The Age of Modern Finance

Finance and Accounting Organizations Embrace the Cloud for Powerful Automation and Efficiency

Issue 1

Welcome

As companies widen their global footprints, undertake far-flung acquisitions and create multiple corporate entities, you know what happens—they end up with numerous and disparate ERP, CPM, GRC, and BI systems, some on-premise and some in the cloud. Somehow, Finance & Accounting business users must navigate these complex channels, and IT must support them. And this is occurring at a time when state, federal, and international regulations are accelerating, increasingly complicated, and painfully punitive.

(continued on page 2)

Modernizing Finance and Accounting for the New-Age CFO

As technology evolves, the globalized world becomes more interconnected, yielding vast and complex information. This growing stockpile of data is changing how organizations operate, compelling business leaders to find innovative ways to analyze this information and adapt to its business consequences. Modern finance leaders and CFOs are charged with transforming business intelligence into actionable insights, informing more accurate forecasts and tighter internal controls to ensure accurate financial reporting and proper compliance. These leaders would benefit from the intellectual firepower of Finance & Accounting, if only accountants had the time to provide it.

Automation is the solution to these problems, used to simplify and ease manual, repetitive processes. ERP systems, for example, automate many of the accounting processes required to run an efficient organization. However, this often leaves loose ends that need to be tied together manually, such as the necessary clearing of

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Welcome... continued

Nobody wants another accounting compliance scandal, particularly one stemming from a botched spreadsheet. When they occur, we all lose.

Now add the unyielding internal pressure to slash costs, reduce and manage risks, deliver more strategic value, and operate at the highest levels of integrity, all with the greatest degree of financial and accounting accuracy. From my experience, I've listened to CFOs share stories of having had to back track processes and identify where the risks were and the controls should have been. A lack of functionality supporting the business and ever-modernizing processes had made the organizations vulnerable.

Technology is the solution. In the modern enterprise world, operational fluidity guides business success—hence the strategic need to replace risk-prone and repetitive manual processes with predictability and continuous improvement. This is what BlackLine views as Modern Finance—managing core accounting and finance processes with the fullest degree of automation possible, especially when it involves rote clerical tasks. At its core, Modern Finance embeds automated analytics, risk mitigation and deep reporting capabilities across all finance and accounting processes.

The BlackLine Finance Controls and Automation Platform liberates accountants from the more menial tasks often inherent in their job descriptions. Additionally, and perhaps more importantly, BlackLine empowers CFOs to become more analytical about enterprise performance by providing answers and insight to improve forecasts and resource allocation decisions. BlackLine solutions enable number crunchers to become true providers of value-added data analytics, giving CFOs all the intellectual help they need as their companies' stewards of enterprise intelligence. With more than 1,000 clients around the world, BlackLine is the proven platform for technology that strengthens an organization's financial controls, lower its compliance risks, improves visibility across the enterprise and leads to greater operational efficiencies.

Welcome to BlackLine Modern Finance,

Therese Tucker
Founder and CEO, BlackLine

Modernizing Finance and Accounting for the New-Age CFO:... *continued*

intercompany transactions, monitoring of internal controls to address compliance risks, and the processes leading to an accurate financial close.

The importance of efficiency

Performing complex finance and accounting tasks on spreadsheets not only absorbs an enormous amount of accountants' time, the work is also repetitive and tedious. From a work satisfaction standpoint alone, no one should have to sift through a mountain of spreadsheets and peruse thousands of line items, spreadsheet after spreadsheet. Moreover, this is no way to ensure accuracy for reporting and compliance purposes, as these toilsome manual processes are prone to human error, made more likely when accountants work exceptionally long hours to finish their reports. In the post-Sarbanes-Oxley era, the importance of a fully validated (not just verified) financial close cannot be overstated.

While ERP systems provide massive amounts of detailed information, they leave numerous loose ends that accountants must tie up manually. For example, the ERP system can verify if the Accounts Payable sub-ledger total agrees with the Accounts Payable general ledger total, but the underlying data feeding the sums is not transparent. Consequently, accountants must manually verify that all the figures in the general ledger are correct, which is typically accomplished by scouring the relevant data on a spreadsheet-by-spreadsheet basis. Obviously, this is not time efficient. By using an automated solution for these key Finance &

Accounting tasks, the loose ends are automatically tied together, saving a huge amount of time when validating the figures, which leads to greater accuracy and assurance in the numbers for reporting and compliance purposes.

Finance and accounting processes: rife with risk

Managing a task through its life cycle requires both corporate and departmental checklists. Typically accountants manually compile various lists using spreadsheets to manage different responsibilities, such as vetting the credibility of the files provided by clients for auditing purposes and other tasks related to internal controls and reporting. Inconsistent manual processes heighten the possibility of human error, with a corresponding impact on the accuracy of the balance sheet and P&L statement. The need for risk mitigation is urgent and undeniable.

By using automated software, Finance & Accounting can verify that the data used by and conveyed between different systems is properly transferred and reconciled. This is particularly useful for companies that have multiple ERPs or General Ledgers feeding into it. Having all these tools at hand and integrated is the optimum way to ensure proper risk identification and mitigation – and a valuable means to avoid accounting scandals.

Integrity is everything in a Balance Sheet

The most important and pressing responsibility of Finance & Accounting is verifying the accuracy and integrity of all account balances in the general ledger, then preparing the balance sheet as part of the organization's financial reports. This process involves comparing the general ledger account balances with other sources of this data, such as bank statements and high-volume transactional data. While ERP systems can validate data and related sources, one cannot rely on this information for verification purposes.

The solution in many companies is to have Finance & Accounting tick-and-tie millions of individual transactions, a tiresome process that can consume hundreds of hours each month. Exhausted accountants soon wonder why they ever considered the profession as a career. But, without their effort, the business cannot rest assured that its financial integrity is intact. Automation allows comparison of general ledger account balances with other data sources quickly and easily, without accountants having to individually search for specific transactions. Not only can accountants verify and thus validate the integrity of the balance sheet, they can do this quickly, preemptively reducing urgent demands from management.

Financial Automation is Modern Finance

The BlackLine Financial Controls and Automation platform's comprehensive solutions deliver exactly what finance and accounting leaders and CFOs need to strategically improve business performance outcomes. No longer do accountants need to manually execute ongoing tasks to assure an accurate financial close. Modern Finance becomes the means to having a globally sustainable and seamless operation.

A case in point is accounting for, reconciling and settling intercompany transactions—the complicated dealings between two or more associated entities within an enterprise filing a consolidated tax return or financial statement. Various entities may produce hundreds of thousands of transactions in a wide range of currencies in different ways, using diverse systems that entail dissimilar processes and tax treatments. Multiple ERP systems augment the risk of disconnected transaction settlements and out-of-balance positions that are material to an organization's financial statements. From a reporting standpoint, manually verifying intercompany transactions is certain to produce errors, particularly for businesses challenged by immense data volumes and non-standard procedures. Automating the process enterprise-wide obviates these dire concerns, enhancing efficiency, data visibility, risk mitigation and financial accuracy.

Source: Blackline

BlackLine is the Unified Cloud for Finance & Accounting

BlackLine was started with a very simple premise: We can do better. Built organically on the same technology infrastructure, BlackLine is the only unified technology solution built specifically for finance and accounting. No messy acquisitions, no hybrid software/hardware, and no expensive middleware or upgrade costs. Just the world's most-trusted solution for Financial Controls and Automation delivered via the cloud. Specifically designed for finance and accounting professionals, BlackLine's modern approach provides organizations with advantages that were never possible with heavyweight, outdated and rigid on-premise systems.

Lower Total Cost of Ownership

SaaS is the latest evolution of technology delivery models that can provide cost savings and additional business value to your organization. With SaaS, there is no hardware, middleware, or database tools to buy, install, or maintain. Enterprise applications can be accessed anytime, anywhere, via the Internet, shifting the cost and burden of managing the underlying IT infrastructure and operations from the customer to BlackLine. Finance and accounting business leaders can leverage the technology's features to benefit the organization strategically and operationally, rather than put this burden on IT to do it for them.

Rapid Deployment and Faster Time to Value

Gone are the elongated implementations and endless upgrade cycles inherent in the use of traditional on-premise technology. BlackLine deployments can start immediately and are delivered on time and on budget—a track record very different from legacy on-premise applications relying on database upgrades.

Through the SaaS delivery model, the BlackLine solutions are less complex, more cost-effective, and much simpler and faster to deploy. BlackLine clients experience a rapid and consultative implementation approach, one offering best practices and guidance to attain a faster time to value and departmental impact.

Rapid Integration with External Systems

A vital need in today's business economy is for a finance and accounting platform to integrate with other core systems. For finance and accounting departments, ERP, GRC and EPM/CPM applications are all part of the operational technology ecosystem. BlackLine's configurable technology connectors help business users within finance and accounting unlock the value of data and information—all while maintaining accuracy and visibility. BlackLine features are also ERP-agnostic, integrating seamlessly with Oracle, NetSuite, and an Endorsed Business Solution from SAP.

Continuous Innovation and Adoption

BlackLine eliminates the cost and complexity inherent in traditional upgrades by rapidly delivering easy-to-adopt updates three times a year. By providing smaller and more easily consumable updates, clients can control the rate of functionality absorbed. There is no risk of becoming locked to outdated application versions or endure costly customizations from third-party service vendors. BlackLine's technology has high adoption rates among business users because of its intuitive design and process workflows.

Enterprise-Class Security and Operations

BlackLine is a trusted partner for large enterprises wanting to take advantage of the many benefits of SaaS. Rest easy knowing that BlackLine adheres to the highest standards and continually passes the toughest third-party security audits and certifications in the industry, including ISO 27001, SAS70 Type II, and Safe Harbor. From world class data center operations to rigorous physical, network, application, and data level-security, BlackLine ensures the safety of your sensitive data with enterprise-class reliability and performance.

Source: Blackline

From the Gartner files

Enhanced Finance Controls and Automation Fills the Gaps in ERP and CPM Processes

Solutions addressing "The Last Mile of Finance" and financial governance have expanded to include functionality currently missing from ERP and CPM platforms. These enhanced finance controls and automation solutions now are presenting innovative opportunities to improve the finance function.

Impacts

- Finance applications strategists often begin their enhanced finance control and automation (EFCA) journey by searching for an application to improve reconciliations management.
- Financial process and close management solutions present an opportunity for finance strategists by providing controls throughout the accounting period and improving enterprise collaboration.
- As EFCA suites expand to address more functionality, financial strategists will need to determine how to select suite solutions and take advantage of leading capabilities.

Recommendations

- Understand that finance organizations will select solutions based on feature/function consistent with the current application technology stack, so they will most likely choose cloud delivery from best-in-class offerings. They will also want to limit the amount of involvement from IT in executing the new system.
- Understand end-to-end financial processes and determine where EFCA technologies can be used to target transformation. These solutions can improve your ERP/CPM solution and automate many of the financial process routine activities.
- Consider how your organization collaborates on financial processes and consider leveraging EFCA outside of the finance organization.
- Take a holistic approach to EFCA by extending implementations to include more components of emerging suites, improving collaboration and covering more of the financial management disciplines. Consider expanding the suite to include disclosure management, intercompany and analytics capabilities.

Strategic Planning Assumption

Through 2019, 40% of enterprise finance organizations will leverage EFCA solutions to improve financial processes. Of these solutions, 80% will be sourced from specialist EFCA vendors in the cloud domain suites from public cloud offerings.

Analysis

Despite the breadth of functionality in CPM and ERP systems, they don't go far enough in providing a holistic approach to activities that are required to complete the financial close as well as provide support during the accounting period. Until 2013, many of the solutions that were targeted for this area were considered part of the financial close or "The Last Mile of Finance" (see "Revisiting the Last Mile of the Financial Close") and were thought to be more closely aligned with the tasks needed to close the books and produce financial statements and investor reports. The term "financial governance" was another term used to define this market, as it was broader and more inclusive of addressing financial processes (see "Financial Governance Applications Emerge to Enhance Financial Controls and Regulatory Reporting"). However, it was often confused with the governance, risk and compliance (GRC) market.

The next evolution of this space is more inclusive of financial (and some operational) processes and does not solely address the financial close. Gartner is seeing these solutions expanded in scope to provide a range of functionality that enables finance to better manage and control all finance processes from "mile zero" right up to the "last mile." The close/reconciliation management asset class has expanded over the last year to include a wider range of functionality that extends beyond the month-end close into a broader solution that can enhance the management and control of any finance process throughout the accounting cycle. As a result, we have renamed this asset class EFCA to reflect this expanded scope (see "IT Market Clock for Financial Management Applications, 2014").

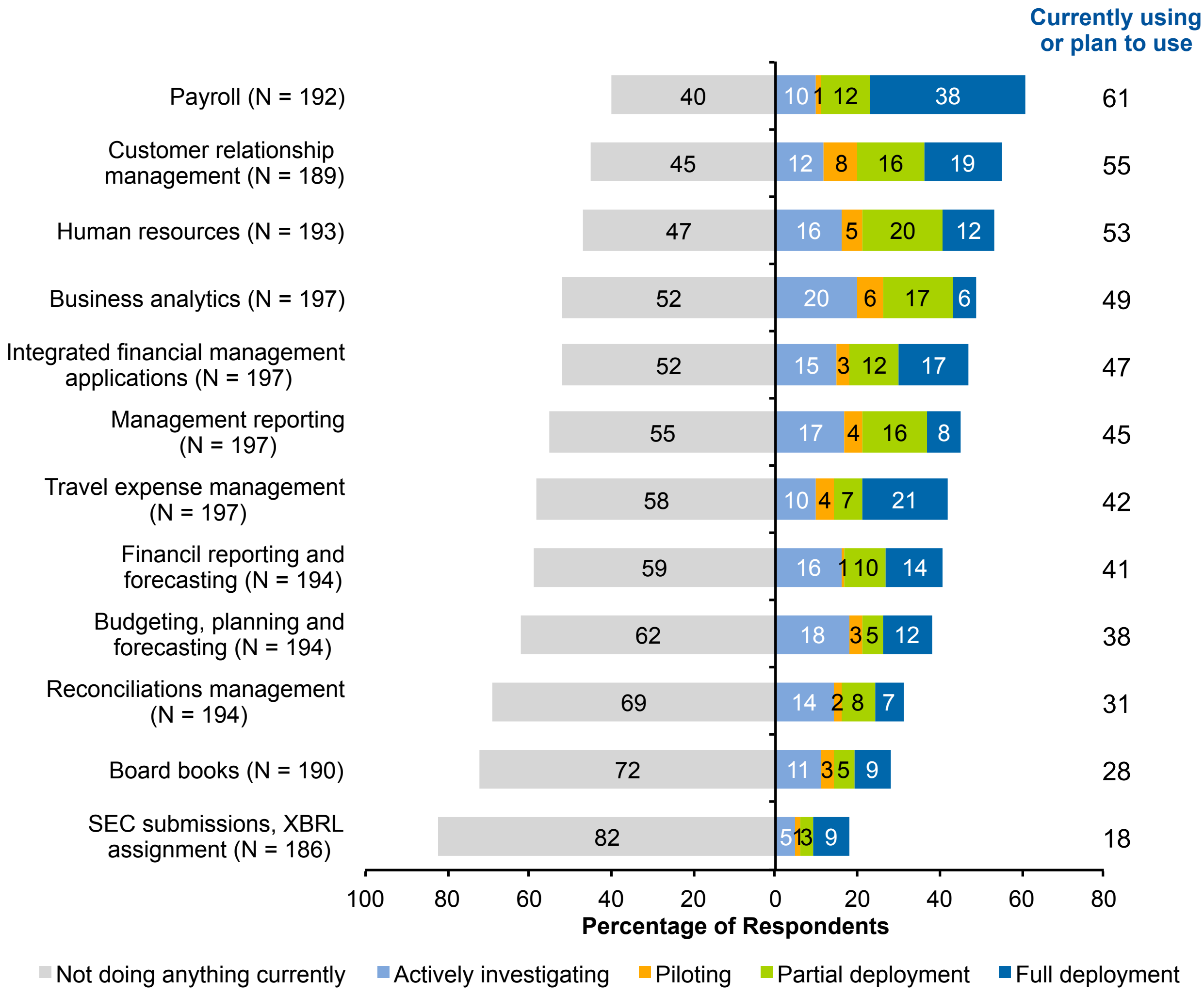
We anticipate vendors will add more functionality, especially in analytics and proactive process controls, over the coming year.

Gartner's definition of EFCA includes:

- **Financial process and close management —** Manages finance and accounting processes from the beginning of the accounting cycle through final disclosure reporting. Can be applied to include the management of the account code taxonomy for opening, closing and managing the volume of codes that proliferate throughout the organization.
- **Operational and financial reconciliations —** Reconciles general ledger (GL) subledger control accounts, operational systems to subledgers, customer accounts to billing systems, bank accounts and other balance sheet accounts throughout the accounting cycle.
- **Finance controls management —** Leverages the reconciliation matching engine to identify control problems. Can include finance Committee of Sponsoring Organizations of the Treadway Commission (COSO) management and collaboration with internal and external audit.
- **Journal entry control —** Manages entries for accruals, transfers/provisions, preparation of accounting entries and review and approval throughout the accounting cycle.
- **Intercompany transfers/eliminations —** Accepts, rejects and reconciles intercompany transactions, along with generating elimination entries for intercompany activities. Creates offset accounts for vouchers, posting to multiple ledgers.
- **Collaborative tax preparation —** Coordinates tax activities, including planning and preparation across the organization, ensuring compliance with tax plans in finance and operational areas.
- **Finance process analytics/big data analytics —** Identifies where process bottlenecks/questionable activities that need review are occurring. SaaS vendors are providing financial process benchmarks to peer groups and also providing XBRL peer comparisons. This includes leveraging Hadoop technologies to mine insights from a variety of data sources and will inevitably be called big data analytics.
- **Disclosure management —** Disclosure management includes the production of financial statements and reports; assignment of XBRL tags, annual reports and board books; as well as coordinating activities with outsourced publishers, and associated financial controls and compliance. This area continues to be the subject of vendor activity. Demand for disclosure management solutions is increasing, especially in the cloud. Today, the majority of implementations are for XBRL assignment; however, future solutions will better address broader investor/executive/stakeholder capabilities and reduce the time and resources required to produce and file financial statements while improving financial controls.

Gartner believes that the majority of new EFCA solutions will be delivered by specialist vendors through domain suites in the cloud, and that there will be very little, if any, on-premises solutions coming to market in the future. CFOs have been willing to adopt these as cloud solutions, and for many large organizations, may be among the first foray into cloud options. However, this is consistent with Gartner's view of how the ERP market is developing, and deploying cloud solutions for EFCA alongside existing financial management applications can deliver benefits more rapidly than trying to roll out functionality from ERP (or even CPM) vendors (see "Use SaaS Applications in a Postmodern ERP Strategy to Drive User Acceptance and Process Improvement"). EFCA applications rank high in the 2014 Gartner Financial Executives International (FEI) Technology Study (see "Survey Analysis: Critical CFO Technology Needs: 2014 Gartner FEI Study") in terms of cloud delivery, with reconciliations at 31% of enterprises considering these solutions for cloud delivery, 28% considering board books and 18% considering cloud for disclosure management (see Figure 1).

Figure 1. CFO Projections on Cloud Usage for Enterprise Business Applications



Source: Gartner (October 2014)

At Gartner, we have been helping our clients with calls for modules of EFCA for seven years. Most of these start with a particular module — close management, reconciliations management or disclosure management (which is why the EFCA was not used on the Gartner-FEI study). Few organizations understand the capabilities of the broader EFCA suite approach, but find it appealing to be able to use one domain suite to fill the gaps of functionality that are missing in ERP and CPM suites (see Note 1). The EFCA market is very consistent with Gartner postmodern ERP research (see Table 1).

Table 1. EFCA Consistent With Gartner Postmodern ERP Perspective

Postmodern ERP	EFCA
The concept of a single ERP suite that meets all of an enterprise's needs, particularly in large, complex and diverse organizations, is no longer tenable.	EFCA functionality has been largely ignored by ERP vendors and innovation has primarily been through niche/best-of-breed vendors.
The ERP suite is being deconstructed as part of what Gartner calls "postmodern ERP." This will be a more federated, loosely coupled ERP environment with much (or even all) of the functionality sourced as cloud services or via business process outsourcers.	EFCA market is dominated by cloud specialists. We believe that even if acquisitions were made by ERP vendors, this EFCA functionality will still be provided via domain cloud suites.
Due to the move to postmodern ERP, within five years, hybrid ERP environments will be the norm. Significant elements of ERP functionality will move to the cloud and coexist with the remaining core, on-premises ERP functions.	Hybrid environments are already the norm with those organizations that have purchased EFCA cloud solutions that integrated with their on-premises ERP.
Increased diversity of delivery options, embedded analytics, mobile working and greatly enhanced user experiences are key to meeting business functionality needs.	EFCA suites are continuously expanding in scope and delivery options to meet business functionality needs.
Through 2018, multivendor integration and multienterprise integration complexity will increase, requiring new skills and technologies.	EFCA suites have embedded integration capability, but rely on IT to effectively integrate the suites into ERP and CPM environments.
Source: Gartner (October 2014)	

Impacts and Recommendations

Finance applications strategists often begin their EFCA journey by searching for an application to improve reconciliations management

Solutions are a component of many EFCA suites and to understand why reconciliation solutions are needed and to effectively support finance in automating the management of reconciliations, the IT organization must understand what reconciliations are. Reconciliation management is a process that provides reasonable assurance as to the accuracy of financial data; however, it will not provide absolute assurance that all accounting activities were accurately booked at a point in time, so this must be augmented with additional controls. The following describes the scope of the reconciliation process (see Note 2):

- It is the process of comparing data that exists in two systems or locations, analyzing variances, and making corrections so that the information is accurate. This may include out-of-balance conditions for accounts, such as interentity transfers. Included in the reconciliation is an analysis of account balances that explains and documents what the balances are, why they're there and whether they're accurate.
- It should be done during the month to correct problems before the issue becomes reportable at the end of the month and in financial statement footnotes. In practice, however, key accounts are often reconciled during the hard close, and all accounts are reconciled by month's end. Reconciliation is one of the major reasons it takes so long to close the books at month's end.
- Reconciliation includes analysis and storage of documentation, in addition to the account balance, such as recognized revenue compared with sales bookings.
- It also includes documented relevant calculations, along with clear and complete explanations.
- The results of reconciliations will be reviewed by auditors who will understand the accounting focus, but not necessarily the business process in-depth. Organizations should consider reconciliation management solutions to reduce the time required to close the books as well as use throughout the accounting period, while providing assurance that the accounting is an

Figure 2. Impacts and Top Recommendations for EF CA

Impacts	Top Recommendations
Finance applications strategists often begin their EFCA journey by searching for an application to improve reconciliations management in finance and operational areas.	• Understand reconciliations management capabilities – including best practice workflow, process management, matching automation, analytics, and integration. • Consider deploying reconciliations management outside of the finance organization into operational areas to improve enterprise collaboration.
Financial process and close management solutions present an opportunity for finance by providing controls throughout the accounting period and improving enterprise collaboration.	• Understand end-to-end financial processes and determine where EFCA technologies can be used to target transformation. These solutions can improve your ERP/ CPM solution and automate many of the financial process routine activities. • Consider how your organization collaborates on financial processes and consider leverage EFCA outside of the finance organization.
As EFCA suites expand to address more functionality, financial strategists will need to determine how to select suite solutions and take advantage of leading capabilities.	• Take a holistic approach to EFCA by extending implementations to include more components of emerging suites, improving collaboration and covering more of the financial management disciplines. Consider expanding the suite to include disclosure management, intercompany and analytics capabilities.

Source: Gartner (October 2014)

accurate representation of actual financial activity. These solutions can significantly improve the coordination of many reconciliation processes in the finance organization during the close period, as well as throughout the month. This improvement will be the direct result of the additional visibility, control and process management that will be provided by an automated solution.

New Innovations

Reconciliations management solutions have been taken to new operational areas by their customers, including the reconciliations of operational data (e.g., sales, billing, customer portfolios) to financial subledgers. By extending the solution, there is an opportunity to engage nonfinance types into the enterprise reconciliations process to reduce time, effort and improve efficiency. Vendors are positioning more vertical-focused templates for organizations to more easily adopt these solutions, minimizing the professional services effort to implement the solution.

Recommendations:

- Understand the expanded reconciliations management capabilities offered by the EFCA solutions.
- Consider deploying reconciliations management outside of the finance organization into operational areas to improve enterprise collaboration. Engage operational personnel in EFCA products that expand beyond traditional finance into reconciling operational areas.

Financial process and close management solutions present an opportunity for finance strategists by providing controls throughout the accounting period and improving enterprise collaboration

The close process is an intensive, time-consuming activity that touches everyone in finance and many departments beyond the finance department (e.g., HR, sales). During the close, it is the ultimate control, and the last chance for finance to ensure accurate reporting of the financial health and status of the business. ERP and consolidation systems play a key role as sources of information, although the manual steps necessary to generate reports are daunting. Every close period is typified by a list of high-priority issues that require resolution by employees spanning the global finance team — although all these issues and activities are manually tracked, much to the concern of management. Software that targets financial close process improvements has begun to change how finance teams work during the close, increasing the efficiency of the finance team and dramatically reducing the risk of missed steps and errors.

The purpose of financial close automation software is to provide a collaborative environment to manage the post-ERP close process with worldwide finance and operational personnel. This includes managing the processes to analyze results from ERP and consolidation systems, make corrections and adjust entries, prepare management discussions and generate financial reports. Moreover, unifying the account reconciliation and compliance processes with the close process provides unprecedented visibility into potential problems, and ensures that the data used in the close is accurate.

New Innovations

The notion that these applications can be leveraged throughout the accounting period rather than just during close cycle has been pioneered by leading user organizations for years. These organizations have been able to extend these solutions to monitor financial processes throughout the accounting cycle, not just the close. Also, the notion that more than the finance organization is involved in financial processes and that the solutions should be available to all of those, including in operational areas, to collaborate beyond the accounting close is gaining adoption and the scope of the solutions will expand to meet these requirements. These capabilities go beyond a single general ledger closing dashboard that provides a status of interfaces. These solutions were originally conceived as functionality that was not currently available in the financial consolidation solution. Over the past five years, software became available to act in concert with financial consolidation solutions to manage the close process. Going forward, end users will pressure vendors to extend these capabilities beyond the close suite.

Recommendations:

- Understand end-to-end financial processes and determine where EFCA technologies can be used to target transformation. These solutions can extend and enhance your ERP/CPM solution and automate many financial process activities.
- Identify processes that span finance and operations that currently require manual controls. Leverage EFCA to improve collaboration between finance and operations to improve controls in these areas.

As EFCA suites expand to address more functionality, financial strategists will need to determine how to select suite solutions and take advantage of leading capabilities

EFCA solutions are emerging rapidly and will continue to expand in functional scope. For example, some currently address disclosure management with an in-house approach (e.g., Trintech Cadency) while others may pursue partnerships. As more functionality appears, finance will seek to take advantage, as much of these EFCA processes today are done manually with a spreadsheet or through Microsoft Word documents.

Disclosure management is an example on how an EFCA solution can be leveraged more extensively. Many financial reporting solutions incorporate process controls for reporting and disclosure, such as templates, collaboration capabilities between the company and the financial statement publisher, business rules, workflow, and audit trails to better meet regulatory, compliance and governance programs. Today, many organizations use their disclosure management solutions solely for XBRL assignment and formatting reports that will go to the financial statement publisher, and we believe from that perspective it is a mature market, with many of the deals today going to cloud vendors such as Workiva (formerly WebFilings). The opportunities for leveraging disclosure management are much more extensive, including developing capabilities for preparing executive summaries, narrative reporting, board books, playbooks, and various investor and external publications. The need for integrating these solutions into CPM, ERP and operational systems make this capability much more than a finance department activity, and requires collaboration across the enterprise.

Another opportunity to expand EFCA capabilities is in the area of journal entry management. Many organizations find that the workflow in their GL system is not that controlled and not capable of managing the corporatewide collection of journal entries and their supporting information. If you leverage financial process and close management, considering the journal entry capability should be a necessary add-on for your EFCA scope. Here all of the approvals can be made, accounting can be verified as accurate prior to entering the entries into the GL, thereby eliminating the offline spreadsheet tracking approach.

Intercompany transfers and eliminations are another opportunity. Most organizations find that the elimination capabilities within their financial consolidation system are not enough to manage the volume of invoices that are sent across the organization between internal buyers and suppliers. Much of this is done at the voucher level and requires significant accompanying detail. Using similar technology to the close and journal entry processes, EFCA vendors are turning their attention to this large volume of transactions that has become a significant effort for enterprises. This will improve collaboration across the enterprise and ensure effective financial transfers between units.

Another area that will continue to develop is the analytics capabilities that will develop in EFCA. Today, analytics are focused on the internal financial process. This will change, however, as vendors bring in more benchmark information from their base of customers as well as other external benchmarks. Hadoop and big data technologies will also be brought into EFCA suites offering additional opportunities.

Recommendations:

- Take a holistic approach to EFCA by extending implementations to include more components of emerging suites, improving collaboration and covering more of the financial management disciplines. Consider expanding the suite to include disclosure management, intercompany and analytics capabilities.
- If you have already deployed financial close and/or disclosure management solutions, understand your vendor road maps to deliver more EFCA capabilities. You may need to consider separate best-of-breed solutions if your current EFCA vendor does not offer all of the capabilities that you need.

Note 1 .EFCA and Postmodern ERP

EFCA applications reduce the time and resources required to execute the month-end closing and other finance processes. Many of these solutions can be deployed across multiple core financial and financial value chain applications, enabling organizations with a heterogeneous financial application landscape to improve and better control their finance processes without major investments in the underlying applications.

EFCA domain suites will enable finance organizations to reduce the time taken to perform the month-end close, improve efficiency during the accounting period, and produce statutory and regulatory filings, while improving financial controls and supporting new reporting requirements. Comprehensive EFCA suites are still being developed, but we expect best-of-breed cloud vendors, including BlackLine and Trintech, to lead this market. Oracle is currently the only megavendor that has addressed multiple components of the EFCA market, although SAP and Infor have point EFCA offerings. Other best-of-breed vendors in this market include Workiva, Chesapeake System Solutions, and Runbook.

In 2010 Gartner research (see "Financial Governance Applications Emerge to Enhance Financial Controls and Regulatory Reporting"), we predicted that the megavendors would provide suites of functionality addressing this market. Oracle has provided these suites, but others have not built comprehensive suites. CPM vendors have focused more of their efforts on building solutions for the financial close and disclosure management (e.g., Tagetik, Host Analytics, Adaptive Planning).

Note 2. Typical Reconciliations Management Functionalities

Reconciliation management functionalities include:

- Predefined templates that can be configured and customized with built-in best practices to help set up the reconciliation designs
- Availability of reconciliation functions that drive remediation across financial management, including bank account, general ledger account, subledger matching, amortizable prepaid accounts, accruable items, noncurrent debt and current debt
- Automated matching for a majority of the reconciliations
- Best-practice reconciliation techniques, including easily accessible supporting documents and company policies and procedures
- Analytical capability in readily available reports that show the status of all reconciliations
- Workflow/process management enabling connectivity between staff and supervision, as well as visibility into the remediation process regarding due dates and delinquent tasks
- Materiality-based risk assessments as to the state of the reconciliation process

Source: Gartner RAS Core Research Note G00158169, Cassio Dreyfuss, 26 June 2008

About BlackLine

BlackLine is the leader in Enhanced Finance Controls and Automation (EFCA) software and the only provider today offering a completely unified cloud platform—built from a single code base—that supports the entire close-to-disclose process, as well as a host of other key accounting and financial processes. BlackLine's Finance Controls and Automation Platform is designed to help mid-size companies and large enterprises alike improve controls, lower compliance risks and gain greater efficiencies and visibility by automating and optimizing a wide range of processes across the entire 'Modern Finance' organization.

Delivered through a scalable and highly secure cloud model, BlackLine empowers more than 1,000 global companies, including at least 25 of the Fortune 100 and 100 of the Fortune 500, to reduce the time and resources required to execute month-end closing with unparalleled accuracy, fueling confidence throughout the entire accounting cycle. With more than 100,000 users in over 100 countries, BlackLine complements existing Corporate Performance Management (CPM), Governance Risk and Compliance (GRC) and Enterprise Resource Planning (ERP) systems.