Enabling and Sustaining an Integrated Close, Consolidate, Report & File (CCRF) Process

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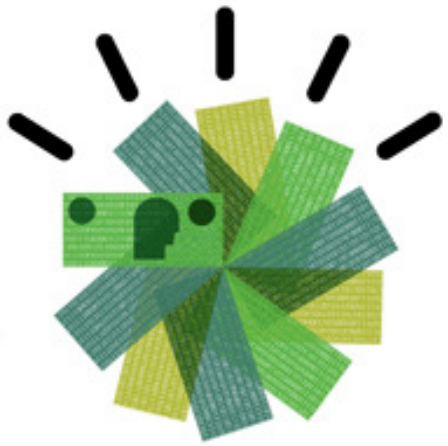
Agenda



Smarter Finance

- The challenges of a manual CCRF process
- IBM's CCRF solution
- Q&A

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The Challenges of Manual CCRF Process

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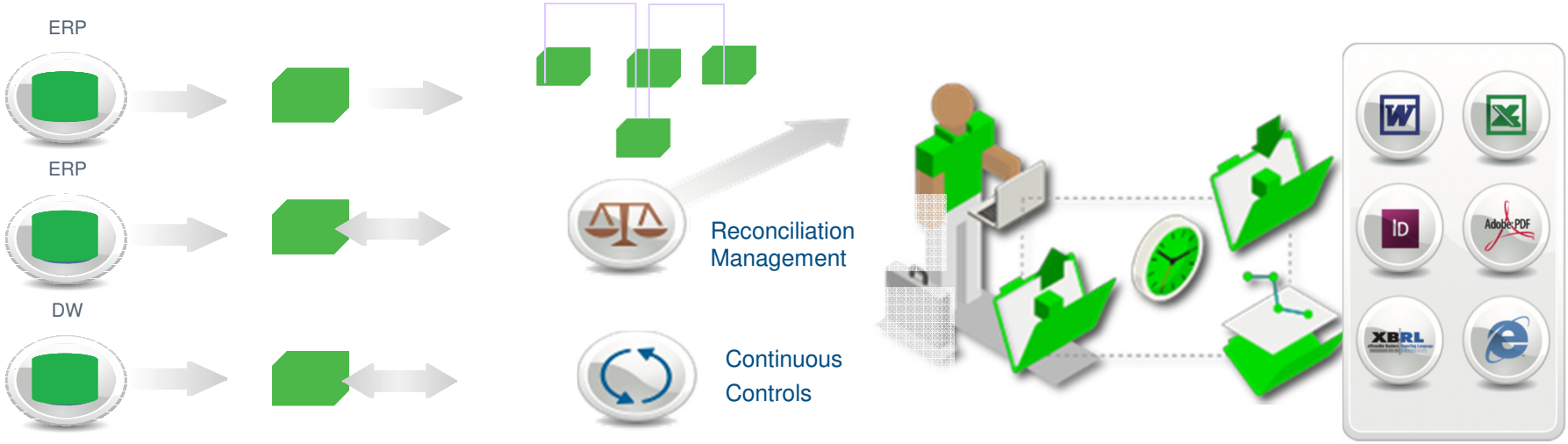
The Challenges of Manual CCRF Process

CLOSE
Accounting
Close & Analysis

CONSOL
Financial
Consolidations

REPORT
External
Reporting

FILE
Filing & Output
Requirements



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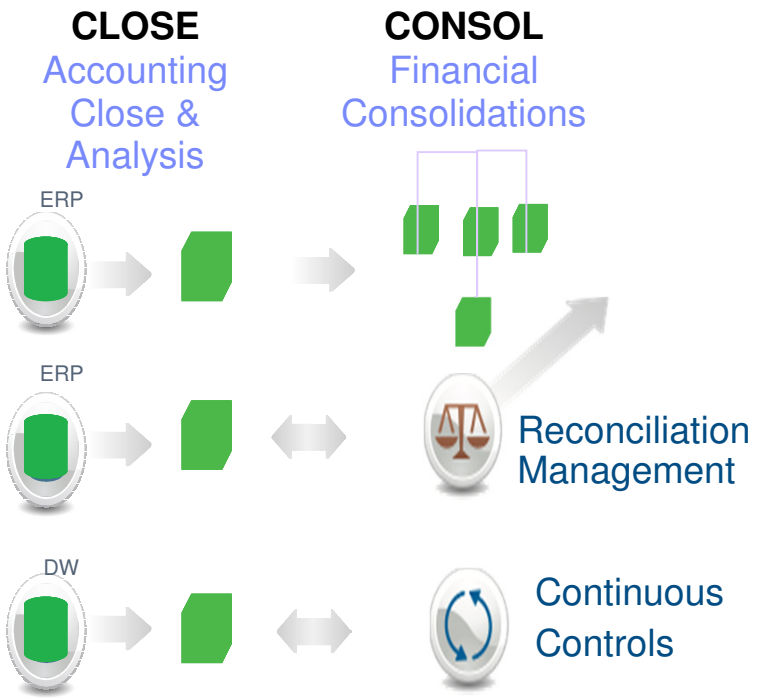
The Challenges of Manual CCRF Process



Challenges in Close & Consolidate

- Financial Information & Consolidation done in Excel
- Consolidation Adjustments kept in Excel - Manual
- Challenges in Managing and Tracking Business & Accounting Changes
- Too Long to Close the Book
- Data Integrity Concerns
- Compliance Concerns
- Lack of Enterprise Visibility

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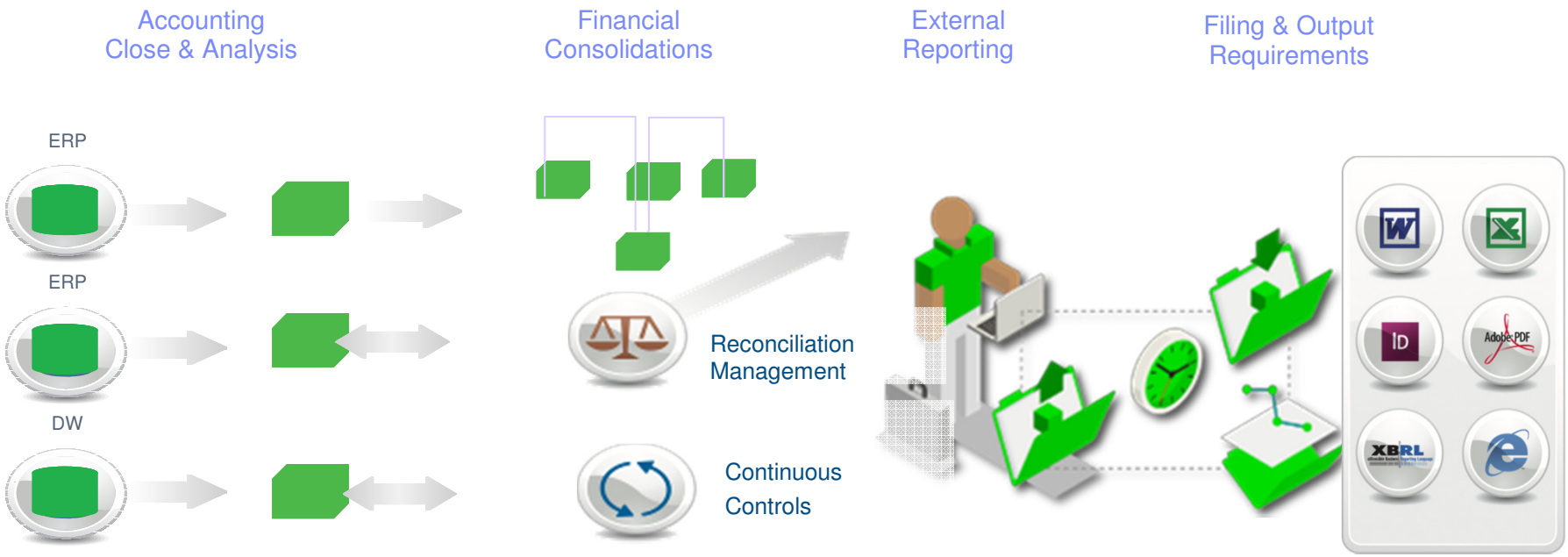
The Challenges of Manual CCRF Process



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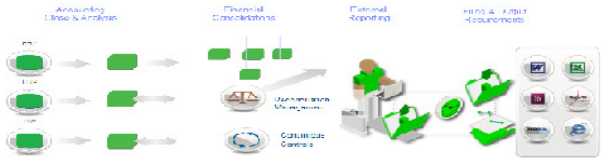
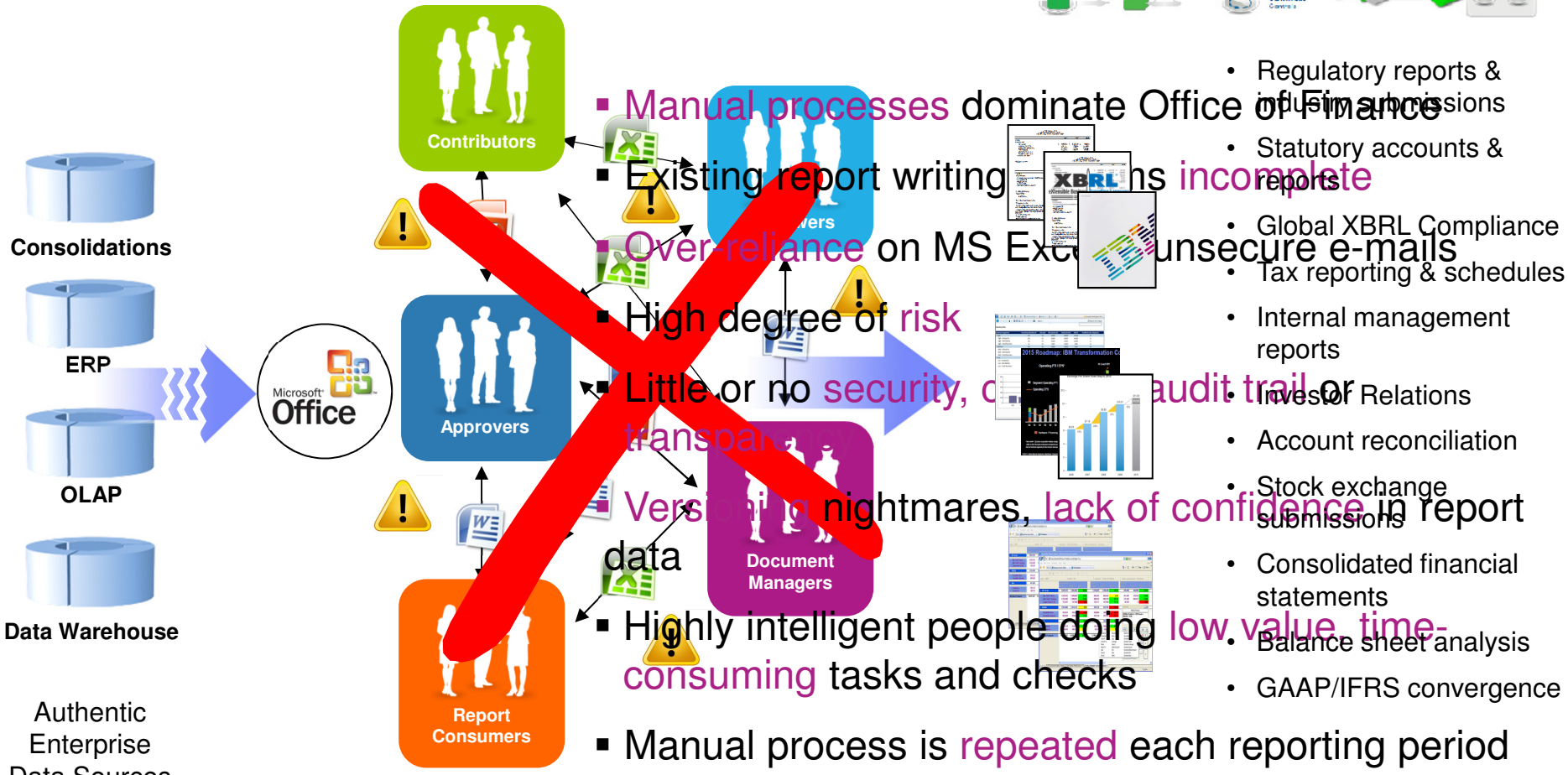
Challenges in Report & File





- Manual processes dominate Office of Finance
- Existing report writing solutions incomplete
- Over-reliance on MS Excel & unsecure e-mails
- High degree of risk
- Little or no security, control, audit trail or transparency
- Versioning nightmares, lack of confidence in report data
- Highly intelligent people doing low value, time-consuming tasks and checks
- Manual process is repeated each reporting period

- Regulatory reports & industry submissions
- Statutory accounts & reports
- Global XBRL Compliance
- Tax reporting & schedules
- Internal management reports
- Investor Relations
- Account reconciliation
- Stock exchange submissions
- Consolidated financial statements
- Balance sheet analysis
- GAAP/IFRS convergence

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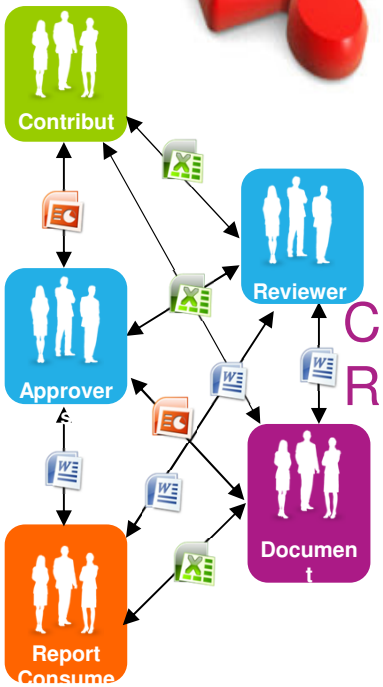
Manual processes contain risks

Challenges in Close & Consolidate



Challenges in Report & File

Risk Elements	Outcomes
▪ Error ▪ Fraud ▪ Overdependence ▪ Incorrect interpretation ▪ Lack of enterprise interoperability ▪ Lack of accuracy ▪ Productivity ▪ Compliance	▪ Financial loss ▪ Legal challenges ▪ Loss of stock value ▪ Loss of reputation ▪ Fines and penalties ▪ Job loss

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IBM's CCRF Solution

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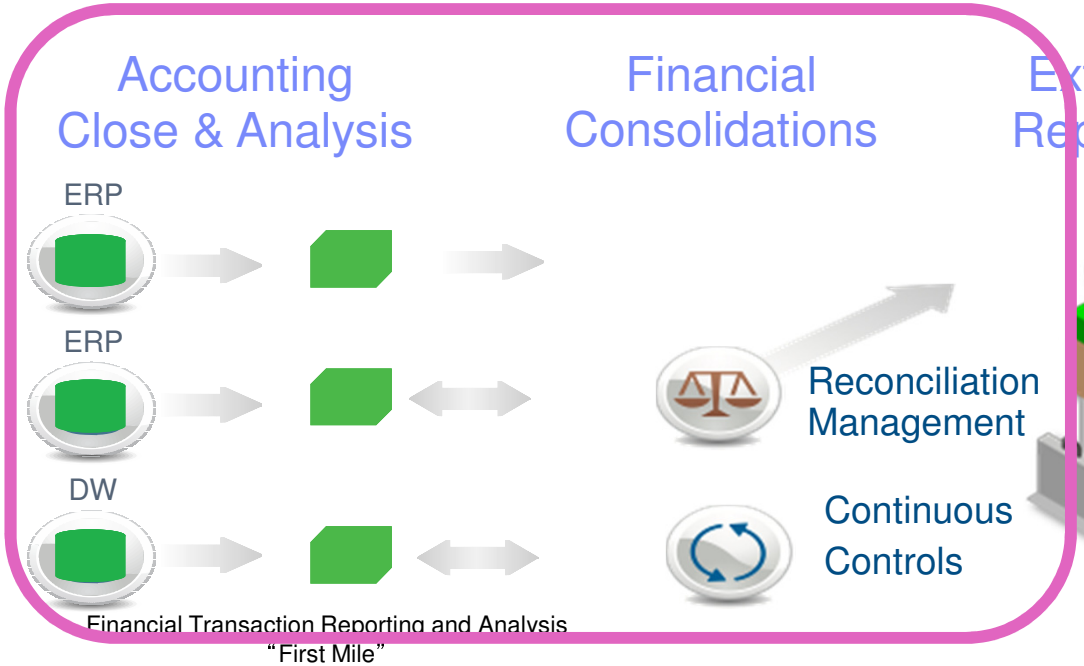
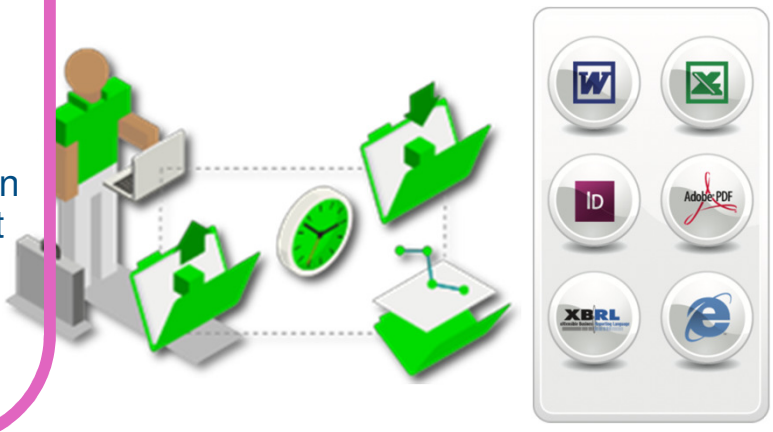
Complete Coverage of Financial Governance Processes





IBM Cognos Business Intelligence & Financial Analytic Applications

Multi-GAAP Consolidation & Mgmt Reporting

IBM Cognos Controller & TM1

Collaborative Statement & Filing Preparation
"Last Mile"

IBM Cognos Financial Statement Reporting (FSR)

IBM Performance Management (PM)

1

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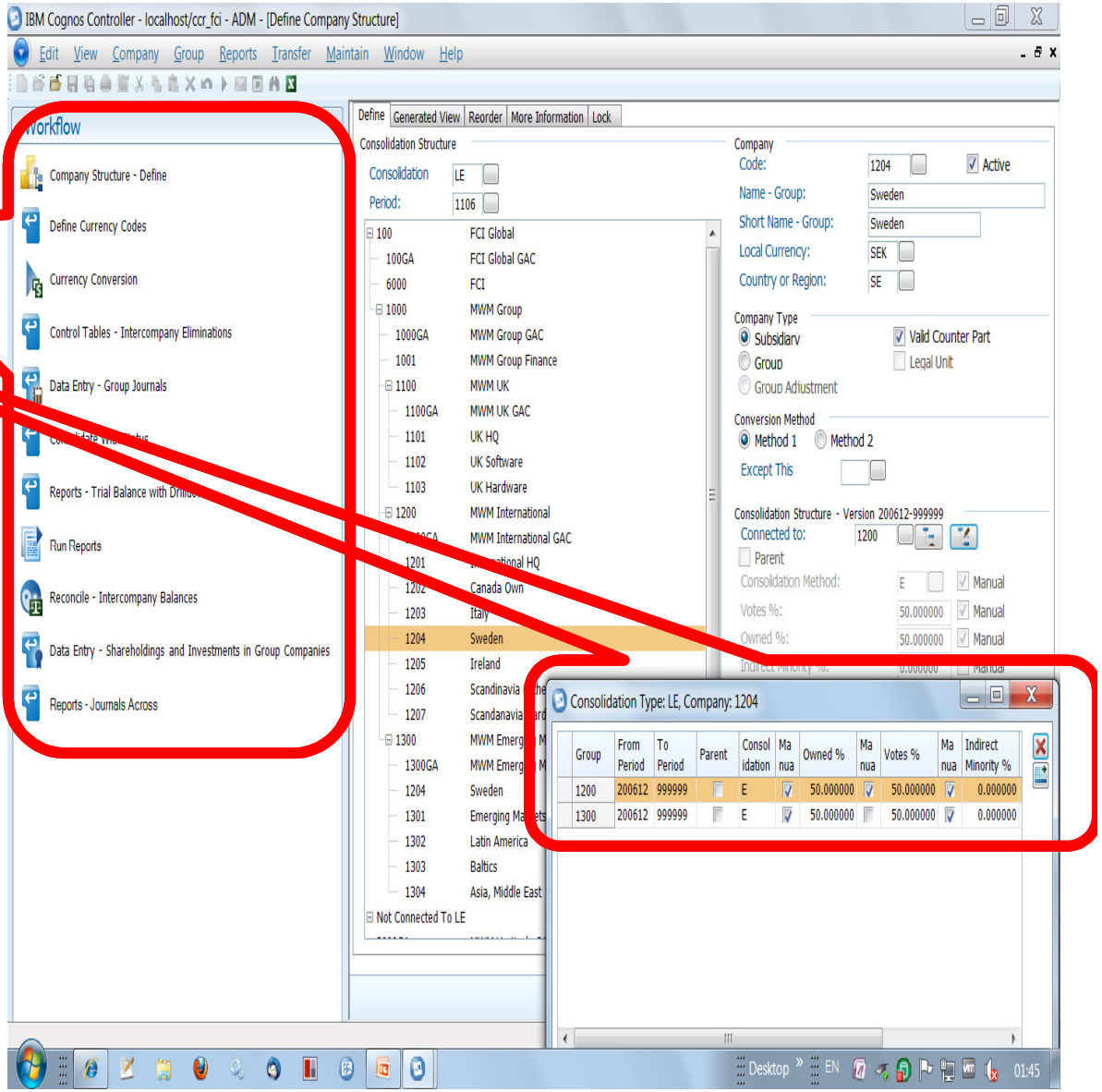
IBM Cognos Controller

- Configurable data submission process
- Consolidation Work Flow
- Cross Ownership



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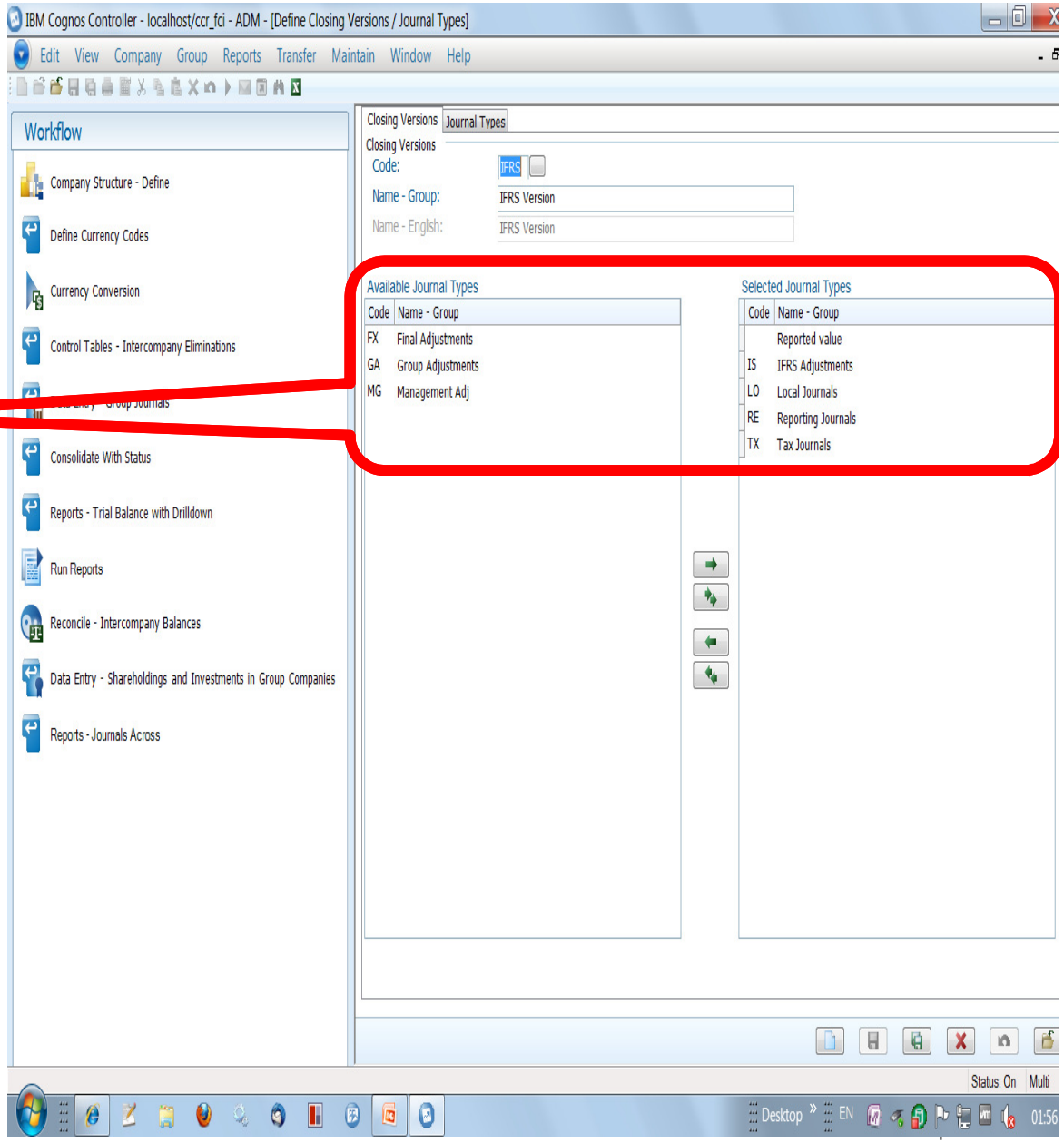
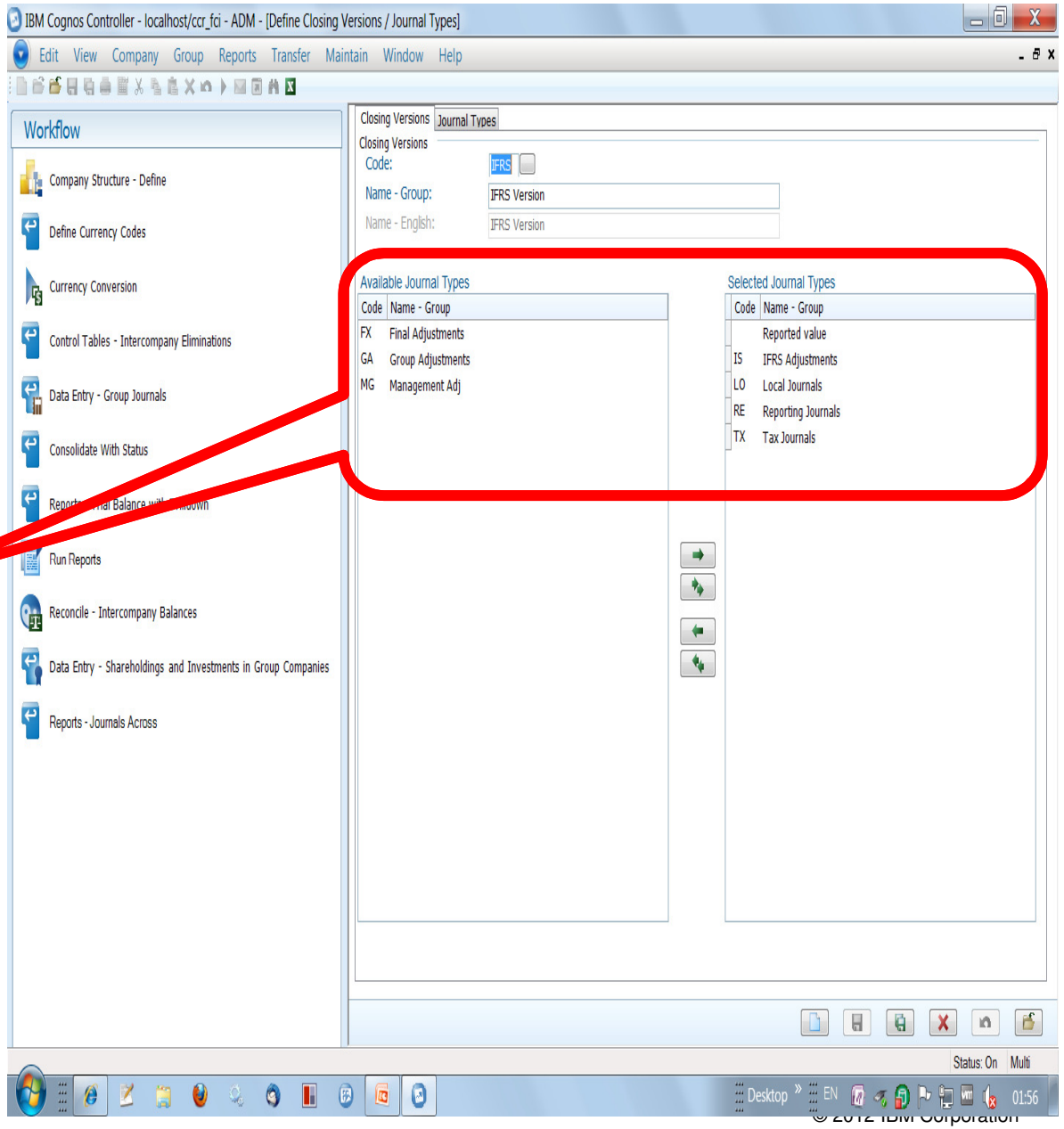
IBM Cognos Controller

- Configurable data submission process
- Consolidation Work Flow
- Cross Ownership
- Multiple consolidation structures (legal, taxation, management, etc)



IBM Cognos Controller

- Configurable data submission process
- Consolidation Work Flow
- Cross Ownership
- Multiple consolidation structures (legal, taxation, management, etc)
- Multiple Accounting standard & closing versions(IFRS, Local GAAPs)



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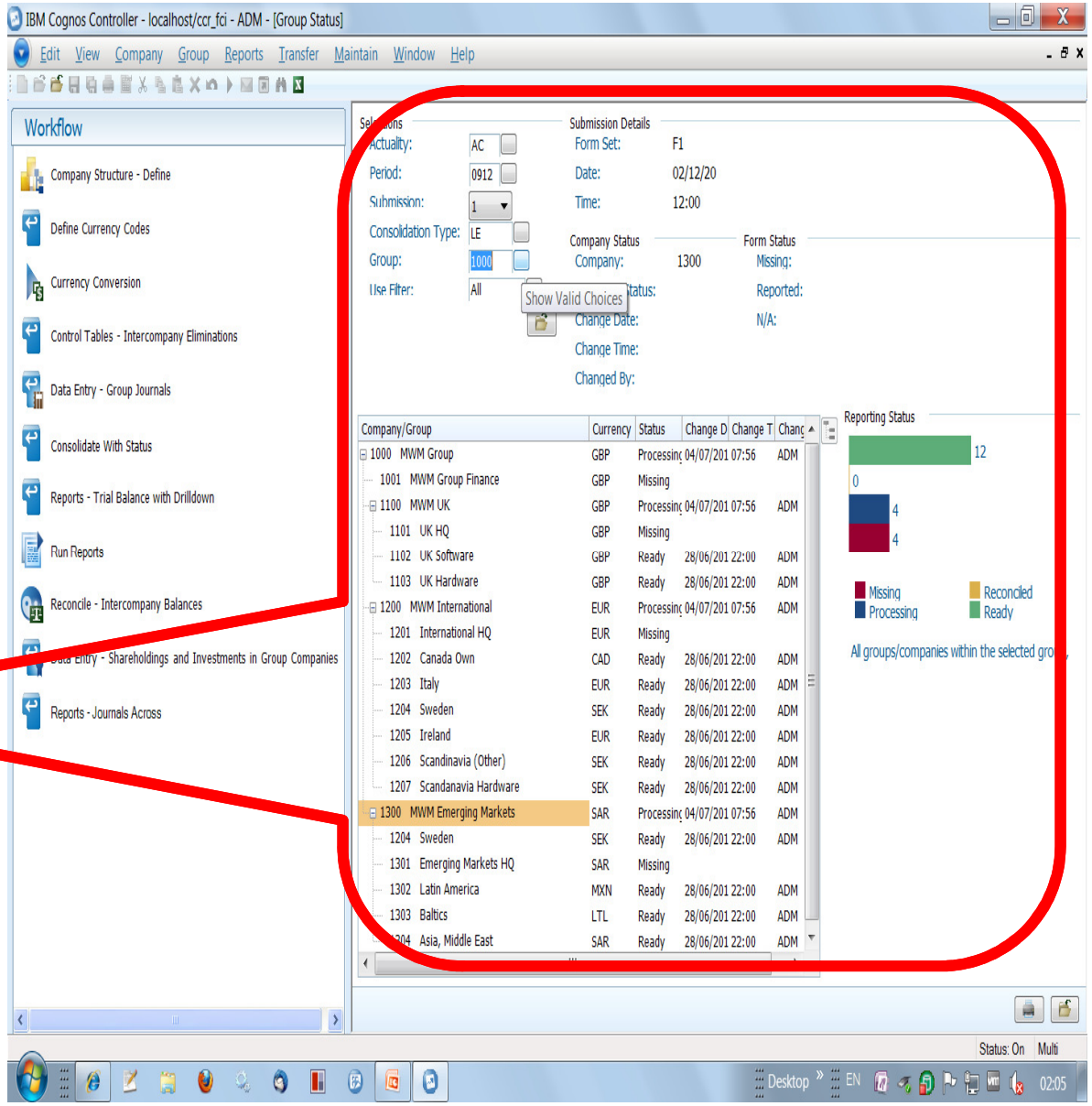
IBM Cognos Controller

- Configurable data submission process
- Consolidation Work Flow
- Cross Ownership
- Multiple consolidation structures (legal, taxation, management, etc)
- Multiple Accounting standard & closing versions(IFRS, Local GAAPs)
- Consolidated view



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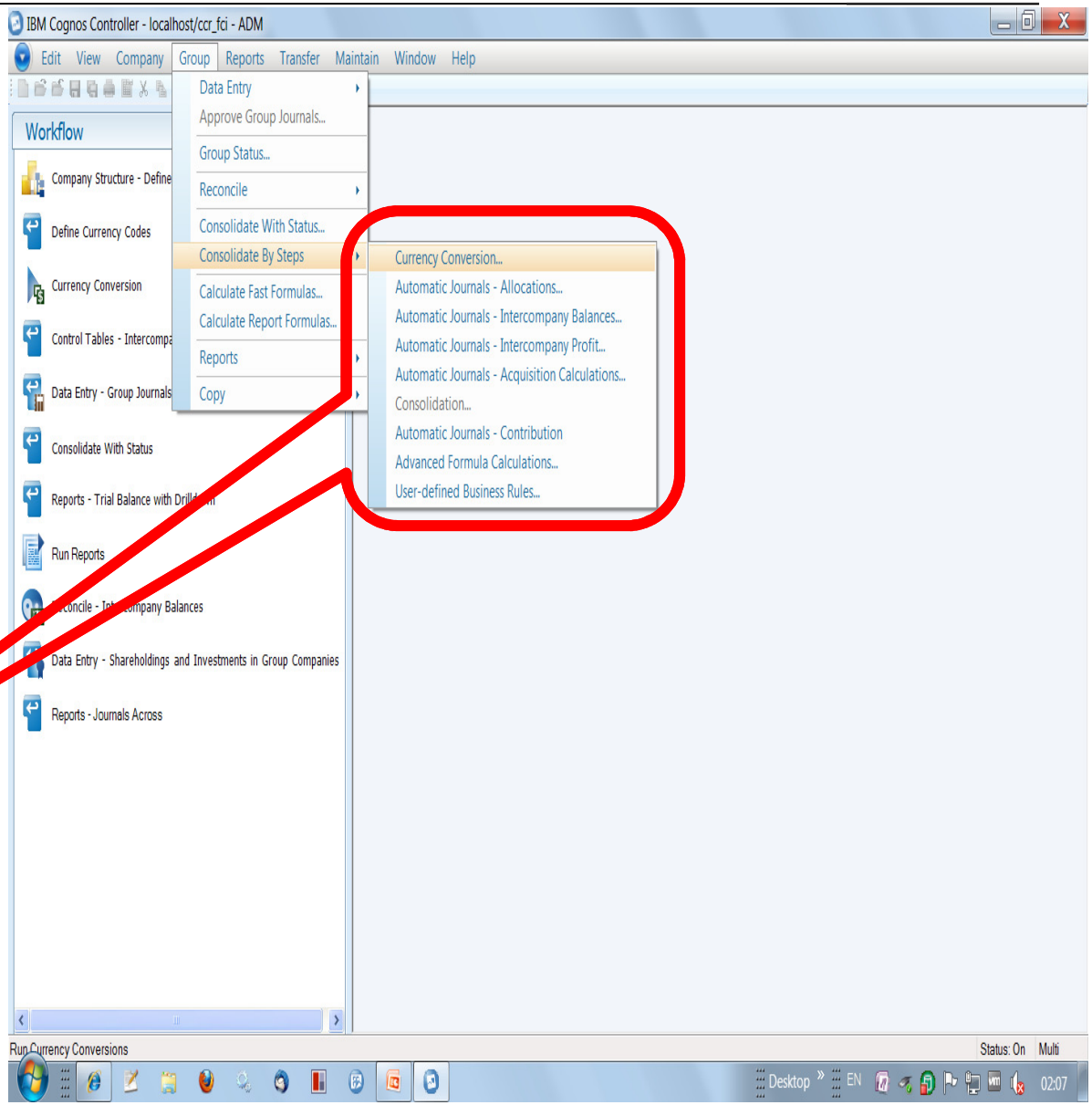
IBM Cognos Controller

- Configurable data submission process
- Consolidation Work Flow
- Cross Ownership
- Multiple consolidation structures (legal, taxation, management, etc)
- Multiple Accounting standard & closing versions(IFRS, Local GAAPs)
- Consolidated view
- Multiple Currencies



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Why IBM Cognos Controller?

- **Investment in a Finance managed solution**
- **Real-time analysis, modelling, forecasting**
- **Easy to use** - Low on-going maintenance – Lower TCO
- **Data Agnostic** - Capable of importing data from any source
- **Application approach** enabling:
  - Speed of Delivery
  - Low risk implementation
  - Out-of-the-box consolidation functionality – enabling staff at all levels to perform efficien
  - 260+ standard reports
- **Automation** of time consuming processes
  - Intercompany Eliminations (delegation of responsibility to subsidiaries/ divisions)
  - Allocations
  - Currency Conversion, and ability to report, for example, at budget rates
  - Acquisition Calculations
  - Cash Flow Statements
- **Flexibility** and **Scalability** to adapt to changing requirements and multiple structures/ dimensions/Business rules

Consolidation is a critical element of a comprehensive Financial Governance solution

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Complete Coverage of Financial Governance Processes

Accounting Close & Analysis

Financial Consolidations

External Reporting

Filing & Output Requirements

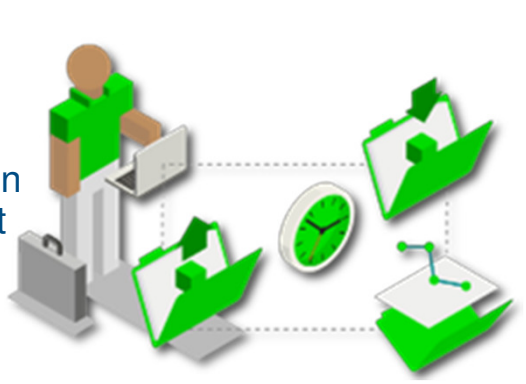
ERP

ERP

DW

Reconciliation Management

Continuous Controls



Financial Transaction Reporting and Analysis
"First Mile"

IBM Cognos Business Intelligence & Financial Analytic Applications

Multi-GAAP Consolidation & Mgmt Reporting

IBM Cognos Controller & TM1

Collaborative Statement & Filing Preparation
"Last Mile"

IBM Cognos Financial Statement Reporting (FSR)

IBM Performance Management (PM)

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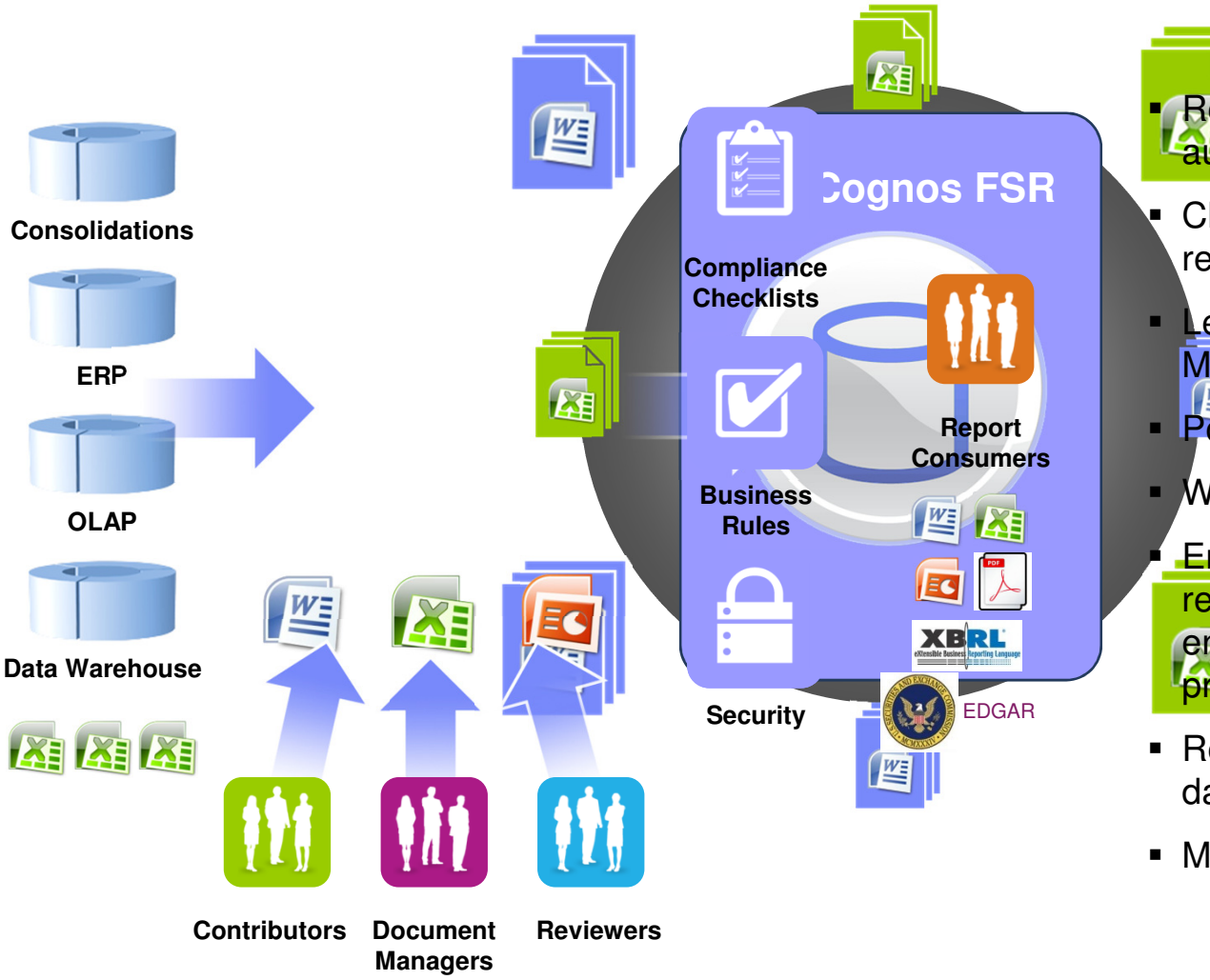
IBM Cognos FSR – How it Works



- Reports are directly integrated with authentic enterprise data sources
- Changes dynamically updated in reports
- Leverages the tools already in use: Microsoft Word and Excel
- Powerful, collaborative environment
- Workflow and task management
- Embedded controls, audit trail reporting, security & validation ensure transparency into the process
- Reports driven from a single, secure database
- Multiple output formats

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Enterprise Disclosure Management (cont)

- Create reports once…no need for one off or recreating reports each week/month/quarter
- Use "variables" to change once…update everywhere
- Variable used is ringed… …and how it looks when the report is generated

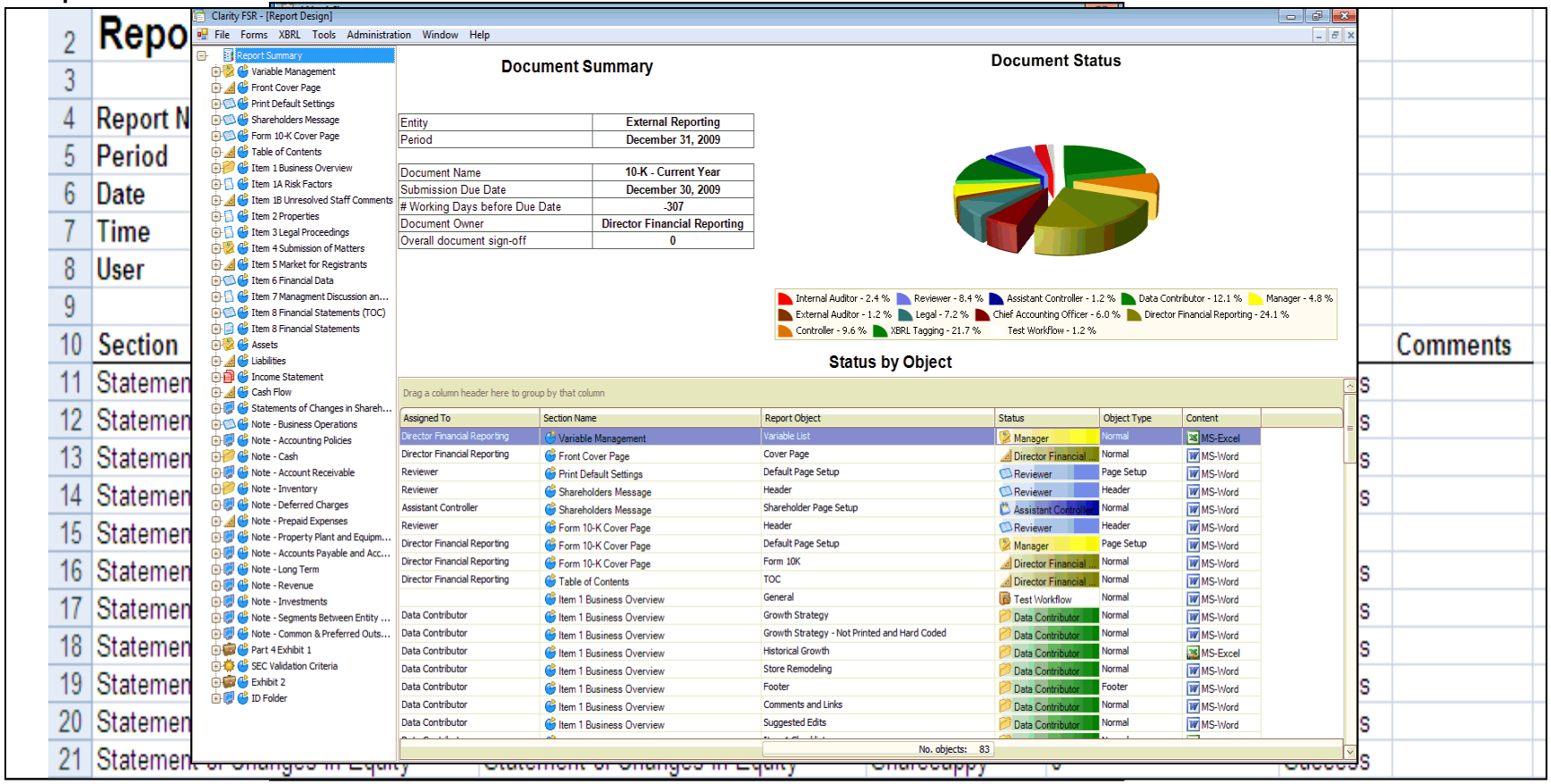
Reinsurance and other amounts recoverable reflect amounts due from reinsurers and policyholders to cover incurred but not reported and pending claims for minimum premium products and certain administrative services only business where the right of offset does not exist. See Note 10 for additional information on reinsurance. For the three months ended March 31, 2012, actual experience differed from the Company's key assumptions resulting in favorable incurred claims related to prior years' medical claims payable of $40 million, or 0.5% of the current year incurred claims as reported for the year ended December 31, 2011. Actual completion factors resulted in a reduction in medical claims payable of $17 million, or 0.2% of the current year incurred claims as reported for the year ended December 31, 2011 for the insured book of business. Actual medical cost trend resulted in a reduction in medical claims payable of $23 million, or 0.3% of the current year incurred claims as reported for the year ended December 31, 2011 for the insured book of business.

insured book of business.

Enterprise Disclosure Management (cont)

Real-time validation

- Visibility to the status of the document: What? When? Where?
- Complete transparency into the process
- Integrated workflow to ensure proper checks are completed



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Enterprise Disclosure Management (cont)

Consolidated GAAP Financial Statements and Footnotes

MD&A

Operational & Risk Measures

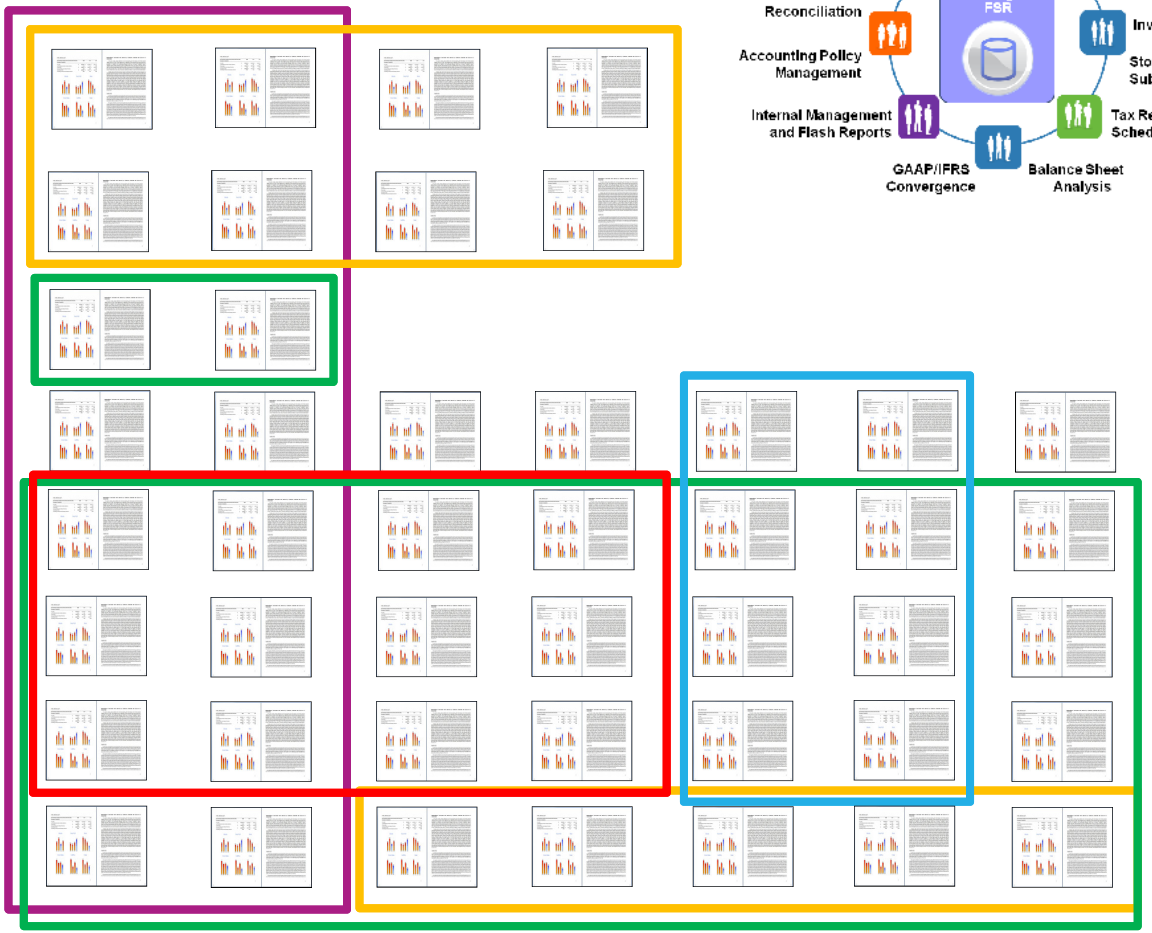
Asset Management

BU 1Sales & Revenue

BU 2 Sales & Revenue

Plan and Forecast Data

Executive Compensation



Key

CEO/CFO packs

Board Books

Monthly close package reports

Regulatory & Statutory reports

Plan & Forecast packs

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IBM Cognos FSR – The Benefits

Cognos FSR Features	Problems Solved	Results
• Link source data to report data • Optimized internal controls • Robust audit trail reporting • Business rules & validation	• Prevent late submission & material errors on regulatory & statutory filings • Prevent insider leaks • Enhance weak internal controls & financial governance framework	**Reduce risk**
• Data integration • Workflow • Automated roll – forward • Variables in text	• Eliminate manual data collection & consolidation • Eliminate re-keying of information • Secure environment or review & approval • Automate error checking	**Reduce Costs**
• Automatic report data refresh • Jumpstart report building with previous report • Collaborative environment allows multiple people to work on reports in parallel	• Eliminate bottlenecks & time consuming complex processes • Eliminate manual updates of report data • Automate error checking & correcting	**Reduce cycle time**
• Share content across reports • Colaboration/Multi-author Environment • Real-time data updates	• Enhances consistency & integrity reports • Optimize analysis with more collaboration • Ensure **one version of the truth** in critical reports	**Improved business insight**

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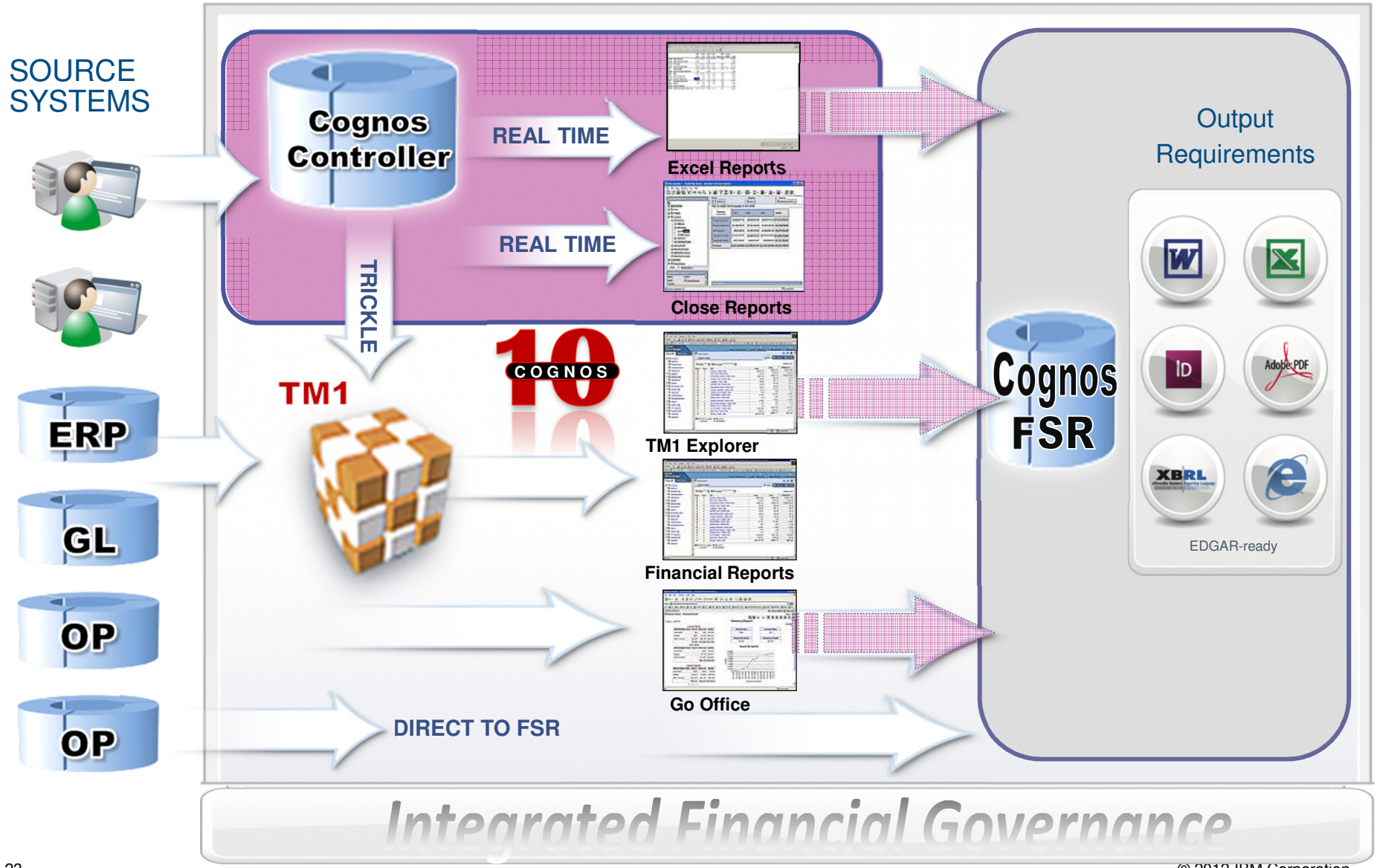
IBM Business Analytics CCRF Solution:



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Sharing Information Across the Organization

1 Risk of Errors

	Benefit
Integration to source data	No re-keying of data
Variables in text	Consistency across the report
Validation Rules	Numbers always tie-out

One version of the truth

2 Risk of Late Filing

Feature	Benefit
User prior report as a template for the next period	No need to re-apply formatting
Automatically load new data	No need to re-key data

Start reviewing the final report sooner

3 Risk of Insider Leaks

Feature	Benefit
Security to view or edit each object	Users only see the data they are supposed to see
Workflow controls access throughout the process	Users only see data **when** they are allowed to see it

Access to information is controlled

4 Risk of Non-Compliance

Feature	Benefit
Compliance Checklists	To ensure that the right steps are being followed
Audit Trail	To track who did what, and when they did it

Increased confidence in the final report

Question & Answer

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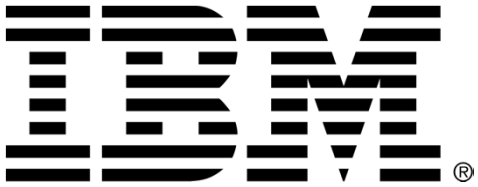

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