

In this capacity, Andy and his team develop and deploy solutions enabling firms to lower cost, improve quality, and transform the way they work. A lifelong collaborator and problem solver, Andy joined RGP and its Advisory team in January 2017, working between the company's integrated solutions and client development teams to identify, develop, and deploy and client solutions.

Prior to RGP, Andy was Executive Vice President for a specialized global freight forwarder, at which time he developed and deployed network of disaster preparedness and relief efforts with the US Department of Health & Human Services, the CDC, the Office of Foreign Disaster Assistance. Andy served in a variety of roles in his 14 years at UPS, including Vice President, Government & Defense Sector. He served as UPS' Vice President of Strategy & Marketing for the company's non-parcel / logistics business.

He was an adjunct faculty member at the Kenan-Flagler School of Business at the University of North Carolina.

Expertise

- Robotic Process Automation
- Emerging and Enabling Technologies
- Business Strategy & Technology Alignment
- Process Optimization / BPI
- Finance Transformation
- Supply Chain & Logistics Strategy
- Operations Management
- Post-merger Integration



Education

- MBA, University of Maryland
- BE, Electrical Eng. & Mathematics, Vanderbilt University

Industry Experience

- Supply Chain, Logistics & Transportation
- Electronics
- Healthcare
- Military & Government
- Retail
- Distribution

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ARE THERE ANY QUESTIONS
FOR TODAY'S PRESENTERS?

thank you!

FOR YOUR PARTICIPATION DURING
THIS WEBCAST!

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should you meet the criteria.

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