

# GAME CHANGING CFOS

A CFO PANEL DISCUSSION



## Game-Changing CFOs are Re-Engineering their Processes and Technology

Matt Armanino, COO and Partner of Armanino, moderated a panel discussion at the Adaptive Live 2014 Conference in San Francisco. The presentation began with an overview Armanino's CFO Evolution framework and highlighted the creation of a roadmap for the CFO to move into a strategic leadership role. Every CFO has three main functions: the accountant, the protector, and the business leader. Many who would prefer a greater leadership role are spending more than half of their time as an accountant and a quarter of their time as leaders. Ideally, CFOs want to spend only a third of their time as an accountant and at least half of the workday leading their businesses. CFOs struggle to streamline accounting functions, financial reporting, and compliance practices in order to create more time for strategic business leadership. CFOs can increase efficiency by focusing on people, processes, and technology solutions.

Additionally, Matt Armanino outlined how IPOs are a growing trend across technology companies. Almost 40% of technology company CFOs believe they will go public and 20% from sectors outside of technology also are preparing an IPO for the future. Nearly \$60 billion has been raised from more than 220 companies who launched an IPO in 2013. Before going public, 35% of CFOs surveyed by Armanino have listed their key concern as presenting their financial story to investors during the road show while implementing and supporting their technology. For the second year in a row, CFOs have also indicated that a core ERP system with an enhanced budgeting/forecasting solution should be implemented before launching an IPO.

Another trend identified during the presentation was that the world will generate 50x the amount of information available today in the next seven years but IT staff will only grow 1.5x in the same period of time. In the next three years, 85% of Fortune 500 organizations will fail to utilize this big data to achieve a competitive advantage. CFOs are now being challenged to isolate the most important data and make certain that information is accurate when tracking benchmarks and KPIs (Key Performance Indicators).

CFOs are seeking opportunities to streamline decision making, elevate the importance of KPIs, and measure company performance in real time. The focus is shifting from casual KPI monitoring based on historical data to predictive analytics and dynamic metrics. The tools available for this are data warehousing and business intelligence.

According to CFOs, their key priority is predictive data. There is a desire to decrease reliance on historical data, which currently makes up almost 75% of analytics. CFOs want to pull data and provide an analysis to help make decisions of what could happen, not what has already happened. Nonprofits should especially rely on reporting and analytics with regards to program

efficiency (amount spent on programs vs on administrative and fundraising), fundraising efficiency (unrestricted contributions/unrestricted fundraising expenses), operating reliance (unrestricted program service revenue/total expenses), and organizational liquidity (expendable net assets/total expenses).

A recent study from IHS predicts that Cloud spending will reach \$235B by 2017. CFOs need to ask themselves:

- 1) Could I be using Adaptive Insights for sales forecasts, rolling forecasts, and consolidation?
- 2) Could I be integrating Adaptive Insights with my General Ledger to provide better reporting for my company's decision-makers?
- 3) Are all my Cloud and on-premise applications working together for maximum ROI?

Armanino has performed more than 300 implementation of Software as a Service financial solutions in just two years.

After the presentation, Matt Armanino and John Dunican, Partner of CFO Advisory Services for Armanino, opened a panel discussion featuring Game-Changing CFOs:

- Eric Berghoff, Director of FP&A for FireEye
- Todd Bailey, Controller for kCura
- Steve Lanterman, Director of FP&A for University of California, Davis
- Kim Ondreck Carin, CFO for The San Francisco Ballet

Below is a summation of the responses based on some of the questions asked to the panel.

***How is your company Building a Business Case and Demonstrating ROI with Adaptive Planning?***

Businesses are noting the ease with which their employees are accepting Adaptive Planning and utilizing its benefits. Leaders noted that it eliminates a big IT investment, small groups of managers can immediately share and access information, and the analytics help keep track of the most important company operations. Previously, employees felt as if Finance owned Excel and others were afraid to use it. Now everyone is using Adaptive Planning with no complaints nor major issues. Monthly reporting cycles have also been cut down from two weeks to as little as one day.

It's important for businesses to educate their staff to understand the key drivers for success and how each team member can help the company as a whole. Monthly and quarterly reforecasts have helped educate users about Adaptive Planning so they feel more comfortable using it.

***How are you building user adoption for the new system?***

Working with Armanino to ensure efficiency and clearly defined processes is an important first step. Documenting the entire process has become critical to the success of an implementation. It helps companies train their employees for widespread and speedy acceptance. One-on-one trainings also have been effective with managers and staff.

***How are you using Adaptive Planning to make it easier for your organization to manage growth in an ever-changing marketplace?***

Adaptive Planning has helped companies reach their goals and reinforce personal responsibility. There are new ways to measure goals and reports that provide actuals billed with GAAP. While it has required more communication between sales and finance to increase accuracy, the results have all been positive.

***Having gone through the implementation process, do you have any advice for other companies looking to do the same?***

Working with Armanino during the implementation to get the specifics right the first time is critical. The big shift will be made much easier if companies start small and work with implementers continually through the whole process. It's beneficial to learn as you go to build subject matter expertise beyond one person so that expansions, of staff and systems, move quicker in the future.

***“Big Data” is the daunting “Y2K” buzzword of this decade. How are you ensuring that your organization is focused on the Key Performance Indicators that really matter? Can you share your top KPIs with the audience?***

While some businesses are still looking to build KPIs, others are focusing on average monthly revenue, users, budget drivers, and seasonability. All of these metrics play into a larger forecast that companies are now seeing as critical aspects of their finances.

## About Armanino<sup>LLP</sup>

Armanino<sup>LLP</sup> ([www.amllp.com](http://www.amllp.com)) is the largest independent accounting and business consulting firm in California and the 29th largest firm in the United States. Armanino provides an integrated set of audit, tax, consulting, and technology solutions to companies 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. For more information about Armanino’s Adaptive Insights practice, contact Sam Kashy ([sam.kashy@amllp.com](mailto:sam.kashy@amllp.com)).