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Dresner Advisory Services, LLC

2021 Edition

Financial Consolidation, Close Management, and Financial Reporting Market Study

Wisdom of Crowds® Series

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Definitions

Financial consolidation, close management, and financial reporting solutions are a sub-segment of the enterprise performance management (EPM) market. Targeted specifically at the office of finance, this market includes the following capabilities:

Financial Consolidation

Financial consolidation systems allow organizations to combine and aggregate financial data from multiple operating entities to produce an overall consolidated financial view of the group's operations. Financial consolidation processes are governed by local and international generally accepted accounting principles (GAAP), and financial consolidation systems can often support multiple GAAP regimes. These systems manage the processes associated with financial consolidation and can provide an audit trail that supports the overall consolidated view of financial data. Some financial consolidation systems are basic in scope, while others can support complex multi-currency, multi-GAAP operations.

Close Management

Close management systems allow the finance function to control and manage the process of closing the books on a monthly, quarterly, semi-annual, and annual basis. These systems often include tools to facilitate a faster period-end close (for example, reconciliation management). They also automate the production of financial disclosure statements for submission to regulatory authorities such as the U.S. Securities and Exchange Commission.

Financial Reporting

Financial reporting solutions are analytics and reporting tools targeted at finance users. These tools allow users to analyze financial actual and budget data on an ad hoc basis using financial report layouts such as profit and loss statements and balance sheets. They also support the presentation of financial actual and budget data to managers in the form of "board books," often with supporting notes and commentary. Finance users can use these tools to monitor and track financial activity (for example, to identify suspect movements on certain accounts).

Throughout this Market Study, we use the abbreviation "FCCR" as shorthand for financial consolidation, close management, and financial reporting.

Some ERP systems include FCCR capabilities as part of their financial modules. These capabilities are not included in this Market Study, which focuses on FCCR capabilities that can be implemented standalone from an ERP system.

2021 Wisdom of Crowds® FCCR Market Study

Introduction

In 2021, we marked the 14th anniversary of Dresner Advisory Services. Our thanks to all of you for your continued support and ongoing encouragement. Since our founding in 2007, we worked hard to set the “bar” high—challenging ourselves to innovate and lead the market—offering ever greater value with each successive year.

At the time of publication of this report, the COVID-19 pandemic continues to affect millions worldwide and impacts businesses and how they leverage data and business intelligence. As our data collection took place during Q1 and Q2 of 2021, the data and resulting analyses continue to reflect the pandemic’s impact.

Through this period, we separately conducted specific COVID-19 research, which is not reflected in this report but is available on our blog at no cost. Additionally, we will continue to collect this data and will continue to publish research through the duration of the pandemic.

This is the first year we publish a market study that covers financial consolidation, close management, and financial reporting in detail. This evolved as part of our ongoing research into the wider enterprise performance management market, as we feel a need to analyze more closely the performance management capabilities targeted specifically at the finance function. These capabilities form an important part of most performance management strategies, but the needs of users are often not well understood. This first Wisdom of Crowds® Financial Consolidation, Close Management, and Financial Reporting Market Study seeks to address that gap.

We hope you enjoy this report!

Best



Howard Dresner
Chief Research Officer
Dresner Advisory Services

2021 Wisdom of Crowds® FCCR Market Study

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Benefits of the Study

This Wisdom of Crowds® Financial Consolidation, Close Management, and Financial Reporting Market Study provides a wealth of information and analysis—offering value to both consumers and producers of enterprise performance management technology and services.

Consumer Guide

As an objective source of industry research, consumers use the Wisdom of Crowds® Financial Consolidation, Close Management, and Financial Reporting Market Study to understand how their peers leverage and invest in planning and related technologies.

Using our trademark 33-criteria vendor performance measurement system, users glean key insights into enterprise performance management software supplier performance, enabling:

- Comparisons of current vendor performance to industry norms
- Identification and selection of new vendors

Supplier Tool

Vendor Licensees use the Wisdom of Crowds® Financial Consolidation, Close Management, and Financial Reporting Market Study in several important ways such as:

External Awareness

- Build awareness of market needs and supplier brand, citing the Wisdom of Crowds® Financial Consolidation, Close Management, and Financial Reporting Market Study trends and vendor performance
- Create lead and demand-generation for supplier offerings through association with the Wisdom of Crowds® Financial Consolidation, Close Management, and Financial Reporting Market Study brand, findings, webinars, etc.

Internal Planning

- Refine internal product plans and align with market priorities and realities as identified in the Wisdom of Crowds® Financial Consolidation, Close Management, and Financial Reporting Market Study
- Better understand customer priorities, concerns, and issues
- Identify competitive pressures and opportunities

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About Howard Dresner and Dresner Advisory Services

The Wisdom of Crowds® Financial Consolidation, Close Management, and Financial Reporting Market Study was conceived, designed and executed by Dresner Advisory Services, LLC—an independent advisory firm—and Howard Dresner, its President, Founder, and Chief Research Officer.

Howard Dresner is one of the foremost thought leaders in business intelligence and performance management, having coined the term “Business Intelligence” in 1989. He



has published two books on the subject, *The Performance Management Revolution – Business Results through Insight and Action* (John Wiley & Sons, Nov. 2007) and *Profiles in Performance – Business Intelligence Journeys and the Roadmap for Change* (John Wiley & Sons, Nov. 2009). He lectures at forums around the world and is often cited by the business and trade press.

Prior to Dresner Advisory Services, Howard served as chief strategy officer at Hyperion Solutions and was a research fellow at Gartner, where he led its business intelligence research practice for 13 years.

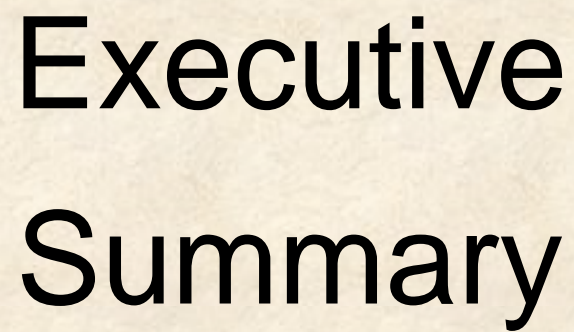
Howard has conducted and directed numerous in-depth primary research studies over the past two decades and is an expert in analyzing these markets.

Through our Wisdom of Crowds® market research reports, we engage with a global community to redefine how research is created and shared. Other research reports include:

- [Wisdom of Crowds® Flagship BI Market Study](#)
- [Analytical Data Infrastructure](#)
- [Data Science and Machine Learning](#)
- [Embedded Business Intelligence](#)
- [Enterprise Performance Management](#)
- [Natural Language Analytics](#)
- [Self-Service BI](#)

Howard (www.twitter.com/howarddresner) conducts a bi-weekly Twitter “tweetchat” on Fridays at 1:00 p.m. ET. The hashtag is #BIWisdom. During these live events, the #BIWisdom community discusses a wide range of BI and related topics.

You can find more information about Dresner Advisory Services at www.dresneradvisory.com.

The text "Executive Summary" is centered within a rectangular box that has a light beige, textured background and a dotted border. The text is in a large, bold, black sans-serif font, with "Executive" on the top line and "Summary" on the bottom line.

Executive Summary

Executive Summary

- FCCR is an established but static market. Sixty-two percent of respondents currently use FCCR software, but 31 percent have no plans to adopt. These organizations likely use Excel in-house systems or modules of ERP solutions and will need convincing to move away from these solutions.
- Usage of FCCR software is lowest in Asia Pacific, which has a history of using in-house custom solutions in this area.
- The finance and executive management functions have the highest usage of FCCR, while it is lowest in operations. This could be a cause for concern unless FCCR capabilities are aligned with domain analytics in operations.
- Sixty-nine percent of organizations that currently use FCCR software state that all decisions are data driven, compared to 43 percent of organizations in which only some decisions are data driven.
- Although basic financial consolidation is the highest ranked financial consolidation capability, vendors will need to offer more than this to target the broadest market opportunity.
- There are significant differences in the prioritization of financial consolidation capabilities by geography and organization size.
- Close management is the least mature segment of FCCR with the greatest number of functional gaps in FCCR vendor offerings. It is an area where specialist close management vendors can be considered alongside FCCR vendors.
- Creation and production of financial statements using XBRL is not a high priority capability except in Asia Pacific.
- Respondents view financial reporting tools as a critically important management reporting capability.
- Prioritization of financial reporting capabilities is broadly similar across geographies and organization sizes. FCCR vendors need to deliver functionally broad financial reporting solutions to be competitive in the market.
- Cloud is the most widely supported delivery model, with 87 percent of vendors currently supporting SaaS / public cloud and 80 percent supporting private cloud / hosted deployment. However, the remainder have no plans to support these delivery methods.
- Vendor rankings are displayed on page 40.

Study Demographics

Our 2021 survey base provides a cross-section of data across geographies, functions, organization sizes, and vertical industries. We believe that, unlike other industry research, this supports a more representative sample and better indicator of true market dynamics. We constructed cross-tab analyses using these demographics to identify and illustrate important industry trends.

Geography

Survey respondents represent the span of geographies. North America (including the United States, Canada, and Puerto Rico) accounts for the largest group with 56 percent of all respondents. EMEA accounts for 31 percent, Asia Pacific for 8 percent, and Latin America 4 percent (fig. 1).

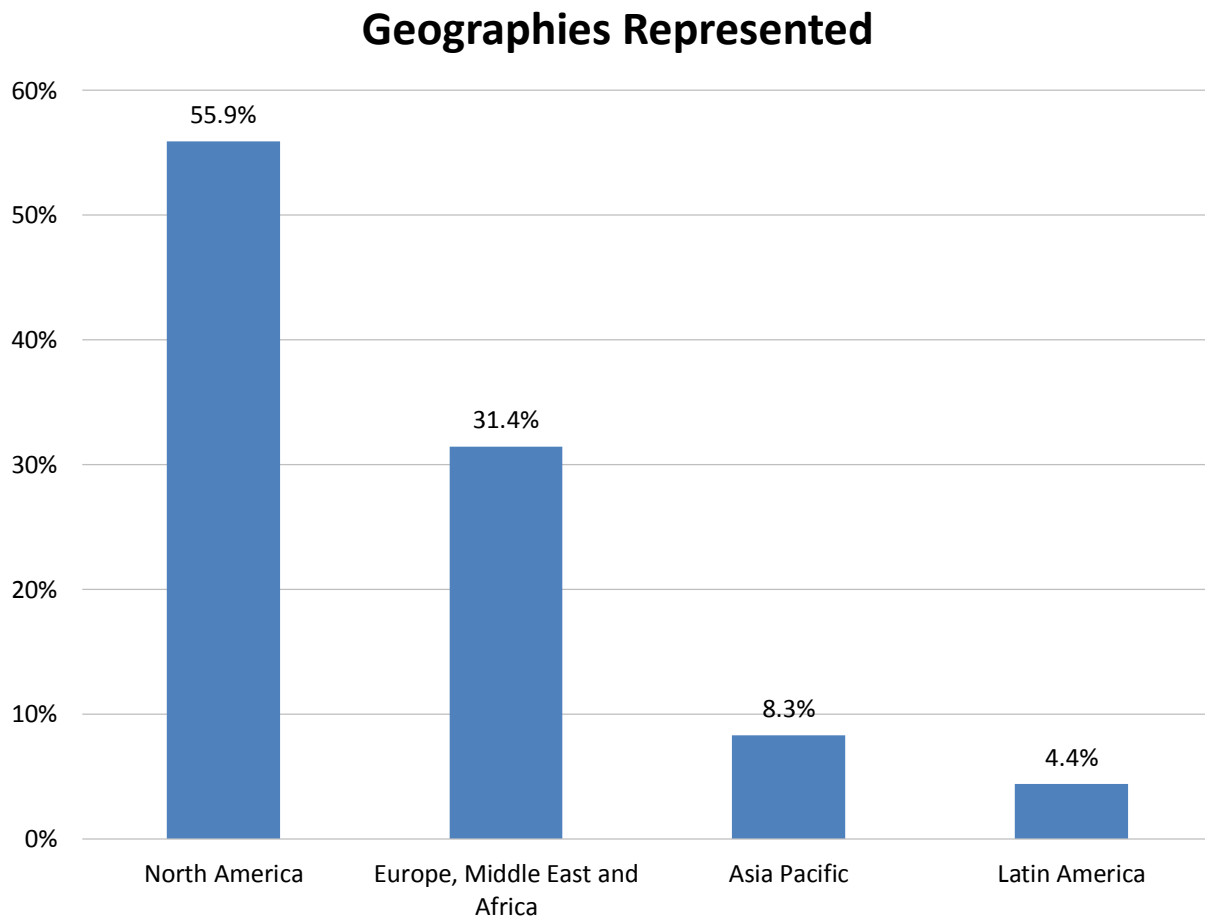


Figure 1 – Geographies represented

Respondent Functions

IT is the function most represented among respondents, with 32 percent of the sample (fig. 2). Finance follows with 23 percent, while executive management represents 15 percent. These three functions account for over 70 percent of respondents.

The BI Competency Center (BICC), research and development (R&D), operations, marketing and sales, strategic planning, and human resources are the next most represented. Only 5 percent of respondents do not fall into our functional breakout.

Tabulating results by respondent function helps us create analyses that represent different perspectives by function.

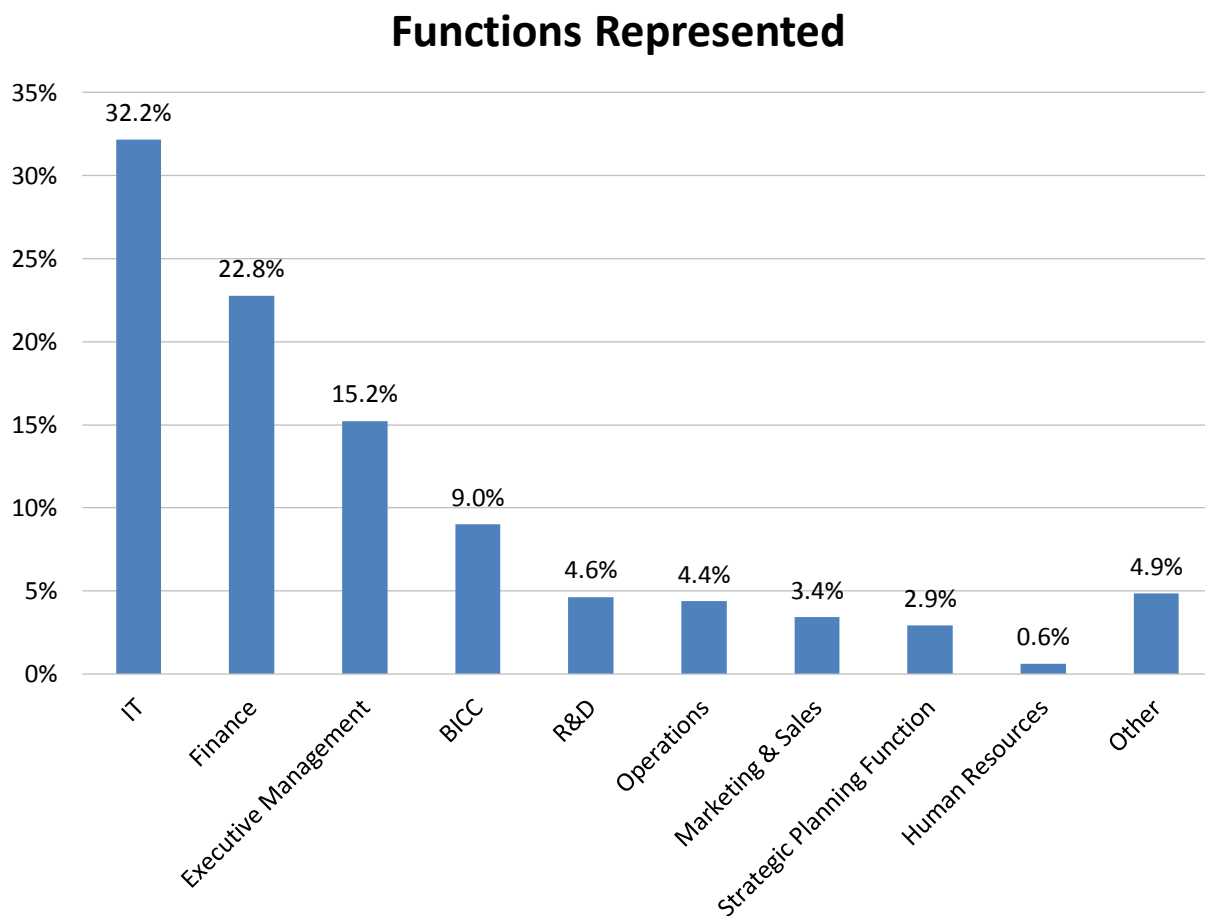


Figure 2 – Functions represented

Vertical Industries

Survey respondents are from a broad range of industries with no individual industry dominating the responses. Manufacturing and Business Services are the most represented industries, accounting for 25 percent and 17 percent of the sample respectively (fig. 3). Financial Services, Technology, and Consumer Services are the next most represented, with only around 4 percent not falling into our industry classifications.

Tabulating results across industries helps us develop analyses that reflect the maturity and direction of different business sectors.

Vertical Industries Represented

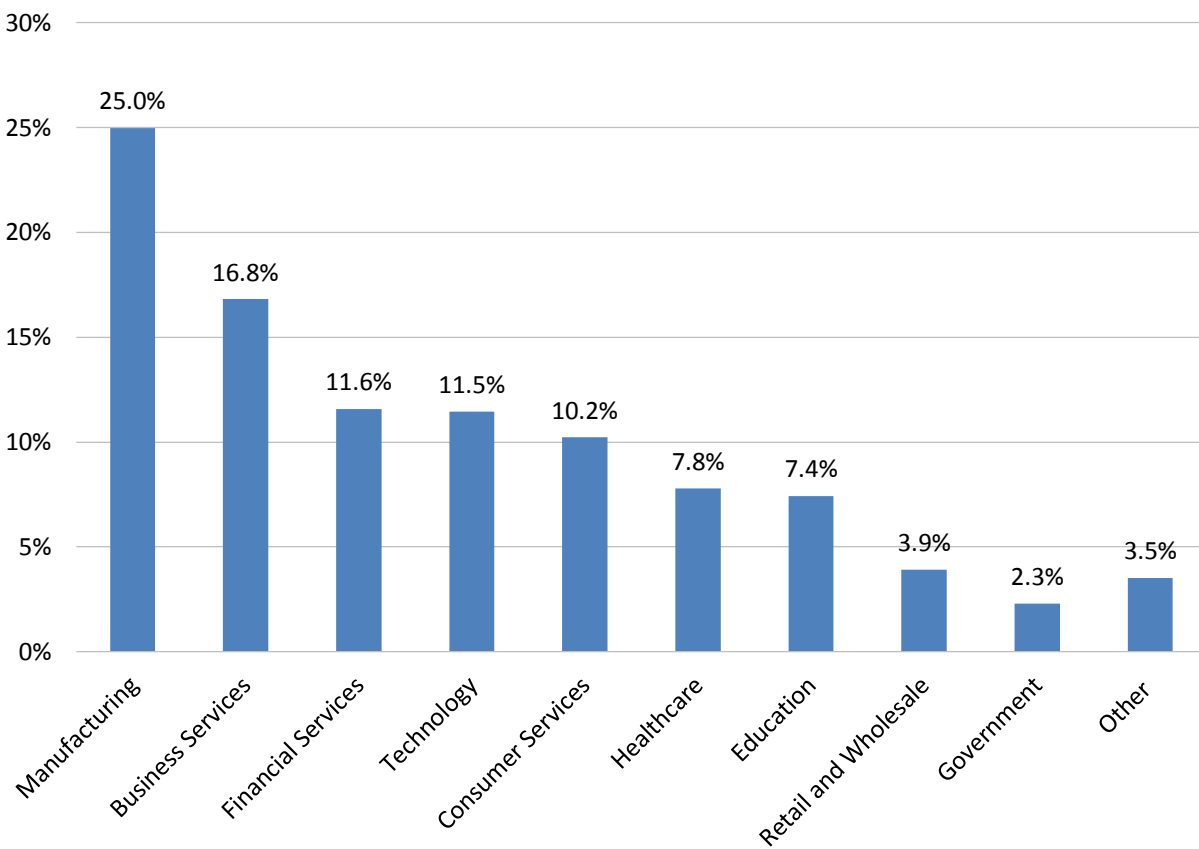


Figure 3 – Vertical industries represented

Organization Size

Survey respondents represent organizations of all sizes (measured by global employee head count). Small organizations (1-100 employees) represent 20 percent of respondents, mid-size organizations (101-1,000 employees) account for over 31 percent, and large organizations (>1,000 employees) account for the remaining 49 percent (fig. 4).

Tabulating results by organization size reveals important differences in practices, planning, and maturity.

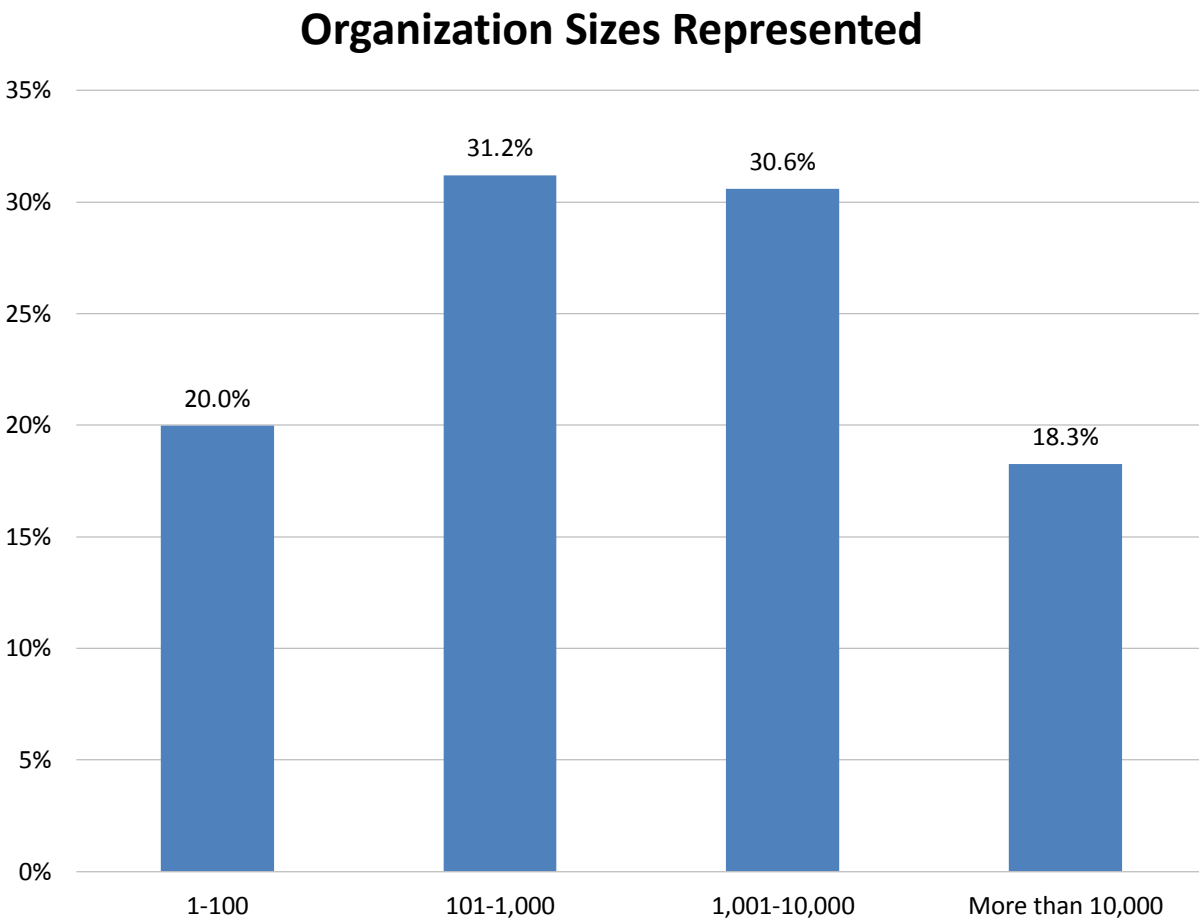


Figure 4 – Organization sizes represented

Analysis and Trends

Analysis and Trends

Current FCCR Usage

Sixty-two percent of respondents currently use FCCR software, while only around 7 percent are either currently evaluating or will consider FCCR software in the future (fig. 5). However, the remainder of respondents (32 percent) currently have no plans to adopt FCCR software.

These data show that FCCR is an established market, as the majority of respondents already use the software and only a small percentage are considering implementing it. However, there is a clear split in the market, as over a third of respondents have no plans to deploy FCCR solutions. This indicates that many respondents may well use Excel-based solutions, in-house solutions, or modules of ERP systems to address their FCCR needs.

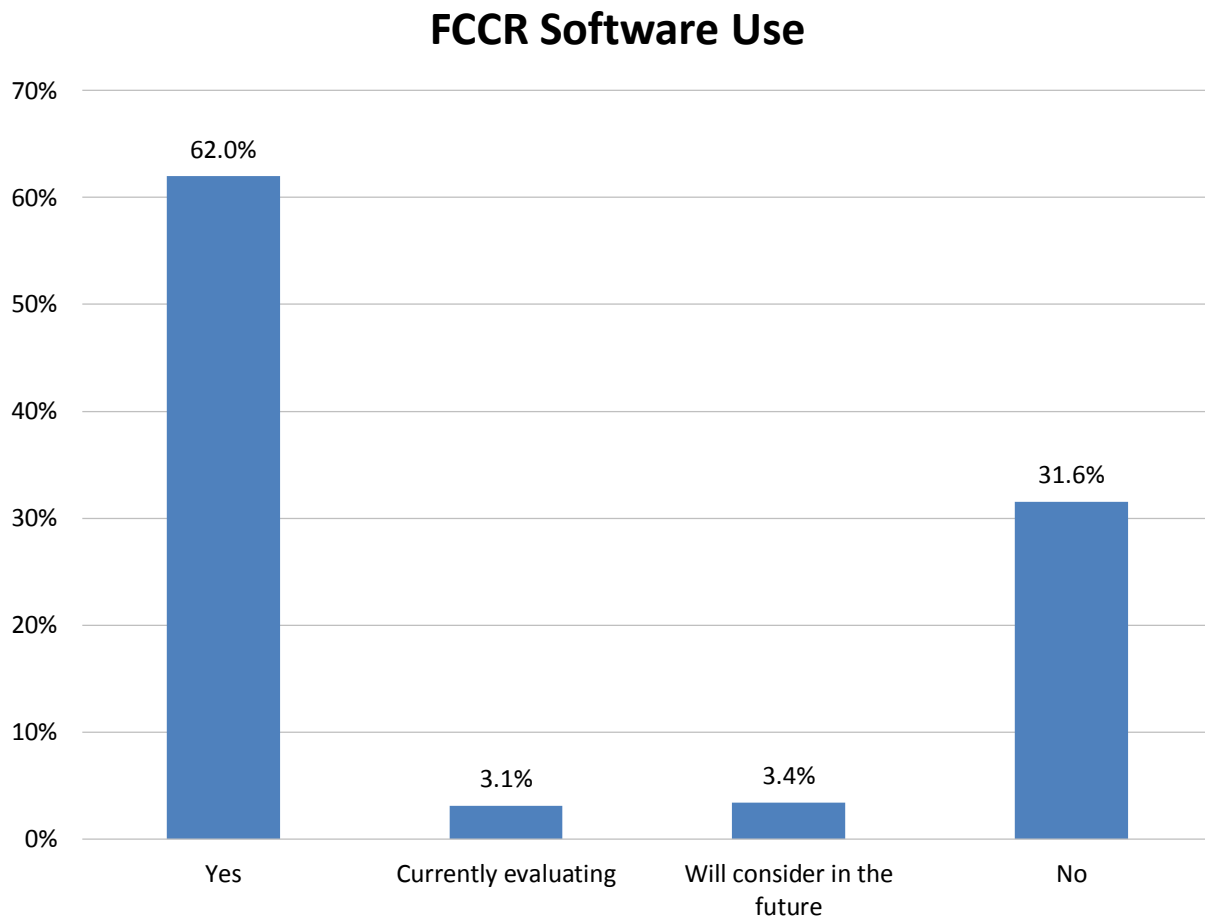


Figure 5 – FCCR software use

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FCCR use is currently lowest among small organizations (1-100 employees), with only 37 percent currently using it (fig. 6). FCCR software is most widely used among large organizations (1,000-10,000 employees) and very large organizations (> 10,000 employees), with 73 percent and 74 percent respectively currently using FCCR. Over half of small organizations (51 percent) do not use FCCR software, which is understandable because their needs are relatively simple and could be met either by Excel or by basic capabilities in their ERP systems. However, 22 percent of respondents from large and very large organizations state they do not use FCCR software. These organizations have complex FCCR needs; so these data indicate they likely use in-house solutions or modules of their ERP systems. The solutions are candidates for replacement by FCCR software.

Small and mid-sized organizations (101-1,000 employees) are most open to adopting FCCR software. The small percentage of large and very large organizations considering FCCR solutions indicates those that do not currently use FCCR software will need some convincing to move away from in-house solutions or capabilities in their ERP systems.

FCCR Software Use by Organization Size

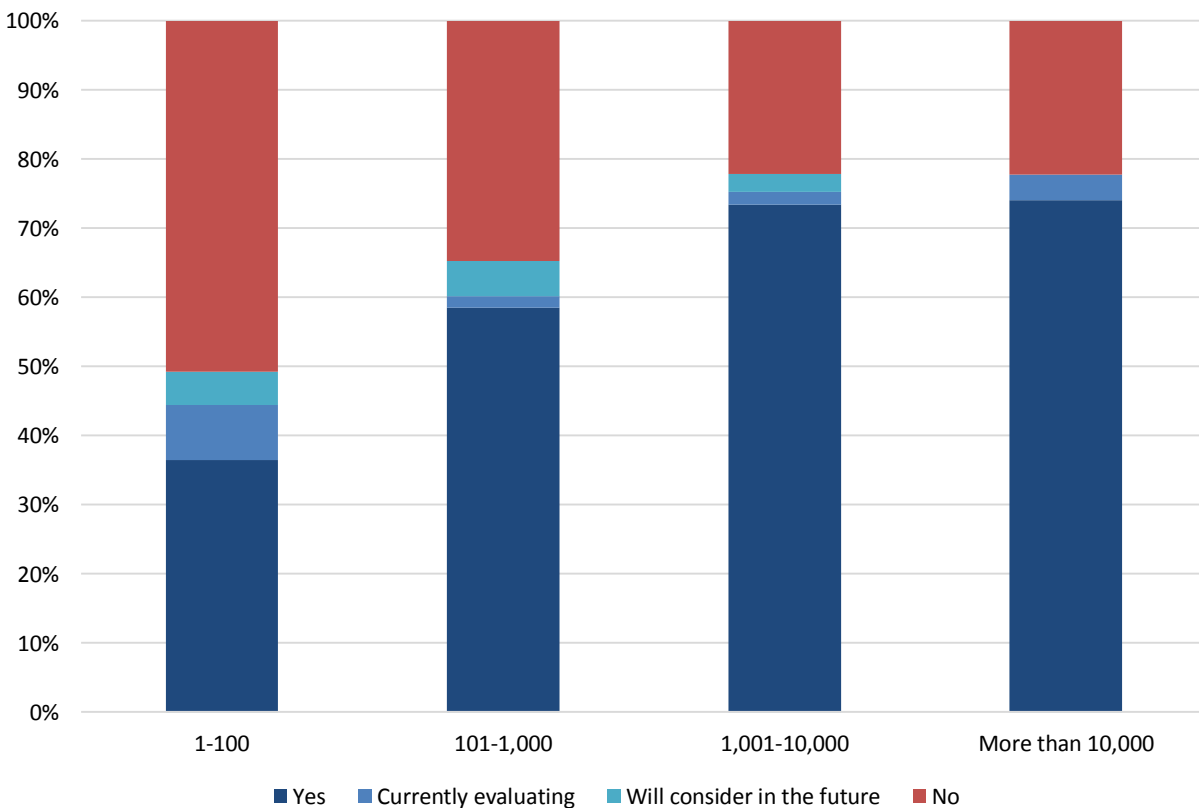


Figure 6 – FCCR software use by organization size

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FCCR software is most widely used in North America (69 percent), followed by Europe, Middle East and Africa (54 percent), and Asia Pacific (46 percent) (fig. 7). EMEA currently has the highest percentage of respondents either evaluating or that will consider FCCR software in the future (9 percent), but this low percentage indicates the global market is somewhat static.

Organizations in Asia Pacific have a history of using in-house and locally developed custom solutions for FCCR, as most vendors focused development on the needs of organizations in North America and Europe. This means there may still be resistance in Asia Pacific to adopt packaged FCCR solutions, and vendors will need to demonstrate both the ability to support local GAAP requirements and the availability of consulting resources in the region to convince organizations to adopt their solutions.

FCCR Software Use by Geography

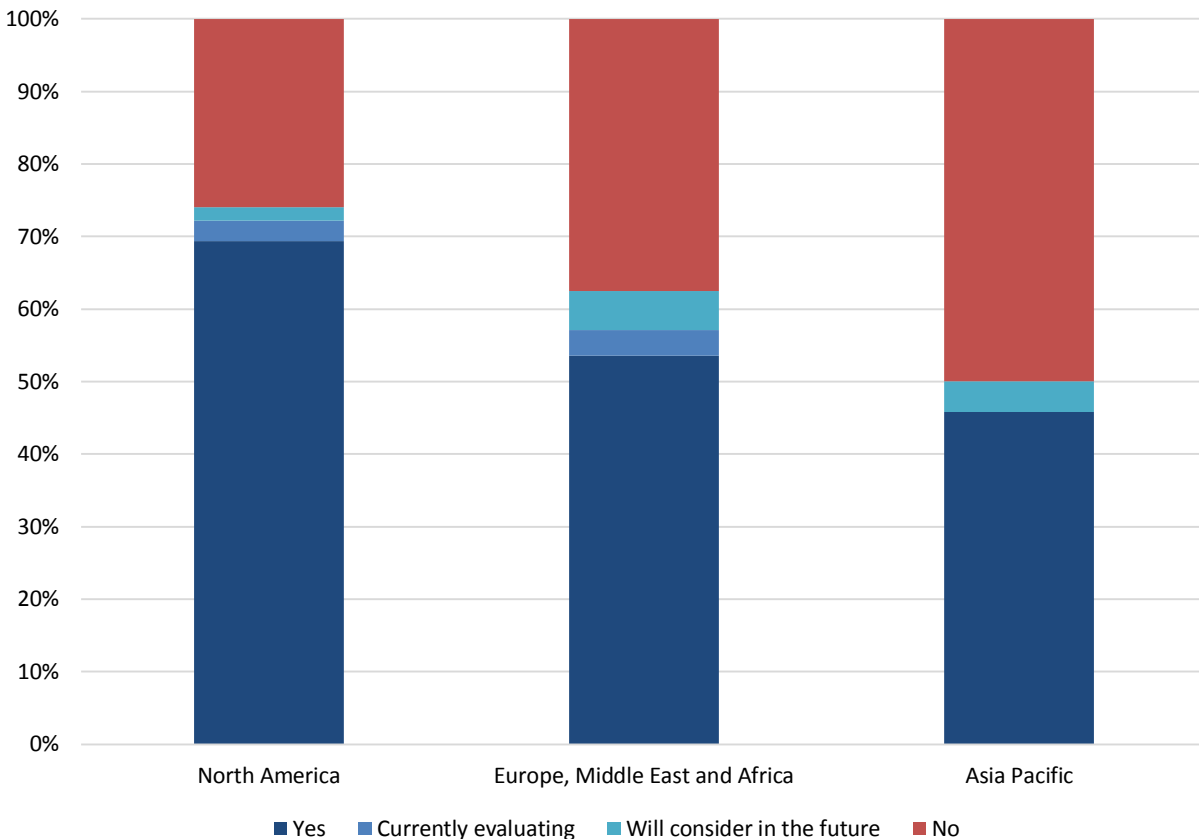


Figure 7 – FCCR software use by geography

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Analysis of data by function shows that the finance function has the highest level of FCCR adoption at 83 percent, followed by executive management and IT at 59 percent and 51 percent respectively (fig. 8). The operations function has the lowest level of current adoption (29 percent), and executive management and IT show the greatest interest in future adoption of FCCR.

Although the finance function is clearly the primary user of FCCR software, it is also widely used by executive management (59 percent, with a further 11 percent either evaluating or considering its use). This is because FCCR software produces consolidated financial information and analyzes financial performance against budgets, both of which are key elements of management information.

FCCR Software Use by Function

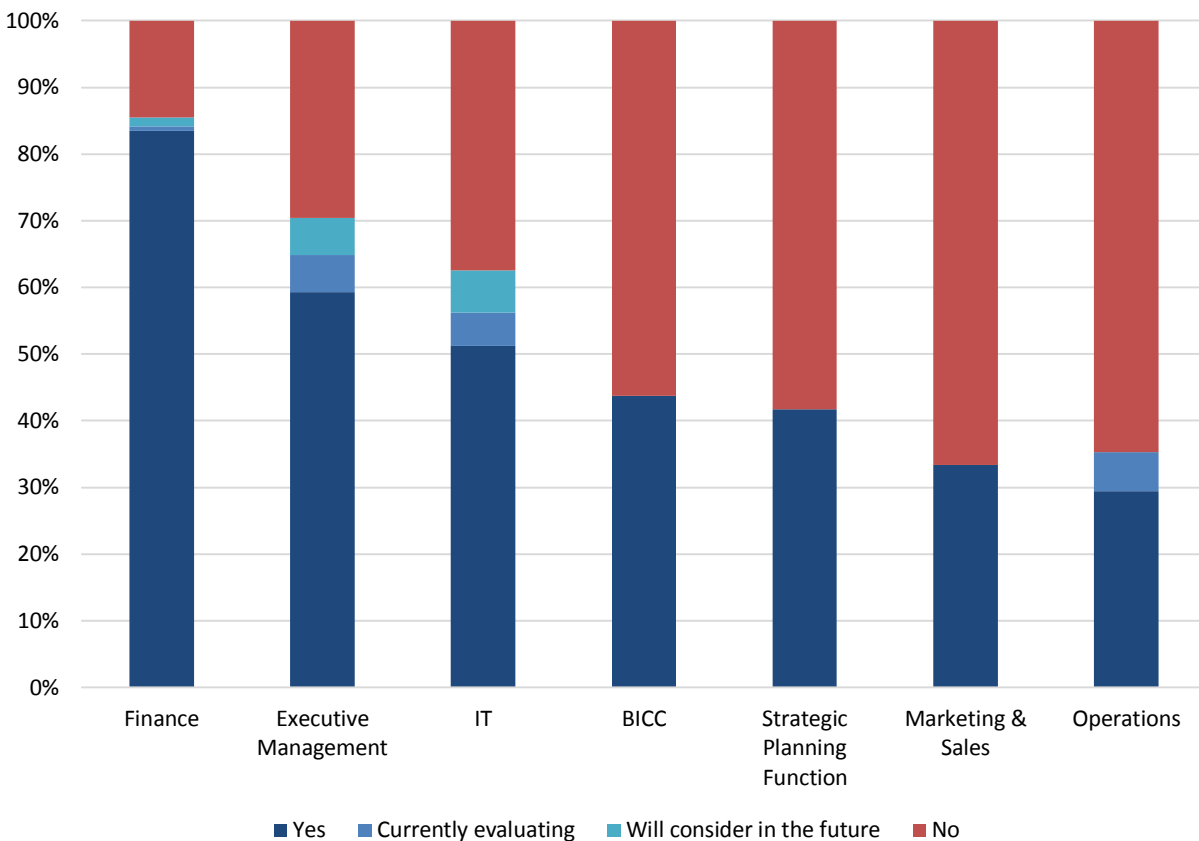


Figure 8 – FCCR software use by function

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The operations function has the lowest current usage of FCCR (29 percent). While this is to be expected, it is a potential cause for concern. If operations relies more heavily on domain-specific analytics, this could cause a disconnect with key management data from FCCR solutions used by finance and executive management. IT professionals supporting BI initiatives need to create a data-management strategy that builds consistency between FCCR and operational analytics.

FCCR usage varies somewhat by industry vertical, with usage lowest in retail and education at 45 percent (fig. 9). Most educational institutions do not have to address complex financial reporting requirements; industry-specific analytics and metrics are more important in retail and wholesale than financial analytics. However, data show that all industries have some level of need for FCCR solutions.

FCCR Software Use by Industry

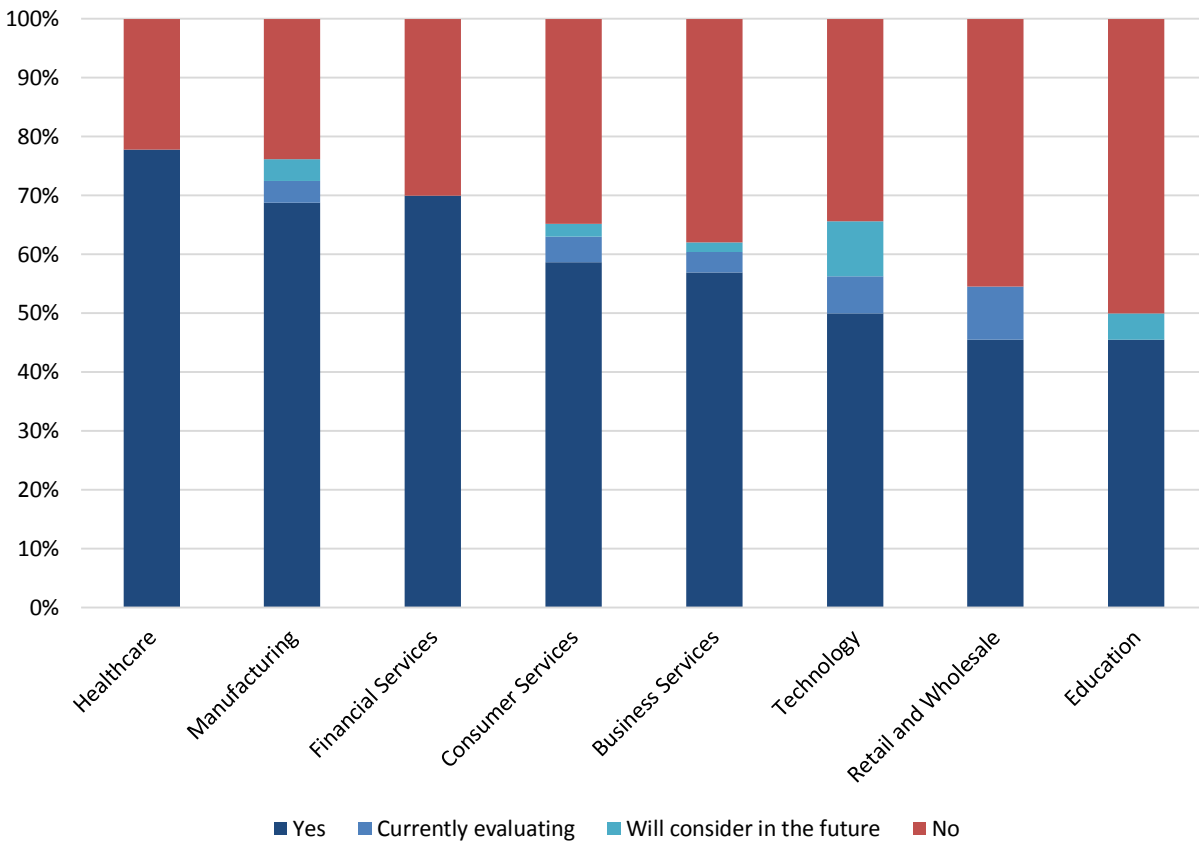


Figure 9 – FCCR software use by industry

FCCR and Data-Driven Decision-Making

Organizations use FCCR software to produce key financial and management information and then provide analytics to enable managers and users to analyze and understand this data. This has a clear impact on their approach to decision-making (fig. 10). Sixty-nine percent of organizations that currently use FCCR software state that all decisions are data driven, compared to 43 percent of organizations in which only some decisions are data driven.

Data show that FCCR can help improve the quality of decision-making in an organization. This is supported by the higher interest in adopting FCCR among organizations in which only some decisions are data driven (17 percent are either evaluating or would consider FCCR in the future). This data is encouraging, but IT professionals supporting BI initiatives should ensure any FCCR evaluations form part of a wider BI and data-management strategy.

FCCR Software Use by Data-Driven Decision-Making

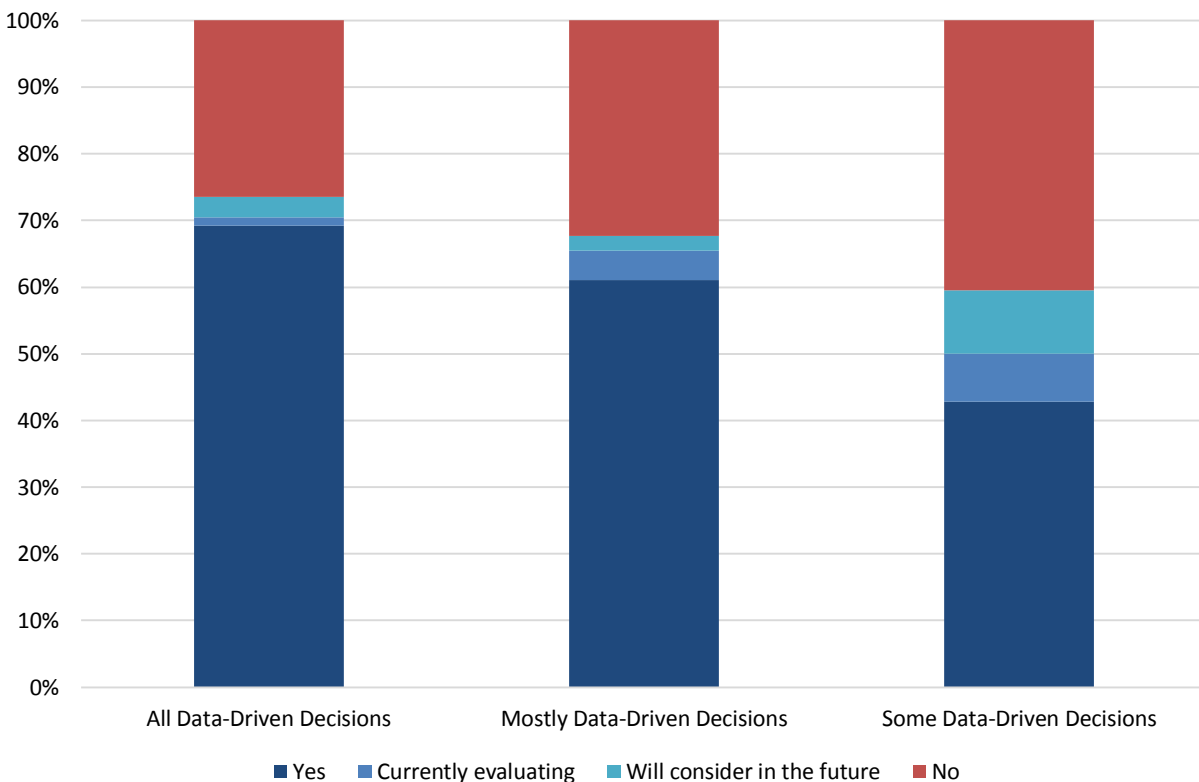


Figure 10 – FCCR software use by data-driven decision-making

Financial Consolidation Priorities

Financial consolidation is the core capability in FCCR solutions. It allows financial data from different legal entities and business units to be aggregated according to generally accepted accounting principles (GAAP) and country-specific regulatory requirements. This is specialized functionality that cannot be adequately supported by generic reporting tools.

Respondents rate basic financial consolidation as the most important financial consolidation capability (fig. 11), with 80 percent rating it “critical” or “very important.” However, 59 percent of respondents also rate more complex financial consolidation capabilities as “critical” or “very important,” which shows that FCCR vendors need to offer more than basic financial consolidation capabilities to target the broadest market opportunity.

Financial Consolidation Priorities

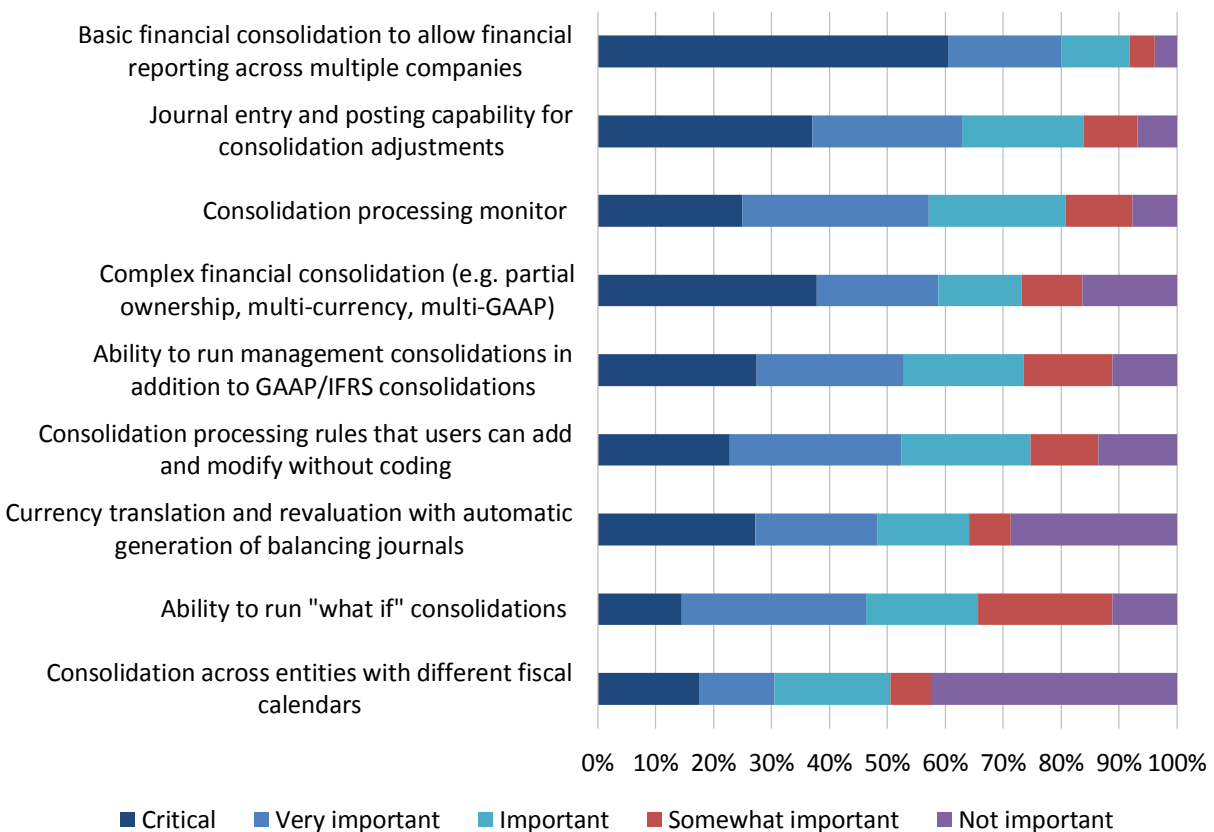


Figure 11 – Financial consolidation priorities

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Respondents rate journal entry capabilities as the second most important financial consolidation priority. Journal entries are important in financial consolidation because they provide an audit trail of the consolidation process; this capability differentiates FCCR solutions from Excel-based solutions and other BI capabilities because it adds a transactional element to what is fundamentally an analytic application.

Respondents highly ranked the ability to run management consolidations in addition to GAAP consolidations: fifth out of the nine capabilities with 53 percent rating it “critical” or “very important.” This takes FCCR out of the realm of finance and makes it more of a management tool because it allows financial data to be used for management reporting and analysis while maintaining consistency with externally reported financial results. Data show over half of respondents view FCCR as an important management reporting capability.

There are some notable variations in FCCR priorities by geography. Although regional priorities are similar for the higher-priority capabilities, there are some notable differences in some of the lower-priority capabilities (fig. 12).

Mean Importance of Financial Consolidation Priorities by Geography

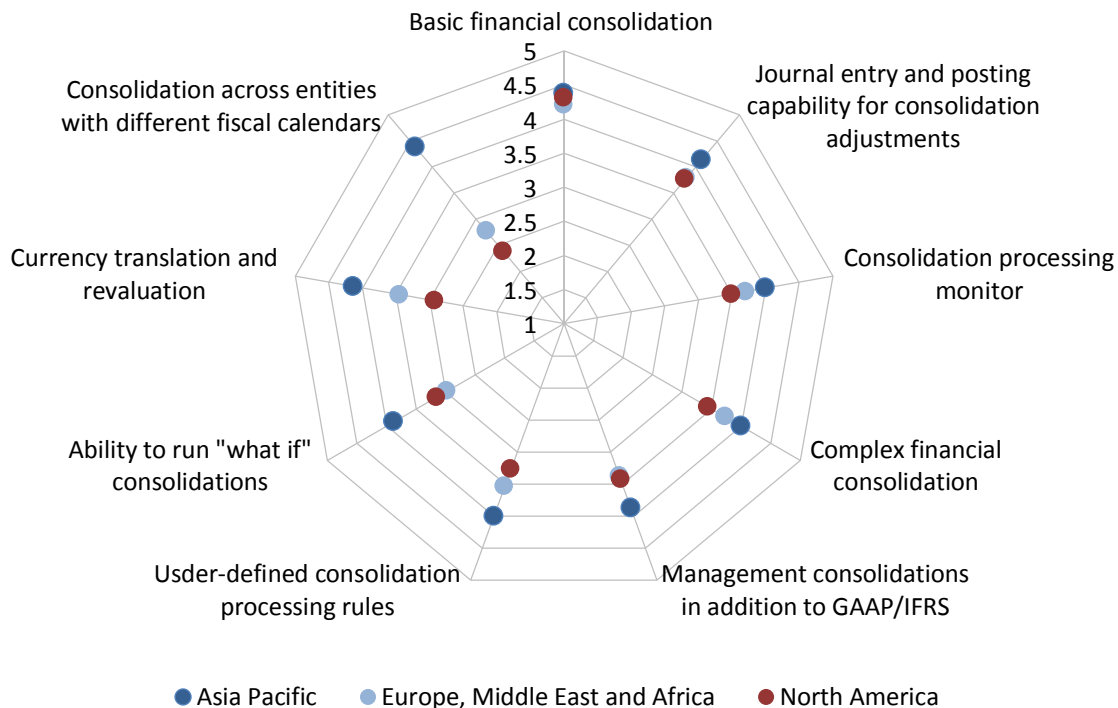


Figure 12 – Mean importance of financial consolidation priorities by geography

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Respondents in Asia Pacific rate consolidation across entities with different fiscal calendars significantly more important than other regions (4.38 compared to 2.77 for EMEA and 2.38 for North America). This is likely because the fiscal year in some major Asia-Pacific economies (e.g., India and Japan) runs from April to March, whereas in many others (for example, China and Indonesia) it is the same as the calendar year. Consequently, multinationals in Asia Pacific clearly have more need for this capability than their counterparts in North America or EMEA; and this may be a driver for the reluctance to adopt FCCR solutions in the region.

There are also some significant differences in prioritization of financial consolidation capabilities by organization size (fig. 13).

Mean Importance of Financial Consolidation Priorities by Organization Size

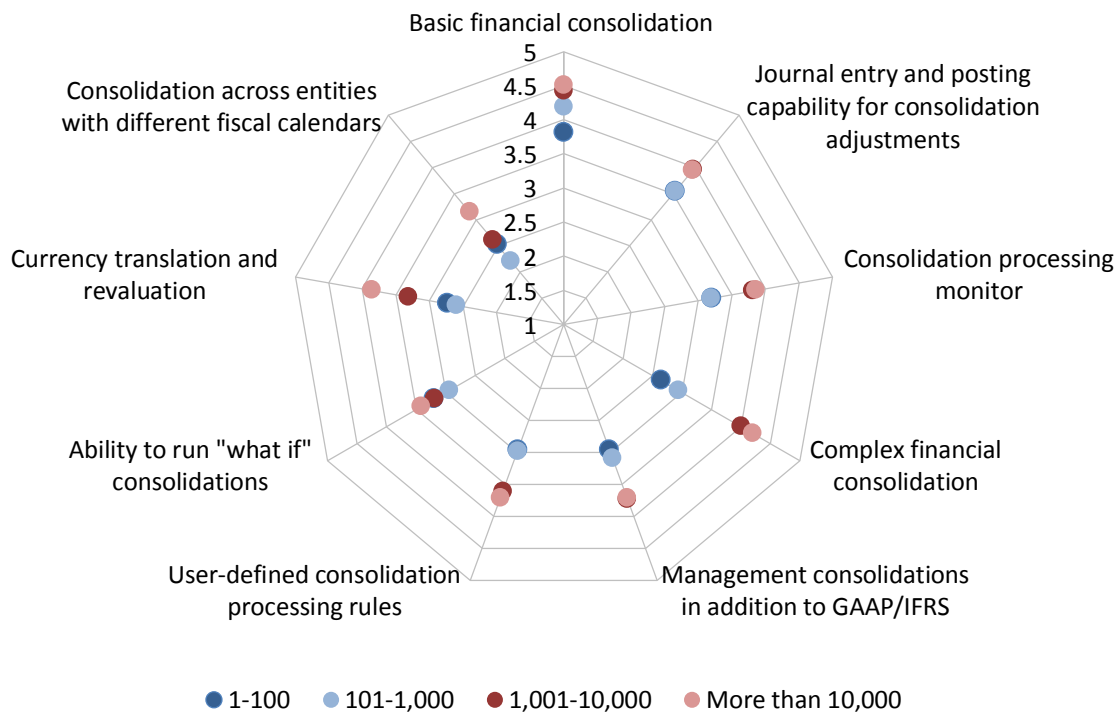


Figure 13 – Mean importance of financial consolidation priorities by organization size

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Although organizations of all sizes rate basic financial consolidation as the most important capability, there is a clear split when it comes to more complex financial consolidation capabilities. Large organizations (1,000-10,000 employees) and very large organizations (> 10,000 employees) rate this significantly more important than small (1-100 employees) and mid-sized (101-1,000 employees) organizations (4.2 and 4, compared to 2.94 and 2.65 respectively).

There are also other differences in priorities between small and mid-sized organizations compared to large and very large organizations, with the latter rating management consolidations, user-defined processing rules, and currency translation/revaluation capabilities more important. Vendors of FCCR software should therefore clearly define their target market in terms of organization size and deliver the appropriate financial consolidation capabilities for their target.

Close Management Priorities

Close management capabilities are the newest addition to FCCR solutions. Financial consolidation and financial reporting solutions have been around in some form since the 1980s, whereas the close management solutions category started to emerge in the early 2000s, especially in the wake of the Sarbanes-Oxley Act of 2002 and the adoption of XBRL for regulatory reporting from 2005 onwards.

Consequently, respondents rate close management capabilities somewhat less important overall compared to financial consolidation and financial reporting capabilities. Basic intercompany reconciliation capabilities, the most highly rated close management capability, received a combined “critical” and “very important” score of 62 percent compared to 80 percent for the top financial consolidation capability and 84 percent for the top financial reporting capability.

Organizations often source close management capabilities from specialist vendors, many of whom started as niche intercompany reconciliation vendors. This is because many EPM vendors focused on financial consolidation and financial reporting as complementary solutions to other aspects of performance management and are coming later to the close management space. Also, many ERP solutions provide some financial consolidation and financial reporting capabilities, but their close management capabilities are usually limited.

Basic intercompany reconciliation is the most important close management capability, with 62 percent of respondents rating it “critical” or “very important” (fig. 14). The next three priorities (close management workflow, automated account reconciliation, and disclosure management) all received similar importance ratings, which is evidence that users look for a broad close management solution rather than just an intercompany account reconciliation solution.

Close Management Priorities

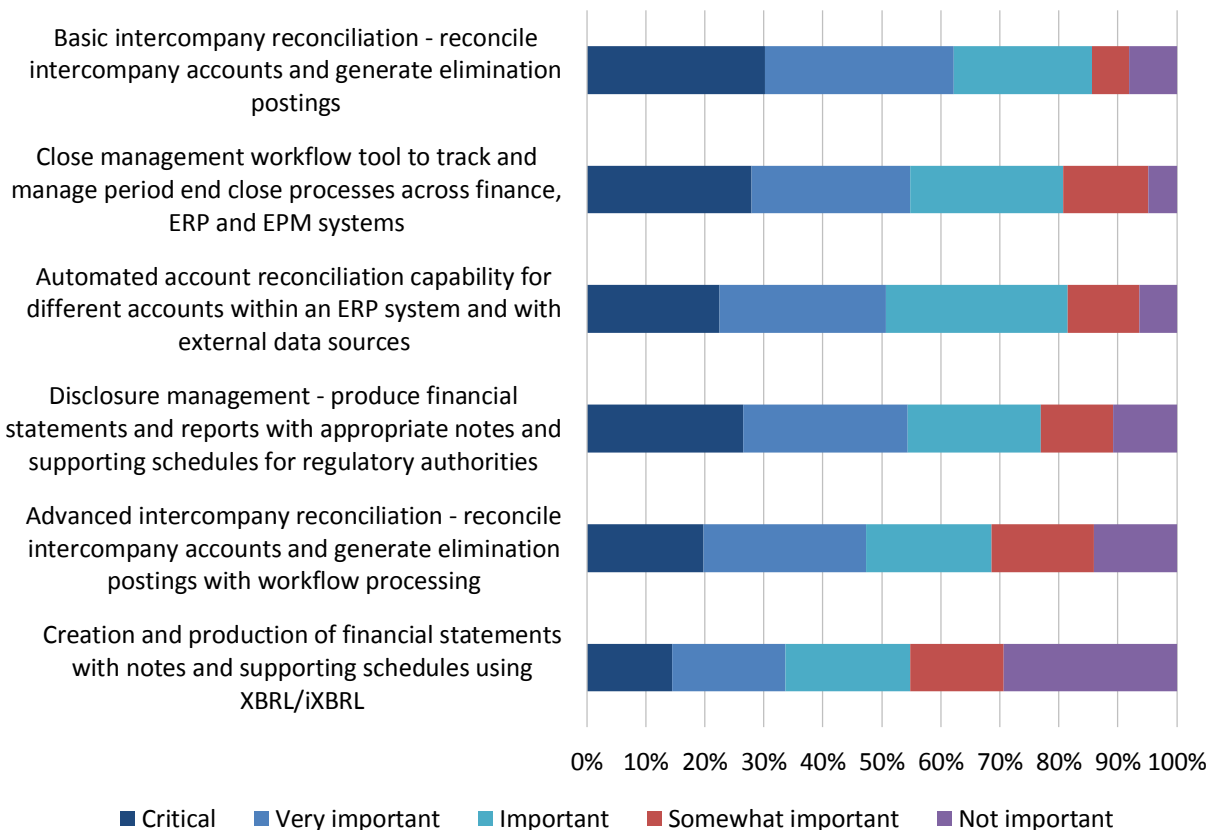


Figure 14 – Close management priorities

Use of XBRL to produce and submit financial statements received the lowest priority ranking, which is evidence that respondents perceive this capability more as a “must do” rather than a “must have.”

Close management priorities are broadly similar across geographies (fig. 15). However, respondents in Asia Pacific rate creation and production of financial statements using XBRL as significantly more important compared to their peers in EMEA and North America (4 compared to 3 and 2.56 respectively). This is likely because use of XBRL for regulatory reporting is less mature in Asia Pacific and is still in the early stages of adoption in some countries in the region; so, it will be front of mind for many organizations in the region. FCCR vendors targeting the Asia-Pacific region can use XBRL adoption as a marketing opportunity, but this must be backed up with sufficient local knowledge and resources to deliver effective XBRL implementations.

Mean Importance of Close Management Priorities by Geography

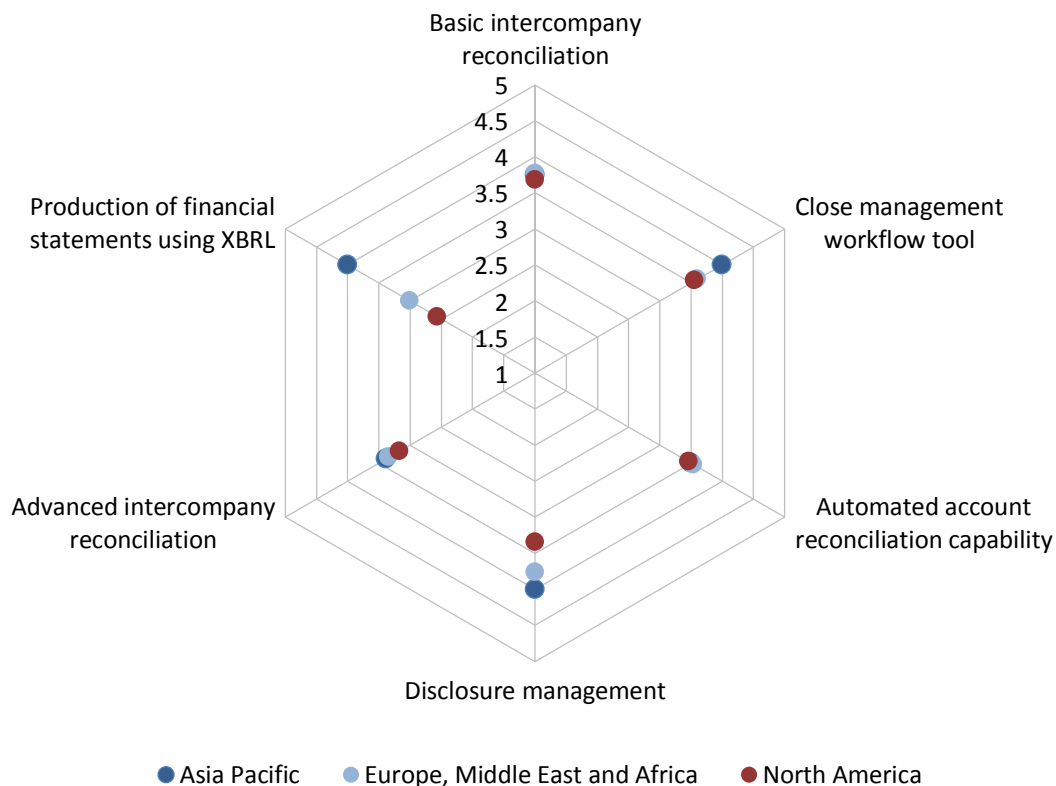


Figure 15 – Mean importance of close management priorities by geography

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There are also few significant differences in close management priorities by organization size (fig. 16). Large organizations (1,001-10,000 employees) and very large organizations (>10,000 employees) rate all aspects of close management somewhat higher than small (1-100 employees) and mid-sized (101-1,000 employees) organizations, which is to be expected as close management processes are more complex in larger organizations. However, it is clear that small and mid-sized organizations see value in close management solutions.

Advanced intercompany reconciliation is the one capability where the prioritization between large and very large organizations compared to small and mid-sized organizations is more pronounced. FCCR vendors targeting large and very large organizations should therefore focus on this capability as a means of differentiation in this market segment.

Mean Importance of Close Management Priorities by Organization Size

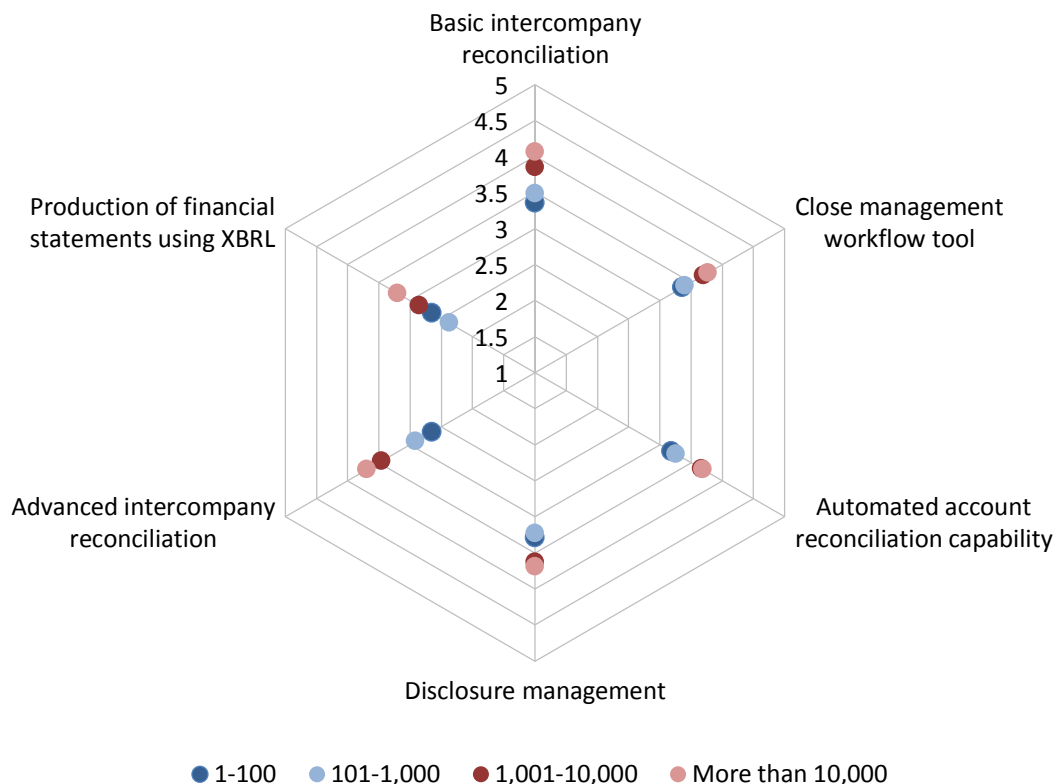


Figure 16 – Mean importance of financial close management priorities by organization size

Financial Reporting Priorities

Respondents rate the ability to define additional report layouts for management reporting as the top priority for financial reporting, with 84 percent rating it as “critical” or “very important” (fig. 17). Over 50 percent of respondents rate this “critical,” highlighting the importance of this capability. Data show that respondents also view financial reporting tools as a critically important management reporting capability because they provide the ability to analyze and understand financial and business data in a way that is consistent with externally reported financial data.

The next three priorities received similar importance ratings, and these are all specific capabilities of financial reporting tools that are not found on more generic analytic tools. The statement of cash flows is a very important financial report but is difficult to create, especially using generic reporting capabilities. Users clearly value financial reporting solutions that package this complexity and hide it from users.

Financial Reporting Priorities

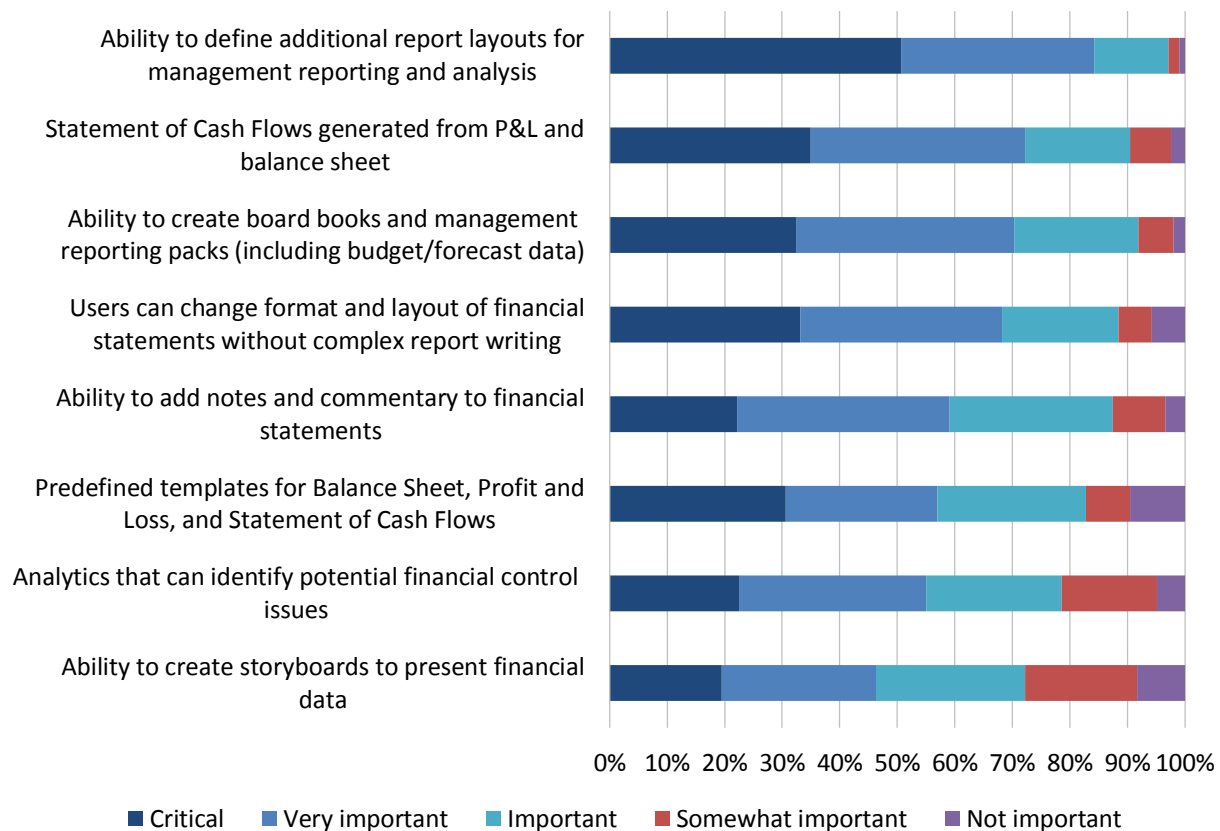


Figure 17 – Financial reporting priorities

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Similarly, respondents also value the ability to change and create new financial and management reports without using complex report writing. Financial and management reporting involves use of complex grid layouts and accounting logic (for example, debits and credits), and FCCR solutions that hide this complexity from end users will clearly have an advantage in the market. The ability to package this information into management reporting packs for executives and senior managers (often called “board books”) is also important.

Respondents gave the ability to create storyboards the lowest priority rating. This is the only financial reporting capability to achieve a combined “critical” and “very important” rating below 50 percent. Storyboards are more visual and interactive ways to present financial information and are a relatively new concept in FCCR. These are clearly viewed as a “nice to have” at the current time rather than a critical component of FCCR.

Mean Importance of Financial Reporting Priorities by Geography

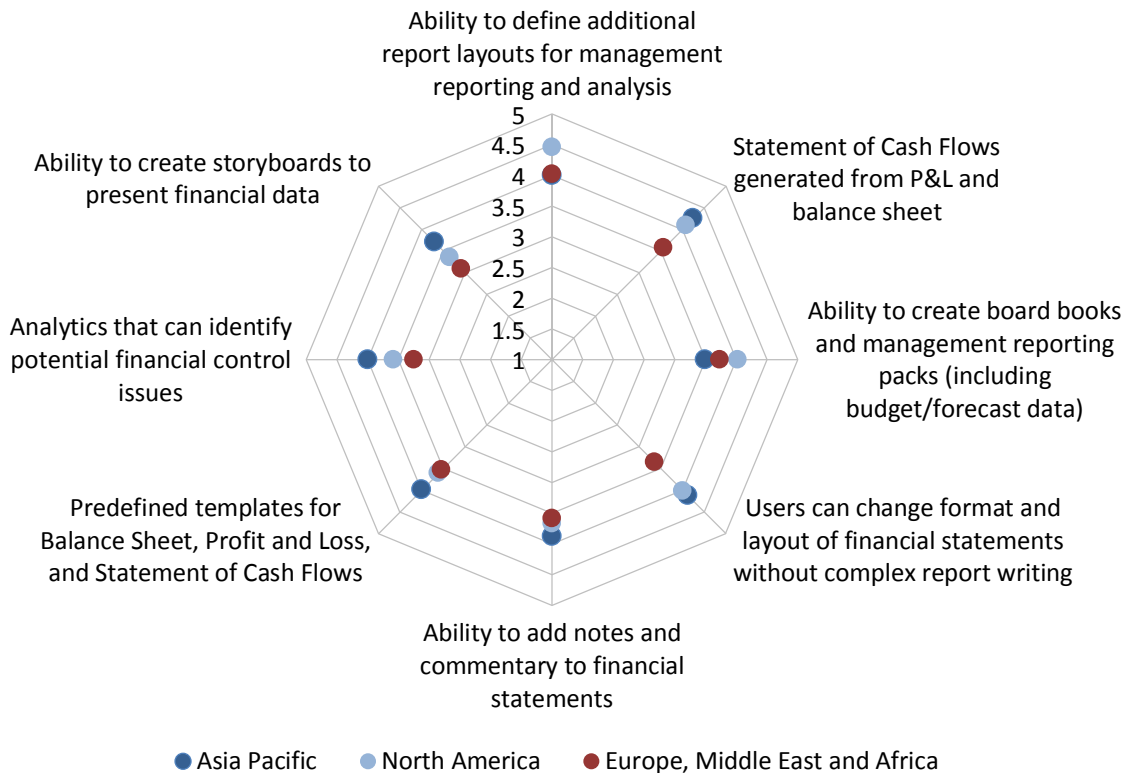


Figure 18 – Mean importance of financial reporting priorities by geography

Prioritization of financial reporting capabilities is broadly similar across both geographies (fig. 18) and organization size (fig. 19). Although there are some minor differences, there are no major indications of different needs across geographies or other market segments. FCCR vendors should ensure their financial reporting solutions address the majority of capabilities featured in this market study. The other components of FCCR (financial consolidation and close management) are the functional areas that vendors can use to create offerings targeted at specific geographies or organization sizes.

Mean Importance of Financial Reporting Priorities by Organization Size

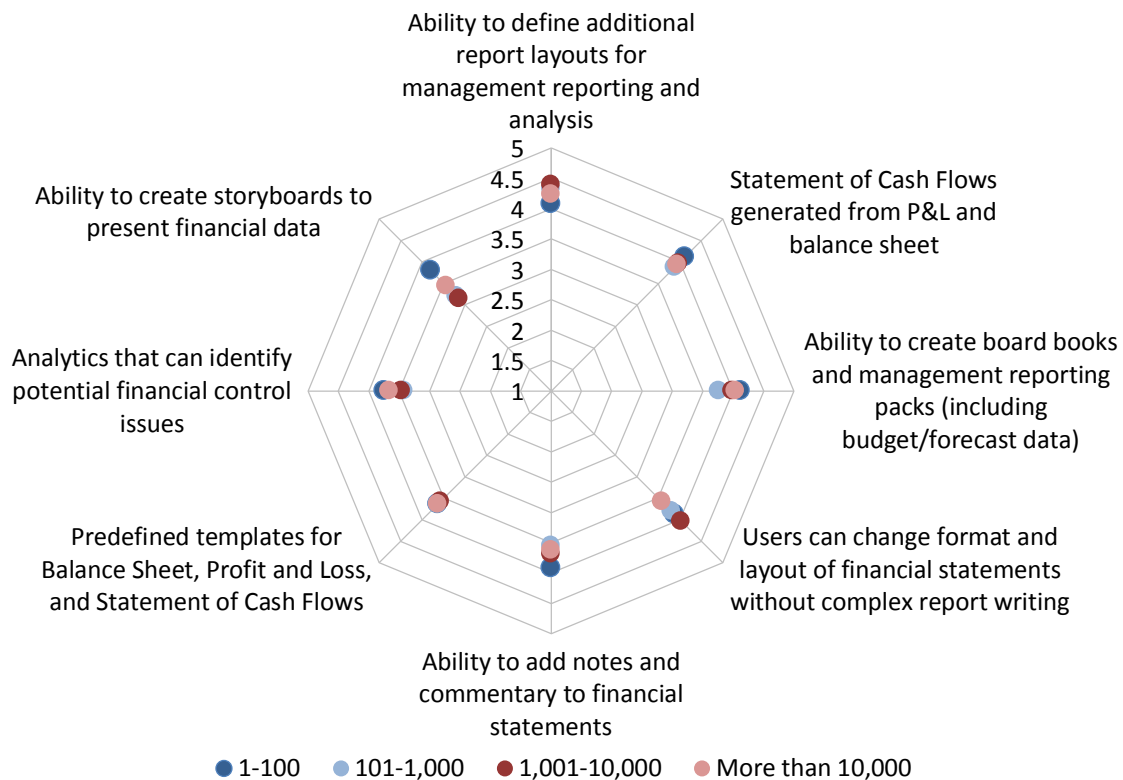



Figure 19 – Mean importance of financial reporting priorities by organization size



Industry and Vendor Analysis

Industry Capabilities

Industry capabilities analysis for this market study is based on the following categories:

Financial Consolidation – Model Definition and Structure. Features and functions that allow users to set up and manage consolidation structures, including the loading of metadata (for example, chart of accounts) from external systems and managing multiple currencies.

Financial Consolidation – Data Entry and Upload. These capabilities allow users to enter actual financial data for consolidation, either via direct entry or by uploading from various external systems.

Financial Consolidation – Processing. Capabilities of the system to manage and execute the financial consolidation process, including automation of certain time-consuming activities and monitoring of all consolidation processes and activities.

Close Management. Capabilities of the solution to support all aspects of close management, including closing the books on a monthly, quarterly, semi-annual, and annual basis; reconciliation management; disclosure management; and production of financial statements and notes using XBRL.

Financial Reporting. Capabilities of the solution to support financial statement reporting, budget variance analysis, and management reporting such as board books and storyboards. Also includes the upload of budget data from external sources and financial control reporting.

Architectural Features. Features of the underlying technical and application architecture, including delivery models supported, language capabilities, and user access controls.

Industry – Financial Consolidation Model Definition and Structure

Vendors provide comprehensive support for most financial consolidation and model definition capabilities (fig. 20). A small number of vendors do not support three sets of books and storing three transaction currencies, which are capabilities required to support complex multinational operations. There are also some gaps in other areas for a small number of vendors, and vendors do not plan to address any of these gaps in the future. It is therefore important that organizations ensure they define user needs in this area in enough detail to eliminate unsuitable FCCR vendors from any evaluation.

Industry: Financial Consolidation Model and Structure

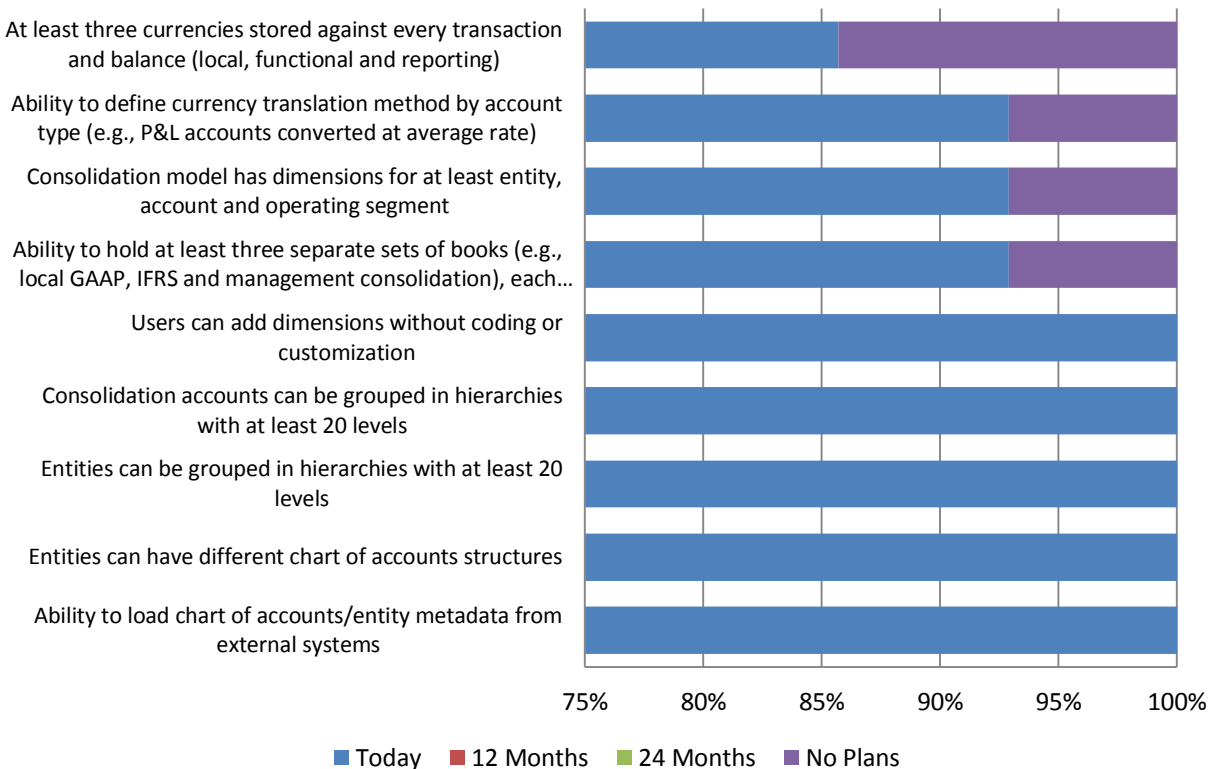


Figure 20 – Industry: Financial consolidation model definition and structure

Industry – Financial Consolidation Data entry and Upload

The bulk of data processed by financial consolidation systems comes from external data sources, as only a small number of transactions are entered directly into the system (typically consolidation adjustments). Therefore, it is not surprising that vendors provide good coverage of capabilities in this area (fig. 21).

A small number of vendors currently lack capabilities in some areas, but all state they plan to address these gaps within 24 months.

Industry: Financial Consolidation Data Entry and Upload

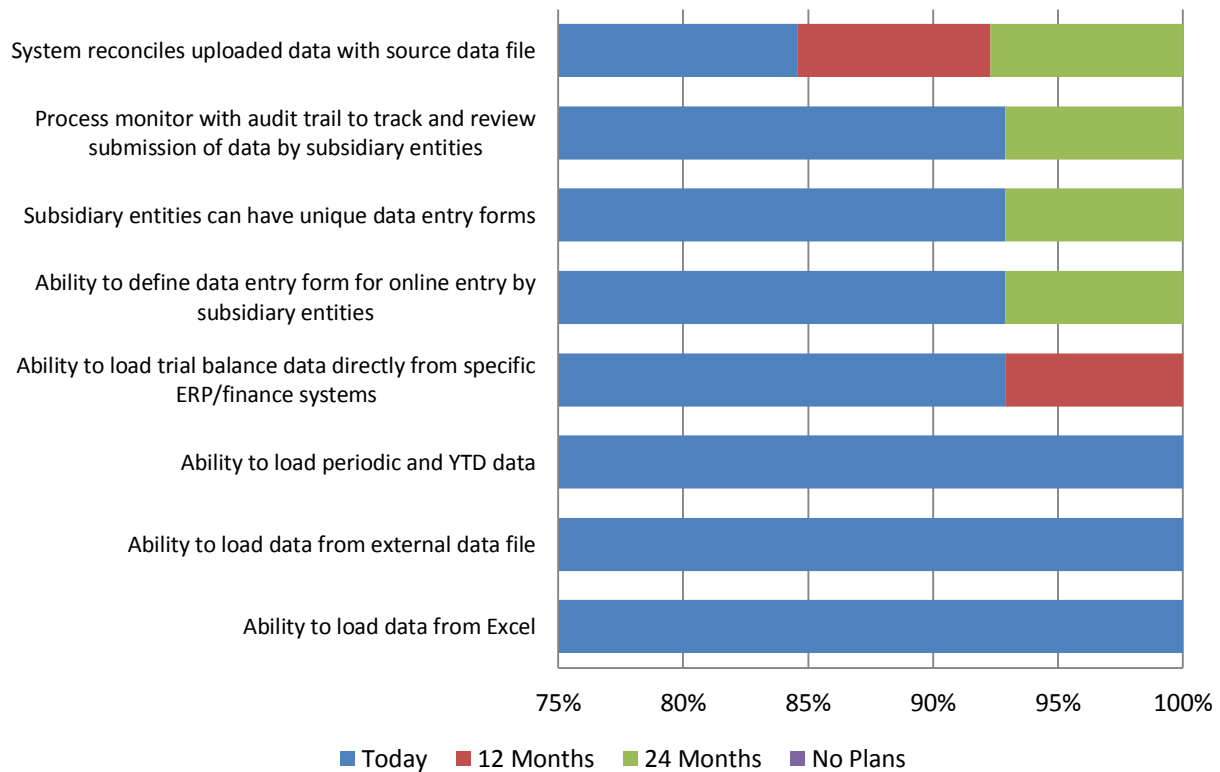


Figure 21 – Industry: Financial consolidation data entry and upload

Industry – Financial Consolidation Processing

There are more functional gaps in support for financial consolidation processing capabilities compared to other capabilities in financial consolidation systems, which is clearly an area of differentiation between vendors (fig. 22). What-if consolidations and currency translation and revaluation with automatic generation of balancing journals currently have the lowest level of vendor support, and most vendors that do not deliver these capabilities do not currently have them on their two-year roadmap.

Therefore, organizations evaluating financial consolidation solutions should use the flexibility and breadth of processing options offered as a way of differentiating between vendors.

Industry: Financial Consolidation Processing

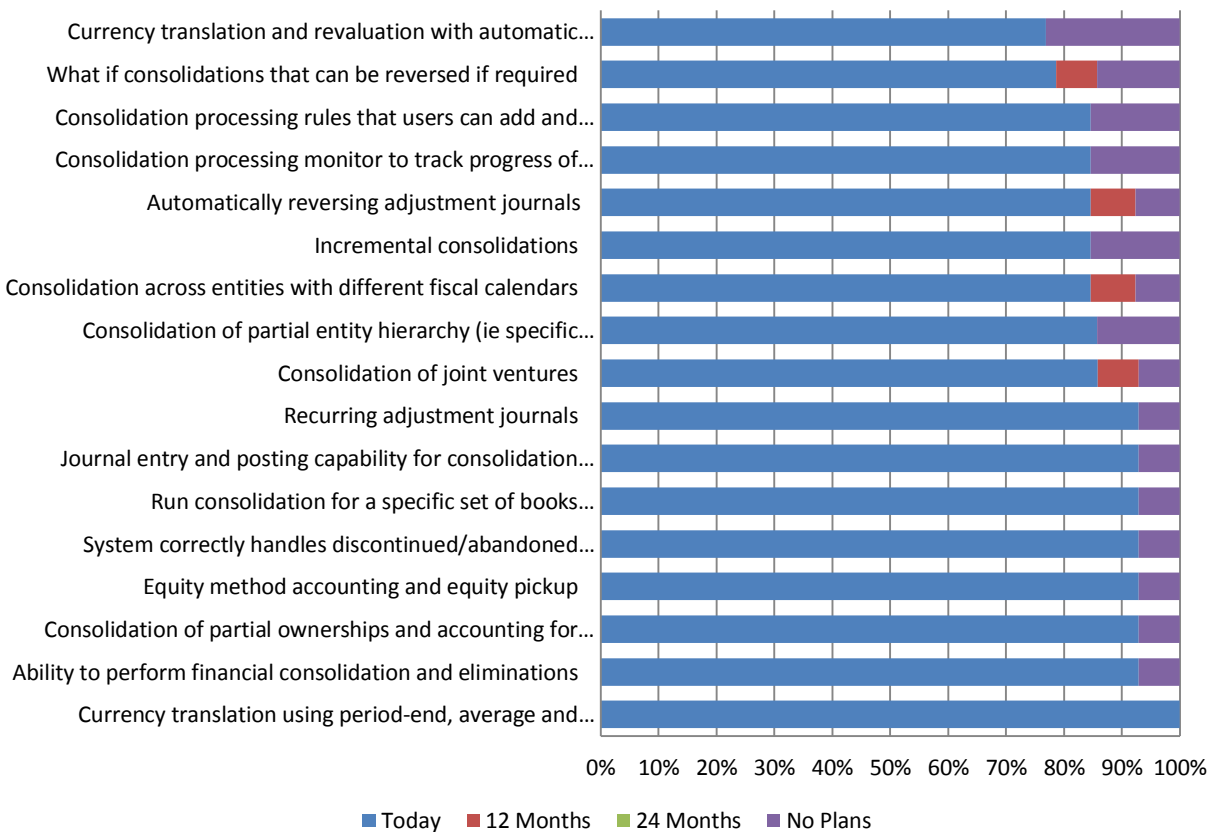


Figure 22 – Industry: Financial consolidation processing

Industry – Close Management Capabilities

Close management is the least mature area of FCCR and this is evident in the low level of support for many capabilities in this area compared to financial consolidation and financial reporting (fig. 23). Many vendors plan to address functional gaps within the next 24 months, but a significant number of vendors currently have no plans to address missing functionality. Creation and production of financial statements using XBRL and iXBRL currently has the lowest level of support, and over half the vendors surveyed currently have no plans to support this capability.

We expect the close management functionality of FCCR solutions will improve over the next two to five years. However, organizations evaluating close management solutions as part of an FCCR evaluation (or a broader EPM evaluation) also should consider specialist close management vendors for this area, as they likely have deeper functionality (even though they may lack other FCCR capabilities).

Industry: Close Management Capabilities

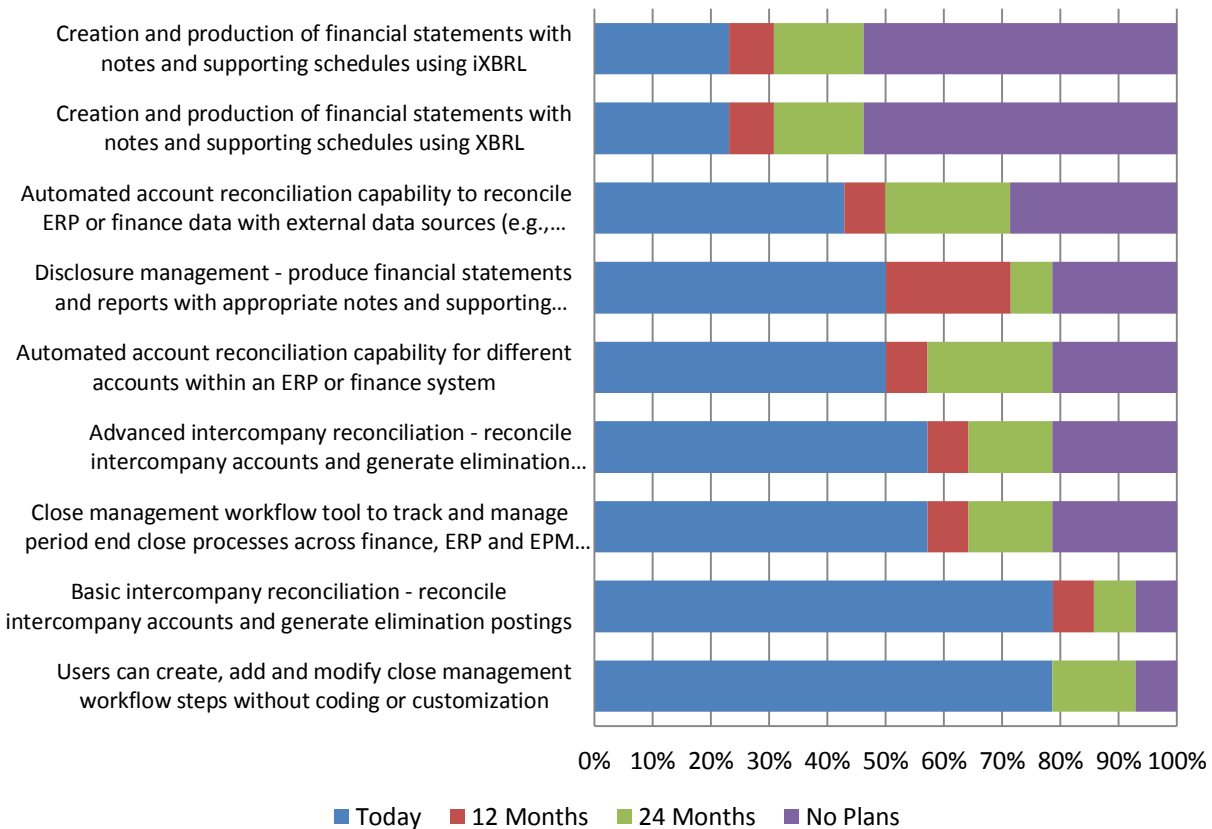


Figure 23 – Industry: Close management capabilities

Industry – Financial Reporting Capabilities

Support for financial reporting capabilities is generally good (fig. 24). The only area with noticeable lack of support is analytics that can identify potential financial control issues, and some of the vendors that lack this capability plan to address it within 12 months. However, the lack of some functionality such as predefined financial report templates and movement reporting on balance sheet accounts could be a major issue for some organizations, and vendors lacking these capabilities do not currently plan to deliver them. Organizations evaluating FCCR solutions need to clearly highlight “must-have” requirements in this area and use this to differentiate between vendors.

Financial Reporting Capabilities

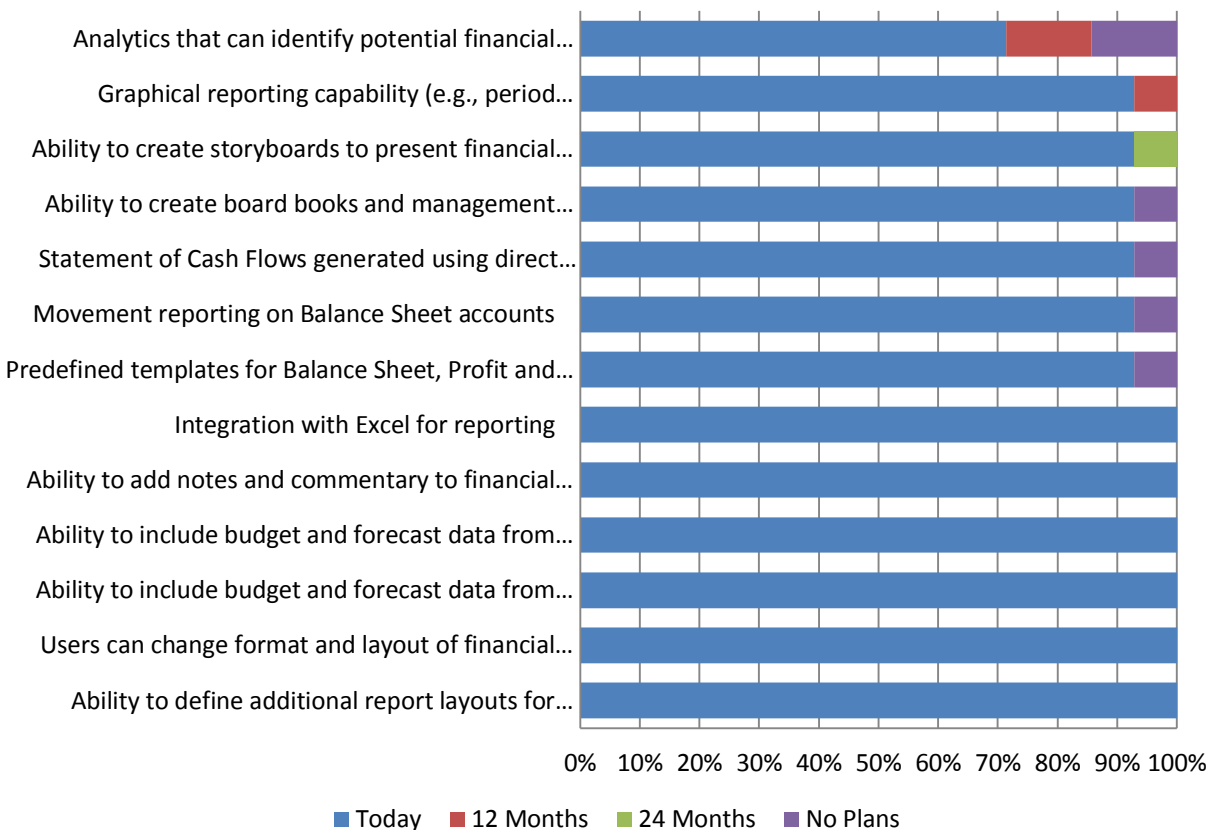


Figure 24 – Financial reporting capabilities

Industry –Architectural Features

There is a split between vendors in delivery architecture. Eighty-seven percent currently support SaaS / public cloud, and 80 percent support private cloud / hosted deployment; but the remainder have no plans to support these delivery methods. Conversely, two-thirds of vendors support on-premises deployment while one-third only offer some form of cloud deployment.

All vendors currently support user access controls and in-memory databases; but some lack multi-language support, although this is on their 24-month roadmap. Organizations evaluating FCCR software should therefore involve their IT strategy team in evaluations to identify how well the technology aligns with their enterprise strategic technologies. Although functional needs should be the primary driver of vendor selection, technical architecture differentiates vendors when functional fit is broadly similar.

Industry: Architectural Features

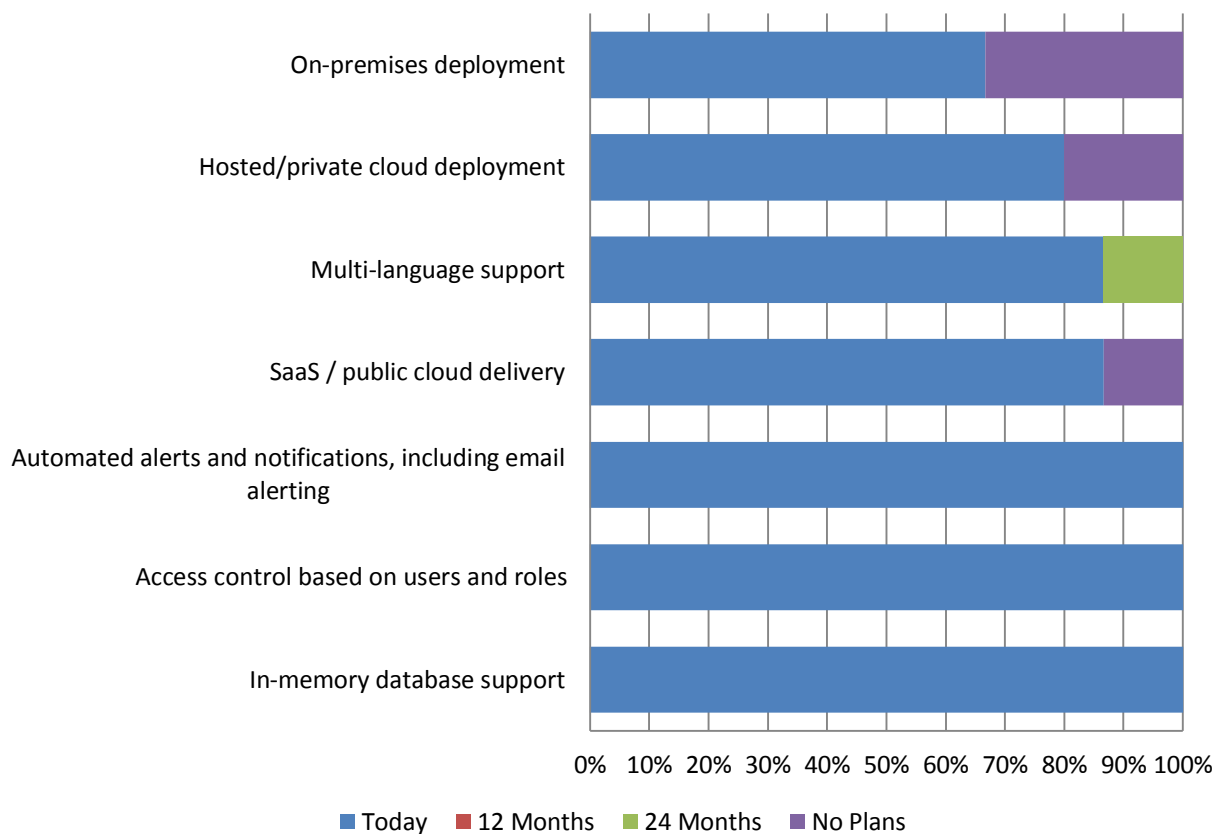


Figure 25 – Industry: Architectural features

Financial Consolidation, Close Management and Financial Reporting Vendor Ratings

In rating vendors for FCCR we take into consideration a number of criteria surrounding financial consolidations, close management and financial reporting.

All vendors cited have sufficient functionality to be considered viable options, with the lowest rated vendors scoring only somewhat lower than the highest.

Financial Consolidation, Close Management and Financial Reporting Vendor Ratings

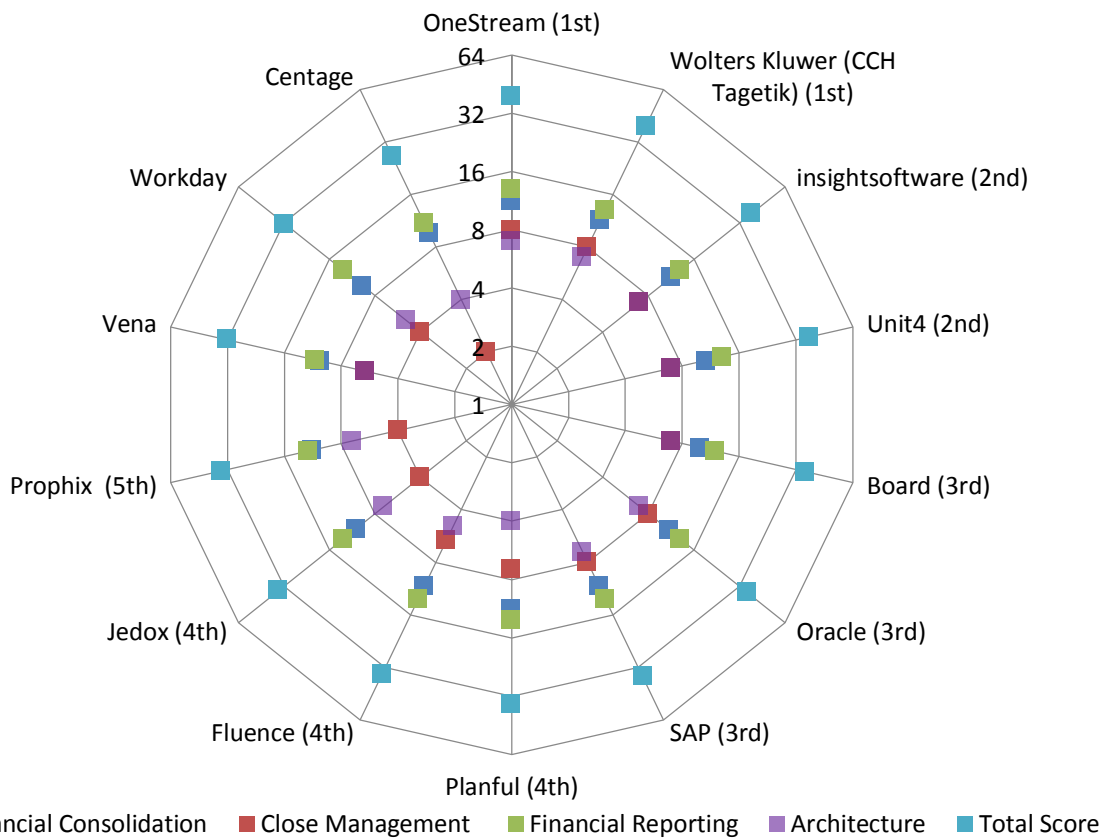


Figure 26 – Financial consolidation, close management and financial reporting vendor ratings

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Appendix - The 2021 Wisdom of Crowds® Financial Consolidations, Close Management and Financial Reporting Survey Instrument

Please enter your contact information below

First Name*: _____

Last Name*: _____

Title: _____

Company Name*: _____

Street Address: _____

City: _____

State: _____

Zip: _____

Country: _____

Email Address*: _____

Phone Number: _____

URL: _____

May we contact you to discuss your responses and for additional information?

Yes

No

What major geography do you reside in?*

North America

Europe, Middle East and Africa

Latin America

Asia Pacific

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Please identify your primary industry*

- Advertising
- Aerospace
- Agriculture
- Apparel & Accessories
- Automotive
- Aviation
- Biotechnology
- Broadcasting
- Business Services
- Chemical
- Construction
- Consulting
- Consumer Products
- Defense
- Distribution & Logistics
- Education (Higher Ed)
- Education (K-12)
- Energy
- Entertainment and Leisure
- Executive search
- Federal Government
- Financial Services
- Food, Beverage and Tobacco

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- Healthcare (Payer)
- Healthcare (Provider)
- Hospitality
- Insurance
- Legal
- Manufacturing
- Mining
- Motion Picture and Video
- Not for Profit
- Pharmaceuticals
- Publishing
- Real Estate (Commercial)
- Real Estate (Residential)
- Retail and Wholesale
- Sports
- State and Local Government
- Technology
- Telecommunications
- Transportation
- Travel
- Utilities
- Other - Please specify below

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How many employees does your company employ worldwide?

- 1-100
- 101-1,000
- 1,001-2,000
- 2,001-5,000
- 5,001-10,000
- More than 10,000

What function do you report into?

- Business Intelligence Competency Center
- Executive Management
- Finance
- Human Resources
- Information Technology (IT)
- Marketing
- Operations (e.g., Manufacturing, Supply Chain, Services)
- Research and Development (R&D)
- Sales
- Strategic Planning Function
- Other - Write In

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Do you currently use financial consolidation, close management and financial reporting software?

- Yes
- No
- Currently evaluating
- Will consider in the future

Please indicate the priorities of the following financial consolidation features

	Critical	Very important	Important	Somewhat important	Not important
Basic financial consolidation to allow financial reporting across multiple companies	()	()	()	()	()
Complex financial consolidation including partial ownership, multi-currency and multi-GAAP consolidation	()	()	()	()	()
Currency translation and revaluation with automatic	()	()	()	()	()

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generation of balancing journals to user-defined reserve accounts					
Ability to run “what if” consolidations that can be reversed if required	()	()	()	()	()
Ability to run management consolidations in addition to GAAP/IFRS consolidations	()	()	()	()	()
Consolidation across entities with different fiscal calendars	()	()	()	()	()
Journal entry and posting capability for consolidation adjustments	()	()	()	()	()
Consolidation processing monitor to track progress of runs and keep audit trail of consolidations performed	()	()	()	()	()

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Consolidation processing rules that users can add and modify without coding	()	()	()	()	()
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Please indicate the priorities of the following financial close management features

	Critical	Very important	Important	Somewhat important	Not important
Close management workflow tool to track and manage period end close processes across finance, ERP and EPM systems	()	()	()	()	()
Automated account reconciliation capability for different accounts within an ERP system and with external data sources	()	()	()	()	()
Basic intercompany reconciliation – reconcile	()	()	()	()	()

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intercompany accounts and generate elimination postings					
Advanced intercompany reconciliation - reconcile intercompany accounts and generate elimination postings with workflow to allow entities to accept or reject elimination journals with full audit trail	()	()	()	()	()
Disclosure management – produce financial statements and reports with appropriate notes and supporting schedules for regulatory authorities using customisable templates	()	()	()	()	()
Creation and production of financial statements	()	()	()	()	()

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with notes and supporting schedules using XBRL/iXBRL					
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Please indicate the priorities of the following financial reporting features

	Critical	Very important	Important	Somewhat important	Not important
Predefined templates for Balance Sheet, Profit and Loss, and Statement of Cash Flows	()	()	()	()	()
Ability to define additional report layouts for management reporting and analysis	()	()	()	()	()
Users can change format and layout of financial statements without coding or need to understand complex report writing	()	()	()	()	()
Statement of	()	()	()	()	()

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Cash Flows generated from P&L and balance sheet					
Ability to add notes and commentary to financial statements	()	()	()	()	()
Ability to create board books and management reporting packs (including budget/forecast data)	()	()	()	()	()
Ability to create storyboards to present financial data	()	()	()	()	()
Analytics that can identify potential financial control issues (e.g., suspect account movements, recurring reconciliation issues)	()	()	()	()	()