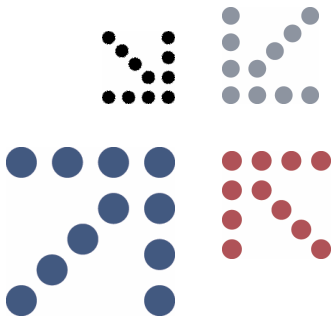
BDO Kendalls

CPA Australia

CPA Congress 2006: Implementing Systems for Improved Reporting Efficiency

Workbook



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Disclaimer

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Purpose and Scope

About this Presentation

This presentation addresses issues in selecting and implementing information systems – including but not limited to accounting information systems – in order to ensure efficiency in business reporting.

A strategic framework to building your information systems is provided that can be used to assess your reporting efficiency and to suggest strategies that will improve your business' response to this important commercial issue.

The presentation will include 'case studies from the field' in Micheal's experience in addressing these issues for clients. All attendees will receive a comprehensive guide with detailed discussion on the approach to implementing systems to achieve improvements in reporting efficiency.

About the Presenter

Micheal Axelsen is a Director of BDO Kendalls' Growth Services Consulting team and is based in Brisbane. Micheal's role is to assist clients with building their information systems capabilities, improving the governance of IT and information management, and the strategic use of new technologies for business.

Micheal has had several articles published through his role as Chairman for the CPA Australia Information Technology & Management Centre of Excellence and in undertaking research. Micheal is a CPA as well as holding a Bachelor of Commerce (Hons) and a Masters of Information Systems.

About BDO Kendalls

BDO Kendalls is the leading adviser to growing businesses and the people behind them, driving clients' business success through innovation, practical solutions and personalised service. BDO Kendalls is a chartered accounting and professional services firm, and is a member of BDO International, with over 250 staff in Brisbane.

Presentation

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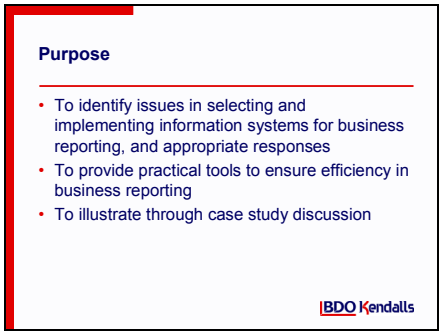

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About your speaker

- Micheal Axelsen is Director in the Growth Services Consulting team for BDO Kendalls
- Micheal consults in Corporate IS Evaluation, IS Project Assessment, Business Reporting Solutions and IS Strategy
- Micheal is also Chair of the CPA Australia Information Technology & Management CoE
- Micheal holds a Bachelor of Commerce (Hons), a Masters of Information Systems, and is a CPA
- Blog: Issues in Information Systems Management www.michealaxelsen.com

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Case Study: The fundamentals

- Distributed retail business
- Aging information system without support
- Management reports take two months
- Implemented business intelligence (Cognos) tool
- Fundamental controls not in place
- Garbage in, garbage out
- Reporting still not timely or accurate

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What is business reporting?

- *Business reporting* is the process of manipulating and presenting information held within one or many systems so that the information can inform operational, tactical, and strategic decisions.
- This definition does not limit the information to accounting information, and it does not limit the definition to quantitative information only.
- *Business reporting* is very broad.

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What is business reporting?

- Effectiveness is affected by business growth strategy, people, process, technology and financial resources.
- All five elements must be effective to ensure that business reporting is working

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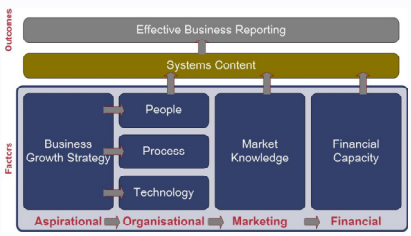
What is business reporting



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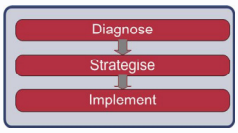
Strategic framework

- To ensure effective business reporting, need to break out into the fundamental 'Things To Do'. A very complex model:



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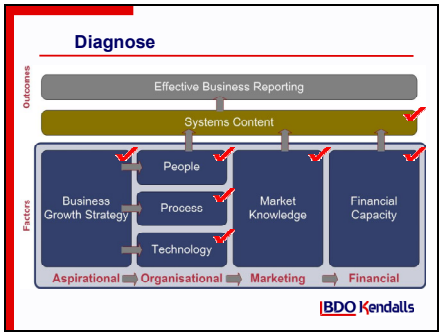

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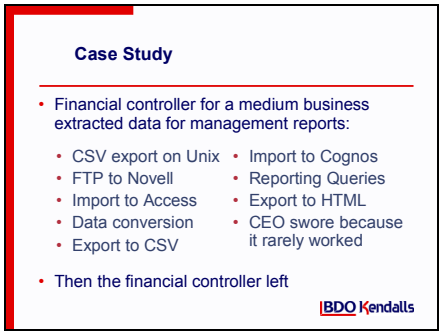

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Strategise

- Technology
  - Common Technology Framework
  - IT is often downside risk
  - Less applications the better
  - Less technologies the better
  - Single view of the truth
  - Consistency and compatibility of technologies is most important
  - Role of internal /development

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Strategise

- Technology - some options:
  - BI Vendors like Business Objects, Hyperion SAS Institute, Hyperion, Cognos, or Microsoft BI Solutions
  - Custom solutions using common tools - Excel, Access, Office etc
  - 'Report-writer' tools
- Web integration
- Understand the consulting costs what will be obtained

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Strategise

- Marketing
  - Know what you need to know
  - Capture & *use* relevant information
  - Don't try to capture the world

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Strategise

- Financial
  - Fund software acquisition adequately
  - Don't buy the software and cut down on the professional services – buy cheaper software if you need to and grow
  - Insist on ROI, BUT include the intangible benefits

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Case Study: The perils of customisation

- Professional services firm
- Selected practice management software 5 years ago
- Customised the heck out of the software to meet needs; re-customised when new version came out
- Software vendor has gone broke: no local support, no R&D
- Have to select new software, but all customisations will be lost

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Implement

- Ask the 'what' and the 'why':
  - Understand information needed – no ambiguity!
  - Know how the information is defined and where it is from
  - Change management
  - Have a good lie down before starting anything adventurous
  - Will it make a difference?

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Implement

- Ask the 'how':
  - Single and simple tools preferred over multiple and complex tools
  - Actually write down how this is to be done – a standard, systematic way
  - Document, document, and document some more – make it easy, but make it useful

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Implement

- Attacking the problem:
  - Medium term fix vs short-term pressure
  - Accountability
  - Monitor progress at senior level – regularly and always
  - Break down into independent 90 day deliverables
  - It ain't over 'til it's over – is business reporting effective?

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The guide

- Comprehensive guide with detailed discussion on approach to implementing systems for reporting efficiency.
- The guide provides a short diagnostic to use by asking some questions about your business, and directing your efforts for ensuring effective business reporting.
- Will be published at my blog, www.michealaxelsen.com, tonight.

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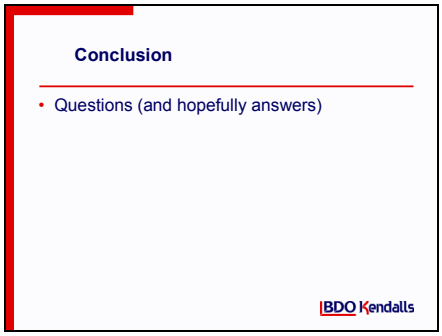

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Guide to Diagnosing Factors in Effective Business Reporting

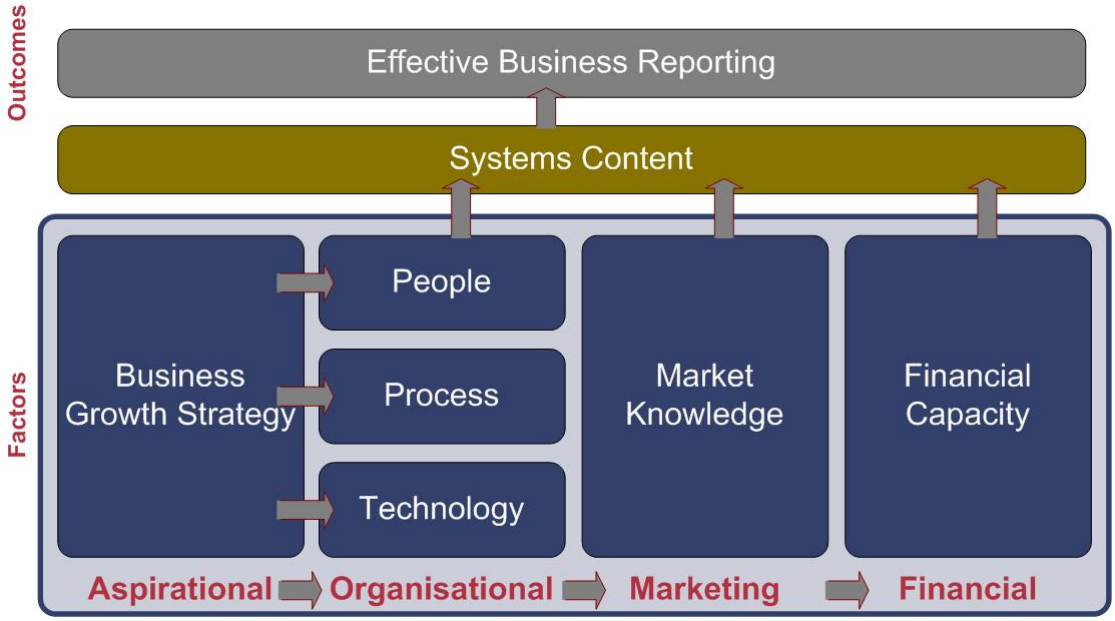
Overview

Effective business reporting is determined by several factors in business:

- Business Growth Strategy
- People
- Process
- Technology
- Market Knowledge
- Financial Capacity

These factors directly determine the quality of the information stored in the business' databases ('systems content').

The relationship between these factors and effective business reporting is outlined below. This approach is used in this diagnostic instrument to assess the position of the firm and to guide a strategic response to the need for effective business reporting.



To use this guide, answer each question outlined honestly and objectively. The responses will provide direction in determining the strategic responses your business should put in place to ensure effective business reporting.

Guide to Improving Reporting Efficiency

For each factor in effective business reporting, indicate how strongly you agree with the statement as it applies to your current business, and to a proposed technology solution for effective business reporting.

Business Growth Strategy

Current Business

The business strategy, setting out goals and actions, is set out in writing

Strongly Disagree				Strongly Agree
1	2	3	4	5

The business will grow substantially in size and staff over the next three years

Strongly Disagree				Strongly Agree
1	2	3	4	5

The products and/or services provided by the business will stay fairly static over the next three years

Strongly Disagree				Strongly Agree
1	2	3	4	5

Our service and/or product delivery methods do not need to fundamentally change over the next three years.

Strongly Disagree				Strongly Agree
1	2	3	4	5

The business environment will be fairly constant and unvarying over the next three years.

Strongly Disagree				Strongly Agree
1	2	3	4	5

The client marketplace will be fairly constant and unvarying over the next three years.

Strongly Disagree				Strongly Agree
1	2	3	4	5

Real-time reporting is **not** required to meet the challenges of business growth

Strongly Disagree				Strongly Agree
1	2	3	4	5

Accurate reporting is **not** required to meet the challenges of business growth

Strongly Disagree				Strongly Agree
1	2	3	4	5

Relevant reporting is **not** required to meet the challenges of business growth

Strongly Disagree				Strongly Agree
1	2	3	4	5

An executive information system showing information that supports management by exception, is **not** required to meet the challenges of business growth

Strongly Disagree				Strongly Agree
1	2	3	4	5

As a business, we are good at adapting to change and using quantifiable information to make decisions

Strongly Disagree				Strongly Agree
1	2	3	4	5

The business is **not** currently constrained by the quality, relevance, and timeliness of the reports produced

Strongly Disagree				Strongly Agree
1	2	3	4	5

Technology Solution

The technology solution is able to provide accurate information that is relevant to business decision-making in a timely manner

Strongly Disagree				Strongly Agree
1	2	3	4	5

People

Current Business

We are good at managing IT technical staff

Strongly Disagree				Strongly Agree
1	2	3	4	5

Our people are good at coping with change

Strongly Disagree				Strongly Agree
1	2	3	4	5

Our people will use the quantifiable information contained within the reports, rather than relying on 'gut feel' to make business decisions

Strongly Disagree				Strongly Agree
1	2	3	4	5

Technology Solution

We have the skills available (either through direct employment or contractual relationships) to support the technology solution

Strongly Disagree				Strongly Agree
1	2	3	4	5

People with the skills to support the technology solution are easy to find and employ at a sustainable cost

Strongly Disagree				Strongly Agree
1	2	3	4	5

The relationship with the software vendor is potentially strong

Strongly Disagree				Strongly Agree
1	2	3	4	5

The extra information provided by the technology solution will be sufficiently easy to access and interpret that staff will use the information provided to make operational decisions

Strongly Disagree				Strongly Agree
1	2	3	4	5

Process

Current Business

Our business reporting needs are well defined

Strongly Disagree				Strongly Agree
1	2	3	4	5

Our current business processes capture the information relevant to business decisions

Strongly Disagree				Strongly Agree
1	2	3	4	5

A defined risk-aware process for selecting software exists

Strongly Disagree				Strongly Agree
1	2	3	4	5

Our internal controls over information are strong

Strongly Disagree				Strongly Agree
1	2	3	4	5

End users do not develop and implement their own reports on an ad hoc basis

Strongly Disagree				Strongly Agree
1	2	3	4	5

Our governance and management of information technology is very effective and robust

Strongly Disagree				Strongly Agree
1	2	3	4	5

Technology Solution

The technology solution does not require our processes and the way we do things to substantially change.

Strongly Disagree				Strongly Agree
1	2	3	4	5

The technology solution can be adapted to meet our business reporting needs without customisation

Strongly Disagree				Strongly Agree
1	2	3	4	5

The technology solution accesses real-time data for real-time reporting

Strongly Disagree				Strongly Agree
1	2	3	4	5

Technology

Current Business

We have a high level of understanding of the technologies we currently have in place

Strongly Disagree				Strongly Agree
1	2	3	4	5

We do **not** have many different and disparate technologies at the moment

Strongly Disagree				Strongly Agree
1	2	3	4	5

The information we require for effective business reporting is **not** contained within many different databases or applications

Strongly Disagree				Strongly Agree
1	2	3	4	5

We do **not** have many different and disparate technologies at the moment

Strongly Disagree				Strongly Agree
1	2	3	4	5

Our business has extensive experience in the successful implementation of business technologies

Strongly Disagree				Strongly Agree
1	2	3	4	5

Technology Solution

The technology solution is compatible with the technologies we currently have in place

Strongly Disagree				Strongly Agree
1	2	3	4	5

The technology used is stable and mature

Strongly Disagree				Strongly Agree
1	2	3	4	5

The technology solution has a research and development plan that is in line with our business and industry requirements

Strongly Disagree				Strongly Agree
1	2	3	4	5

The technology solution is widely used by our peers and/or market leaders in relevant industries

Strongly Disagree				Strongly Agree
1	2	3	4	5

The vendor of the technology solution is profitable and stable, with a clear market direction that is aligned with our business needs

Strongly Disagree				Strongly Agree
1	2	3	4	5

The technology solution is aligned with our Common Technology Framework

Strongly Disagree				Strongly Agree
1	2	3	4	5

The technology solution is web-enabled

Strongly Disagree				Strongly Agree
1	2	3	4	5

Market Knowledge

Current Business

We currently record all the relevant information about the market in which we operate in an accurately and timely manner

Strongly Disagree				Strongly Agree
1	2	3	4	5

It is possible to capture and find information about our market, our competitors, and our customers sufficient to inform our decisions

Strongly Disagree				Strongly Agree
1	2	3	4	5

Technology Solution

The technology solution supports enhanced linking to clients or customers in order to obtain qualitative and subjective information using web technologies

Strongly Disagree				Strongly Agree
1	2	3	4	5

Financial Capacity

Current Business

Our business would be no more effective if our business reports were any more accurate, relevant, or timely

Strongly Disagree				Strongly Agree
1	2	3	4	5

Our business understands the real business value of the intangible benefits of information technology and having quality information

Strongly Disagree				Strongly Agree
1	2	3	4	5

Technology Solution

Our business has allocated sufficient funds for the software, hardware, and the professional services required to achieve a real business change

Strongly Disagree				Strongly Agree
1	2	3	4	5

Our business has allocated sufficient funds for the ongoing maintenance of the software in place (maintenance support contracts, other hardware needs)

Strongly Disagree				Strongly Agree
1	2	3	4	5

Our business has allocated sufficient funds for any increase in staffing or supplier resources to ensure that the technology implementation is a success

Strongly Disagree				Strongly Agree
1	2	3	4	5

Systems Content

Current Business

Our current information systems and databases have a high level of internal consistency and integrity

Strongly Disagree				Strongly Agree
1	2	3	4	5

Our current information systems and databases reflect 'one version of the truth'

Strongly Disagree				Strongly Agree
1	2	3	4	5

Our current information systems and databases use common definitions and common database keys to enable linking of information across databases

Strongly Disagree				Strongly Agree
1	2	3	4	5

Our current information systems and databases contain information that is highly relevant to the manner in which we conduct our business

Strongly Disagree				Strongly Agree
1	2	3	4	5

Our current information systems and databases have a high level of accuracy

Strongly Disagree				Strongly Agree
1	2	3	4	5

Our current information systems and databases are complete – there is no missing information or information that has been wrongly coded

Strongly Disagree				Strongly Agree
1	2	3	4	5

Technology Solution

The technology solution is able to access all relevant data stores

Strongly Disagree				Strongly Agree
1	2	3	4	5

The technology solution is able to manipulate and report upon information contained within multiple databases and present a unified view of our information

Strongly Disagree				Strongly Agree
1	2	3	4	5

Summary of Results and Action Plan

Overall, how do you rate the following factors? Lower responses, with higher business impact, should be considered as a high priority towards ensuring effective business reporting.

Identified Issues	Impact	Response
Business Growth Strategy 1 2 3 4 5		
People 1 2 3 4 5		
Process 1 2 3 4 5		
Technology 1 2 3 4 5		
Market Knowledge 1 2 3 4 5		
Financial Capacity 1 2 3 4 5		
Systems Content 1 2 3 4 5		

Our key initiatives to implement effective business reporting systems are:

Ref	Description	Deliver By
1		
2		
3		
4		
5		