

THE INNOVATION SHOWCASE

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The Modern Finance Forum



Fluence
Technologies

FSN INNOVATION
SHOWCASE

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Dear Colleague,

Innovation is central to the success of modern finance functions and the businesses in which they operate. Yet, FSN research, highlights 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.

FSN's 2023 "Innovation Showcase", is an opportunity for us 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 they work both now and in the future.

But innovation is very much in the 'eye of the beholder' and every finance organisation is at a different stage of maturity. So, if you've always relied on spreadsheets for consolidation then even the simplest ideas, such as a unified business model, and connected spreadsheets can be innovative and game-changing.

In this edition, we showcase the work of Fluence Technologies, a disruptor in the financial reporting and consolidation space, founded by some of the most experienced individuals in the history of consolidation software. They have brought their deep learning gained from the legacy systems they built in the past, to re-invent how consolidation should be managed in the cloud. The result is an agile, highly configurable, no-code solution that can accommodate the complexity of the most demanding multinationals yet enables a lighter touch for companies in the mid-market.

In this showcase we have identified independently, 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.

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 organisation and discuss with colleagues and Fluence Technologies how you can leverage these developments to take your finance processes to the next level.

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THE FLUENCE TECHNOLOGIES INNOVATION SHOWCASE

Financial reporting and consolidation continue to develop at a robust pace driven by the pressing demand for more insightful management reporting, as well as the pressure of continually expanding regulatory and statutory reporting.

In effect, reporting is being stretched from both ends of the process at the same time. The scope of reporting at the end of the process chain is expanding as regulatory initiatives such as ESG (Environmental, Social and Governance) are introduced in many parts of the world, and, as a consequence, this is driving the need for more diverse and voluminous data to be captured at the start of the process.

Many organisations have invested large sums of money in infrastructure, yet despite very rich operational systems, they are frequently fragmented and used by each department independently. Organisations may have marketing automation tools, sales automation tools, ERP and CRM systems and business intelligence tools, but very often these do not communicate with each other. The big challenge for finance is how to bring an organisation's disparate systems together to collate the data that will underpin a comprehensive picture of corporate health and strategic direction.

The key to financial reporting and consolidation is to weave all this together to tell a story of where the business is heading and to manage the business in an even more effective way.

Historically, organisations of all sizes find themselves mired in spreadsheets and disparate operational systems, yet legacy Corporate Performance Management (CPM) systems are often clunky and unaffordable. Many of the market leaders were formed through hastily assembled acquisitions in the nineties. As a result, traditional CPM suites tend to be large, unwieldy, costly and poorly integrated. They frequently require the support of specialist IT and dedicated application resources that are beyond the reach of many enterprises.

On the other hand, specialist, best of breed systems for consolidation have all but disappeared, leaving enterprises of all sizes with little choice. Fluence Technologies is the exception. Its crowning innovation was to bring a modern, highly competent 'born-in-the-cloud' consolidation system to the market to fully exploit the gap left by ageing CPM solutions and a vanishing market for best of breed consolidation systems.

In this showcase we highlight three areas, namely, (i) what it means to be pure-cloud; (ii) the importance of a modern no-code approach to consolidation functionality and, finally (iii), Fluence Technologies' innovative approach to disclosure management.

Innovation 1: The 'Pure Cloud' advantage.

Fluence Technologies has caught the mood of the moment with prescient timing. Unlike five years ago, the Modern Finance function has widely embraced the benefits of a cloud-first approach and is actively seeking to deploy applications in the cloud. But many consolidation applications that masquerade as “cloud”, are not what they seem. In their eagerness to exploit market opportunity in the cloud, many software vendors hurriedly re-positioned their products in the cloud. But so called, Cloud-washing, i.e., taking a traditional on-premises application and re-purposing it for the cloud, denies users the full breadth of benefits that solutions ‘born-in-the-cloud’ offer.

Born-in-the-cloud.

Fluence Technologies stands out in the marketplace as one of the very few ‘born-in-the-cloud’ solutions. From its inception it was built to be optimised in the cloud and to take advantage of the cloud ecosystem of partners, web services and technologies.

The cloud confers a number of advantages, for example, the cloud platform or infrastructure itself, interoperability and integration, as well as infinite scalability and capacity.

Fluence Technologies uses the Microsoft Azure Platform as a Service or PaaS. Microsoft Azure is a complete development and deployment environment in the cloud, with resources that Fluence Technologies uses to deliver everything from its cloud-based apps for reporting, to its cloud-enabled consolidation system.

The PaaS includes infrastructure—servers, storage, and networking—but also middleware, development tools, business intelligence (BI) services, database management systems, and unfettered integration with other cloud products.

Importantly, PaaS allows businesses to avoid the expense and complexity of buying and managing software licenses, installing the underlying hardware, applications infrastructure, and middleware. Fluence Technologies does all of the ‘heavy lifting’ on a finance function’s behalf. It manages all of the applications and services that the finance function needs and is scalable – up or down on demand – and that’s crucial for a rapidly changing financial reporting application. More concurrent users can be added on demand, anywhere in the world, and more storage capacity, CPU and memory is available immediately when needed.

In practical terms it means that Fluence Technologies users are sheltered from the need to acquire and deploy hardware and software. Neither do they have to pay separately for maintenance. They simply pay a subscription fee. The software is multi-tenanted, meaning that all user companies share the same technical environment and version of software.

The private cloud

By contrast, the private cloud, is what is offered by most of the consolidation marketplace, or more accurately consolidation software within a CPM system. The applications are hosted on a PaaS, but limited to a private or 'walled garden' environment. It means that upgrades to hardware and software are not necessarily dialled up on-demand and frequently incur additional cost. Furthermore, the burden of maintaining and operating a consolidation application is, by negotiation, a shared responsibility.

As such, the private cloud is more akin to an on-premise solution in the cloud. It neither provides all of the technical advantages of the cloud ecosystem nor the operational or economic benefits, apart from ease of accessibility and deployment for end-users.

On-premises

Despite the clear advantages of cloud deployment FSN research shows that around half of all consolidation or CPM (Corporate Performance Management) systems continue to be hosted on-premise.

Some sensitive industry sectors are not able to take advantage of the cloud for security or regulatory reasons, but this leaves vast swathes of industry locked into legacy consolidation and CPM systems on-premise.

They could move to a private cloud environment, but this remains limiting for all of the reasons given above. Fluence Technologies therefore stands out on its own – a beacon of pure cloud computing in a sea of historic and inefficient legacy deployments.

Innovation 2: Modern no-code, agile, consolidation.

At its core, the arithmetic of financial consolidations has not changed since the advent of the first consolidation software packages in the early eighties, but what has changed out of all recognition is the end-to-end process around the consolidation.

Broadly speaking, performance reporting, which is the amalgamation of actuals, budgets, forecasts and reporting has accelerated as management teams seek to steer their organisations more deftly in the face of highly volatile market and macro-economic conditions. Consolidation systems have to respond to this highly fluid situation, and so these days, it is the agility of a consolidation system that matters most.

Yet FSN's research reveals that consolidation systems are on average 10% to 15% slower than the comparable forecasting system, leaving controllers twiddling their thumbs simply waiting to produce budget/actual variances. Only 51% of finance functions are able to get a minor change to a consolidation hierarchy reflected in their consolidation system in under half a day and only 46% can get their reports adjusted in the same time frame.

So, what are the hallmarks of agility that make Fluence Technologies stand out from the crowd? There are several crucial features as follows.

Authentic, 'born-in-the-cloud' deployment, as highlighted above, confers organisational agility, for example, the ability to add more users on demand (perhaps following an acquisition) without straining capacity.

Scalability of the underlying data model to grow the consolidation in step with growth in data volumes without impairing performance. Fluence Technologies can scale from tens of reporting entities in a mid-market business to thousands in a large enterprise.

Near boundless dimensionality to provide analytical mastery in the face of increasingly complex reporting needs.

No code adaptability, for example the ability of finance professionals to add dimensions, calculations, eliminations and reports in a matter of hours, without recourse to IT specialists or droves of expensive consultants.

Accommodating idiosyncratic requirements, for example specialised calculations, funds flows, KPIs, ratios, validations and methods of consolidation just through configuration of out of the box functionality, rather than the coding associated with legacy products.

Configurable 'drag-n-drop' workflows, throughout the consolidation engine to drive enhanced productivity and complete visibility of the process and its progress.

Personalised UX (user experience) to enable laser focus on what matters to each individual, by configuring roles-based dashboards, insights, tasks, and workflows.

Visibility of data lineage at every stage of data handling from original data capture through multi-GAAP adjustments, eliminations, currency translation, and group adjustments is visible in the audit dimension for each chart of account line and entity.

Reporting flexibility using familiar Excel capability through connected and updatable spreadsheets, or at the user's option delivered through a web browser or apps.

When it comes to agility, there is a long way to go but it is these innovative characteristics of Fluence Technologies that enable modern finance functions to respond agilely to change.

Innovation 3: Disclosure management

As part of its mission to expand its consolidation and reporting application in the cloud, Fluence Technologies acquired Sturnis365, now Fluence Disclosure Management, in the middle of 2022 to service the rapidly growing need for disclosure management software. Like the rest of the suite, it is a modern application that fully leverages Microsoft Office 365 technology.

Document management has never sat easily within the finance function. After all most finance functions are masters at producing the numbers, but less comfortable with narrative reporting and document production. But with every passing day the burden of statutory, regulatory, compliance, environmental and management reporting is growing. The modern finance function has to be as nimble with documents as it is with numbers.

More importantly it must be able to synchronise numbers and narrative keeping them in synch as reporting changes. Not only that, but the same source systems have to serve many masters and stakeholders each with a slightly nuanced take on what is reported. That's where document management comes in, keeping reporting consistent and freshly updated across the different internal and external stakeholders, special interest groups and regulators.

Yet, despite the obvious and growing need, disclosure management only enjoys around 5% market penetration. Legacy solutions, using proprietary technology on premise, that is expensive to acquire, and implement is largely to blame. So Fluence Disclosure Management represents a breakthrough innovation, focussing on the familiar Microsoft stack, a unique productivity approach called "Inverse Design" and the ability to render reports directly with Adobe InDesign.

The Microsoft stack.

At its core, Fluence Technologies' disclosure management software is Microsoft to the core. It runs on the Microsoft Azure platform, leverages Microsoft Sequel Server and the entire Microsoft 365 product stack. It means that document production is enabled through an authentic and familiar Microsoft Excel, Word and PowerPoint interface, rather than an approximate emulation, so often used by competitors.

The shrewd decision to leverage the Microsoft Stack means that finance functions opting to use Fluence can leverage their current investment in reporting spreadsheets, documents, PowerPoint and skills. This translates into quicker training, faster adoption and the ability to maintain the application from within the finance function.

Inverse design

Fluence's 'signature' innovation is the idea of "Inverse Design", in which the design is deduced automatically from a pre-existing document, rather than a fresh document design. Using the document's table of contents each document can be deconstructed into logical portions and assigned to different users to maintain.

Working with a familiar document in this way saves many person-hours of effort and preserves existing knowledge within the finance function. Workflows allow users to collaborate across multidisciplinary documents, with edits, reviews and approvals managed within an intuitive workflow environment.

Fluence provides a good measure of multi-language support as well as number formats specific to different geographies. Links to source systems are preserved and updated every time a change is detected, ensuring that documents and spreadsheets are always up to date, with full control and audit trail over each version. Roll-over of time sensitive documents from period to period or year to year is automated and provides integrity of document contents period on period. This saves many days' worth of manual effort as well as ensuring consistent reporting.

A further crucial innovation is that Fluence Disclosure Management knows when something has been updated (a data source has changed or a report revised) and proceeds to update the relevant spreadsheets and documents for that change without direct user involvement.

As Fluence Disclosure Management is part of the Fluence Technologies platform it provides native integration with Fluence consolidation, but it also provides connectivity to other mainstream consolidation/CPM systems.

Final reports can be exported to Adobe InDesign, widely used by the creative design agencies for the final production of glossy year end accounts. Fluence partners and supports integration with leading XBRL solutions to automate, streamline and de-risk the complete reporting and filing cycle, but allows roll-over for future years.



About Fluence Technologies

Fluence Technologies puts control in the hands of finance and accounting teams so they can close faster, report with confidence, and do more with less.

Only the Fluence financial close, consolidation, and report management platform delivers an enterprise-grade, out-of-the-box solution for modern, high-growth companies. Truly cloud-based and finance-owned, Fluence's no-code approach means accelerated time to value and immediate adoption.

Welcome to Fluence where we close early.

For more information, visit www.fluencetech.com and [follow us on LinkedIn](#).

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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