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Dear Colleague,

Innovation is central to the success of the modern finance function and the businesses in which they operate. 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.

With this in mind, I am delighted to bring you FSN’s 2019 “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. And for the first time this year, we have reviewed and commented on two case studies for each vendor, to illustrate some examples of innovation in practice.

All 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. But innovation is very much in the ‘eye of the beholder’ and every finance organization is at a different stage of maturity. Some of the innovations assembled in this Showcase are at the leading edge of technological developments, others are around the architecture of the products or the way that vendors seek to reduce implementation risk. But if you’ve always relied on spreadsheets then even the simplest ideas, such as a unified transaction environment or a specialized budgeting tool can be innovative and game-changing.

Our work this year covers ten leading vendors and in this document, we showcase the work of Certent. We have then identified independently for each of the ten global software vendors featured, three areas that we consider to be differentiating and interesting innovations to bring to the attention of modern finance leaders striving to understand and leverage the latest capabilities. As such, this document is not a product review. It simply represents what we consider, in our experience of the market, to be great examples of innovation in finance processes.

Last year’s FSN Innovation Showcase was read by more than 14,000 finance professionals and we received some fabulous feedback. We hope that you find the innovations set out in this year’s 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 and the featured vendors, how you can leverage these developments to take your finance processes to the next level.

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THE CERTENT INNOVATION SHOWCASE

A seemingly young company, Certent's roots in the Disclosure Management space can be traced back to its formation in 2002 as the original pioneer of Last Mile reporting. Since then Certent has made a series of carefully selected acquisitions enabling the present-day company to offer complete coverage in the field of disclosure management, corporate reporting, compliance, disclosure research, narrative performance reporting and electronic filing – including XBRL.

Certent occupies an area of the reporting market that is constantly evolving. Group and corporate reporting functions routinely face changing regulatory mandates, accounting standards updates and compliance requirements wherever they operate in the world. Certent has been at the forefront of these initiatives supporting global organizations of all sizes to ensure they remain compliant.

With the passage of time, organizations have come to realise that a strong platform used to fashion and deliver corporate, regulatory and statutory reporting can also be deployed to support a wide range of internal reporting needs – and Certent's solution is well positioned to meet these demands.

Certent's agile development process means the product and service offerings innovate quickly to adapt to new technology requirements that often accompany regulatory change. For example, quite recently, the European Securities and Markets Authority (ESMA) implemented the European Standard Electronic Format (ESEF) mandate with additional complex requirements for report submission.

In this innovation showcase we highlight three innovations that Certent brings to market, namely; (i) High Definition (HD) Electronic Reporting (ii) Data Automation and (iii) Transformation of Enterprise Report Production

Innovation 1: High Definition (HD) Digital Reporting

We live in a digital era where there is an expectation for easy access to visually appealing and engaging information. The challenge for finance teams is that complex regulatory and statutory mandates require layers of data that translate into a less than desirable format. Certent's HD Electronic Reporting enables companies to combine the high-quality presentation-style reports that people prefer with the digital XBRL data that regulators require into one easy-to-access web experience.

XBRL has been through several iterations since its inception, but the latest generation of XBRL, namely iXBRL or Inline XBRL offers the opportunity to leverage tagging in a completely innovative and productive way. Essentially it continues to impose a level of governance over the data that regulators need and provides the user community with almost complete freedom over the design of the iXBRL document.

Previous XBRL requirements called for the submission of two separate formats: a simple HTML representation of a report and the raw XBRL document (set of XML files). There was a loose coupling between the two which required manual review to ensure that the numbers in the HTML document matched those in the XBRL output. iXBRL merges the two together, embedding the XBRL information within the HTML allowing the documents to be easily readable by both humans and machines.

The key to Certent's innovation in this area, to be released later this year, is two-fold: the data management and all of the associated workflows will be fully integrated at the presentation layer, and a new digital reporting engine will create a pixel-perfect representation of a company's report in HTML. In this way, users will have the certainty, integrity and control of the underlying tagged data, but complete freedom in the way the information is presented in the report outputs and their story is told to the outside world. The fusion of the data layer and presentation layer lets filers develop their complete reports in one place and with one tool. Certent calls this innovation High Definition (HD) Electronic Reporting.

Interestingly, a bi-product of this development is that even without an iXBRL requirement, the tool can be used for HD report production and publication using other data sets that reside in the Certent environment. A great example is Corporate Social Responsibility (CSR) reporting which is highly stylized and contains data from different business units across an organization. In this way, the finance function can leverage a high level of control and governance over untagged data, workflows and collaboration and yet benefit from the freedom to present reports as desired for a broader set of internal and external reporting.

Innovation 2: Data connectivity

The marked growth in the variety of data sources that need to be brought into the reporting environment to cover the full breadth of corporate, regulatory, statutory and internal narrative performance reporting has created significant challenges for finance functions. Copying and pasting numbers from various systems into narrative reports is not only time-consuming but is laden with risk and errors. Further, it is not only important for users to be able to bring in their data, but also to have traceability back and forth between the reports and data sources to confirm its origins and how it may have been adjusted through the reporting cycle. Ease of connectivity and the ability to trace its lineage are the key objectives of Certent's data connectors and of course, this capability is important in equal measure for internal and external reporting.

Imagine a state of fully dynamic reporting where a 100-page report peppered with data from various sources across different business units is automatically updated to reflect the most recent numbers within minutes and without human intervention. Certent has developed unique and open technology that does just that leveraging the power of finance's applications of choice, Microsoft Office. This allows the organization to source the data (financial, statistical, and operational) from many different data environments and populate many reports at an enterprise level. Through the use of custom validation rules and data-connectors, users can have confidence that real-time data is flowing through to each and every report output. With direct connectivity via APIs to leading CPM solutions and ERP systems that have relational tables as well as any Excel-based working papers and schedules across the organization, this innovation allows finance teams to build confidence in the story they are telling, whether internally or externally.

All of these innovations help standardize and automate the regular capture of data serving up well controlled information to be consumed in the High Definition (HD) Electronic Reporting (see above).

Innovation 3: Enterprise Report Transformation

It is fascinating to note how often the corporate reporting process stumbles at the last hurdle. High quality document production does not sit easily with group reporting applications. And that's because the typical finance function is expert at marshalling transactions but less accomplished at managing document flows. The scope for error as structured (numbers) and unstructured (narrative) information is transcribed from reporting system to Microsoft PowerPoint or Word or from the group consolidation system to a file format acceptable to external printers (perhaps Adobe InDesign) is significant. Furthermore, the risk of error is even greater today as information is expected to be disseminated more widely and in a variety of different report formats and media for different stakeholders, for example, a CSR (Corporate Social Responsibility) report produced on the web, an environmental report produced as an addendum to the Final Report and Accounts in hard copy, or a PDF of the current month's board pack distributed to directors by email. Maintaining a library of published documents that need to be consistent, correct and produced on-time is a formidable task.

A further strain is the need to maintain version control over documents as well as strict security and confidentiality over the information they contain; a position that is exacerbated by fractured systems, a convoluted process and the increasing number of people involved in the final stages of document production. Certent's ability to transform the production of reports for enterprise companies brings innovation to a much-neglected part of the reporting supply chain.

A key to its process improvement, is a unified environment which inextricably links the numbers to the narrative ensuring that any changes made to underlying data are reflected in the accompanying narrative. But that's not all. It is vitally important to recognise that report production is a highly collaborative process with lots of 'moving parts', for example, documents and people with different skill sets and needs under intense time pressure which increases risk of incorrect reporting.

Certent's Transformation of Enterprise Report Production is an innovation that enables hundreds of users across various business units to streamline and automate processes for collaboration, workflow, compliance and control of the entire document production and disclosure cycle at scale using familiar Microsoft applications.

Innovation 3: Aligning finance and operations

This means that in the frenzy to prepare the final version of a published set of financial statements (or indeed any financial document) the corporate finance function can ensure that late consolidation adjustments, or amendments to the notes to accounts are not only reflected appropriately in the group reporting system but also flow through immediately to final documents in whatever media they are rendered. And importantly, anyone involved in the process has access to the latest versions of the documents and can see what has changed.

The innovation is not just in the production of the report. The documents and workflows can also be rolled over instantly from one period to another allowing continuity and integrity of document contents period or period. This innovation not only saves many days' worth of manual effort but ensure critical accuracy and consistent reporting.

Regardless of the report type or whether it is used for internal or external purposes, Certent's innovation reconnects finance professionals with the business, the process and each other.

Case Study: easyJet

INTRODUCTION – FSN’S VIEW

The Last Mile of finance has always been a formidable hurdle. Marshalling numbers and narrative all the way through to final report production for external stakeholders means navigating a complex web of integrations, file formats, and presentation media, as well as a high level of collaboration between finance teams and other specialists. This case study illustrates how specialized disclosure management software can completely transform the process and remove the strain.

INNOVATION IN ACTION

There are two notable innovations in this case study. Firstly, data automation and secondly transformation of enterprise reporting, setting the groundwork for even more innovation.

DATA AUTOMATION

The case study highlights how reporting templates for a variety of external reporting needs can be automatically pre-populated with the latest data from consolidation systems, releasing valuable time for the finance team to work on final documents, safe in the knowledge that any late changes to actuals can be captured and automatically reflected in the any reports produced.

TRANSFORMATION OF ENTERPRISE REPORT PRODUCTION

The introduction of advanced automation and innovative reporting capability has transformed the finance function. The reporting process is no longer dependent on a single reporting “expert”, all team members can collaborate through cloud deployment, analysts have more time to do “real analysis” and results can be presented in different reporting media, for example, Microsoft Power Point for industry analyst presentations. But above all the initial transformation has set the scene for transformation of internal management reporting as well.

easyJet Delivers Year-End Reports to Tight Deadlines



THE SITUATION

As one of Europe's leading low-cost airlines, easyJet's chief operational focus is to deliver low fares and operational efficiency on point-to-point routes, with its people making the difference by offering friendly service to its customers. At the same time, as a public company listed on the London Stock Exchange (LSE: EZJ) and a constituent of the FTSE 100 Index, easyJet must also ensure that its shareholders are confident in its leadership, and that it maintains its reputation for transparency and financial integrity.

To this end, easyJet must produce a wide range of external financial statements and reports. The need to deliver this varied portfolio of reports to the board, investors, auditors, analysts and other stakeholders puts the group reporting team under significant time-pressure, particularly at periods such as year-end and half-year.

easyJet

Disclosure Management Customer Profile

Company Name:

easyJet

Industry:

Airline

Key Result:

**Reliable external reporting
making year end reporting
much smoother**

easyJet Delivers Year-End Reports to Tight Deadlines

Gail Butler, Head of Group Reporting at easyJet, explains:

“Among other outputs, we need to provide the financial statement and financial review sections of the annual report, a report for the audit committee, and slides for analysts, both for the whole group and for four subsidiaries. To ensure that these reports are accurate, we need to take great care that the latest financial figures from our back-end systems are represented correctly—and updated consistently whenever something changes.”

THE TRANSFORMATION

When easyJet decided to go ahead with its move to CDM on Cloud, the project team knew it had a narrow window of opportunity.

Emma Butcher, IT Project Manager at easyJet, recalls: “We only had a few months to get the new solution into production before our year-end in September. It was important not only to get the software in place, but also to build up our in-house team’s skills: one of the shortcomings of the previous solution was that we only had one expert in our reporting team who understood its inner workings. We were determined not to run that risk again.”



“The cloud option means that we don’t have the risk and maintenance costs of having physical hardware on-premise.”

easyJet Delivers Year-End Reports to Tight Deadlines

THE RESULTS

easyJet successfully completed its migration to the new solution ahead of its September deadline, and its reporting team could complete the company's year-end disclosures successfully, on schedule.

"We have always had a very tight timeframe for year-end reporting," comments Gail Butler. "Whilst this timeframe remains tight, through the use of CDM we have made the whole year-end reporting process much smoother."

In the easyJet team's opinion, one of the most important advantages of the solution is the fact that it allows them to prepare for a busy reporting period ahead of time, by setting up the reporting templates in advance. As soon as the consolidated year-end or half-year financial figures are available, the integration between CDM and the company's back-end systems populates these reporting templates automatically—giving the reporting team more time to focus on other aspects of the process, instead of spending hours inserting, reviewing and correcting the numbers.

Gail Butler comments: "Before I joined easyJet, I worked as an auditor, and I saw companies trying to produce their annual reports manually, using spreadsheets. It was a hugely time-consuming and error-prone process. Considering the tight timeframes that we work with today, it would be hard to deliver on schedule using these manual processes."

Getting Fast Results

Saves time by reducing the need to edit reports and check for errors manually

Enables automated generation of new report types, such as investor slides

Reduces maintenance and administration costs with a flexible cloud delivery model

easyJet Delivers Year-End Reports to Tight Deadlines

The new solution also expands the range of options available for reporting outputs, helping easyJet automate additional aspects of its reporting processes. For example, integration with Microsoft PowerPoint makes it possible to create slide decks that easyJet provides for industry analysts—a task that was previously done manually.

Gail Butler concludes: “This project wasn’t motivated by return on investment, but now that we have the solution in place, we’re seeing opportunities to use it in other areas of the business. For example, our monthly management reports are mostly manual at the moment, and we could potentially streamline that process significantly by moving it into CDM. The more time we can give back to our analysts to do real analysis, rather than just crunching numbers, the more value we can add to the business.”



“Through the use of CDM we have made the whole year-end reporting process much smoother.”

ABOUT CERTENT

Certent, Inc. is a leading provider of software and services for equity compensation and financial disclosure management and reporting. Founded in 2002, Certent serves more than 2,400 public, private, and pre-IPO companies with innovative stock plan management, regulatory compliance and reporting technology. With five global offices, Certent delivers confidence across mission-critical finance and HR processes.



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Case Study: LV=

INTRODUCTION – FSN’S VIEW

FSN’s 2018 research entitled “Innovation in Reporting” highlighted the crucial importance of data management and governance in either stifling or accelerating innovation in financial and management reporting. This case study illustrates very compellingly how LV= automated and transformed its disclosure management process, acting as a springboard for finance innovation across the enterprise.

INNOVATION IN ACTION

There are two notable innovations in this case study. Firstly, how the implementation of Certent CDM enabled data mastery within financial reporting processes and secondly, the complete transformation of enterprise report production leading to transformation of the finance function itself.

DATA MASTERY

Certent CDM allowed LV= to dynamically connect various separate and complex spreadsheets, MS Word documents and Adobe InDesign to a standardized and highly automated process for report production. The possibility of changes falling through the cracks between data sources originally left LV= exposed to “significant” risk from late changes in subsidiaries. However, the introduction of CDM allowed data to be pulled directly from source systems improving automation, efficiency, visibility and control at a stroke.

TRANSFORMATION

Certent CDM led to the almost pervasive transformation of enterprise reporting, for example, statutory, monthly management, weekly management information, and financial risk reporting but, most notably, it also led to transformation of the finance function. Quick refreshes of CDM reporting enabled management to look at results more quickly, and the finance function to track changes between different versions of the Company Annual Accounts. Highly qualified accounting professionals could use these time gains to add value, rather than being relegated to “production experts”.

LV= Tightens Controls across Internal and External Reporting

THE SITUATION

A combination of rapid growth and a desire to stay ahead of the rapidly changing regulatory environment had a profound impact on the Group Finance department at LV=. The team commissioned an extensive report from Ernst & Young to review the financial environment and identify areas for improvement. Year-end reporting, reports to the Board of Directors, and the efficiency of the interfaces between financial systems were investigated. The review encompassed more than 30 subsidiary finance departments at LV=, including the Corporate Group Finance department - and the results were a mixed-bag.

“On the plus side, we were found to be ‘error-free’ in our reporting but there were concerns about the control the department had over the numbers with our manual processes for gathering and creating reports, as well as over-exposure to numerous and complex spreadsheets,” said Andy Young, Head of Finance at LV=. “So, we hopped right on it, setting up a working party to review the Ernst & Young report and identify where we could improve our controls — and therefore our efficiencies — and mitigate our risks in the process.”

Disclosure Management Customer Profile

Company Name:

LV=

Industry:

Financial Services

Key Result:

Decreased risk, improved process controls, increased confidence in reports.

LV= Tightens Controls across Internal and External Reporting Processes

The finance team at LV= determined that they had good control over the policy and source systems, the interface to the general ledger, and the ledger itself. In general, it was a well-controlled process until the team had to report out from the general ledger. Not surprisingly to Young, control became more difficult to maintain when multiple Microsoft Excel and Microsoft Word files came into play, along with the transformation of a consolidated spreadsheet into Adobe InDesign to produce the 'glossy' accounts.

"Our subsidiary Statutory Accounts were prepared in Word and were produced from Excel files from our trial balances. These Word documents were rekeyed into our consolidated spreadsheet. That got us our subsidiary information, with a fair amount of pain, and then that consolidated spreadsheet had to be put into a Group Accounts template, which was then copied into a desktop application — Adobe InDesign — to produce our reports for filing," said Young.

The process left the company exposed to significant risk. The transfer of data between sources was complex; manual efforts were needed to keep the numbers accurate; there was scarcely any audit trail available; and amendments to accounting policies and notes which occurred at the subsidiary level sometimes resulted in consistency problems.

"But the biggest single issue was changes coming from the subsidiaries — from the bottom up — at the ninth-hour, always a critical time, when we had to get the reports done and filed, limiting our review and checking time, which in turn put pressure on us not to miss key changes to the information," said Young. "In effect, it was the 'last mile' in producing reports that was exposing us."

THE TRANSFORMATION

LV= set out to find a solution that would improve controls and, according to Young, "...get away from the onus on our highly qualified financial staff to be production experts and free up their time to add true-value in accordance with their training and expertise to our operations."



"We saw a few supposed competitive products but [...] they didn't really compete against CDM."

LV= Tightens Controls across Internal and External Reporting Processes

LV= found very little on the market that fit the bill, until discovering Certent CDM. “We saw a few supposed competitive products but from what we could tell, they really didn’t compete against CDM. We weren’t aware of any other solution on the market that did what CDM does,” said Young.

“Simply put, CDM gives us one version of the truth. Since CDM pulls straight from our trial balances, rather than pushing data through Microsoft Excel, we have that assurance that key data is coming straight from our General Ledger. The old, laborious and error fraught method was to pull information into multiple spreadsheets, move it about in these spreadsheets, and then into Microsoft Word to produce the accounts. CDM cuts out many stages of re-processing information that characterized our mainly manual, past processes,” confirmed Young.

More than half of LV= subsidiaries were set up to report using CDM and all teams reported substantial control improvements and user adoption of the solution. “Existing Word and Excel formats were easily copied into CDM and our auditors loved that they, and ourselves, were able to track changes between versions, to the point where we had a single version of the truth when we produce our Company Annual Accounts,” said Young.

As the implementation of CDM continued and the solution was introduced to the broader organization, the production of monthly management reports, weekly Management Information reports, financial risk reporting, and more became a part of the process as well.

THE RESULTS

“We’re pulling all the accounts into CDM now, and we built our CDM solution so that it refreshes quickly, straight from the underlying data, and then reviewers and management can look at our results a lot quicker than previously,” said Young.



“Simply put, CDM gives us one version of the truth. CDM cuts out many stages of re-processing information that characterized our mainly manual, past processes.”



“Our auditors loved that they, and ourselves, were able to track changes between versions, to the point where we had a single version of the truth when we produce our Company Annual Accounts.”

LV= Tightens Controls across Internal and External Reporting Processes

For the weekly Management Information pack alone, prior to CDM one person would spend several days a week collating data from different areas to gather the necessary information to produce the report — with CDM that process was cut down to 30 minutes.

“Before we were producing eight separate monthly management information packs, which overall totaled 200-250 pages. We’ve pushed that all into CDM so when we now issue our monthly packs they’re all created from the same place, with consistent data appearing across the whole package, rather than having people pulling different information from different areas across the company, in different ways.”

Currently there are over 70 people using CDM and Young successfully rolled the solution out across the organization to improve accountability, consistency, and process control across all departments and making sure that all “keepers of data sources” are aware of their responsibilities surrounding data.

With Certent CDM, LV= experienced a significant reduction in time spent producing recurring internal and external reports, increased controls around the process, gained a vote of confidence with their auditors, and reduced overall risk.

Contact us today to see how you can do the same.

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Production of the weekly Management Information pack was cut from several days to just 30 minutes.



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About Certent



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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.

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Innovation Showcase 2020

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