

eBook

Living on the **Ledger**:

Key findings from the 2021 Close the Books Survey to help you benchmark against your peers and learn the best practices of leading-edge organizations

Executive Summary

Closing the books for many organizations is an exercise in stamina and endurance. **For nearly 60%, the close process takes over a week,** delaying access to reliable information vital to business direction. To better understand the close process and help you find ways to accelerate your time to actionable insights, we at Sage Intacct run an annual Close the Books Survey among finance and accounting professionals.

Having run these surveys for several years, we found interesting year-over-year trends of technology adoption. **Relative to last year, 27% more respondents were inclined to move to the cloud,** most likely driven by the pandemic. And indeed, the COVID-19 pandemic was a stress

test for businesses and their processes, with those already in the cloud adapting more effortlessly to a remote close than those using on-premises systems.

Other notable trends emerged from the data indicating how your peers handle their closes as they grow. **Cloud-enabled automation becomes a must for growing organizations.** We see high rates of cloud financial management adoption and automation among large, complex businesses—and this brings them some of the shortest close timelines despite the complexities of their business. But these efficiencies aren't specific only to large organizations.

Businesses of all sizes can save 36% of their time during the close when they move away from spreadsheets toward cloud financial management.

The past year has highlighted cloud financial management as an enabler of business continuity and strategy. We're glad to share the findings of this survey along with actionable tips to accelerate the close, so you can become even better equipped to provide strategic guidance to your business.

Key takeaways from the survey

People



67% close the books with
between **2 and 5 people**

Process



73% close the books in
10 days or less

Those who automate
over **90%** of their journal
entries close **46%** faster

Technology



58% are on cloud or hybrid

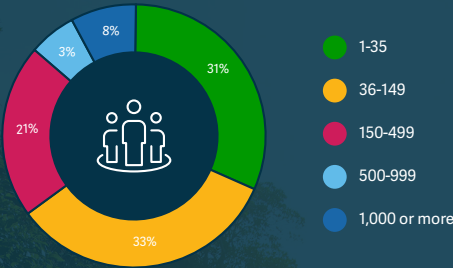
27% more plan to move to
the cloud relative to last
year's results

Survey Methodology

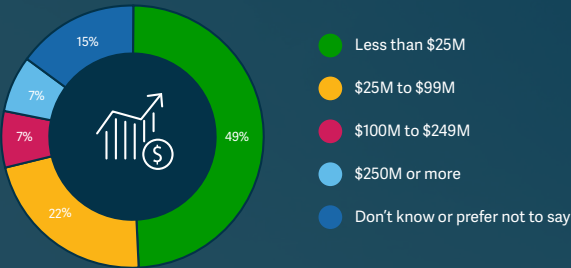
Sage Intacct reached out to finance and accounting professionals at small to medium-sized businesses to gather feedback about their financial close experiences. We conducted the survey from February–March 2021 and received over 1,600 survey responses from professionals in a variety of industries. The industries with highest representation were not-for-profit and faith-based, construction, healthcare, professional services, software and SaaS, and financial services organizations.

Survey respondents work at companies ranging in size from under 35 employees to over 1,000 employees, with annual revenues spanning under \$25M to over \$250M. More than 62% have multiple entities. The majority of respondents (57%) hold executive or other key decision-maker titles. We aimed to find out not only more about the close process, but the impact of the close on strategic areas of the business.

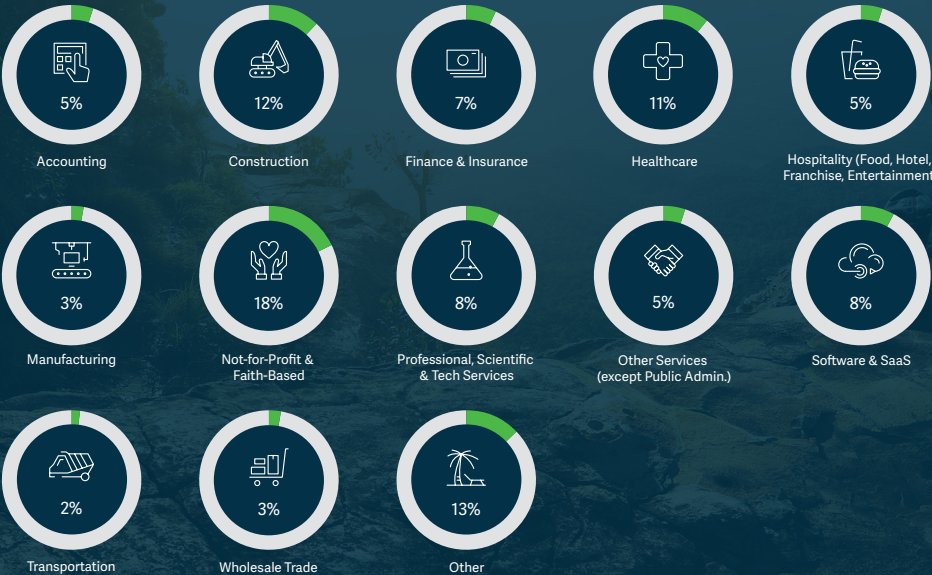
Number of Employees



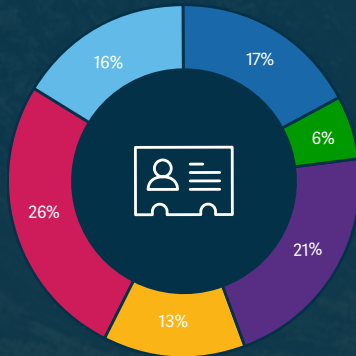
Company Revenue



Industries Represented

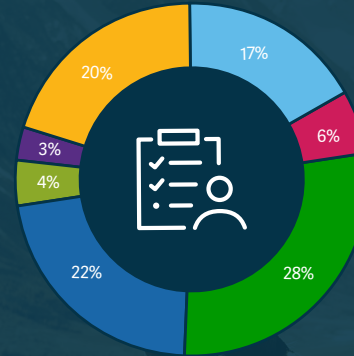


Job Title of Respondents



- Executive (CFO, CEO, President)
- VP Finance/Accounting
- Controller/Assistant Controller
- Director of Finance or Accounting
- Finance/Accounting Staff and Managers
- Other (E.g. Operations)

Primary Accounting System



- Intuit QuickBooks
- Microsoft Excel (or other spreadsheet software)
- Sage Intacct
- Sage product other than Sage Intacct
- Oracle NetSuite
- Microsoft Dynamics
- Other

The role of CFOs and Controllers has changed more in the past five years than in the previous 50 years. They are increasingly being called on to not only run day-to-day accounts, but to **provide strategic guidance to the organization.**

Sage Intacct, CFO 3.0—Digital Transformation Beyond Financial Management, 2020



State of the Close

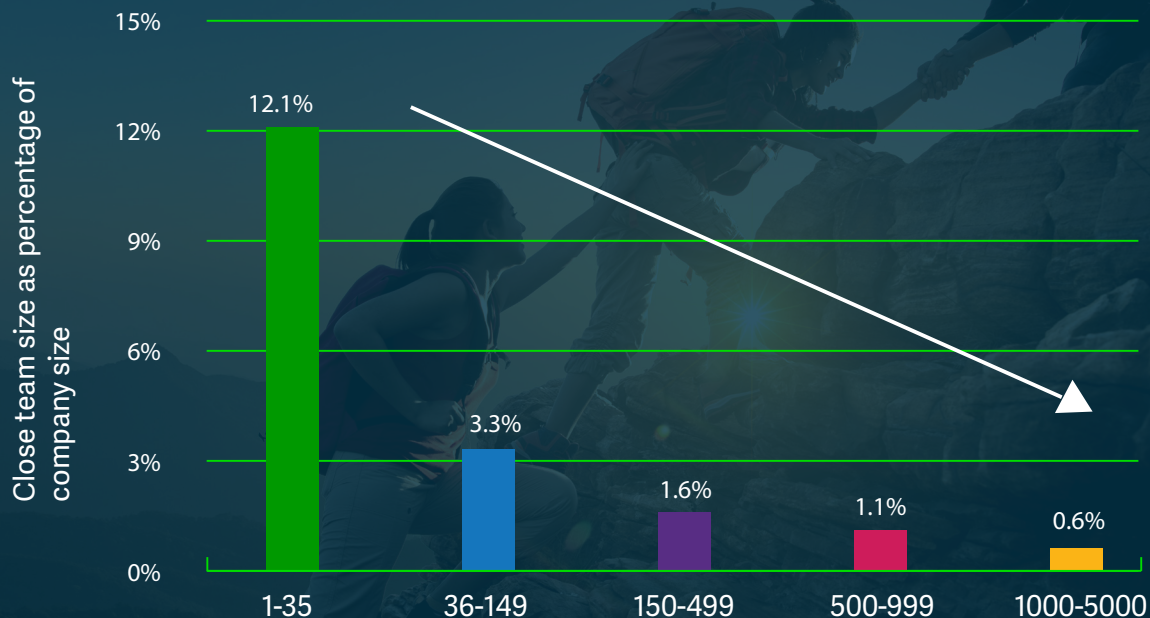
How respondents coordinate their people, processes, and technology sets the course for the close.

Teams that close the books run lean

The accounting teams responsible for closing the books tend to be compact, so it's essential for them to run efficiently. **44% of respondents say their close teams have two or fewer people, and 84% have five or fewer.**

Using a system that automates more close processes allows organizations to keep running lean, even as they grow in size and complexity. Growth-oriented organizations must bear in mind that the right tools and processes need to be in place in order to scale.

Close Team Size Compared to Total Company Size



The size of the close team as a percentage of all employees decreases, showing greater efficiencies in this area as companies grow.

The right technology enables larger companies to close faster than smaller companies

Days to close climb with company size until businesses reach \$250M or more in annual revenue, at which point the number of days falls back down to match the timeline of businesses with revenue of under \$25M. Why the sudden drop?

Automation is key to scaling accounting and finance operations for company growth. Companies with \$250M or more in annual revenue leverage higher levels of automation, automating 23% more of their journal entries than their mid-sized counterparts.

Days to Close by Annual Revenue



Those with annual revenue of \$250M or more automate **23%** more of their journal entries than those of the preceding revenue bracket.

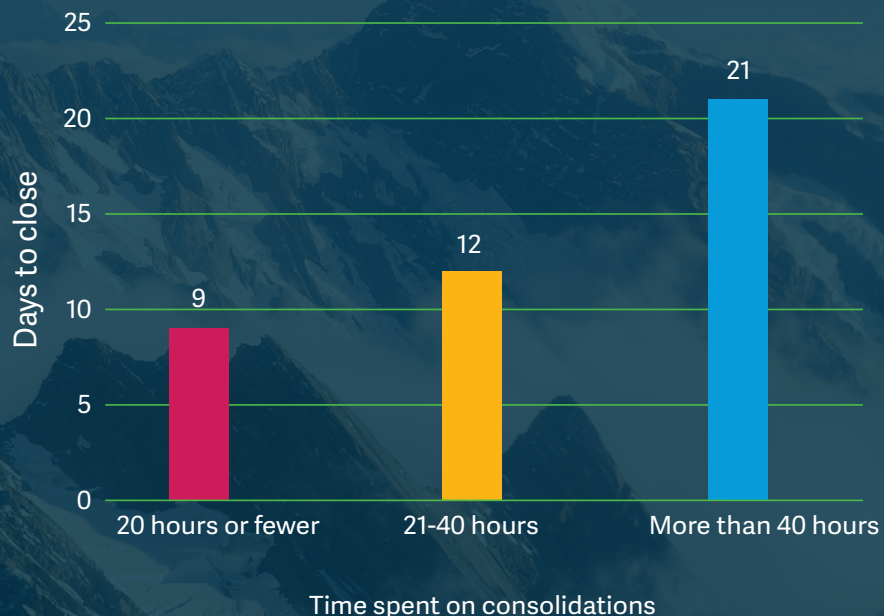
As companies grow in revenue, days to close increases up until the company size reaches around **\$250M**, at which point it begins to fall.

Manual consolidations drastically prolong close timelines

Faster consolidations generally mean a faster close. But, as most organizations with multiple legal entities know, performing consolidations is no easy feat. The tasks essential to financial visibility of the whole organization as well as for compliance can cause of a lot of headaches during the close if the accounting solution is not equipped to handle the complexities of multi-entity management.

If your multi-entity organization faces complexities like decentralized payables, inter-entity transactions, and multiple currencies, then automation through accounting software for multi-entities is essential. Automating consolidation activities including currency conversions, inter-entity eliminations, and local tax reporting eliminates hours to days of manual work so organizations can close the books 25–70% faster.

Impact of Consolidations on Days to Close

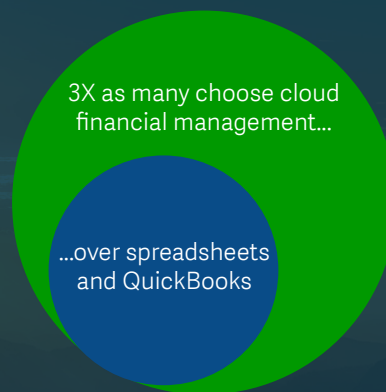


Complex businesses opt for cloud financial management solutions—and slash days off their close

An organization's complexity sharply increases with each legal entity it adds, since each addition brings in more intercompany transactions and potentially multiple currencies to handle. This leads to lengthier close timelines when multi-entity organizations rely on the same tools suited for single entity organizations, like spreadsheets and QuickBooks.

Purpose-built systems which offer automation not only alleviate these pressures during the close but enhance financial visibility throughout the period by reducing manual entries and errors that come with the territory of spreadsheets.

Organizations with more entities show a greater preference for cloud financial management systems. 3 times as many respondents with 5 or more entities favor cloud financial management solutions over spreadsheets and QuickBooks.

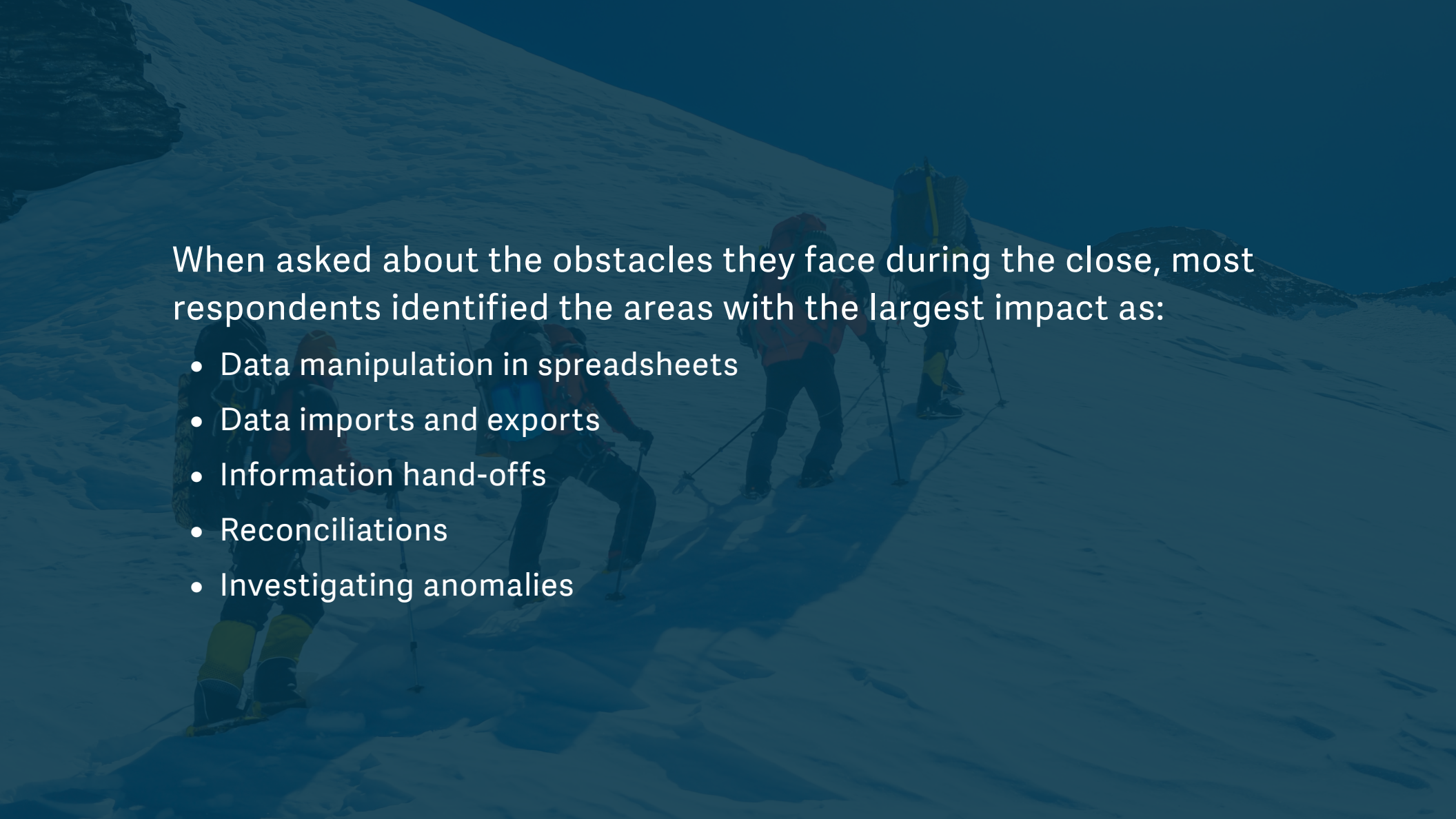


Among those respondents, closing the books is **2 days faster** when using a cloud financial management system instead of spreadsheets or QuickBooks.

Common close bottlenecks

The first step to accelerating the close is finding the bottlenecks, whether they are the pains you've put up with or the hidden obstacles.



A group of mountaineers are seen from behind, ascending a steep, snow-covered mountain slope. They are wearing heavy gear, including backpacks and ice axes, and are using ropes to secure themselves. The scene is set against a clear blue sky, with the snow reflecting the light. The overall tone is one of challenge and teamwork.

When asked about the obstacles they face during the close, most respondents identified the areas with the largest impact as:

- Data manipulation in spreadsheets
- Data imports and exports
- Information hand-offs
- Reconciliations
- Investigating anomalies

Time spent on manual tasks snowballs into lengthy closes

It may not come as a surprise that manual tasks slow down the close and can lead to businesses making decisions based on stale information. But just how much do manual tasks slow down the close? We asked participants to assess the impact spreadsheet manipulation has on their close, and found that **those most impacted by spreadsheet manipulation have closes that are 36% longer than those who are only slightly impacted.**

Similarly, those minutes spent on each manual data import or export add up and contribute to a slower close. **Those who are most impacted by manual data imports and exports on average have closes that are 25% longer** than those who are only slightly impacted.

Spreadsheet Manipulation

Those most impacted by spreadsheet manipulation close the books in

11 days

Those slightly impacted close the books in

7 days

Manual Data Imports and Exports

Those most impacted by manual data imports and exports close the books in

12 days

Those slightly impacted close the books in

9 days

Other common obstacles identified by respondents

Accounting and finance teams need access to critical data from across the organization to inform their decision-making. However, for **58% of respondents, information handoffs have a medium to high impact on their close time.**

The time spent waiting for information from other groups prolongs the close and impacts competitiveness in today's always changing environment. However, when financials run in well-connected cloud systems, the data is available in real-time, giving accurate monitoring of business health—and of course an efficient close.

Ensuring data accuracy was identified as another bottleneck of the close. **When asked to what degree reconciliations and investigating anomalies impact close time, 56% of respondents indicated these activities have a medium to high impact.**

The good news is you don't have to sacrifice speed for data accuracy. Automating reconciliations and anomaly detection not only frees up time for finance teams to spend on higher value activities like analysis and strategic planning, but it also ensures intra-period numbers are accurate.

58%

Struggle with information handoffs

56%

Struggle with investigating anomalies

56%

Struggle with reconciliations

Long, onerous close processes not only dampen team morale, but impede the organization's decision-making when they don't have current, accurate information when it matters. Having the right technology in place enables finance and accounting teams to evolve from being historians to visionary business leaders.



Access to real-time data



Automation that enables
continuous close



What-if scenario
planning capabilities



Top performers leverage technology

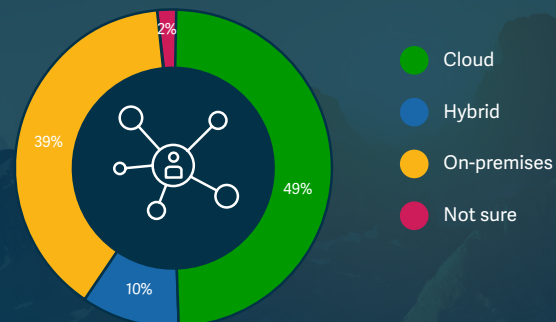
to close faster and grow their business

Cloud solutions pave the way for major efficiencies

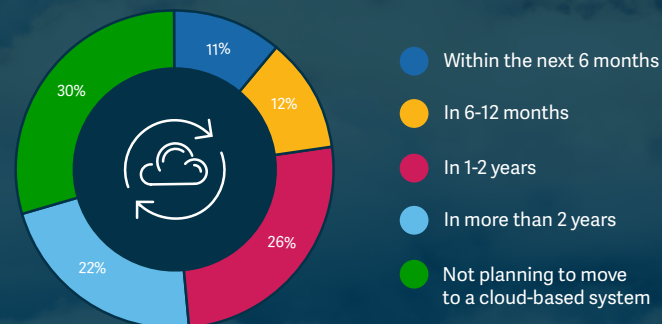
More respondents are on cloud solutions than on-premises. **58% currently use a cloud or hybrid accounting system.** Of those still using on-premises solutions, 70% are planning to move to the cloud, up 27% relative to last year and likely driven by the pandemic.

From what we have seen in our Close the Books surveys in prior years, **high availability, better reporting, lower cost, and increased security** ranked among the top reasons for moving to the cloud. In this latest survey, responses indicate that being cloud-based had additional advantages in the past year of unprecedented disruption.

Accounting System Deployment



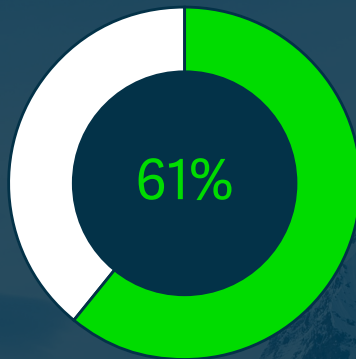
Move to Cloud Timeframe



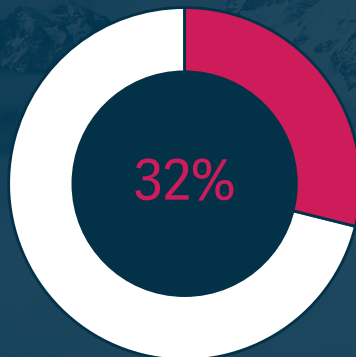
Cloud-based solutions eased the transition to a remote close during the pandemic

When we examine the impact of COVID-19 on business continuity, those who were already cloud-based had a leg up when transitioning to a remote close.

Cloud-based organizations were able to maintain accessibility to their data and continue operating without skipping a beat during the sudden transition from an in-office close experience to a remote workplace. And as we collectively navigate out of the pandemic, cloud will continue to provide benefits to the close and transformational opportunities—providing the foundation for high automation, artificial intelligence (AI), and the continuous close.



Of those on cloud, **59%** found the remote close transition to be extremely smooth.



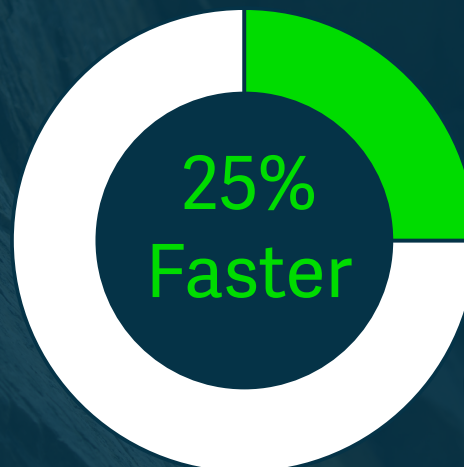
Meanwhile, of those using on-premises systems, only **32%** found the transition to a remote close to be extremely smooth.

Organizations continued to invest in improving the close

Given the impact an efficient close can have on the organization as a whole, it's not surprising that nearly 40% of organizations added more headcount and/or implemented new technology to assist in this area over the past 12–24 months.

Even with the pandemic ongoing—or perhaps, because of it—many organizations sought help in closing the books. And where did they focus their dollars? The number of organizations that invested in technology is more than double those who invested in headcount.

Investing in technology came out to be the greater timesaver, enabling organizations to allocate more time towards strategic work while saving on additional headcount.



Respondents who invested in technology close the books **25%** faster than those who invested in headcount, and were able to allocate more of their time to strategy rather than manual work.

Automation enables organizations to be more strategic

Automation directly impacts the time it takes to close the books. Respondents who automate under 50% of their journal entries close the books on average in 10 days. **Those who automate more than 50% of their journal entries close the books 20% faster—closing in 8 days on average.**

Journal entries are only a sliver of what you can automate. A well-integrated cloud accounting system can help you automate everything from bank reconciliations to multi-entity consolidations.

Automating more of the close process frees up teams to spend less time putting together the numbers and more time on analysis and strategy.



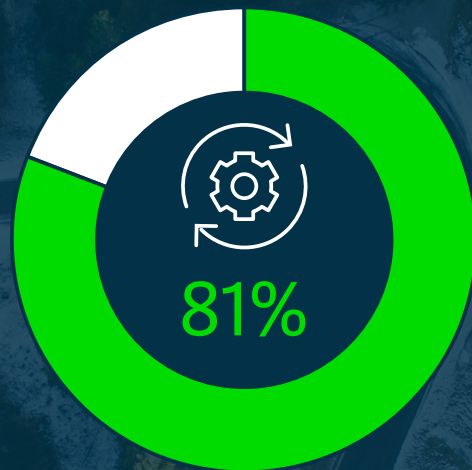
Respondents who automate over half of their entries are able to allocate **22%** more of their time to strategy than those who automate under half.



Top performers prefer systems that offer a continuous close

For an even more streamlined close, automation coupled with the power of Artificial Intelligence (AI) can free your team from manual work and arm you with active insights needed to help guide your business as strategic leaders.

Surprisingly, only 6% of respondents say AI is already helping with the close at their organizations. If you're part of the majority, then AI applications are closer than you think. In fact, they are available today to bring you closer to a continuous close state. For example, Sage Intacct Intelligent GL™ enables organizations to review thousands of GL transactions in minutes using AI-based outlier detection for greater confidence in the numbers throughout the period.



81% of respondents prefer a system that enables a continuous close. Instead of waiting for the close to get prepared financial information, you can leverage AI and automation to make the continuous close a reality and get insights you can trust at any time.

"Sage Intacct has freed my team up to focus less on tedious transactions, and much more on analysis and reporting that adds value to the business. At the same time, it's saving us \$100,000 every year from reduced headcount and IT support and has put us in a great position to handle whatever volume comes our way as the company scales."

– Mark Bellich, CFO, RIVR Media

With Sage Intacct

Half a day

Time to get reliable monthly financials

1 minute

Time to run a consolidated report

3-4 days

Number of days the monthly close is shortened

In conclusion

Today's finance leaders report on more than just the numbers—they provide strategic guidance for their organizations. The ability to rise to this weighty responsibility and make faster strategic decisions rides on having a shorter close.

In our survey, we saw how top performers use technology to accelerate the close. Organizations that invested in technology are able to close 25% faster than those that invested in headcount and spend more time on strategy than manual work.

Organizations shave days off the close by using cloud financial management solutions instead

of spreadsheets and basic accounting systems. On top of that, this past year highlighted cloud-enabled adaptability in a time of unprecedented change, with organizations in the cloud transitioning seamlessly to a remote close in the face of the COVID-19 pandemic.

Cloud solutions provide the foundation for automation and AI—available today—to transform the close so you can always have a current and accurate view of your business, saving you time so you can focus beyond the bottom line. **Accelerating the close takes you out of the ledger and keeps you ready for what's next.**



Sage Intacct gives leaders of digital-savvy, intelligent organizations the visibility and agility to make the right data-driven decisions at the right time to steer their organizations and people to growth and recovery. As the innovation and customer satisfaction leader with over 20 years of experience as a native cloud financial management system, Sage Intacct is the only solution to earn the top score in Gartner's Cloud Core Financial Management Suites Lower Midsize Enterprise Use Case for 4 years in a row, is the first and only preferred provider of the AICPA, and is ranked #1 in customer satisfaction by G2. Tightly integrated with budgeting and planning and paired with HR and people software, Sage Intacct enables digital transformation through continuous accounting, continuous trust, and continuous insight.

For more information, visit: sageintacct.com



AICPA®

Business Solutions

Preferred Provider of Financial Applications

© 2021 The Sage Group plc or its licensors. All rights reserved. Sage, Sage logos, and Sage product and service names mentioned herein are the trademarks of Sage Global Services Limited or its licensors. All other trademarks are the property of their respective owners. Use of non-Sage trademarks is not an endorsement of any person or product.

sage Intacct