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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. (You can download a free copy of the full report and analysis [here](#)).

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 CCH Tagetik, one of the foremost providers of corporate performance management to the office of the CFO.

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.

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## THE CCH® TAGETIK INNOVATION SHOWCASE

Corporate performance management (CPM) applications are a vital resource for any business, providing the competitive insight and foresight that can mean the difference between success and obsolescence.

Having the right technology plays a crucial role in improving the quality of business planning and decision making. But moving to a more data-rich planning environment which straddles operational and financial data, as well as structured and unstructured data, requires industrial strength hardware and software solutions to process, churn and synthesize large and varied quantities of data.

Non-financial data is the new game-changer in generating strategic insight, but incorporating new data sources into plans and models brings with it concomitant difficulties, like data integrity and compatibility, not to mention how to handle the sheer volume of data being generated. This has increased the complexity of CPM to the point where it is no longer enough to rely on disparate spreadsheets, unmonitored workflows and unlinked data sources. CCH Tagetik have been at the forefront of innovation in corporate performance management since 1986, striving to deliver a seamless, integrated CPM journey.

The company offers a broad scope of CPM that doesn't only focus on financial and operational budgeting, planning and modeling, but also provides cutting edge capability around financial consolidation, analytics, financial and management reporting and disclosure management.

In this Innovation Showcase we focus on three areas that help to support finance functions in an increasingly changeable and demanding world. We demonstrate how CCH Tagetik is laying the groundwork for the future through (i) advanced data management that will provide a springboard for machine learning; (ii) the ability to verify, codify and control non-financial data enabling it to be consumed in ways that recognizes the breadth of users that need to tap into performance management applications and finally (iii) taking disclosure management beyond its early beginnings in statutory reporting and using it to support a broader spectrum of internal and external reporting needs.

## **Innovation 1: Preparing for an era of machine learning**

CCH Tagetik's CPM suite is underpinned by its powerful analytical workspace where organizations can build larger, more granular models than ever before. CCH Tagetik is preparing for the era of machine learning by ensuring its CPM environment has the capacity to manage and support the quantity of data needed to enable machines to learn, and underpins the quality of that data by codifying and verifying both financial and non-financial information.

Planning, budgeting and forecasting requirements have evolved exponentially, and continue to change and expand in tandem with technological advancements. The key difference between the plans and models of yesteryear and today is the need for ever greater depth and granularity. Finance teams need to be able to build models on the basis of highly detailed data, from a single SKU to a small component part, and planners can no longer be content with average or high-level data to give them the complete picture.

CCH Tagetik's proprietary software has the scope and capacity to deliver the granularity demanded by businesses who need to keep up with changing markets. It is designed to ensure that all the relevant data resides in a unified environment, and can handle the complexity, diversity and volume of financial and non-financial data to deliver invaluable insight.

But innovation is not only a specific technology or process, it is also the act of preparing for the next phase of innovation. And CCH Tagetik's next phase of digital innovation is machine learning and artificial intelligence.

The key to successful machine learning is to provide machines with enough data to learn, and that means exponentially increasing the quantity of data being analyzed. CCH Tagetik already has the underlying environment to store this vast data pool, and the ability to structure, verify and codify it. The strength of a model will depend on the veracity of the data on which its built, and CCH Tagetik has unique access to verified data sources.

Machine learning is in its infancy, and CCH Tagetik is working with its customers to fully understand how these new technologies can best be put to use, running focus groups and encouraging discussions about use cases. But even before they are fully deployed, CCH Tagetik is ensuring that their customers are prepared for the advent of machine learning capabilities by making sure their environment can support the opportunity.

Ultimately CCH Tagetik's road map is to incorporate machine learning capability into their platform to take advantage of that data. Meanwhile their unified environment and integrity of data means their customers will be ready to take advantage of it when it comes.

## **Innovation 2: Data consumption, your way**

Most CFOs today agree that the most important source of information comes from the general ledger. But there is growing recognition that the modern CFO must look beyond the general ledger to find insights that confer a strategic advantage. The key benefit of the general ledger is its auditable provenance, but it lacks depth (operational detail) and is devoid of non-financial nuance, which is the key to generating real-time insights that drive strategic decision-making in a highly competitive landscape.

CCH Tagetik has long recognized the need for a far wider range of data sources, but most of it doesn't come neatly packaged in an auditable 'finance box' like the general ledger. It is unstructured, lumpy and often doesn't make financial sense.

Customer Relationship Management (CRM) data is typical of the new data sources that modern finance functions are seeking to exploit. The ability to integrate CRM capability with financial forecasting can substantially improve forecasting outcomes. According to this year's "Innovation in the Finance Function" research, organizations that take a balanced approach to investment in both customer-facing and core financial processes far outperform other organization in terms of the accuracy and speed of forecasting.

Many organizations create a 'treasure trove' of information relating to customer behaviors, propensity to buy, buying history and pricing; but they fail to exploit it financially for competitive advantage. For example, buying behavior can inform the best time in the customer lifecycle to make an offer, what to include in product bundles and how to price the offer. And in turn, all of this insight can be used to inform revenue forecasts and improve their accuracy.

But by modern accounting standards, non-financial data such as this is relatively uncodified and uncontrolled. It needs to be re-worked and subjected to strict accounting rules before it can be merged with typical budget and finance data held in corporate performance management systems.

Outside of the general ledger, data lacks control but without control there can be no integrity of plans or forecasts. CCH Tagetik's analytical workspace adds that accounting control and governance to external data, managing it and improving it with accounting rules to provide the necessary integrity.



And because the data is verified and controlled, CCH Tagetik users can work with it to support decision making in whatever format they prefer. CCH Tagetik understands that insight is enhanced through the most appropriate delivery mechanism, so the consumption of data is entirely flexible depending on who is using it. As an enterprise-wide suite used by different functions, some users might prefer to present their insight using MS PowerPoint, others spreadsheets, and still others may choose graphs, displays and report-generation tools that suit their data, business function and personal preferences.

Most user interfaces get increasingly complex as the granularity of data increases, but CCH Tagetik has invested heavily in the user experience and designed its user interface to remain easy to use and easy to present from, however complex the data and analysis.

### **Innovation 3: Integrated disclosure management**

Most Corporate Performance Management solutions limit themselves to processes that manage the performance of a business, specifically planning, budgeting and forecasting, consolidation, reporting and analysis. In the main, CPM systems draw heavily on underlying general ledgers but increasingly sophisticated users need to assimilate and merge detailed transactional and other financial and non-financial data to fully understand performance and aid decision-making.

Linking all of these moving parts in one unified environment is an intricate process but also represents a major step forward. In a unified environment, it doesn't make sense to compartmentalize information along traditional statutory and management reporting lines. The massive growth in data and its diversity represents a rich source of information that can be re-purposed for a wide range of reporting needs. In other words, a single unified source can serve a multitude of purposes at the same time.

Where once disclosure was limited to statutory accounts, the insatiable appetite of ordinary investors, regulators and other stakeholders (internal and external) for more transparency have vastly increased the quantity and depth of information organizations must report. Rather than just reporting numbers, disclosure has become about putting together documents that conform to exacting and complex standards in order to provide both figures and narrative detail.

With both financial and non-financial data pre-validated (in the analytical workspace), CCH Tagetik customers can complete the so-called 'last mile', bringing together the processes, tasks and activities which stretch from the period close in reporting entities through to the electronic filing of results with regulators.

And the same disclosure management tools that marshal a variety of information sources and documents in a statutory setting, can also be used to satisfy increasingly demanding internal reporting needs whilst preserving a high level of control and data integrity.

The efficiencies achieved by creating the data once, validating it once, and then using it for multiple purposes is a key innovation within CCH Tagetik's suite of solutions. For them the 'last mile' is not seen as a separate activity or afterthought but as a part of a continuum from financial close to reporting; in which numbers and narrative are inextricably linked.

## About CCH® Tagetik

Wolters Kluwer (AEX: WKL) enables finance, legal, tax, and healthcare professionals to be more effective and efficient. We provide information, software, and services that deliver vital insights, intelligent tools, and the guidance of subject-matter experts.

We understand the complex challenges that face the Office of the CFO and translate that knowledge into intuitive, enterprise-scale CCH® Tagetik performance management software solutions that drive business results.

With over 180 years' experience in the markets we serve, Wolters Kluwer is lifting the standard in software, knowledge, tools and education.

For more information, visit [www.tagetik.com](http://www.tagetik.com) and [www.wolterskluwer.com](http://www.wolterskluwer.com).



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## 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.

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