

# IBM® Cognos Financial Statement Reporting (FSR): Integrated financial close management



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*With IBM Cognos FSR, companies can collaborate on financial consolidations, reconciliation management, continuous controls and external reporting – using just one solution. Improve efficiency and reduce risk with an integrated financial close management platform.*

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### **The problem**

The financial close process, from period-end to filing, is typically disjointed and frequently involves manual intervention. Not only is this recurring process a burden on staff, but it requires significant collaboration, monitoring and a high attention to detail to ensure a smooth process and an accurate final submission.

### **A disjointed set of processes**

Most organizations manage financial consolidations, external reporting, XBRL publication, reconciliation management and continuous controls as separate, disjointed processes. This isolated approach heavily relies on multiple proprietary applications, Microsoft® Excel® and numerous email messages – thereby increasing risk as handoffs between processes frequently involve re-keying of data.

Without a centralized control for managing the whole financial close process, organizations face a number of challenges including:

- Inefficiencies inherent in manually intensive processes
- Increased risk because of handoffs between processes
- Data inaccuracies
- No audit trail in or between processes
- Minimal collaboration between processes
- Limited oversight and control of the overall process

*“Nucleus found that by adopting Clarity FSR [IBM Cognos FSR], organizations can achieve benefits that go beyond regulatory compliance. By automating the gathering of financial data and the processing of numerous last-minute accounting changes, the application makes accountants, report builders and their managers more productive.”*

*“L9 - Research Note - Assessing the Benefits of Clarity FSR,”  
Nucleus Research, 2011*

**Increased costs**

The manual nature of each process results in increased headcount, higher overall costs and greater risk of error in the final submission. As a result, CFOs experience the results of a disjointed financial close in several ways:

- Increased personnel costs
- Potential errors in public submissions with a possible impact on market credibility and even an organization’s stock price

**Increased risk**

Risk is everywhere in the financial close process. Isolated functions. Possible miscommunication between internal and external workers. Potential for spreadsheet error. Awkward manual handoffs between processes. Security controls. And because of the serial nature of the entire close process, delays in one function can increase the overall financial close process cycle time, increasing the risk of late filing.

In summary, CFOs need to mitigate several sources of financial reporting risk including:

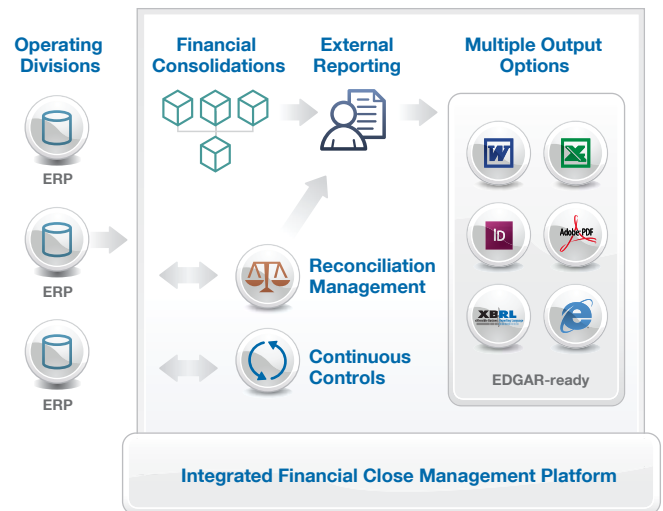
- Risk of error
- Risk of late filing
- Risk of non-compliance
- Risk of insider leaks

**Solution**

IBM Cognos FSR can help companies integrate disjointed close processes to reduce cost and risk.

**Fully integrated financial close**

IBM Cognos FSR provides a single, unified platform that automates financial consolidations, continuous controls, reconciliation management, external financial reporting and XBRL publication. IBM Cognos FSR delivers a fully integrated solution that connects directly to your ERP, and other source systems and automates the entire financial close and filing process. The result is a one-stop-shop for the financial close process, with multiple output options, including XBRL.



### Financial consolidations

IBM Cognos FSR handles your financial consolidation requirements by consolidating your results quickly and accurately while keeping in compliance with international accounting and regulatory standards. Industry leading functionality includes seamless integration with multiple data sources and support for:

- Multiple currencies
- Automatic intercompany eliminations
- Adjusting journals
- Multiple consolidation methods
- Complex ownership structures
- What-if modeling

### External reporting

IBM Cognos FSR automates the creation of filings, including annual reports, quarterly reports, and board books, among others. IBM Cognos FSR provides a collaborative environment where many contributors can participate in the creation of the external document, in a secure environment, with a tight audit trail and a seamless connection to source data. With IBM Cognos FSR, you can produce external financial documents more efficiently, with more controls and in compliance with the appropriate regulatory bodies.

### XBRL

IBM Cognos FSR offers the most advanced XBRL solution on the market today. By integrating XBRL into the external reporting process, IBM Cognos FSR makes the tagging, validation and creation of XBRL documents dramatically more efficient and less error prone.

### Reconciliation management

IBM Cognos FSR automates daily, monthly, and periodic reconciliation and account balancing processes with business rules that control how items should reconcile. When they don't reconcile, IBM Cognos FSR manages these exceptions using automated workflow, facilitating electronic sign-off of manual journal entries and seamless creation, approval and posting of these journals back to the General Ledger or ERP system. IBM Cognos FSR also provides executives with status monitoring through reports and dashboards.

### Continuous controls

With IBM Cognos FSR's Continuous Controls capabilities, business rules automatically identify anomalies within both operational and financial environments and send alerts to the most appropriate personnel using automated workflow functionality. And when anything is edited or approved following an alert, a full audit-trail tracks who made the change and when, ensuring compliance with even the most stringent internal control policies.

### About IBM Business Analytics

IBM Business Analytics software delivers complete, consistent and accurate information that decision-makers trust to improve business performance. A comprehensive portfolio of business intelligence, predictive analytics, financial performance and strategy management, and analytic applications provides clear, immediate and actionable insights into current performance and the ability to predict future outcomes. Combined with rich industry solutions, proven practices and professional services, organizations of every size can drive the highest productivity, confidently automate decisions and deliver better results.



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Route 100  
Somers, NY 10589

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