

GUIDE

Transformation without Disruption: Driving Continuous Improvement and Innovation in Finance and Accounting



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FloQast, a Finance and Accounting Operations Platform designed by accountants for accountants, has a strategic consulting relationship with PwC Australia. Together we developed this transformation guide for driving continuous improvement and Innovation in Finance and Accounting while minimising operational disruption.

According to 60% of Australian CEOs¹, the need to adapt to emerging technologies, and in particular to Generative AI (GenAI), will drive business reinvention strategies over the next three years as companies seek to ensure their ongoing viability. However, while CEOs are aware of technology's potential to create, deliver, and capture value, less than 25% have actually initiated their reinvention projects, with 85% suggesting that they have up to 10 years to effect change². Those figures contrast with the global average, where only 45% of CEOs feel they can wait to transform their businesses as a means to ensure ongoing success.

Technology is clearly critical to transformation projects but CEOs may be reluctant to initiate their change strategies because of pressure to ensure that those changes deliver a positive impact and do not significantly disrupt business as usual. This is especially relevant to Finance where 70% of transformations are "less impactful" or "slower than expected"³. GenAI uptake is particularly inconsistent, with its penetration in Tech, Media, and Communications companies at 46% - compared to 30% in Financial Services companies, and 28% in EUR.

While regulation and economic volatility also represent barriers to Finance Transformation, the research suggests that companies in Australia and across APAC are not moving quickly enough to implement their strategies effectively, and are potentially failing to capitalise on advantages.

To improve their odds of transformation success, and to minimise potential business disruption, Finance departments must build on solid ground. This means ensuring an efficient, disciplined financial Close which, in turn, allows for further digitisation, improved controls, and reduced risk exposure. With that goal in mind, this guide provides actionable steps for Finance leaders to achieve pragmatic, near-term benefits from digitalisation for significant, continuous improvements.

¹ PwC's The Reinvention Imperative

² PwC's 27th Annual Global CEO Survey (Australian Insights)

³ Finance Benchmarking, Gartner (2024)

Streamlined Close to Report processes are key for Successful Finance Transformation

Companies pursue Finance Transformation for various reasons, not least to replace outdated or inefficient manual processes, to capitalise on technology innovation, to scale internal systems and processes for rapid growth, to free up capacity, and to maintain a state of audit readiness. However, each of those drivers may be traced back to common ground: a reliance on legacy systems and processes that are holding the company back.

An efficient Close and reconciliation process is often a first step in any broader Finance Transformation. If accounting teams are over-burdened with business-as-usual tasks – inputting, checking, and re-checking data – they won't be able to play the proactive role they should in driving the necessary change for their companies.

To ensure completeness, accuracy, and confidence in your numbers, it's essential to manage Close tasks at the same time as reconciliation processes. Optimising these processes frees up valuable employee time and expertise, allowing teams to actively engage in shaping new processes, analysing data, and mastering digital systems. This approach not only enhances employees' ability to contribute to the transformation but empowers them to derive insights that drive strategic decision-making.

Data is also critical to accounting efficiency. Organisations lose an average of \$12.9 million every year due to poor data quality⁴. Beyond immediate revenue losses, low-quality data gradually complicates data ecosystems, and contributes to suboptimal

decision-making. On the other hand, companies that build the foundation of a disciplined, efficient, and timely Close process can mitigate that risk, ensuring financial and transactional data can be trusted.

Contemporary Finance and accounting platforms offer the following efficiency benefits:

- **Total visibility, structure and control:** The transformation should integrate technology tools that simplify the structure of the Close, enhance control of tasks, and increase mutual visibility across the accounting team for maximum accountability and process efficiency. Those tools may also be applied to the reconciliations process.
- **Seamless integration:** Instead of offering a range of single-point solutions, an effective transformation should integrate existing technologies and processes into a single source of truth. This integration should provide end-to-end transparency, help teams track information, and unify all Close workflow, reconciliations, controls, document depository, and compliance processes under a single system.
- **Do more with less:** Where budget or resource limitations are a factor, technology integration can support business growth without the need for a larger headcount. Digital systems offer small accounting teams the flexibility and structure to do more with the resources they have, along with the agility to quickly onboard new members when needs change.



When I met with my CFO every week, they would want to know if we would report on time, and what the key balance sheet items were. They're reasonable questions, but the reality was I spent hours in team status meetings and combing through the ERP, Excel sheets, trackers, emails, and supporting evidence to be sure of the answer. If 99 out of 100 items were done for that session with the CFO, he'd find the one thing I missed. The right technology supports the team to complete all steps in time and with complete confidence."

Hugh O' Neill, Sales Engineering Manager at FloQast

Tips to Unlocking Successful Accounting Transformation

While each organisation's journey will be different, several key principles guide an effective transformation. By focusing on these, Finance teams can navigate the challenges of transformation with confidence, ensuring meaningful change without disrupting the essential operations of the accounting team:



Accountants should drive accounting transformation

Transformation must not disrupt the accurate and effective operation of the accounting team, even in the context of major transitions. This means that any transformation process must deliver meaningful change while also addressing accountants' immediate needs. With that objective in mind, it makes a major difference to have a new system implemented by people who understand the function's associated activities.



Prioritise progress over perfection

It is not essential to be 100% ready for transformation, nor is it necessary to optimise every process before taking those first steps. Processes can be refined along the way and the sense of progress created by securing quick wins can be a valuable source of momentum.



Clarify the function's current and ideal final state

Transformation is a journey so it's important to have a pragmatic picture of the function's current setup and capacity – along with clear, achievable goals for its evolution. It may be unrealistic to automate all reconciliations in two days but the flexibility of digital Close tools means that accounting teams can smooth the path to that objective. There should be a detailed, realistic plan in place for achieving an ideal final state – and process updates and new technology implementations should form a critical part of it.



Get stakeholder buy-in early

Securing buy-in from senior stakeholders and end-users of new technology can streamline the implementation of new systems. Hugh O'Neill frames this as critical at the initial planning stages. "We see projects fail because of poor change management," he says. "A big part of pushing change through is demystifying the transformation to win over hearts and minds. Leaders should explain why and how it will make the team's life easier."

Implementation Blueprint: A Four Step Guide

STEP 1

Optimise the Close

Develop a baseline performance level for your Close, predicated on the relevant metrics such as 'days to complete'. All transformations need a start-point and you'll be able to use this baseline to gauge the success of new integrations, understand process inefficiencies, and identify opportunities for improvement.

Smooth the path to Close completion by focusing on ways to increase team visibility and accountability across Close tasks. By understanding what your team is doing, and when and why they are doing it, you'll be able to identify and address problems earlier and allocate work effectively.

Seek to prevent the siloing of critical knowledge and resources. Tribal knowledge that is restricted to departments or even the heads of team members is neither best practice nor scalable. Instead, CFOs should centralise their data storage infrastructure to create a single source of truth, and ensure greater version control of Close documents. That structural transformation will support Close workflows, and project management goals, and contribute to completion efficiency.

Identify best Close practices on an ongoing basis to ensure that you're optimising the process:

- Define the Close in terms of the tasks that it entails within your organisation.
- Establish key performance indicators (KPI) for your Close.
- Perform the Close tasks and reconciliations in tandem to ensure a faster Close cycle and enhanced reporting accuracy.
- Seek opportunities for process automation.
- Create actionable deadlines that align with business needs and reporting standards. Distribute those deadlines to all stakeholders and ensure any changes can be communicated quickly and clearly.

STEP 2

Automate the Close

Many Finance functions still use multiple Excel spreadsheets, stored in disparate locations and restricted by a range of permissions, to manage month Close tasks and reconciliation processes. This manual approach is far from ideal: when accounting teams rely on spreadsheets as their primary method of Close management, the accuracy and completeness of their work typically suffers, with individuals burdened with repetitive tasks and unable to collaborate effectively.

Ideally, teams will have processes, systems, and data translated and funnelled through an integrated, transparent, and cohesive system, with one dashboard providing a single source of truth. In this environment, great technology vendors enhance a business' existing processes, rather than flipping them completely on their head, and will work with Finance teams to extract tribal knowledge in order to ensure processes remain as familiar as possible.

Following that technology consolidation, the next step in a transformation should be to understand and embrace automation. The more of the Close that can be automated, the greater the potential for efficiency boosts, without needless disruption. Specific benefits include:

- Automated reconciliations tools.
- Automated journal entries.
- Access to an ecosystem of third-party integrations.
- AI transaction matching.

AI solutions in particular have the potential to enhance Finance and Accounting team productivity during the Close, and address an array of challenges such as the accountant skills gap, lack of workflow automation, and limited system integration. Effective application of AI shifts accountants' focus from manual preparation to the reviewing and refining of tasks – and so meaningfully elevates individual roles. Furthermore, teams that embrace AI are able to automate reconciliation, journal entries, data collection, and more.

STEP 3

Connected Compliance

Adding structure and control to Close and reconciliations processes increases internal confidence in their completeness and accuracy – and this assurance can bring significant benefits. Finance teams that leverage technology to consistently provide transparent, timely, and accurate reporting are more likely to establish trust with auditors and regulators. That trust could potentially reduce audit fees and, if issues arise, support teams as they engage with regulators.

Robust processes, connectivity between systems, and transparency are priorities for a successful Finance Transformation. Digital compliance advantages include:

- A single location from which to manage internal controls.
- Support for multiple Governance, Risk, and Compliance (GRC) frameworks, including SOX, ESG, MAR, ISO, SOC 2.
- Real time control integration with day-to-day accounting tasks.
- Embedded internal control testing processes.

Risks and controls should not be seen as a yearly check and sign-off but should be integrated within the new digital system. This means that they must be visible to the team, evaluated daily, and connected across all Finance team activities. Achieving this level of integration and real-time transparency is crucial to compliance and makes it an important priority for Finance Transformation.

STEP 4

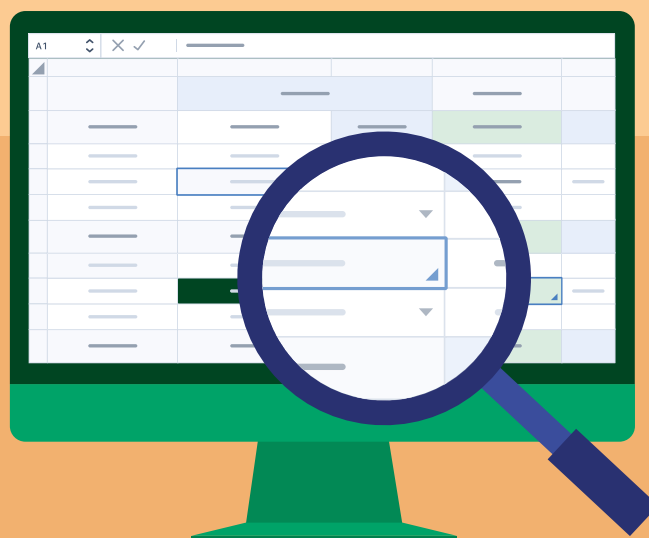
Integrated Account to Report

Reporting can be one of the biggest efficiency challenges to the Finance function, but may also benefit significantly from the success of a transformation. In particular, automation can help companies streamline record-to-report processes, targeting and eliminating barriers and pain points, capturing data faster and more accurately, and reducing or even eliminating the potential for human error.

Beyond the efficiency potential of automated record-to-report, are opportunities to further exploit AI innovation. Those opportunities include:

- Automated variance analysis with AI-supported explanations.
- Integration and consolidation of month-end Close to aggregate financial results across multiple entities.
- Integration of financial statements with month-end Close. With drill-through capabilities into tasks and reconciliations.

The integration of technology with record-to-report not only promises an accelerated completion timeline but a reduction in a company's tech-stack, and in the need for employees to conduct reworks and adjustments to the books.





The role of the CFO and Finance is rapidly changing. In pursuing Finance Transformation, our clients seek to generate value by emphasising productivity, data-driven insights, and increased use of automation. Essentially, they aim to become strategic enablers of the business rather than just an overhead. With the constant changes in our global economy, teams and organisations are eager to find quick wins to drive value. Many organisations are taking incremental steps and need to make the right initial moves to progress towards strategic goals.

Optimising the Close and reporting processes is an excellent starting point in this type of Finance Transformation project because it offers immediate improvements in the visibility of key financial data, aiding decision-making, building stakeholder confidence, and delivering rapid time-to-value."



Paddy McEvoy

Director, Finance Transformation at PwC Australia

Artificial Intelligence in Accounting: The Future of Finance Transformation

Following the implementation of new systems, and the digitisation and automation of relevant processes for optimal benefits, it's critical that Finance teams maintain momentum by continuing to iterate, improve, and reduce Close times. While PwC's research demonstrates that most leaders and Finance teams appreciate the importance of technology to transformation, it's worth emphasising just how prominent a role AI is set to play in future enhancements of the Close.

Gartner predicts that by 2026, 90% of Finance functions will deploy at least one AI-enabled technology solution but fewer than 10% will see headcount reductions as a result⁵. This demonstrates that AI in accounting is about empowering, rather than replacing, accountants. In 2024, PwC Australia's AI Jobs Barometer found that there will be 4.8 times higher growth in labour productivity in AI-exposed sectors⁶ which will, in turn, enable Finance

departments to dedicate their greatest assets – their people – to reviewing, rather than preparing, accounts. The integration of AI promises to reduce manual workloads, add new capabilities, assist with flux, analytics, and data integrity checks, and even drive financial statement preparation and technical accounting research.

With that in mind, certain organisations are leading the way in AI integration, positioning the technology as the digital core of their transformations and using it to facilitate easier, faster access to useful new tools and strategies. In this environment, data is democratised and accessible via low-code or no-code tools, with GenAI in particular making it possible for users to transform vast amounts of information into actionable data points that become competitive advantages. Beyond the integration benefits listed above, the speed with which AI-support delivers value adds to its significance for the Finance function.

⁵ Leadership Vision for 2024, Gartner
⁶ 2024 AI Jobs Barometer

However, while the potential benefits are real and meaningful, AI implementation can be risky, especially if the Close process doesn't become that solid base from which companies are able to build. Accounting transformation provides exactly this foundation – and is an achievable and crucial first step in wider Finance Transformation. Implemented correctly, it secures three crucial benefits:

- 1 Accountants are freed from stressful, time-consuming tasks and available to act as advisers to their business.**
- 2 Management is empowered to make the best strategic decisions with the most timely and accurate information.**
- 3 Businesses are positioned to retain talent and to deliver more with less.**



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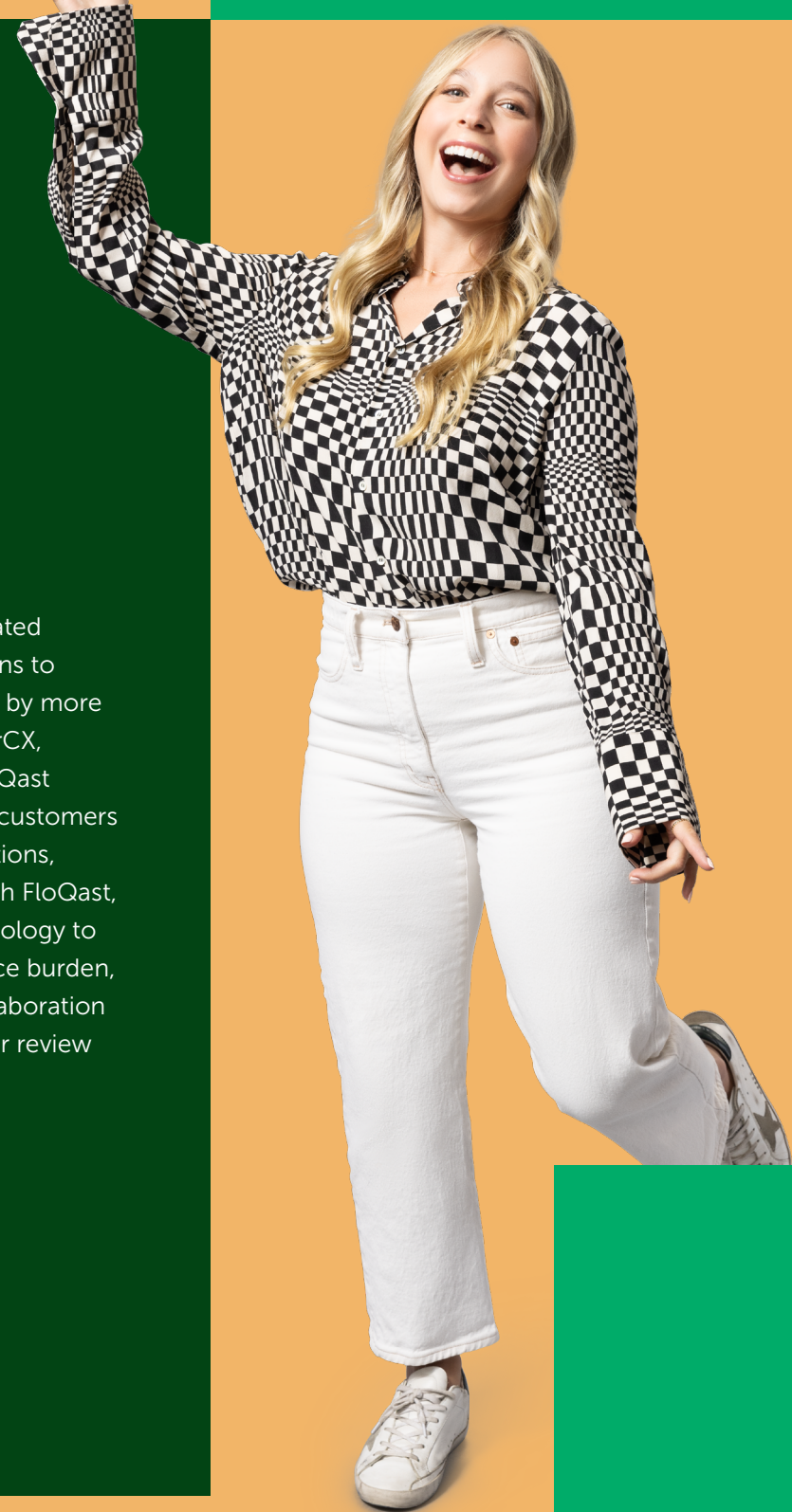
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About FloQast

FloQast, an Accounting Transformation Platform created by Accountants for Accountants, enables organisations to automate a variety of accounting operations. Trusted by more than 2,800 global accounting teams, including CyberCX, Bunnings, Employment Hero, Shopify and Zoom. FloQast enhances the way accounting teams work, enabling customers to automate Close management, account reconciliations, accounting operations and compliance activities. With FloQast, teams can utilise the latest advancements in AI technology to manage aspects of the Close, reduce their compliance burden, stay audit-ready, improve accuracy, visibility and collaboration overall. FloQast is consistently rated #1 across all user review sites. Learn more at FloQast.com.



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