

Executive Brief

Meeting CFO Objectives in 2009: Five Ways Microsoft® SharePoint® Can Help

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Abstract

In this paper we explore ways Microsoft® SharePoint®, an application already installed in a majority of enterprises, can help CFOs meet the challenges facing them in 2009 and beyond. Armed with an understanding of SharePoint features and skilled resources who can transform the technology into a powerful business solution, finance organizations can be weeks, not months or years, away from meeting the operational demands ahead. In this paper, we identify five challenges facing CFOs today; challenges that can be met using SharePoint. We then offer best-practice “do’s and don’ts” for making SharePoint a transformational resource for your finance operations.

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Introduction

It goes without saying that these are indeed challenging times for business, both in the US and abroad. With a vast number of economic variables in a state of flux, the ability to manage change may prove more valuable than a track record of accurate predictions. In 2009, nowhere will the challenges be greater than in the CFO's office. In an environment of drastically changing business models, shrinking budgets, and increasingly complex and demanding regulatory and compliance requirements, traditional means of managing finance operations will not suffice. For this part of your business, the ability to consume and summarize disparate performance data, collaborate on fiscal initiatives, and remain in reporting compliance with shareholders, employees, regulators and customers are all mandates.

In a 2008 study of 1,000 CEOs across the globe, nearly 50 percent of survey respondents indicated that they were adapting their enterprise business models to be more collaborative.¹ And, according to industry experts, the trend toward globalization of back office functions, such as Finance and HR, is likely to continue. In this paper, we explore how one collaboration toolset, Microsoft SharePoint, already installed in a majority of IT shops, can help CFOs meet these challenges. If your company owns a license for Microsoft Windows Server® 2003 or higher, you already own one of the richest enterprise collaboration and content management suites available today.

Armed with an understanding of SharePoint features and skilled resources who can help you transform the technology into a powerful business solution, your finance organization can be weeks, not months or years, away from meeting the operational demands ahead. In this paper, we identify five challenges facing CFOs today; challenges that can be met using SharePoint. We then offer best practice “do’s and don’ts” for making SharePoint a transformational enablement resource for your finance operations.

CFO Mandates

What challenges will finance executives face as they approach 2009 and how can SharePoint help? In this paper we'll address the following CFO mandates:

1. Prepare for transformation: mergers, acquisitions, divestitures and partnerships
2. Improve enterprise risk management capabilities
3. Enhance the ability to address growing policy and compliance requirements
4. Minimize the cost and effort of adopting XBRL financial data reporting standards
5. Provide a single source of truth for budget and performance management information

Prepare For Transformation: Mergers, Acquisitions, Partnerships, Divestitures

In a recent CFO survey, it was concluded that the notion of being “global” is evolving. Beyond having a multinational structure or mere presence in different countries, global now involves managing an interdependent network of worldwide assets with the ability to optimize resources horizontally and vertically.² Traditional views of globalization are being replaced by business designs that facilitate faster and more extensive collaboration on a worldwide scale, supporting rapid reconfiguration when new opportunities appear.

In addition, there is recognition that social networking and real-time collaboration tools improve global communications and close the distance between people in different locations. Whether driven by merger, acquisition, divestiture or partnership, SharePoint can be rapidly deployed for:

- **M&A Teams:** Immediate collaboration needs are fulfilled using out-of-the-box SharePoint features to support the pace and due diligence tasks required of deal teams.
- **Integrating Systems:** Access newly acquired systems from one Web address regardless of technology or operating environment – with SharePoint, integration with new back office systems is often configurable, requiring little to no custom development.
- **Integrating People:** New groups of employees gain access to company information and resources with no more than a computer, Internet connection and Web browser – within minutes, not days of transaction completion.
- **Translation Management:** Document libraries and workflows, accessible globally, provide multi-language support of documents and consistency of information.
- **Work Teams:** Providing newly formed teams with ready-to-use blogs, wikis, discussion threads and shared libraries, enabling real-time communication – compressing the “*forming, storming and norming*” process and accelerating productivity.

Improve Enterprise Risk Management Capabilities During Economic Uncertainty

In a very recent survey by CFO.com, when asked the question, “Has your company deliberately slowed down its payment to vendors in the past month?” 47 percent replied *yes*.³ The most fundamental business risk – *customers not paying* – has by our own admission escalated in the past few months. Combined with currency and credit risks, geopolitical and environmental risks, legal and regulatory risks, corporate executives are being driven to greatly increase the formalization of risk management processes. In more cases than not, the responsibility for risk management rests with the finance organization.

Industry experts suggest that about half of businesses around the world have or adhere to a formal risk management process. Such a process calls for buy-in from the Board of Directors through line-of-business managers. A simple method for identifying and assessing risk, coupled with a straightforward mechanism for communication and collaboration is called for. Finance departments can take advantage of SharePoint to improve their organization's participation in the risk process, monitor associated performance results, and drive a risk-management culture that embraces:

- **Data-driven assessment** and ongoing monitoring of risks based on their potential impact on business performance and overall viability – a consolidated dashboard view with key performance indicators driving action.
- **Assignment of risks** to individuals or teams for analyzing, monitoring, communicating and contingency planning. Role-based security ensures the right people get the right data, while built-in processes and workflows promote timeliness and compliance.
- **Visibility** that supports a collaborative, transparent approach to protecting business assets and creating a culture of ownership across the organization – people can only help if they understand the problems.
- **Departmentalized risk management** that provides a bottoms-up view of issues that are approaching the level of business risk – positions risk managers to mitigate impending risks before they become critical.

Enhance the Ability to Address Growing Policy and Compliance Requirements

Businesses face an enormous (and likely growing) expense complying with new standards, policies, and regulatory requirements. While there is still disagreement on the true costs and benefits of complying with Sarbanes-Oxley, SEC findings suggest that the cost to US business averages \$1.8 million for every \$1 billion in sales.

While SOX and HIPPA have received the most attention over the last few years, federal, state, and international regulations will continue to challenge already saturated corporate staff. In 2009, new FASB standards (FAS 141R and FAS 160) aimed at increasing transparency and global comparability in M&A deals will go into effect. According to PricewaterhouseCoopers, in supporting the FASB changes, “Communication with investors will be key to easing the transition and planning now will improve a company’s ability to adapt existing processes and practices.”⁴

As businesses struggle with the reporting and scheduling requirements associated with compliance, the basic problem of ineffective compliance-data management has yet to be resolved. In many cases, compliance projects are treated as if they are independent, unrelated endeavors when, in fact, they more closely resemble the global new drug application process. In other words, the same data is used repeatedly, but for different audiences, reports or country-specific requirements.

SharePoint can improve efficiency, reduce costs, and improve consistency in an organization’s compliance efforts by enabling:

- **Compliance Teams:** Share a single electronic library of policy and compliance elements which is globally accessible and integrated with familiar Microsoft Office tools.
- **Compliance Data Managers:** Maintain one set of data and apply intelligent filtering to meet the variable and diverse needs of the compliance process.
- **Project Management:** Light-weight out-of-the-box project management tools let compliance personnel quickly and easily assign tasks, workflows and view status of specific compliance initiatives.
- **RSS Feeds:** Capture and push content from governing body Websites such as GAAP, FASB, SEC, and IRS, ensuring managers receive relevant content as it is published, without seeking it out.

Minimize the Cost and Effort of Adopting XBRL Financial Data Reporting Standards

In August 2008, SEC Chairman Christopher Cox announced that the U.S. Securities and Exchange Commission would replace the EDGAR database with the IDEA database. As a result, by 2010, publicly traded companies will be required to create their SEC filings using Extensible Business Reporting Language (XBRL).⁵

While not scheduled for vote until the end of 2008, most agree that the XBRL standard will go into effect as planned. By providing a mechanism for “tagging” financial data, the new standard will make it easier for investors to make global comparisons between companies. According to Cox, if approved, U.S. publicly traded companies with market caps above \$5 billion will be required to use XBRL on their next 10-Ks.

While there will be initial costs associated with implementing the standard, the greater concern rests in whether the IT services industry can ramp up the necessary volume of trained resources in time to meet the deadlines. Less than 1,000 businesses opted into the voluntary pilot program which means there is significant pent-up demand for assistance in the transition to XBRL.

To reduce the burden of transition to XBRL, businesses can accomplish a great deal using existing familiar Microsoft Office tools which are already integrated with SharePoint for information sharing and Web-based file and data storage. Some scenarios to consider:

- Tax Managers construct XBRL-based quarterly (10-Q) and annual (10-K) earnings reports using familiar Office tools or InfoPath forms and publish them to a SharePoint site for secure, on-demand access by analysts and shareholders.

- Financial analysts produce a template with XBRL tags in place that can be distributed to others within the company as a Word or Excel file. This masks any technical complexities of XBRL, letting users construct reports in a familiar environment, and enabling the company to tap into the benefits of XBRL.
- Finance executives see, at a glance, how their numbers line up with local compliance requirements. Publishing numbers in an open standard to shareholders enables industry leaders worldwide to maintain financial transparency.

Provide a Single Source of Truth for Budget and Performance Management Information

Given the difficulty of achieving a single, non-redundant, well-defined set of financial data within local operations, how is it conceivable that we are prepared to address this in the global economy? CFO's who have been successful in meeting this particular objective offer four criteria for success:

1. Enterprise-wide common data definitions
2. Standard Chart of Accounts
3. Standard common processes
4. Globally mandated standards

With these fundamental building blocks in place, a finance-driven enterprise content and collaboration management tool can be a cost-effective, flexible platform on which to build and sustain a single source of fiscal truth for an organization. From there, links between strategy and budget can be maintained and fiscal programs can be infused with project management rigor that is light-weight and has broad user acceptance. User alerts and process workflows can be established to interact with a common set of data to meet a multitude of operational needs. Additionally, access to data based on content, security and role can be managed by the system to ensure team members are presented with a personal view that is targeted to them and their specific business tasks.

A SharePoint-Based Finance Portal Offers:

- **Secure Website** delivers sensitive data and target information to specific audiences or groups, without the need to create new reports or duplicate data sets – the system ensures employees, shareholders, clients, and partners see a view into the data that is appropriate for them.
- **Self-service budgeting** opportunities that enforce standard data definitions and Chart of Accounts and enable data rollup into management dashboard views. Key performance indicators and email alerts assist executives in managing critical issues.
- **Centralized publication and records management** policies associated with the stewardship of financial records and reports drive discipline into financial information management.
- **Standard, consistent data usage**, forms services and workflow tools combine to support complex report development and rigorous fiscal calendars.

Why SharePoint?

So, why should you consider SharePoint? There are three primary reasons:

Reason 1: You already own a SharePoint license

As stated at the beginning of this paper, Microsoft Windows SharePoint Services 3.0 may already be owned by your organization. Check with your IT department to see whether your company has Microsoft Windows Server running and you'll have your answer. Most organizations have at least one Windows server running. Windows Server 3.0 ships with Windows SharePoint Services (WSS) 2.0 and licensees are eligible for free upgrades to WSS 3.0. (The latest version of Windows Server already ship with WSS 3.0.)

Reason 2: Gartner names SharePoint an ECM leader

In its class of solutions, Microsoft Office SharePoint Services (MOSS) 2007⁶ is one of five “leaders” in the 2008 Enterprise Content Management Magic Quadrant, ranking number 1 in terms of completeness of vision.⁷ According to Gartner, “More so than any other vendor, Microsoft has driven ECM market transformation with SharePoint 2007. Microsoft has brought BCS (Business Communication Services) to the masses by bringing the cost per seat down and tying simple content management to the desktop tools that users use every day.”

Reason 3: Integration with Microsoft Office applications and SQL Server database

User adoption is typically very fast with SharePoint. The user interface is intuitive, familiar and contemporary. Given its out-of-the-box integration with Excel, Word, PowerPoint, Access, Outlook and InfoPath, users welcome the notion that they will continue using the desktop tools with which they are familiar.

IT adoption is fast as well. While the IT group may not be prepared to develop your specific business solution for you (that is what consulting firms are here to do), there is usually little resistance to supporting SharePoint as an extension to existing SQL Server, Exchange, Active Directory and IIS infrastructures.

Best Practice SharePoint Implementations

There is little question that SharePoint has quickly become the collaboration environment of choice. However, as Gartner also reports, "...there is a clear skills gap between the demand SharePoint has created and the supply of well-trained implementation personnel." Finding resources to help translate the business needs into a set of well thought out SharePoint data sets and web parts are keys to successful implementation.

Implementations often require little traditional custom development. Seeking the skill set in existing IT development groups may yield little result. It is better to seek out inventive resources with strong business analysis skills, hands-on knowledge of the SharePoint architecture and feature set, and proven experience building SharePoint solutions. In extending SharePoint capabilities, resources with ASP.net and SQL Server experience will be a plus. An iterative development approach is called for and user involvement throughout the life cycle is critical.

While gaining access to the SharePoint toolset within your organization may be surprisingly simple, the approach to the implementation of SharePoint features should be determined with care. If your company has already implemented a SharePoint solution, it is best to check in and see whether any taxonomy and architectural standards have already been put in place. If so, you will want to incorporate those into your design. If not, you will want to identify your own.

The following list of *Do's and Don'ts* is based on hands-on experience in implementing large and small SharePoint solutions. The lessons learned often have little to do with the size of the user-base and everything to do with good, up-front planning and design – with SharePoint these upfront activities often represent 50 percent of the overall deployment effort.

Do...

- » Begin by identifying all potential processes and uses for the site. Although you may phase functions in over time, the more you know at the time the site architecture is designed, the more quickly new processes and features can be integrated later on. Early identification of common data elements and process links between groups or departments can add tremendous future value and usefulness.

- » Begin formal documentation of data, content, security and audience information from the start. This will greatly improve your chances for a smooth transition into production and create a baseline for future design work. It is beneficial to identify whether you will have all internal users, all external users or a combination of both. This affects the access and authentication design which can drive the overall architecture.

- » When prioritizing the order in which features and content will be moved into SharePoint, don't overlook those which may be quick to implement and provide immediate ROI. In some cases, it is advisable to give a sponsor part of what they have requested early to gain some immediate efficiency, following up to meet their more process or department-specific requirements at a later time. An example of this would be setting a document library for a Compliance Team today, but providing them a forms-based workflow later. For today, they will have the immediate benefit of version control and shared documents.

- » If there will be a change to the out-of-the-box look and feel of the SharePoint site, begin the “skin” design process in parallel with the architectural design. Nearly all clients we have worked with have a requirement that states the site should not be recognizable as SharePoint when it is finished. This is absolutely feasible but often requires customization of themes, style sheets or site definitions that require SharePoint development skills and know-how. Completing the design and then finding the resource can be time consuming so start early.

Don't...

- » Set up a SharePoint site and grant open access to users if you're preparing to move business intelligence and work processes into the site. Because SharePoint is intuitive and non-developers, given the appropriate permissions, can add functionality and sites very easily, governance and standards are required. While it is useful to provide users with a place to experiment and become familiar with SharePoint, this should be done on subsites designated as sandboxes that are not associated with the site you will be putting into production.
- » Build out a cross-functional portal until the design has been vetted with representatives from functional groups that will be impacted. They may find themselves as required content contributors or workflow participants without having input to the process design and this can inhibit acceptance. Sometimes business process changes are underway which can be enhanced by SharePoint and it is good to be tied into those changes.

- » Allow people to get the impression that you are trying to replace your company's existing ERP or other back office systems infrastructure. SharePoint is not a replacement for the data crunching that these systems do for your organization. Rather, it is a way of surrounding these systems so that data from them can be viewed from a single interface or extracted for purposes of meeting an analytical need that is not currently met via those systems.

Conclusion – Getting Started

Given an environment of drastically changing business models, shrinking budgets, and increasingly complex and demanding regulatory and compliance requirements, new means of managing finance operations are in order. Enter SharePoint. Leveraging its cost-effective and adaptable set of features, CFOs can quickly gain operational efficiency, accelerate organizational transformation, and improve the usefulness and integrity of financial data.

To get started, identify one or two business needs for which a proof-of-concept can be developed. Engage a qualified, experienced SharePoint consulting partner to facilitate the process and provide a blueprint for the design, development and deployment of the solution. Knowledge transfer into your organization during the engagement should be a requirement. As users become more familiar with SharePoint and IT is tasked with maintaining the infrastructure, they will need a resource for support. This is a role your consulting partner should be willing and able to provide.

Ready, set, grow . . . Without exception, the value of SharePoint is validated quickly, prompting steady demand for new applications. To ensure ongoing success, make sure you have a trusted partner who understands your business, industry and objectives, and has a proven track record of implementing effective SharePoint solutions.

Endnotes

1 Enterprise of the Future, IBM Global CEO Study of more than 1,000 CEOs and public sector leaders worldwide.

2 Balancing Risk and Performance with an Integrated Finance Organization, Global CFO Study 2008, The Wharton School, Economic Intelligence Unit, IBM Global Business Services

3 Working Your Capital, www.CFO.com

4 <http://www.pwc.com>

5 XBRL is a language for the electronic communication of business and financial data. It is an open standard, free of license fees, and was developed by a non-profit making international consortium. For more information, visit www.xbrl.org.

6 Windows SharePoint Server 3.0 (WSS 3.0) is shipped with the Windows Server Operating System. Microsoft Office SharePoint Services 2007 (MOSS) includes WSS 3.0 and additional portal functionality and is licensed separately from Microsoft.

7 Magic Quadrant for Enterprise Content Management, Gartner, September 2008

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