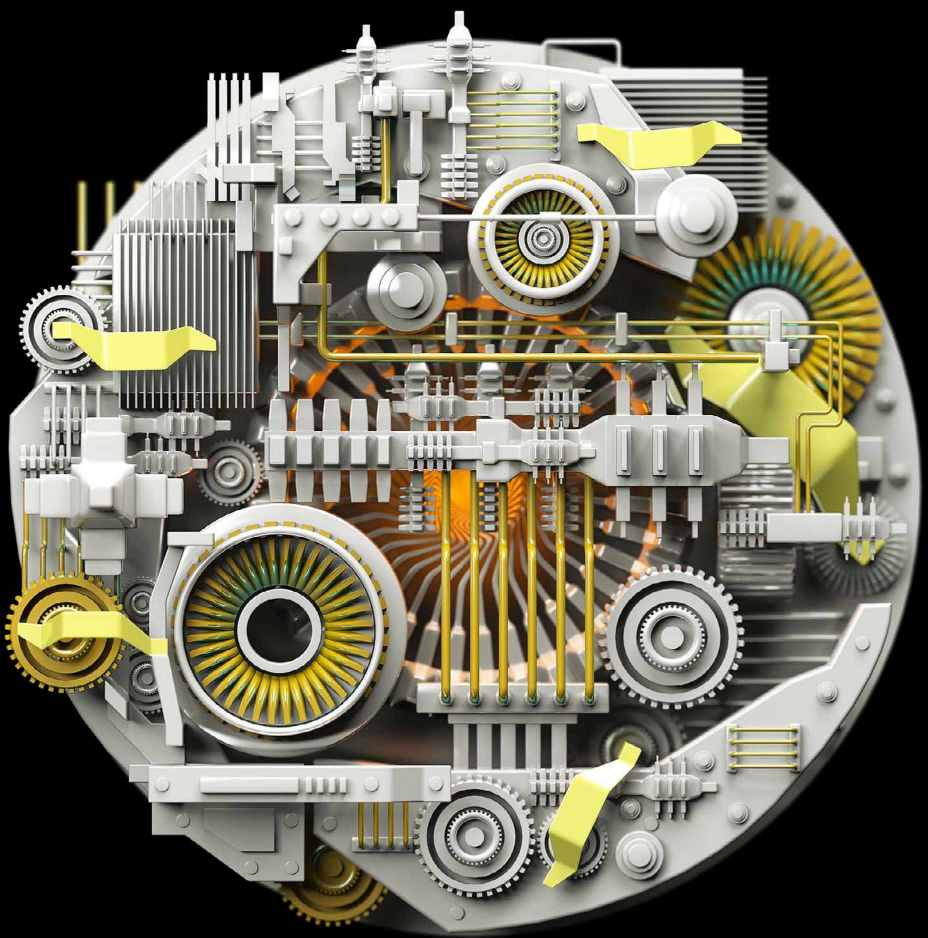


Creating a Reporting Automation Strategy for Cross-Functional Transformation Utilizing Workiva

Introduction

Over the last few years, corporate reporting requirements have only continued to expand. The monthly cycles of data gathering, report preparation, review, and delivery are growing longer. This is primarily due to an increase in data inputs, requests for more internal/external reporting, the need for both structured and unstructured data included such as financial and non-financial data, and general business needs for data-driven analysis stemming from these reports.

As organizations work to address these new and changing needs, there is a mix of both internal and external reporting requirements around key topics like financial, Environmental/Social/Governance (ESG), management, business unit, statutory, governance risk and compliance (GRC), and industry-specific reporting. This is leading organizations to consider strategies for developing a comprehensive reporting automation strategy based on an integrated reporting technology platform. Organizations are utilizing this technology to remove manual tasks, increase collaboration, and have more confidence to share insights earlier.

In today's article – we will discuss practical strategies for building a reporting automation strategy, how to utilize an overarching reporting platform to support, key reporting use cases for automation, and related considerations for building this platform in an integrated manner alongside a broader tech ecosystem. We will wrap up with some practical next steps on how to carry this forward and begin a reporting automation project at your organization.

As reporting requirements become more complex and technology continues to expand – it will be even more important to consider areas of reporting automation and standardization in the coming years.

Current State of Reporting Automation

The current state of reporting automation at many organizations is typically different across business units and teams. In May 2022, we surveyed a group of organizations (see poll question graphic below) and found that roughly 51% were primarily manual with their reporting efforts. While some teams may be highly automated – we tend to see low to medium automation for reporting.

Many organizations that are primarily manual for reporting activities traditionally have staff export data manually from various source systems (such as their ERP or other databases), complete manual or semi-manual data aggregation to clean up the data to what is needed, and then prepare the reports in required templates or presentations. While these processes are typically well understood – they involve significant time / effort, are difficult to control, and hold a high risk of unintentional error.

For example – a large multinational organization was struggling to complete their Global Statutory filings on an annual basis due to the size of their global team, complex local regulatory guidelines, and lack of standardization. This led the organization to create process standardization across regions and implement Workiva as a reporting platform to increase collaboration between the local teams and the parent entity as well as provide automation and efficiency.

We also find these types of manual reporting activities can become exacerbated over time. As an organization continues to grow, more teams request different views of similar data – such as by region, product, industry, or other topics, and manual reporting efforts lack the benefits of quick & accurate self-service reporting. At a company-wide and/or global level – many teams exporting the same data to build various reports can lead to inconsistency across business units and a lack of reporting consistency globally.

POLL 1: How would you characterize your organization's current reporting process?	
Votes Received: 120	
Somewhat automated with some data consolidation/ spreadsheets automated	**35.0%**
Somewhat manual with some data consolidation/ spreadsheet dependencies	**25.8%**
Very manual with significant data consolidation/ spreadsheet dependencies	**25.0%**
Don't know / not applicable	**8.3%**
Very automated with most data consolidation/ spreadsheets automated	**5.8%**

Future State of Reporting Automation

In an ideal state – many organizations continue to seek the utopia of "one source of truth" when it comes to reporting automation. This concept has been widely used when discussing transformation across organizations and requires organizations to consider how they can encourage their teams to use a common dataset to base all reporting and analysis.

As it relates to reporting – an ideal future state could look like utilizing a reporting automation platform as a centralized hub for all reporting needs by sourcing upstream data one time from source systems to be utilized in various types of reports that require this data. In this state – staff are required to derive their reports within the platform by taking the relevant data elements that have been sourced from a common dataset, aggregating that data, and linking them directly through any report preparation templates, presentations, and final reports that require that data. If reviewers are required to check preparers' work, they can do so within the platform. They can also directly follow the data within the report to better understand where it came from, how it may have been manipulated, and how it is being used in various places within company reporting.

For example, a US-headquartered organization with operations globally has become required to comply with European regulations around ESG reporting. By building a centralized plan for sourcing both financial and non-financial data, the team could map their data to necessary reporting frameworks and provide an audit-trail for the entire report. This helped the organization feel more confident in their reporting accuracy and provide improved transparency.

This level of control and assurance provides those who prepare, review, and receive reports additional confidence in the accuracy of the report. Improved automation allows the reports to be received more timely allowing internal/external stakeholders more time to interpret and act on the information.

What you should consider when building a reporting automation strategy

When building a reporting automation strategy, there are a few considerations that organizations can take to support their initiative. These include:

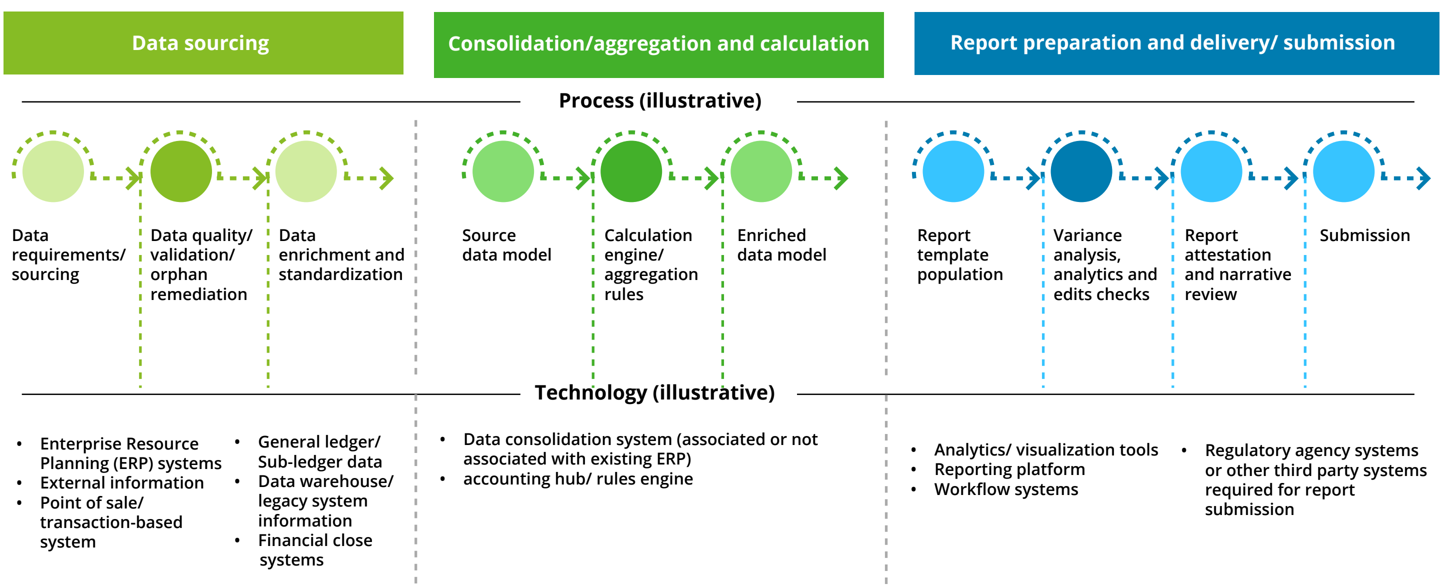
Utilizing a reporting platform for centralization and control: assess reporting platforms for their ability to support robust report authoring, data management, controls, and collaboration. Work cross-functionally to determine which teams (finance, supply chain, business units, etc.) may be interested in working together on a joint platform.

Building intelligent workflow and collaboration cross functionally: when setting up a reporting platform – it is important to spend the upfront time necessary to design the platform to your report specifications, automation goals and cross-functional teaming objectives. This includes prioritizing key use cases and considering what type of workflow automation within the platform can be achieved to minimize the need for report preparers / reviewers to leave the platform during their processes. Types of automation to consider could include automatic notification for reviewers to check reports once they are ready, automated surveys for those sharing data not automatically integrated into the tool, as well as automated status updates to report process owners and teams.

Developing connectivity to certified data: when building a reporting platform the data inputs are only as good as the upstream systems and related integrations will allow. It is important when designing a reporting platform to consider where the data is coming from and if it is accurate to be utilized for reporting within the platform.

Additional data considerations when utilizing a reporting platform

In recent years, Deloitte developed a reporting modernization framework to support the data considerations of utilizing a reporting platform. From a data lens – there are 3 main areas organizations should consider.



Data Sourcing – When building a reporting automation platform, organizations should review upfront requirements and where data is being sourced from. Assess inputs and consider data quality, if any additional data validation is needed. Review connectivity to certified data – or data that is accurate and fulfills the requirements of the end-state reporting to get additional value from a reporting platform. Many reporting platforms utilize source data from the ERP, general ledger or sub-ledger data, data warehouses, financial close systems, or other transactional data systems.

Consolidation, Aggregation, and Calculation – After sourcing your data, it is important to apply any consolidation needed to prep the data for reporting. This could include utilization of a consolidation engine to roll up data to the required reporting levels.

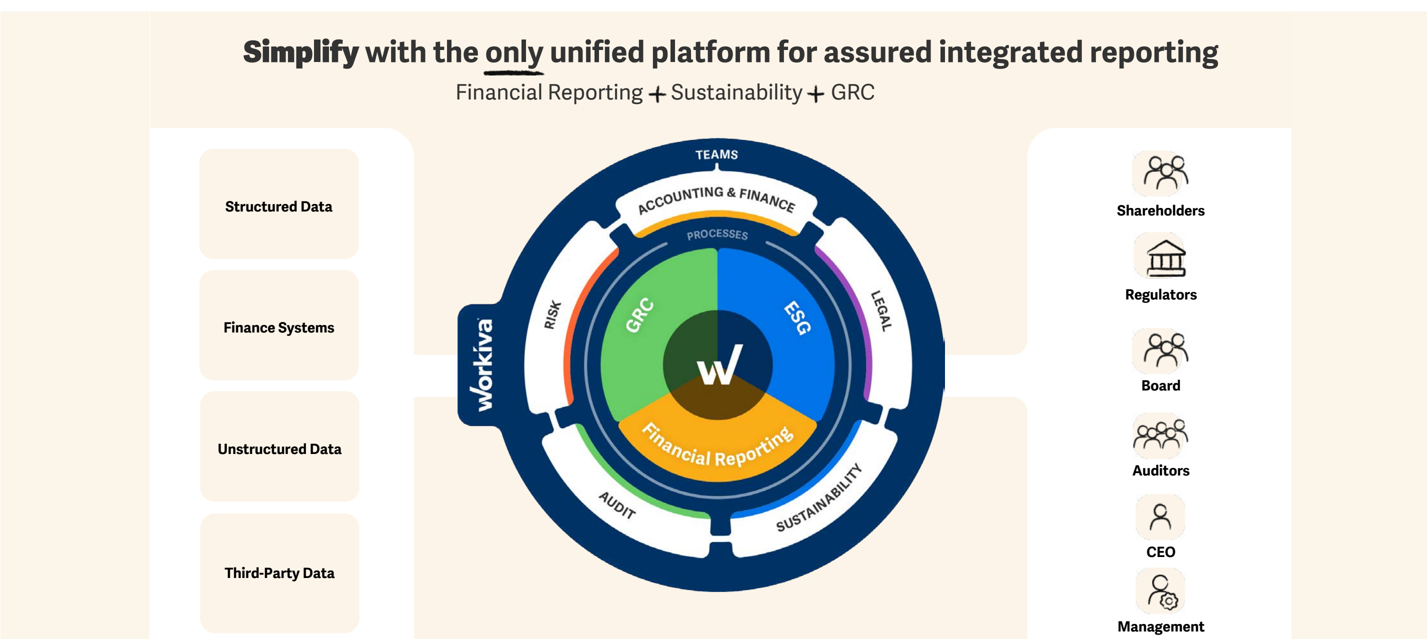
Some organizations will also use calculation engines or accounting rules engines to apply accounting guidance to the data needed to prep it for end-state reporting. If additional data enrichment is needed, this will also be done during this stage.

Report Preparation / Delivery and Submission – Once data is sourced and consolidated, it is time to prep the report and complete required delivery / submission tasks. For some organizations this can include completing designated reporting templates, running required analytics, and doing final review prior to submission. While this can look different for external and internal reporting needs, some organizations utilize a reporting platform to help centralize report preparation / templates , streamline reviews, and allow external auditors direct access within the platform. Other organizations will setup direct integrations with their reporting platform and external filing bodies to complete report submission when required.

In 2022, we did a poll around this topic (see graphic below) and found that most organizations were spending a large amount of time in report preparation and data consolidation. This is aligned with what we see in the market as these areas tend to be labor intensive especially as an organization gets larger, expands globally, and subsequently has more complex reporting needs.

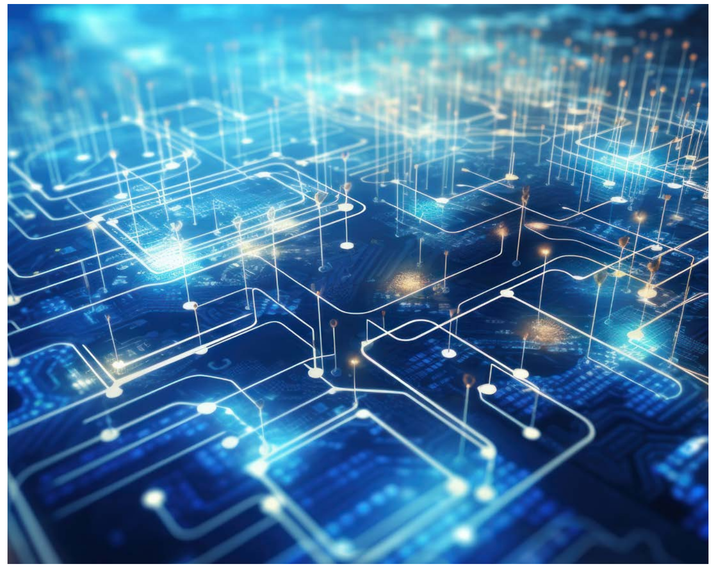
POLL 3: Which of the following areas do you spend the most time in during the report preparation process?	
Votes Received: 120	
Report preparation / delivery and submission	**35.4%**
Consolidation / aggregation and calculation	**33.9%**
Data sourcing	**18.1%**
Don't know / not applicable	**11.0%**
Other	**1.6%**

When selecting a reporting automation platform – it is important to review your reporting strategy and consider data needed to meet end-state reporting requirements. One example of a reporting automation platform that is widely known to support these needs is Workiva. Workiva is a tenured reporting platform that uses a complement of source data integrations, data aggregation, and collaborative report preparation / review functionality to allow organizations to team cross-functionally. By sourcing data once and using for many different reports, teams across finance, accounting, operations, sustainability, investor relations, management, business units and others can prepare and review reporting all at the same time. This provides a level of automation not traditionally found in desktop-based manual reporting processes. This improves investor and regulator confidence in the data reported and helps internal stakeholders make better business decisions using streamlined data from their reporting platform. See Workiva overview graphic below.



Illustrative

"Using the same platform for ESG, GRC and financial reporting allows teams across those domains to share information, data, and disclosure in a controlled and collaborative manner"
– Steve Soter - VP, Industry Principal, Workiva



Selecting use cases for a Reporting Automation Platform

Many organizations will consider the use cases they would like to automate when selecting their reporting automation platform. Workiva is one of the main reporting platform technologies that covers a breadth of reporting use cases cross-functionally. Below are a few examples of some of the primary reporting automation use cases that organizations will automate using Workiva.

Financial Reporting (SEC Reporting, Private Financial Reporting) – Using the Workiva platform, organizations can file accurately and complete required XBRL tagging needed for external SEC filers. For private organizations, financial reporting needs can be handled in a centralized manner and shared with many different reviewers – internally or externally.

Global Statutory Reporting – Multinational organizations utilize Workiva to enforce standardization of statutory filings that are happening at a local level but consolidated globally. Global parent organizations can get the visibility they need while allowing for autonomy by local offices. Required templates and filing guidance can be built into the platform for further automation. As shown in our example earlier – global statutory reporting can be incredibly difficult which makes it ripe for process improvement and reporting automation.

Sustainability (ESG) Reporting – As ESG reporting requests become more concrete, organizations are using Workiva to standardize the collection of unstructured ESG data and manage the end-to-end reporting process between business units, human resources, investor relations, and other interested groups. Given the continued expansion of external regulatory guidance and stakeholder interest, organizations are using the Workiva platform to streamline this process while allowing flexibility for changes year over year. As discussed earlier, the increasingly complex regulatory environment in the US and globally is making organizations reconsider how to use a platform approach for ESG reporting.

Governance, Risk, and Compliance (GRC) – Organizations looking to automate their controls testing and audit review cycles will utilize Workiva to map their controls to risk frameworks, perform testing, provide insight into enterprise / operational risk, and manage key policies and procedures. Similar to other use cases, clients using Workiva for this use case will build and test controls for other reports in the platform like financial, ESG, or other types of reports. For example, a large organization with complex control sets used the Workiva platform to manage and test controls as well as monitor testing status through custom dashboards. They also attached documentation directly in the platform and enabled notifications to improve workflow. This type of multi-prong strategy for using a reporting platform like Workiva for controls automation is a preferred approach when enabling this type of use case.

Management Reporting – Management reporting can look different for each organization. Sometimes this can look like business unit reporting that covers different product or service lines. Other times this can look like specific management-level reporting for leadership or the board of directors. In some situations this can also look like self-service reporting where business users can access specific reporting data in various views as needed for their industry or domain. Workiva can be used for these or other types of use cases for standardization and automation. Workiva can also provide control over data integrity in different reports to facilitate data-driven financial and operational decision-making. For example, an organization with various board reports and business unit reports built a reporting platform strategy to source the data once and structure report templates and presentation materials to pull that same data into multiple reports each month. This helped improve consistency and allow more people to feel confident in monthly reporting.

Industry-Specific Regulatory Reporting – Many industries have specific reporting relevant to their industry or segment. For pharmaceutical companies, this can look like details on drug testing or regulatory submissions to the FDA. For energy companies, this can look like submitting information to federal regulators. For financial services companies, this can look like submitting securities and related banking information such as CCAR to the Federal Reserve. These are just a few examples of industry-specific reports that can be automated using Workiva to support unique industry-specific needs around reporting.

"Enabling integrated reporting with technology helps organizations align their data to requirements for disclosure (e.g. ISSB or ESRS disclosure standards) and prepare for regulatory compliance.
– Mark Mellen - Industry Principal – ESG, Workiva

As you can tell, many of these use cases share a similar value proposition. Each use case tends to be time intensive and require multiple parties within a business to contribute. The same data is frequently used for these types of reports making a reporting platform useful in sourcing data once for many uses. Accuracy is key in these public disclosures and for external auditors. Global organizations will find a benefit in standardization and alignment with use of a reporting platform like Workiva.

Additional considerations when building a reporting automation platform

Assess and prioritize processes where reporting automation will have the greatest value for the organization – this should be considered across multiple existing and new areas.

Confirm cross-functional buy-in for use of a reporting platform early in your reporting automation journey – work with business owners across different teams to implement multiple use cases together to achieve greater automation and improved efficiencies.

Incorporate reporting considerations into your current or future ERP and/or finance transformation – align with IT and other business lines to prioritize the reporting elements when considering a new ERP or Finance Transformation effort.

Innovate within the platform over time through data management, integrations, platform expansion, and additional automation like artificial intelligence – continue to re-evaluate additional opportunities for new teams within the business to take advantage of the platform through additional connectivity or collaboration within the platform.

Takeaways on building a successful reporting automation program

As organizations become more complex, requests for more transparency around reporting are growing. Teams are being asked to quickly provide internal reporting for executive leadership while also preparing required external reporting for the SEC and other regulatory bodies. With the expansion of external reporting requirements around new ESG, global statutory, cybersecurity, and other domains, it is important to be agile in reporting what is needed in an accurate and timely fashion. Building an integrated reporting automation platform will have long term benefits in your ability to scale as an organization and have trust that the numbers are correct.

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