REPORTING IN THE CLOUD

Breakfast Event
December 5, 2018
<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
<th>Speaker</th>
</tr>
</thead>
<tbody>
<tr>
<td>7h30</td>
<td>Breakfast</td>
<td></td>
</tr>
<tr>
<td>8h15</td>
<td>Welcome</td>
<td>Serge Vigoureux</td>
</tr>
<tr>
<td>8h30</td>
<td>Finance in the Cloud</td>
<td>Xavier Gabriëls</td>
</tr>
<tr>
<td>9h00</td>
<td>Controlling on Demand &amp; demo</td>
<td>Maarten Lauwaert</td>
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<tr>
<td>9h30</td>
<td>Q&amp;A</td>
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<tr>
<td>9h45</td>
<td>Roundup &amp; extra coffee</td>
<td>Serge Vigoureux</td>
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MI&S POSITIONING

CPM

Controlling & Reporting

ERP & Operational Systems

Master Data

Business information analysis

CONTROLLING ON DEMAND
FINANCE IN THE CLOUD

CONTROLLING ON DEMAND
In the face of rapid change and disruption, organizations must redefine how they engage with their customers through the use of key enabling technologies and new ways of interaction.
Rapidly advancing technology is creating disruptive pressure across entire industries. The 21st century enterprise has characteristics that create opportunity from those forces.

- Blockchain
- The API Economy
- Mobile Economy
- Internet of things
- 3D printing
- Cloud
- Drones
- Data & Analytics
- AI / Cognitive Automation
- Augmented & Virtual Reality
- Platform Business Model
- Cyber
- Consumerization of B2B & Enterprise Technology
CROSS-SECTOR BUSINESS DISRUPTORS

Finance must disrupt itself to stay in front of change.

Experience centricity
Big data
Emerging technology
Convergence of industry models
Finance
New business models
Changing workforce demographics
Shifting geopolitical & regulatory environment
“Growth or die”
### The Growing Landscape of Digital

<table>
<thead>
<tr>
<th>Business process as a service</th>
<th>Business Intelligence/Analytical tools</th>
<th>Mobility solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business process management outsource using data, tools, and simulators</td>
<td>Big data and analytics; warehouse tools being replaced with predictive modeling technologies</td>
<td>Internet enabled portable devices; virtualization of workforce; enabling greater variability in supply &amp; greater responsiveness to demand</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cloud services</th>
<th>Social media and collaborative technologies</th>
<th>Advanced competencies in data science</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer applications or services delivered over the network or Internet</td>
<td>Crowdsourcing technologies; Enterprise collaboration technologies; Social media platforms</td>
<td>Skills in rapid sequencing and computing that has been married with industry-based data and analytics</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Robotic process automation</th>
<th>Cognitive technologies</th>
<th>Internet of things</th>
</tr>
</thead>
<tbody>
<tr>
<td>Replacing labor-based processing with machine-based processing at dramatically reduced costs</td>
<td>Automating decision-making process; natural language processing; pattern recognition and hypothesis generation</td>
<td>Embedded sensors and actuators in machines or other physical objects</td>
</tr>
</tbody>
</table>
WHAT IS CLOUD COMPUTING?

• Cloud computing is the delivery of computing services; Servers, Storage, Databases, Networking, Applications, Analytics and more—over the Internet (“the cloud”)

• Companies offering these computing services are called cloud providers

• Cloud computing services based on usage, similar to how you are billed for water or electricity at home.

Cloud enables companies to focus on core competencies, accessing IT services when needed, while not having to commit upfront capital and invest in people to operate their own IT environments ...

Over time, the cloud model will result in new business relationships – creating virtual organizations across traditional company boundaries ...
You are probably using cloud computing right now, even if you don't realize it.

Cloud computing is making it all possible behind the scenes for these digital disruptors.
The top ways businesses are using Cloud to drive business transformation

- Drive cost efficiencies
- Better enable mobile workforce
- Improve alignment with customers / partners
- Better leverage data to provide insight
- New product development / innovation
- Develop new business models
- Shift to a global shared services model
- Faster time to market

Source: KPMG Cloud Survey Report.

Cloud-based solutions are about enabling finance to become a strategic partner and a catalyst in driving the business forward. The operating model to realise these benefits is the starting point.
CLOUD IS A GAME CHANGER FOR COMMON ISSUES FACED BY FINANCE

- Lack of timely insight (data and analytics)
- Lack of agility in finance operations
- Untapped value from supporting infrastructure
- Failed ERP transformation
- Poor risk management processes
- High cost of service delivery by finance

A rapid increase in the use of Software-as-a-Service (SaaS) for finance is expected.

Source: Gartner Research.
BUILDING A VALUE ADDING & EFFICIENT FINANCE FUNCTION

A well designed systems landscape provides the platform for transforming the way finance operates.

Modern Cloud systems for finance enable a finance function that:

- Utilises standardised processes
- Focuses on analysis, not report preparation
- Delivers insightful and accessible reporting
- Provides commercial finance (Business Partnering) activities

Source: Global CFO Survey, KPMG International
## Cloud Versus ‘On Premise’ Solutions

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Cloud</th>
<th>On premise</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ownership costs</td>
<td>Lower initial costs. Fits well with operating budget constraints.</td>
<td>Higher up-front costs. Requires approved capital outlays.</td>
</tr>
<tr>
<td></td>
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</tr>
<tr>
<td>System upgrades and enhancements</td>
<td>Focus is on using standard functionality without customizations.</td>
<td>Software can be customized but may cause issues later during upgrades.</td>
</tr>
<tr>
<td></td>
<td>Upgrades and enhancements applied by service provider.</td>
<td>Software patches and testing done in-house.</td>
</tr>
<tr>
<td></td>
<td></td>
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</tr>
<tr>
<td>System performance and accessibility</td>
<td>Surging demand handled through access to additional capacity.</td>
<td>Capacity limited to existing infrastructure.</td>
</tr>
<tr>
<td></td>
<td>Performance speeds are considered good.</td>
<td></td>
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<tr>
<td></td>
<td></td>
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</tr>
<tr>
<td>Deployment speed</td>
<td>Quick deployment globally but with standard functionality.</td>
<td>Slower deployment but greater control and customization over end solution.</td>
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<tr>
<td>IT staff requirements</td>
<td>Minimal for Cloud applications as maintenance issues are handled by service provider.</td>
<td>Larger in-house staff required to deploy and maintain solution.</td>
</tr>
</tbody>
</table>
GENERAL BENEFITS FOR MOVING TO THE CLOUD

- **Cost Savings** – on subscriptions vs. license and maintenance, as well as reduced infrastructure and upgrade costs.; no own IT infrastructure, so lean
- **Faster Adoption of New Functionality** – quarterly feature releases with automatic upgrades
- **Improved Usability** – including reporting, analytics and mobile support,
- **Opportunities for Process Improvement and Agility** – e.g., faster reporting, shorter planning cycles (esp true for CPM/EPM)
- **Enabling Growth/Flexibility** – the ability to start small and expand over time, grow big, move upfront capex to opex
- **Supporting Business Transformation** – upgrading legacy finance systems and processes
- **(Built-in) Standardisation**
- **Scalability** - easy access to new markets
- **Analytics** – embedded, and not only on own data, but also benchmark across anonymized cloud tenants
- **Close optimization** – availability of real time data allows parallel run of key functions which optimizes overall close process and increases accuracy of reported data
The timing is right for a move to the cloud

According to a Gartner study, 84% of the surveyed CFO’s said that half their companies’ transactions will be delivered through SaaS in the next four or more years.

“Simply put, if you are not already thinking about SaaS for your company, you are already lagging behind competition.”
DISRUPTION IS HAPPENING – HOW DOES THE FINANCE WORKFORCE PREPARE FOR IT?

The fundamental character of the finance organization is changing radically. Organizations need to strategically engage and change their workforce to successfully respond and adapt.
A CHANGING WORLD ALSO MEANS A CHANGING WORKFORCE, OR AT LEAST, CHANGING SKILLS FOR THE WORKFORCE
SHIFTING SKILLSET OF THE CFO

The changing business environment creates a need for a shift in background, skills and role of the CFO.

<table>
<thead>
<tr>
<th>Traditional CFO</th>
<th>Innovative CFO</th>
</tr>
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<tbody>
<tr>
<td><strong>Background</strong></td>
<td></td>
</tr>
<tr>
<td>Accounting-focused background</td>
<td>Broad based experience</td>
</tr>
<tr>
<td>Domestic focus and roles</td>
<td>Global focus and roles</td>
</tr>
<tr>
<td><strong>Skills</strong></td>
<td></td>
</tr>
<tr>
<td>Ability to measure performance with financial metrics</td>
<td>Ability to link company strategy to financial metrics</td>
</tr>
<tr>
<td>Execute within existing processes and technologies</td>
<td>Use new technologies in robotics, data, digital</td>
</tr>
<tr>
<td><strong>Role</strong></td>
<td></td>
</tr>
<tr>
<td>Administrator and controller</td>
<td>Strategist and architect of the future</td>
</tr>
<tr>
<td>Measure results and preserve value</td>
<td>Perform forward-looking analytics and create value</td>
</tr>
</tbody>
</table>
Today’s CFO requires input from many roles to help understand and support the innovation process.

- **Intelligent Automation**
  - Has high RQ, experience managing digital workforce, and overall knowledge of the systems landscape; able to identify required F&A process changes and implement new business solutions incorporating relevant technologies.

- **Different finance processes will be automated, leveraging various levels of smart automation.**

- **Executes complex financial models and advises the business on the financial and business impacts of different scenarios (STEM/D&A background necessary).**

- **Financial and Regulatory Accountant**
  - Focused on delivering core reporting and analytics to the business (Deep Finance and Accounting background (e.g., CPA, CFA)).

- **Business Solutions Architect**
  - Takes an “outside-in” approach to develop insights from trend signals and identifies changes in customer and competitor behavior and possible business implications.

- **Business Planning Analyst**
  - Handles interactions between different business groups and communicates information effectively (has extensive business knowledge and deep technical F&A expertise).

- **Financial Data Modeler/Scientist**
  - Critical role for driving value and overall business performance.

- **CFO**
  - Has strong understanding of external markets to examine and leverage threats and opportunities into strategic direction for the business; has the ability to navigate ambiguity and influence a potential shift in the business model.
Disruptive innovation is an art and a science. Disruptive innovation is too unpredictable for traditional forecasting milestones to be accurate.

### Traditional CFO vs. Innovative CFO

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<thead>
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<th>Traditional CFO</th>
<th>Innovative CFO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial-Based Metrics: IRR, NPV, Discounted Payback, Hurdle Rate, etc.</td>
<td>Strategy-Based Metrics: Market size, competitive advantage, risk awareness</td>
</tr>
<tr>
<td>Annual budgeting process</td>
<td>Ongoing budgeting process, as-needed</td>
</tr>
<tr>
<td>Static budget and timeline; few or no revisions</td>
<td>Dynamic budget and timeline; frequent revisions</td>
</tr>
<tr>
<td>Long, slow and large movements</td>
<td>Small, quick movements</td>
</tr>
<tr>
<td>Invest in proportion to budget and leverage last year’s plan</td>
<td>Invest in proportion to knowledge, frequently revisiting plan and needs</td>
</tr>
<tr>
<td>Document clear expectations</td>
<td>Document clear hypotheses and challenge assumptions</td>
</tr>
</tbody>
</table>

Source: Chris Trimble and Vijay Govindarajan, "The Other Side of Innovation, 2010."
... SO, THERE IS A SOLID BUSINESS CASE FOR...
FINANCE IN THE CLOUD

CONTROLLING ON DEMAND
AGENDA

- Positioning
  - Controller on Demand
  - BrightAnalytics - MyInSights
- Pricing
- KMO Portefeuille
- Demo MyInSights
POSITIONING

CONTROLLING ON DEMAND

INSIGHTS BEYOND SYSTEMS
CONTROLLER ON DEMAND

BrightAnalytics
MyInSights
FROM CORRECT FIGURES TO BUSINESS DECISIONS

- Prepare Reports
- Analyze Results
- Discuss Results

Monthly reports of controlling tasks

Part time assignments

Periodicity to be agreed on

MyInSights Reports and/or Customer Reports
CONTROLLER ON DEMAND

BrightAnalytics
MyInSights
POSITIONING

CPM

BrightAnalytics

Controlling & Reporting

MyInSights

ERP & Operational Systems

Master Data

Business information analysis
CLOUD CPM TOOL:

Consolidation

- ICO eliminations
- Conso Postings

Budgeting & Forecasting

- Budget versions
- Rolling forecasts

P&L, BS & CF Statement

CONTROLLING ON DEMAND
MY INSIGHTS: PREDEFINED REPORTING MODEL

- Modular structure
- Predefined KPIs
- Predefined dashboards & reports

• Finance
• Sales
• HR
• Multi dimensional
• Multi company
• Multi currency
MYINSIGHTS - MODULES

Finance
Inventory
Account Receivable
Accounts Payable
Sales
Human Resources
PRICING
PRICING

Controller

- Daily rate

MyInSights

- Pricing per module
- Fixed Fee
  - Implementation
  - Training
- Monthly fee
  - Model
  - Maintenance

BrightAnalytics

- Fixed fee
  - Implementation
  - Training
- Monthly fee software
  - Infrastructure & Maintenance
  - Updates
  - Technical support
  - Invoiced by BrightAnalytics
• MI&S NV is een door de Vlaamse overheid erkende dienstverlener voor de kmo portefeuille voor de domeinen:
  ✓ Advies – Erkenningsnummer DV.A220159
  ✓ Opleiding – Erkenningsnummer DV.O220158

Binnen de KMO portefeuille kunt u beroep doen op ons voor:
  ✓ Opleidingen
  ✓ De analyse van de huidige situatie met een voorstel hoe deze te verbeteren naar de toekomst
  ✓ Een roadmap hoe deze te realiseren / implementeren.
  ✓ Advies over aanpak ter selectie van een nieuwe tool (BI / ERP / Reporting / ...) inclusief het implementatieplan opstellen.

Een KMO is een zelfstandig bedrijf met minder dan 250 werknemers én met een jaaromzet van maximum € 50 miljoen of een balanstotaal van maximum € 43 miljoen
DEMO - MYINSIGHTS