

Master the Touchless Close

Your guide to advanced record to report automation for a hands-free operation

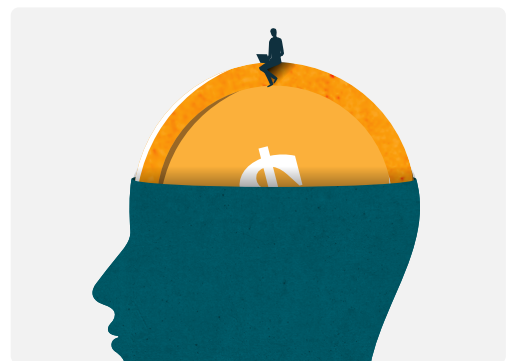


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Transform finance operations with touchless close by Redwood

In the quest for an efficient and transparent financial close, finance leaders face a common challenge: the over-reliance on manual processes. Countless finance teams are still dependent on spreadsheets and emails, which hamper efficiency and cloud transparency. Many financial close solutions, while automating parts of the process, leave significant gaps, with tasks still requiring manual intervention.



Redwood is changing the game by solving for financial process inefficiencies and lack of transparency with an innovative approach, covering the record to report (R2R) process end-to-end and effectively bridging the automation gap plaguing many finance teams.

Redwood customers automate over 90% of financial close tasks, vastly extending beyond their ERP systems' limited capabilities.

Rather than piecemeal solutions and focus on isolated tasks or functions, finance automation by Redwood is uniquely designed to synergistically integrate all components of the financial close process. The result is a holistic, end-to-end automation transformation, enabling a more progressive, more accurate and more comprehensive system.

Introducing the touchless close – a paradigm where efficiency, accuracy and compliance are the norm, not the exception. Finance automation by Redwood redefines the role of finance teams, making them more effective and integral to the organization.




Why the period-end close continues to be a pain

The pressure on finance teams and shared service centers (SSCs) during the close period is relentless, with failure to meet reporting deadlines – and the potential regulatory fines and reputational damage – a constant worry.

It's not surprising when you consider what a typical close looks like for your organization. You might experience:

- Activities performed by multiple controlling and SSC organizations, some of which are outsourced to third parties
- Activities distributed across different days of the close and performed by different groups
- Many activities linked and interdependent
- Hundreds of different processes with many sub-processes
- Hundreds of ERP-related activities
- Hundreds of close tasks, which are time consuming and laborious
- Everything happens within the last few days of the month



Top performers close their ledgers earlier in the month and complete the process in less time than the peer group. This helps them free up resources to conduct analysis and provide financial and other company executives with support for fact-based decision-making. 

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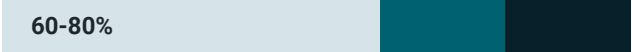

Top reporting concerns and the finance team

When asked about their top concern with the reporting process, CFOs and senior finance professionals surveyed by FSN Research cited meeting deadlines as their biggest worry. The research also found that 69% of CFOs rely on spreadsheets to plaster over their reporting process and 40% don't believe that their data is always trustworthy and accurate. Latency caused by a lack of communication in handoffs and handovers further delays timescales.

Why is this? Despite heavy investment in ERP and finance systems, a significant part of the close is performed outside of those ERP systems and as much as 70% of the activities are still being done manually on spreadsheets.



And not only is much of this effort still manual, but it is also often condensed into the few days at the end of the financial period. Consider these statistics from Accenture's annual CFO survey:

- Only 34% of finance tasks are automated today 
- But 60–80% of backward-looking accounting activity can be automated 
- CFOs anticipate less than 50% of all finance tasks will be performed by machines in 2021 

Rather than try to solve the problem with yet more manual labor, the opportunity of the touchless close is to actually reduce the manual effort across these tasks and processes, and enable them to be carried out automatically throughout the month as they arise. This results in less pressure at month-end, so the financial close becomes something of a non-event. This in turn then frees up your staff to focus on providing real business value through analysis and insight, instead of just putting numbers into spreadsheets.

It can also help improve finance staff job satisfaction and retention, as the team shifts focus from labor-intensive manual work to more rewarding and valuable analysis.

Siloed activities causing latency

Many organizations think of the close as a discrete set of activities and often organize themselves along siloed lines, such as SAP close, journal entry, reconciliations, close task list and intercompany. Some may deploy point solutions to address each element individually.

The problem is that this approach simply masks the real issue. It exacerbates process latency due to inefficient handoffs and handovers between different silos and slows down the close process. If your close process is still grounded in manual controls and processes, you're likely relying on a mix of R2R and workflow tools that offer limited automation. These tools may automate individual aspects of the process, but they fall short of providing the full-scale, transformative improvements that [comprehensive solutions like Redwood offer](#).

The close is a single end-to-end process that needs to be performed consistently and accurately in a systematic manner as quickly as possible. Accounting, reporting and analysis should be done continuously throughout the month, rather than in a mad rush at the end.



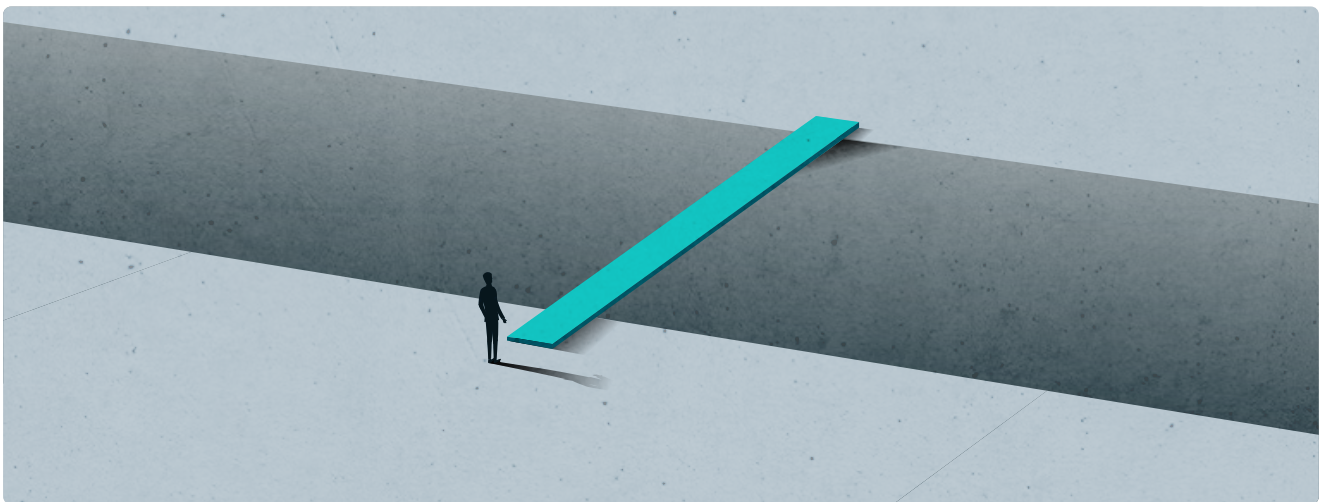
An example of this in practice is running depreciation. When this straightforward activity is performed without proper assets under construction (AUC) review and asset-to-GL reconciliation, it is likely that you could depreciate the wrong amount. Depending on the size of your fixed asset portfolio, this can have substantial impact on your P&L and balance sheet.



Plug the automation gap with smart, touchless close

Many organizations face an automation gap in their close processes. Accounting teams bear a high manual workload if they rely on spreadsheets or use point solutions and workflow software for siloed aspects of the close. True R2R automation manages and performs the tasks and plugs this automation gap.

Think of the close like an orchestra. Many players are playing different parts at different times that require very different skills. They must all play their exact part with precision timing, or the performance completely falls apart. Without a conductor to bring all this together, each musician would have to keep track of not only their own part but what everyone else is doing and exactly where they fit into the performance.



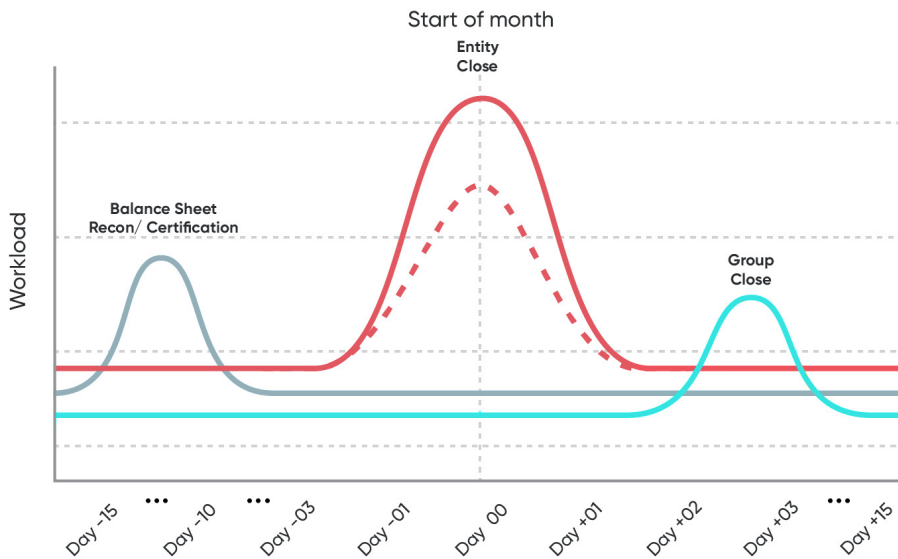
Closing your books is like trying to conduct an orchestra, only the players are spread across geographies and not aware of who goes before or after them. The ability to orchestrate and execute hundreds of activities across the many days of the close is key to a touchless close and closing the books faster and more accurately.

But beware. Automated task management in workflow software is not the same as orchestration and true finance automation. Workflow software tackles only around 10-20% of the close process, predominantly



automating reminders and some of the handoffs and handovers. And process analytics are limited, as workflow software doesn't track all the steps in each task in the end-to-end process. That means 70% of the process remains inefficient and still requires manual effort and workarounds to close the books.

The crucial extra element you need is not just automating tasks but also executing them automatically



Breakdown of close activity

70-80% of the close



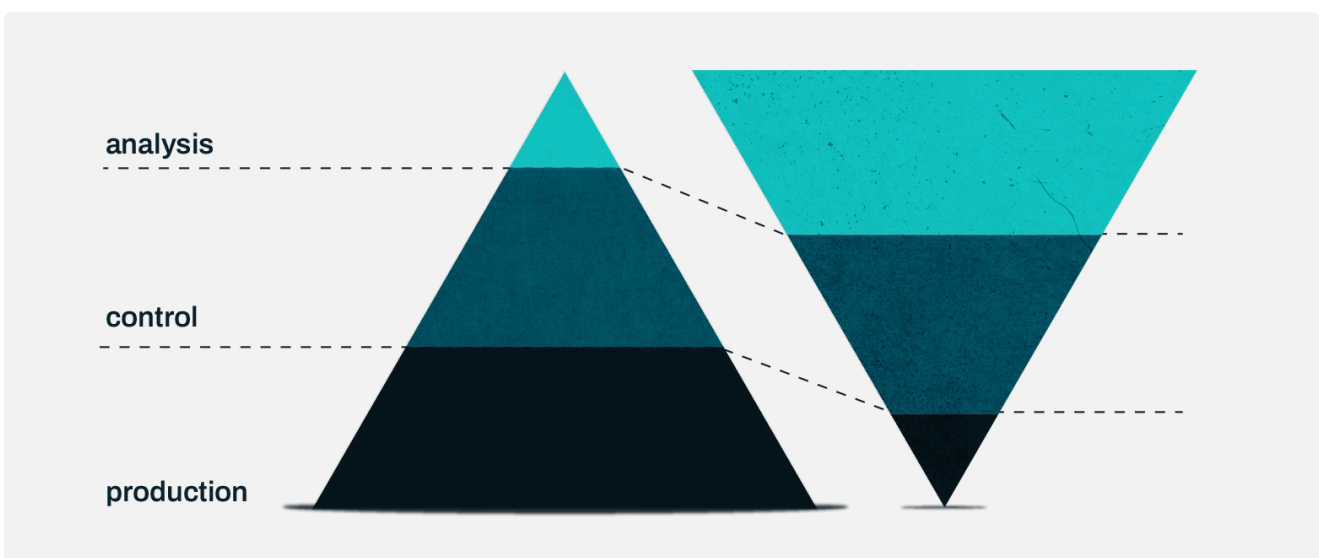
- Accruals
 - Provisions
 - Reclassification
 - Intercompany
 - Reconciliations
 - Subledger close
 - ERP/SAP close
- 50% (bracketed next to Accruals, Provisions, and Reclassification)
- 20-30% (bracketed next to Intercompany, Reconciliations, Subledger close, and ERP/SAP close)

Shift efforts and focus to analysis

Finance teams typically spend 70% of their time extracting raw data from various systems. A large amount of time is spent downloading files and reports and extracting data to populate a spreadsheet in a state ready for manual adjustments and manipulation.

By default, that leaves a minuscule amount of time for financial analysis and interpretation of the numbers.

Finance teams typically spend 70% of their time extracting raw data from various systems



Failure to devote sufficient time to financial analysis is a missed opportunity. The analysis is the cornerstone that allows finance to offer insights into how the business is performing, suggest corrective actions to get back on plan, or highlight business opportunities ripe for exploitation. This is an opportunity for finance teams to shape business strategy and be in the thick of it at a time when everyone is under scrutiny and needs to justify their existence.

Finance teams will typically spend 70% of their time extracting raw data from the various systems they use

Redwood allows finance to focus on what's important. Finance teams spend too much time on control and production at the expense of analysis. Redwood's approach to the touchless close inverts that. Automation takes care of the control and production aspects so your finance team can devote its time to the analysis – and provide the essential insights to improve how your business performs.

How and where do you begin?

A lack of transparency and visibility into tasks and processes, weak controls, too much focus on transactional activities and an over-reliance on spreadsheets and manual ERP processes are all warning signs of an inefficient close.

Automating your close will be highly subjective to your organization, current issues, and senior board-level sponsorship. Executives rarely want to sign up to a big-bang project, especially when they know the criteria to move ahead can be arduous.

The most important thing to have, is a very clear vision, with the overall aim of achieving a touchless, hands-free record-to-report (R2R) process. If you can complete tasks so they are managed and executed as they happen throughout the month, it significantly reduces the burden and pressure at period-end.

However, many companies try to tackle finance automation without an end goal in mind. The outcome of this approach is usually the implementation of a series of point solutions. Each implementation creates different issues and varying degrees of success and disappointment, which often leads to a failure to achieve the original goal or even its abandonment.

Think big, start small and deliver improvement incrementally. Tackle one of the big items as your first project. Playing around at the edges appears easier but it rarely gets longer-term buy-in.

The most important thing to have, is a very clear vision, with the overall aim of achieving a touchless, hands-free R2R process

Think big, start small and deliver improvement incrementally.



Ask yourself these questions:

- **Where is my pain currently?**
- **Which tasks require the biggest manual effort?**
- **Where are my control weaknesses that I mitigate through significant manual effort?**
- **What is my peak period and volume of activities?**
- **Am I ignoring accruals, provisions and reclassifications because they feel too hard to improve, when R2R automation can actually help?**

Understanding these key questions makes it easier to identify problem areas and make plans to solve them.



Among the issues faced by finance teams and SSCs are the undocumented execution of processes and the duplication of effort.

There is also usually very limited process standardization within SSCs and business units. Controls are based on spreadsheets and emails between the the two areas, with relatively weak visibility into the process and performance at each level of the organization.

This requires a lot of manual effort that could be put to better use. Automation improves

In the past, it typically required big budget multi-year IT investments for organizations to realize these kinds of efficiencies.

productivity by reducing the time spent on basic repetitive tasks. For SSCs that use a range of different software and systems, automation supports a common approach that drives greater orchestration and standardization while still allowing for any necessary local variations. The increased efficiencies and consistency this brings can significantly speed up the close process.

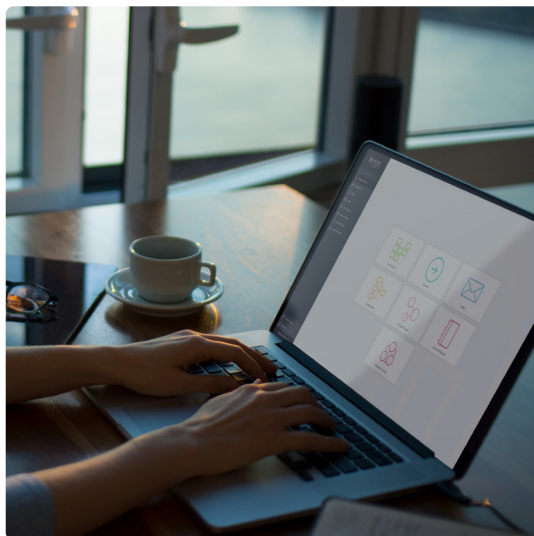
In the past, big budget, multi-year IT investments were typically required to realize these kinds of efficiencies. However, with the new class of cloud-based automation platforms designed for finance and accounting, that has all changed. These modern finance automation platforms provide improved visibility into processes and the ability to make changes in real-time – without the need for those big upfront infrastructure investments.



How Redwood makes your close ‘touchless’

Redwood combines proven automation technology and financial close process expertise to remove the manual burden of your close. This provides efficiency gains and improves trust in the accuracy and integrity of your financial close.

We tackle both the easy tasks such as task management and automation of the underlying SAP close transactions, and also harder tasks such as the execution of inter company agreements and the most time consuming areas like accruals, provisions and and reclassifications.



Historically, modern finance functions have not had the tools with which to automate the gaps left by ERP and consolidation solutions, but innovative technology such as record to report automation from Redwood not only allows the acceleration and automation of the first mile of finance but it releases highly qualified personnel to spend time on the tasks that help create value.

FSN[®]
The Modern Finance Forum

Record to report automation from Redwood is designed for your ERP:



ECC
S/4HANA
Public Cloud

ORACLE

E-Business Suite
Peoplesoft

Redwood's finance automation solution is integrated with your ERP platform, using standard application program interfaces (APIs) and native ERP functionality (e.g. SAP t-codes). It operates with your live ERP data in real-time. Redwood extracts, calculates and seeks required approvals using built-in and easy-to-configure process-specific automation. It posts accounting and other records using standard ERP functionality directly into your finance system without the need to maintain duplicate records or master data information.

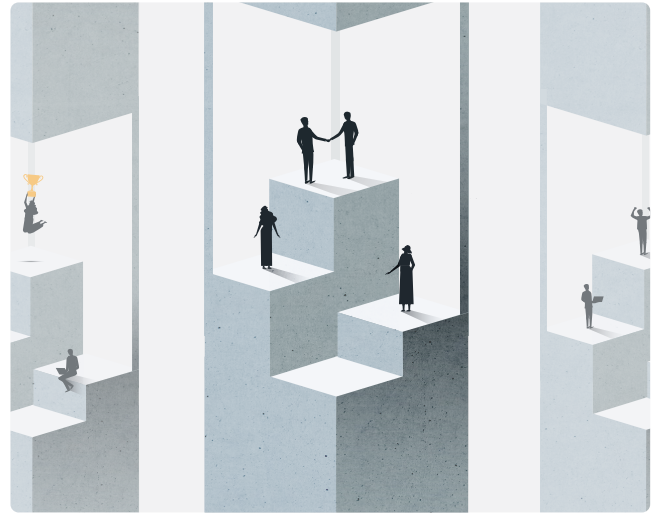


The benefits of finance automation for every role

For auditors, every single activity, approval, email, change and posting is captured and stored in an easy to access folder structure folder/file structure within their document repository. And this is enabled with read-only view so auditors can review all the details without the need to extract information or tie up company staff for explanation and guidance.

Automation allows accountants to eliminate time-consuming, low-value tasks, such as calculating and posting automated journals (e.g. accruals and other adjustments), monitoring and managing currency revaluations and eliminating manual reconciliations (e.g. intercompany and bank accounts).

CFOs and controllers benefit from improved transparency that allows close activities to be centralized and tracked automatically with responsibilities clearly shown.



Case studies: Touchless R2R in the real world



Many of our reconciliation processes were transformed, from tasks that took several hours to automated activities that now take just minutes. This is a significant saving for our company.”

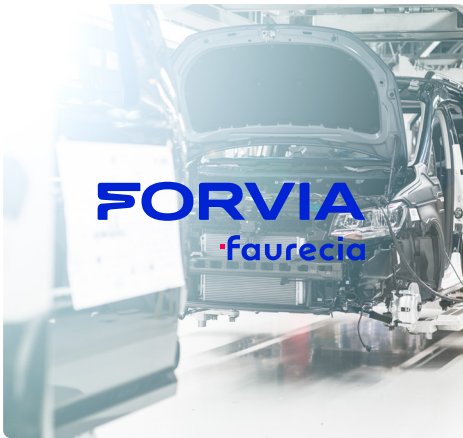
Brian Thomsen, Finance Director, Arla Foods

Arla, the world’s fifth-largest dairy company and largest producer of dairy goods in Scandinavia, wanted to standardize processes across its business to achieve cost savings, consistency and minimal error corrections. It also wanted to monitor the close process in real time across finance units. With Redwood, Arla identified 124 critical tasks performed in the close, 121 of which could be automated.

— delivering 98% automation and a 40–50% reduction in manual effort. This means 73% of account reconciliation is now auto-certified, while journal entry and intercompany are fully automated. Overall, this has reduced time to close from 10 working days to seven, and Arla is now working to further reduce this by an additional two days.

[Read the full Arla Foods case study >](#)





With Redwood, global automotive parts manufacturer Forvia successfully automated 32,000 journal entries per month across 35 countries. The implementation took less than six months to design, build, pilot, roll out and integrate. The results: 80% of the organization's journal entry processes are now fully automated and it has significantly reduced the controllers' workloads, allowing them to accelerate financial closing.

[Watch the Forvia video >](#)



With Redwood, Forvia was able to successfully automate 32,000 global manual journal entries per month and onboard 1,300 end users from both the controlling and GBS teams. 80% of journal entries are now automated, leaving only human review and approvals tasks.”

Christophe MacGarry, Global Finance Transformation Director, Forvia



Allianz, one of the world's largest financial services companies, wanted to find workable ways to eliminate repetitive manual tasks and allow staff to focus on more high-value work. It also wanted to improve the quality, consistency, standardization, and transparency of its close. With Redwood, Allianz reduced manual effort across all R2R processes by 90% and all error-free records are now executed automatically without manual intervention.

[Read the full Allianz case study >](#)



Global biotechnology company Genentech wanted to remove latency from the close process, eliminate manual processes and reduce the time to close – to achieve a hands-off close. It also wanted to reduce stress for its long-suffering finance team to prevent further attrition due to burn out. Redwood helped Genentech automate 88% of the process and reduce end-to-end close times by over 50%, eliminate manual steps, improve compliance and visibility and drive latency out of the close.

[Read the full Genentech case study >](#)



Summary: The benefits of a smarter, touchless close

- Automation reduces time-consuming manual work and allows finance teams to close faster and with less stress.
- Redwood's solutions give greater confidence that each task in the close is completed and carried out in the right order, with clear accountability.
- Insights give accounting teams a greater understanding of the issues impacting the close process and can identify well-performing areas and those that require improvement.

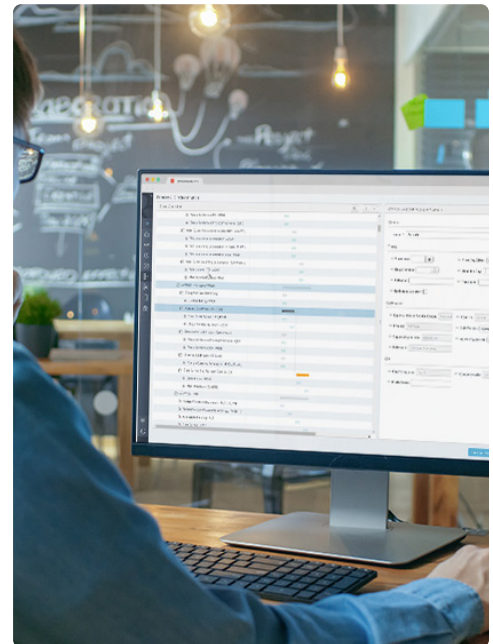


Companies that have an efficient and effective close process realize the benefits of having more productive employees, more time for analysis and better practices across all reporting.

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Record to report automation from Redwood

Redwood's financial close automation solution runs transparently across your end-to-end close process. This solution seamlessly manages your SAP/ERP close tasks within your ERP system, covering various instances and versions, including SAP S/4HANA and SAP Public Cloud. It simplifies complex and time-consuming tasks through automation, including the calculation of accruals, provisions, reclassifications, intercompany reconciliations, postings, and close-related reconciliations. Additionally, it oversees reminders, notifications, and dependencies related to manual tasks such as critical reviews and approvals, ensuring a streamlined and efficient close process.



Find out how we can help you achieve
a touchless close
[Get a customized demo now.](#)

[Request a Demo](#) →

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