

FP&A TRANS FORMATION

AN ARMANINO WHITE PAPER

A Roadmap for FP&A Transformation

Adding True Value to the Business



Why can't we see performance across the entire organization in real time?

We need to implement driver-based planning and forecasting.

Why does it take so long to do budget planning?

The financial planning and analysis (FP&A) function includes some of the most critical business processes in any enterprise. However, FP&A is also an area where increasing complexity and organization growth can wreak havoc on the efficiency and effectiveness of the finance team. Hence the pressure many finance leaders face to transform the FP&A function for greater responsiveness, alignment with the business and strategic focus.

Indeed, transformation is imperative for many enterprises with decentralized entities and divisions, multiple accounting systems or lack of standardized processes. The traditional tool of choice, Excel spreadsheets, lacks the collaboration capabilities, controls and speed to deliver timely insight.

This reality is a barrier to improving an organization's performance due to an inability to assess options, see ahead of business changes and allow leaders to make informed decisions. The accelerating speed of change across enterprise-scale organizations increases the urgency to transform FP&A leadership.

While change is never easy, there is a way to reduce complexity, improve access to company performance data, streamline the planning and forecasting process, and gain consistency across the enterprise. This white paper looks at the challenges and pressures of the FP&A team within growing enterprise organizations and how finance leaders can embark on transformation that delivers rapid, incremental results.



40%

In an IMA survey, over 40% of finance leaders rated reliance on Excel as a top challenge to FP&A efforts.¹


¹ "Overcoming FP&A's Biggest Challenge: Predicting the Future," Institute of Management Accountants, 2021.



According to Gartner, only 16% of decision makers feel that financial data can be easily leveraged for decision making.²

How Did FP&A Become So Complex?

The FP&A team has an important role to play in the company. However, for many teams, the job has become far more difficult over time as the company has grown and as the residual effects of the COVID-19 pandemic have shifted the business landscape.



Today, the FP&A function is often stymied by the complexities and inconsistencies that have evolved because of company mergers and acquisitions and organic growth, including:

- **Different accounting systems used by different entities**
- **Different charts of accounts between different parts of the business**
- **Matrix management that requires multiple ways to roll-up and look at data**
- **Lack of standardized financial processes**
- **No easy way to enable collaboration on budgets and planning**
- **Difficulty adapting to changing business requirements**

The budgeting and planning process can be a particularly painful area for enterprises with decentralized divisions and entities. Depending on whether it's a top-down, bottom-up or hybrid approach to budgeting, the current process often includes emailing one or more spreadsheets to dozens of people around the company. Divisions or entities fill in their numbers (some adding lines for detail that break links) and send the spreadsheet back to be consolidated — requiring significant manual effort without adding value and lacking an audit trail and role-based access controls. Adjustments and what-if analyses can take hours or days of additional number crunching and consolidation.

Regardless of how an enterprise evolved to its current state, without automated, standardized and efficient processes, the FP&A function is severely limited in its ability to provide real-time performance data back to the business for informed and timely decision making.




Envisioning a Transformed FP&A Function

Now imagine an FP&A function that is more effective and efficient, able to respond quickly to the changing needs of the organization, and aligned with the strategic direction of the enterprise.

Best-in-class transformation delivers:

- Standardized processes, with accommodations for critical unique requirements that often occur in enterprise-scale operations
- A faster, more collaborative planning process
- A model structure combining accounts, dimensions and attributes to make aligning divisional data to organization-wide reporting a breeze
- Real-time, company-wide performance reporting and dashboards

The process of transformation doesn't have to be painful, lengthy or exorbitantly expensive. In the next few pages are examples of organizations that have achieved incredible results on the journey to transformation.



“When you understand the big picture — the vision of a transformed FP&A function — then you can break that into phases to deliver value early and frequently.”

Brianna Johnston
Manager, | Armanino Advisory LLC

CASE STUDY

Improved Census-Based Planning for a Healthcare Organization

Crestwood Behavioral Health, Inc., a mental health services company, realized their year-end budgets created a lot of overtime across the finance and accounting teams. Simultaneously,

business needs, such as creating new facilities and addressing evolving regulations, were springing up regularly, making the time spent on close processes even more important.



CHALLENGES

- Outdated software led to time-consuming financial planning with limited data resources
- Data re-entry and manual consolidation were needed for all financial reports
- No safeguards for specific individuals accessing files



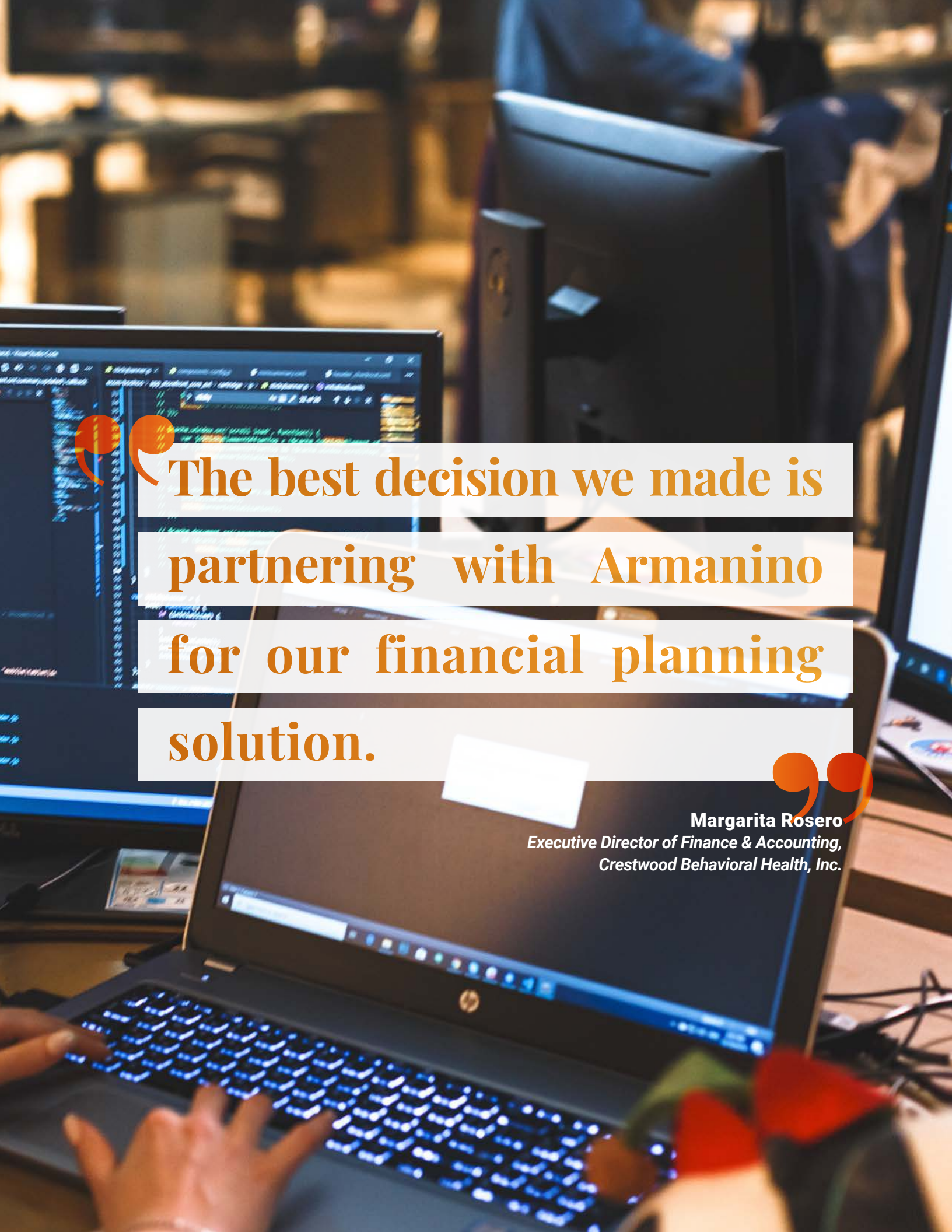
SOLUTION

- Cloud-based corporate performance management (CPM) software with real-time reporting and fully customizable analytics that can be used by any department
- Consulting, implementation and training services



RESULTS

- Improved revenue modeling allows company to track spending by vendor
- Improved visibility and reporting to stakeholders
- Real-time, automatic consolidations for additions made on the platform



“The best decision we made is
partnering with Armanino
for our financial planning
solution.”

Margarita Rosero
*Executive Director of Finance & Accounting,
Crestwood Behavioral Health, Inc.*

CASE STUDY

Nonprofit Automates Budget & Planning Processes, Gains Greater Forecast Accuracy & Visibility

The Kresge Foundation was founded in 1924 to promote human progress. Today, Kresge uses its \$3.7 billion endowment to fulfill that mission by building and strengthening pathways to

opportunity for low-income people in American cities. Preserving and growing that endowment requires good financial management practices, which spreadsheets made much more difficult.



CHALLENGES

- Using Excel for financial planning quickly became complex for a large organization with multiple departments working with the same set of files
- Had a small window of time to consolidate numbers and ensure total accuracy




SOLUTION

- User-friendly and intuitive corporate performance management software that encourages strong adoption within the foundation
- Consulting, implementation and training services



RESULTS

- Saves days on quarterly and annual planning and reporting efforts
- Provides instant insight into the impact of changes for improved decision making
- Automates tedious manual processes to free up more time for financial analysis



“Our goal was to have the software in place, foundational reports created, and users trained before our next budget cycle. The Armanino team made us feel confident that we could achieve all of these goals, and we did.”

Nikita Miller

*Director of Financial Planning & Analysis,
Kresge Foundation*

CASE STUDY

Technology Company Plans Faster & Makes Better Decisions

Selling Simplified is a leading provider of business-to-business demand generation solutions, delivering leads that help companies drive revenue. Skyrocketing success meant more challenges for the finance and accounting

team. After implementing a modern accounting system, the next step in addressing those challenges was moving to a cloud-based corporate performance management solution that could handle the company's global growth.

CHALLENGES



- The finance and accounting team was using antiquated technology solutions that didn't scale with the company's rapid growth domestically and abroad
- Planning, budgeting and forecasting processes took too much time and didn't provide insight into the company's progress against its KPIs

SOLUTION




- An intuitive CPM system that handles the complexities of the global company's growing operations
- Consulting, implementation and training services

RESULTS



- Saves days on reporting efforts to the board with insights appearing in real time
- Improves visibility, control and decision making for finance department
- Provides ability to project growth and costs for locations around the world
- Better tracking and reporting of KPIs improves decision making



“Previously it would take three or four weeks for the board to get reports or answers to their questions. Now with Workday Adaptive Planning we can show changes and their impacts in real time.”

Karen Phillips
CFO, Selling Simplified

CASE STUDY

Cloud Financial Technology Helps Nonprofit Expand Programs & Forecast Effectively

Room to Read, a nonprofit that has helped 18 million children in 16 countries, works to assist children in low-income communities by promoting literacy and gender equality in education.



CHALLENGES

- Limited systems and technology to support the growing organization as it looked to expand services to additional countries
- Diminished projected revenue in the wake of the COVID-19 pandemic



SOLUTION

- Implementation of a corporate performance management and ERP solution, both innovative cloud finance solutions that provide real-time business visibility
- Consulting, implementation and training services



RESULTS

- Supported two rounds of rapid rebudgeting in response to changing forecasts caused by the COVID-19 pandemic
- Enabled a major restructuring of the global finance and accounting function
- Provided a way to plan and test budget assumptions for new programs



A Roadmap for Transformation

Transformation can sound like hard work and a long wait for a payoff. But it doesn't have to be that way when you have the right roadmap — and partner — to help you on your journey.

The key to the roadmap is that it's designed to provide real benefits that are delivered at regular intervals on your path toward a transformed FP&A function. At each point during the journey, you gain new efficiencies and capabilities that drive value for the business. With such a roadmap, there's no need to wait 12 or 18 months for results when you can implement incremental change and reap

additional benefits every few months as you transform one part of the FP&A function after the next.

The roadmap strategy needs to take people, processes and technology into consideration as core components of the transformation. Working with an experienced partner can help you address these areas holistically. Creating the foundation for transformation also takes the right technology solution. That's where the cloud comes in.

YOUR PARTNER CAN HELP YOU:





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Turn to the Cloud for Transformative Technology

Today's cloud-based, software-as-a-service (SaaS) solutions let you deploy new technology quickly and easily — without major upfront investments or lengthy IT implementation projects. That makes cloud-based software ideal for transforming FP&A one step at a time. You can roll out new capabilities incrementally as you redesign processes, adding value at each point on your roadmap.

Cloud-based software also lets you adapt more quickly and easily as your company grows and changes. You won't get to the end of a long software implementation only to realize that the needs of your company have changed in the meantime. Cloud-based software is also an appreciating asset as new functionality is enabled multiple times per year without any disruption or effort required.

With the right cloud-based corporate performance management solution, you will:

- Reduce planning cycle times up to 90%
- Cut time and resources spent consolidating and reporting
- Free up more time for analysis
- Provide real-time data for better decision making

The organizations mentioned earlier all used a leading cloud corporate performance management solution to transform their FP&A processes. They also chose an experienced partner with deep understanding of both enterprise FP&A processes and cloud-based CPM software: Armanino, one of the 20 largest accounting and business consulting firms in the United States.

Conclusion

Choosing the right technology is essential when moving your organization forward. You want to ensure that your software aligns with your organization's goals and meets the needs of stakeholders. Using the best applications possible to manage your FP&A process can be the difference between a competitive advantage and a blurry view of your organization's health.

Identifying the best roadmap and supporting technology to transform your FP&A function can be daunting. That's why choosing the right partner is imperative. By taking a pragmatic and holistic approach, Armanino has helped organizations across many different industries transform their FP&A to deliver true value to their organization.



About Armanino

Armanino provides an integrated set of accounting and consulting services to a wide range of organizations operating both in the U.S. and globally. Our technology focus and global services are key aspects of our service lines. We work with clients in a large range of industries, including technology, manufacturing, nonprofit, life sciences, insurance and healthcare.

When you work with us, we give you options that are fully aligned with your business strategy. If you need to do more with less, we will implement the technology to automate your business processes. If the challenge is financial, we can show you proven benchmarks and best practices that can add value companywide. If the issue is operational, we'll consult with your people about workflow efficiencies. If it's compliance, we'll ensure you meet the requirements and proactively plan to take full advantage of the changes at hand. At every stage in your company's lifecycle, we'll help you find the right balance of people, processes and technology.



About Our Technology Consulting Practice

From startup to global expansion to exit strategy, your company has unique needs that require flexible, pragmatic and timely solutions.

Armanino's Technology Consulting practice brings leading SaaS solutions to the strategic challenges business leaders face. Armanino's consulting offerings include strategic insights, business intelligence, cloud financials, budgeting, forecasting and planning, governance, risk and compliance, equity management solutions, customer relationship management and more. This deep bench of services provided by Armanino's business leaders who have served as CFOs, controllers and FP&A directors helps finance teams minimize time spent on low-value accounting processes and increase time spent on strategic decision making.



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