







**Gary Simon**  
CEO FSN & Leader of the  
Modern Finance Forum  
[LinkedIn](#)

Dear Colleagues,

FSN's Innovation in the Finance Function Survey 2018 is one of the largest surveys of its kind covering responses from more than 1,000 senior finance professionals worldwide. It is the first time that there has been an in-depth study of attitudes to innovation in the finance function and it reveals startling insights about the appetite for finance innovation, including the impact of culture, attitudes to risk, organizational politics, style of project investment and levels of confidence in measuring return on investment.

The research shows unequivocally a strong link between innovation and performance. Those organizations that are early adopters of technology or invest in innovation in a balanced way across the enterprise outperform organizations that are diffident and risk averse. These leading finance functions close their books faster, produce more accurate financial forecasts and are less tied to legacy systems and traditional ways of working.

Regional differences, especially between economically advanced and developing nations, colors attitudes to where investment is most needed in the finance function. Nevertheless, wherever finance professionals reside and no matter how sophisticated their investment plans, all agree that the number one priority for innovation is around the need for better business insight.

Yet earlier FSN research, (The Future of the Finance Function 2017) highlighted that only 6% of CFOs understand the technologies available to them. Only 37% know what solutions are available in the market and only 25% of CFOs have the time to investigate opportunities for technology innovation. Determining the innovations that will help companies achieve better business insights is the first step on their journey.

With this in mind, FSN has created the “Innovation Showcase”, an opportunity to bring to the attention of hard-pressed finance professionals what we consider to be leading innovations in core finance processes that could materially improve the way you work both now and in the future. Our work this year covers ten leading vendors and, in this document, we showcase the work of CXO Solutions, a specialist provider of financial reporting software and strategic insight.

We hope that you find the innovations set out in this document thought-provoking and interesting. But above all we hope that the contents will inspire you to explore innovation in your own organization and discuss with colleagues how you can leverage these developments to take your finance processes to the next level.

*Gary Simon*

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## **THE CXO Software INNOVATION SHOWCASE**

Financial reporting, whether for internal stakeholders or public consumption, forms the bedrock of the finance function and is often the primary and most visible measure of the finance function's professional competence and standing. But for many organizations the financial and management reporting process is teetering under the strain of new business models, the clamor for deeper business insights, an over-reliance on spreadsheets that are spiraling out of control as well as financial and non-financial data sources that are scattered throughout the enterprise.

For most finance professionals the ERP system or their financial management system is historically the undisputed center of their 'universe'. But while the general ERP remains the most trusted source of financial information, modern finance functions need to contend with a variety of Enterprise Performance Management (EPM) and Business Intelligence (BI) systems as well as an increasingly diverse range of data sources visited on them by regulation, compliance and the machinations of the digital economy.

It is no wonder that over half of the respondents to FSN's 2017 survey, "The Future of Financial Reporting" said that reporting involves huge amounts of manual checking every time a change is made, and 60% believe they spend too much time cleaning and manipulating data. Their willingness to burn the 'midnight oil' to ensure the financial reports are delivered accurately and on time is admirable, but it isn't sustainable. It leaves very little spare time for modern finance professionals to fulfill their wider role as business partners and advisors.

It's a familiar tale to CXO Solutions BV, an innovative organization founded in 2007 by EPM and finance professionals frustrated with the lack of financial reporting functionality of historic Excel and BI based approaches to performance reporting. The founders set about creating CXO Software to provide pre-built and configurable Enterprise Performance Management (EPM) adapters that connect intelligently to multi-dimensional financial data, inherit its hierarchies, structures and metadata, without having to rely on the IT function or incur excessive cost.

Their solution, which focuses exclusively on the needs of finance professionals is innovative and unique. In this showcase we highlight just three innovations in CXO Software, namely, its ability to coalesce multiple sets of data into a single trustworthy environment for reporting; its embedded ability to provide an engaging environment for 'conversation' and collaboration and, finally, its ability to support business partnering with 'out-of-the-box' reporting and intelligent data visualization.

## **Innovation 1: Connecting the dots for the Modern Finance Function**

Having trustworthy financial information at one's fingertips is a constant challenge for complex businesses in a constantly evolving financial landscape. Effective decision-making demands accurate, complete, consistent, reliable and timely data. But this is difficult to achieve if numerous applications are 'loosely coupled' together and the underlying data and metadata (such as accounts, currencies, and periods) are scattered across multiple data repositories and applications (BI systems, EPM systems and spreadsheets) in the cloud and on-premise.

But lifting data from enterprise performance management systems is challenging. Traditional business intelligence or pure reporting tools are unable to leverage the data held in performance management systems because they lack 'financial intelligence', i.e. the ability to recognize and understand the intrinsic accounting value in the underlying data.

CXO Software was designed from the start with financial intelligence in mind. It understands debits and credits, the signage on transactions and, for example, where income and expense line items should be placed in a profit and loss report and which side of the balance sheet to place assets and liabilities. It also understands the difference between month-to-date and year-to-date data as well as variances and routine accounting calculations.

Furthermore, CXO Software's pre-built "connectors" to popular EPM systems understand the structure of the underlying multidimensional models in performance management systems. Hierarchies (metadata such as accounts, cost-centers, time periods) can be imported directly into CXO Software's without compromising the integrity of the structure. It means that the hierarchies and accompanying data can be surfaced rapidly in the CXO Reporting Engine with complete control and without losing context or meaning. Importing the data this way provides a high level of control and it is easier to verify that data has been captured completely and accurately. It is this consistency between CXO Software and the original data source that makes the CXO environment trustworthy, the "Single Version of the Truth" that seems to elude so many organizations.

The concept of financial intelligence in CXO Software also enables the generation of 'Out-of-the-box' dashboards and reports. The reports commonly used by most finance functions can be populated immediately (and automatically) with the relevant data and hierarchies so that users can be productive almost right away with negligible manual intervention. But crucially, the connector also captures calculations embedded in the original EPM database. These calculations can be codified and added to a library, where only report builders have access to, removing manual data manipulations and ensuring consistency across the CXO environment.

*Innovation 1: Connecting the dots for the Modern Finance Function*

All of this compares very favorably with common business intelligence and other specialized reporting tools for which the data is often imported via CSV files and has no intrinsic meaning. As a result, these traditional tools require considerable set-up effort and the underlying data has to be 'mapped' to the relevant target dimensions before it is usable.

The key distinction for CXO Solution's innovation is that CXO Software has been designed by finance professionals to be used exclusively by other finance professionals, whereas BI and other reporting tools are generic tools designed to work company-wide in all departments.



## **Innovation 2: Telling the Story – Conversation and social collaboration**

In an age in which automation, AI, machine learning and even accounting robots are front of mind it is worthwhile reflecting that financial reporting is a collaborative venture that requires professional judgment, experience and expertise. While transaction flows can be replaced by machines the automatic generation of meaningful narrative and interpretation seems a long way off into the future, if it happens at all.

“Narrative” or explaining financial results and making decisions is a mixture of art and science but very few financial reporting systems are good at collecting narrative. Yet the narrative imbues the organization with knowledge and understanding. And reaching that understanding is a collaborative affair. For decades, the focus for finance systems has been on the numbers and not the narrative. As a result, there is frequently a profound disconnect between the reported numbers and the narrative which can easily lead to loss of understanding.

The problems of communication are compounded within large multinational organizations with finance functions operating in different locations and even time zones. When issues arise in reporting it is often difficult to get matters resolved without resorting to long email exchanges with spreadsheet attachments or lengthy conference calls in which one party cannot see exactly what the other is referring to.

CXO Software innovatively provides a platform for narrative and numbers in a single dependable environment. Narrative (a complete commentary) can be captured at any level or node in the organizational hierarchy and rolled up to provide a complete perspective. Narrative captured this way provides a basis for discussion, but it is the way CXO Software ‘invites’ collaboration that is advanced and innovative.

Discussions captured as narrative are attached to the report providing a permanent record of the matter under discussion and how it was resolved. And all of this without recourse to email exchanges. The whole ‘conversation’ is captured within CXO Software.

### **Innovation 3: Data visualization and story board**

Recent FSN research, highlights the importance of data visualization for driving business insight. Spreadsheets and pivot tables, the staple solution for the majority of finance departments are static and provide very little in the way of insight.

Insight is driven by graphics and charts and therefore CXO Software's out of the box reporting is an especially welcome innovation that reduces 'time to insight' and provides for real-time access to financial data and KPIs with the ability to drill down into the detail in real-time as well – something that is difficult to achieve in a spreadsheet-bound environment.

For example, CXO's 'Home Page Template', the starting point when opening CXO Software is specially designed to give end-users an immediate view of the performance of the company by showing the most important KPIs in the middle of the screen as well as specified news items.

A multiple scenario analysis template, as the name suggests, combine several scenario-trends in one axis-frame so that it is possible to show the Actuals until the current period and the Forecast for the rest of the year.

In an era in which many finance functions are seeking to support business partnering, a Value Tree template gives insight into the build-up of an account (or any other dimension) and can be used to explain performance to non-financial users. Finally, a Waterfall Graph or Cascade Graph can be used to analyze the difference between actual and budget (or any other reference category) or to analyze movements from prior year to actual date.

Most importantly, the insights gained can through CXO's impressive collection of out of the box dashboards and reports can be very easily shared. CXO's "Story Board" functionality can be used to assemble reports into miniature board packs of reports relevant to a specific individual or group of individuals, (perhaps by role) and shared across the organization. It comes in play to substitute hard copy reporting packs, where it allows authorized users to capture screens, reports, charts and graphs in one workspace that can be shared with others (that have security permission) so that they have shared visibility at the same time of the report or other item under review.

## **About CXO Software**

At CXO Software, it is our mission to make Finance more Business Intelligent and support financial professionals in becoming a strategic business partner for the entire organization. Our unique financial and performance reporting software, helps finance teams all over the world to make the transition from a report-generating cost center, to a value-added provider of strategic insight. Our dashboards offer an alternative to the lack of 'financial intelligence' of generic business intelligence tools and the outdated, error-prone Excel-driven reporting processes.

## **Contact**

CXO Solutions B.V.  
Herculesplein 48  
NL 3584 AA Utrecht  
The Netherlands  
Phone: (+31) 85 043 2265  
[info@cxosoftware.com](mailto:info@cxosoftware.com)



## Methodology

All of the products which have been showcased by FSN are extremely complex and sophisticated and in all cases have taken many man years of development effort. FSN has independently desk reviewed publicly available information (for example, websites, customer testimonials, videos, demonstrations, technical details and white papers) about the organization and its products. We have then identified independently three areas that we consider to be differentiating and interesting innovations to bring to the attention of the FSN Modern Finance Forum on LinkedIn and discussed their development history, the ideas behind their creation and their direction with senior members of the management team. As such, this document is not a product review, and neither is it an exhaustive list of all the innovative ideas in the product. It simply represents what we consider, in our experience of the market, to be great examples of innovation in finance processes.

## About FSN

[FSN](#) is a global publisher of thought leadership, research and “must-have” content for CFOs and senior finance professionals around the world. FSN’s highly popular and active [Modern Finance Forum](#) on LinkedIn has a membership of more than 51,000 readers in more than 23 countries and across every major industry segment. It is also the publisher of the popular [www.fsn.co.uk](http://www.fsn.co.uk) website and regularly holds networking dinners and events for its members.

### Contact:

HQ Office in United Kingdom

Clarendon House

125, Shenley Road,

Borehamwood,

Herts, WD6 1AG

Switchboard: +44 (0)20 84452688

[The Modern Finance Forum LinkedIn](#)

<http://www.fsn.co.uk>

[enquiries@fsnelite.com](mailto:enquiries@fsnelite.com)

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