

NUCLEUS
RESEARCH

FLUENCE CUSTOMERS SLASH THE MONTHLY CLOSE BY 90 PERCENT

ANALYSTS

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THE BOTTOM LINE

Fluence Technologies is a financial close management (FCM) specialist in the corporate performance management (CPM) solutions market. Interviewed Fluence customers reported an average 86 percent decrease in their monthly consolidation, close, and reporting times. Fluence's workflows, tools, and reporting features are designed to facilitate the consolidation process to accelerate a company's close. With the lack of high-end FCM capabilities for the mid-market, Fluence provides an accessible solution with an intuitive Excel interface and no-code configuration capabilities to enable flexibility without driving up back-end support costs. Nucleus found that end-users experienced additional benefits including improved organizational visibility, reduced operational costs, and increased user productivity.

OVERVIEW

For many, the close process is a hectic period of chasing down spreadsheets, reconciling various versions of the same document, and addressing budget inconsistencies for the overall organization, all the way down to the individual business unit. Even enterprises with dedicated CPM and ERP solutions often struggle to produce accurate financial reports on time, and most medium-sized businesses still depend on Excel and email processes.

Businesses of all sizes rely on the accuracy and timeliness of their financial reporting to satisfy the requirements of shareholders, attract investors, and assess company performance. Midsized and growing companies struggle with FCM as they have few options for dedicated mid-market solutions capable of managing the complexity of multi-national and diversified businesses. With the disruption of COVID-19, attention in the CPM space has been drawn towards financial planning and analysis (FP&A), as companies seek to better budget and forecast for an uncertain future. Likewise, business requirements for financial reporting have been exacerbated by the transition to work from home and increased regulations. There is now a large uptick in demand for mid-market CPM platforms that support the digital transformation of FP&A and FCM processes.

Whether it's monthly, quarterly, or annually, accountants run the gauntlet for each close period, gathering budget statements, reconciling accounts, and finalizing accruals to reflect the company's true financial standing. All of these require data from traditionally siloed departments with various accounting structures that range in complexity depending on the size and business model of the company. Without a centralized platform to establish a single source of truth and standardize workflows to ensure accountability, accounting departments are often in a constant state of catch-up in delivering regulators, stakeholders, and potential investors the required information. Fluence Technologies is a CPM solutions vendor that provides such a platform, addressing its customers' needs from an FCM-first approach with modern functionality typically only available to large enterprises.

Customers leveraging Fluence perform the monthly close up to 10X faster than before

FLUENCE

Founded in 2019 and headquartered in Canada, Fluence Technologies is carving out its corner in the CPM solutions space with an emphasis on FCM and the mid-market. The

vendor offers a unified platform with two solutions: Financial Consolidation and Financial Close Management. Together, the solutions standardize, optimize, and automate consolidation and reporting tasks to streamline the close process. Notable features include no-code administration, process automation and collaboration tools, purpose-built workflows, and self-service reporting. In addition to functional depth, Fluence also addresses consolidation complexity with an Excel-based user interface that reduces the learning curve for new users, and the ease of use from a manager or administrator's perspective translates to a short time-to-value.

The impetus for Fluence's novel solution was the lack of technology that targets common consolidation and budgeting issues for the mid-market. Performance barriers such as a lack of automation in Excel, questionable consolidation accuracy, and tedious reporting are among the challenges. As a result, organizations must turn to solution providers or expense resources in increased headcount or third-party services to meet regulatory demands, negatively impacting their operational efficiency. Fluence's CPM platform now includes FP&A capabilities for budgeting and forecasting tasks and machine learning-enabled analytics for anomaly detection and sensitivity analysis.

KEY BENEFITS

Nucleus interviewed several Fluence customers to identify their key benefits realized post-deployment. Users benefitted from increased productivity, reduced operational costs, and a work culture change in the accounting department.

- **Increased productivity.** Fluence enables accountants to accelerate consolidation and close processes. Nucleus found that users completed their monthly close over seven times faster, slashing the time required under legacy systems by an average of 86 percent. The time savings propagate throughout the entire company as the head office could delegate individual business units to conduct their own reporting. From an IT and administrator's perspective, Fluence's low-code capabilities mean configurations of fields and defining relationships can be done quickly in-house, avoiding the wait on a ticketing system. This finance department ownership over the Fluence platform further reduces reliance on IT or vendor consultants post-deployment. Given Fluence's familiar Excel interface and the easy-to-navigate spreadsheets, reporting, and analytic tools, users report that training time is kept to a minimum. Time saved across various office locations allows accountants to focus on higher-value tasks and reduces the business' reliance on bookkeeping services, increased headcount, and overtime.

- **Reduced operational costs.** Fluence offers an extensive library of tools, templates, workflows, and models preconfigured for FCM tasks. With this out-of-the-box functionality, interviewed users reported quick implementation times between ten to twelve weeks, whereas most mid-market solutions average between three to six months; thereby, reducing upfront configuration costs and shortening the payback period. With Fluence as the central repository for relevant financial and operational figures, businesses establish a single-source-of-truth and eliminate the sourcing out-of-date or conflicting versions of data. This reduces human error, accelerates FCM processes, increases confidence in reported figures, and reduces the associated costs and risk of audits.
- **Cultural change.** Since users perform all FCM tasks on the Fluence platform, businesses can standardize processes and the look and feel of reports. With workflow management capabilities, managers can better track the progress of individual employees and projects. With visibility over financial processes, traceability functions, and automated reminders, customers have improved employee accountability. Most importantly, accounting departments could transition from a perpetual state of catch-up to proactively addressing the close process. As businesses can better meet executive and shareholder requirements, they are more confident in pursuing growth opportunities.

CUSTOMER PROFILES

INVESTMENT FIRM

This family-owned American company strategically buys, builds, and grows companies across various industries. Without a dedicated CPM solution, the company lacked the technology to satisfy its financial and accounting demands. Difficulties in creating reports, lack of automation, and a subpar database are common problems associated with the legacy Excel, email, and manual data entry processes. This led to the consideration of CPM vendors, including OneStream, Prophix, Planful, and a Fluence and Vena Solutions combination. Ultimately, the company chose Fluence and Vena Solutions after assessing data loading and mapping, reporting capabilities, planning and forecasting tools, IT compatibility, and pricing factors. Most notably, Fluence satisfied the investment firm's need for a centralized system and database with an Excel-friendly user interface.

After dedicating 2.5 months to the implementation, the company leveraged Fluence to standardize FCM processes at both the corporate and individual business unit levels. As the controller at each business unit now had visibility and access to elements not typically


included in the general ledger, such as change items, cashflow statements, and additions to capital expenditure, they could report on their close to automatically inform the comprehensive company report. Altogether, the company slashed the quarterly close from over two weeks down to half a week and the monthly close from ten days to one. Efficiency improvements were credited to the solution's independent reporting capabilities granted to the business unit level. Simple design, intuitive interfaces, and customization functions enable in-house administrators to create calculations and structure accounts within the solution, giving the company the flexibility to complete acquisitions quickly and sustain growth.

PROCESS MANUFACTURER

This North American company is a global leader in manufacturing, marketing, and distributing industrial and commercial fluids, and generates over \$650M in annual revenue. The company continues growing internationally through strategic acquisitions. This growth, however, is predicated on the company's ability to manage its finances for operational visibility and regulatory compliance. The legacy system could not scale with the growth, and pressure from shareholders over consolidation reports was mounting. Other issues such as inconsistent reporting by business units, excessive spreadsheets and email use, and multi-national tax issues prompted the company to consider an alternative CPM solution. Hyperion Financial Management (HFM) by Oracle was initially considered, but due to the need for a large team to manage the solution and the lack of in-house FCM experience, the company decided not to use the HFM option. Other vendors on the shortlist include Planful, Prophix, and a Fluence and Vena Solutions combination. In the end, the company chose Vena for FP&A and Fluence for FCM. A short learning curve, Excel interface, and rapid implementation process were among the most significant factors in the company's adoption decision.

One organization shortened the reporting process by 77%, with some offices reporting a 95% reduction.

Within three months, the company built its chart of accounts and integrated Fluence and Vena globally. The implementation was done on a \$100,000 budget, and the entirety of the process was facilitated by one company employee. The company reported that benefits were almost immediately realized as the solution enabled complex reporting on an easy-to-use system. It also leveraged Fluence to provide every office location the autonomy to handle their own consolidation reporting, which were then compiled for the overarching corporate statements. With standardized and guided workflows, the time needed to create



comprehensive consolidation reports decreased by 77 percent, with some international business units accounting for a 95 percent reduction. Besides process improvements, Fluence also enabled automated management and statutory reporting, complete with financial and operational metrics tracking to support executive decision-making.

WHY IT MATTERS

Organizations are becoming more aware of the considerable benefits offered by FCM solutions. High quality and timely financial statements during a company's closing period are imperative to its continued success for internal self-reflection and externally for shareholders. Fluence's platform was created with the understanding that substantial pressure is placed on generating well constructed consolidation reports. By providing support that begins from the initial data gathering stage to the final reporting stage, users remain prepared throughout a financial lifecycle. This leads to a less hectic closing period and greater confidence in financial results. We believe Fluence Technologies will see more adoption in the mid-market and enterprise space as cloud technology is now the standard in addressing closing and consolidation demands, especially as its use-cases demonstrate enterprise-level performance.