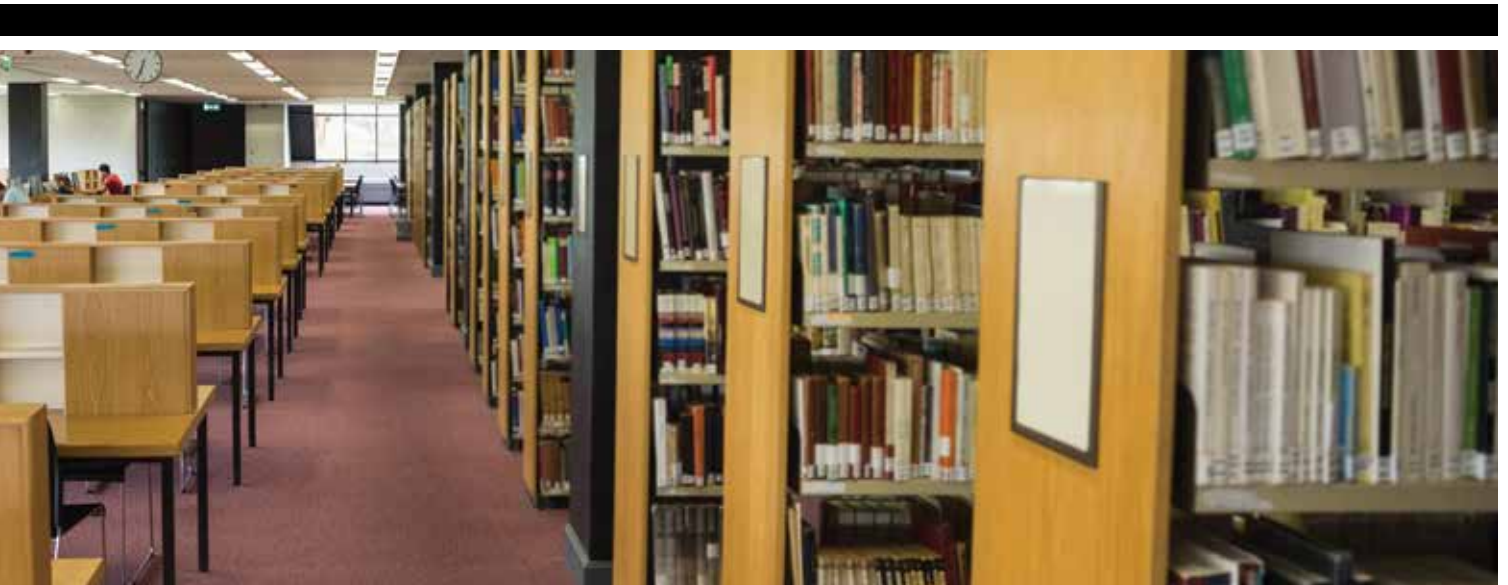


# A ROADMAP FOR FP&A TRANSFORMATION:

## Adding True Value to the Business of Higher Education

AN ARMANINO WHITE PAPER





“Why can’t we see performance across the entire university in real time?”

“We need to implement driver-based planning and forecasting.”

“Why does it take so long to do budget planning?”



The financial planning and analysis (FP&A) function includes some of the most critical processes in any organization. However, FP&A is also an area where increasing complexity and organizational growth can wreak havoc on the efficiency and effectiveness of the finance team. Hence the pressure many finance leaders face to transform the FP&A function for greater responsiveness, alignment with the institution mission, and strategic focus.

Indeed, transformation is imperative for many enterprises, especially Higher Education, with decentralized entities and programs, multiple accounting systems, changing economic models, and/or lack of standardized processes. The traditional tool of choice, Excel spreadsheets, lacks the collaboration, controls,

and speed to deliver timely insight. This reality is a barrier to improving an organization's performance due to a lack of capability to assess options and seeing ahead of changing conditions to enable leaders to make informed decisions. The accelerating speed of change across the higher education landscape and is increasing the urgency to transform on FP&A leadership.

While change is never easy, there is a way to reduce complexity, improve access to an institution's performance data, streamline the planning and forecasting process, and gain consistency across the enterprise. This white paper looks at the challenges and pressures of the FP&A team within Higher Education organizations and how finance leaders can embark on transformation that delivers rapid, incremental results.

<sup>1</sup> "Advanced Financial Planning and Analysis Research," APQC and Grant Thornton, March 16, 2015.

**APQC research shows that by mid-2016, two-thirds of organizations will use rolling forecasts for managing performance in some form.<sup>2</sup>**



## HOW DID FP&A BECOME SO COMPLEX?

The FP&A team has an important role to play in any university or college. However, for many teams, the job has become far more difficult over time as the institutions have grown. Today, the FP&A function is often stymied by the complexities and inconsistencies that have evolved as a result of:

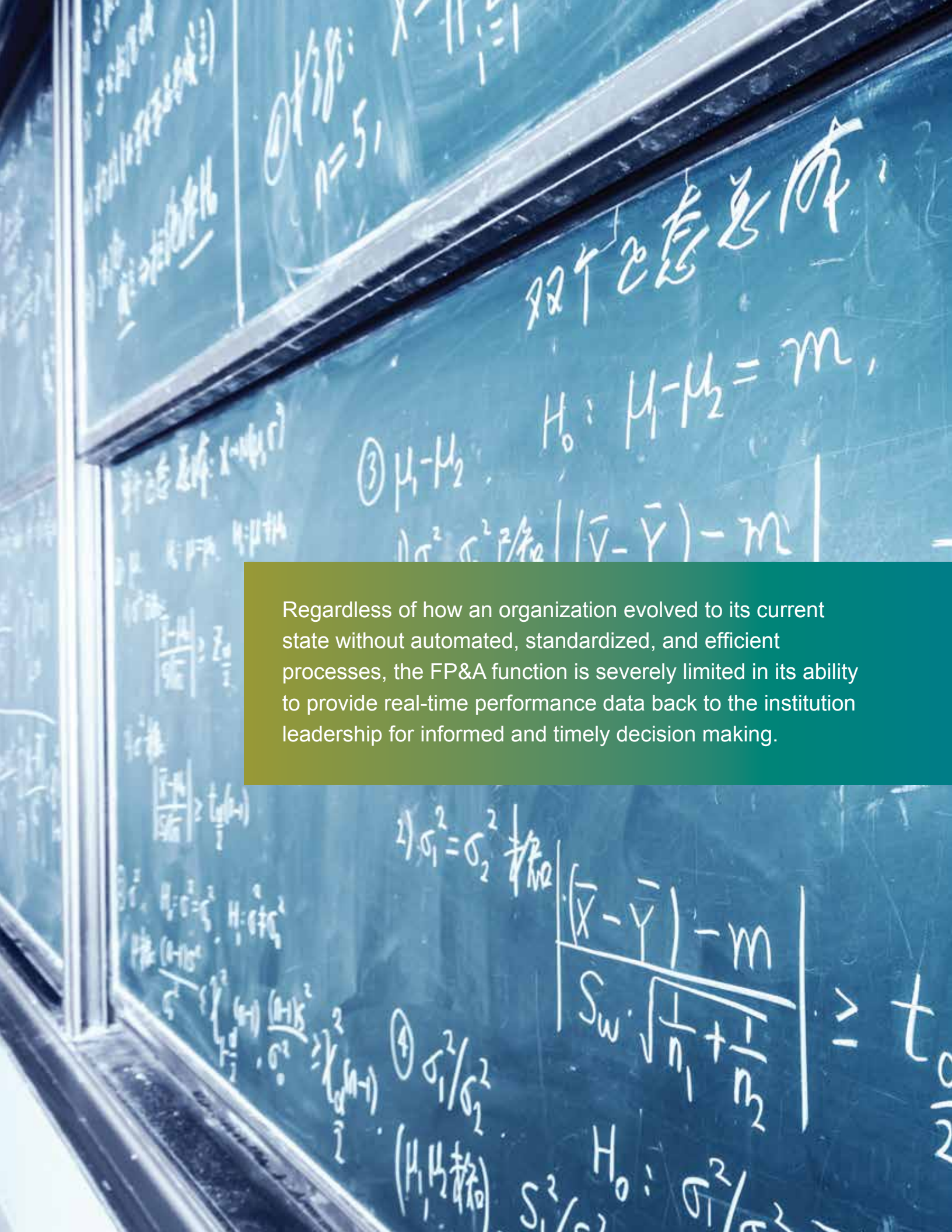
- Decreasing support from State legislatures, frequent material last-minute changes
- Requirements to limit growth in Tuition and Student Fees
- Differences in functional requirements between Academic and Administrative budgeting needs
- Growth in non-traditional student programs (on-line, non-degree programs, executive education and more)
- Growing complexity in budgeting personnel costs for represented employees, tenured faculty, non-tenured faculty, professional staff and student employees
- Matrix management that requires multiple ways to roll-up and look at data

- Lack of standardized financial processes
- No easy way to enable collaboration on budgets and planning
- Increasing reporting requirements at campus leadership, financial institution, State and sometimes Federal levels

The budgeting and planning process can be a particularly painful area for Higher Education with decentralized decision making across a myriad of Colleges, Schools and Programs. Depending on whether it's a top-down, bottom-up, or hybrid approach to budgeting, the current process often includes emailing one or more spreadsheets to dozens (maybe hundreds) of people around the institution. School leaders or entities fill in their numbers (some adding lines for detail that break links) and send the spreadsheet back to be consolidated—requiring significant manual effort without an audit trail, role-based access controls or adding value. Adjustments and what-if analyses can take hours or days of additional number crunching and consolidation.

<sup>2</sup> "Is Your FP&A Team Struggling? Here's Why and How to Fix Things," Mary Driscoll, APQC, March 17, 2015.





Regardless of how an organization evolved to its current state without automated, standardized, and efficient processes, the FP&A function is severely limited in its ability to provide real-time performance data back to the institution leadership for informed and timely decision making.



# ENVISIONING A TRANSFORMED FP&A FUNCTION

Imagine an FP&A function that is more effective and efficient, able to respond quickly to the changing needs of the organization, and aligned with the strategic direction of the enterprise. Best in class transformation delivers:

- Standardized processes, with accommodations for critical unique requirements that often occur in Higher Education operations
- Driver-based planning (enrollment, credit hours, FTE's, Square Feet, and so on) to enable assumption-based scenario evaluation and planning
- A faster, more collaborative planning process across the institution
- A model structure combining accounts, dimensions, and attributes to make aligning data to organization-wide reporting a breeze
- Real-time, organization-wide performance reporting and dashboards that can be drilled into for analysis and decision support

**The process of transformation does have to be painful, lengthy, or exorbitantly expensive. Let's look at a representative university that has achieved incredible results on the journey to transformation.**





## CHALLENGES

At a major California university, the task for budgeting, forecasting, and reporting consists of separate operating colleges and departments and requires a gargantuan effort. Until recently, that effort was carried out largely on Excel spreadsheets—a process that had become more and more cumbersome over time. According to leadership within the finance department, it took two weeks to produce reports, which meant that management wasn't seeing the previous month's report until the end of the subsequent month.

"We're a combined multi-million dollar organization, and we didn't have time to analyze anything. We were just producing reports," says department leadership. "We'd lose sleep before a big meeting, worrying that we'd transposed a number. There were so many chances for error, it was terrifying."

"When you understand the big picture—the vision of a transformed FP&A function—then you can break that into phases to deliver value early and frequently."

**Amy Morgan,**  
*Senior Manager,  
CFO Advisory Services  
Armanino*



## SOLUTION

The finance team knew that the only way to have time to actually analyze financial and operational data rather than just report on it was to automate the reporting process. Thus began the search for a budgeting and forecasting tool that could integrate with the organization's existing applications, including Quali for their ERP system, and be used without constantly involving IT.

The selection process was simple. "We had already come across Adaptive Insights in our preliminary research, and it sounded like exactly what we wanted. The RFP process confirmed that Adaptive Insights provided what we wanted at the price we needed," says department leadership. "Best of all, it's a cloud-based solution—meaning no IT work or updates."

To make the most out of the highly flexible Adaptive Insights suite, though, the University needed to configure the solution to each department's unique needs. For that, it partnered with Armanino, the 24th largest professional services firms in the U.S., with deep finance and accounting expertise.

"Armanino set up an initial face-to-face meeting, and we knew from the start that the Armanino consultants had the expertise and experience we needed," says leadership. "Armanino made a concerted effort to understand our business. They questioned our processes, gave advice, and got the solution to work the way we needed it to."

"With a re-engineered, automated FP&A reporting process, what used to take weeks using Excel spreadsheets can be achieved in a matter of minutes. If the board wants to understand the impact of a potential change, staff can show that immediately."

**Carl Anderson,**  
*Senior Manager,  
CFO Advisory Services  
Armanino*





## RESULTS

Today, when University leaders describe the Adaptive Insights/ Armanino solution to their peers, they readily admit that it's been nothing short of life changing for the team. "Before, we were glorified report writers," says leadership. "Now we're analysts—and that's all thanks to Adaptive Insights and Armanino. While it used to take weeks to complete our monthly financial reporting, it now takes just minutes."

Now it's a matter of discovering all of the other things the organization can do with the solution. Says leadership, "We initially thought we would use Adaptive Insights for budgeting, updating forecasts, and reporting. However, once Armanino customized it to our needs, all sorts of light bulbs began to go off. Thanks to the training Armanino provided and the flexibility of the solution, we've become self-sufficient enough to start building our own reports."

### NEXT STEPS

Next up is building a long-range plan using Adaptive Insights. "We're currently forecasting out between 18 months and two years, whereas before we could only forecast four or five months out," says leadership. "Now, the assistant vice chancellor wants a five-year plan and we're going to use Adaptive Insights to provide it."

"One of the biggest benefits of transformation using a cloud-based corporate performance management solution is a single source of truth across the institution."

**John Dunican,**  
*Partner and FP&A  
Services Leader  
Armanino*



# A ROADMAP FOR TRANSFORMATION

Transformation can sound like hard work and a long wait for a payoff. But it doesn't have to be that way when you have the right roadmap—and partner—to help you on your journey.

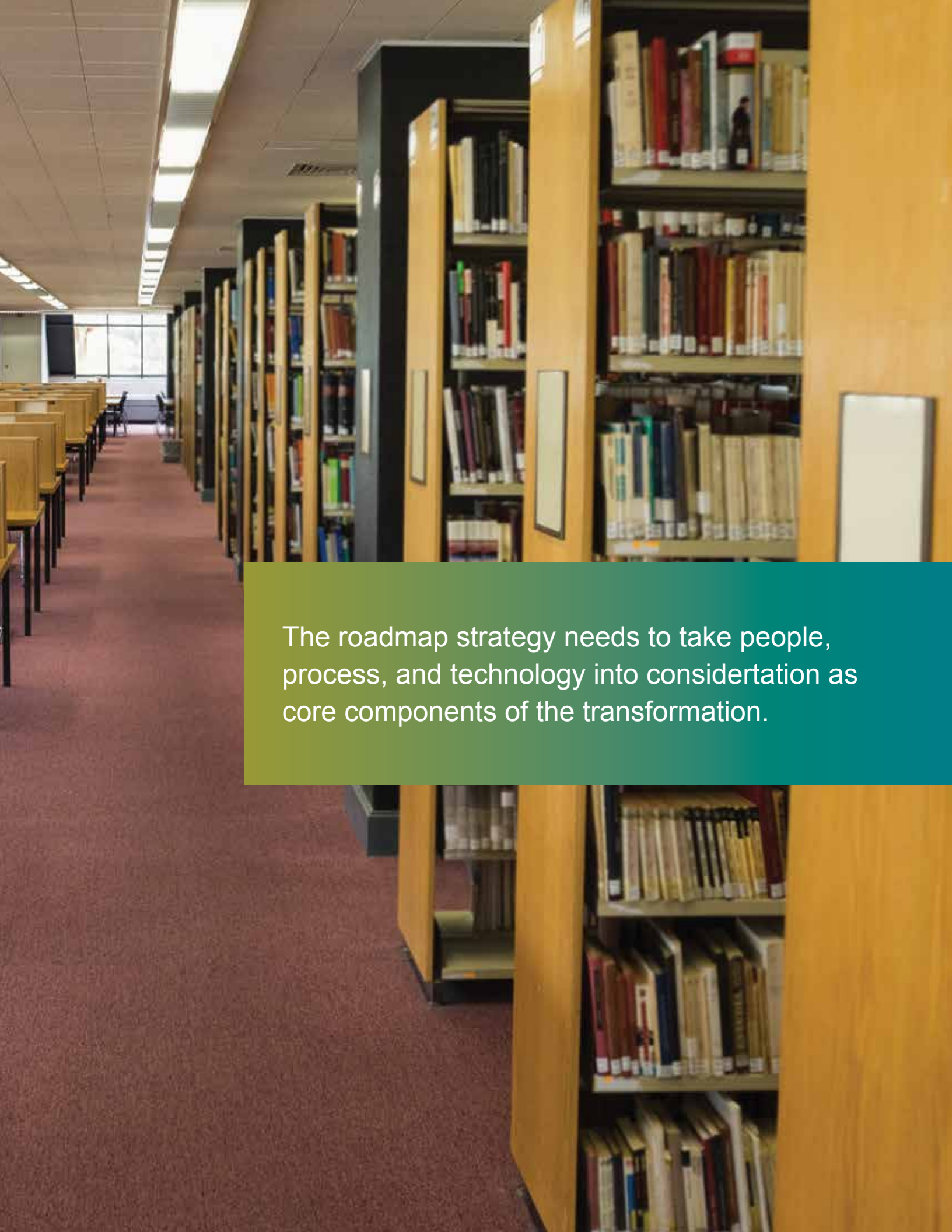
The key to the roadmap is that it's designed to provide real benefits at regular intervals on your way to achieving your vision for a transformed FP&A function. At each point during the journey, you gain new efficiencies and capabilities that drive the institution forward. With such a roadmap, there's no need to wait 12 or 18 months for results when you can implement incremental change and reap additional benefits every few months as you transform one part of the FP&A function after the next.

The roadmap strategy needs to take people, process, and technology into consideration as core components of the transformation. Working with an experienced partner can help you address these areas holistically.

Your partner can help you:

- Set goals for transformation
- Assess current processes
- Define the future state
- Define roles and responsibilities for the new environment
- Revise and optimize business processes
- Standardize processes and charts of accounts, balancing needs for flexibility and unique capabilities at a School or College level with overall organizational needs
- Deploy budgeting, forecasting and reporting software

Creating the foundation for transformation also takes the right technology solution. That's where the cloud comes in.



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use ADAPTIVE INSIGHTS.



# TURN TO THE CLOUD FOR TRANSFORMATIVE TECHNOLOGY

Today's cloud, software-as-a-service (SaaS) solutions let you deploy new technology quickly and easily—without major upfront investments or lengthy IT implementation projects. That makes cloud-based software ideal for transforming FP&A one step at a time. You can roll out new capabilities incrementally as you redesign processes, adding value at each point on your roadmap.

Cloud software also lets you adapt more quickly and easily as your institutional needs change. You won't get to the end of a long software implementation only to realize that the needs of your organization have changed in the meantime and you're locked into a platform that can't be adjusted easily. Cloud software is also an appreciating asset as new functionality is enabled multiple times per year without any disruption or effort required.

With the right cloud performance management solution, you will:

- Reduce planning cycle times up to 90 percent
- Cut time and resources spent consolidating and reporting
- Free up more time for analysis
- Provide real-time data for better decision making

There are over 3,000 organizations and over 100 Higher Education institutions using Adaptive Insights, the leading cloud corporate performance management solution, to transform their FP&A processes. They also chose an experienced partner with deep understanding of both university FP&A processes and the Adaptive Insights software: Armanino, the 24th largest firm in the United States.





# CONCLUSION

More than one-third of respondents in an APQC survey reported that they are currently tolerating poorly aligned FP&A models or are burdened by an unacceptable situation. Part of the problem is technology. Only five percent of those in the survey use software dedicated to FP&A and internal reporting.<sup>3</sup>

Identifying the best roadmap and supporting technology to transform your FP&A function can be daunting. That's why choosing the right partner is imperative.

Armanino LLP, winner of the Partner of the Year and Creative Solutions awards from Adaptive Insights, offers extensive experience in FP&A transformation and corporate performance management software. Taking a pragmatic and holistic approach, Armanino has helped organizations across many different industries transform FP&A to deliver true value to the business.



## ABOUT ARMANINO<sup>LLP</sup>

[Armanino LLP](#) is the largest independent accounting and business consulting firm in California and the 24th largest firm in the United States. Armanino provides an integrated set of audit, tax, consulting, and technology solutions to organizations in the U.S. and globally. The firm helps clients adapt and change in every stage of business from start-up through rapid growth to the sale of a company. Armanino emphasizes smart technology, leading a cloud revolution of financial, operational, sales and compliance tools that are transforming the way companies do business.

Armanino extends its global services to more than 100 countries through its membership in Moore Stephens International Limited – one of the world's major accounting and consulting membership organizations. In addition to its core consulting and accounting

practices, Armanino operates its division – [AMF Media Group](#) a media and communications services agency. Its affiliates include [Intersect Capital](#), an independent financial planning, wealth and lifestyle management firm, and [The Brenner Group](#), an Armanino company dedicated to interim CFO and permanent placement services and a comprehensive suite of specialized financial and management services.

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## ABOUT OUR CLOUD SOLUTIONS PRACTICE

Armanino consultants provide comprehensive services to the CFO of fast-growing organizations, including technology advisory and financial advisory services.

The firm's Cloud Solutions practice brings leading SaaS solutions to the strategic challenges faced by CFOs. Armanino's Cloud Solutions include business intelligence, cloud financials, budgeting, forecasting and planning, governance, risk & compliance, equity

management solutions and customer relationship management (CRM). This deep bench of services is provided by Armanino's business leaders who have served as CFOs, controllers, and FP&A directors, to help finance teams to minimize time spent on low-value activities and increase time spent on strategic decision making.

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