rydoo

Working in Harmony

Creating a Technology Stack Fit for Your Finance Team

Fall 2020

Digitisation can help finance teams move from administrative data-inputting tasks to analysis and business development. In this e-book, we look at what finance and IT teams need to do when it comes to selecting the right vendors, implementing software and preparing a roadmap to future-proof their businesses' cloud-based financing solutions.

Table of Contents

Introduction – Digitisation is now a fact of working life

Last year, when we talked about digitisation in our 'Paperless Accounts' e-book, cloud-core financing was one of many disruptors changing businesses' finance departments. Book-keeping and cash management were quickly being replaced by capital budgeting, pricing strategy and product development.[1] But, today, it feels as if we and the world around us are the disruptors – this new technology is now catching up with us and the way we work.

Employees have been moving out of offices since before the Covid-19 pandemic, and this trend is accelerating. The accuracy, adaptability and security of cloud-based systems is vital to the future of how people work – especially if they are working off-site.

There are, however, roadblocks that need to be overcome – only 25% of finance-department operations have been digitised.[2] When we consider that **40% of companies almost immediately experienced a substantial improvement in their business performance** as a result of digital transformation, there is a lot of untapped capacity.[3]

If businesses are to take advantage of digitisation, they need to be prepared for it – legacy issues, both technical and organisational, keep too many companies stuck in the past. Companies and employees will only realise the long-term benefits of digitisation if CIO's and CFO's work together to discover and implement the very best solutions for their businesses.

Part One – Finance Systems in an Ideal World

What do finance teams want to achieve from going digital?

In our 'Paperless Accounts' e-book, we spoke to Neel Mandalia, Head of Finance Transformation at Brooks Macdonald. Neel spoke of the frustrations of having data held on different systems, which was leading to a lot more administration and little time for analysis and strategy. In our discussion of the company's plans to construct a data warehouse, Neel put it succinctly: "This is where the value is in leveraging technology – you move away from the production of reports to analysing data."

More is expected of the role of CFO today and the finance teams they manage. These should be teams of strategists managing long-term consolidation projects and playing a key role in their company's growth. But they need the right tools at their disposal.

We looked at what finance companies wanted to achieve in our 'Paperless Accounts' piece. The 'quick wins' of reduced costs and efficiency were high up on the lists of most companies, though we think the more long-term growth benefits of digitisation will be prioritised in the years ahead. Finance team may require access to up-to-the-minute information from anywhere in the world to conduct analysis and develop business strategy.

[1]   Gartner, Redesigning Finance Structure and Roles to Support Growth, 2019
[2]   https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/the-new-cfo-mandate-prioritize-transform-repeat
[3]   https://get.spendesk.com/hubfs/Ebook_Top_30_Tools_CFOs.pdf?utm_campaign=D

Most common reasons for redesign[4]

Percentage of organisations citing reasons

Reduce cost	72%
Reduce process inefficiency	49%
Improve product/service quality	35%
Growth in current market	24%
Merger or acquisition	20%
Expansion into new market	13%
Improve customer alignment	3%

What do we want from individual cloud-based systems?

In terms of performance, CFOs want operational efficiency, more accurate data, top security and something that's easy for their employees to use, whether in the office or remotely.

Cloud core financing can eliminate hardware, process transactions and automate routine finance processes, reducing the need for any manual intervention. It can provide an ongoing view of a company's financial position – accounts payable, fixed assets, project billing and costing can all be processed easily. Below, we look at some of the main tools finance teams are using, what they do and what problems they are solving.

A good solution for young companies

Enterprise resource planning (ERP) system

An ERP gives you a bird's eye view of your business – track spending, resource availability and project profitability in real time to help plan for the future.

Such a system is about centralising, monitoring and standardising all of the information that comes into a business. It should become a hub for day-to-day information, helping to optimise performance and streamline costs. It's there to process and check data, which can paint a picture in real time of what is happening.

For a newer company, an ERP can be implemented and immediately begin working with all areas of the business. However, as we discuss in part two of this document, it is difficult for large companies with legacy systems to make such a big change all at once. Such a significant overhaul could take years and may not work as intended. For such businesses, the step-by-step approach may be more appropriate.

Where to turn first for more-established companies with legacy systems

Working with excel may be fine for those companies still in the early stages of growth, but for larger institutions, it soon becomes unsustainable. Digitised systems covering reporting, budgeting, payments and expenses can manage kind of volumes of data that would prove unsustainable in Excel.

Implementing the below one step at a time – in an order dependent on priorities – may be a better way to manage digitisation for more established companies with out-dated legacy systems.

Management reporting

Management reporting software makes it easier to create and distribute reports across the business. These reports can then be customised and analysed to help make more-informed business decisions.

Budgeting

Budgeting software allows businesses to keep track of progress, manage risks and react quickly

to any issues that arise from company spending.

Payment processing

Payment processing is a fast, efficient means of issuing invoices and taking payments. Most cloud-based payment-processing applications can be integrated easily with most businesses' accountancy suites, which removes much of the administration involved with the receiving and processing of payments, allowing the finance team to better manage cash flows and determine with greater certainty the company's financial position.

Travel & expenses (T&E)

A travel & expenses cloud-based system allows for real-time management and oversight of the expense management process. Employees are able to input expenses into an app, which are then signed off or queried by the finance team. Data is then collected and collated without the need for data entry, and paper receipts and forms.

On average, 10-12% of a company's annual budget is spent on expenses related to business travel, second only to rent as an operating expense.[5] Today the entire T&E process – from booking a business trip, to submitting expenses on the go and getting reimbursed – can happen online, which helps to drastically reduce the total spend. Finance teams are also able to collate up-to-date information, making the total spend far

more transparent and allowing for analysis and long-term strategizing.

Accountancy platform

An accountancy platform brings together all of the different strains of an accountancy operation. The selling-point of many such systems is to limit manual data entry – saving time and limiting mistakes.

For CFO's, a fully integrated accountancy platform removes the need for all those excel sheets. Use of artificial intelligence can also make such systems incredibly intuitive – especially when it comes to the organisation of spend-management platforms and project budgets.

There is also the fact that cloud-based accountancy platforms are available wherever you are, making it easier to make changes and deal with issues quickly.
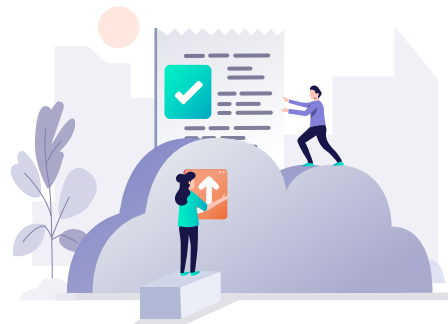
Part Two – Best of breed or a suite?

On paper, a suite makes sense – everything you need in one package. However, there are three specific reasons why companies need to be careful:

1. One company will rarely do everything a business needs in one package
2. Software that is sold as a suite could, in reality, be a disparate set of cloud-based systems that work independently of each other. And not all of those systems will work for your business or work with each other as you may wish them to.
3. Most importantly, a broad ERP suite may prove impossible to implement for larger companies with legacy in-house systems.

We believe a best of breed approach can be the most rewarding. You can prioritise functions and take a step-by-step approach, implementing and integrating tools and systems at a pace that makes sense for your business.

Why might a fully integrated ERP not be the way to go?

According to Maarten Geerts at Trifinance, 70% of ERP installations fail, which is why CIOs of larger companies will push for a step by step best-of-breed approach. When you're dealing with an internal system that may date from the 1980's, it's very difficult to overcome that legacy in one fell swoop.

Pursuing digitisation piece by piece is a sensible way of dealing with a legacy system that can't just be switched off and replaced with something else. It also takes time to implement a full ERP in a large corporation – the IT team could spend more than a year focusing on one project, which may, in the end, not work.

Is full integration of best-of-breed systems preferable?

A cloud-based system that works with other systems can be of benefit, as it is easier to analyse data from different parts of the business. However, full integration of different systems will not solve every issue and can take time – integrating your sales platform with your accountancy software is a big task. Therefore, the priority today needs to be the individual tasks each piece of software performs – integration is something that can be part of your long-term digitisation roadmap.
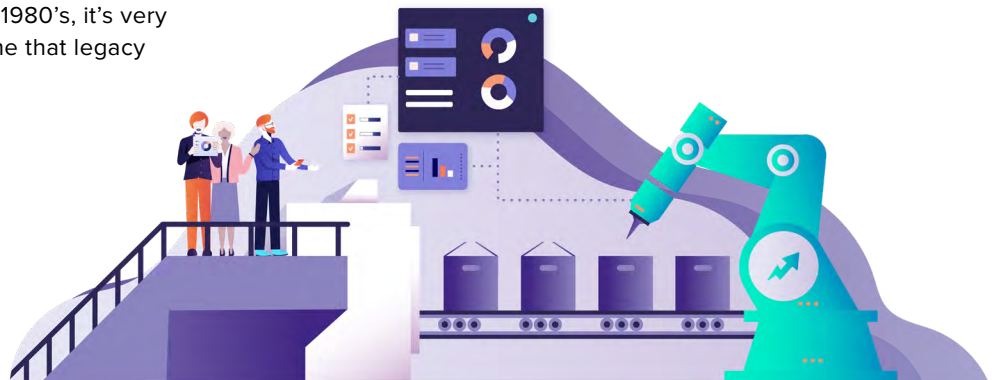
Case study – Getting the people who matter on your side

We caught up with Maarten Geerts from Trifinance, who, last year, took us through the selection process for cloud-core financing software and helped us better understand the changes we've seen in finance departments. Maarten brings a unique insight to the process, as Trifinance helps companies implement automation-technology solutions.

In this instance, we wanted to ask him about the implementation process and how it effects the roles of those in the IT team, the finance team and across the business.

It helps to create a narrative

Amid thoughts of sophisticated technology and the potential for in-depth analysis and business strategy, CFO's need to consider the people who will be using these systems and what it means for their jobs.

"Storytelling comes from the top", explained Maarten. "In many ways, people management is the hardest part of the process and you need to give employees a good reason to get behind what you are doing." It's a cliché, but people do fear change. And today's employees are reading endless articles about how they are about to be replaced by software and robots that can do their job cheaper, more accurately and more efficiently. Why wouldn't they be suspicious of a CFO introducing new software?

But if the CFO wants the finance team to sit at the centre of the business, they need to have a future vision that takes people with them. "People are afraid and you need to include them from the beginning", Maarten continued. He went on to say that it was often those in administrative roles who would be most afraid of what this new technology could do. If your

job is inputting invoices and you're told a piece of software will now perform this function, you are going to worry about the impact on you as opposed to the benefits to the company.

Employees need to know that they are not collateral damage, they are part of the process. They will be included from the beginning of the project, learn new skills, and play a more central role in both the team and the business.

"Of all the things you invest in to get a project off the ground, overinvest in your staff", explained Maarten. "With every step, go back to the end user and take them through everything they need to know and make sure they are happy with the progress." The lesson here is, don't underestimate human nature. And it's not just the testing — staff even need to sign off on the screen they will be looking at every day. Remember, people have to want to use this software.

"Of all the things you invest in to get a project off the ground, overinvest in your staff"

Maarten Geerts

## Is the IT team better placed to deal with change?

In terms of IT teams, Maarten believes these have been better prepared than those in finance. "It's generally the rest of the business that needs to take that next step". Whether they can physically install a product – preferring a best-of-breed over a suite as digitisation can be done step by step – and whether the security is up to scratch are their main concerns. Can the different systems integrate and actually talk to each other is another worry among IT professionals.

Does this change the make-up of the finance and IT teams?

We also spoke to Maarten about finance teams that are more analytical, and more involved in the business and it's future strategic path as a result of digitisation. And although Maarten spoke about building a narrative that takes

people with you, there is no denying the fact that you are now asking employees who once focused on administrative tasks to take on very different roles.

The CFO is now the head of a team that is helping develop business strategy and that means serving internal clients, presenting analysis, taking part in major projects and arguing their case. The finance team is no longer an administrative office trying to keep up with historical data. "From running behind the facts, finance teams are now predicting the future," explains Maarten. You need people who can stand up and make an argument – they can't just be accountants that are good with numbers. That being said, there is still the hope that you can bring your workforce with you, "Though, like getting staff to work with the software itself, you can't force people to change their behaviour." These changes are happening across companies and every business will want to keep up, which is why many use third-party consultants, often on a temporary basis, to keep up with competitors that are using cloud-based data to their advantage. However, in time, like the IT team, finance teams should become accustomed to their new role.
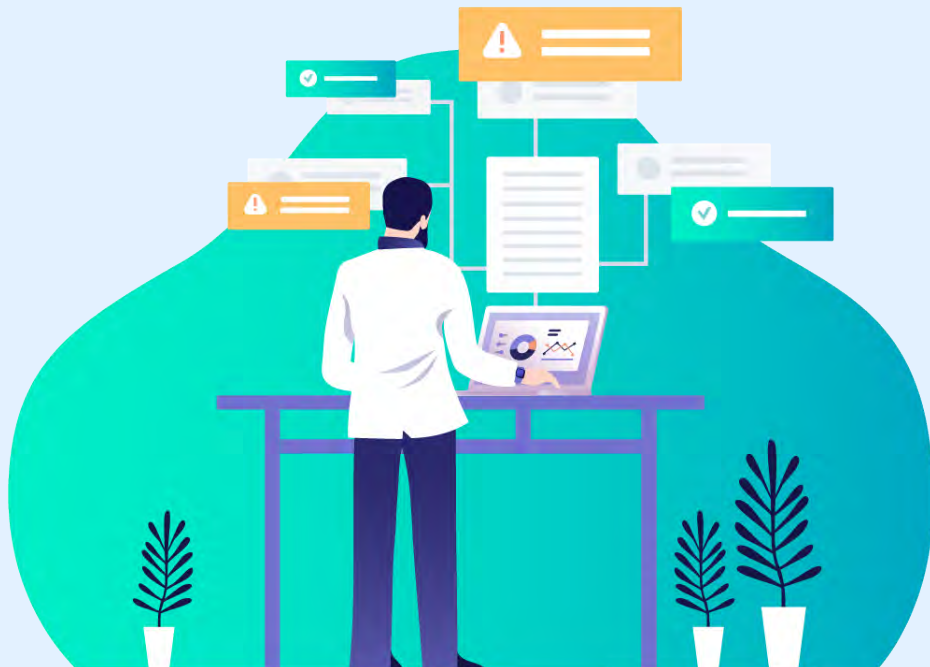
Part Three – Questions on the road to implementation

Do we need to do this now?

Trifinace's Maarten Geerts told us that, "Digitisation must serve a purpose. Managements' minds need to be on what they want to achieve in the future and how best to realise this." Essentially there must be a business reason for investing in a piece of software.

Sometimes, however, the company may not have a choice. If a vendor providing an on-site solution inform you that they are switching to a cloud solution, this may mean moving faster than you may have wanted to, and accepting any changes to their package that comes with the upgrade.

A company may also be forced to upgrade if the in-house system they are using is no longer viable. Many larger companies with systems that are often more than 30 years old find that they eventually are unable to fix the many glitches that appear over the years. If the members of the IT team that understood and worked with your system have long retired, you may be forced to move to a cloud-based system sooner than you may have initially intended.

What do we look for in a vendor?

The first point to note about your roadmap to implementation and beyond is that it isn't just your company's roadmap, it's your vendor's too. The decision you make is for the next 10-15 years – as you grow, the vendor digitising your processes needs to grow with you. Again, this is a trade-off between what is best for the business and what can realistically be

done from an IT perspective. Ask yourself, what are our requirements? What do we need this technology to do from day one and what do we need it to do five, 10, 15 years from now?

One aspect to focus on for the future is the use of artificial intelligence (AI), which will be key to achieving business outcomes in the year to come. Will your IT department be ready when your vendor introduces these functions? They will need to be, because the majority of providers expect AI to be the differentiating factor in 50% of cloud-core-financing solutions by the end of this year. [6]

But don't just be aware of the roadmap of your chosen vendor – make sure you know what their competitors are up to. Your potential vendor may do what you want it to do today, but there may be another supplier, not quite as well suited to your needs now, who has a more impressive roadmap ahead of it. The next six months is less important than the next ten years.

Are we ready?

A lack of understanding regarding what technology can do, a lack of resources to deal with the transition and no clear vision for where the finance function should go following implementation have all been cited as major obstacles to implementing new technology. Such issues can lead to either a company making the wrong decision or making no decision at all.

The shiniest, newest piece of software is of limited use if there aren't workers with the expertise to manage not just the implementation, but the running and

management of the software. The IT skill set required is very different to that required for on-premises data centres, though many CIOs realised this some time ago. As Maarten Geerts of Trifinance told us, "IT teams tend to be up to speed with cloud-core finance implementation and monitoring. In fact, it's very easy to find the training you need as an IT team member."

Despite this, more than 60% of businesses choose to employ third parties for ongoing maintenance and support. More promisingly, more than 50% of companies believed their finance teams to have the right skills to configure end-user processes.[7]
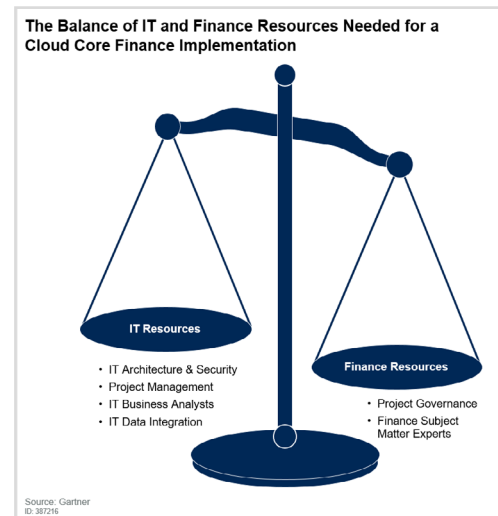
Whether using third-party assistance or not, businesses need to agree on roles and responsibilities, both with regards to implementation and oversight. In addition, as we have discussed, dealing with legacy systems and getting people to willingly change the way they have worked for perhaps many years is also of the upmost importance.

Once implementation is complete, the burden of responsibility tends to fall on the finance team. IT teams only pick up 37% of the work involved in application support, compared with 55% for the finance team.[8] The remainder is picked up by the software's vendor and third-party support providers.
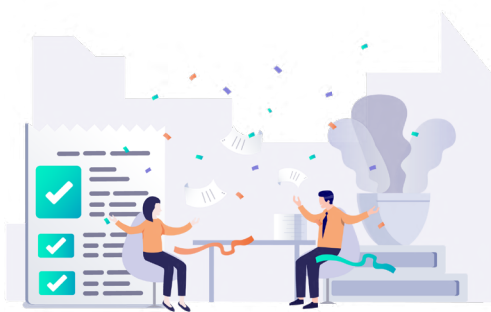
Who should lead vendor selection?

In terms of vendor selection, the finance team should lead the way. They will be taking on the majority of the responsibility and will be responsible for getting the most out of this new technology. This is why specific roles between the two teams are usually determined as per the below:

The Balance of IT and Finance Resources Needed for a Cloud Core Finance Implementation

IT Resources
- IT Architecture & Security
- Project Management
- IT Business Analysts
- IT Data Integration

Finance Resources
- Project Governance
- Finance Subject Matter Experts

Source: Gartner
ID: 387216

As we can see, IT needs the expertise in place to manage the security and the data integration. And they need to be experienced enough to raise any red flags over the finance team's chosen vendor.

Unless the CFO and CIO work together to solve these issues, implementation could take longer or – worst case scenario – could be abandoned. The finance department need to know what business outcomes they are looking – and not just today – while the CIO and the IT team need to be prepared for the implementation, oversight and the changes brought in further down the vendor's roadmap for cloud-core financing to be a success.

[7] Gartner, Forget What You Know and Start Fresh When Implementing Cloud Core Financial Management Suites, 28 June 2019
[8] Gartner, Forget What You Know and Start Fresh When Implementing Cloud Core Financial Management Suites, 28 June 2019

Part Four – Implementation in Action

Implementation, testing and monitoring certainly require new skills on the part of the IT and finance teams, but cloud-core finance software is also designed to be as quick and easy as possible. Major selling points for most vendors are rapid configuration and activation. Many can even have their software up and running within 100 days — unheard of in an on-premises system. Overall, 40% of systems are online in less than six months and only 20% take more than a year.[9] Any issues tend to be on the business' side — dealing with legacy customisations, which are embedded. Understanding how these can be overcome is a two-way street, which is why education and preparation prior to implementation is essential.

The moving parts of a successful implementation

Once a company has decided on a system, those managing the implementation need to ensure the following are in place:

1. A timeline with measurable goals on the way to full implementation.
2. Roles and jobs — from design to testing — for the software vendor, external consultants, the IT team and anyone across the business that will be using this software.
3. A system for regular reporting.

How we manage implementation at Rydoo

At Rydoo, our travel & expenses tool is implemented in close conjunction with the finance department. This relationship will set the tone for our long-term partnership — it also has a direct impact on what your company gets out of the software long term.

We start by asking a company to join us in conducting a gap analysis. This is a big part of how we get to know each other — where are processes falling short and where can Rydoo help. This is where all that preparation on the part of the finance team pays off. What entities of the business are in scope? What expense categories do we need to work with? And what outcomes are you looking for from expense management?

Good preparation on the part of the CFO and the finance team can make a tremendous difference in terms of onboarding quality and time. We are far less likely to be dealing with significant issues further down the line. This is true on the IT side too — for a very specific integration, we may need their expertise and will need to know where any issues may arise.

Our implementation program is detailed below. And, it's worth pointing out, that our work doesn't stop at the end of those four weeks. We grow with our clients, bringing in new initiatives as they are developed and as our clients demand improved functionality.

9 Gartner, Forget What You Know and Start Fresh When Implementing Cloud Core Financial Management Suites, 28 June 2019

Rydoo's implementation program

	1 week	1-2 week	1-2 week	1 week	4 weeks
1 H	2 H	2 H	2 H	2 H	2 H

Kickoff	Setup	Initiate UAT	Go Live	Hypercare	Health Check
• Get to know each other	• Present initial setup account	• Evaluate testing	• Define cutover plan	• Evaluate Go live	• Evaluate tool usage and adoption
• Present project approach	• Teach the teacher	• Initiate UAT		• Implement tweaks where needed	• Tweak settings where needed
• Align on expectations	• Validate configurations	• Cover pending topics			
• Gather enough for initial configuration	• Initiate admin testing				
	• Initiate gathering upload data				

Client
- Test-data gathering

Rydoo
- Initial configuration account
- Upload test data

Client
- Admins test platform
- Prod-data gathering
- Define UAT

Rydoo
- Upload prod data
- Provide guidance on open topics

Client
- Activate test users
- Follow up closely on test users

Rydoo
- Provide guidance on open topics

Client
- Activate end users
- Follow up closely on users

Rydoo
- Provide guidance on open topics

Conclusion – The next decade depends on getting this right

CIOs and CFOs need to be on the same page, or neither will be playing a significant role in their businesses' and their sectors' digitised future.

For CIOs, **implementation and monitoring cloud-core finance initiatives** is vital, as is constantly educating their team and keeping everyone up to speed with new developments.

The balance of responsibility when it comes to cloud-core financing software, however, sits with the CFO and the finance team. They need to select the **right vendor with the right roadmap** for their needs. And they need to work closely with the IT team to ensure that the company can manage the implementation and take advantage of any functions that will come online in the future.

The world of work is changing and the roles we all play are changing with it. CIOs and CFOs need to adapt and bring their teams with them. When it comes to cloud-core financing software, only by working together can they make the most of this exciting new technology and bring their teams to the centre of their organisations.

rydoo

About Rydoo

Rydoo reinvents and simplifies business travel and expense management for high-growth companies. With a team of 350 employees, Rydoo operates in more than 60 countries and has over 10000 customers.

Explore more on rydoo.com.