

Ventana Research

The Office of Finance in 2017

Research Agenda and Research Calendar

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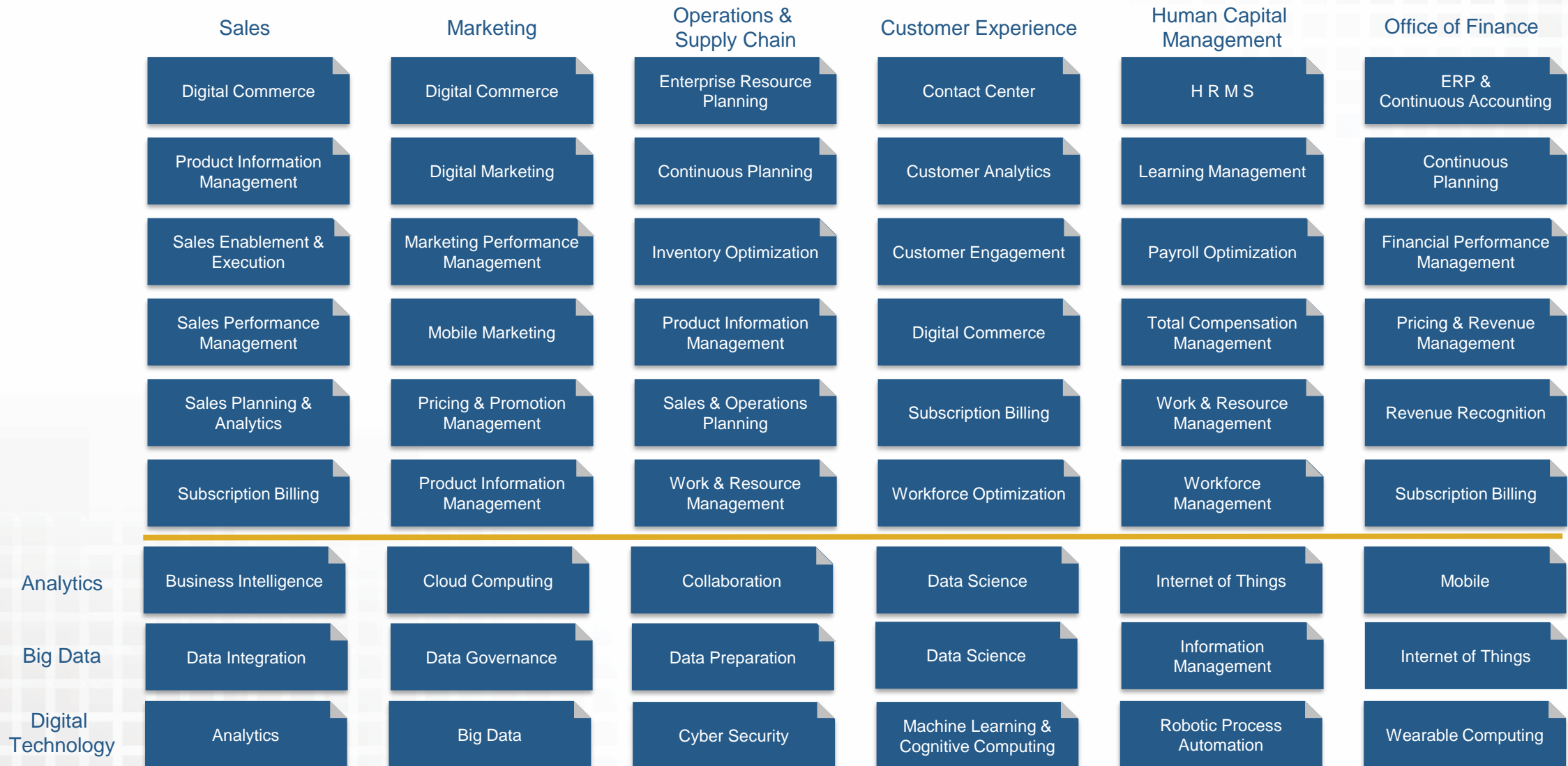
Technology Users

- Advice and Guidance
- Benchmark Assessment
- Educational Workshops
- Research Reports
- Speaking Services
- Technology Assessments
- Vendor Selection Guidance

Technology Suppliers

- Advice and Guidance
- Benchmark Services
- Content Services
- Education on/to Market
- Speaking Services
- Strategic Consulting
- Technology Insight Services

Ventana Research Expertise Framework



Expertise is Cross Functional, Not Pigeon-Holed

Background:

Ventana Research analysts work as a team across lines of business, processes, functions and technologies to provide perspectives that analyst firms with narrow, technology defined coverage areas are not able to match.

Examples:

- Finance with Sales, Marketing and Operations and Supply Chain in Continuous Planning.
- Finance with Analytics and Big Data in Financial Performance Management.
- Finance with Sales and Customer Experience in Subscription Billing.



Robert Kugel

SVP & Research Director



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Robert heads up the CFO and Business research practices focusing on the intersection of information technology with the finance organization and business. His research agenda includes the application of IT to finance and business process optimization – particularly continuous accounting and continuous planning; control systems and analytics; and pricing and revenue management. Prior to joining Ventana Research he was an equity research analyst at several firms including First Albany Corporation, Morgan Stanley, and Drexel Burnham, and a consultant with McKinsey and Co. Robert was an Institutional Investor All-American Team member and on the Wall Street Journal All-Star list. Robert has experience in aerospace and defense, banking, manufacturing and retail and consumer services. Robert earned his BA in Economics/Finance at Hampshire College, an MBA in Finance/Accounting at Columbia University, and is a CFA charter holder.

Office of Finance Overview

The Office of Finance on the Brink of Change

After a decade of limited technology innovation, significant change is underway. Cloud computing and restructured architecture will transform how the office of finance will work, including accounting, planning, budgeting and closing.

Focus Areas

Continuous
Planning

ERP & Continuous
Accounting

Financial Performance
Management

Revenue
Recognition

Price & Revenue
Management

Subscription
Billing



Research Agenda for Office of Finance

Continuous Planning

- Businesses must use technology to make planning and budgeting more agile and easier.
- The Cloud and in-memory makes shorter company-wide planning and review cycles feasible.
- Reimagine traditional budgeting and silo-based planning to achieve better results.

ERP and Continuous Accounting

- ERP and other software is evolving to streamline and restructure the accounting function.
- Database, system architecture and UX has made significant process re-engineering possible.
- Cutting administrative overhead and increasing analytical talent are key challenges for CFOs.

Financial Performance Management

- Real-time information, shorter cycles, self-service reporting are key capabilities for FP&A.
- Cloud, AI and in-memory driving changes in FP&A mission and how it's executed.
- Continuous planning and a shorter close are Office of Finance imperatives.

Research Agenda for Office of Finance

Revenue Recognition

- Most companies are late getting ready for new RevRec standards that are going into effect.
- New standards require software automation to handle the accounting, planning and budgeting.
- Companies must accelerate efforts to implement software for accounting and planning.

Pricing and Revenue Management

- Pricing and revenue management for B2B businesses and financial services going mainstream as process and technologies mature.
- Big data, machine learning enabling easier to deploy and more robust systems.
- Differentiated strategies will drive higher ROE and company valuations.

Subscription Billing

- Subscription economy growing increasingly important.
- Contract-to-cash systems give greater sales flexibility while cutting accounting workloads.
- Companies with subscription models must adopt dedicated systems for billing.

Digital Technology for Office of Finance

Emerging ERP Architecture

- Combining transactional, analytical, transactions fusion and in-memory.
- ERP enables and supports “Continuous Accounting,” and a more strategic role for Finance.
- Understand and utilize emerging ERP capabilities to drive an ongoing department evolution.

In-Memory Analytics for the Office of Finance

- More sophisticated analytics that put an end to “I’ll get back to you with that.”
- Supports a proactive, forward-looking role for FP&A with greater forward-looking visibility.
- Continuous planning requires technology to leverage analytical skills of FP&A.

In-Context Collaboration

- Streamlining interactions supports continuous accounting and continuous planning.
- In-context enables faster interactions and saves time versus emails and voice mails.
- Collaboration tools are an essential capability for financial management software.

Digital Technology for Office of Finance

Big Data Analytics

- Utilizing large volumes of transactions data well adds competitive capabilities.
- Predictive analytics, PRO, deeper visibility all enable differentiated strategy and operations.
- Companies must develop internal expertise to utilize big data analytical capabilities.

The Cloud

- Office of Finance is a laggard in adopting cloud services.
- Cloud software isn't always the right choice but many will benefit from using it.
- CFOs must have a deeper understanding of cloud benefits and issues.

Blockchain Distributed Ledgers

- Still emerging distributed ledger technology will profoundly affect the Office of Finance.
- DLT serving as a machine-to-machine universal data connector for B2B transactions.
- Be on the lookout for services that streamline finance functions.



Continuous Planning Research

Continuous
Planning

Overview

- Continuous planning uses technology to support rapid planning and review cycles

Agenda

- Businesses must use technology to make planning and budgeting more agile and easier.
- The Cloud and in-memory makes shorter company-wide planning and review cycles feasible.
- Reimagine traditional budgeting and silo-based planning to achieve better results.

Insights - Examples

- Key Insight: Continuous planning is a new approach to making finance more strategic by increasing the business value of planning and budgeting.
- Best Practices: Dedicated planning applications enable shorter cycles with greater accuracy.

Market Research

- Dynamic Insights: Business Planning
- Value Index: Business Planning

ERP & Continuous Accounting Research

ERP &
Continuous Accounting

Overview

- ERP technology is evolving to enable “continuous accounting,” a more engaged and forward looking management approach.

Agenda

- ERP and other software is evolving to streamline and restructure the accounting function.
- Database, system architecture and UX has made significant process re-engineering possible.
- Cutting administrative overhead and increasing analytical talent are key challenges for CFOs.

Insights - Examples

- Key Insight: “Only 43% of finance departments play an active role in management, with just 25% having a high degree of automation of core functions”
- Best Practices: “Continuous accounting is a discipline that enables finance executives to build a more strategically engaged department.”

Market Research

- Benchmark: Next Generation ERP

Financial Performance Mgt. Research

Financial Performance
Management

Overview

- FPM is the process of addressing the often overlapping people, process, information and technology issues affecting how finance organizations operate and support the their company.

Agenda

- Real-time information, shorter cycles, self-service reporting are key capabilities for FP&A.
- Cloud, AI and in-memory driving changes in FP&A mission and how it's executed.
- Continuous planning and a shorter close are Office of Finance imperatives.

Insights - Examples

- Key Insight: “The accounting close is a useful metric for measuring the overall efficiency and effectiveness of finance and accounting departments.”
- Best Practices “Companies that limit their use of desktop spreadsheets close faster, create fewer financial statement errors and plan more effectively.”

Market Research

- Dynamic Insights: The Financial Close
- Value Index: Financial Performance Management

Revenue Recognition Research

Overview

- New revenue recognition standards will require changes in how companies account for sales and in some cases how they plan.

Agenda

- New revenue recognition standards are a major departure from previous methods.
- Software is essential for managing process and handling more complex planning.
- Companies are behind schedule adopting ERP and haven't considered planning aspects.

Insights - Examples

- Key Insight: “Our research confirms dedicated software drives a better planning process.”
- Best Practices: “Companies must automate revenue recognition processes; those with even moderately complex rev rec impacts should use dedicated planning software.”

Market Research

- Benchmark: Next Generation ERP

Pricing & Revenue Management

Overview

- Price and Revenue Management (enables demand-based pricing using segmentation techniques to achieve strategic objectives such as increased profitability or higher market share.)

Agenda

- B2B pricing and revenue management entering mainstream and will be increasingly accessible.
- Refining big data analytics and providing end-to-end management makes software more usable.
- Pricing and revenue management is a way to achieve a sustainable competitive advantage.

Insights - Examples

- Key Insight: “Pricing algorithms produce differentiated strategies because their use produces non-intuitive successful results.”
- Best Practices “Pricing & revenue management drives higher profitability at every level of revenue.”

Market Research

- Dynamic Insights: Profitability Management
- Value Index: B2B Pricing and Revenue Optimization

Subscription Billing Research

Overview

- Finance and accounting is increasingly challenged by subscription business models.

Agenda

- Subscription economy growing increasingly important.
- Contract-to-cash systems give greater sales flexibility while cutting accounting workloads.
- Companies with subscription models must adopt dedicated systems for billing.

Insights - Examples

- Key Insight: “Subscription businesses can use dedicated software to enable a high degree of flexibility in the sales process while reducing accounting workloads.”
- Best Practices “Only contract-to-cash systems can maintain sufficient data integrity to streamline accounting and billing for subscription business models.”

Market Research

- Benchmark: Recurring Revenue
- Dynamic Insights: Subscription Billing
- Value Index: Subscription Billing

Technology Areas of Focus for Office of Finance

ERP and Continuous Accounting

- Revenue recognition and accounting standards.
- End-to-end process management
- Automating repetitive tasks
- Subscriptions and recurring revenue billing
- User experience
- Mobile and collaborative

Supporting Technologies

- Blockchain Distributed Ledger Technology
- Robotic process automation

Advanced Analytics

- Pricing and revenue management
- Predictive analytics
- Artificial intelligence and machine learning
- User experience
- Mobile and collaborative

Finance Operations

- Business planning and budgeting
- Achieving a faster close
- Tax planning and visibility
- Treasury management
- GRC

Market Research for Office of Finance

Benchmark Research

- Next Generation ERP (1Q2017)
- Office of Finance
- Recurring Revenue
- Business Planning

Dynamic Insights Research

- Business Planning (2Q2017)
- Subscription Billing (2Q2017)
- Profitability Management (3Q2017)
- Fast Close (4Q2017)

Value Index Research

- B2B Pricing Revenue Management (2Q2017)
- Financial Performance Mgt. (4Q2017)
- Business Planning (3Q2017)
- Financial Performance Management
- Business Planning




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