

# speed + accuracy

5 ways to automate  
financial processes for  
**speed and accuracy**  
- *both, together.*

**Phocas.**





# Introduction

**In the last decade,  
we've heard many  
predictions that  
technology is the death  
knell for accountants  
but that has not been  
the situation at all.**

Instead, technology has brought positive change to the industry, allowing finance professionals to upskill and add value across a business. Cloud-based software is common and finance teams are relying more on technology to automate manual tasks and back-end work so they can be trusted advisers, lead change and help others use data to make astute financial decisions.

Many finance teams are at various stages along the automation journey and some are yet to fulfil all their aspirations for their data. In this mini-guide, we outline five ways financial processes have been improved via technology so companies can operate with greater speed and accuracy.

# 5 top automations

## you can implement with purpose-built financial software



### month end

cut the time to  
close the books



### visualizations

make it simple to  
analyze huge data  
sets, interpret and  
add value



### workflows

integrate into the  
budget to elicit  
area expert advice



### customize financial reports

create more buy-in  
of the numbers



### let the data tell you

set-up alerts  
for early warnings









# month end

cut the time to  
close the books

# 1 month end

According to the *American Productivity & Quality Center's (APQC) General Accounting Open Standards Benchmarking* survey, 2,300 CFOs from different companies were asked what is their “cycle time to monthly close”.

The results showed the bottom 25% said they need 10 or more calendar days to perform the monthly close process.

The top performers, or the top 25%, can wrap up a monthly close in just 4.8 days or less — about half the time of the bottom 25%. At the median are the organizations that need 6.4 calendar days to close out a month's books. *Where do you sit on that scale? What to move your close process from 6 to 2 days?*



top 25%

**4.8 days**

bottom 25%

**10+ days**

Purpose-built financial software creates month-end reports in the same tradition as the accounting team recognizes but instead of collecting and collating data from across the business – that has been done for you.

You can build the statements any way and when the next month comes around, the statement will automatically populate with the up-to-date data. With the standard income statement already prepared, the finance team is likely to have more time to explain to various managers what’s happening within the numbers and what they can do about it.

Phocas.

Insider Tr

Mode ▾  
Profit and Loss

Properties  
+4

Measures ▾  
Amount\$

Stream ▾  
Profit and Loss

Variance Stream ▾  
Budget

Period ▾  
FY 2020/21

Columns ▾  
Financial

FocusResetMatrix

Levels + P&L Sub Category X Drag here

Insider Trading Ltd (...)  
Summary

Account

Category

Classification

ERP

Budget Owner

P&L Sub Category

BS Sub Category

Movement

Profit and Loss (Alte...

Profit and Loss (Alte...

Profit and Loss (Alte...

Balance Sheet (Ban...

Country

Region

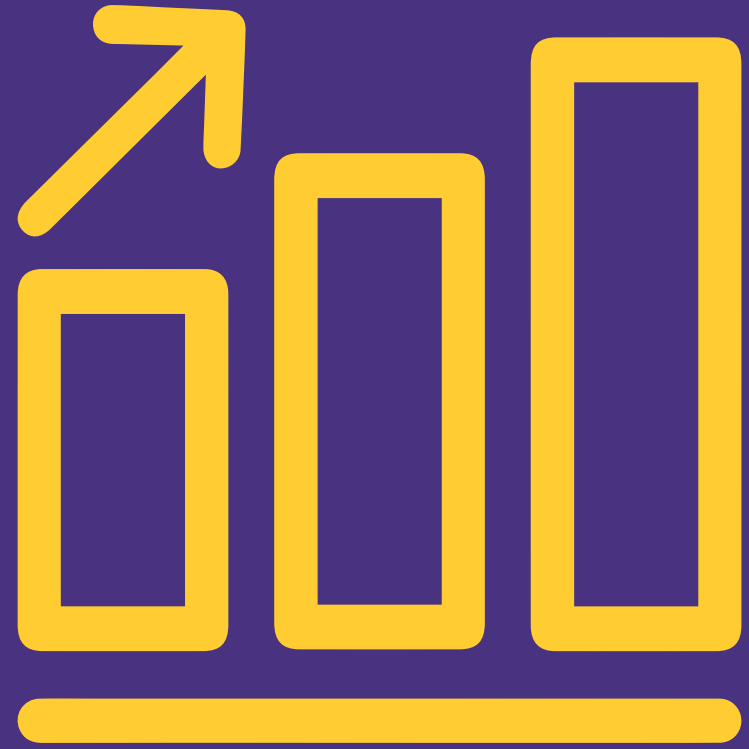
Company

Code ▾	Name	May 2021 (May 2020)		
		Current	Previous	Budget
+ Revenue		A\$10,509,858	A\$10,489,256	A\$10,519,924
	Revenue (Annualised)	A\$123,745,100	A\$123,502,525	A\$123,863,621
+ Cost of Sales		A\$6,856,402	A\$6,847,140	A\$6,761,168
	Gross Profit	A\$3,653,456	A\$3,642,116	A\$3,758,756
	Gross Profit Margin	34.76%	34.72%	35.73%
+ Operating Expenses		A\$2,342,543	A\$2,324,628	A\$2,345,864
	Operating Expenses as % of Revenue	22.29%	22.16%	22.30%
	Operating Profit	A\$1,310,913	A\$1,317,488	A\$1,412,892
	Operating Profit Margin	12.47%	12.56%	13.43%
+ Other Revenue		A\$64,898	A\$62,498	A\$63,423
	EBITDA	A\$1,375,811	A\$1,379,986	A\$1,476,315
	EBITDA Margin	13.09%	13.16%	14.03%
+ Depreciation & Amortisation		A\$16,692	A\$16,136	A\$16,803
	EBIT	A\$1,359,119	A\$1,363,850	A\$1,459,512
+ Interest		A\$162,600	A\$163,641	A\$162,236
+ Taxation		A\$78,633	A\$79,969	A\$79,880
	Net Profit After Tax	A\$1,117,886	A\$1,120,240	A\$1,217,396
	Net Profit Margin	10.64%	10.68%	11.57%









# visualizations

make it simple to  
analyze huge data sets,  
interpret and add value



# 2 visualizations

The quantity of data a company collects increases every day and while finance people are good at understanding, interpreting and explaining it – they can always do with some help to make it easier to see the important messages or signs in the operational and financial data.

How does EBITDA stack up over the last three years or what happens if you compare your cash conversion cycle this month to last month? Such data visualizations can deliver clear insights. Big strategic questions such as *Why are revenues falling? Where can we find efficiencies? How do customers interact with us?* – can benefit from the creation of an exploratory visualization.

## Key numbers to watch

### Operating Profit Margin

Drop in GP margin is hitting our bottom line

13.21%

▲ 9.62% from Previous

12.05%

▼ 6.30% from Budget

14.10%

### Operating Expenses as % of Revenue

We're becoming more operationally efficient

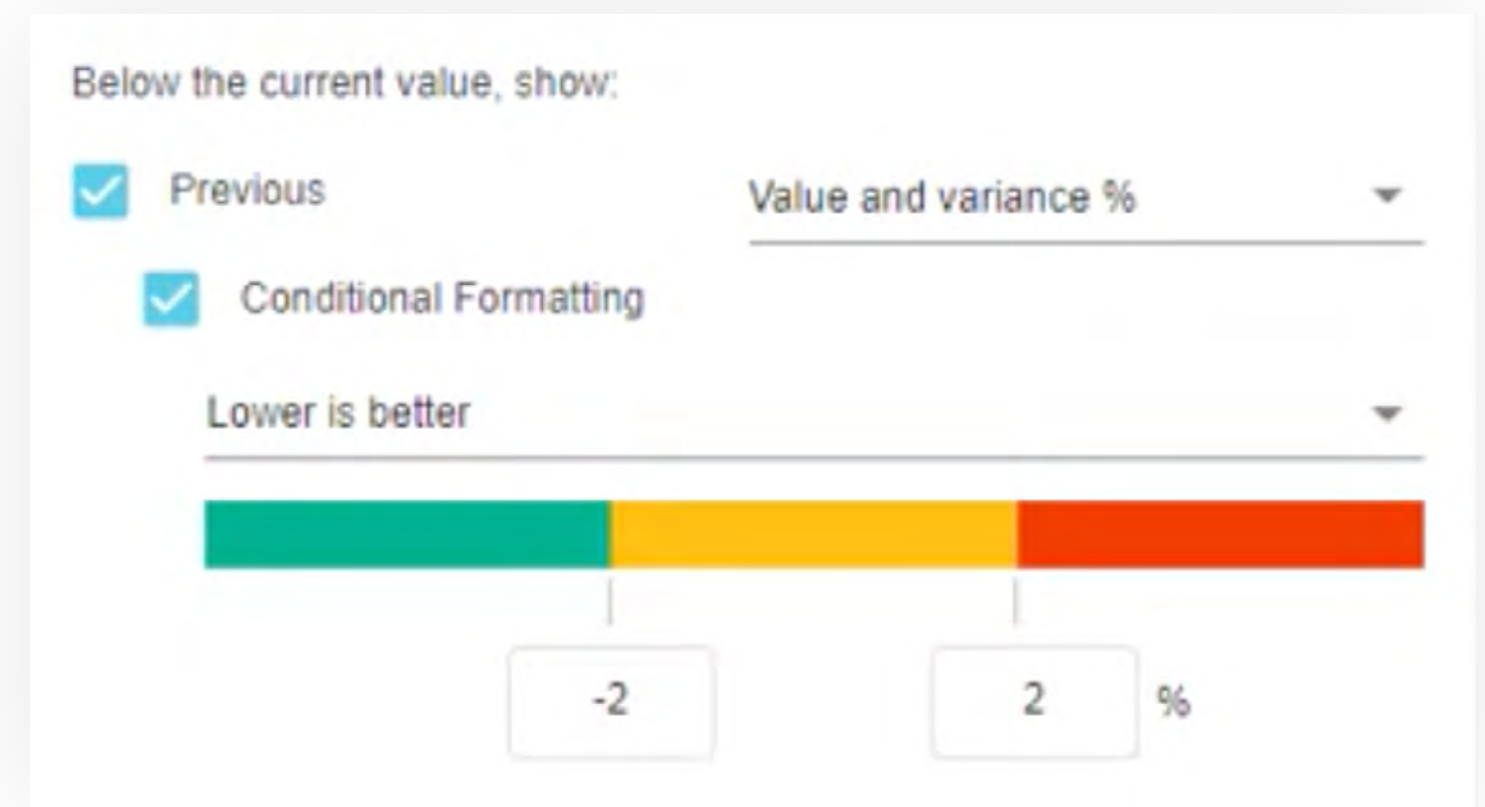
21.71%

▼ 4.91% from Previous

22.83%

▲ 0.80% from Budget

21.54%

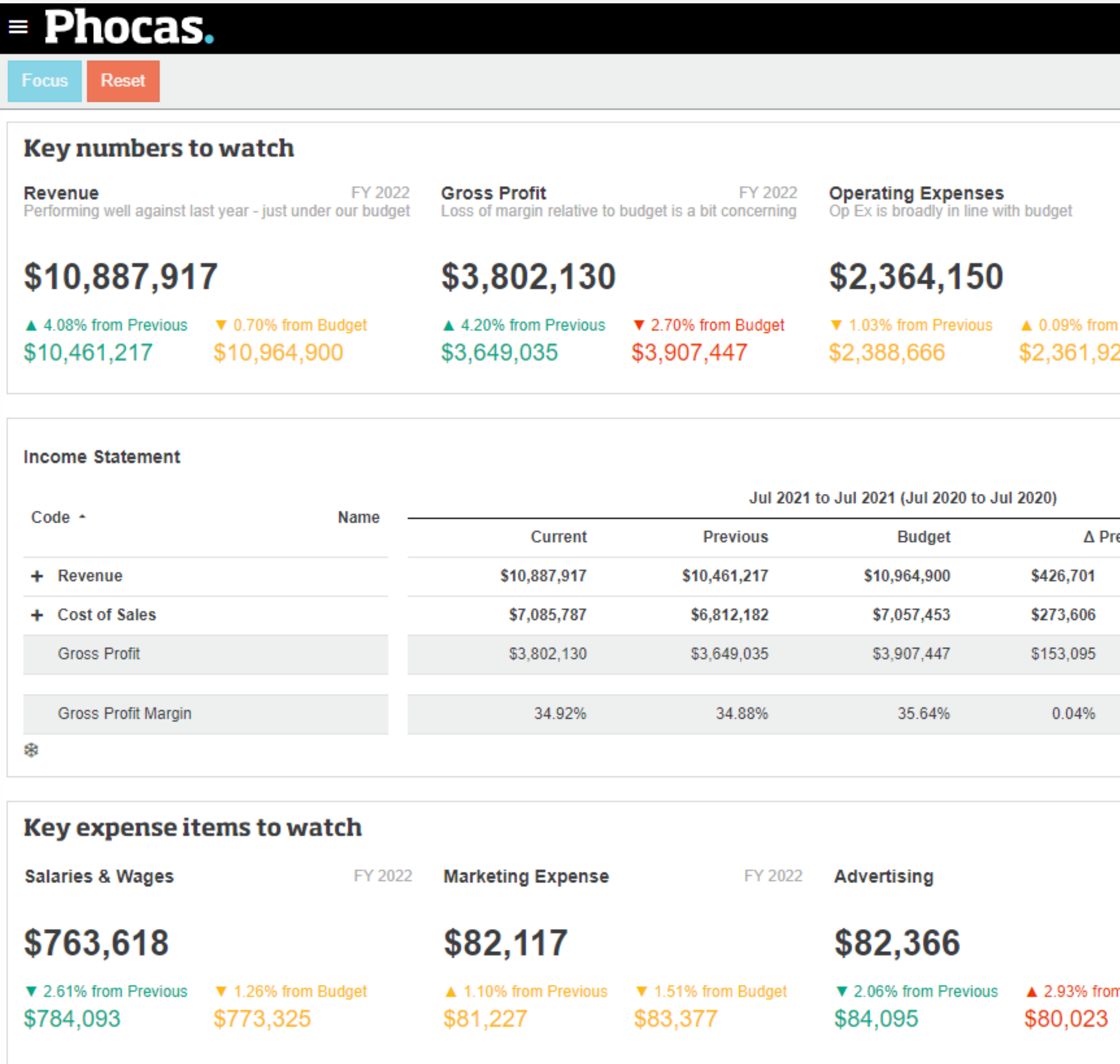




Cloud-based financial software allows the finance team to automatically layout financial ratios and comparisons in charts and graphs.

These visuals better represent important attributes of key drivers like sales and headcount and enhance the understanding across the business of why performance may be in decline.

Instead of the old ways of converting spreadsheet cells into charts, financial visualizations can now help diagnose a problem. So instead of presenting the q1 financial results, accountants can present why the business missed its targets in a range of purpose-built visual dashboards.







## **workflows**

**integrate into the  
budget to elicit area  
expert advice**



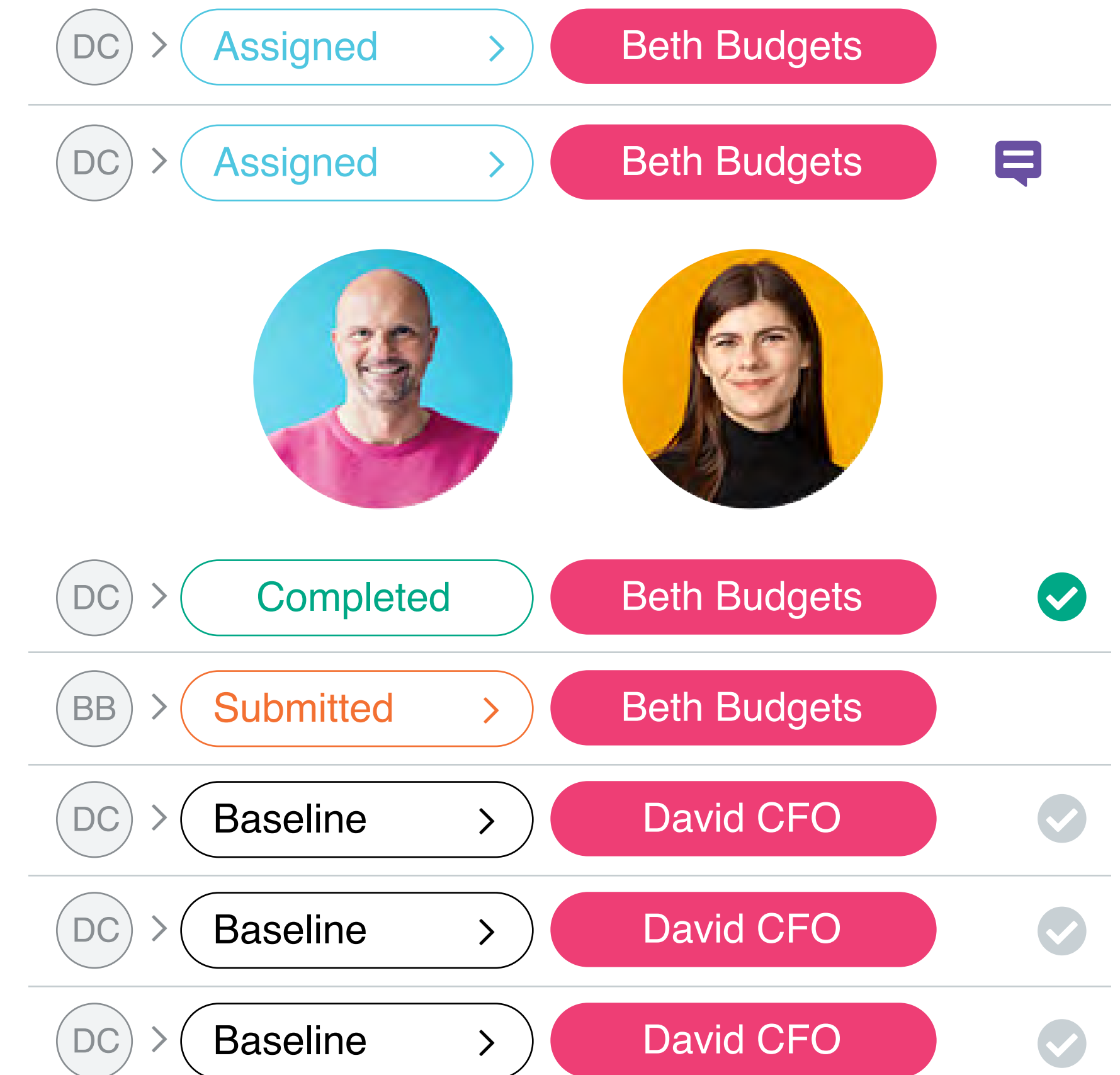


# 3 workflows

With more people working from home – good collaboration tools are in high demand.

One business activity that benefits from several expert opinions and sharing of data is the budget process. Traditionally, master spreadsheets are created to share among different departments but are often abandoned, and instead, the finance team completes the budget on everyone’s behalf.

New budgeting software with workflow features enables multiple people to work simultaneously in the same worksheet. The budget also updates in real-time because it is created in a live environment and everyone can see the most up-to-date information.





The finance team gain lost time from not chasing and cross-checking numbers nor does the budget have version control issues.

Finance continues to be the budget owner but the workflows automate feedback from the rest of the team and finance gets reminders to follow up if certain data owners have not completed their assigned tasks.

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Budget

Budget

New Workbook

Basic P&L

Country

fx

Workflow

Total

Jan 2021

Feb 2021

Mar 2021

Apr 2021

May 2021

Jun 2021

> Revenue

0

0

0

0

0

0

0

> Cost of Sales

0

0

0

0

0

0

0

Gross Profit

0

0

0

0

0

0

0

Operating Expenses

AUS

AU-3015

Consultancy Fees

DC

Accepted

David Chambers

100,000

8,333

8,333

8,333

8,333

8,333

8,333

AU-3020

Bank Charges

BB

Submitted

David Chambers

12,000

1,000

1,000

1,000

1,000

1,000

1,000

AU-3030

Cleaning

DC

Baseline

David Chambers

0

0

0

0

0

0

0

AU-3040

Public Liability Insurance

DC

Baseline

David Chambers

0

0

0

0

0

0

0

AU-3041

Professional Indemnity I...

DC

Baseline

David Chambers

0

0

0

0

0

0

0

Total AUS

224,000

18,667

18,667

18,667

18,667

18,667

18,667

> UK

0

0

0

0

0

0

0

> US

0

0

0

0

0

0

0

Total Operating Expenses

224,000

18,667

18,667

18,667

18,667

18,667

18,667

> Employee Expenses

0

0

0

0

0

0

0

> Transport Expenses

0

0

0

0

0

0

0

EBITDA

-224,000

-18,667

-18,667

-18,667

-18,667

-18,667

-18,667

> Other Expense

0

0

0

0

0

0

0

> Interest, Taxation, Depreciation

0

0

0

0

0

0

0

Master

+

Point

Average: 0

Cell Count: 0

Row Count: 0

Sum: 0









# **customize financial reports**

**create more buy-in  
of the numbers**



# 4 customize financial reports

Every business has a unique selling proposition, customer base and reporting requirements.

Different business owners or branch managers often want specific measures included in financial statements but the finance team don't have time. So being able to customize a profit and loss (income) statement and then set, forget and have it automatically update is a huge time saver for accounting teams.

The screenshot shows the Phocas software interface for customizing a Profit and Loss statement. The title bar at the top reads "Phocas" and "Insider Trading Limited". The main heading is "Profit and Loss". There are two tabs: "Statement" (selected) and "Accounts". A green plus icon in a box is labeled "Calculation Group". The interface lists several line items, each with a label, a type button, a description field, a formula field, and a "Reverse Sign" checkbox. The items are: [a] Revenue (Group, Reverse Sign checked), [b] Cost of Sales (Group, Reverse Sign unchecked), [c] Gross Profit (Calculation, formula [a]-[b], Default dropdown), [i] Gross Margin % (Calculation, formula ([c]/[a])\*100, 1234.57% dropdown), [d] Operating Expenses (Group, Reverse Sign unchecked), [f] Other Revenue (Group, Reverse Sign checked), [g] Other Expense (Group, Reverse Sign unchecked), [h] Net Profit (Calculation, formula [c]-[d]+[f]-[g], Default dropdown), and [j] Interest, Taxation, Depreciation (Group, Reverse Sign unchecked). Each item has a small icon to its left and a downward arrow.

Label	Type	Description	Formula	Reverse Sign
[a]	Group	Revenue		<input checked="" type="checkbox"/>
[b]	Group	Cost of Sales		<input type="checkbox"/>
[c]	Calculation	Gross Profit	[a]-[b]	
[i]	Calculation	Gross Margin %	([c]/[a])*100	
[d]	Group	Operating Expenses		<input type="checkbox"/>
[f]	Group	Other Revenue		<input checked="" type="checkbox"/>
[g]	Group	Other Expense		<input type="checkbox"/>
[h]	Calculation	Net Profit	[c]-[d]+[f]-[g]	
[j]	Group	Interest, Taxation, Depreciation		<input type="checkbox"/>



Automated and customized financial statements take away the busy work of producing and consolidating numbers that are broken down by branch, division or consolidated for the entire company.

With automated financial statements, the head office accounting team can consolidate or split the statements anyway the different entities want them and to any level of detail; be it top-level revenue and profit or viewing expenses at a granular level.

Perhaps, you have five spreadsheets and you add them together. Now it's a click of a button to have a consolidated financial statement.

Phocas.

Insider Trading

Mode Profit and Loss Properties +5 Measures Amount\$ Stream Profit and Loss Variance Stream Budget Period FY 2020/21 Columns Financial

FocusResetMatrixExpand GroupLevelsBranchDrag here

Insider Trading Ltd (... Summary)

AccountCategoryClassificationERPBudget OwnerP&L Sub CategoryBS Sub CategoryMovementProfit and Loss (Alte...Profit and Loss (Alte...Profit and Loss (Alte...Balance Sheet (Ban...CountryRegionCompanyBranchTransaction Type

Code	Branch Name	Name	Current	% Cont.
+ Revenue			A\$116,121,778	100.00%
		Revenue (Annualised)	A\$126,520,743	100.00%
+ Cost of Sales			A\$75,627,006	100.00%
		Gross Profit	A\$40,494,772	0.00%
		Gross Profit Margin	34.87%	100.00%
+ Operating Expenses			A\$25,850,100	100.00%
		Operating Expenses as % of Revenue	22.26%	100.00%
		Operating Profit	A\$14,644,672	0.00%
		Operating Profit Margin	12.61%	100.00%
+ Other Revenue			A\$681,732	100.00%
		EBITDA	A\$15,326,404	100.00%
		EBITDA Margin	13.20%	100.00%
+ Depreciation & Amortisation			A\$176,107	100.00%
		EBIT	A\$15,150,297	100.00%
+ Interest			A\$1,753,733	100.00%
+ Taxation			A\$869,681	100.00%
		Net Profit After Tax	A\$12,526,883	100.00%
		Net Profit Margin	10.79%	100.00%





# let the data tell you

set-up alerts for early  
warnings



# 5 let the data tell you

Statistical short-cuts are built into purpose-built financial software to reduce uncertainty and risks. By setting up ‘alerts’ people are embedding intelligence into their data.

The finance team might set up an alert when customers move over the threshold of 60 to 90 days to pay their accounts or when products are being sold below the desired profit margin.

≡

Phocas.

Home

New Dashboard

▼ Alerts (6)

ⓘ

Current Month Sales

8,762,679.93

Standard Phocas Favourites 2

Phocas Sales

⚠

Declining Customers

28

Customers with three consecutive months declining sales (not including current month)

Standard

⚠

Declining Products

18

Products with three consecutive months declining sales (not including current month)

Standard P

ⓘ

Increasing Customers

23

Customers with three consecutive months increasing sales (not including current month)

Stan

ⓘ

Increasing Products

62

Products with three consecutive months increasing sales (not including current month)

Standard

ⓘ

No. of activities due in the next 10 days

31

CRM Alerts

Phocas CRM Analysis

▼ Databases (16)

📊

Financial Statements

2 days ago

Rolling 12 Months

📊

Phocas Sales

21 hours ago

Financial YTD

📊

Phocas CRM Analysis

4 hours ago

Rolling 12 Months

📊

Phocas AR

21 hours ago

Rolling 12 Months

📊

Phocas AP

a day ago

Rolling 12 Months

📊

Phocas Purchasing & Stock

20 hours ago

Rolling 12 Months

📊

Phocas Rebates

6 months ago

Financial YTD

📊

Phocas Finance

20 hours ago

Rolling 12 Months

📊

Phocas Sales & Stock

20 hours ago

Rolling 12 Months



Alerts can be used across the business so everyone has the insights, for example, the operations manager can also get an email when a product is overstocked or the sales managers when the profit margins for certain products are falling.

Such a simple method can yield insights that help a team ensure there is enough capacity to meet demand, identify market opportunities and avoid over-investing in staff, equipment and other assets.

#### ▼ Alerts (5)

❗ Customers Declining 15 4 Month downward Sales trend Sales Dashboard Fav Group Sales

⚠ Customers Increasing 2 4 Month upward Sales trend Sales Dashboard Fav Group Sales

❗ Products Declining 428 4 Month downward Sales trend Sales Dashboard Fav Group Sales

ⓘ Products

ⓘ Sales Cur

The screenshot displays the Phocas Advanced Search interface. The main header shows the Phocas logo and 'Phocas Sales'. Below the header, there are tabs for 'Mode' (Total) and 'Properties' (Code, Name). The left sidebar contains a list of filters: Focus, Reset, Ma, Phocas Sales Summary, Customer Ship To, Customer Bill To, Territory, Sales Rep, Customer Type, Product (selected), Product Group, Product Sub Group, and Document Type. The main search area is titled 'Advanced Search' and includes a dropdown for 'Product (2)' with a green plus icon and an 'And' button. Below this, there are two search criteria: 'Sales Local Margin % for (Rolling 12 Months)' with a 'Less Than' operator and a value of '15', and 'Sales Local Value for (Rolling 12 Months)' with a 'Greater Than' operator. A 'Clear' button is located at the bottom right of the search area. The footer shows 'Page 1 of 39'.





Phocas

Budget

fx

C. D. Date	Name	Status	Value	Unit	Cost	Revenue	Profit	Margin	Order
01/01/2024	Item 1	Not done	100	Unit	100	0	-100	0%	1
01/01/2024	Item 2	Not done	200	Unit	200	0	-200	0%	2
01/01/2024	Item 3	Not done	300	Unit	300	0	-300	0%	3
01/01/2024	Item 4	Not done	400	Unit	400	0	-400	0%	4
01/01/2024	Item 5	Not done	500	Unit	500	0	-500	0%	5
01/01/2024	Item 6	Not done	600	Unit	600	0	-600	0%	6
01/01/2024	Item 7	Not done	700	Unit	700	0	-700	0%	7
01/01/2024	Item 8	Not done	800	Unit	800	0	-800	0%	8
01/01/2024	Item 9	Not done	900	Unit	900	0	-900	0%	9
01/01/2024	Item 10	Not done	1000	Unit	1000	0	-1000	0%	10



# Get in touch

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**Visit our** Phocas website

**Book a demo:** https://phoc.as/BookDemo