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5 Steps to Improving Efficiency in Finance and Accounting

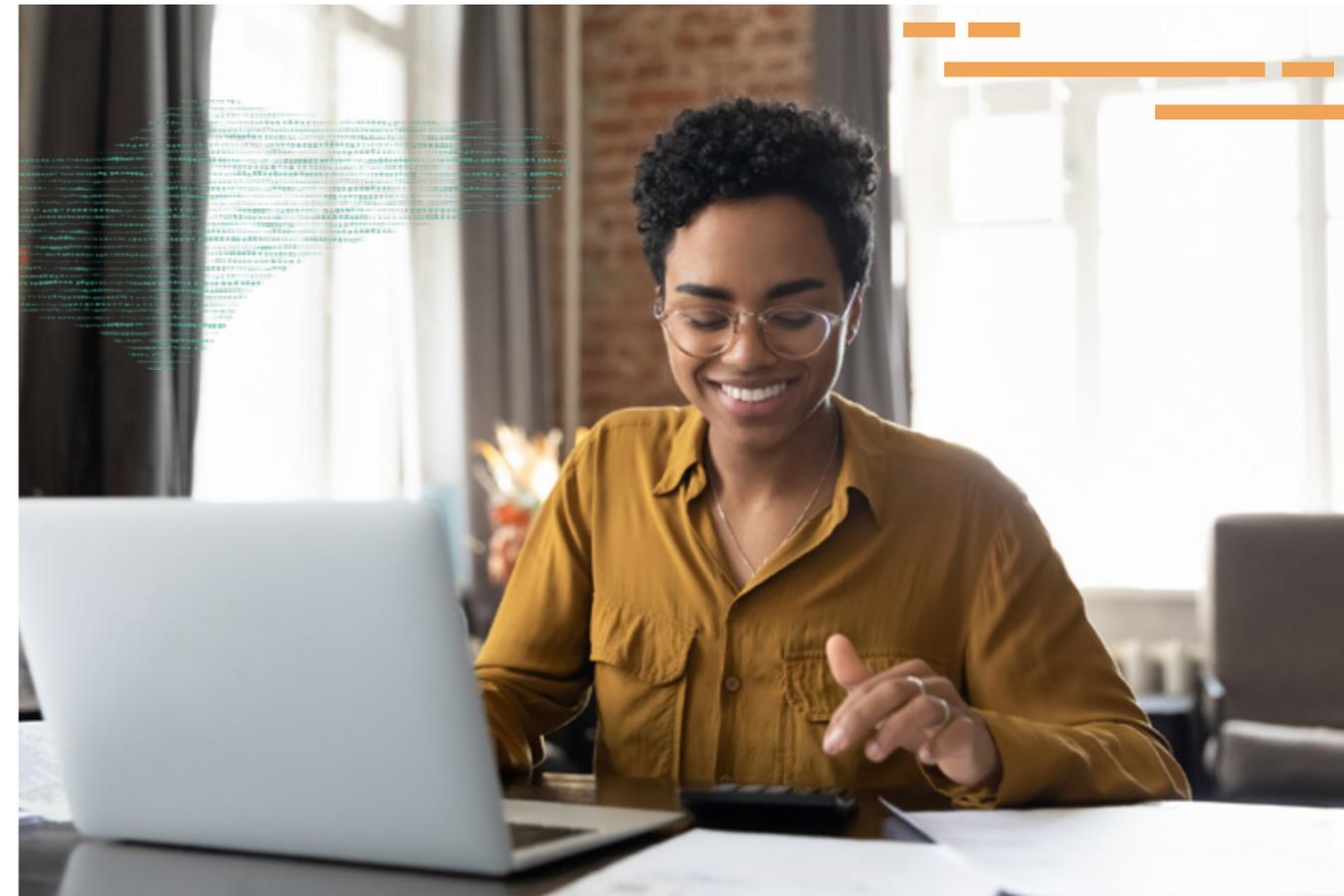
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As the role of the CFO has evolved in recent years to encompass diversity and sustainability, long-term growth and technology leadership, so too have the responsibilities of controllers and other financial managers. Once focused primarily on tactical record keeping, today's finance departments have become integral to business strategy decisions, providing data and analysis to improve decision-making and help keep the business on track.

Routine accounting tasks like billing customers, paying suppliers, and closing the books haven't been eliminated, however, so these new responsibilities only add to what is already a heavy workload. To avoid employee burnout and costly turnover, finance managers must find ways to alleviate some of the burden on their staff.

Unfortunately, the combination of a competitive labor market and a drop in the number of students graduating with accounting degrees means companies can't necessarily hire more people. The alternative, therefore, is to help finance and accounting staff work more efficiently.



As a NetSuite customer, you already know how automating routine accounting tasks saves time and boosts productivity. But if your finance team still relies on spreadsheets or manages important process outside of NetSuite, you're not as efficient as you could be. Here's how you can accomplish even more.

Eliminate Manual Asset and Lease Tracking

Finance departments often use spreadsheets to keep track of fixed assets, lease agreements and prepaid expenses because they make creating amortization and depreciation schedules relatively easy, especially when using the straight-line method. While accounting staff may be comfortable working this way, it's highly inefficient. For one, the information these spreadsheets contain ultimately has to be transferred to NetSuite—a needless extra step that wastes time. And because this requires manual data entry, it increases the risk of errors. Identifying and correcting these mistakes requires even more work.

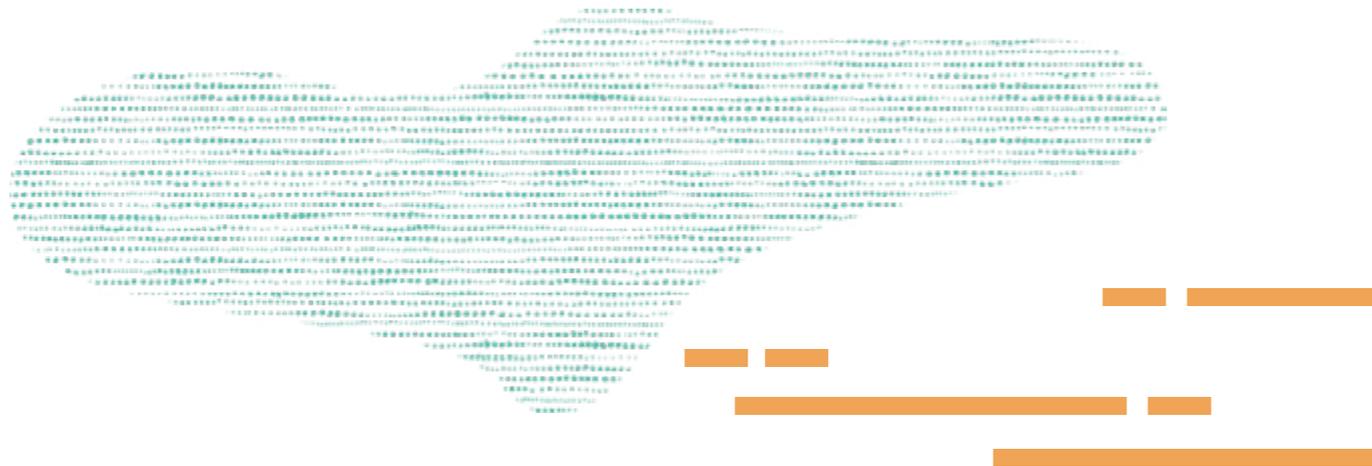
NetSuite improves efficiency by automating fixed asset depreciation and lease accounting. With NetSuite Fixed Assets Management, companies can develop a comprehensive list of existing assets, including relevant data like acquisition cost, in-service date, estimated useful life and more. They can also track lease agreement details like contract value, duration and interest rate. Fixed Assets

Watch a demo of NetSuite Fixed Assets Management

Management lets you manage the entire asset lifecycle, from acquisition to retirement, with ease. Newly acquired assets can be added to the balance sheet automatically using the original purchase order created in NetSuite—and without spreadsheets and time-consuming and error-prone manual processes.

NetSuite Advanced Financials brings additional automation to NetSuite's core accounting solution. Amortization schedules, for instance, save time by simplifying the process of entering and managing prepaid expenses. With Advanced Financials, you can select from a choice of standard amortization terms or define custom terms. You can even define an offset to delay the start of expense recognition and set up an initial amount to be recognized. Schedules can also be linked to jobs to amortize expenses in proportion to a job's percentage of completion.

Watch a demo of NetSuite Advanced Financials



Improve Planning and Budgeting

Many companies also turn to spreadsheets during budgeting season. But while these tools are effective for personal productivity, they shouldn't be used to develop plans or prepare budgets because they are inherently insecure and lack important capabilities required for effective collaboration. For instance, data kept in locally-saved spreadsheets is static, not real time, so plans must be redistributed whenever changes are made. This causes confusion and makes it difficult to keep everyone on the same page, which ultimately affects stakeholder buy-in. And moving data in and out of NetSuite always creates a risk of introducing errors.

You can automatically transfer your NetSuite financial, operational and workforce data to NetSuite Planning and Budgeting to conduct both company-wide and departmental budgeting and planning with modeling capabilities, approval workflows and reporting within one collaborative scalable solution. Sales and operationally-driven strategic plans can be linked to long-term and near-term financial plans.

Watch a demo of NetSuite Planning and Budgeting



Automate Recurring Billing

The rapid growth of subscription services demonstrates the advantages of developing a recurring revenue business model, including more consistent cash flow and longer-term customer relationships compared to companies with a traditional sales model. Yet subscription-based businesses also face unique challenges. Complex pricing structures, frequent billing cycles and promotional discounts, for instance, can make the invoicing processes particularly difficult. Unfortunately, companies often rely on their tried-and-true manual billing process when launching recurring revenue services. This makes timely, accurate invoicing even harder.

NetSuite SuiteBilling helps streamline billing operations, providing real-time visibility into billing and financial activity across areas like monthly recurring revenue, total contract value and customer churn. From consolidated invoicing, to automated rating processes, to support for multiple pricing models, SuiteBilling provides transparency around all billing activities. Flexible options give businesses the choice of billing subscriptions as either one-time charges or recurring fees,

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either in advance or in arrears. With multiple rating models, companies can create subscriptions that capture setup fees, license counts and variable consumption all in one step. The combination of easy subscription set up and maintenance, and flexible rating models significantly increases billing process efficiency.

Standardize and Simplify Revenue Recognition

Dealing with service agreements, multi-item contracts and tiered or bundled pricing causes headaches for CFOs, controllers and revenue managers everywhere. These challenges are particularly acute for companies that are confronting these issues for the first time, either because previous rules for their industry didn't require complex reporting, or because they've developed new product and service combinations, changed their business model, or implemented a new pricing strategy that impact how they recognize revenue.

Current revenue recognition standards revolve around the completion of performance objectives, which are typically spelled out in contracts or service agreements. In many cases, these objectives are standardized, with little or no variation from customer to customer. Yet revenue recognition schedules must still be set up individually for each contract—a time consuming, manual task frequently managed in spreadsheets.

NetSuite Revenue Management simplifies this process, eliminating spreadsheets and repetitive data entry. Users can create specific recognition rules for each product and/or

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service they offer and easily link them to specific line items of a sales order created in NetSuite. Revenue is then recognized automatically based on the assigned schedule or milestones, improving compliance by ensuring revenue recognition principles outlined in ASC 606/IFRS 15 are applied consistently. The accounting team can now focus on more value-added activities, and because revenue management is integrated with NetSuite Financials, the monthly close process runs more smoothly.

Simplify International Accounting

Companies with international subsidiaries confront issues that those operating in a single country don't. Compliance is one of the biggest. In the US, for instance, most organizations follow generally accepted accounting principles (GAAP), while in other countries, different accounting standards apply. Discrepancies in these rules can mean that a single transaction must be recorded multiple times, once under each appropriate standard, for reporting purposes. Entering the same information in two or more places is clearly inefficient.

NetSuite OneWorld's Multi-Book features alleviate these problems by allowing companies to create multiple sets of books with different rules to meet different requirements. For instance, a company headquartered in the United States with a European subsidiary will need to apply IFRS accounting rules to business transactions in France and Germany, but follow generally accepted accounting principles (GAAP) when those same transactions are included in corporate financial reports. Using NetSuite's Multi-Book accounting, the company can set up an IFRS-specific accounting book to comply with international accounting standards and maintain a primary

Watch a demo of NetSuite Multi-Book

book that follows U.S. GAAP. Transactions entered into NetSuite can then be posted to both books automatically. This allows a sale recorded by the European subsidiary, for example, to be treated under IFRS rules and GAAP at the same time, without the need for a separate accounting database or system.

When entering a new market, companies may also need to conduct business in the local currency. This presents another challenge, as foreign currency values must be translated into a single, common currency in order to produce consolidated financial statements. Calculating currency values manually is tedious and time-consuming with exchange rates fluctuating constantly, requiring careful tracking to avoid translation errors.

Multi-book minimizes the risk of errors by automating currency translation. Transactions entered at the subsidiary level in a foreign currency are posted at the headquarters level simultaneously, using the appropriate currency and current exchange rate, saving time and minimizing the risk of reporting errors. This also simplifies the consolidation process, as financial results from each subsidiary are available to corporate accounting staff in real time. Currency gains and/or losses are also recorded automatically, helping ensure the accuracy of monthly income statements.

Conclusion

As finance and accounting personnel are increasingly tasked with analyzing performance and providing input into strategy, CFOs must help their teams accomplish more without adding headcount. Manual, spreadsheet-based processes make this harder. Your business runs on NetSuite, so you know how automation increases productivity. You also know how much more efficient you could be. Isn't it time you took the next step?

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