

speed + accuracy

5 ways to automate
financial processes for
speed and accuracy
- *both, together.*

Phocas.



Introduction

In the last decade, we've heard many predictions that technology is the death knell for accountants but that has not been the situation at all.

Instead, technology has brought positive change to the industry, allowing finance professionals to upskill and add value across a business. Cloud-based software is common and finance teams are relying more on technology to automate manual tasks and back-end work so they can be trusted advisers, lead change and help others use data to make astute financial decisions.

Many finance teams are at various stages along the automation journey and some are yet to fulfil all their aspirations for their data. In this mini-guide, we outline five ways financial processes have been improved via technology so companies can operate with greater speed and accuracy.

5 top automations

you can implement with purpose-built financial software



month end

cut the time to close the books



visualizations

make it simple to analyze huge data sets, interpret and add value



workflows

integrate into the budget to elicit area expert advice



customize financial reports

create more buy-in of the numbers



let the data tell you

set-up alerts for early warnings





month end

**cut the time to
close the books**

1 month end

According to the *American Productivity & Quality Center's (APQC) General Accounting Open Standards Benchmarking* survey, 2,300 CFOs from different companies were asked what is their “cycle time to monthly close”.

The results showed the bottom 25% said they need 10 or more calendar days to perform the monthly close process.

The top performers, or the top 25%, can wrap up a monthly close in just 4.8 days or less – about half the time of the bottom 25%. At the median are the organizations that need 6.4 calendar days to close out a month's books. *Where do you sit on that scale? What to move your close process from 6 to 2 days?*



top 25%

4.8 days

bottom 25%

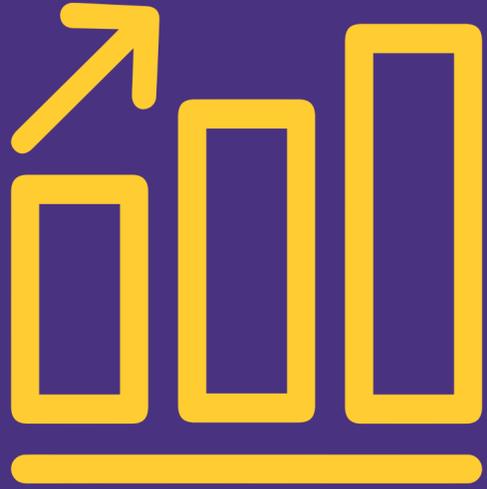
10+ days

Purpose-built financial software creates month-end reports in the same tradition as the accounting team recognizes but instead of collecting and collating data from across the business – that has been done for you.

You can build the statements any way and when the next month comes around, the statement will automatically populate with the up-to-date data. With the standard income statement already prepared, the finance team is likely to have more time to explain to various managers what's happening within the numbers and what they can do about it.

		May 2021 (May 2020)		
Code	Name	Current	Previous	Budget
+ Revenue		A\$10,509,858	A\$10,489,256	A\$10,519,924
	Revenue (Annualised)	A\$123,745,100	A\$123,502,525	A\$123,863,621
+ Cost of Sales		A\$6,856,402	A\$6,847,140	A\$6,761,168
	Gross Profit	A\$3,653,456	A\$3,642,116	A\$3,758,756
	Gross Profit Margin	34.76%	34.72%	35.73%
+ Operating Expenses		A\$2,342,543	A\$2,324,628	A\$2,345,864
	Operating Expenses as % of Revenue	22.29%	22.16%	22.30%
	Operating Profit	A\$1,310,913	A\$1,317,488	A\$1,412,892
	Operating Profit Margin	12.47%	12.56%	13.43%
+ Other Revenue		A\$64,898	A\$62,498	A\$63,423
	EBITDA	A\$1,375,811	A\$1,379,986	A\$1,476,315
	EBITDA Margin	13.09%	13.16%	14.03%
+ Depreciation & Amortisation		A\$16,692	A\$16,136	A\$16,803
	EBIT	A\$1,359,119	A\$1,363,850	A\$1,459,512
+ Interest		A\$162,600	A\$163,641	A\$162,236
+ Taxation		A\$78,633	A\$79,969	A\$79,880
	Net Profit After Tax	A\$1,117,886	A\$1,120,240	A\$1,217,396
	Net Profit Margin	10.64%	10.68%	11.57%





visualizations

make it simple to
analyze huge data sets,
interpret and add value

2 visualizations

The quantity of data a company collects increases every day and while finance people are good at understanding, interpreting and explaining it – they can always do with some help to make it easier to see the important messages or signs in the operational and financial data.

How does EBITDA stack up over the last three years or what happens if you compare your cash conversion cycle this month to last month? Such data visualizations can deliver clear insights. Big strategic questions such as *Why are revenues falling? Where can we find efficiencies? How do customers interact with us?* – can benefit from the creation of an exploratory visualization.

Key numbers to watch

Operating Profit Margin
Drop in GP margin is hitting our bottom line

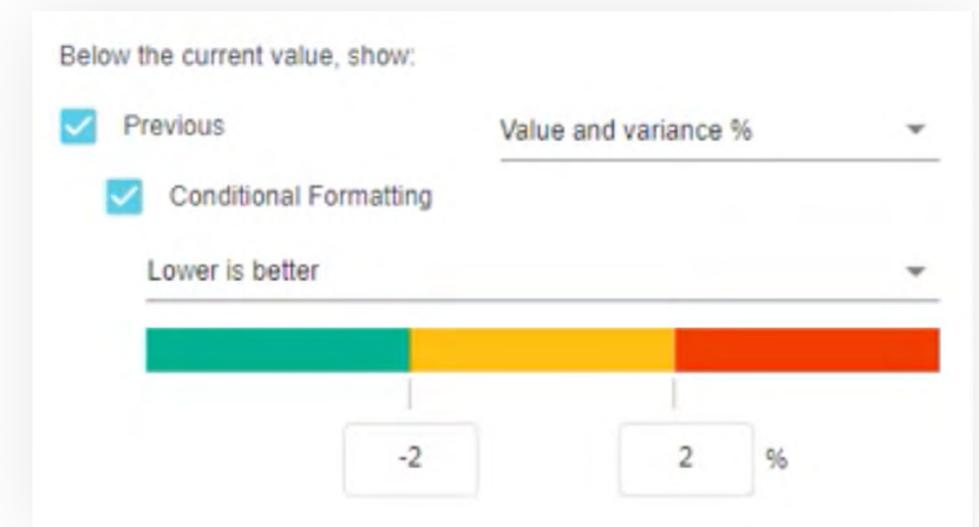
13.21%

▲ 9.62% from Previous
▼ 6.30% from Budget
12.05% 14.10%

Operating Expenses as % of Revenue
We're becoming more operationally efficient

21.71%

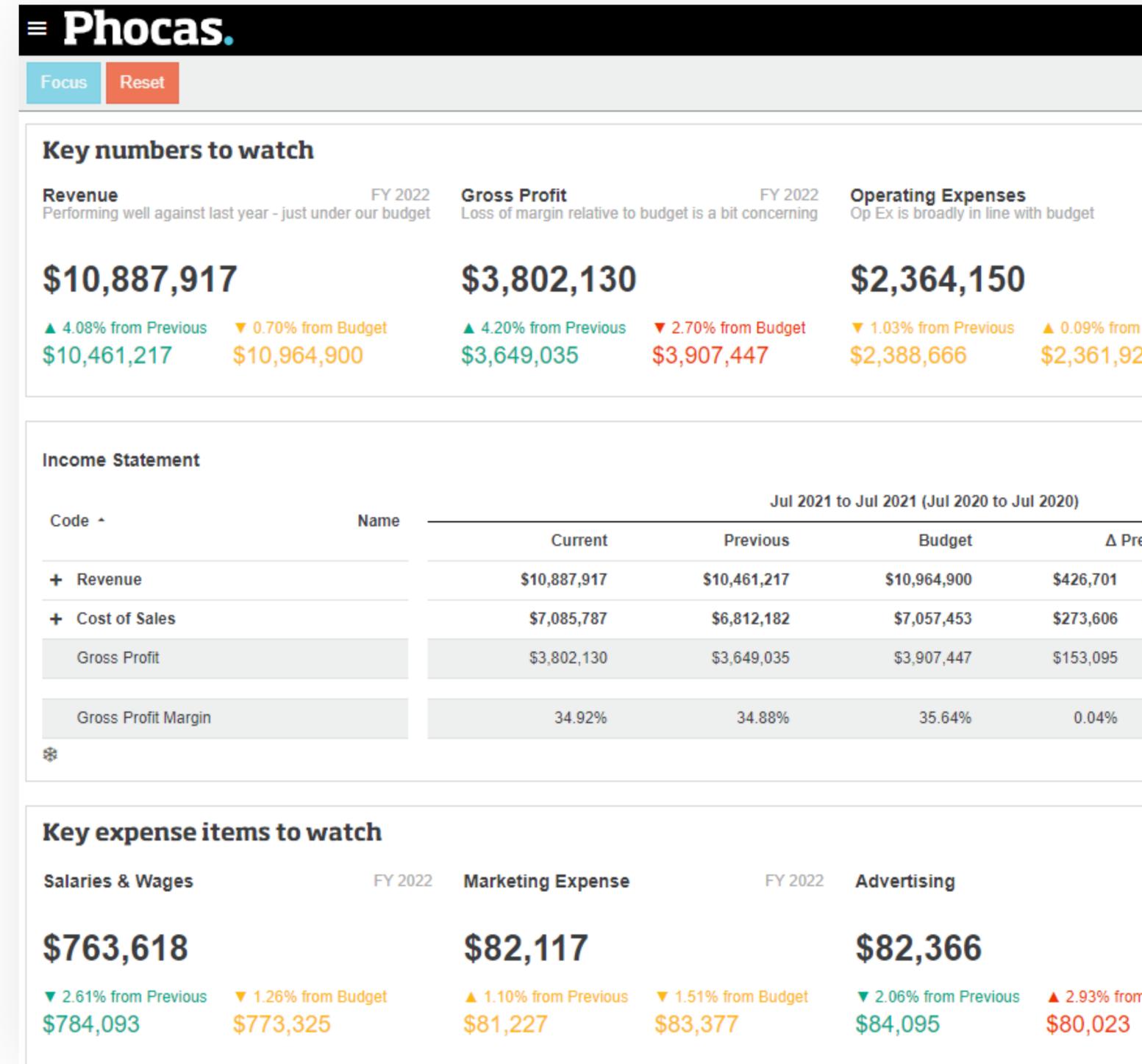
▼ 4.91% from Previous ▲ 0.80% from Budget
22.83% 21.54%

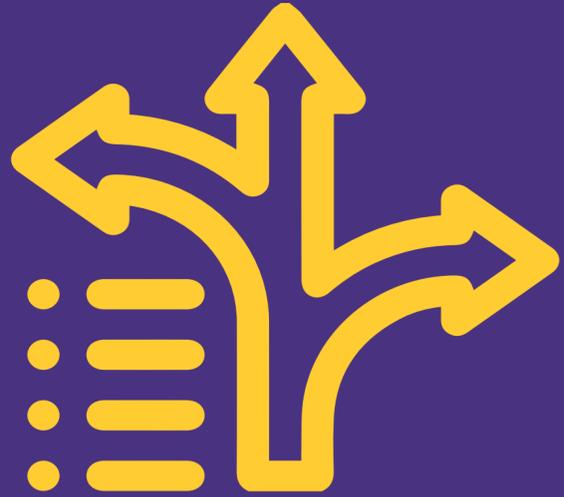


Cloud-based financial software allows the finance team to automatically layout financial ratios and comparisons in charts and graphs.

These visuals better represent important attributes of key drivers like sales and headcount and enhance the understanding across the business of why performance may be in decline.

Instead of the old ways of converting spreadsheet cells into charts, financial visualizations can now help diagnose a problem. So instead of presenting the q1 financial results, accountants can present why the business missed its targets in a range of purpose-built visual dashboards.





workflows

**integrate into the
budget to elicit area
expert advice**



3 workflows

With more people working from home – good collaboration tools are in high demand.

One business activity that benefits from several expert opinions and sharing of data is the budget process. Traditionally, master spreadsheets are created to share among different departments but are often abandoned, and instead, the finance team completes the budget on everyone’s behalf.

New budgeting software with workflow features enables multiple people to work simultaneously in the same worksheet. The budget also updates in real-time because it is created in a live environment and everyone can see the most up-to-date information.

DC	Assigned	Beth Budgets	
DC	Assigned	Beth Budgets	🗨️
			 
DC	Completed	Beth Budgets	✅
BB	Submitted	Beth Budgets	
DC	Baseline	David CFO	✅
DC	Baseline	David CFO	✅
DC	Baseline	David CFO	✅

The finance team gain lost time from not chasing and cross-checking numbers nor does the budget have version control issues.

Finance continues to be the budget owner but the workflows automate feedback from the rest of the team and finance gets reminders to follow up if certain data owners have not completed their assigned tasks.

Phocas. Budget

Budget New Workbook Basic P&L Country

fx		Workflow	Total	Jan 2021	Feb 2021	Mar 2021	Apr 2021	May 2021	Jun 2021
>	Revenue		0	0	0	0	0	0	0
>	Cost of Sales		0	0	0	0	0	0	0
	Gross Profit		0	0	0	0	0	0	0
>	Operating Expenses								
>	AUS								
	AU-3015 Consultancy Fees	DC > Accepted > David Chambers	100,000	8,333	8,333	8,333	8,333	8,333	8,333
	AU-3020 Bank Charges	BB > Submitted > David Chambers	12,000	1,000	1,000	1,000	1,000	1,000	1,000
	AU-3030 Cleaning	DC > Baseline > David Chambers	0	0	0	0	0	0	0
	AU-3040 Public Liability Insurance	DC > Baseline > David Chambers	0	0	0	0	0	0	0
	AU-3041 Professional Indemnity I...	DC > Baseline > David Chambers	0	0	0	0	0	0	0
	Total AUS		224,000	18,667	18,667	18,667	18,667	18,667	18,667
>	UK		0	0	0	0	0	0	0
>	US		0	0	0	0	0	0	0
	Total Operating Expenses		224,000	18,667	18,667	18,667	18,667	18,667	18,667
>	Employee Expenses		0	0	0	0	0	0	0
>	Transport Expenses		0	0	0	0	0	0	0
	EBITDA		-224,000	-18,667	-18,667	-18,667	-18,667	-18,667	-18,667
>	Other Expense		0	0	0	0	0	0	0
>	Interest, Taxation, Depreciation		0	0	0	0	0	0	0

Master +

Point Average: 0 Cell Count: 0 Row Count: 0 Sum: 0





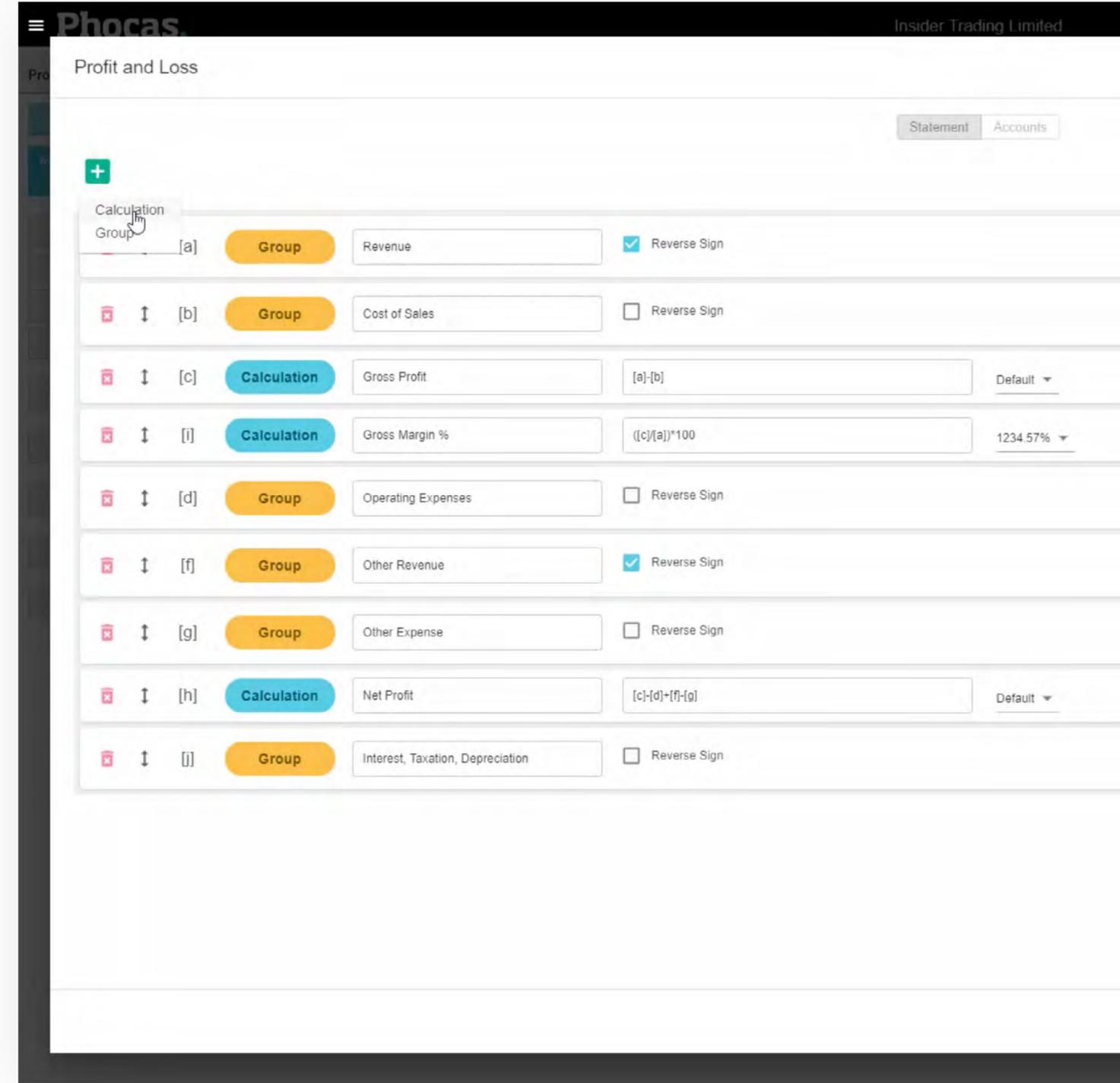
customize financial reports

**create more buy-in
of the numbers**

4 customize financial reports

Every business has a unique selling proposition, customer base and reporting requirements.

Different business owners or branch managers often want specific measures included in financial statements but the finance team don't have time. So being able to customize a profit and loss (income) statement and then set, forget and have it automatically update is a huge time saver for accounting teams.



Automated and customized financial statements take away the busy work of producing and consolidating numbers that are broken down by branch, division or consolidated for the entire company.

With automated financial statements, the head office accounting team can consolidate or split the statements anyway the different entities want them and to any level of detail; be it top-level revenue and profit or viewing expenses at a granular level.

Perhaps, you have five spreadsheets and you add them together. Now it's a click of a button to have a consolidated financial statement.

The screenshot displays the Phocas software interface for generating financial statements. The top navigation bar includes the Phocas logo and 'Insider Trading Ltd'. Below this, a toolbar contains various filters: Mode (Profit and Loss), Properties (+5), Measures (AmountAS), Stream (Profit and Loss), Variance Stream (Budget), Period (FY 2020/21), and Columns (Financial). A secondary toolbar includes buttons for Focus, Reset, Matrix, Levels, Branch, and Drag here. A dropdown menu for 'Matrix' is open, showing an 'Expand Group' option. The main table displays financial data for 'Insider Trading Ltd (... Summary)'. The table has columns for 'Code', 'Branch Name', 'Name', 'Current', and '% Cont.'. The data is organized into several sections, each with a plus sign to expand or collapse it. The 'Revenue' section shows a total current value of A\$116,121,778 (100.00% cont.). The 'Cost of Sales' section shows a total current value of A\$75,627,006 (100.00% cont.). The 'Operating Expenses' section shows a total current value of A\$25,850,100 (100.00% cont.). The 'Other Revenue' section shows a total current value of A\$681,732 (100.00% cont.). The 'Depreciation & Amortisation' section shows a total current value of A\$176,107 (100.00% cont.). The 'Interest' section shows a total current value of A\$1,753,733 (100.00% cont.). The 'Taxation' section shows a total current value of A\$869,681 (100.00% cont.). The final row shows 'Net Profit After Tax' at A\$12,526,883 (100.00% cont.) and 'Net Profit Margin' at 10.79% (100.00% cont.).

Code	Branch Name	Name	Current	% Cont.
+ Revenue				
		Revenue (Annualised)	A\$126,520,743	100.00%
+ Cost of Sales				
		Gross Profit	A\$40,494,772	0.00%
		Gross Profit Margin	34.87%	100.00%
+ Operating Expenses				
		Operating Expenses as % of Revenue	22.26%	100.00%
		Operating Profit	A\$14,644,672	0.00%
		Operating Profit Margin	12.61%	100.00%
+ Other Revenue				
		EBITDA	A\$15,326,404	100.00%
		EBITDA Margin	13.20%	100.00%
+ Depreciation & Amortisation				
		EBIT	A\$15,150,297	100.00%
+ Interest				
+ Taxation				
		Net Profit After Tax	A\$12,526,883	100.00%
		Net Profit Margin	10.79%	100.00%



let the data tell you

set-up alerts for early
warnings

5 let the data tell you

Statistical short-cuts are built into purpose-built financial software to reduce uncertainty and risks. By setting up 'alerts' people are embedding intelligence into their data.

The finance team might set up an alert when customers move over the threshold of 60 to 90 days to pay their accounts or when products are being sold below the desired profit margin.

The screenshot shows the Phocas dashboard interface. At the top, there is a navigation bar with the Phocas logo and a 'Home' link. Below the navigation bar, there is a 'New Dashboard' button. The main content area is divided into two sections: 'Alerts (6)' and 'Databases (16)'. The 'Alerts' section lists several alerts with their respective counts and descriptions: 'Current Month Sales' (8,762,679.93), 'Declining Customers' (28), 'Declining Products' (18), 'Increasing Customers' (23), 'Increasing Products' (62), and 'No. of activities due in the next 10 days' (31). The 'Databases' section lists various data sources and their update frequencies: 'Financial Statements' (2 days ago), 'Phocas Sales' (21 hours ago), 'Phocas CRM Analysis' (4 hours ago), 'Phocas AR' (21 hours ago), 'Phocas AP' (a day ago), 'Phocas Purchasing & Stock' (20 hours ago), 'Phocas Rebates' (6 months ago), 'Phocas Finance' (20 hours ago), and 'Phocas Sales & Stock' (20 hours ago).

Alerts can be used across the business so everyone has the insights, for example, the operations manager can also get an email when a product is overstocked or the sales managers when the profit margins for certain products are falling.

Such a simple method can yield insights that help a team ensure there is enough capacity to meet demand, identify market opportunities and avoid over-investing in staff, equipment and other assets.

- ▼ Alerts (5)
- 🚨 Customers Declining 15 4 Month downward Sales trend Sales Dashboard Fav Group Sales
- ⚠️ Customers Increasing 2 4 Month upward Sales trend Sales Dashboard Fav Group Sales
- 🚨 Products Declining 428 4 Month downward Sales trend Sales Dashboard Fav Group Sales

The screenshot displays the Phocas software interface. At the top, there's a navigation bar with the Phocas logo and 'Phocas Sales'. Below it, a sidebar lists various navigation options: 'Phocas Sales Summary', 'Customer Ship To', 'Customer Bill To', 'Territory', 'Sales Rep', 'Customer Type', 'Product', 'Product Group', 'Product Sub Group', and 'Document Type'. The main area shows an 'Advanced Search' dialog box with the following criteria:

- Product (2) + And
- Measure: Sales Local Margin % for (Rolling 12 Months) Less Than 15
- Measure: Sales Local Value for (Rolling 12 Months) Greater Than

A 'Clear' button is visible at the bottom of the dialog box. The bottom of the screen shows a page number 'Page 1 of 39'.



Get in touch

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