



ACCENTURE'S
**FINANCIAL CLOSE
PROCESS**

FAST, PREDICTIVE CLOSE ON SAP® SOFTWARE

OPPORTUNITY

Business growth, transition from a private partnership to a global public company and a changing business model drove the need for performing the monthly financial close process quickly to enable Accenture business leaders to report quarterly earnings results to analysts and the public on a predictable and timely basis. The financial close process is an accounting procedure undertaken at the end of the month to close out the current posting period. It consists of tasks that occur on a periodic basis (every day, period or month), and is the combination of system (batch) processing and manual tasks.

In the early years, Accenture faced challenges in optimizing the financial close process, with more than 200 different finance applications across 47 countries, managed by 40 local controllership teams. “We had critical financial information segmented geographically, by business units and by our internal systems,” says Richard Clark, Accenture’s Chief Accounting Officer and Corporate Controller. “The scattered financial results meant we didn’t have a readily accessible, centralized view to provide the global financial results and business insights throughout the close process that Accenture both wanted and needed as a newly publicly traded company.” Additionally, excessive demands on support teams for availability of reporting led to employee engagement issues. Accenture recognized it needed a faster and more reliable financial close capability.

SOLUTION

Accenture made the strategic decision to migrate to a single global instance of SAP® applications for its internal business functions—starting with Finance in 2004, followed by HR, Sales, Denied Party Screening, and Governance, Risk and Compliance (GRC). The move to SAP software set the stage for Accenture to establish a single financial close process, a journey that began from the ground up.

A collaborative team from the business and Accenture’s internal IT organization embarked on the journey leveraging Accenture Delivery Methods for SAP to rethink the key components of the organization and people, processes and technology.

Strengthened the organization

The first step was to strengthen the organization by creating governance around the financial close process. Governance starts with the steering committee, which includes the corporate controller, IT leadership and key business stakeholders, and sets direction on the close schedule and processes. A financial close operating committee was also established, representing Accenture’s global functional process areas, to ensure an end-to-end close process view that is integrated and owned by the business.

This step was followed by the formalization of a dedicated, centralized financial close team. This team is responsible for providing day-to-day oversight to the

planning and execution of the financial close process, managing the toolset, measuring performance and driving continuous improvement.

An important decision during this process was shifting accountability for the content of the financial close from IT to the business. “The financial close is not an IT-run function,” points out Dan Kirner, Executive Director of Accenture’s SAP Program. “There are components that are managed by IT, but it is a business-led team with a strong IT partnership.”

The final major step in strengthening the financial close organization was adopting a follow-the-sun approach for executing the close process. This model enables financial close teams to be spread across Accenture’s geographies, allowing the financial close process to run on a 24/6 basis rather than be restricted to US time-zone hours.

Industrialized processes

The financial close team, with assistance from Accenture’s Finance and Performance Management group, applied leading financial practices to industrialize Accenture’s financial close processes. Enhanced processes for schedule management, incident management and performance measurement were key areas of focus.

Schedule management

Development of the financial close playbook containing approximately 5,000 automated IT and business tasks that need to be executed throughout the close process, together with their dependencies and timing, was the critical first step in industrializing the schedule management process. Those tasks spanned the financial close process and expanded to include interdependent, critical business processes such as time and expense, management reporting, and forecasting and budgeting. The global process functional area leads were held accountable for that schedule.

Subsequent processes were implemented to establish the upcoming schedule early—up to six weeks in advance, taking into consideration weekends and geographic-based holidays and working-hour schedules that led to a much more predictable schedule. The financial close playbook is then locked one month out. This approach drives stability in operations and work schedule/life balance expectations for Accenture support people. The team also operates to a plan that limits members to the business hours of where they are located, but also work as required to meet service level objectives, which include contingency. A tight change control process forces discussions to limit unforeseen consequences.

Finally, a comprehensive communications approach was developed that provides clear, precise and timely information on the close schedule and availability of reports to users.

Incident management

With a better understanding of critical-path milestones in the financial close playbook, the teams could better prioritize the severity of incidents based upon time-to-business impact. The incident management process was further enhanced by defining better escalation steps and ensuring the right level of leadership was driving the corrective measures, root-cause analysis, preventative actions and recovery options to modify the financial close playbook that minimize impacts to the close schedule. A robust incident management playbook enables the team to manage issues with defined escalation principles.

Performance measurement

A performance measurement process was introduced for operating the financial close capability and to serve as a baseline for continuous improvement. Three primary metrics were rolled out that assessed whether 1) service level objectives were met (reports delivered on time), 2) support teams operated to their internal plans, and 3) the close schedule contained sufficient contingency time to manage issues and support future growth. "Initially, people jumped to the conclusion that we needed new technologies immediately," says Matt Foulger, Managing Director of Global Integrated Business Applications. "True to the saying, 'IT is an enabler,' it was critical that we achieved process excellence through well-defined processes first as input to IT design and development."

Leveraged technology

Both business and IT collaborated on the technology approach, keeping a constant eye on aligning smooth business operations and capability demands with viable technical options. The approach involved four key elements, the first of which was to enable high system availability, followed by a focus on monitoring and alert management, system performance and scalability and predictability.

High system availability

Accenture's internal IT team implemented high-availability architecture in the infrastructure and established the necessary technical support to make the SAP system highly available, which is especially critical during the financial close so that users can access reports, data and process transactions to support the close process.

The internal IT team upgraded Accenture's SAP system architecture and improved batch scheduling. Batch execution was distributed across multiple application servers to improve performance and reduce overall execution time. Batch execution is managed by a robust job scheduling tool that gives Accenture the possibility of tracking job runtimes that are used to feed a predictability model that helps internal IT to analyze the impact of new changes or data growth to the overall close execution timeline. A move to a fully resilient and fortified cloud batch scheduling solution provides high-availability and fault-tolerant

architecture at all levels of the stack. The move to the cloud delivered on the business benefits of scale, agility and performance all while reducing complexity.

Monitoring and alert management

Teams from Accenture's global delivery centers play a key role in providing cost-effective support and monitoring SAP applications using such tools as SAP Solution Manager, which manages monitoring and sends alerts. At the same time, monitoring data is interfaced into Accenture's infrastructure capacity plan, which enables the internal IT organization to keep pace with Accenture's growth.

As Accenture has grown, however, demands on its tools and people have increased. In response, Finance worked with internal IT to take technology to the next level. A digitization initiative replaced a suite of Excel-based tools used to manage the thousands of system and manual steps in the financial close with robust, integrated and automated execution and reporting software. The software integrates with Accenture's SAP platform and a batch scheduling services platform that manage the execution and sequencing of those system jobs. This software now supports simultaneous updates from more than 50 financial close support team members and provides real-time status and alerts of the close against the financial close team's internal plans and against its service level objectives.

This initiative delivered significant value to Accenture's financial close capability. It enabled a considerable amount of automation into the close process, reduced detailed efforts of support teams for redirection to more value-added tasks and improved real-time status contributing to a faster, flexible and more reliable financial close. The new software also helps teams better manage work/life balance.

System performance

High system performance enables the financial close process to run faster. Internal IT uses three levers—system tuning, code optimization and data archiving—to maintain system health, maintain the close schedule and keep system headroom while the business is growing. System performance and health are automatically monitored in real time using industry-standard Key Performance Indicators (KPIs) that serve to predict or identify a problem quickly.

In March of 2017, Accenture's SAP Business Warehouse (BW) system was migrated from Microsoft SQL to SAP HANA®. SAP BW is a mission-critical system that supports statutory and management financial reporting, consolidations and business forecasting. According to Todd Harding, Managing Director-Corporate Function Strategy and Operations, "With the power of SAP HANA, the solution has yielded substantial improvements in system performance, resulting in 30 percent to 70 percent faster availability of information during the monthly close process with a greater level of stability. As a result, the move gives our business teams more time to focus on reviewing and analyzing results to drive business value."

Scalability and predictability

As Accenture continues to grow, the amount of data in its SAP system also grows. This data growth has the potential to place more burden on Accenture's SAP system from a processing standpoint, which could significantly adversely impact the close team's ability to meet its data and reporting availability service level objectives.

Thus, Accenture's technology approach also involves understanding the future demands of the business to make sure that Accenture can scale up the systems to meet that demand. Combining performance metrics, a forecast of Accenture's business growth and a robust close schedule enables Accenture to plan its road map to maintain headroom at the service level objective.

RESULTS

The strong foundation the financial close team has laid in terms of organization, processes and technology enables it to be proactive and perform the financial close process faster and more predictably than in the past.

Accenture today can close its books in four days at the local level, in five days globally, and in six days to deliver final management reporting—what business leaders consider world class.

"Our financial close process has progressively improved to a level of high performance today," says Kirner. "We are able to get results out for business decision making and to the street faster with less effort and pain. This gives business leaders more time to evaluate the financial results giving them more context in the messages they communicate."

High performance in Accenture's close process generates several benefits:

- **Speed** – Fast business decision making, optimized technology and appropriate staffing enable speed in closing the books—and importantly, speed while at the same time producing quality data. Fewer errors during processing rather than after means IT spends less time looking for and correcting processing issues. This advantage contributes to

generating quality data and getting data to users faster. Improved efficiency overall translates into lower costs.

- **Quality** – Quality remains paramount, and quality data can be made available sooner than in the past. Process rigor (including a rigorous root-cause incident management process), skilled teams and robust tools enable efficient output with fewer issues, thus reducing cost and time spent in the close process. Over the past 10 years, for example, the number of critical close issues has dropped by more than 75 percent.
- **Predictability** – Through industrialized processes and governance rigor in the close schedule, Accenture enables predictability of data and report availability for its business leaders. The close team now operates to a predictable schedule that drives stability in operations and release planning.
- **Flexibility** – Flexibility is achieved through process rigor, identified tasks and well-defined interdependencies encompassed in a comprehensive toolset—all enabling the ability to be in control of the close schedule. For example, it is possible to start and stop the close at any time, making it feasible to respond to sudden requirements such as the need to extend the global close for additional postings, or to accelerate the quarter close to accommodate a holiday period.
- **Scalability** – Understanding Accenture's future growth and having the right technology strategy headroom drives an action plan to address service level objectives two years out. The technology strategy supports Accenture's business growth direction without jeopardizing management expectations.

As Accenture has grown it continues to do more in shorter time frames—doing things better, faster and cost-effectively. But the journey to close high performance is an ongoing one. To maintain an efficient steady state takes concerted dedication around this area and continuous improvement. Accenture continues to focus on performance tuning, data archiving, infrastructure upgrades and other ways in which to further enhance its close capabilities as it rethinks ways to lead in the New.

ABOUT ACCENTURE

Accenture is a leading global professional services company, providing a broad range of services and solutions in strategy, consulting, digital, technology and operations. Combining unmatched experience and specialized skills across more than 40 industries and all business functions—underpinned by the world's largest delivery network—Accenture works at the intersection of business and technology to help clients improve their performance and create sustainable value for their stakeholders. With approximately 425,000 people serving clients in more than 120 countries, Accenture drives innovation to improve the way the world works and lives. Visit us at www.accenture.com.