

E-book

Unlock Value with the Keys to a Faster Close

Key findings from the Sage Intacct 2022
Close the Books Survey

Sage



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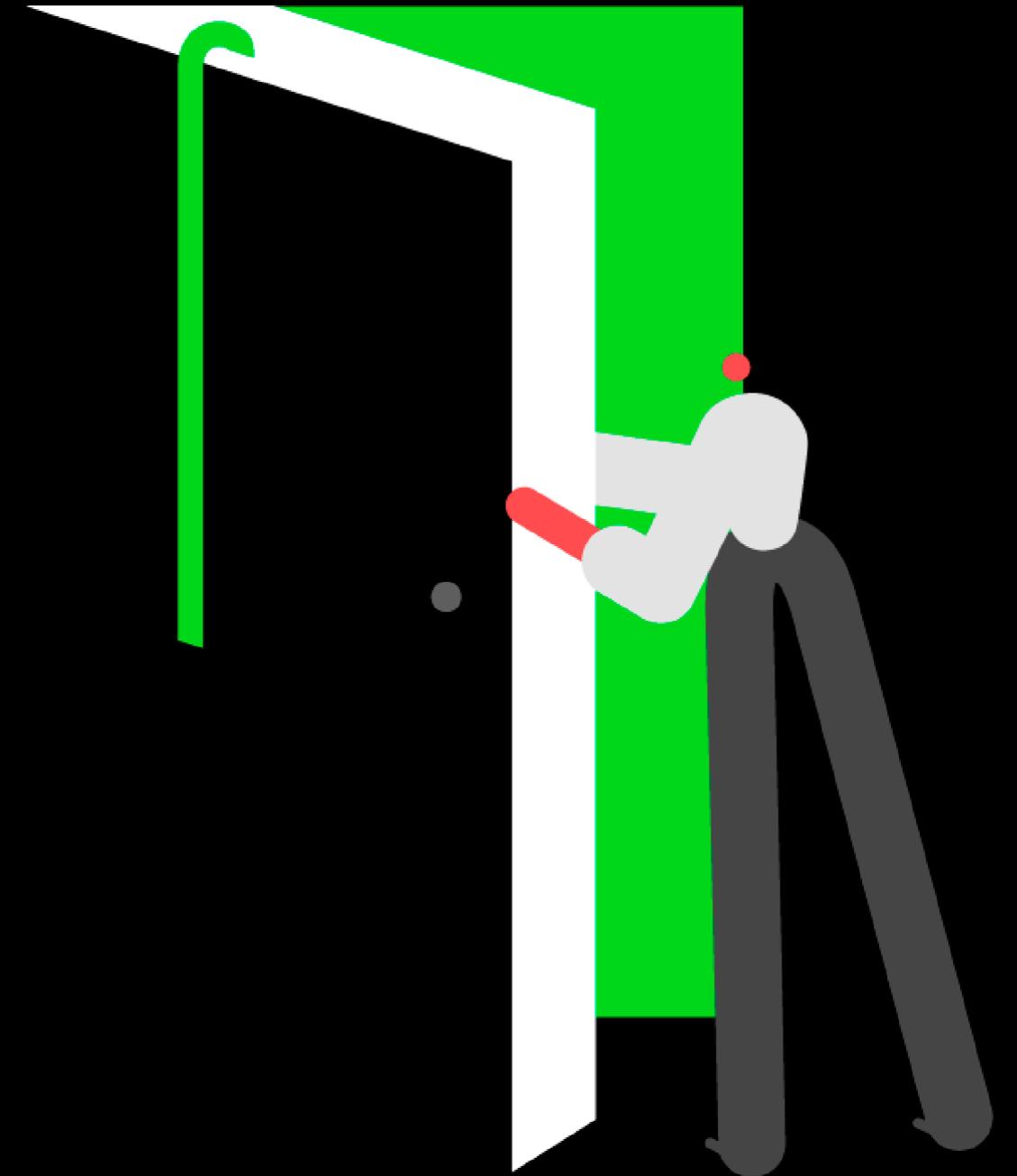
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Introduction

To thrive in today's changing business environment, a company needs to be able to pivot in different directions and make proactive decisions. For the finance team, this often entails having to constantly reforecast, re-think, analyze, and act on new data, on top of the traditional, and at times, stressful task of closing the books. That's why it is more important than ever for finance professionals to be able to close the books faster, so they get the time they need to be agile and respond to the ongoing needs of the business. With this in mind, we created the 2022 Close the Books Survey to learn more about the state of the close today.



Executive summary

The goal of this e-book is to take the findings from our 2022 Close the Books Survey and translate them into practical strategies and best practices that can really help you achieve a faster and more accurate close. In turn, you and your finance team can gain more time to analyze information, provide guidance and insight, and unlock maximum value across your organization.

We have run this survey for several years and found some particularly interesting insights this year.

An overwhelming **93%** of our respondents are under pressure to close the books faster, despite the availability of cloud accounting solutions that offer time saving features such as built-in automation and artificial intelligence (AI).

We also learned what many accounting professionals would be doing if they could close the books faster.

60% of respondents said they would spend their extra time on data analysis to uncover insights or trends.

And moving to the cloud was widespread. **87%** have a cloud-based or hybrid accounting solution—a significant gain from last year’s survey. Plus, **50%** plan on moving to the cloud within 2 years.

After spending time digging through the numbers and compiling survey results, we realized there really are 3 key strategies to attain a faster close and unlock value:

First, to help save time and reduce your month-end stress, **automate your key accounting processes** as much as possible. Automation streamlines processes and can save you thousands of dollars. It also frees your team from overwhelming mundane manual tasks so they can focus on more interesting and exciting projects that add greater value to your organization.

Second, to help you increase the speed and accuracy of your close, **leverage AI functionality** that is purpose-built and embedded in your accounting software. AI offers a multitude of benefits including increased visibility and insights, as well as accuracy and trust. Plus, with AI, you can capture data in real time, providing an up-to-the-minute pulse on your business at all times so you can focus on making the right data-driven decisions.

And **third**, to achieve a faster close, you need to **look at ways to make your close process more efficient**. This means investing in technology, additional staff, or time so that the processes it takes to complete a close are optimized.

Now, let’s dive in, to unlock the keys to a faster close.

Key 1: Save time and reduce month- end stress through automation

It's no secret, today's finance teams are working longer and harder and are under pressure to accomplish more in less time. To help save time and reduce your month-end stress, the first thing you should consider is automating your key accounting processes.

Automation eliminates manual, time-consuming processes that drain your productivity. It eliminates error-prone spreadsheets, broken formulas, and chasing emails. Plus, automation keeps your team happy by freeing up time for them to focus on the strategic side of finance and feel the satisfaction of adding greater value to your company.

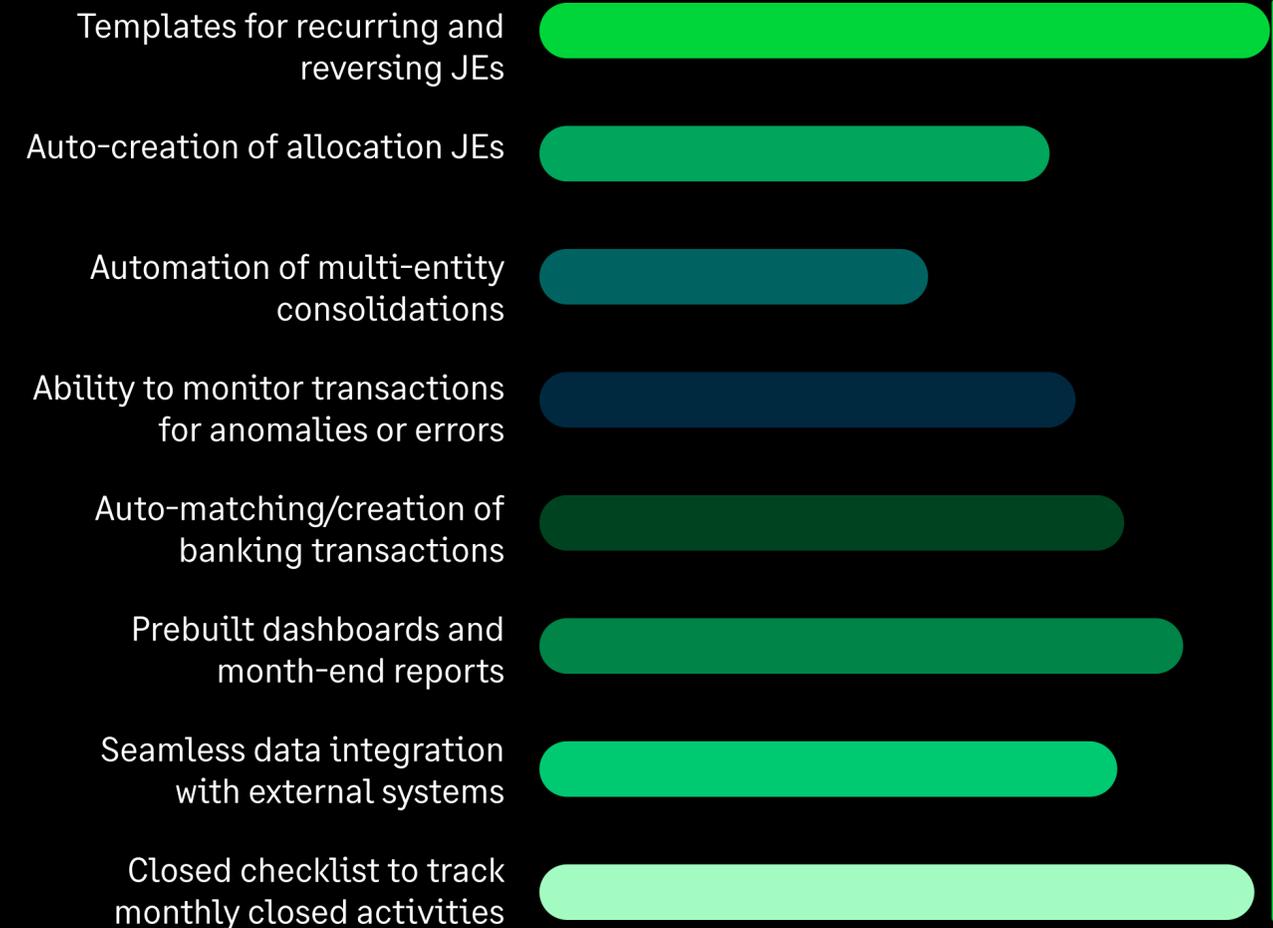


Automation saves time at month end

Closing the books can create a stressful environment at month end. There is a rush to gather information from different systems, perform various types of reconciliations, get input from many stakeholders, and conduct various levels of data entry. All this pressure can cause a lot of late nights and weekends at work. But it really doesn't have to be this way. There are many built-in automation capabilities available with most cloud-based accounting software that can help you to save time and reduce stress at month end.

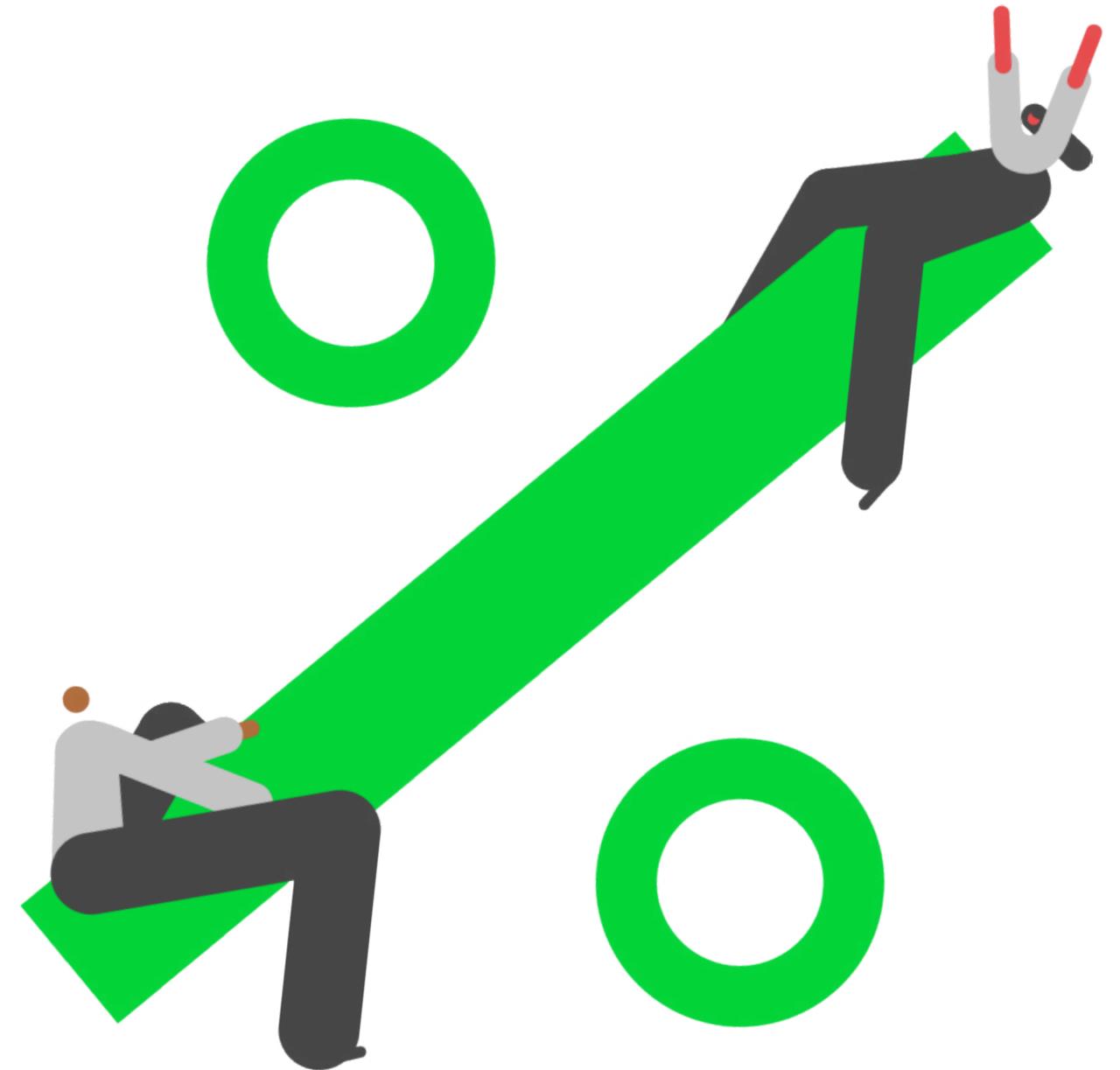
In fact, more than **60%** of respondents “absolutely or strongly agree” that automation saves time at month end. Respondents ranked the highest time savers to be templates for journal entries, prebuilt dashboards and reports, and having an automated closed checklist that keeps track of close activities. Not far behind is the ability to have seamless data integration between core financials and other systems such as payroll. With all these gains, it is not surprising that many organizations are adding automation into their accounting and financial processes.

68%



What is the continuous close?

The continuous close or continuous accounting is another way to ease stress at the end of the month. It allows you to run month-end close processes throughout the month rather than all at month end. It is an approach that captures data in real time, enables continuous reconciliations, and allows you to make adjustments as you go. The continuous close gives you a clear and accurate picture of your financial numbers at any given time—without going through period-end close procedures.

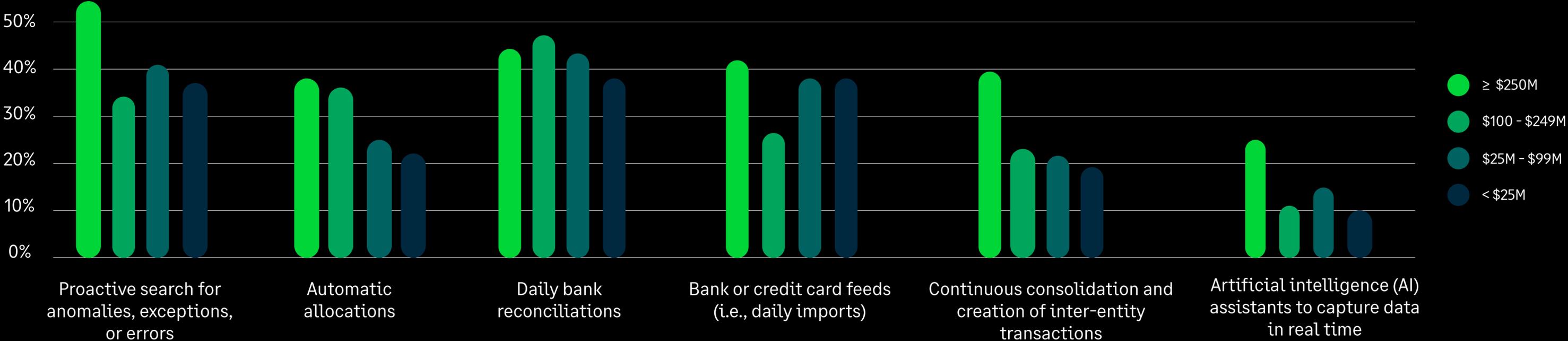


Continuous accounting reduces month-end stress

The continuous close is a growing trend in accounting. As the survey shows more than **50%** of respondents “absolutely or strongly agree” that they perform automated accounting processes throughout the month to reduce month-end pressures.

We learned the top processes companies are choosing to automate include the proactive search for anomalies or errors, daily bank reconciliations, and bank or credit card feeds.

However, the use of automation in accounting processes for the close varies by company size. In most cases, the larger the company, the more automation takes place. In particular, companies with revenues of \geq \$250 million automate **40%** more than companies in a lower revenue bracket. This reveals that greater efficiencies gained from automation are essential as a company grows.



You get a faster close when you increase automation

The survey results revealed that there is a strong correlation between the level of automation a company uses and how long it takes to close. What was particularly interesting, is that as a company grows in revenue, days to close increase up until a company reaches around \$250 million in revenue. At that point, the number of days to close begins to fall.

With larger companies automating **40%** more than smaller companies, it's no wonder that larger companies are able to close their books **15%** faster than smaller organizations, even though larger organizations often need to handle complex accounting issues like intercompany transactions and foreign currency translations.

It is important to point out, that although our survey findings show how larger companies are benefiting from automation, companies of all sizes can gain as well. In fact, leveraging automation helps to level the playing field for small and mid-sized organizations. If these smaller companies take steps to digitize their business and leverage these same capabilities, they will be able to compete with their larger counterparts.



More automation, more time for analysis

Companies that automate more, have a finance team that is free of manual efforts and as a result, have more time to perform value-added analysis. So, it makes sense that larger companies are able to get **22%** more time to analyze data, provide insights, and deliver value across their organization—because they automate on average 40% more than smaller organizations in the survey.

However, across all organizations, finance teams are still spending **2/3** of their time creating manual journal entries and manipulating spreadsheets. This tells us, while many companies are making the switch to automated accounting processes, there is opportunity for greater adoption.

But the good news—some companies are making strides to free up more time for analysis. Many Sage Intacct customers are achieving unbelievable efficiencies by leveraging the ability to automate key accounting processes.

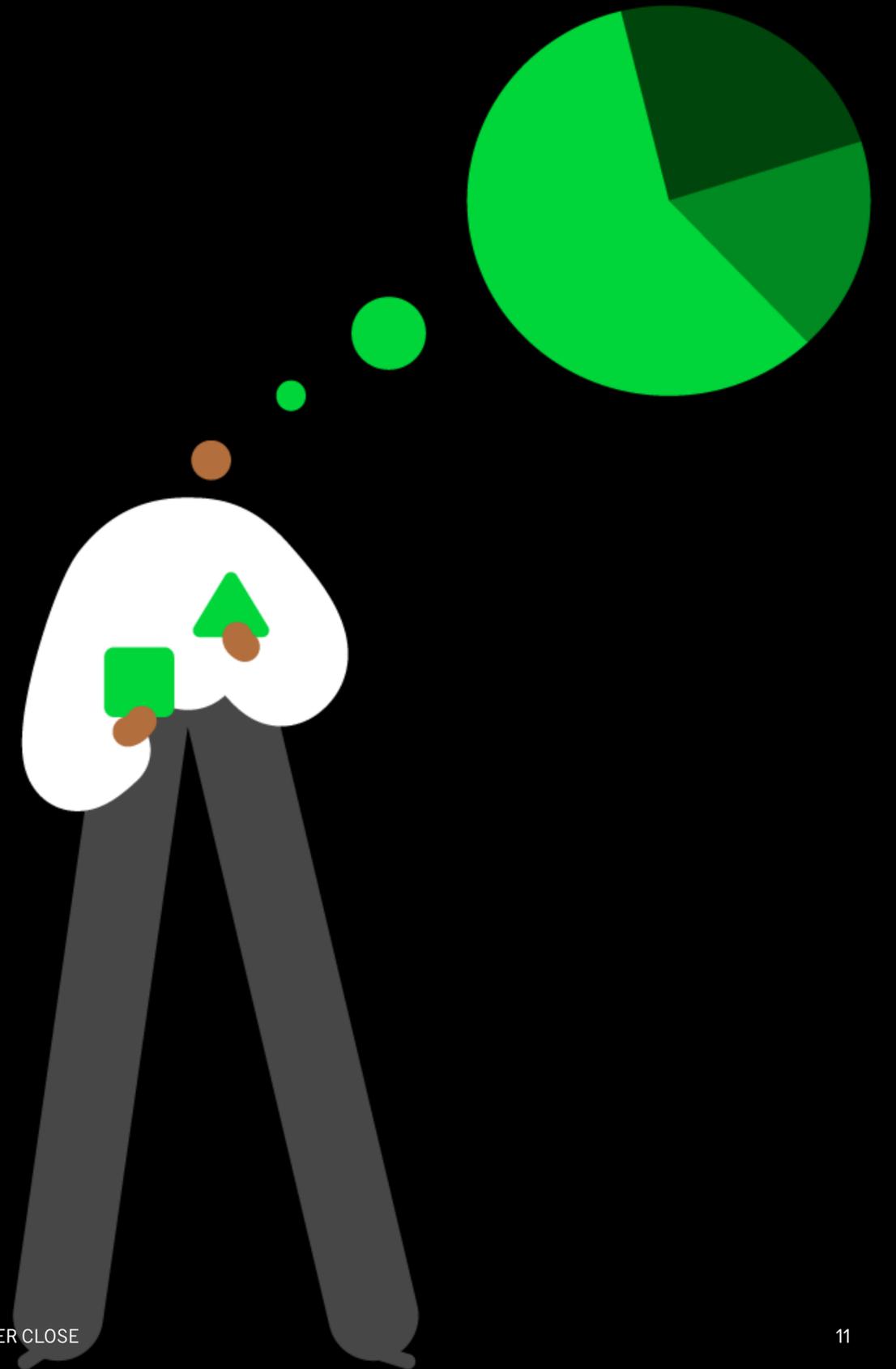


“Thanks to Sage Intacct’s powerful workflows, we’re 60% more productive overall, and as a result we’ve been able to shift 25% of the energy that we spent on bookkeeping and data entry into more strategic projects, like supporting the business with analytics or adopting new accounting best practices.”

~ Jennifer Loving, CFO, Woodfin Heating, Inc.

Sage

UNLOCK VALUE WITH THE KEYS TO A FASTER CLOSE



Key 2: Increase the speed and accuracy of your close with AI

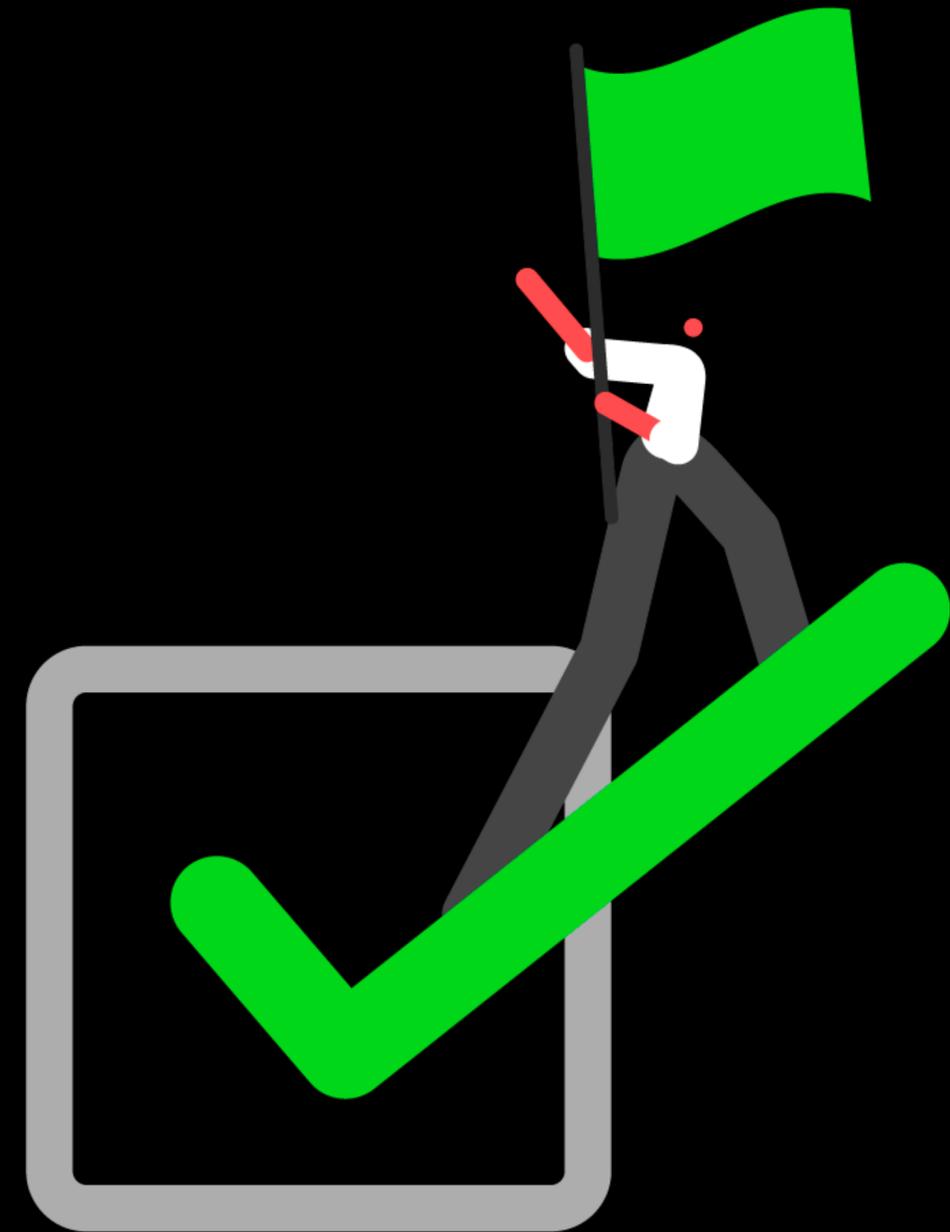
AI is an instrumental tool for finance teams working to close the books faster and more efficiently. It not only has the ability to check large volumes of data for accuracy, it also has the ability to learn from data and generate valuable insights. And because AI captures data in real time it enables you to operate with real-time visibility into key metrics and outcomes, so your organization can identify opportunities for growth.

While AI is relatively new to accounting, there are many proven use cases of companies reaping benefits from it. In particular, early AI adopters are using AI for repetitive, manual tasks such as data entry, reconciliations, and exception management, which are normally time consuming and error prone. Since AI can perform these tasks with greater speed and accuracy than humans, it makes sense they are an early target for the application of AI in accounting.

It's not surprising that in a recent [CFO AI adoption survey](#) conducted by Sage, time

savings was cited as the top benefit of AI, with 71% of CFOs envisioning large productivity gains up to 40%. These time savings plus the accuracy of AI help increase both the speed and accuracy of your close.

While AI is still in the process of moving into mainstream, according to our survey, **21%** of larger companies are already onboard with AI and seeing its advantages. Larger companies are often early adopters and bolder to try out new technology, as it helps to scale.



“I’m passionate about elevating the work of humans. By this, I mean letting the machines take the admin burden, spot anomalies, and automate repetitive tasks—freeing up humans to focus on what they do best.”

~ Aaron Harris, Chief Technology Officer, Sage



The power of AI in Accounting

AI is so powerful when it comes to using it to help with accounting processes because of its ability to transform the finance function and the many benefits it offers the finance team and to the organization as a whole.

AI helps to improve efficiency and optimize processes because it can review thousands of transactions in minutes to find errors or anomalies. AI can flag transactions or data that exceeds threshold amounts, uses incorrect GL accounts or do not fit past patterns. This would normally take hours or even days for a multitude of accounting staff to review. The time savings is especially helpful during the close when the finance team is rushing to get the numbers in and financial reports delivered.

AI also helps to simplify workflow processes and make them more efficient as it replaces repetitive time-consuming manual work that require human judgement. And as a company grows, producing a higher volume of transactions or different types of transactions, AI can continue to keep up and scan larger volumes of transactions without the need to hire additional headcount.

With less time needed for manual work and tracking down errors, AI frees up time for the finance team to participate in proactive decision making. This helps **finance leaders and their teams deliver more value and impact to the organization**. Without having to deal with boring repetitive work, it not only reduces fatigue, but also provides the opportunity to upskill the finance team which leads to higher employee satisfaction. This also helps to attract and harness much needed talent for the finance office.

Improves
efficiency and
optimization

Elevates work
and output
value of
finance

Ensures GL is
more accurate
in real time

AI ensures your GL is more accurate and in real time. Why? Because AI works 24x7. It continuously scans your data to detect and highlight potential errors and it can even alert the accounting team to fix errors as they happen. This means AI can catch errors before they get posted and identify potential savings by finding unapproved or incorrect expenses or it can even reduce audit risk by ensuring compliance with revenue recognition accounting rules. With AI, you gain higher accuracy and trust in your data sooner because you don't need to wait until the month-end close to make adjustments and test for accuracy.

“Outlier detection is hands down my favorite thing that Sage Intacct has done so far. It allowed us to catch an overstatement of revenue of about \$350k before it was in the books. Now the entire company trusts the finance organization and the numbers that are in Sage Intacct. It’s really moved us into that advisory role.”

~ Erin Horak, VP of Finance, VRC Investigations



Key 3: Invest in a faster close

Completing a close requires the coordination and execution of a series of processes. Some of these processes may be inefficient and need to be automated or could be redundant and not even needed. To achieve a more efficient and faster close, just like any other process or series of processes that needs to be streamlined, you need to invest in any or all of these—new technology, additional headcount or resource time to evaluate and improve close processes.

Investing in technology is on the uprise—this year **40%** of survey respondents said their companies adopted new technology to help with the close. This is nearly double the amount of new technology adopters compared to last year (**21%**). Whereas leveraging AI functionality to help with the close, across all organizations, remained somewhat the same as last year at **7%**.

Organizations continue to invest in the close over the past year

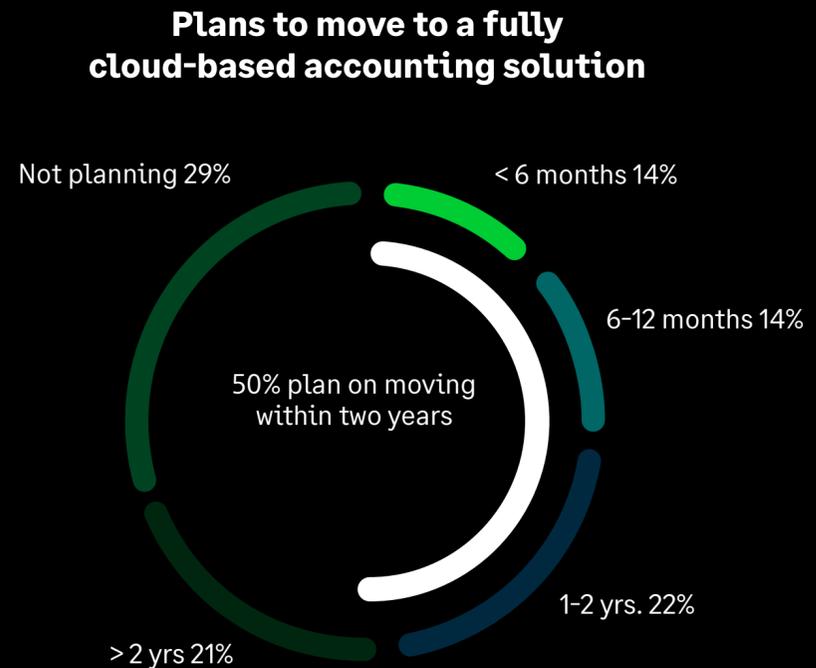
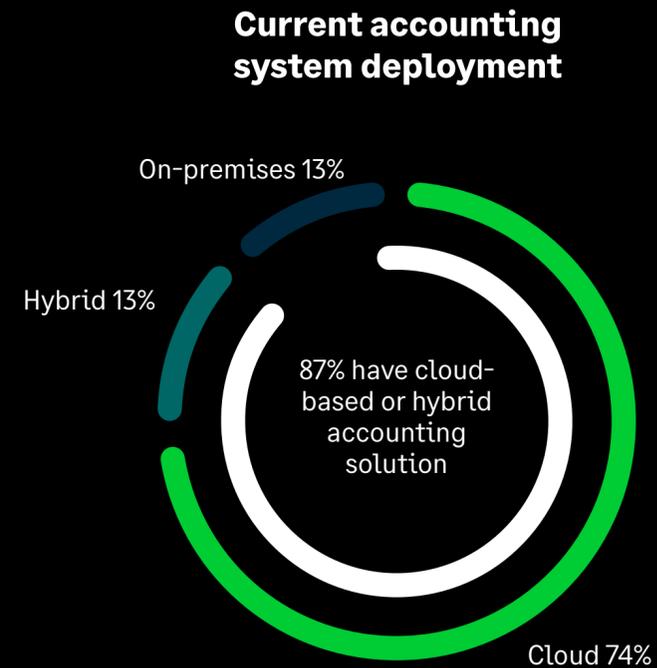
33% added more headcount

40% adopted new technology

29% automated key accounting processes

Continued movement to cloud-based accounting systems

In line with the adoption of new technology being double than last year, this year's results show that companies are continuing to move to the cloud at an accelerated rate. **87%** have a cloud-based or hybrid accounting solution—a **50%** increase from last year's survey. Plus, **50%** plan on moving to the cloud within 2 years. This increase was likely driven by the need for organizations to implement a work from home model and provide access to data for remote employees. By moving to a cloud-based accounting system, finance can access data, anytime and anywhere. This provides an environment for agility and enables finance to make proactive data-driven decisions.



Cloud accounting software

From the survey data, we saw a high adoption of cloud accounting software across all sizes of organizations. It's no surprise, because these solutions offer many benefits over spreadsheets and legacy on-premise accounting systems.

Here is a brief summary of built-in advanced features and the related benefits that are available with most cloud-based accounting systems:

Automation of key accounting processes—Increases the speed and accuracy of the close, provides more time for finance to perform value added activities and lets the software automate consolidations, currency conversions, intercompany eliminations, revenue recognition, and complex billing scenarios.

Seamless integration to other systems—Helps to reduce error-prone manual data entry and elevates the work of finance to reviewing and analyzing information instead of entering data.

Access to data, anywhere anytime—Provides access to accounting software hosted via the cloud through the internet, gives the finance team self-service real-time access through any device, and enables finance leaders and their teams to make actionable, data-driven decisions.



Built-in AI technology—Automates time-consuming tedious tasks and frees finance teams to focus on higher-value work. Enables continuous trust in your data with AI assistants that can scan data 24x7, detect errors and alert accounting teams to fix them as they happen.

Agility to scale—Provides the flexibility to handle growth, unlike the limitations of on-premise or legacy solutions. Allows you to easily handle growing numbers of users, customers, transactions or business entities.

Conclusion

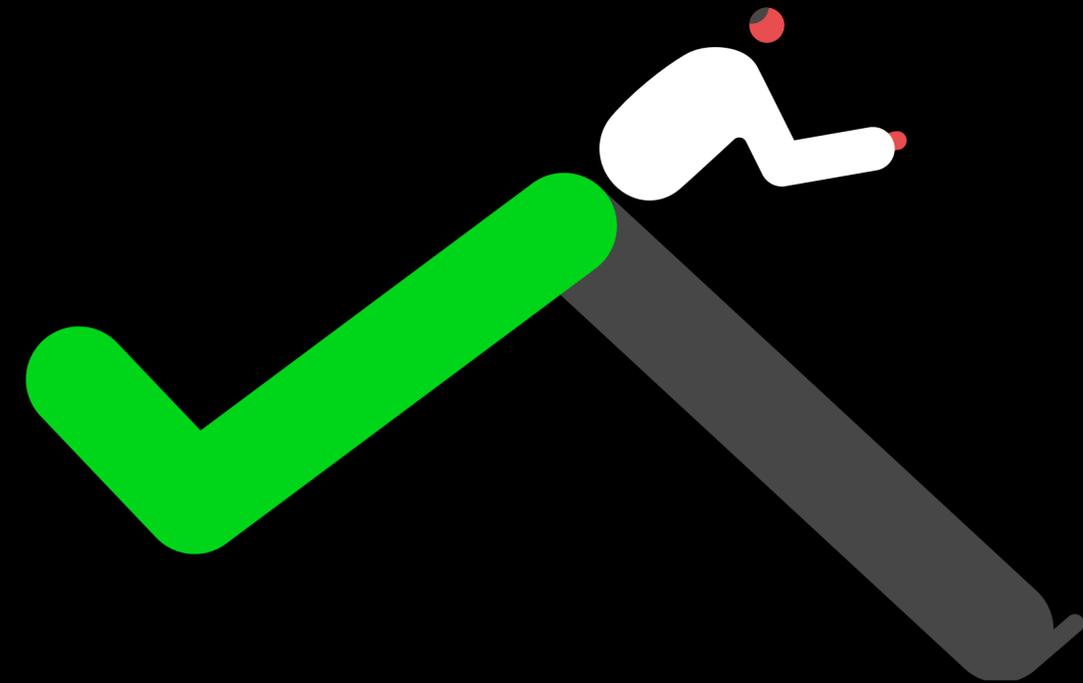
“I’ve seen a huge change in the role that finance leaders and their teams play. Getting the numbers right will always be critical—but today’s teams are using data and insights to add value and shape the future, not just report on what’s gone before.”

~ Jonathan Howell, Chief Financial Officer, Sage (The Redefined CFO)



A finance leader’s role is ever evolving. This has become even more apparent during our era of extraordinary change that has created an unpredictable and at the same time, an opportunistic environment. As a result, many finance leaders and their teams are being called upon to act on new data and provide valuable insights that help guide and influence the future. They must juggle their time between meeting their new responsibilities and being the historical record keepers that complete the time consuming task of closing the books. In order to meet these demands, finance and accounting teams need a faster, more efficient way to close. To achieve this, we identified three key strategies.

First, to help save time and reduce month-end stress, automate your key accounting processes as much as possible. **Second**, to improve accuracy and increase the speed of your close, leverage AI to help with data entry and catch errors as they happen. And **third**, invest in resources to optimize, streamline, or change your month-end processes in order to achieve a faster, more efficient, and accurate close. These keys will open doors for you to unlock value with new data and deeper insights, so you and your finance team can make a significant impact to your business—and step into this new era of finance.



Our approach

Methodology

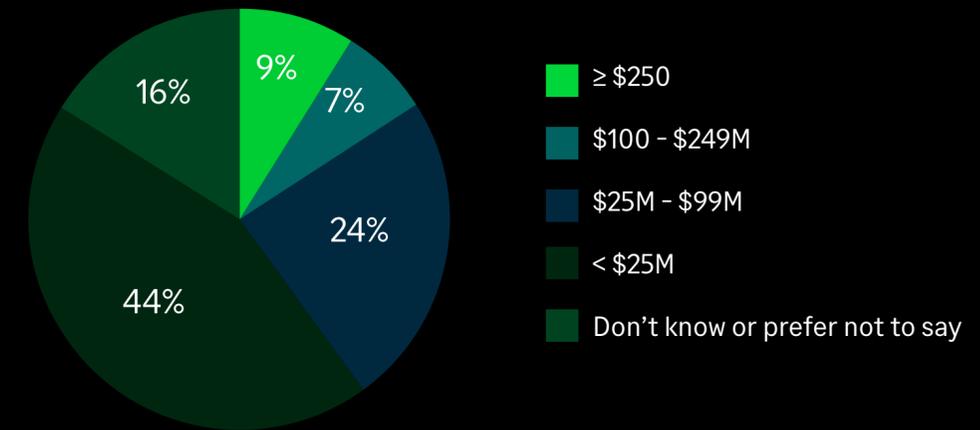
- Surveyed 1,400 total respondents
- 7-minute online quantitative survey

Respondents

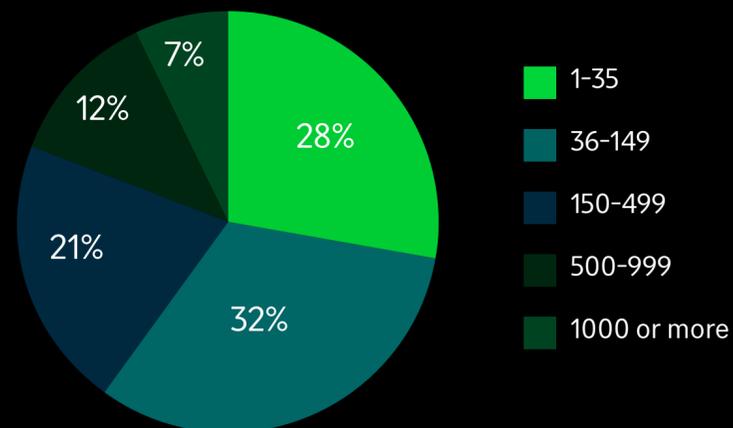
Finance leaders and their teams that came from small to mid-sized companies and represented many finance and accounting roles within an organization.

Roughly **1/3** of respondents came from companies with revenues between \$25M to \$249M, and almost **50%** of the respondents have titles of Accounting or Finance Director and above.

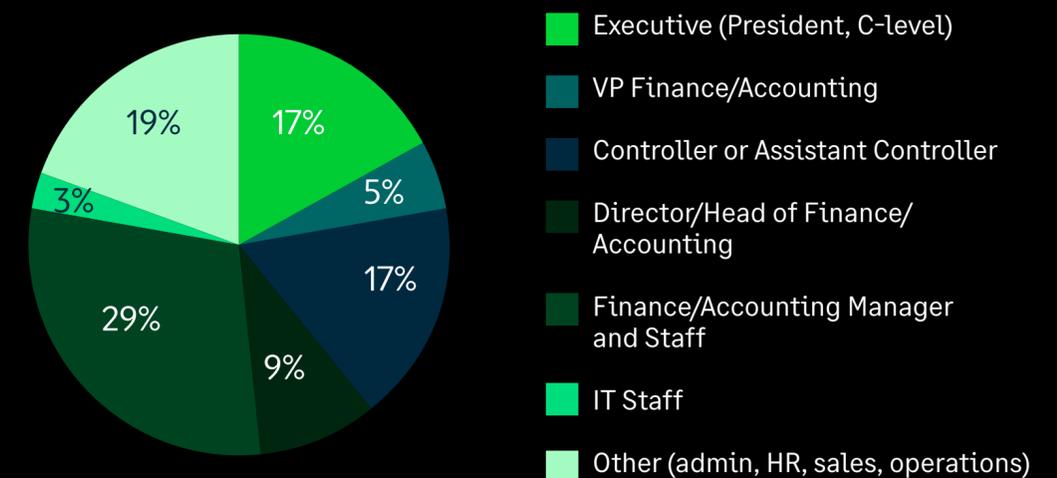
Company revenue



Number of employees



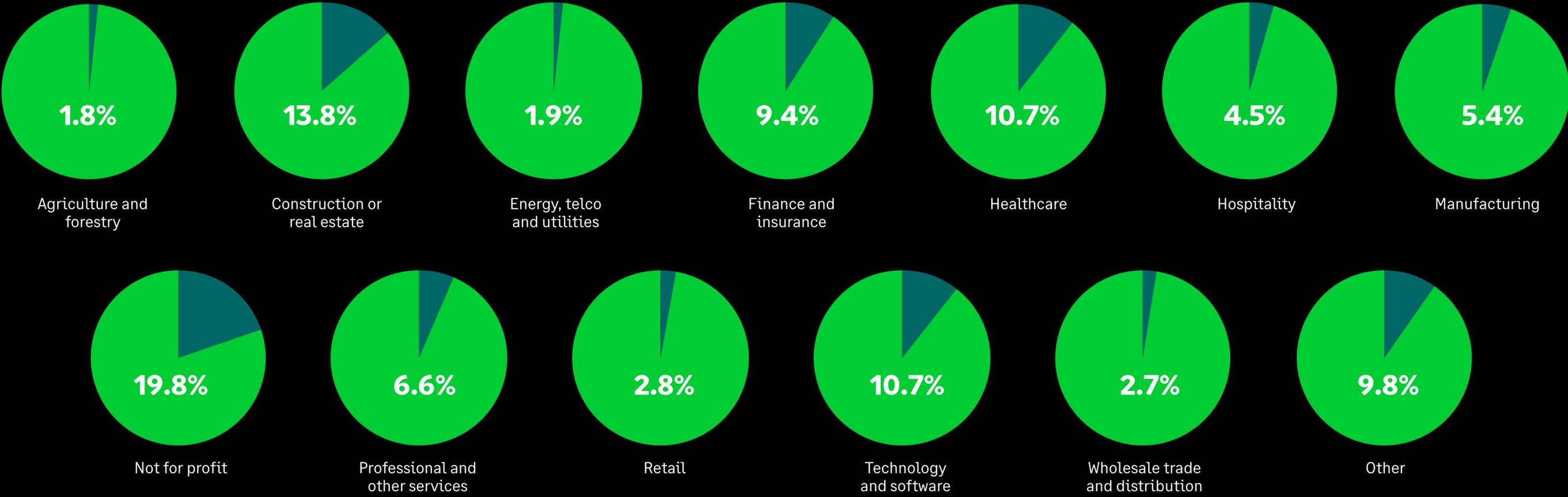
Job title of respondent

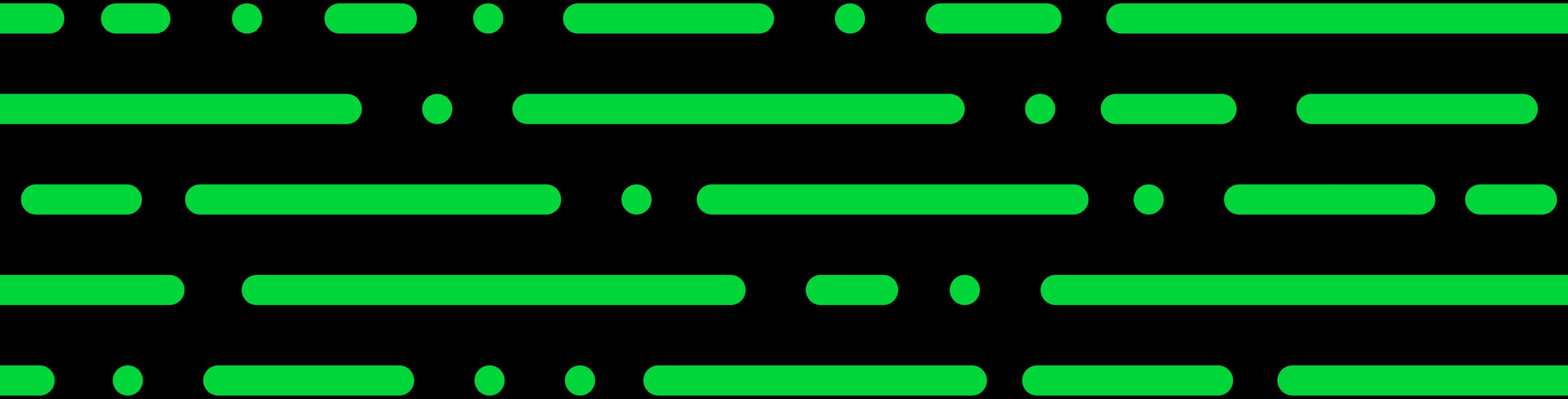


Our approach

Respondents

Finance and accounting professionals across 60+ industries, with the largest representation in not for profit, technology & software, healthcare, finance, insurance, real estate, and construction industries.





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