

Beyond spreadsheets – Technology for the modern CFO

Introduction

CFOs today have several work dimensions to which they are directly responsible or accountable – Executive / Corporate roles which includes Planning, Budgeting and in some cases managing IT as well, Controllership, Audit, Taxation, Treasury & Corporate Finance, Business Finance & Costing, Compliance, Governance, Secretarial, Investor relations etc. to name a few. Most of these activities go well beyond traditional number crunching and naturally involve dependence on diverse technology. Let us look at some of these technologies that go beyond the world of spreadsheets....

Basic technology: Financial Operations

Financial Operations includes Controllership functions (Accounting, Payroll, Financial reporting, policy support), Audits, Taxation, Compliance, Governance & Secretarial responsibilities. Depending on the industry and domain complexity, technology solutions vary and are geographically unique especially for small and mid sized businesses – e.g. QuickBooks and Peachtree in the US, Sage in UK and Tally/Profit in India. Products & solutions for larger businesses are either custom built or are available as part of ERP platforms such as Oracle Financials, SAP etc. ERPs extend functionality of financial software. Industry specific ERPs are even more refined and include built in metrics or decision support algorithms.

Payroll solutions are very regional even within countries owing to government policy impact and unique nature of businesses. Financial reporting systems are standardized and are built as per statutory norms (e.g. GAAP) and require customization for internal MIS and controls. Business finance is a very specialized area that could include solutions for manufacturing accounting, statutory and regulatory calculations especially for global business transactions. In India, companies such as Udyog Software focus on unique regional needs for excise, sales tax and other commercial compliance requirements. However with mainstream taxation moving to international standards such as VAT, standalone systems would give way to global financial management software with inbuilt document creation/management & computational models.

For audits and business continuity, companies consider document management & workflow solutions (traditional players include EMC Documentum & Xerox while Indian vendors include Newgen, SRA and MMCS who offer domain specific document management & workflow solutions). Emerging technology companies combine content management / digital asset management with the above (e.g. Onbase from Hyland Software, OPTIX's scanning, workflow and screen generation, Nextpage for document collaboration etc)

Mid range technology: Compliance, Governance & Secretarial

Given that most business are going global, business controls, compliance and governance assume paramount importance since most financial transactions today between companies and their branches, subsidiaries, governments and banks are online. Compliance and governance systems are available either as standalone systems or bundled with ECM (enterprise content management), document / workflow systems.

Compliance and Governance have become more critical as legislation across the world (e.g. SOX, Basel II etc and several capital market related compliance measures) have been brought under tightly controlled processes, timelines and audits. Since these areas need customization, in house tools are more popular.

Some offerings available for these areas include IDT Complete which combines ECM and Compliance, Esstech offers Basel II compliance software, Cartesis offers financial reporting & compliance tools.

High end technology: Financial planning, analytics, risk management & CPM

Financial decision analysis, risk management and corporate performance management are areas which are a key component of CFO responsibility. Today off the shelf solutions are available both as standalone systems and as extensions of financial ERPs or financial analytics software. Risk management solutions are more specialized and corporate performance management leverage metrics, decision support, data analysis and forecasting. Most of these solutions need organization discipline for data gathering, process clarity before implementation and executive sponsorship.

Key providers include SAS for financial intelligence solutions; FRx software for comprehensive analytics; PROPHIX software for financial planning capability; COGNOS for CPM (Corporate Performance Management); EGIP for financial risk management, M&A & Fast close solutions; and ISG Novasoft for Enterprise risk management solutions)

Summary

So where is the catch? Well, for starters, all of the above needs CFOs to be technology savvy, balance operational and strategic needs, fund, own and drive technology initiatives / ROI and be involved in critical phases of implementation. When all of the above does not work and you do need to meet that deadline, there is always the ubiquitous spreadsheet!!

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