

The CIO's Guide to Finance on the Salesforce Platform

5 reasons why finance and IT leaders
benefit from the leading business
cloud platform from Salesforce

IT leaders: The CFO is calling.

As finance departments take on a more consultative role in organizations, they increasingly need data for company-wide reports, analyses, and forecasts. At many companies, this data is scattered across multiple cloud and/or legacy systems and spreadsheets, as well as geographies, and it's often inaccurate, difficult to normalize, and sometimes impossible to manage. Plus, for your team, these frequent requests for data can take a substantial amount of time to address.

Once finance teams have the data they need, they also require business intelligence (BI) applications to surface long-term trends. Sometimes, they make do with spreadsheets. At many companies, IT creates custom BI applications alongside spreadsheets. But supporting and managing these different systems, especially as they multiply and grow in complexity, is both costly and time-consuming.

Another challenge that affects both finance and IT is the rapid evolution of pricing models. According to a survey by CFO Magazine, 70 percent of CFOs say more than half of their revenue now comes from services.¹ New pricing models—such as subscription- and usage-based pricing—have emerged alongside new services. According to The Economist, 50 percent of businesses are changing their pricing models. However, many ERP applications do not support revenue recognition for subscription, usage-based, and other emerging pricing models.² As a result, the finance team may turn to spreadsheets—or ask your team to build more custom apps.

Finally, finance is increasingly concerned about data security. They want to be certain that sensitive company and customer data is secure. Meanwhile, anytime finance uses spreadsheets to store sensitive information, that's a security vulnerability. IT may have to create special policies for finance users who access customer and company data outside of secure systems, adding to administrative headaches and making IT management more complex.

¹ "FinancialForce Introduces Billing Central for Everything-as-a-Service Business Models," CPA Practical Advisor, September 15, 2016

² Kimberly Whittler, "How The Subscription Economy Is Disrupting The Traditional Business Model," Forbes, January 17, 2016

Unified infrastructure: Solving problems for finance and IT

To address critical finance needs, many CIOs are turning to a unified infrastructure. A unified infrastructure provides a single source of truth for your entire organization. It is faster, more accurate, and more secure than disparate data silos and spreadsheets. Plus, it makes it easy to integrate your front-office applications (e.g., CRM) with your back-office ERP. As a result, finance gets a holistic view of your organization, which it needs to create accurate reports and forecasts.

The Salesforce Platform: A proven path to unified infrastructure

A growing number of CIOs are adopting the Salesforce Platform to unify their infrastructure. Using a single database model, it is a cloud-based platform designed to deliver a single source of truth and actionable insights while complying with modern security and privacy standards.

The Salesforce Platform is much more than just CRM. It can support your business from order-to-delivery-to-cash or lead-to-ledger, and it can unify your front and back offices using Salesforce-native solutions built by FinancialForce. Covering accounting, billing, revenue management, BI, and more, FinancialForce helps companies automate finance workflows and gives your finance team the data they need to make more strategic decisions.

This ebook shows five ways that running FinancialForce solutions on the Salesforce Platform can help IT meet the finance team's most urgent needs and support better business results.

Finance jargon for CIOs

IT has a reputation for using too much technical jargon. But your counterparts on the finance team also speak a language all their own. Here is a quick glossary of common finance terms you may hear when discussing their data and reporting needs:

- **Accounts receivable:** Money that customers owe your business.
- **Accounts payable:** Money your company owes creditors, such as vendors, banks, and governments.
- **ASC 606/IFRS 15:** ASC 606 and IFRS 15 are revenue recognition standards that affect all businesses that enter into contracts with customers to transfer goods or services. Many traditional ERP systems do not support these new standards. [Learn more.](#)
- **Balance sheet:** A statement of the financial position of a business that lists assets, liabilities, and owner's equity at a particular point in time. (In other words, the balance sheet demonstrates your business' net worth.)³
- **FASB:** The Financial Accounting Standards Board (FASB) is an independent organization that establishes financial accounting and reporting standards for public and private companies and not-for-profit organizations that follow generally accepted accounting principles (GAAP).⁴
- **Customer lifetime value:** How much money your business will earn throughout the lifetime of a customer relationship. [Learn more.](#)
- **Order-to-cash:** The process and systems that run between a customer's order and when the revenue from that order is recognized.
- **Monthly close:** All the work necessary to close out one month's accounting period. It may involve billing, reconciling inventory, payroll, and more.
- **Revenue:** Gross income from all sources before taxes.
- **Revenue recognition:** Revenue recognition is a GAAP (see FASB above) identifying the specific conditions in which revenue is recognized and determines how to account for it. Typically, revenue is recognized when a critical event has occurred, and the dollar amount is easily measurable to the company.⁵

³ Susan Ward, "Balance Sheet Definitions and Examples," *The Balance*

⁴ [About FASB](#)

⁵ [Investopedia, Revenue Recognition](#)

1

Provide a 360-degree view of business performance.

Your leadership team needs a complete view of the company's financial performance across product lines, services, and regions. But getting this information can be a painful and time-consuming process—especially if you don't have a unified data model. Ask yourself if any of the following questions ring true for you and the finance team:

- Does your finance team often ask IT to “pull data”?
- Does responding to these requests require synchronizing data across multiple legacy platforms?
- Does your finance team work with spreadsheets?

If you answered “yes,” then you probably don't have a unified data model, and that's likely a problem for you and your CFO. Without a unified data model, finance can't see what's happening throughout your organization or trust that their data is 100 percent accurate. With a unified data model, the finance team can get all the information they need when they need it, such as:

- When orders or contracts are delivered and ready to bill
- Sales pipeline and revenue projections
- Revenue by customer, region, service, project, and product
- Costs allocated by customer, product, service, project, and business unit
- Order-to-cash metrics, such as collections, cash, aging, and days sales outstanding (DSO)
- Historical profitability of customers, products, and services

How the Salesforce Platform can help

The Salesforce Platform can help because it's a single, unified infrastructure. You get one database for your whole company, structured around a master customer record. The master customer record is shared across all your applications in real-time, meaning all teams get a complete and current picture of customer activity in one place.

Moreover, the Salesforce Platform lets you connect critical solutions including Salesforce CRM, FinancialForce ERP, and FinancialForce Professional Services Automation (PSA). When these applications can talk to each other and share data from a single database, finance has visibility into everything and can more easily automate back-office processes. They are also less dependent on spreadsheets and custom apps, saving IT time.

[Learn more](#) about the Salesforce Platform data model.

Has your finance team outgrown spreadsheets?

A spreadsheet application, such as Microsoft Excel and Google Sheets, is often the de facto tool for finance and accounting, especially for companies with less mature business processes. Typically, individual managers build and maintain spreadsheets and manually enter data as needed. They may use spreadsheets for analysis, billing, forecasts, and more.

As companies grow in size and process complexity, they may end up attempting complex reporting and workflows in spreadsheets, which are not designed to support these tasks. Because spreadsheets make it difficult to share information, routine processes may be managed by email. Also, executive-level reports that aggregate data from multiple sources can take days or even weeks to build, leaving your organization running blind.

If your IT organization is spending a significant amount of time collecting data for finance teams, they have probably outgrown many of their spreadsheets. Generally speaking, if a process or report is repeatable, it is best to move it from a spreadsheet to a modern solution with built-in automation and analytics.

2

Keep critical company and financial data secure.

Security breaches are expensive. According to the Ponemon Group, the average cost of a data breach in the U.S. is \$8 million.⁶ The finance team handles some of your company's most sensitive data, such as customer payment information and company financial history. It's also a major source of security issues.⁷

How can finance be a security risk? Spreadsheets, which lack collaboration features, are often shared over email and can be accidentally forwarded to the wrong people. Moreover, email encryption may have vulnerabilities,⁸ and hackers constantly figure out how to break through. Even homegrown and legacy apps, which some finance teams use instead of spreadsheets, may be less secure than modern software.

Managing security risks associated with the finance department is a big challenge for IT. Hard drives, where spreadsheets containing sensitive data reside, must be secured. Policies around spreadsheets and email must be continually communicated and enforced, and email itself must be monitored and secured. Most legacy and homegrown systems must be frequently patched. Overall, both CFOs and CIOs want better security for critical data and less cumbersome security requirements and management.

⁶ 2019 Cost of a Data Breach Report, Ponemon

⁷ "New Research Reveals Finance and Human Resource Departments Believed to Pose Biggest Security Risk to Organizations," Clearswift

⁸ Shannon Liao, "Researchers have found a vulnerability in two popular email encryption protocols," The Verge, May 14, 2018

How the Salesforce Platform can help

The Salesforce Platform focuses on security so you don't have to. It undergoes comprehensive privacy and security assessments and has achieved certifications from multiple auditors and certifying bodies. Examples include GDPR, ISO 27001/27017/27018, PCI DSS, FedRamp, SOC 1, and SOC 2, and you can find the current list of compliance certifications and attestations [here](#).

Because FinancialForce solutions are native to the Salesforce Platform, they are protected by security controls designed and implemented by Salesforce. They also let you limit access to data through granular user permissions, so the right people have the right level of access to the right data. Plus, they dramatically reduce the need for spreadsheets and data silos, minimizing vulnerabilities associated with the finance team and eliminating the need to secure numerous standalone data sources.

[Learn more](#) about security on the Salesforce Platform.

3

Support new, emerging, and innovative pricing models.

Business models are evolving. A growing number of businesses now offer products “as a service.” And it’s not just the tech industry. For example, retailers are offering subscription boxes, and companies that sell consumer packaged goods are now promoting auto-renewing orders. As a result, new pricing models are emerging, such as:

- **Usage-based pricing**, which fluctuates month to month based on consumption of bandwidth, data, etc.
- **Subscription pricing**, in which customers pay the same fee over a consistent interval for a defined level of service.
- **Hybrid pricing**, which combines a flat fee with a consumption fee if usage exceeds a predetermined level.
- **Freemium models**, in which customers get base features for free and pay to unlock new functionality.

Many traditional ERP systems cannot support these pricing models, especially when it comes to revenue recognition as defined by ASC 606 and IFRS 15. This can put the finance team in an unfortunate situation: Their options include saying “no” to new pricing models that won’t work with their back-office systems, attempting to handle revenue recognition in spreadsheets, or asking IT to build a custom app.

For IT, building an app to create revenue recognition reports in compliance with ASC 606 can be extremely complex and time-consuming. Building an accurate specification for such an app typically requires hiring expensive consultants or an accounting firm. Plus, you would be responsible for patching and securing the app as well as training finance to use it.

How the Salesforce Platform can help

Natively built on the Salesforce Platform, FinancialForce Revenue Recognition & Forecasting supports revenue management for any and all revenue streams, including subscription and usage-based pricing. This eliminates the need to build custom apps or spreadsheets, while allowing the finance department to say “yes” to new pricing models. They also allow the finance team to model new concepts and collaborate more closely with marketing and sales in business growth.

4

Empower finance with advanced analytics and business insights.

The role of the finance executive is changing. In addition to accounting and compliance, they're tasked with bringing business insights and valuable guidance to the CEO and other strategic business leaders. These insights are typically gleaned from reports based on company-wide, multidisciplinary data to evaluate multiple measures of financial health, including:

- **Profitability** segmented by various dimensions, such as regions, lines of business, product types, industries, customers, and more
- **Short- and long-term forecasts**, including deferred revenues
- **Operating and capital costs**, and how they're allocated
- **DSO and customer margins**
- **Standard statements** such as balance sheet, income, and cash flow

At many companies, IT is responsible for making sure finance and business analysts have everything they need to generate critical reports. This is often a time-consuming job that may include batch or manual processing because data must be exported, normalized, consolidated, and aggregated from multiple systems. Moreover, a growing number of finance executives want to apply AI and machine learning to their data to yield innovative ideas and new insights.

How the Salesforce Platform can help

To fulfill their new, more proactive role, the finance team needs an intelligent reporting engine. Applications powered by Salesforce Einstein, such as FinancialForce Financial Management Analytics & Reporting as well as FinancialForce PSA Analytics, use the Salesforce Platform to deliver the fastest time-to-insight and value. These analytic applications also use Salesforce Lightning to offer modern workspaces and dashboards to more easily bring data and insights to team members' attention. Native to the Salesforce Platform, FinancialForce helps IT spend significantly less time aggregating data and coding custom reports, and more time driving business value.

Einstein & Lightning

If you're new to the Salesforce Platform or run an older version, you may not know about these two innovations:

- **Einstein Analytics** allows you to explore all of your data quickly and easily through advanced, AI-powered analytics. You can use it to create custom models to predict customer churn, delayed payments, lifetime value, and more. [Learn more.](#)
- **Salesforce Lightning** is a graphical user interface (GUI) optimized for speed and ease of use. The Lightning App Builder is a component-based framework for application development that allows non-technical users to customize reports and dashboards. [Learn more.](#)

5

Automate back-office workflows.

Manual processes are a big challenge for many finance teams. Often, billing may not find out that orders have been delivered until weeks after the fact. Employee timesheets may be days or weeks late. And closing the books for the month can be a time-consuming ordeal that includes collecting data from multiple, disparate sources. The same may be true for creating customer statements too.

Often, finance calls upon IT to gather this data or connect standalone systems to help automate one or more processes. But getting multiple systems that rely on different data models and platforms to talk to one another can be expensive, time-consuming, and risky.

How the Salesforce Platform can help

The Salesforce Platform is designed to seamlessly work with Salesforce CRM as well as FinancialForce PSA and ERP. As a result, automating cross-platform workflows does not require integration work. For example, when an order is delivered, billing is notified automatically. New deals that have been booked but not executed appear in financial forecasts. Timesheets are mapped to projects and made visible to finance. The end result is faster order-to-cash and lower administrative costs.

How finance teams win with FinancialForce solutions on the Salesforce Platform

Many businesses in a variety of industries already benefit from FinancialForce and the Salesforce Platform. Here are a few examples:

- **Methods:** This fast-growing digital transformation service provider quickly outgrew the spreadsheets they were using to create critical financial reports. Pulling the data from disparate systems to feed the spreadsheets was extremely time-consuming, and finance staffers were under tremendous stress. With FinancialForce Accounting and Revenue Recognition applications, Methods automated 95 percent of their finance functions, allowing their finance team to spend more time solving business problems and less time collecting data. In the process, they also reduced back-office costs by 40 percent.⁹ [Learn more.](#)
- **Motus:** Motus is a leader in mobile workforce management software. As a startup, they relied on QuickBooks for critical back-office functions. But as the business grew, QuickBooks couldn't keep up. Motus supplemented QuickBooks with spreadsheets and, over time, it became increasingly painful and time-consuming to generate accurate reports. After replacing QuickBooks and spreadsheets with automation built into FinancialForce, month-end reconciliation became 99 percent faster and month-end close improved from weeks to days.¹⁰ [Learn more.](#)
- **Seagate:** Seagate's IT Recovery services group helps find and restore customer data, but the company was unable to report on the real-time performance of their business. Their legacy financial system did not integrate easily with Salesforce CRM, and offered no visibility into invoices, payments, or overall customer service. By switching to FinancialForce applications built on the Salesforce Platform, Seagate reduced order-to-cash from 42 days to 14 days, and period close from 11 days to 5 days.¹¹ [Learn more.](#)

Q: What if your business is totally unique?

A: Customization is no problem.

Many organizations rely on custom applications because they believe their processes are so unique or complex that no off-the-shelf software could possibly accommodate them. If this sounds like your business, you will be happy to learn that the Salesforce Platform supports quick and easy customization.

The Salesforce Platform allows extensive configuration options through the admin panel. By simply pointing and clicking, you can customize data records, add custom fields, and apply page layouts. You can also customize search, tagging, and user interface options. Different user types can also customize personal display options.

[Learn more](#) about how to use the new and improved setup.

Additionally, the Salesforce Platform supports no-code and low-code development through the Lightning App Builder, which lets you drag and drop components to build simple applications, multi-step processes, and even complex workflows. Moreover, the solutions you develop can be securely accessed via desktop or mobile devices.

Finally, you can use code to extend FinancialForce solutions. Because they are built using Salesforce objects, developers who are experienced with Salesforce can work with FinancialForce apps without extensive additional training.

[Learn more](#) about customizing your instance of FinancialForce.

Key takeaways



By connecting your front-office CRM solution with your back-office FinancialForce solutions, the Salesforce Platform allows you to eliminate costly, time-consuming, and manual processes while automating and streamlining your finance operations. When you switch to the Salesforce Platform, you get:

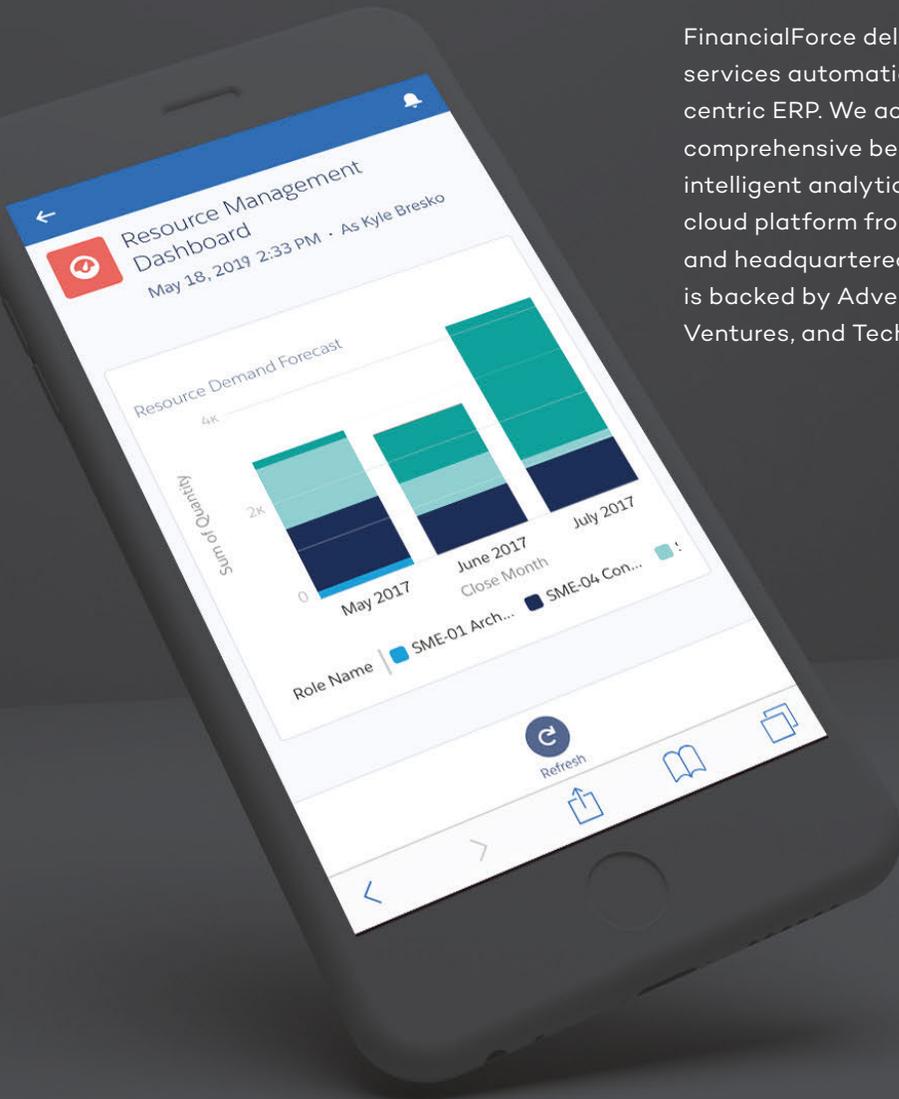
- One source of accurate, company-wide data, meaning finance teams can retire old, manual spreadsheets and custom apps
- Real-time, on-demand financial reporting and analytics
- The ability to automate billing, end-of-month close, and other routine processes
- Revenue recognition reporting for subscription, usage-based, and hybrid pricing models
- Assurance that company financial data is secure

When IT spends less time handling requests for data and building, managing, and securing multiple custom apps, the team can spend more time helping the finance team meet their most urgent needs, supporting new projects, and driving business growth.



READY FOR MODERN ERP?

FinancialForce delivers the #1 professional services automation (PSA) and the only customer-centric ERP. We accelerate business value with comprehensive best practices and the most intelligent analytics—all on the leading business cloud platform from Salesforce. Founded in 2009 and headquartered in San Francisco, FinancialForce is backed by Advent International, Salesforce Ventures, and Technology Crossover Ventures.



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