The Fast, Clean Close Benchmark

Processes and systems for best execution

Benchmark Research
White Paper

VENTANA
RESEARCH

Aligning Business and IT to Improve Performance

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Ventana Research performed this research for a fee to determine the needs and practices of finance organizations that seeking insight into ways to improve financial closing. This document is based on our research and analysis of a quantitative survey administered via the Web to qualified respondents. Qualification was based upon involvement with corporate finance processes.

This research was designed to investigate the practices and needs of individuals and organizations that wish to improve the speed and effectiveness of the financial close. This research is not intended for use outside of this context and does not imply that organizations are guaranteed success by using only these results to improve organizational productivity. Moreover, gaining the most benefit from processes, procedures and technologies to improve the financial close requires an assessment of your organization's unique needs.

We certify that Ventana Research wrote and edited this report independently, that the analysis contained herein is a faithful representation of our evaluation based on our experience with and knowledge of corporate finance processes, and that the analysis and conclusions are entirely our own.

Ventana Research

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Executive Summary

CFOs are looking for ways to close their monthly, quarterly and annual books faster and more accurately so they can produce financial and management reports promptly while using the fewest resources. Ventana Research asserts that rapid, accurate closing is a good indicator of a finance organization's efficiency, and accomplishing it allows Finance to spend more time on higher-yield functions such as performance management, forward-looking analyses and trend assessments. Conversely, longer closes often indicate a need for the CFO to address more fundamental performance issues.

In most organizations, discordant combinations of people, processes, systems and information can impede achieving a fast, error-free (that is, clean) close. Errors commonly require expensive, time-consuming corrections, and when not detected, they pose the risk of restatements that can damage a company's standing with investors, with markets and with regulatory agencies.

Financial organizations made considerable progress toward the fast, clean close in the 1990s, but those efforts appeared to stall earlier in this decade. Ventana Research undertook this research study to determine how much progress companies have made in accelerating their accounting close and to look into other aspects of completing the financial cycle, specifically tax calculations.

Arguably, the most important reason that large corporations made significant progress in speeding up their accounting close cycle in the 1990s was improvements in the capabilities of information technology, including enterprise resource planning (ERP) systems, data warehouses and dedicated consolidation software. These technologies enabled efficient aggregation of disparate recording and accounting software into ERP systems, automation of more accounting processes, centralization of data collection and flexibility in reporting options.

In this decade, however, progress stalled. The principal reason was that companies had to contemplate more challenging process improvements that made fuller use of their information systems than they could do in the earlier performance improvement cycle. Unfortunately, this need came at a time when finance organizations were distracted by a recession and (in the case of public companies in the United States) by the new regulatory requirements imposed by the Sarbanes-Oxley Act.

When Ventana Research completed our first research into the closing process in 2005, we found little overall progress in closing speed and accuracy after the late 1990s. The current study finds some improvement over the past two years, but we – and most of the participants in our study – believe that more improvement is needed.

We conducted the study over the Internet and promoted it to financial executives, managers and IT professionals through Ventana Research's media partners and our membership community. Participants included in the study work in large companies (that have at least 1,000 employees). Almost all have finance department titles (more than one-fourth are CFOs, controllers, senior vice presidents or vice presidents of finance) and work in North America in a range of industries. A total of 424 respondents qualified for and completed the survey.

We presented respondents with this description of the issue at hand: "Completing the accounting cycle quickly and accurately is a good indicator of efficiency in a finance organization. In most organizations, though, a complex of issues impedes achieving a fast, errorless close." We then asked them a range of questions designed to describe how quickly and accurately their company closes its books, and what technologies they use in that process.

We analyzed aggregated results in detail and present these findings in the full report in ways that describe the overall processes, policies and performance of financial closing. In addition, we applied the Ventana Research Maturity Model™ to describe the overall results of the study; these findings are particularly revealing because they show that nearly half of all companies in the study are at the lowest (Tactical) level of maturity in achieving a fast, clean close. A large number of companies take more than seven business days to close their books, have not improved their closing times in the last two years and have made no changes to their closing process recently that will shorten the time.

That current results often are unsatisfactory is evidenced by the four-fifths of finance professionals in this study who said that accelerating the close is either important or very important. The main reasons they gave for its importance are a need for more time to perform analysis before publishing results and a requirement to have management and financial information sooner. Timely and accurate information about a company's performance is a key to effective management, and it responds appropriately to the current regulatory climate as well. Nearly two-thirds of survey respondents said their monthly close takes longer than it ideally should, and almost as many said their quarterly close should be accelerated.

Getting a handle on the tax calculations is also an important aspect of completing the close. More than one-fourth of study participants asserted they could reduce their tax expense by having deeper and more timely insight into the organization's tax position for each taxing jurisdiction.

On the positive side, we were encouraged to find that nearly half of the participants said they made progress in speeding their close over the past two years. It also is encouraging that more than half of the companies that participated in our research study complete their monthly close in six days or less, although fewer than half complete the quarterly close in six days or less.

Applied properly, information technology can reduce closing times. For example, our research shows that companies using dedicated consolidation software close their books faster than do companies closing with ERP applications or spreadsheet software. Two-thirds of companies that use consolidation software close their monthly books in six business days or less, and more than half close their quarterly books in six days or less; both are higher percentages than for those that use their ERP systems and those that rely on desktop spreadsheets. Eliminating manual steps in the closing process can shorten closing times and reduce errors as well. Automating the flow of data from one system to the next used to be difficult, but it is simpler and far more cost-effective today.

Of course, companies first must want to shorten their close before they can improve, but the results of this research show they can obtain substantially better results by having a disciplined process for achieving a faster close. Nearly all the companies

that set out to reduce their closing cycle were able to do so, but companies that meet regularly (once a month or at least once a quarter) to identify and address closing process factors have been more able to shorten closing times by a day over the past two years.

About This Study

Methodology

Data collected for this study comes from a survey Ventana Research conducted over the Web in January, February and March 2007. We solicited survey participation via e-mail blasts and Web site invitations. Both Ventana Research and this program's media sponsors (identified above) originated the e-mail blasts.

We presented this explanation of "a fast, clean close" to respondents prior to their entry into the survey:

> CFOs are looking for ways to close their books faster. Completing the accounting cycle quickly and accurately is a good indicator of efficiency in a finance organization. In most organizations, though, a complex of issues impedes achieving a fast, errorless close. Ventana Research is conducting a short survey to explore how organizations close their books, what obstructs the process and how financial executives can move toward a fast, clean close. We'd like to know your thoughts on the business issues associated with closing the books. Ventana Research relies on professionals like you to help it understand your attitudes and experience.

The following promotion incented respondents to complete the survey:

> In exchange for your valuable time and insights, the first 50 qualified participants will receive a Starbucks Card loaded with US$5; for participants in countries that do not accept incentives, we will provide an equivalent donation to a charity supporting orphaned children across the world. All qualified participants will receive a report on the research findings and a quarterly membership to the Ventana Research Performance Management Community valued at US$125, and will be entered into a drawing to win a US$100 American Express Gift Cheque.

Demographics

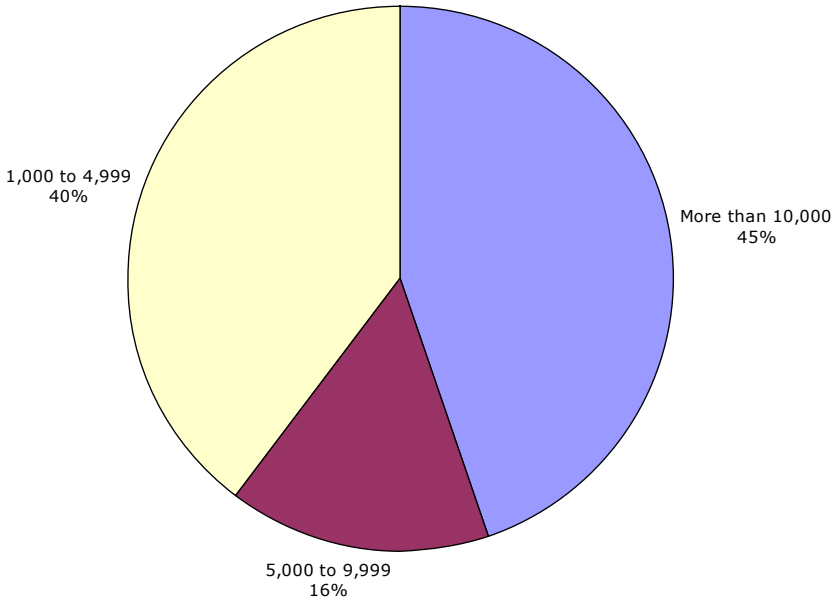
The survey was designed to be answered by senior managers, directors and vice presidents of companies with more than US$100 million in annual revenues or more than 1,000 employees. Respondents at these companies who work in the finance, operations and IT domains best represent the financial software users and thus the financial software market.

Of the 1,282 participants who clicked through to the online study, Ventana Researched deemed 424 to be qualified to have their answers counted in this research. In this report the term "respondents" refers to that group, and the charts in this section characterize various aspects of their demographics and qualifications. For questions that were to be answered only by a subgroup of respondents, we note which group responded to the question. The charts in this section depict aspects of the demographic data and the qualifications of those respondents. The numbers of particular questions that elicited the responses are set in brackets, such as [Q2]. See the Appendix to the full research report for the complete list of questions. In some cases, chart percentages may not add up to 100 percent due to rounding.

Company Size: Employees

Company size is a key driver of the types and magnitude of many management issues, and that includes closing the books. We limited our analysis of response to organizations with 1,000 or more employees because they face different issues than smaller ones due to the scale and complexity of their corporate structure, their IT infrastructure and the performance requirements for their software. All of this has an impact on how a company executes its accounting close. We asked survey respondents to select the size of their organization from our standard list of sizes [Q2]. Excluding those from companies with fewer than 1,000 employees, the largest group (45%) of participants was from organizations with 10,000 or more employees; 40 percent worked in companies employing 1,000 to 4,999 people, and 16 percent were from those with 5,000 to 9,999 employees.

Figure 1
Respondents by Company's Number of Employees



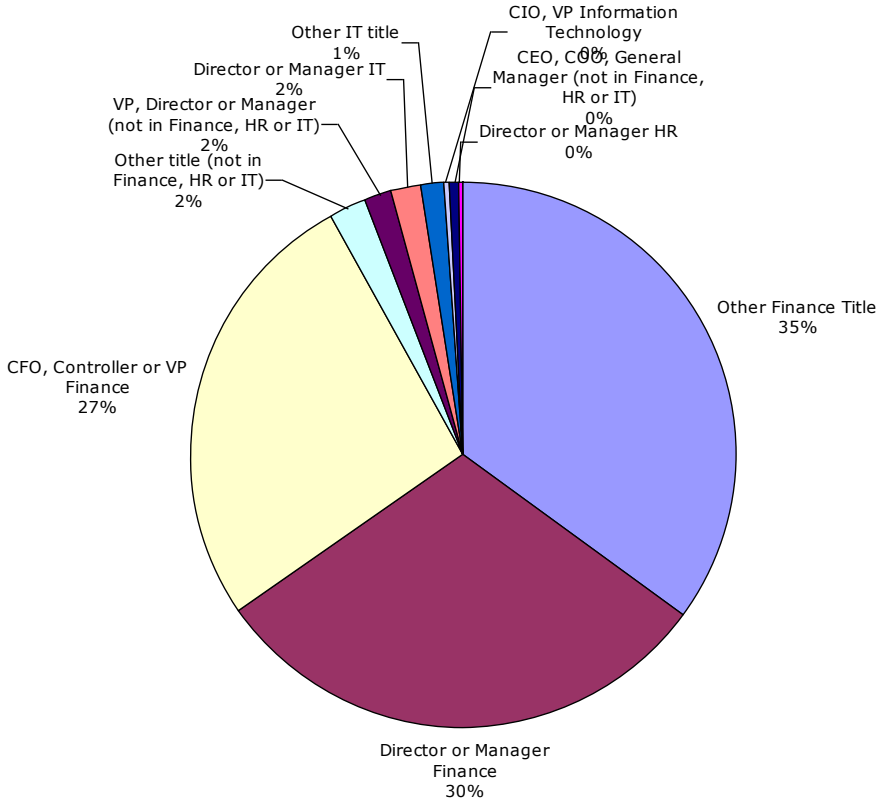
Source: Ventana Research

Job Title

We asked survey participants to select their job title from a list [Q1]. In this research study (as in others Ventana Research does), we select questions for participants to respond to based on their title and day-to-day experience. In this research study, people with titles in Finance and lines of business (including general corporate titles and HR) were on one track, while those who noted an IT title were on another. Some of the questions were specific to these two groups while others were answered by both. Given the specific, technical nature of the topic it is not surprising that the overwhelming majority (92%) of the research panelists were from the finance organization. Twenty-seven percent said they have a senior finance title: CFO, controller or vice president of finance. The largest group (35%) has a financial title that was not specified in the list, while nearly that number (30%) said they are either a director or a manager of finance. The remaining respondents were split between IT and general corporate or HR titles. The strong participation by finance

professionals promotes the validity of the findings of this study. Although we have included the results of the IT title-only track, we caution that the sample size is not large enough to be statistically relevant.

Figure 2
Respondents by Job Title

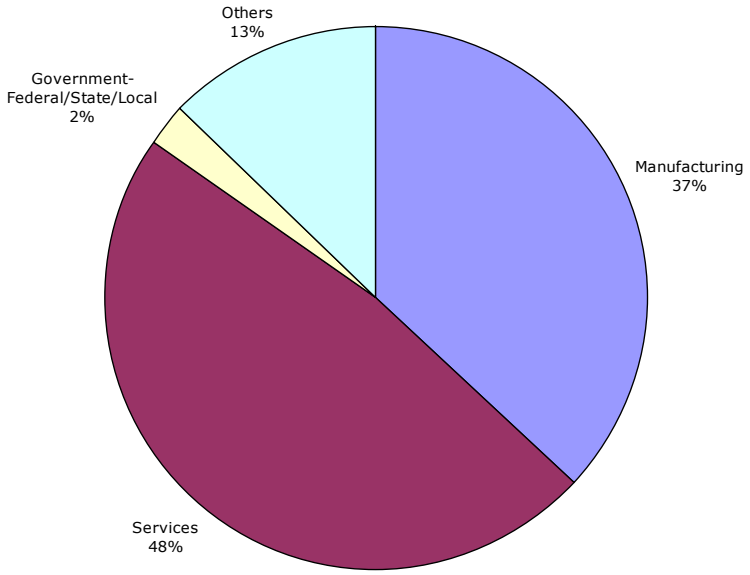


Source: Ventana Research

Industry Affiliation

Participants were given several choices to select the industry in which their company participates [Q53], and the respondents' results are summarized here. The largest number of respondents (48%) said their company is in the services sector, while the next largest number (37%) said they work in the manufacturing sector. A further 2 percent said they are in government services, while the remaining 13 percent work in other unrelated industries. The finance function has a great deal of high-level similarity across industries (although there are almost always industry-specific language, practices and accounting treatments), so we were not surprised to find little variation in responses across vertical industries in this research study.

Figure 3
Respondents by Industry Sector

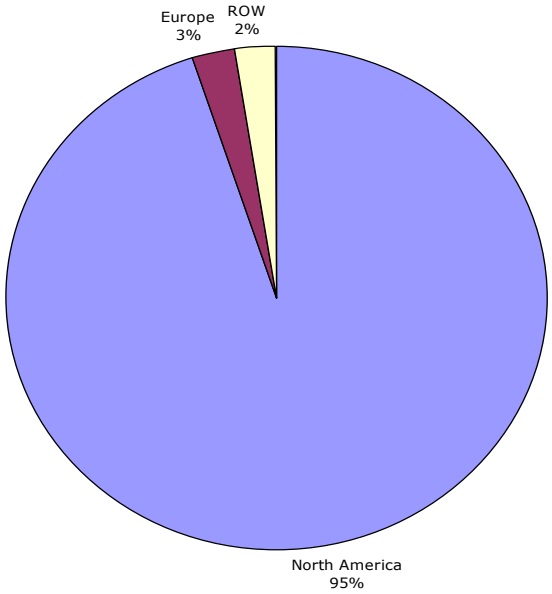


Source: Ventana Research

Geographic Distribution

We asked each respondent to tell us the country their companies are located in [Q54]. Almost all (95%) of respondents work in North America, while 3 percent work in Europe and 2 percent work in the rest of the world (ROW).

Figure 4
Respondents by Geography



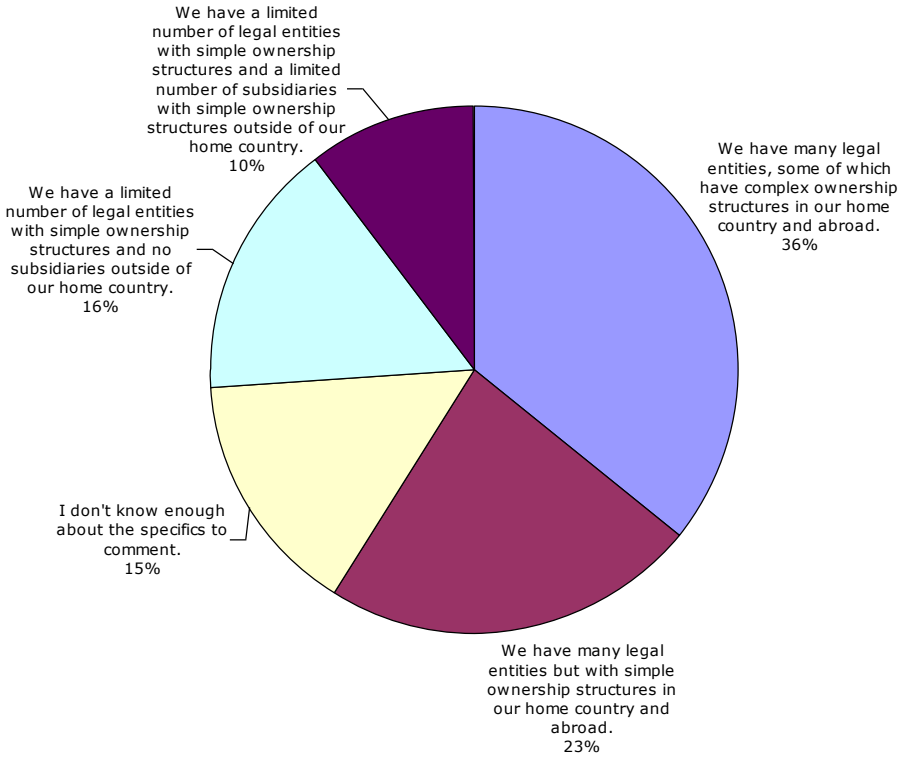
Source: Ventana Research

Corporate Structure

Corporate structure almost always has a major impact on the complexity of the financial consolidation and closing process, so we asked respondents who with Finance and line-of-business titles about the structure of their companies [Q39]. We gave them four choices and asked them to choose the one that best describes their company. The descriptions covered the complexity of ownership structures (such as minority ownerships, cross shareholdings, partnerships and joint ventures) and the number of legal entities (larger numbers are more difficult to consolidate than a few), as well as multinational or domestic (legal entities outside of the home country escalates the accounting and tax issues around the financial close).

In order from the more complex to the less complex, 36 percent of respondents described their company as having many legal entities, some of which have complex ownership structures, in their home country and abroad; this was the largest group in the sample. The next largest (23%) said they have many legal entities but with simple ownership structures in their home country and abroad. Ten percent said they have a limited number of legal entities with simple ownership structures and a limited number of subsidiaries with simple ownership structures outside of their home country, and the remaining 16 percent are companies that have a limited number of legal entities with simple ownership structures and no subsidiaries outside of their home country. Fifteen percent said they do not know enough about the specifics to respond.

Figure 5
Respondents by Corporate Structure

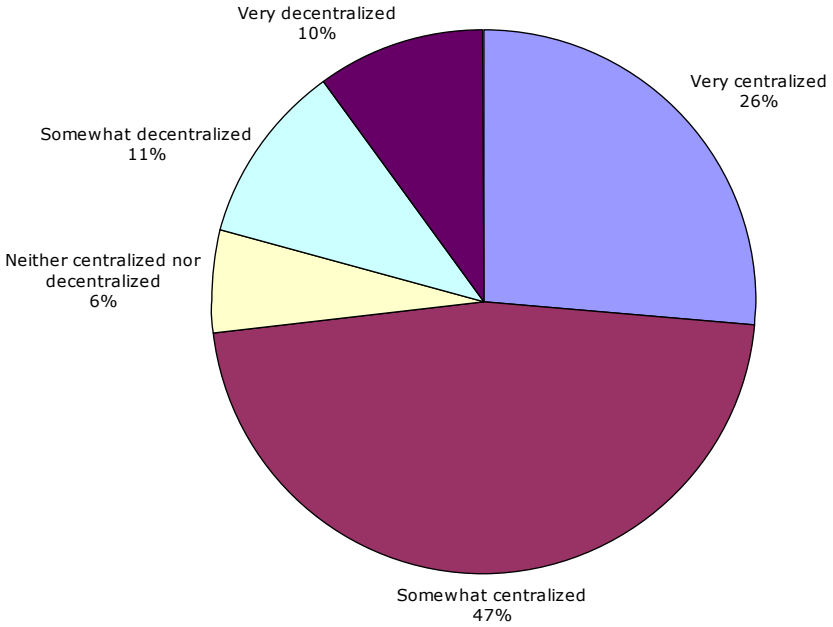


Source: Ventana Research

Centralization of Accounting Function

We asked respondents with finance and line-of-business titles how the accounting function is structured in their company in terms of its centralization or decentralization [Q28]. A company will choose how it structures the finance function depending on a variety of factors. In smaller corporations, centralization is relatively easy, but it is harder to maintain in multinational companies with multiple business units, particularly if they span different types of business. It is not uncommon for larger companies to vacillate between increasing and decreasing centralization based on expectations of reducing costs and improving business functions and responsiveness. We included this question to discover the extent to which there is a connection between centralization and closing process metrics. Nearly half (47%) of respondents said that their financial organization is somewhat centralized, and just over one-quarter (26%) said their organization is very centralized. About the same number said their financial organization is somewhat decentralized (11%) or very decentralized (10%), while only 6 percent described their financial organization as neither centralized nor decentralized.

Figure 6
Extent of Accounting Function Centralization



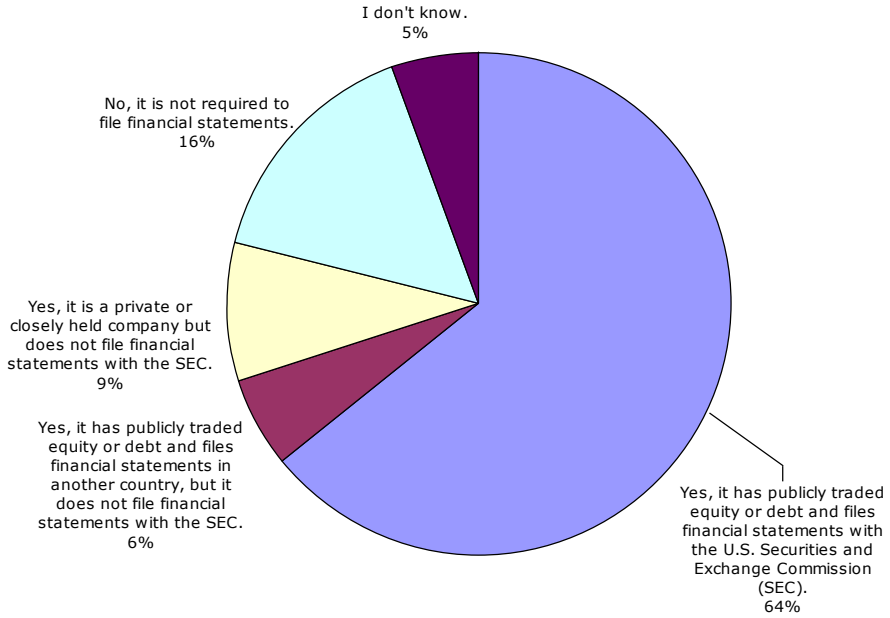
Source: Ventana Research

Regulatory Financial Statements

We also were curious to see to what differences there are in the closing process between companies that must file financial statements with regulatory bodies or other third parties (such as a lender or a venture or private equity investor). Companies that must file their financial statements usually have a deadline, and these can have an impact on the how quickly the companies wish to close. In recent years, the United States Securities and Exchange Commission (SEC) has accelerated the quarterly and annual filing deadlines in part to reflect the changes in financial software that have enabled companies to prepare their financial statements sooner.

It also stems from the commission's belief that corporate transparency has a time dimension (that sooner is better when it comes to disclosure). Almost two-thirds (64%) of respondents said their company has publicly traded equity or debt and files statements with the SEC. Another 15 percent file their financial statements an entity other than the SEC. Six percent said their company is publicly traded in another country but does not file with the SEC, while 9 percentare privately or closely held and file with some other entity. Only 16 percent of the participating companies are not required to file financial statements, and 5 percent had noknowledge regarding this question.

Figure 7
Whether Company Files Regulatory Financial Statements



Source: Ventana Research

Key Insights

Companies have made some progress in speeding up closing, but more can be done.

Companies made considerable strides in speeding up their closing processes during the 1990s. They were helped by improvements in accounting, database and reporting software, which made it much easier to centralize storage of accounting data and to report on it. The impact on public companies in the United States was noticeable: On average, companies were able to report their results at least a week sooner than they had in the 1980s. Early in this decade, Ventana Research looked into whether companies have been able to make further progress, and we found little. We suspect that the recession in the early years of the decade and the impact of dealing with the Sarbanes-Oxley Act in the U.S. and newly established International Financial Reporting Standards had some impact. These sorts of distractions hinder any sort of innovation within finance departments.

We were pleased, therefore, to discover that nearly half (47%) of the participants in this research study reported that they have made progress in accelerating their close over the past two years. In fact, nearly one-third (30%) of them said they have shortened their close by at least two days. A majority (58%) of the companies represented in our survey close their books within five or six business days after the end of the month, and nearly half (47%) do it within five or six days after the end of the quarter.

Still, when we compare how long it takes organizations to close their books to the ideal times that our respondents said it should take, we find that companies can do more. On average, participants believe their company can shave at least a day or two from both the monthly and quarterly closes. Yet this average is deceiving because respondents from companies that are taking longer than average to close their books said they could be shortening the interval even more. For those that take seven or eight days, 43 percent set their ideal close at three or more days shorter; for those that take nine or 10 days, 60 percent also set it at three or more days shorter; and for those that take 11 or more days, 70 percent have this time savings in mind, and nearly half want to cut it by a week or more.

Accelerating the close is an important issue.

Most of the people (85%) who participated in the research study said that shortening the closing period is important or very important. They desire to shorten their company's closing period for three main reasons. First, they want to be able to have more time for analysis and auditing before publishing their financial statements. Most of the companies participating in the research study have to submit periodic financial statements to third parties, and most of these to the U.S. Securities and Exchange Commission. They also want to be able to get their financial and management information out as fast as possible. From the start of the computer age, faster access to information has been a major purpose of having automated financial systems.

Accelerating the close is not a matter of finding a single "silver bullet."

We asked respondents who indicated that their company has shortened its closing interval how they did it. Three reasons stood out. By far the most frequent response was that they control the closing process more effectively and consistently. Managing

the process with the aim of improving it, in other words, was the overarching technique. Usually this means concentrating on identifying and addressing factors that lengthen the close. In our experience, these are usually a smattering of little things rather than one big thing. Participants also cited centralizing more of the accounting functions, a structural change that can improve process execution through better communication, coordination and simplification. And they cited optimizing the use of journal entries through some combination of standardization, simplification and/or automation. Each of these changes usually helps improve speed, reduce errors and increase control.

Companies that manage the improvement process formally get better results than those that do not.

A big part of accelerating the closing process relates to process management, so we were not surprised to find that companies that manage process improvement in a formal and ongoing fashion get better results than those that use an ad-hoc approach to finding ways to shorten the close or those that address process improvement infrequently. This finding confirms a tenet of Management 101. Considerably more organizations that review issues formally on a monthly basis (61%) shortened their closing time over the past two years, while 44 percent of those that discuss and address major issues as they arise were able to do that. The results for companies with a formal quarterly review were close to those for a monthly review (60% shortened their close), while those with a semiannual or annual review were like those with an ad-hoc process (46% in this case). In contrast, only 28 percent of the organizations that said they have no process at all were able to shorten their close over the past two years. In our judgment, along with using more of the right software to manage the process, a formal ongoing process improvement methodology is necessary to achieve the shortest feasible closing process.

Companies that use dedicated consolidation software close their books faster.

For the monthly close, 50 percent of the companies using consolidation software are able to close within six days, compared to 44 percent of companies using their ERP system and just 38 percent that use Excel or another spreadsheet. Results were similar for the quarterly close. Based on our findings, we estimate companies using consolidation software close their books 7 percent faster (on a weighted average basis) than companies using their ERP system and more than 10 percent faster than those using spreadsheets to manage the process. Consolidation software is a vital component helping larger and more complex companies minimize the time and resources needed to close their books. While there are many factors that can go into shrinking the closing period, in our experience the use of consolidation software is a prerequisite for making these other improvements feasible.

An intriguing aspect of this finding is that companies that use consolidation software typically are larger and have greater complexity in their corporate structure and IT environment (for example, ERP systems from multiple vendors and/or a larger number of instances). In theory, being larger and more complex should contribute to lengthening their close. However, we believe at least a part of the explanation is that the largest companies (those with 10,000 or more employees and over $US1 billion in annual revenues) have the resources (that is, software and people) to apply with

their scale issues. Smaller (and therefore typically less complex) organizations may not have dedicated the same resources to achieving a faster close.

The right software is necessary to manage the process effectively.

When it comes to consolidating an organization's financials, electronic spreadsheets once were viewed as a major advance because they replaced the paper-based spreadsheets people had used before. But time moves on, and while desktop spreadsheets remain useful tools for finance professionals, they are not suited to any collaborative, repetitive process, such as consolidating and closing a company's financial statements. We suspect that some companies continue to use spreadsheets because they see them as "free" and because they have been using them for years. Our research data shows that very large companies with complex corporate and IT environments are less likely to be using spreadsheets because they are using consolidation software or some other enterprise system. Smaller companies with simple corporate and IT environments (that is, having only a single ERP software vendor) can easily use the consolidation capabilities built into that ERP system. However, we found companies with 5,000 to 9,999 employees (the middle cohort in our study) were the most likely to use spreadsheets to manage their closing and consolidation process, probably because they are in a transition, unable to use their ERP system because they have systems from multiple vendors but (mistakenly) thinking they can rely on spreadsheets. Yet our data shows that companies that use spreadsheets to manage the closing process consistently take longer to complete the close than those that use enterprise systems to manage the process.

But many companies that use enterprise systems to manage their close still use desktop spreadsheets extensively in the closing process. Although a majority of participants in this research study said spreadsheets do not pose a risk for restatement or compliance issues, we disagree. Indeed, the research shows that companies that use spreadsheets extensively are more likely to say that errors are a problem in the closing than those that limit that use. Indeed, three-quarters (74%) of companies that described their use of spreadsheets in the closing process as extensive also reported that they have significant or very significant data quality issues in their closing process; this compares to just half (52%) of those that described their spreadsheet use as limited. Eliminating errors is an important way companies can shorten their closing process. Sixty percent of companies said they could save at least a day or two in their close if they could eliminate all errors, and 10 percent estimated they could save three or more days.

Companies with complex ownership and/or multiple entities need time and tools to minimize their tax liabilities.

Related to the close is the issue of optimizing a company's tax obligations (that is, minimizing long-term tax expense across the corporation). Our research confirms that even large companies in North America that have simple corporate structures, especially smaller ones, do not face a significant challenge optimizing their tax exposure. Conversely, the study reveals that corporations with complex corporate structures and multinational operations can benefit from having additional time to gain insight into how to dynamically structure the recognition of income and expenses, as well as the allocation of assets and liabilities. Using the right software and having the right process are two keys to finding the time to perform tax optimization analysis. However, we believe companies also need software that enables them to perform what-if analysis. Here again, spreadsheets are the wrong

technology. Although they are quick and easy to use, they do not have the capabilities to support this kind of ongoing analysis in a way that gives people who have expert knowledge of managing tax exposure enough time and insight to minimize a corporation's long-term tax expense. An application that uses a relational or multidimensional database and incorporates sufficient tax expertise can do this better.

What To Do Next

Close sooner or more efficiently.

Are you closing as fast as you should? If you are not closing your books at the corporate level within five or six business days after the end of the month or quarter, you should be looking for ways to accelerate your process. Even if you are closing within this period, you may want to look for ways to perform the task more efficiently so that people in the finance and accounting area can spend their time more productively. Most people we surveyed said this issue is important or very important. Accelerating the close or making it more efficient should be a priority for the CFO and/or controller in your organization. The research study revealed, not surprisingly, that it was mostly the companies that explicitly decided to shorten their close that actually did.

Beyond making it a priority, we assert the other two prerequisites to accelerating the closing process are effective management of the process and of the IT elements that affect it.

Have a real process for shortening your close, not a "sort-of" process.

There are many ways companies can shorten their close, and the actual mix of changes that need to take place vary with the company. However, participants that had been able to shorten their close mentioned one change they made far more often others: They control the closing process more effectively and consistently.

"Consistently" in this case means that there is a process which defines roles, responsibilities and deadlines. Everyone involved knows what has to be done and when or can easily look it up. If you think you have such a process but the manuals that people have are littered with yellow sticky notes or penciled-in changes, take a closer look at your process. It likely is a "sort of" process that relies heavily on everyone "knowing" what to do. Sometimes the ability to execute consistently to this stated process can be assisted by greater automation and more effective use of IT systems (more on this below).

Greater effectiveness can be achieved through a formal, ongoing review of the closing process to uncover things that create delays or inefficiencies. These may be people-related, such as a lack of training. They may be information-related, as in the timing of or delays in calculations, or errors that must be found and rectified. They may be systems-related, such as having too much complexity or the wrong software for the task. Or the barrier may be the process itself: the actual timing of the steps and events related to the close. Our research found that most companies that had actually shortened their close over the past two years had a formal process, frequently used, that looked for opportunities to eliminate barriers and uncover opportunities to accelerate the close.

Even if your company closes its book as fast as you think you ought to, it is probably a good idea to have a standing group that evaluates where there are bottlenecks and opportunities to save time. This applies not just to the closing but to all of the major processes in the accounting and finance function.

Understand the technological aspects of the closing process.

Do you have the right software to manage your closing process? We found companies that use software dedicated to consolidation are able to close faster than companies that use their ERP systems or those that use spreadsheets. This does not mean that every company must use a dedicated application. However, if your company uses ERP systems from multiple vendors, especially if you have many legal entities or complex corporate ownership structures, you probably will find it easier to manage the closing process and speed its completion with a dedicated tool. If your company is using desktop spreadsheets to manage the process, we recommend you find another way, since it likely is slowing the process needlessly. While spreadsheets are "free," the time they waste is not. This applies not only to the people in your organization but also the time spent by external auditors and other third parties checking these spreadsheets over and over.

Even if your organization does not manage the closing process itself using spreadsheets, it may be using them too much to support it. Our research shows that companies that use spreadsheets extensively in the closing process have far more issues about data quality than those that limit their use. We recommend finding other ways of bringing together information and analyzing it. A decade ago it was difficult and costly, for example, to pass data directly from one system to another or to program recurring allocation routines into enterprise systems. Today it is far easier and much more cost-effective. Any program to accelerate closing must examine opportunities to use IT to address problems with bottlenecks, delays and errors.

Manage taxes more effectively.

Unless your company has a relatively simple tax structure, one of the goals you should consider for the closing process improvement program is to enable the tax people in your organization to manage global corporate tax exposure more effectively. We believe an important element of this is giving them access to enterprise-wide information as early as possible so they can use the most appropriate tools to determine how best to minimize long-term corporate tax expense. This includes the software the company uses to manage the closing process as well as analytical and tax management tools to assess how to minimize exposure.

Simplify wherever it is feasible.

Being detail-oriented is a desirable character trait for people in the finance and accounting function – most of the time. Attention to detail in recording transactions is important, of course, but it can stand in the way of doing useful analytical tasks where the forest, not the trees, is critical. One of the great advantages of the effective use of information techcnology in the finance function is that it makes it possible to collect all of the details (sometimes more than with paper-based systems) without having to use that level of detail for all reports and analyses.

We also find that many companies have more complex IT environments than they need, and this may be contributing to a longer closing process than necessary. Dealing with IT complexity is like weeding a garden – not fun but an ongoing, unavoidable task if you want good results. Your company's finance systems may be more complex than they need to be, and this can affect how quickly you can close as well as create financial and management reports.

Simplification also may be possible in many little ways that have nothing to do with IT. Does your company have too many bank accounts? Legal entities accumulate in corporations like things in a garage – out of sight and out of mind most of the time. Eliminating useless legal entities may shorten the closing process and reduce administrative costs generally.

Another target for simplification is the chart of accounts. Excessive complexity in the charts can slow the consolidation process. It also can make routine analysis more difficult. Having a single chart of accounts is a worthy goal, but for a large majority of companies with annual revenues in excess of US$100 million, it may be unattainable. Nonetheless, it usually is possible to reduce the number of different charts in use. Moreover, if one or more entities has a complex chart of accounts to facilitate management reporting, it may be worth reconsidering this practice and/or using master data management to make it easier to handle the complexity this approach can create in the closing process.

How Ventana Research Can Help

Ventana Research helps organizations develop, execute and sustain business and technology programs that align people, processes, information and technologies essential for success. As an objective and trusted advisor, we are your insurance that your business and IT initiatives deliver both immediate and long-term improvements to your business.

We offer a variety of customizable services to meet your specific needs including workshops, assessments and advisory services. Our education service, led by analysts with more than 20 years of experience, provides a great starting point to learn about important business and technology topics from compliance to business intelligence to building a strategy and driving adoption of best practices. We also offer tailored assessment services to help you connect the business and technology phases of your project by leveraging our research foundation and methodologies. And we can provide Ventana On-Demand access to our analysts on an as-needed basis to help you keep up with market trends, technologies and best practices.

Everything at Ventana Research begins with our focused research, of which this report is a part. We work with thousands of organizations worldwide, conducting research and analyzing market trends, best practices and technologies to help our clients improve the efficiency and effectiveness of their organizations.

Through the Ventana Research community we also provide opportunities for professionals to share challenges, best practices and methodologies. Sign up for Individual membership at www.ventanaresearch.com to gain access to our weekly insights and learn about upcoming educational and collaboration events – webinars, conferences and opportunities for social collaboration on the Internet. We offer the following membership levels:

Individual membership: For business and IT professionals* interested in full access to our Web site and analyst team for themselves. The membership includes access to our library of hundreds of white papers and research notes, briefings and telephone/e-mail consulting sessions to provide input and feedback.

Team membership: For business and IT professionals* interested in full access to our Web site and analysts for a five-member team. The membership includes access to our library of hundreds of white papers and research notes, briefings, telephone/e-mail consulting sessions to provide input and feedback and the use of Ventana Research materials for business purposes.

Business membership: For business and IT professionals* interested in full access to our Web site and analyst team for their larger team or small business unit. The membership includes access to our library of hundreds of white papers and research notes, briefings, telephone/e-mail consulting sessions to provide input and feedback, use of Ventana Research materials for business purposes and additional analyst availability.

Business Plus membership: For business and IT professionals* interested in full access to our Web site and analyst team for larger numbers of company employees. The membership includes access to our library of hundreds of white papers and research

notes, briefings, telephone/e-mail consulting sessions to provide input and feedback, quotes and validation for media, use of Ventana Research materials for business purposes, additional analyst availability and access to our team for scheduled strategy consulting sessions.

To learn more about Ventana Research services – including workshops, assessments and advice – please contact clientservices@ventanaresearch.com.

** Additional services are available for solution providers, software vendors, consultants and systems integrators.*

About Ventana Research

Ventana Research is the most authoritative and respected benchmark business technology research and advisory services firm. We provide insight and expert guidance on mainstream and disruptive technologies through a unique set of research-based offerings including benchmark research and technology evaluation assessments, education workshops and our research and advisory services, Ventana OnDemand. Our unparalleled understanding of the role of technology in optimizing business processes and performance and our best practices guidance are rooted in our rigorous research-based benchmarking of people, processes, information and technology across business and IT functions in every industry. This benchmark research plus our market coverage and in-depth knowledge of hundreds of technology providers means we can deliver education and expertise to our clients to increase the value they derive from technology investments while reducing time, cost and risk.

Ventana Research provides the most comprehensive analyst and research coverage in the industry; business and IT professionals worldwide are members of our community and benefit from Ventana Research's insights, as do highly regarded media and association partners around the globe. Our views and analyses are distributed daily through blogs and social media channels including Twitter, Facebook, LinkedIn and Business Week's Business Exchange.

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