

# How can reporting catch up with an accelerating world?

France results

2017



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# Agenda

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## Executive summary

1. The corporate reporting environment
2. Data analytics and technology
3. Operating model
4. Demographics

# Executive summary

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## Data analytics and technology:

- ▶ The main technology challenges in changing the corporate reporting operating model are number of reporting systems and lack of automation across systems.
- ▶ Key reporting technology priorities are managing the demands of an increasingly complex regulatory landscape and driving new levels of process efficiency.
- ▶ 85% of companies will spend more on reporting technology over the next two years, with priority on cloud computing and big data technologies.
- ▶ The skills most needed to improve reporting are IT infrastructure, managing shared services, process knowledge.

## Operating model:

- ▶ The most used corporate reporting arrangements currently are onshore captive SSCs; the largest spending increases over the next two years will be in outsourcing and centralized centers of excellence.
- ▶ Migration of reporting to SSCs, managed services or outsourcing is less advanced compared to global levels.
- ▶ Key drivers behind change are increasing the accuracy and effectiveness of reporting and cutting costs and driving process efficiency.
- ▶ The main challenges of transforming the operating model are the legacy IT environment and balance between central control and local reporting.
- ▶ Responsibility for making decisions on the model is shared between Group CFO and Group financial controller.

## The corporate reporting environment:

- ▶ Companies in France are experiencing increased organizational complexity, slightly below global levels.
- ▶ The main external challenges in reporting are satisfying differences in reporting standards and unclear regulator guidelines.
- ▶ Changing accounting rules and complexity of compliance requirements have the greatest impact on reporting effectiveness.
- ▶ Confidence in reporting is lower overall compared with global patterns, while level of compliance is seen as most effective.

# 1. The corporate reporting environment



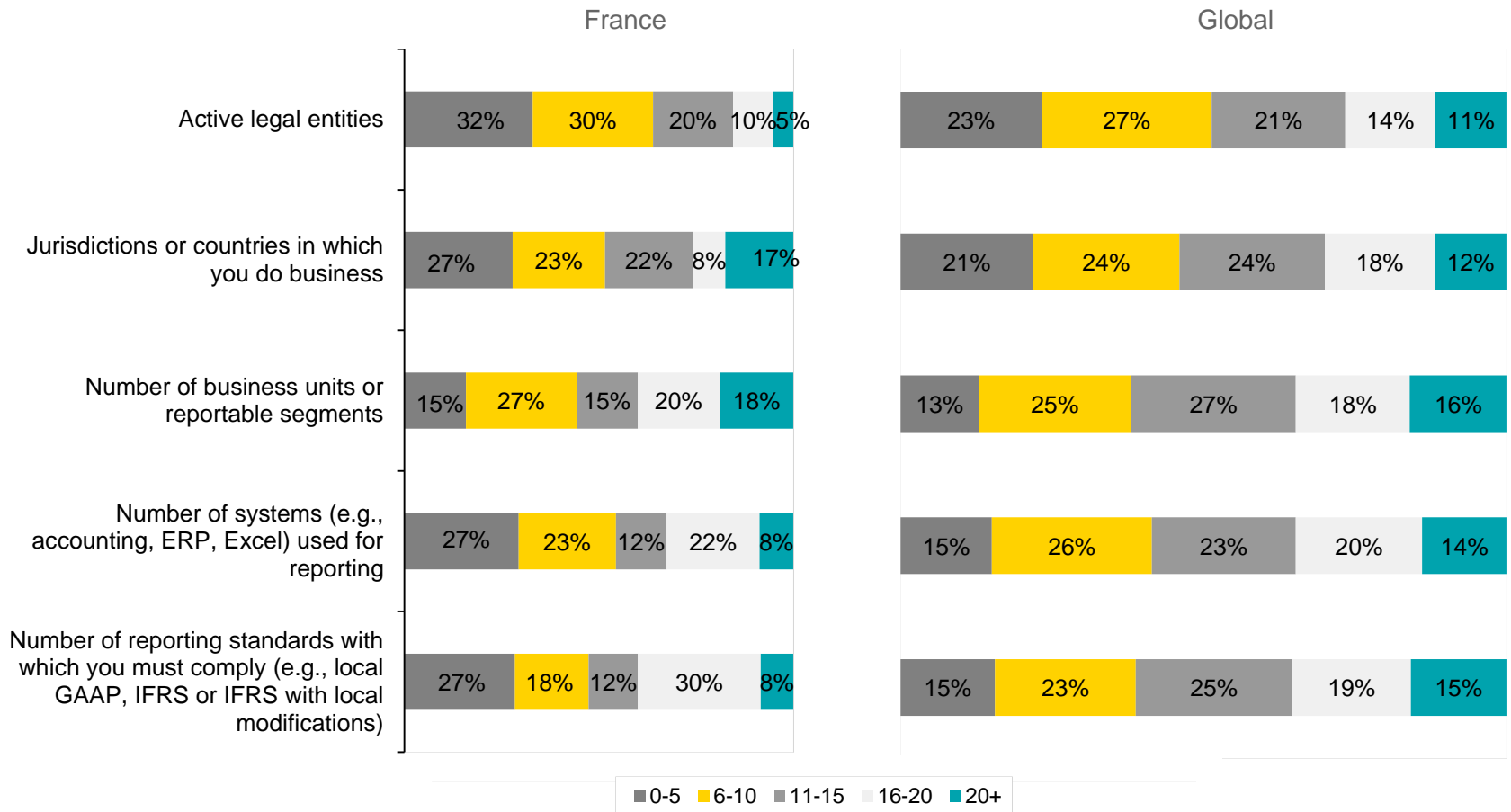
# Brief summary

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- ▶ Consistent with the global picture, companies in France are dealing with complexity across all aspects of the organization. They are more likely to have higher numbers (20+) of jurisdictions and business units.
- ▶ Increasing complexity is increasing demands on reporting: the greatest increases have been in the number of reporting standards (48% vs. global 47%) and number of products and services sold (43% increase vs. 53%).
- ▶ The main external challenges of the current reporting environment in France are satisfying differences in reporting standards (30% vs. global 21%) and unclear guidelines from regulators (30% vs. 18%).
- ▶ Complexity is having an impact on reporting effectiveness – challenges with the greatest impact are need to align reporting with changing accounting rules (28% very significant impact vs. global 25%) and complexity of compliance requirements (25% vs. 25%).
- ▶ Respondents in France rate individual aspects of reporting as less effective than global average. The most effective aspect is level of compliance (62% effective vs. global 56%).

# Businesses facing organizational complexity

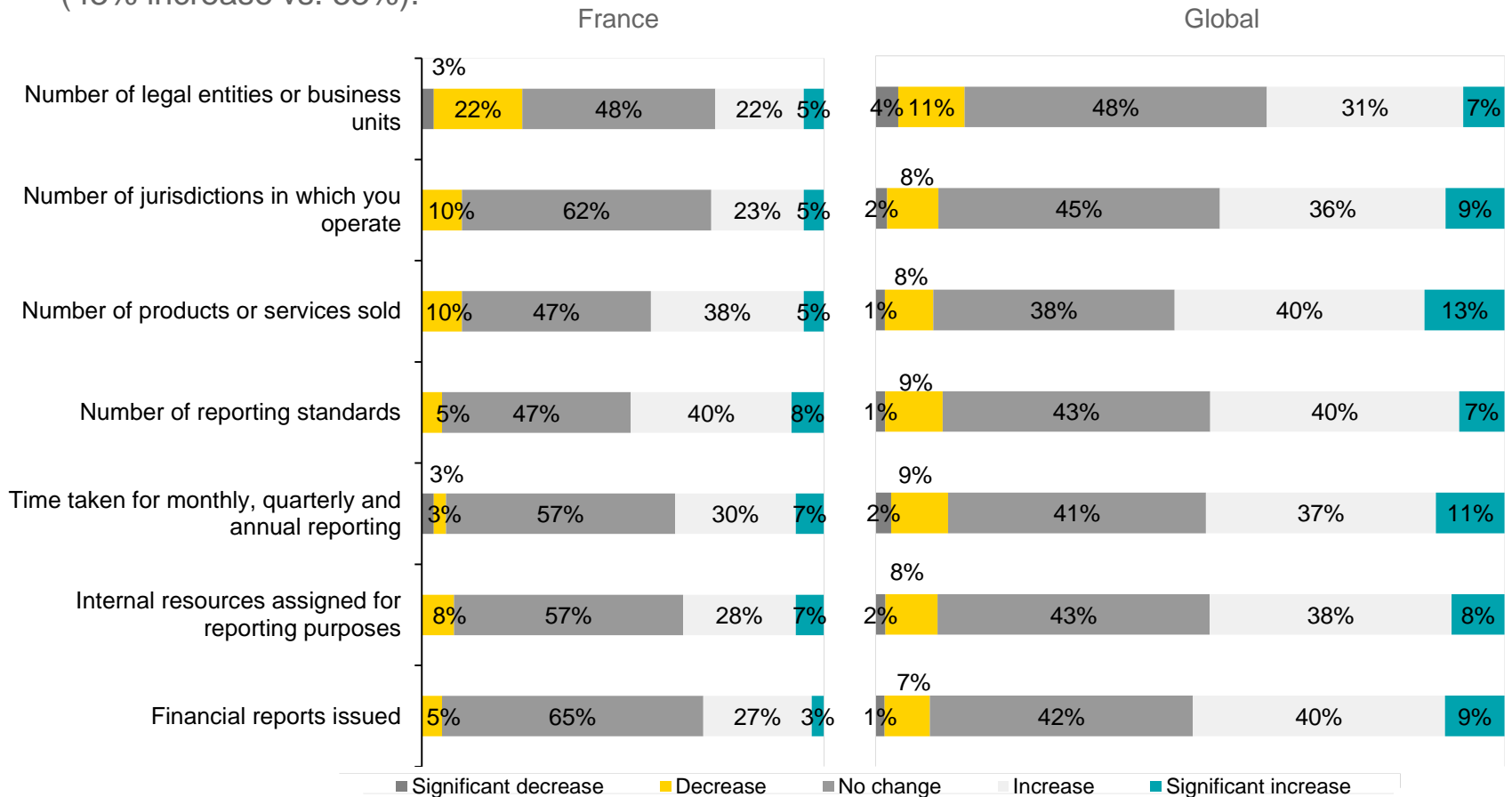
- ▶ Levels of organizational complexity in France are broadly consistent with global levels. Companies are more likely to have higher numbers (20+) of jurisdictions and business units.



Question: Considering the options below, please indicate how many of the following does your organization currently have? Sample size 40 (France) 1,000 (Global)

# Increasing demands on reporting

- ▶ Increasing complexity is increasing demands on reporting: the greatest increases have been in the number of reporting standards (48% vs. global 47%) and number of products and services sold (43% increase vs. 53%).

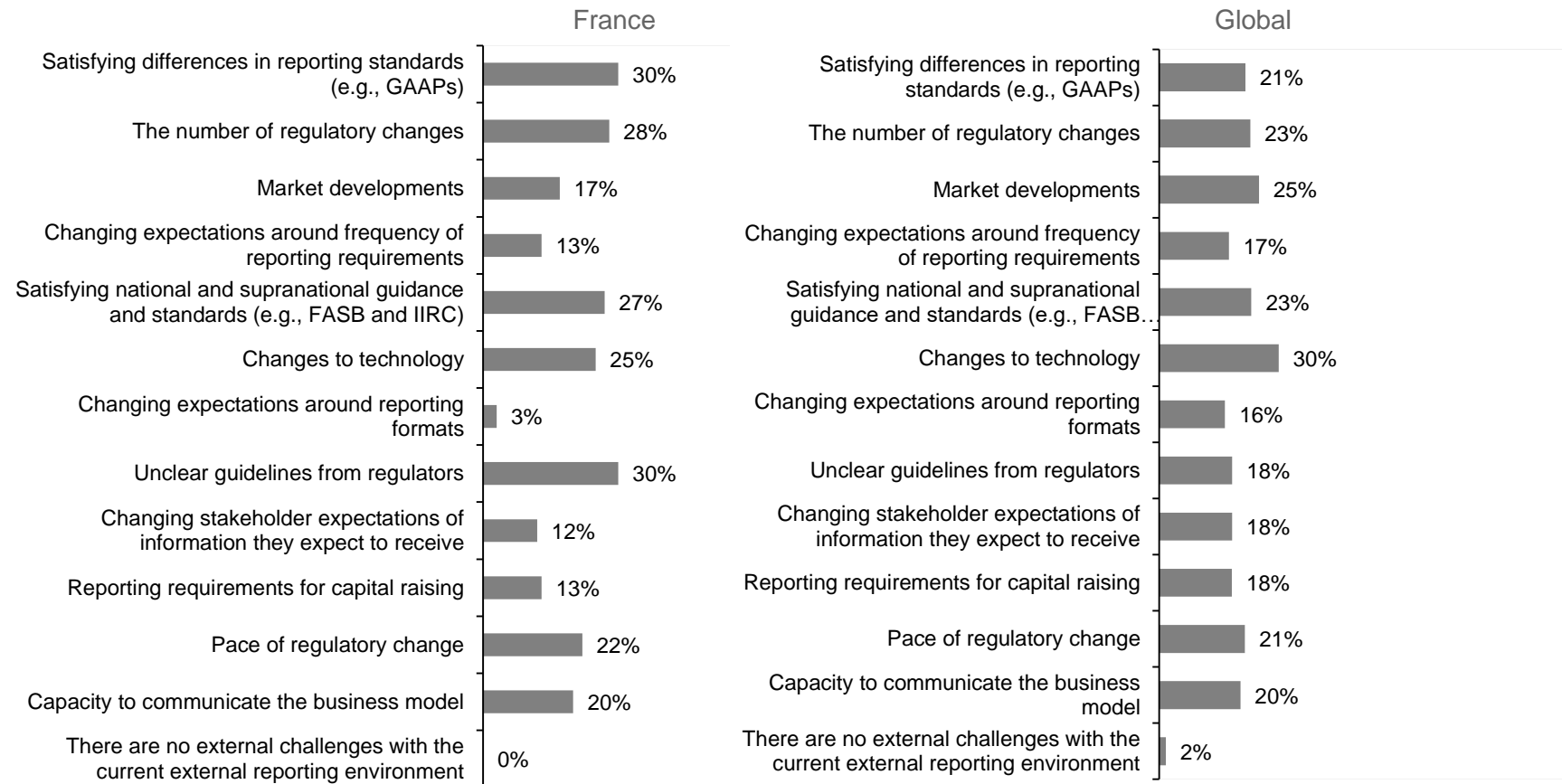


Question: In the past three years, to what extent has your business experienced change in the following aspects? Sample size 40 (France) 1,000 (Global)



# External reporting challenges

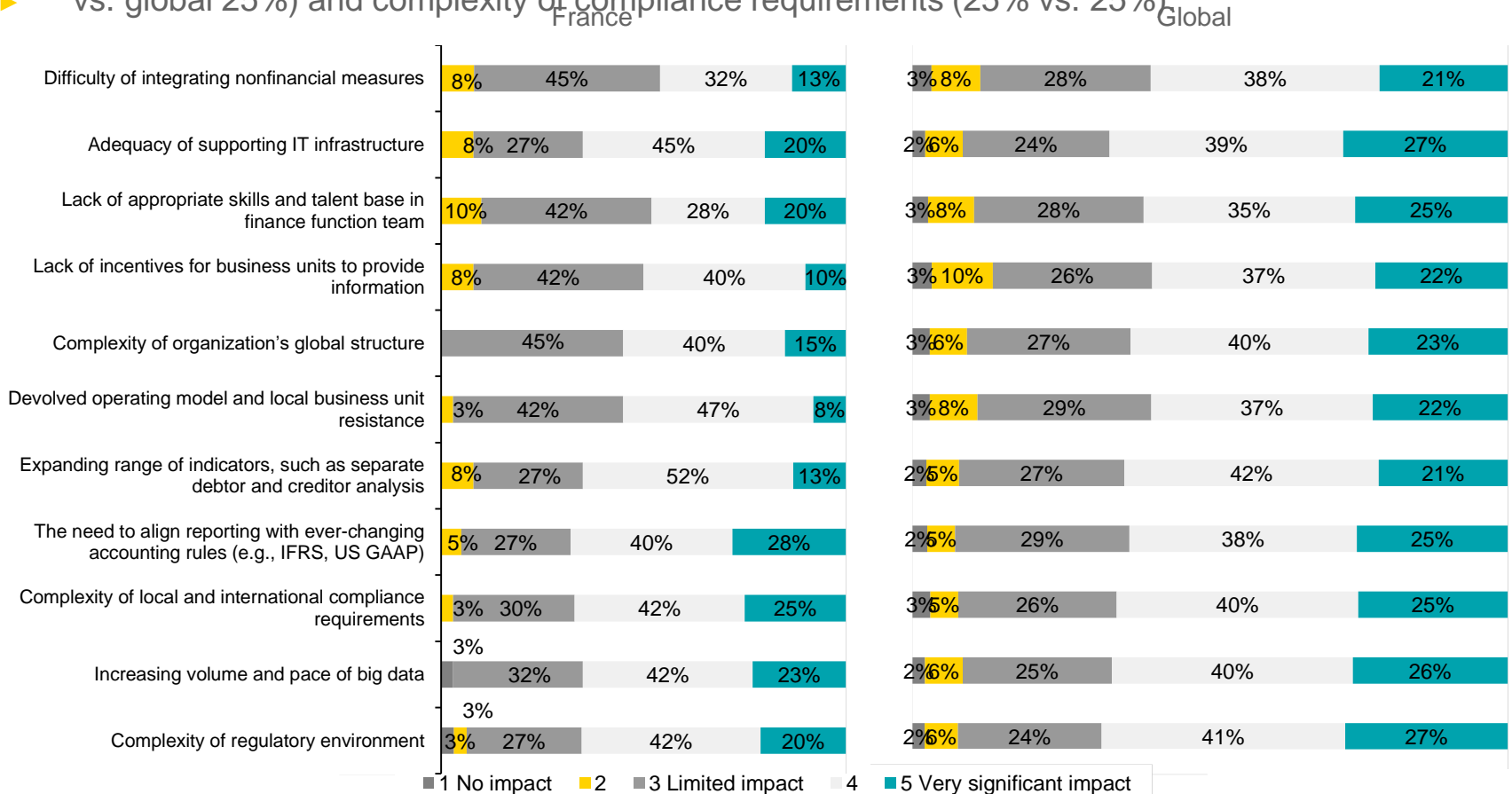
- ▶ The top issues in France are satisfying differences in reporting standards (30% vs. global 21%) and unclear guidelines from regulators (30% vs. 18%).



Question: What do you consider to be the main external challenges of the current external reporting environment? Sample size 40 (France) 1,000 (Global)

# Complexity is challenging reporting effectiveness

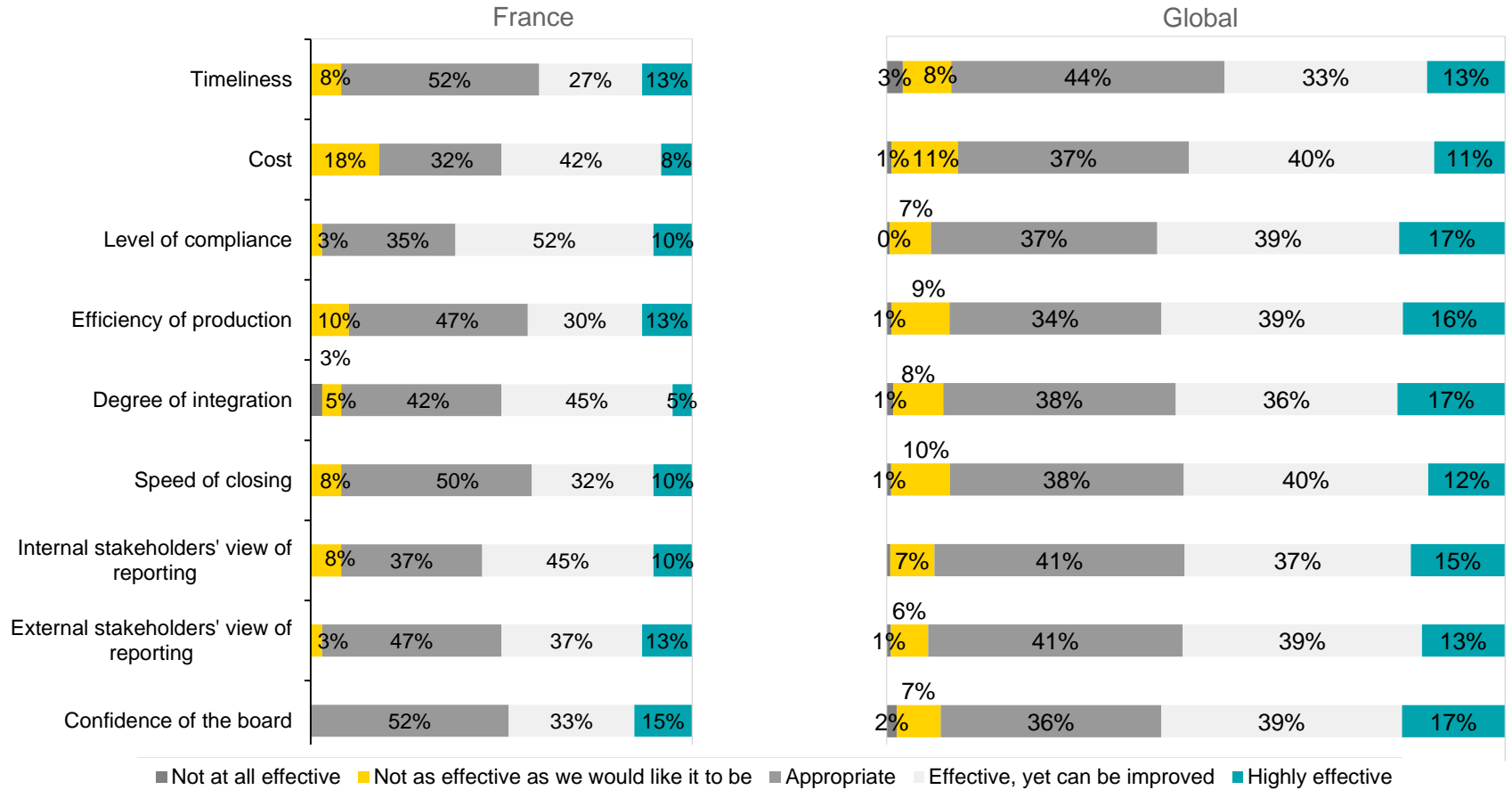
- ▶ The challenges with the greatest impact are the need to align reporting with changing accounting rules (28% very significant impact vs. global 25%) and complexity of compliance requirements (25% vs. 25%)



Question: What impact are the following challenges having on your corporate reporting effectiveness? Sample size 40 (France) 1,000 (Global)

# Level of compliance is most effective aspect of external reporting

- ▶ Respondents in France rate aspects of reporting broadly in line with global levels. The most effective aspect is level of compliance (62% effective vs. global 56%).



Question: How would you rate the following aspects of your corporate reporting? Sample size 40 (France) 1,000 (Global)

# 2. Data analytics and technology



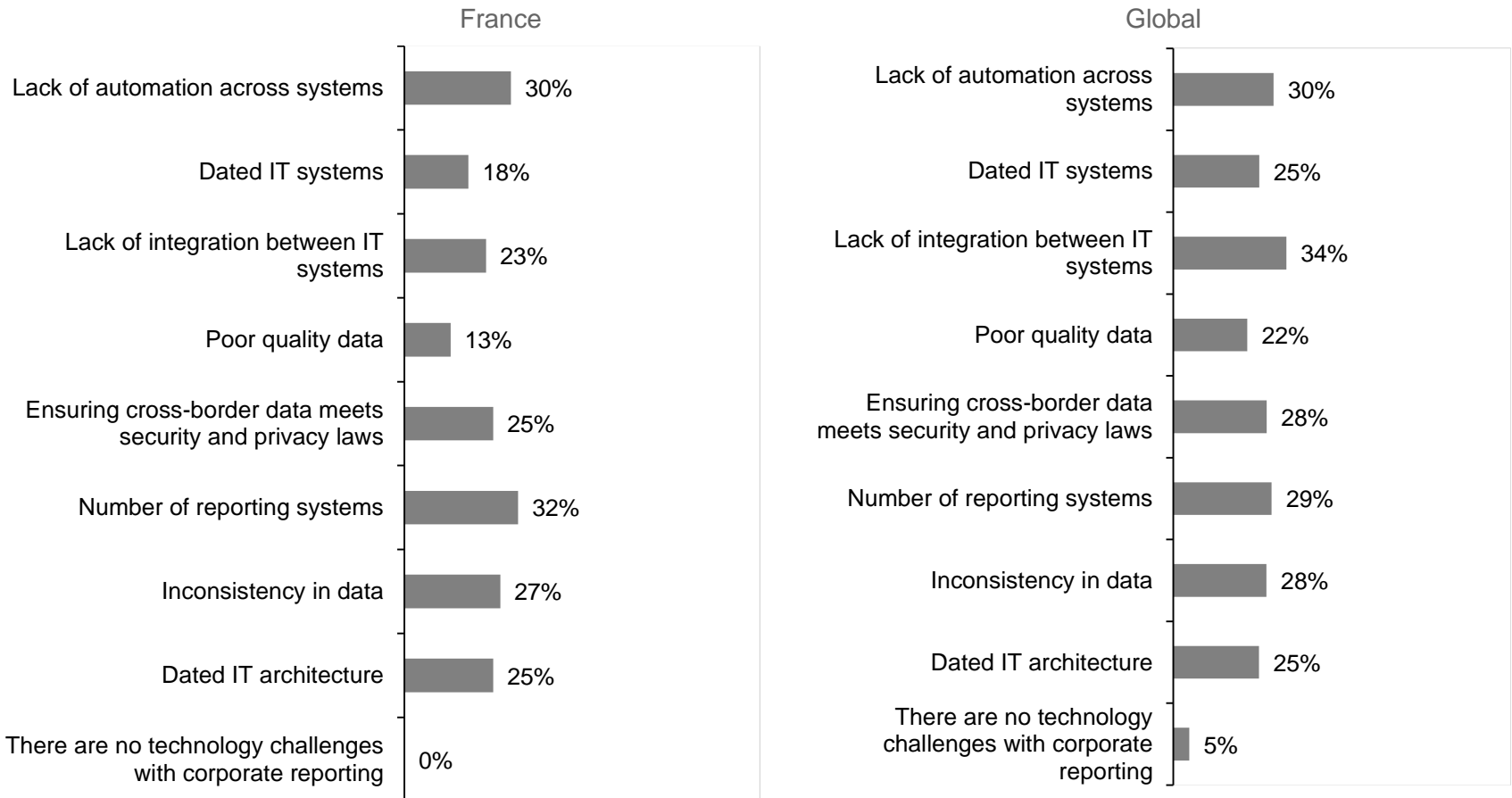
# Brief summary

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- ▶ The main technology challenges associated with making changes to the corporate reporting operating model are number of reporting systems (32% vs. global 29%) and lack of automation across systems (30% vs. 30%).
- ▶ The top priority from a corporate reporting perspective is managing the demands of an increasingly complex regulatory landscape (45% vs. global 30%), followed by driving new levels of process efficiency (35% vs. 33%).
- ▶ Reflecting these priorities, the majority of finance respondents in France plan to spend more on reporting technology: 85% expect to increase investment in corporate reporting technologies over the next two years (vs. global 84%).
- ▶ As part of this increase in investment, companies expect to prioritize spending on cloud computing (40% vs. global 28%), followed by big data technologies (27% vs. 30%).
- ▶ Looking at the skills required to improve reporting processes, respondents in France see IT infrastructure skills as most critical (40% vs. global 36%), followed by skills in managing shared services (30% vs. 20%) and process knowledge (30% vs. 25%).

# Number of reporting systems key barrier to operating model change

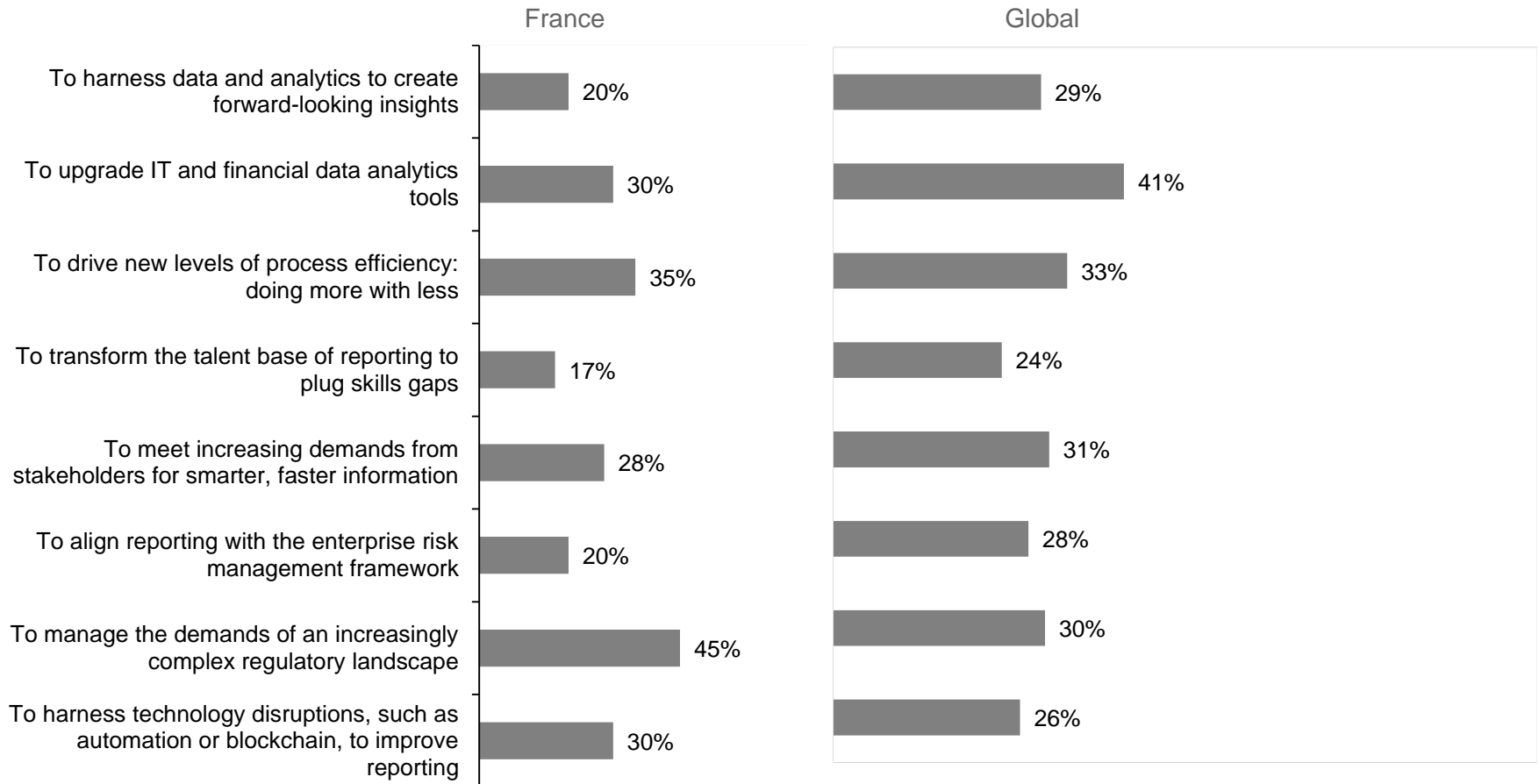
- ▶ The main technology challenges in changing the reporting operating model are number of reporting systems (32% vs. global 29%) and lack of automation across systems (30% vs. 30%).



Question: What do you consider to be the main technology and data challenges associated with making changes to the corporate reporting operating model? Sample size 40 (France) 1,000 (Global)

# Main reporting priority is meeting demands of complex regulatory landscape

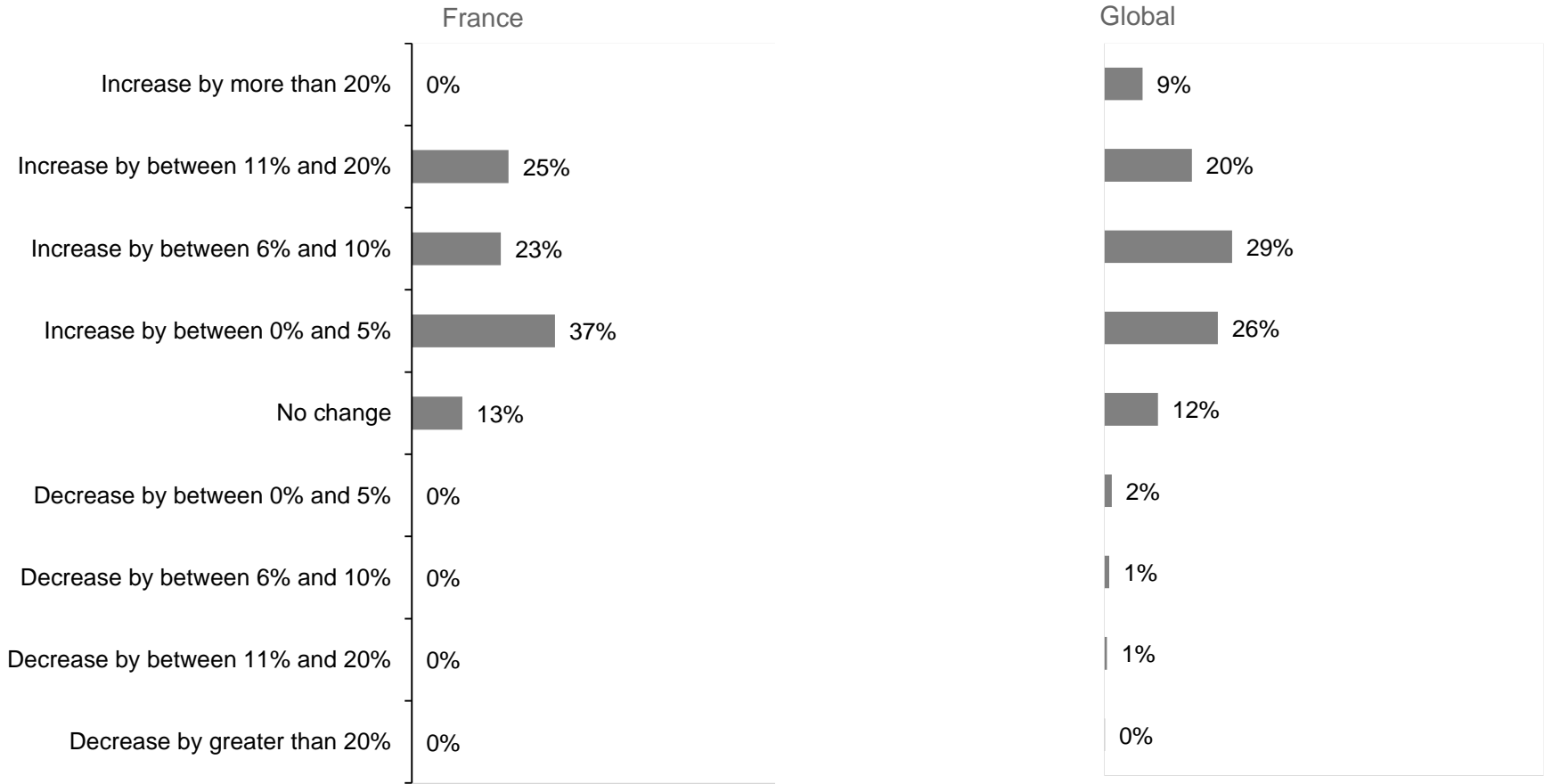
- ▶ The top reporting priority is managing the demands of an increasingly complex regulatory landscape (45% vs. global 30%), followed by driving new levels of process efficiency (35% vs. 33%).



Question: Which of the following do you consider to be your main priorities from a corporate reporting perspective? Sample size 40 (France) 1,000 (Global)

# Continued investment in corporate reporting technologies

► 85% of respondents in France expect to increase investment in corporate reporting technologies over the next two years (vs. global 84%).



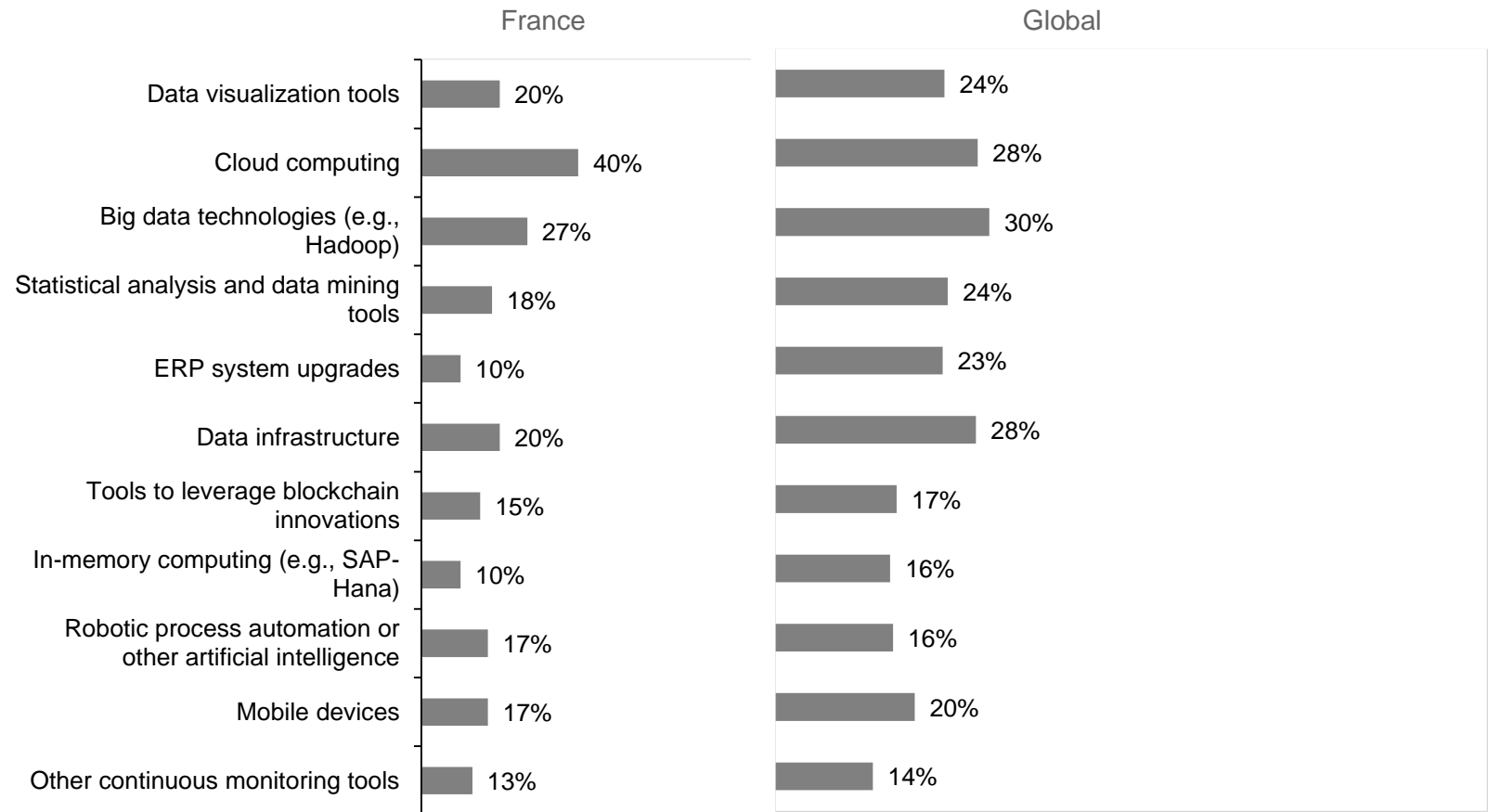
Question: In the next two years, what change do you expect to make to your organization's investment in corporate reporting technologies? Sample size 40 (France) 1,000 (Global)





# Investment priority on cloud computing

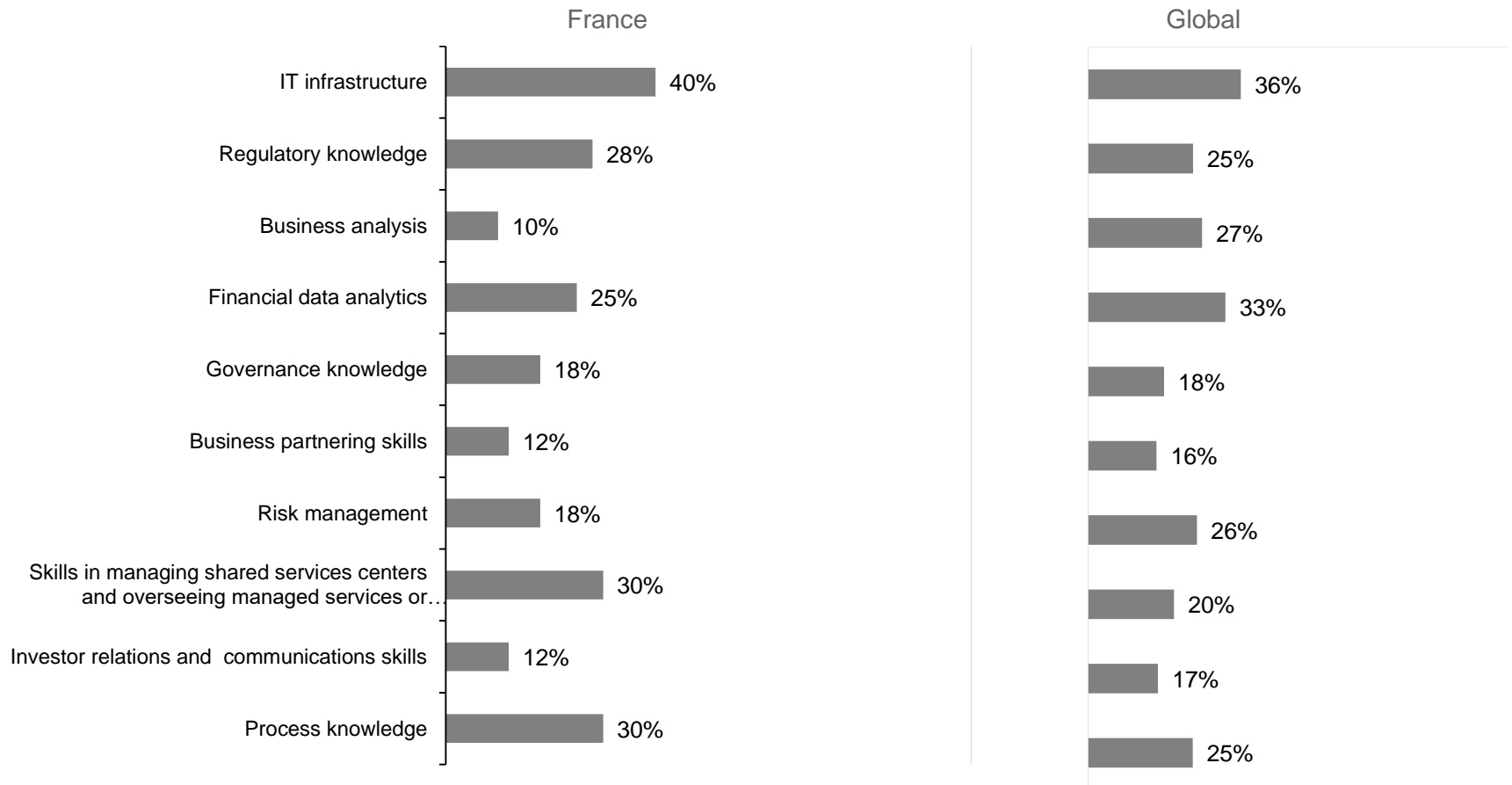
- ▶ Companies in France expect to prioritize spending on cloud computing (40% vs. global 28%), followed by big data technologies (27% vs. 30%).



Question: Which of the following tools and technologies do you expect to prioritize as part of that investment increase? Sample size 40 (France) 1,000 (Global)

# IT infrastructure skills most needed to improve reporting processes

- ▶ Respondents in France see IT infrastructure skills as most critical (40% vs. global 36%), followed by skills in managing shared services (30% vs. 20%) and process knowledge (30% vs. 25%).



Question: Which of the following skills are you prioritizing to improve your reporting processes? Sample size 40 (France) 1,000 (Global)

# 3. Operating model



# Brief summary

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- ▶ To support corporate reporting, companies in France are making relatively more use of onshore captive SSCs compared to global levels (53% vs. global 45%) and outsourcing (32% vs. 18%).
- ▶ They are planning to increase use of all arrangements over the next two years, although to a lesser extent than global average. The largest increase will be in outsourcing (45% vs. global 55%).
- ▶ Investment is expected to increase across all activities, at lower levels than global in all areas except outsourcing. The largest spending increases will be in outsourcing (48% vs. global 37%) and centralized centers of excellence (30% vs. 38%).
- ▶ Migration of reporting to SSCs, managed services or outsourcing is less advanced in France compared to global levels. Three to 12% of all reporting activities has been fully migrated to SSCs, managed services or outsourcing, compared with 11% to 13% at global level.
- ▶ Respondents in France expect overall moderate increases in the level of migration over the next two years. The largest increase will be in local statutory reporting, expected to be 30% fully migrated in two years compared with five percent today, and in external reporting, increasing from seven percent today to 17% in two years.
- ▶ The main reasons behind operating model changes are increasing the accuracy and effectiveness of reporting (43% vs. global 30%) and cutting costs and driving process efficiency (42% vs. 27%).

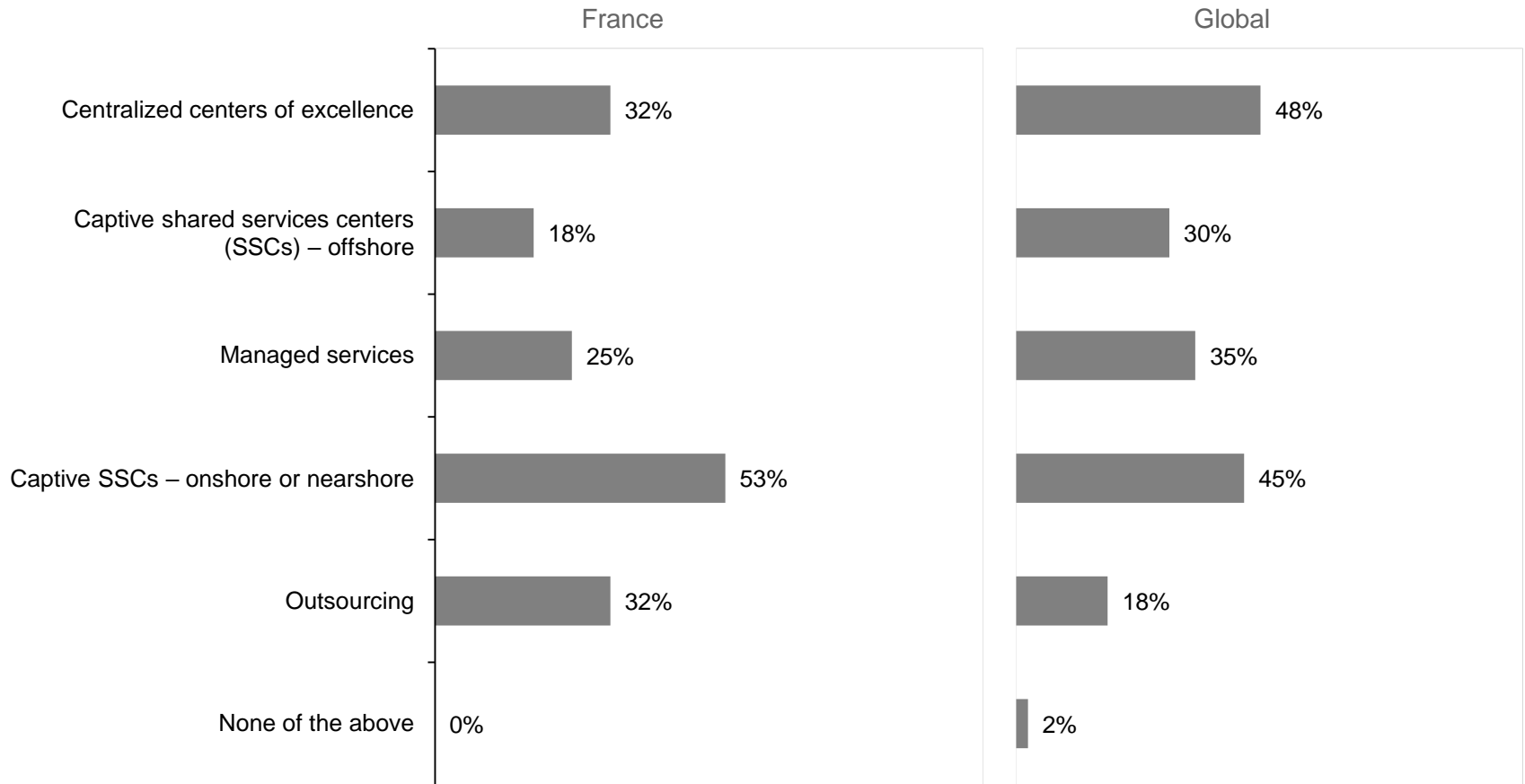
# Brief summary

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- ▶ Respondents in France share the global view that the top challenge in reporting is complexity and cost of tackling legacy IT environment (42% vs. global 50%). This is followed by striking the balance between central control and local reporting (30% vs. 42%).
- ▶ In line with global patterns, the majority of reporting functions are centralized; 30% are highly centralized with everything controlled from head office (vs. global 33%) and 30% are mainly centralized with some local activity (vs. 30%).
- ▶ Responsibility for making decisions about the operating model is shared between the Group CFO (35% vs. global 47%) and Group Financial Controller (35% vs. 24%).
- ▶ Finance respondents in France acknowledge their role in operating model change: 55% agree that it is a major focus of their role (vs. 57%).

# Strong use of onshore captive SSCs to support corporate reporting

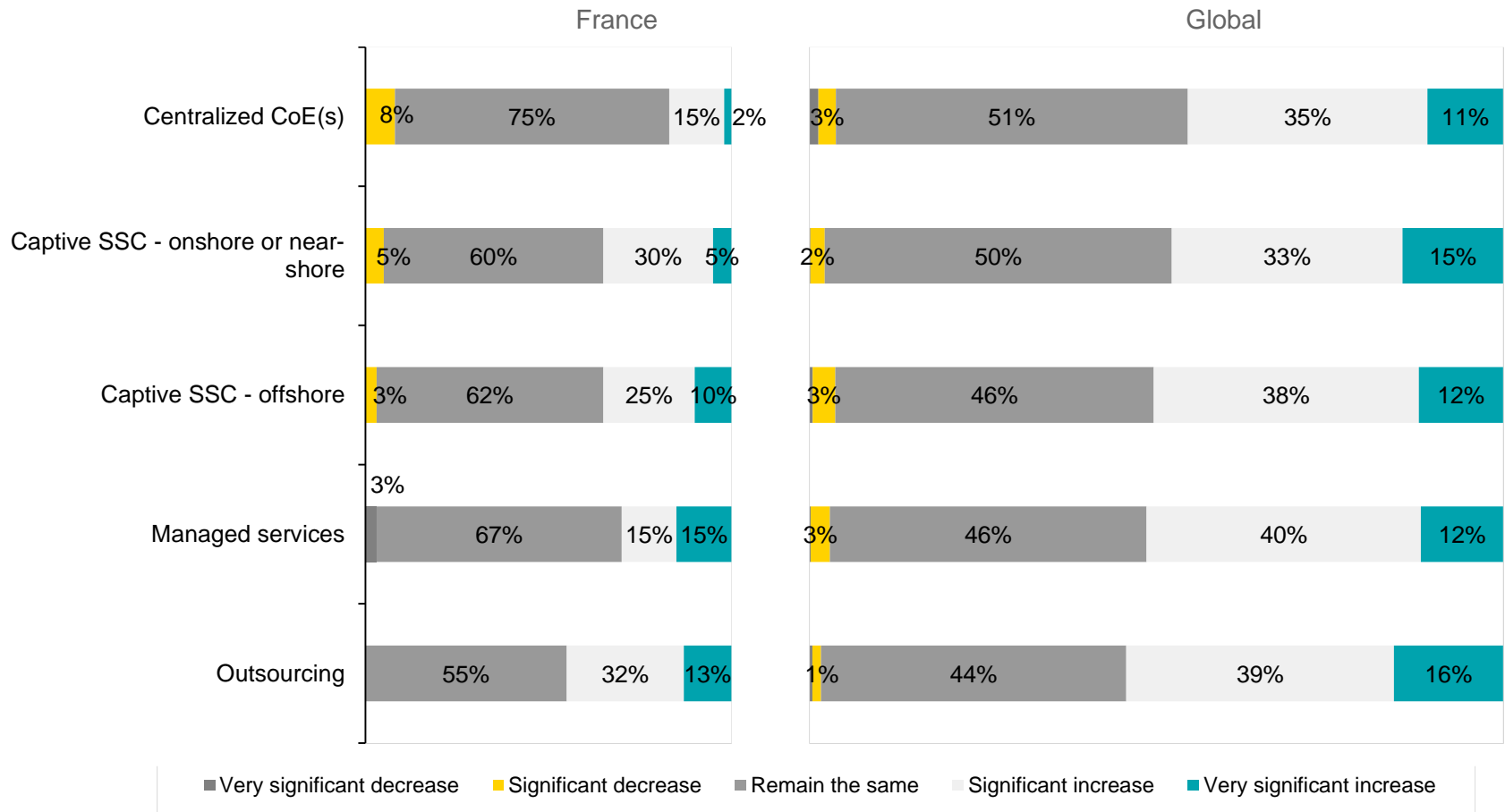
- ▶ Companies in France are making relatively more use of onshore captive SSCs (53% vs. global 45%) and outsourcing (32% vs. 18%).



Question: To support corporate reporting, which of the following arrangements does your finance organization currently use? Sample size 40 (France) 1,000 (Global)

# Increase use planned across all aspects of reporting operating model

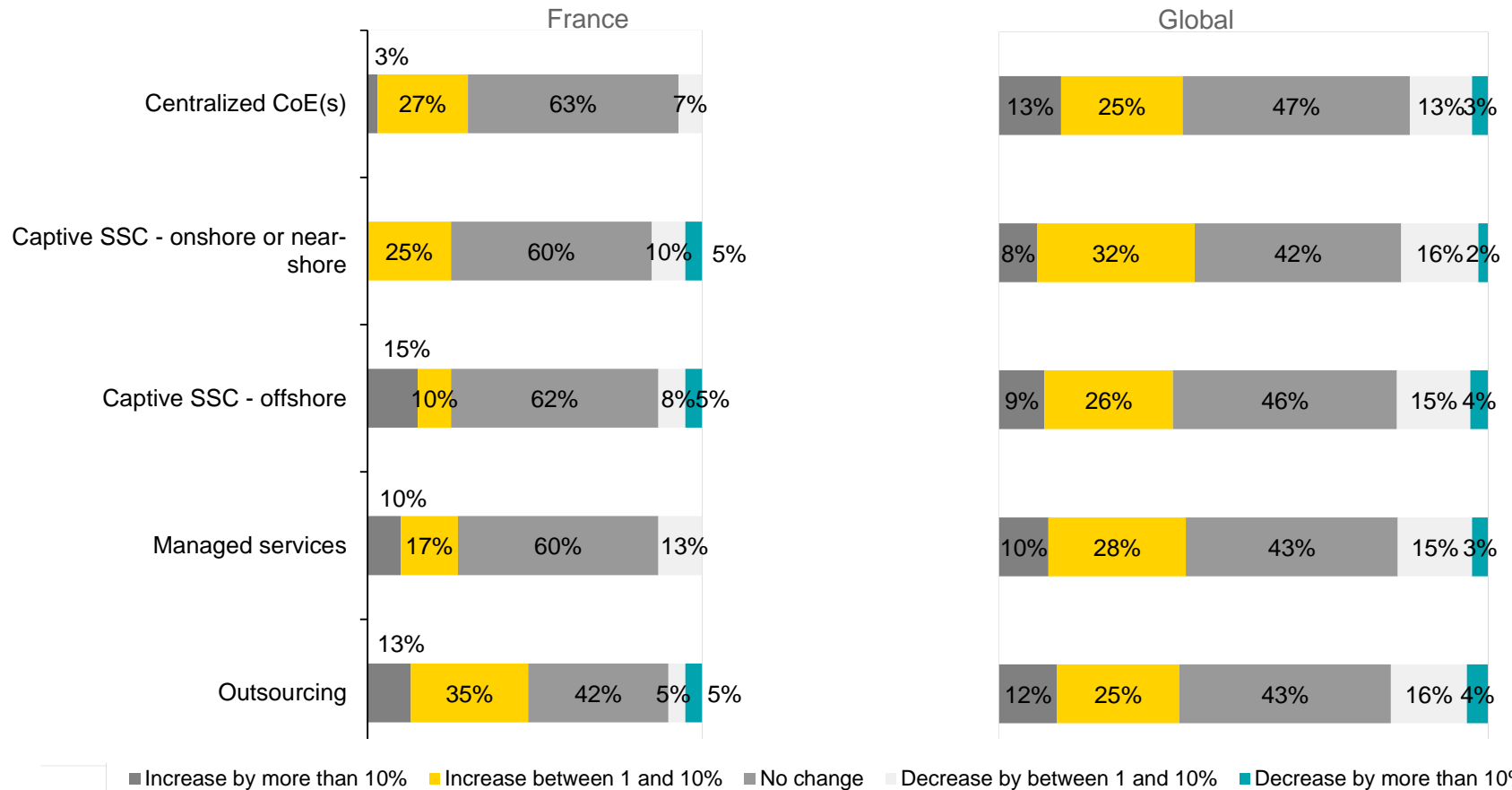
- Planned increases are lower compared to global levels; the largest increase will be in outsourcing (45% vs. global 55%).



Question: Do you expect to see an increase or decrease in use of these arrangements over the next two years. Sample size 40 (France) 1,000 (Global)

# Increased investment expected across all aspects

- Planned investment increases will be lower than global across most areas, with the exception of outsourcing. The largest spending increases will be in outsourcing (48% vs. global 37%) and centralized centers of excellence (30% vs. 38%).

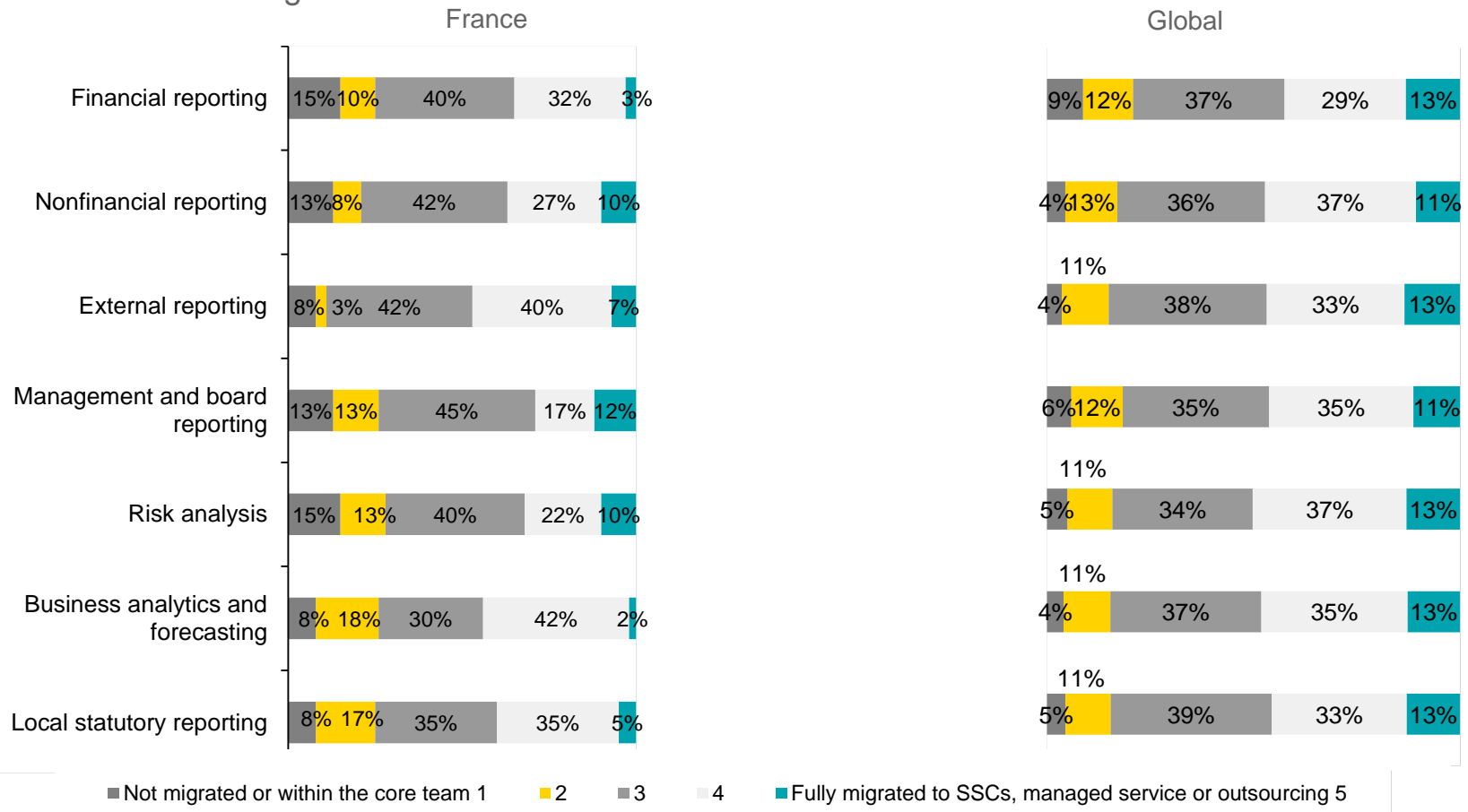


Question: In the next two years, what change do you expect to make to your organization's financial investment in these areas to drive excellence in corporate reporting? Sample size 40 (France) 1,000 (Global)



# Companies currently migrating range of reporting tasks

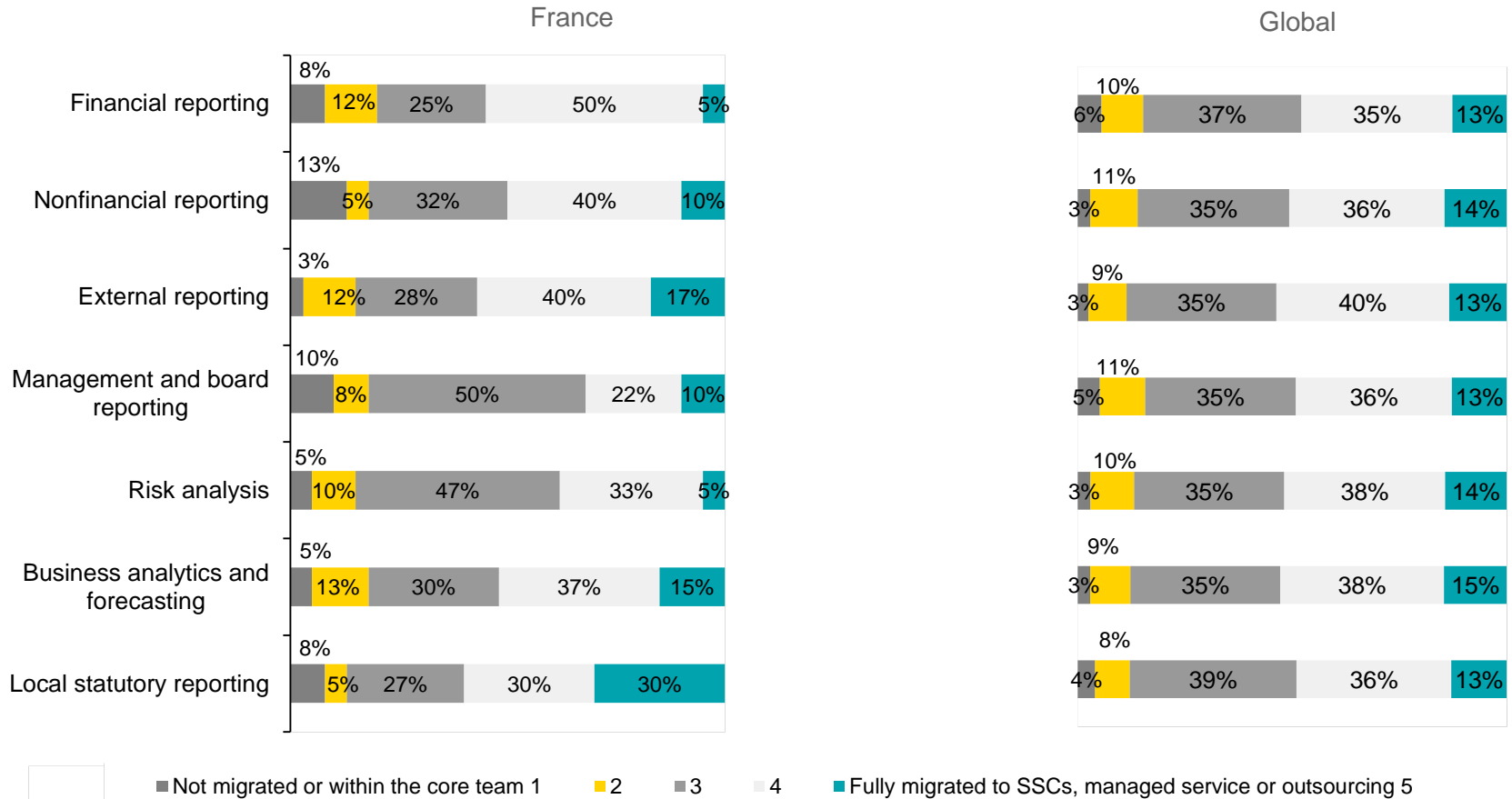
- Migration of reporting is less advanced in France compared to global levels. Three to 12% of all reporting activities has been fully migrated to SSCs, managed services or outsourcing, compared with 11% to 13% at global level.



Question: To what extent do you see migration of the following reporting activities to SSCs, managed services changing now? Sample size 40 (France) 1,000 (Global)

# Increase in migration over next two years

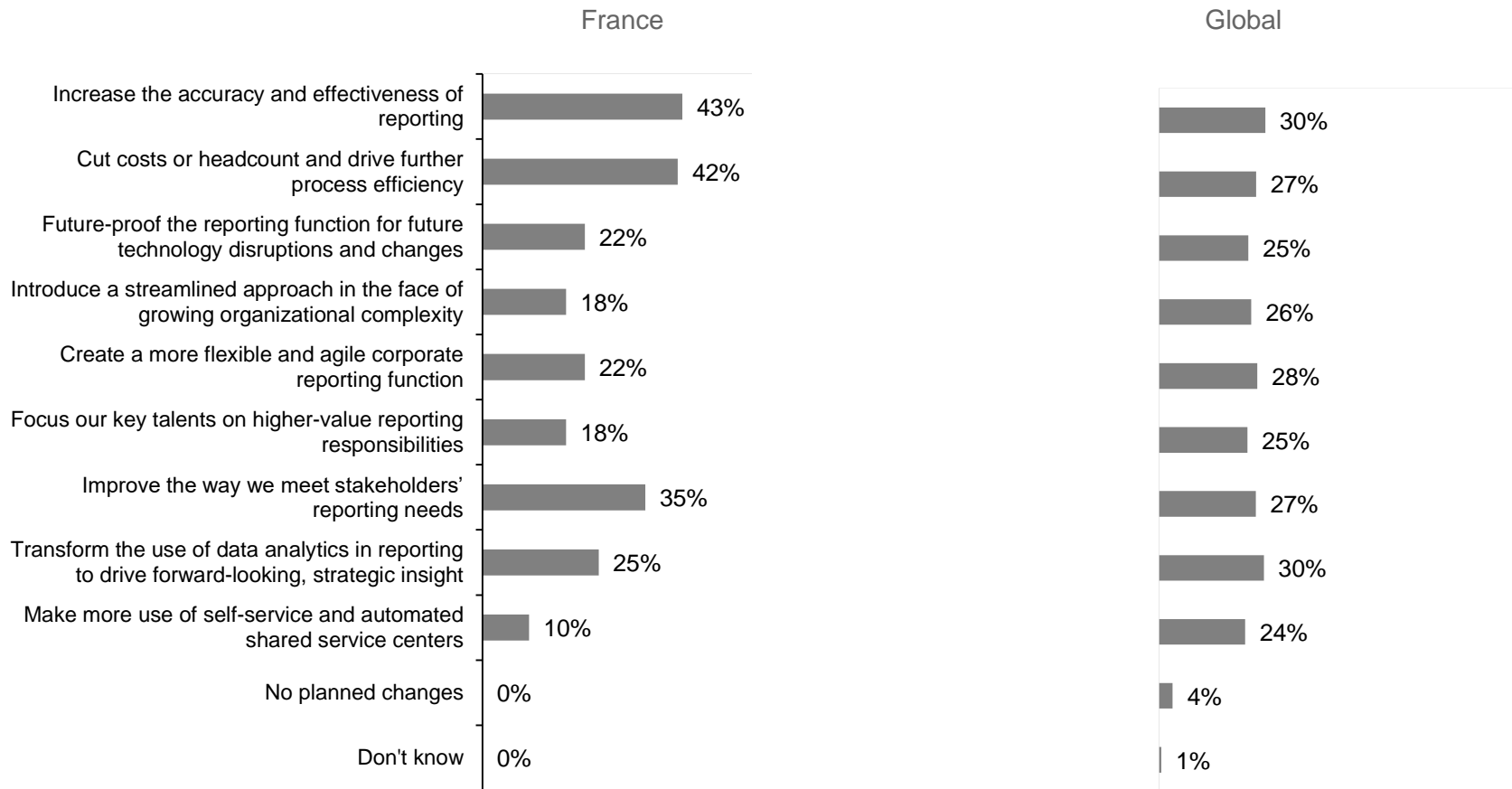
- Respondents in France expect moderate increases in migration overall. The largest increase will be in local statutory reporting, expected to be 30% fully migrated in two years compared with five percent today, and in external reporting, increasing from seven percent today to 17% in two years.



Question: To what extent do you see migration of the following reporting activities to SSCs, managed services changing **over the next two years**? Sample size 40 (France) 1,000 (Global)

# Reporting effectiveness and process efficiency are key drivers of operating model change

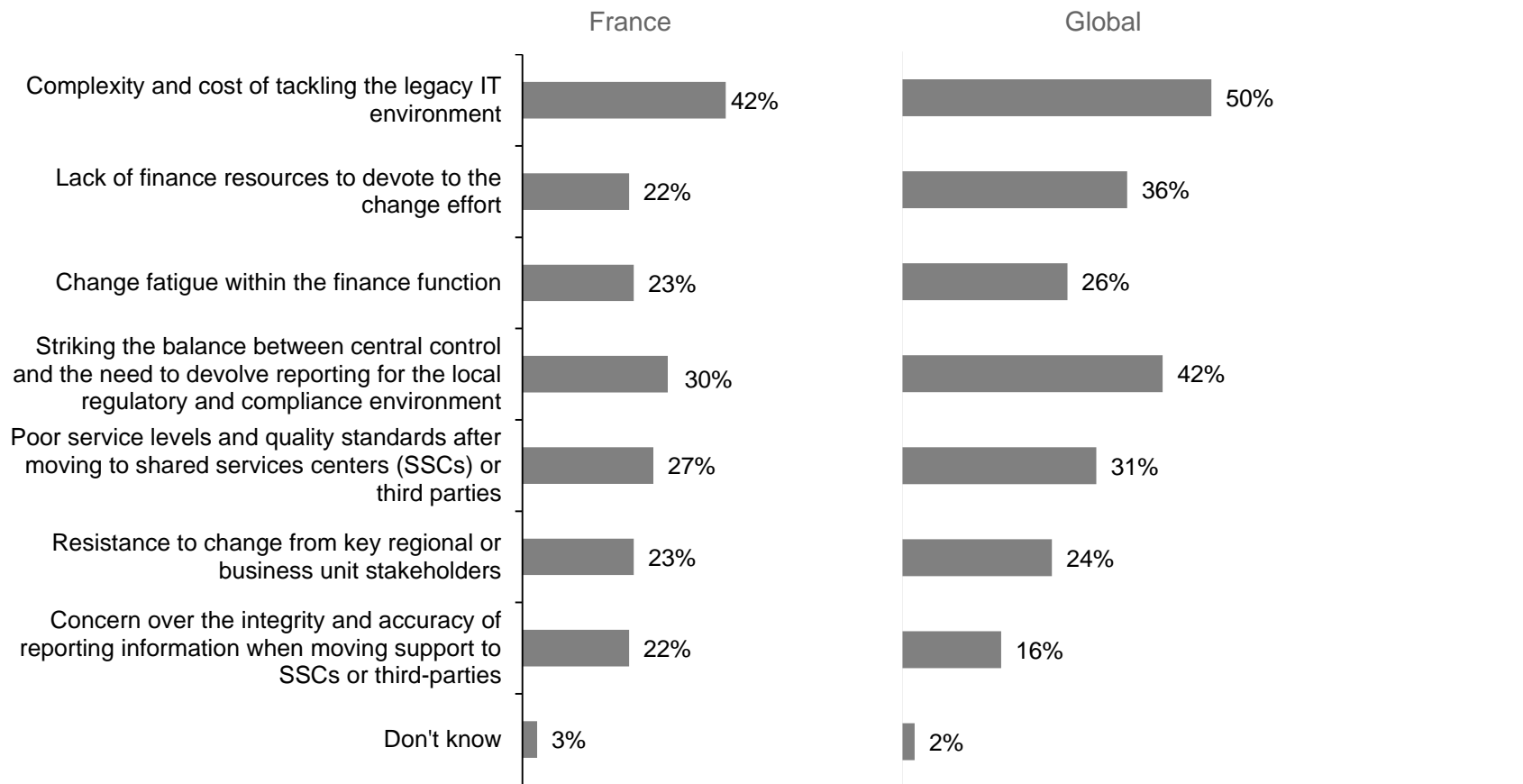
- ▶ The main reasons behind operating model changes are increasing the accuracy and effectiveness of reporting (43% vs. global 30%) and cutting costs and driving process efficiency (42% vs. 27%).



Question: If you plan on making operating model changes over the next two years to drive corporate reporting excellence, what are the main reasons? Sample size 40 (France) 1,000 (Global)

# Legacy IT environment challenges operating model change

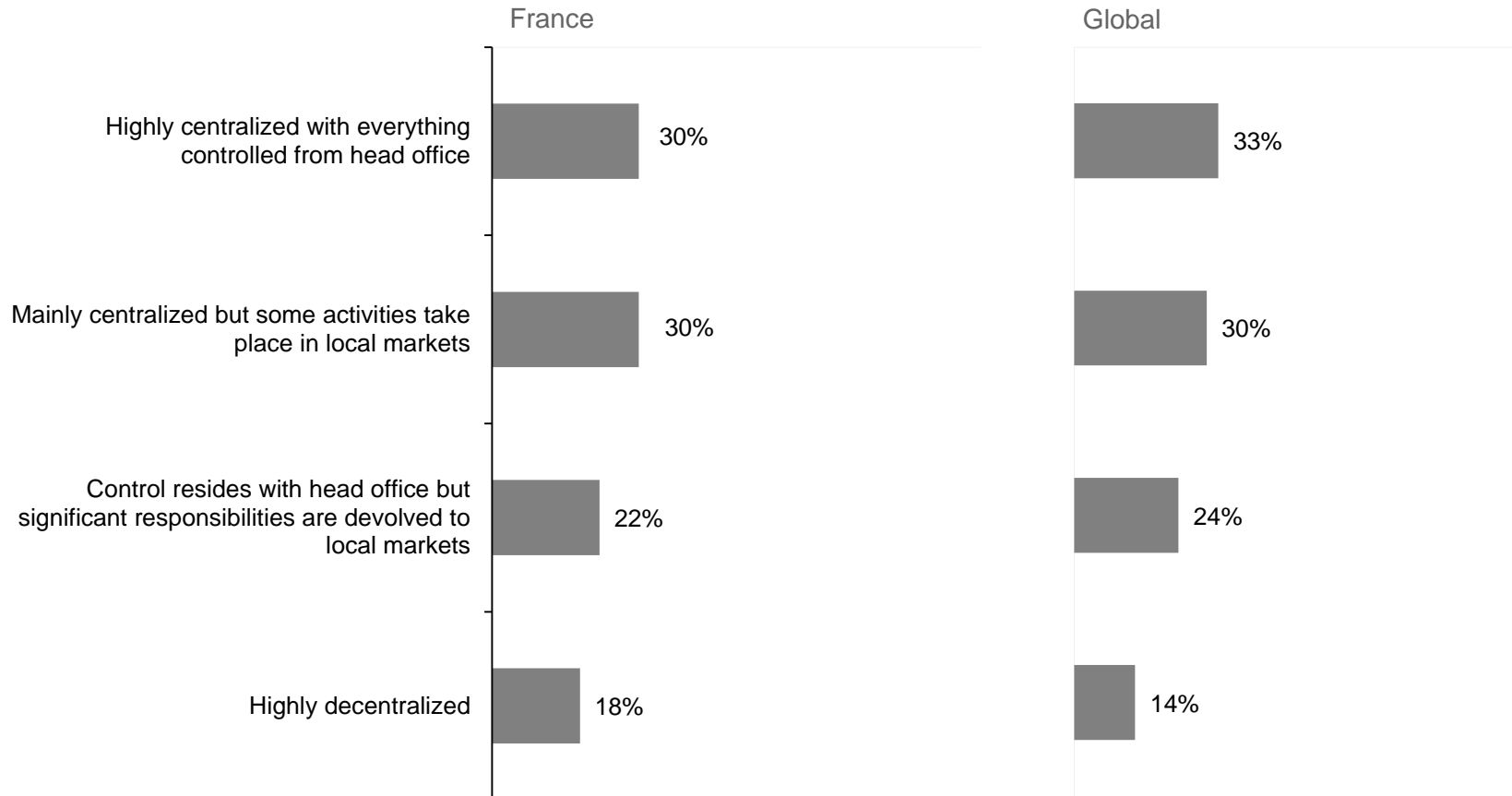
- ▶ The top two challenges of transformation are legacy IT environment (42% vs. global 50%) and striking the balance between central control and local reporting (30% vs. 42%).



Question: What are the main challenges of transforming the operating model for corporate reporting? Sample size 40 (France) 1,000 (Global)

# Organization of reporting functions

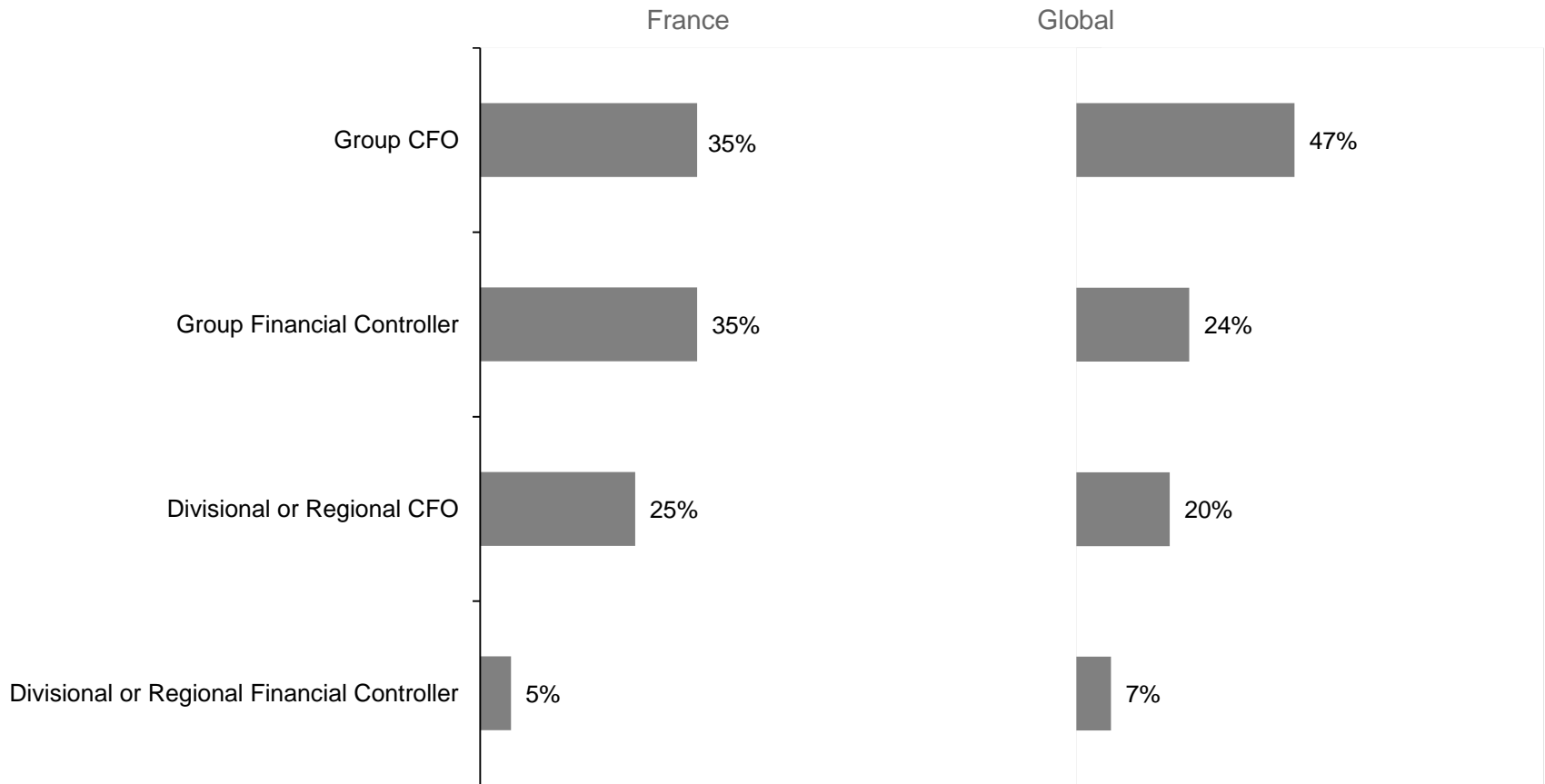
- ▶ In line with global patterns, the majority of reporting functions are centralized; 30% are highly centralized with everything controlled from head office (vs. global 33%) and 30% are mainly centralized with some local activity (vs. 30%).



Question: Which of the following statements best describes how your corporate reporting functions are organized today; Sample size 40 (France) 1,000 (Global)

# Responsibility for operating model decisions

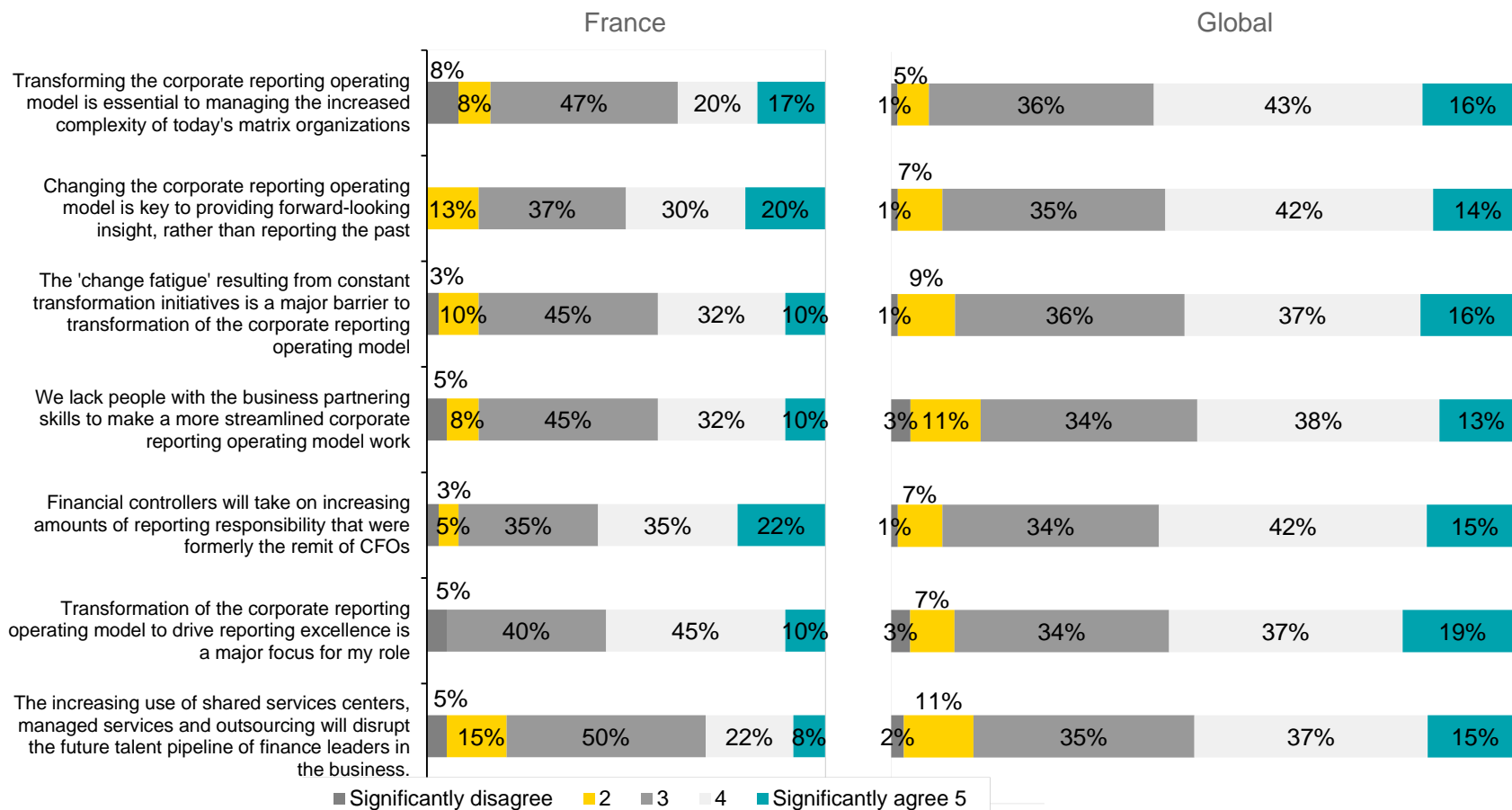
- ▶ Primary responsibility for operating model decisions is shared between the Group CFO (35% vs. global 47%) and Group Financial Controller (35% vs. 24%).



Question: Who is responsible for making decisions about the operating model for corporate reporting in your organization Sample size 40 (France) 1,000 (Global)

# Respondents embrace their role in operating model transformation

- ▶ Finance respondents in France acknowledge their role in operating model change: 55% agree that it is a major focus of their role (vs. 57%).



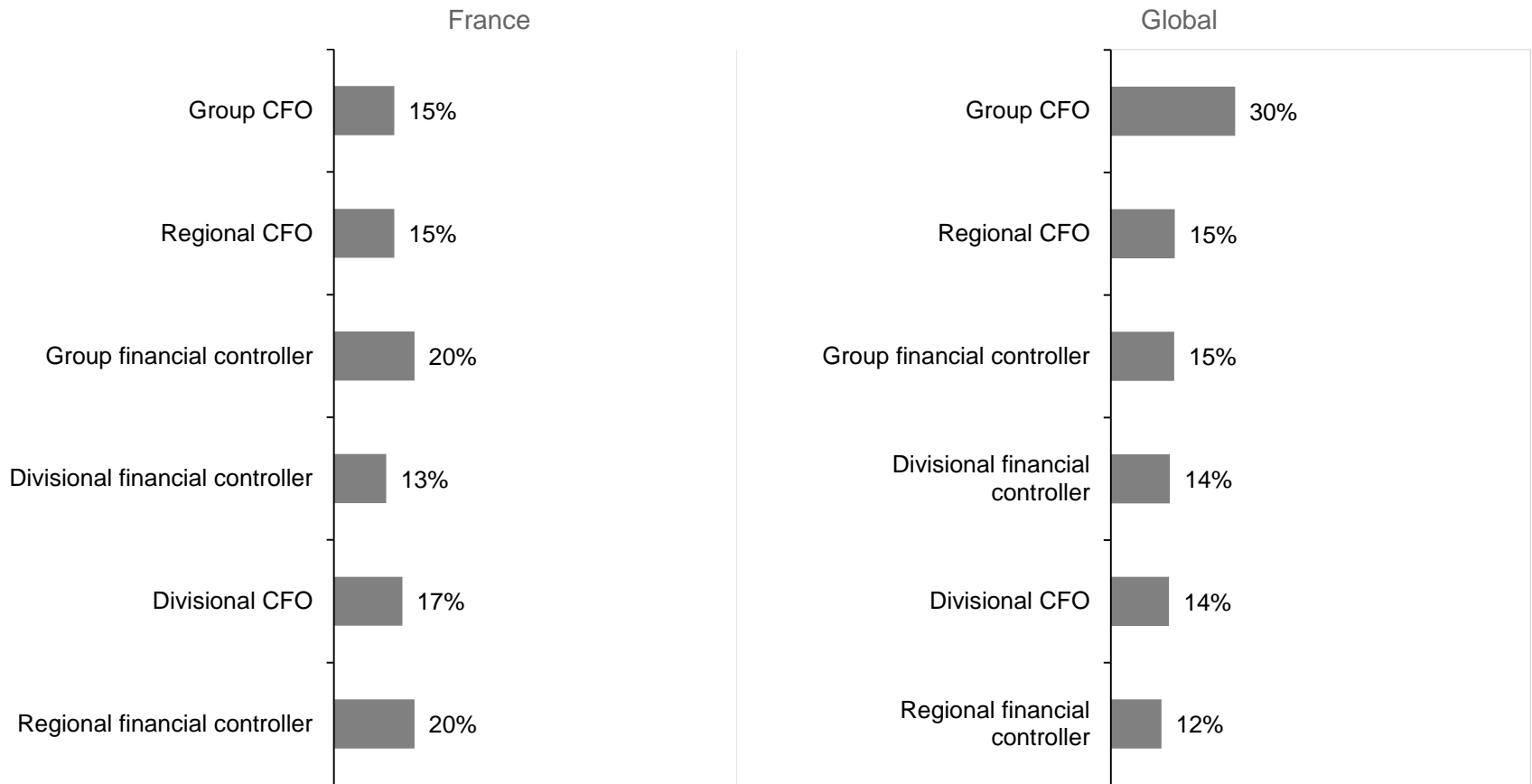
Question: Please indicate whether you agree or disagree with the following statements: Sample size 40 (France) 1,000 (Global)

# 4. Demographics



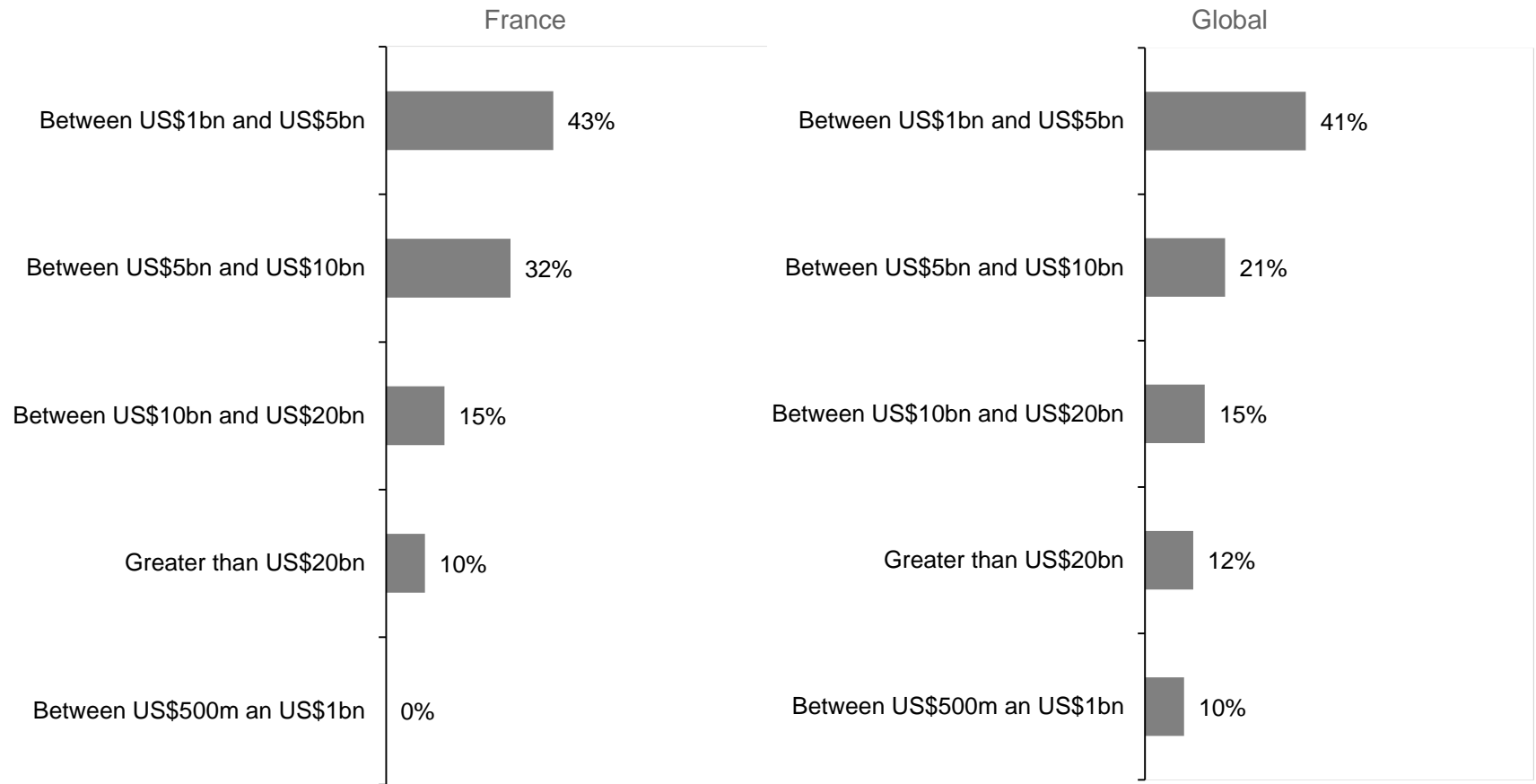


# Role



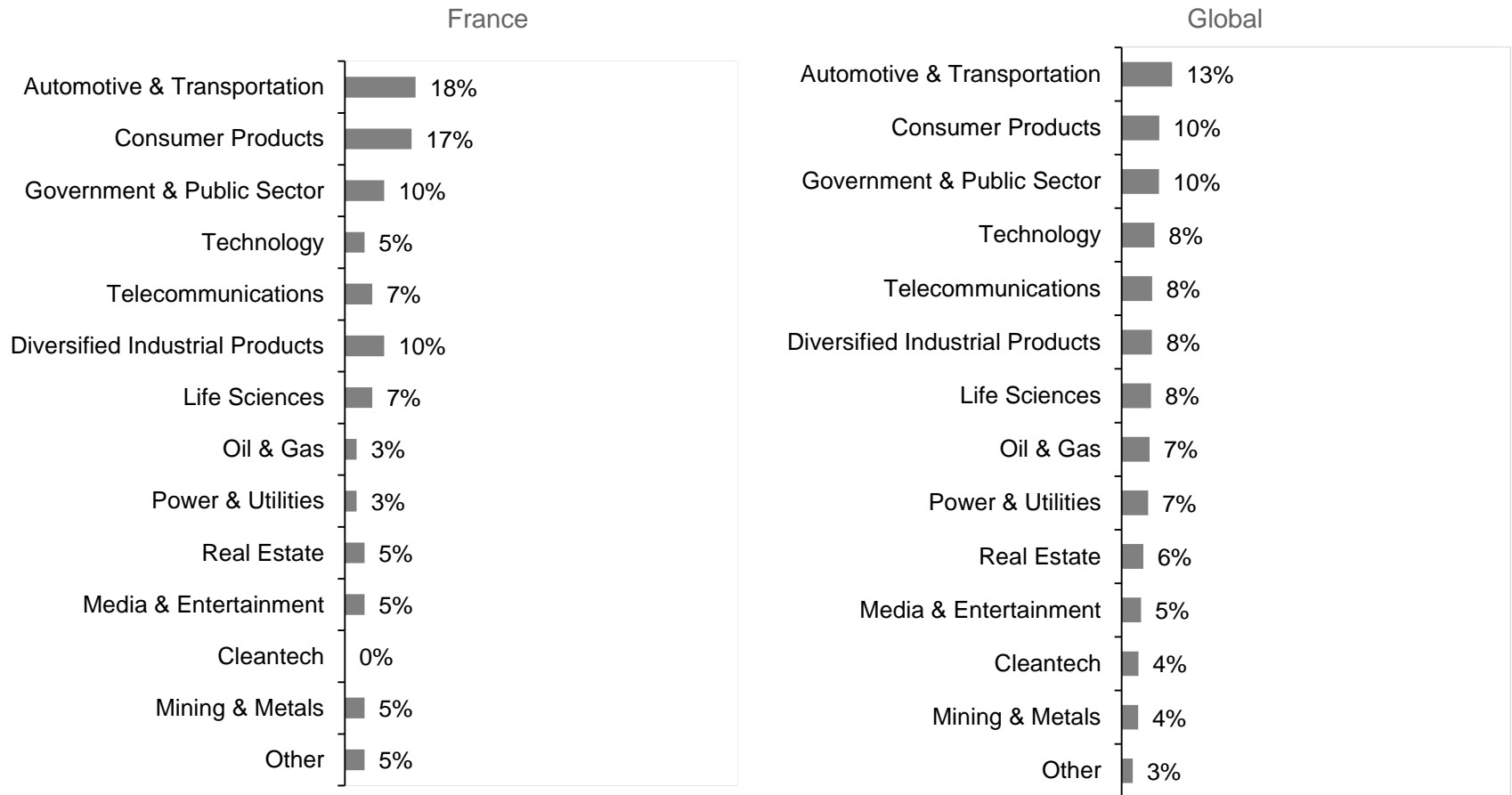
Question: Which of the following best describes your role? Sample size 40 (France) 1,000 (Global)

# Revenue



Question: What is your company's annual revenues in US\$? Sample size 40 (France) 1,000 (Global)

# Industry



Question: What is the primary industry for your company? Sample size 40 (France) 1,000 (Global)