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Why a Single Source of Truth Belongs at the Heart of a Midsize Finance Strategy

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By Eric van Rossum

Chief financial officers (CFOs) at midsize organizations are under tremendous pressure to meet financial reporting and compliance requirements, oversee complex budgeting and planning needs, and manage cash flow. Unfortunately, the legacy tools and processes many CFOs are using for financial planning and analysis (FP&A), however reliable they've seemed, may be deterrents to optimal decision making, effective resource allocation, and improved operational efficiency.

Companies that cling to outdated enterprise resource planning (ERP) technology and a patchwork of financial planning solutions often find it difficult to build the transparency and trust they need for market leadership; to meet compliance requirements; and to implement effective environmental, social, and governance (ESG) strategies.

The key to an effective finance strategy is unlocking intelligence and insights from traditional data silos. Organizations such as PayPal Giving Fund and Topcon Positioning Systems are finding that consolidating their financial systems onto a single cloud ERP platform improves accuracy, consistency, efficiency, and data integrity. Having a single source of truth for financial data across all teams can make an organization more flexible, scalable, and adaptable.

Evolving to Meet Finance and Accounting Needs

Midsized companies that rely on manual and outdated FP&A processes quickly learn that inadequate financial systems can result in time-consuming tasks, data-entry errors, and duplication of efforts. Inefficient operations consume valuable resources, limit productivity, and prevent employees from focusing on value-added activities—hindering a company's ability to adapt and evolve.

An organization's growth hinges on its ability to implement internal controls and to meet increased financial reporting requirements such as generally accepted accounting principles and International Financial Reporting Standards. Midsized companies in particular need to emphasize financial strategy, analysis, and decision making.

And as they grow, these organizations need a structured and sophisticated approach to finance and accounting that aligns with the complexity of their operational and reporting requirements: budgeting and planning tools that can help ensure their accurate forecasting and cash flow management. And some ambitious, growth-minded organizations are finding that migrating their FP&A operations off legacy platforms and onto cloud-based ERP platforms is helping them find better insights, make better decisions, and meet bigger goals.

Since PayPal Giving Fund replaced its inefficient legacy accounting system with a cloud-based ERP, the result is “a much-higher-quality and up-to-date system, with clean data and new functionality that we can

rely on to support the business,” says Joshua Tripp, president and CFO of the fund.

Updating Fragmented ERP Systems

Organizations that consolidate onto a unified, cloud-based ERP platform may find a competitive edge with the ability to more quickly respond to market changes. Better automation, scalability, and functionality can reduce manual entry errors, delays in financial reporting, and increased costs. In addition, improved analytics and forecasting capabilities can enable CFOs to allocate resources more effectively.

Moving to a cloud ERP solution can reduce security vulnerabilities associated with fragmented systems by protecting enterprises from data breaches and unauthorized access. Safeguarding sensitive financial and customer data also minimizes potentially costly business disruptions.

And organizations that stay with legacy technology may find it increasingly challenging to keep pace with ever-changing regulatory requirements. Best-in-class cloud-based ERP systems allow organizations to identify and meet up-to-date regulatory requirements, reducing their exposure to the risk of noncompliance, which otherwise can lead to fines, penalties, and even reputational damage.

Another reason for companies to update and unify their legacy ERP systems is to improve their ability to track and report on ESG metrics across the business. State-of-the-art finance and accounting tools use automation, advanced analytics, and integrated systems to improve accuracy, enable timely reporting, enhance compliance, and provide better visibility into ESG performance.

“Real-time visibility of data is a game changer,” says David de Jong, senior project manager at Topcon Positioning Systems. “Where we used to have month-end data dumps per country, we can now check stock levels or sales at any second.”

Benefiting from a Single Source of Truth

Companies using a cloud-based ERP solution can benefit from a single source of truth that reflects real-time financial, supply chain, and workforce planning data. Improved insight and collaboration can help ensure consistency, accuracy, efficiency, and informed decision making.

A unified view of financial data requires an ERP system that facilitates forecasting, budgeting, and strategic planning. Growing companies need access to intelligent technologies like artificial intelligence and advanced analytics, along with the ability to automate everything from FP&A to governance, risk, and compliance.

For all these reasons and more, replacing legacy silos with a cloud ERP platform is a strategy more-ambitious organizations are using to increase their efficiency and unlock their potential for growth.

Learn more.

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