

THE INNOVATION SHOWCASE

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The Modern Finance Forum

#FloQast

FSN INNOVATION
SHOWCASE

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Dear Colleague,

In today's fast-paced and ever-evolving business landscape, innovation is paramount to the success of finance functions and the organizations they serve. However, according to FSN's research, only a meagre 6% of CFOs have a firm grasp on the technologies available to them, with just 37% having any knowledge of the solutions currently available in the market. Even more alarming, only a quarter of CFOs have the time to explore opportunities for technological innovation.

That's where FSN's 2023 "Innovation Showcase" comes in- an opportunity to showcase game-changing innovations in core finance processes that have the potential to significantly enhance the way finance professionals work both today and in the future. But, as they say, innovation is in the eye of the beholder and every finance organization is at a different stage of maturity. Even something as rudimentary as automated checklists and workflow can be a game-changer for those who have always relied on disconnected checklists in spreadsheets.

In this edition, we feature the work of FloQast, a disruptor in the Record-to-Report industry. As with many of the top innovations we cover in this series, the company's inception was rooted in the founders' frustrating first-hand experiences of managing some of the most manual, repetitive, and unproductive process steps of the financial close. Co-founder Mike Whitmire, who now refers to himself as a "lapsed CPA," recognized the need for a more effective way of handling close activities, thus giving birth to the company.

The Record-to-Report process is a dynamic and rapidly evolving field that addresses the gaps that have been left by legacy CPM (Corporate Performance Management) and consolidation systems that have dominated the vendor landscape for nearly two decades. Drawing on his extensive industry and audit profession experience, Mike Whitmire and his colleagues have revolutionized how the end-to-end close process and compliance is automated, managed, and controlled in the cloud. The result is innovative, adaptable, and highly configurable solutions that can cater to the complexities of even the most demanding multinational corporations, while also providing a more streamlined approach for mid-market companies.

In this showcase, we have handpicked three distinct areas that we consider are particularly exciting and ground-breaking. It's an exciting opportunity to explore some of the most innovative and game-changing developments in finance processes that are currently making waves in the industry.

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 and FloQast how you can leverage these developments to take your finance processes to the next level.

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THE FloQast INNOVATION SHOWCASE

FloQast solutions are designed to address the gaps in functionality across the Record-to-Report (R2R) process. Their solutions provide an overarching capability that governs and marshals all the workflows, accounting, reporting, and compliance tasks from period close in subsidiaries all the way through to final accounts production at the corporate centre.

FloQast sweeps up the neglected "awkward corners" and other areas that tend to fall outside the purview of mainstream CPM (Corporate Performance Management), financial management, and ERP applications. These are often the areas of the finance function that reside in bulky lever arch files on dusty shelves, only to be dusted off and brought out each month as part of the period close. The FloQast R2R approach seeks to replace those cumbersome lever arch files with automation, ushering in greater visibility, collaboration, auditability, and control throughout the process. By streamlining and automating this once-mundane work and replacing it with modern workflow management and other capabilities, FloQast is innovating R2R by freeing up valuable time and resources that can be redirected towards managing anomalies and high-risk transactions, thus elevating the productivity and job satisfaction of finance personnel.

FloQast has entered the R2R software arena with a fresh, innovative approach. The company offers a modern, cloud-native R2R system that capitalizes on the limitations of outdated CPM solutions, responds to the escalating complexity of reporting and the need for automation in response to the acknowledged dearth of finance professionals. In this showcase, we draw attention to three distinct areas of innovation that FloQast is leading the charge in: (i) Close Operations, (ii) Active Compliance, and (iii) Performance Benchmarking.

Innovation 1: Close Operations

Despite the maturity of ERP solutions and the apparent breadth of CPM suites, there remain significant functionality gaps in core financial processes. Many of these gaps are still being plugged by spreadsheets and manual controls, and one can find them peppered throughout the financial close, account reconciliation, intercompany accounting and controls assurance processes.

In this era of constant technology innovation, many companies remain mired in multiple spreadsheets, paper files and manual reconciliations for their accounting and finance processes. Notwithstanding the obvious time and efficiency issues that come with a labour-intensive and difficult to manage workflow, the effect on performance is equally detrimental.

But spreadsheets are not only being used for manipulating data, but they are also misguidedly being used to control the process itself. Task lists to control the process or guide the steps of a reconciliation are relatively commonplace, but do not support collaborative working across functions and processes.

FloQast's aim is to close these gaps in the financial close process by automating and organizing the finance and accounting process so that each link in the chain is visible and data integrity is maintained. This means month or year-end close periods no longer need to be a disorganized scramble of process tasks, controlled in spreadsheets, that are prone to errors and delays. But what defines the financial close process is changing.

Traditionally the financial close focussed on the corporate centre and the activities needed to bring financial reporting to a swift conclusion following data capture from reporting entities and consolidation. But FloQast has raised the bar by extending the remit of the R2R process back into the deepest reaches of the 'Upstream' processes that are germane to the effectiveness of the period close in every reporting entity.

FloQast's thinking is spot on, because the speed of the financial close is determined by the pace of the slowest link in the chain. R2R is a linear process and by linking all of the upstream close activities around, for example, accounts receivable, accounts payable, payroll and revenue recognition, to the downstream processes post-consolidation, FloQast is bridging the entire end-to-end R2R process.

"FloQast Ops", as this innovation is called, provides both breadth by overarching the complete process and depth by bringing all of the relevant financial processes (including those previously 'hidden' away in reporting entities) sharply into focus. Organisations now have a robust controls framework, task management and benchmarking capabilities all in one environment – probably for the first time – providing a springboard for collaboration, automation, enhanced productivity and accuracy.

Innovation 2: Active Compliance

In the face of increasing regulatory demands, economic uncertainty, and limited resources, modern businesses are under pressure to achieve more with less. As a result, finance functions worldwide are turning to automation and innovation to help manage the mounting compliance burden. However, governance, risk, and compliance often operate independently, separated by organizational silos and fragmented systems architectures, leading to potential gaps in controls and risk monitoring between the finance function and those responsible for compliance.

This situation is further exacerbated by the constant stream of new regulatory and controls initiatives. Each new mandate, such as SOX (which will soon expand into other geographies), ESG and CSRD (The Corporate Sustainability Reporting Directive), and others, often operates in isolation, creating a fragmented regulatory landscape.

FloQast's pioneering solution is to consolidate all of these initiatives into one compliance platform. This approach seamlessly embeds controls and risk management into day-to-day accounting tasks and checklists, promoting integrated controls testing and "integrated thinking" during normal business activities.

"FloQast Compliance Management", as it is called, builds on FloQast's track record of task management capabilities. By allowing businesses to develop a risk and controls matrix for each initiative or process, such as ESG or SOX, it offers a streamlined solution for identifying, recording and mitigating risks, taking organizations to new heights in risk and controls management.

Risks are identified together with the relevant mitigating controls associated with them. This is cleverly linked to close management and other operational checklists which ensure that where appropriate, key controls are captured as part of each period close and other operations like IT or payroll. This 'connective tissue' removes duplication of effort as well as ensuring that there are no risks that are not covered by mitigating controls and testing. Above all it helps to restore the sometimes-neglected link between the financial close and the control environment on which it depends. Controls are no longer off to one side, but an integral part of the close process and other key processes throughout the organization.

FloQast Compliance Management leverages the same functionality available throughout the platform for building checklists, assigning them to personnel and tracking progress through high visibility dashboards. For example, management can see at a stroke the percentage of controls tested, the percentage and number of tasks completed and outstanding, as well as the number of tasks and controls tests running behind schedule. The application allows management to see how different parts of the organisation are performing as well as teams and individuals. Concerns and issues raised can be logged in folders and documents evidencing different parts of controls testing can be uploaded as evidence securely held for future review by internal or external auditors.

The way in which FloQast integrates controls management into the close process and other key operations, transforms the way businesses operate and helps ensure that they remain compliant with the evolving regulatory landscape.

Innovation 3: Performance Benchmarking

Historically, internal performance benchmarks have primarily focused on high-level metrics of the financial close process, such as the time it takes to complete the period close, data submission from reporting entities, consolidation, board pack production, and audit sign-off. Although these measures are widely considered, they lack granularity and fail to provide meaningful insights into the reasons for changes in performance. Additionally, external benchmarks are not directly comparable and are often published too late to be useful for continuous process improvement. Therefore, modern finance functions require more timely, relevant, and granular information that is simply not provided by current CPM and other financial systems.

FloQast's solution addresses this challenge by capturing detailed information about every process defined and managed within the system, including deadlines, responsible parties, and task duration. This data includes recurring delays and bottlenecks, along with commentary and issues raised by individuals involved in the process. Such data provides rich insights into evaluating workloads, task allocation, and identifying areas for process improvement. The innovation of FloQast is to provide internal data automatically, regardless of the processes, tasks, and sub-tasks considered, allowing organizations to leverage this information for process improvements and to measure the effectiveness of changes implemented from period to period.

The power of data insights such as these has become increasingly apparent in the world of finance, and FloQast is taking this to a new level. As more people become involved in the data submission process and the data itself becomes more detailed, the insights gained become richer and more valuable. And thanks to FloQast's native cloud capability, the scalability of this process is virtually limitless. This means that the organisation can monitor and improve the close process not just at the downstream level (beyond consolidation), but also in the upstream activities, creating a more holistic approach to process improvement.

FloQast's workflow is the engine that drives the financial close process forward. By connecting everyone involved in the process, these workflows not only expedite the process but also enable the timely resolution of issues that arise. The system's powerful and finely tuned workflows can help organizations to achieve greater efficiency and effectiveness than ever before, unlocking previously untapped productivity gains.

The innovative dashboards provided by FloQast are a game-changer for finance teams. These dashboards give individuals, their colleagues, and their supervisors real-time performance data, providing timely insights into issues before they escalate into major problems. By focusing on performance anomalies and ignoring the rest, individuals and teams can concentrate on issues that have the biggest impact on performance, leading to a more fulfilling and satisfying work environment. In a time of high staff turnover, this can be pivotal in retaining top talent and keeping the finance function running like a well-oiled machine.

FloQast is leading by providing finance professionals with previously untapped (unavailable) data that can be used to unlock the full potential of their core financial processes, and in doing so, is empowering them to make better decisions, improve their workflows, and ultimately, drive productivity and growth.



About FloQast

FloQast, a provider of accounting workflow automation software created by accountants for accountants, delivers an Accounting Operations Platform that enables organizations to operationalize accounting excellence. Trusted by more than 2,200 accounting teams – including Twilio, Los Angeles Lakers, Zoom, and Snowflake – FloQast was built by accountants, for accountants to enhance the way accounting teams work. FloQast enables customers to streamline and manage the Financial Close, Finance and Accounting Operations, and Compliance Programs. With FloQast, teams can manage every aspect of the month-end Close, reduce their compliance burden, stay audit-ready, and improve accuracy, visibility, and collaboration throughout the financial function. FloQast is consistently rated #1 across all user review sites.

Learn more at [FloQast.com](https://floqast.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 [The Modern Finance Forum 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 56,000 senior finance professionals in more than 23 countries and across every major industry segment. It is also the publisher of the popular www.fsn.co.uk website and regularly holds networking dinners and events for its members.

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