

# The Need for Data Automation in Hyperion Financial Management

Hyperion Financial Management (HFM) is a core tool for many organisations in dealing with their financial planning, consolidations and reporting. However, although HFM has its strengths, its weaknesses can open organisations up to major problems with the need to ensure all available data is used effectively.

## Key Points:

Managing the financial processes within an organisation is a key requirement. No matter if a company is held privately or is listed as a public company, there are many people who require visibility of what is happening at a financial level within the company, both on a periodic and ad-hoc basis.

For many organisations, this involves the use of Oracle's Hyperion Financial Manager (HFM) system. However, HFM has poor capabilities in acting as a data aggregator, and also has a poor process engine with little in the way of effective event triggers.

Organisations looking to optimise their financial processes need to implement systems that enable full process and data automation, while managing full security and auditability across the processes.

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## The problem with financial reporting

**T**he CFO is going to a meeting. He or she needs the latest financial figures – can you just run them off a report, please? Oh – and the sales director needs to know how their team is performing against the organisation's KPIs – you can run this one off as well, can't you, as the company's CRM system hasn't got all the information?

Sure – you have access to Oracle's Hyperion Financial Management (HFM) system. That is where all the data is meant to be – and where such centralised reports should be run from.

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But is all the data really there?

Probably not. There will be a dependence on outside systems feeding data into the HFM system – and this is where the problems lay.

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fed in. Other data may be re-keyed in manually – complete with transcription errors.

This also has a major impact on the cyclical financial reporting capabilities of HFM. The whole *raison d'être* of a financial planning package is to provide end of period and continuous reporting – yet without the right data in place, this can be made impossible to fulfil.

Ensuring that all packages that contain data pertinent to the financial reporting process are in sync at the right time is an absolute necessity.

Then there is the need for 'closed loop' processes. Event triggers are relatively easy to define within financial processes – as above, the cyclical nature of quarterly and end of year reporting is a prime example of triggers that can be easily defined.

However, this closed loop is often anything but closed: there are far too many systems of record involved and it is complex and time consuming to bring everything together as required within the time allowed.

As an example, consider the case of a financial consolidation process. The financial system initiates the initial close of period: data has to be captured from all available general ledgers (GLs), the consolidation process is kicked off within HFM, manual





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## What is needed

**R**eal-time data and process automation enables a far better approach to ensuring that financial reporting under HFM is effective. By putting in place tools that permit the end user to more easily and effectively manage a self-service financial reporting environment, the individual and the company will be better served.

What does this mean, though?

Users need to be able to identify and deal with data sources in order to bring them together via Hyperion's Financial Data Quality Management Enterprise Edition (FDME) and other data sources so that HFM can then use these sources to add value to its reporting capabilities.

Many of these data sources will be in external systems, some in remote locations within the business, some from systems external to the company itself. As organisations move to a perimeterless trading model, being able to embrace and deal with external data sources becomes increasingly important.

As a part of this, the user needs to be able to identify such data sources easily, understand how they are configured and to bring the data as required into the FDME and HFM

environment. The user also needs to be able to quickly and effectively create new processes and run them as and when necessary and in a totally trusted and replicable manner. All of this needs to be carried out through an intuitive front end that requires little to no technical skills. By taking this approach, users can be fully empowered – they can run their own reports as needed without recourse to IT or other people less involved with their process and reporting needs.

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By having a centralised capability on how such processes are created and managed, consistency and governance can be managed. Those with specific responsibility for different areas of financial reporting can create processes and reports that can be distributed amongst groups of employees so that they all follow the same process. If the process needs to change, this can be carried out centrally, and everyone automatically gets the new process.

Also, a centralised system enables processes to be dynamically monitored. Whereas HFM has poor process reporting capabilities, a good data and process automation tool will monitor the process at all stages. For example, raising alerts





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where a task within the process is taking too long, or through the use of data and process analytics, where a stage in the process has completed too quickly or has resulted in output that is clearly incorrect.

This lack of process intelligence within HFM is a critical concern. As it does not check the status of the various different tasks within the process, HFM tends to execute a given process to completion without flagging any errors. Only when the error has been noted by someone checking through can this be rectified – by running a changed process with the hope that it will run correctly this time around.

Putting in place solid process monitoring capabilities enables issues to be flagged as soon as they occur, enabling remediation of the problem and, in many cases, the automated rerunning of the process directly.

Using the right system can also manage workload priorities effectively. It is often the case that HFM finds itself competing for resources with other processes and compute workloads. Being able to set priorities for different workloads can ensure that high-importance HFM processes run before other processes, while enabling granularity such that lower priority processes can run behind other more important processes running from other sources.

Where human intervention is required, this can be built into, and managed, within the overall process. Hold ups caused by tasks awaiting manual action can be easily dealt with through redirecting tasks to other people with the suitable sign off or domain expertise capabilities, enabling continuous process flows when individuals are away on vacation, are ill or they leave the company.

Therefore, less manual intervention, fewer issues, higher quality and more timely processes and reporting run at the best time balanced between business needs and resource availability – just what IT and the business needs.

However, as it is financial systems that are being considered here, any chosen system must also have the built-in capability to deal with the specific needs of finance.

For example, being able to automate the setting of ‘Point of View’ variables, such as dates and timespans of financial reporting enables repetitive reports to be automated without the need to set new dates and time periods each time.

By using event triggers, such automated tools can ensure that users can not only run reports on demand as required, but that cyclical reports are ready and waiting for them without the need for the user to take any actions themselves.

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Alongside all of this, the system must have solid audit capabilities. With this being financial reporting, it falls under many different aspects of governance, risk and compliance: the chosen tool must be able to feed details of what was done, when, where and by whom at all stages.

Also, ensure that the chosen system fits in with the business requirements around e.g. SOx and Basel II.

## The broader picture

**I**f this can be done by a tool that is not just HFM focused, but can also act as a full data and process automation platform across the whole organisation and beyond, then so much the better. It will enable a single view of the data assets, ensuring that individuals requiring different views of data for different reasons are all working against the same overall datasets, so avoiding misunderstandings and wrong decision making based on different business reports coming from different data silos.

As organisations are having to deal with more and varied data sources with processes extending along the broader value chain, this need will become more pronounced.

Therefore, ensure that any system has the capability to operate as a core business platform; one that enables all data sources to be identified and embraced, and for different types of business process to be easily constructed, saved and used repeatedly by end users themselves.

Remember that the financial performance of an organisation is not just based on a good capability to 'look in the rear view mirror'. Having a solid financial reporting system in place is no good if all you can do is look at what has happened in the past. The key is to ensure that full visibility is available on what is happening now and what may happen in the future, so that changes can be made to the underlying business processes to maintain or improve overall financial performance.

Such an inclusive data and process automation tool can become a major point of effectiveness and efficiency gains for an organisation. All those different data silos can be pulled together as required – not just for financial processes, but for customer, logistics, service and other processes that all result in the end financial performance for the organisation.

## Conclusions

**M**any organisations struggle to manage their financial processes. The many different silos of data spread across a wide number of disparate systems creates major problems in ensuring that timely and accurate data is made available for the processes involved.

Implementing a system that enables these data silos to be accessed directly and that ensures that data access and movement is automated based on end user and process needs is a key requirement for any organisation.

Whereas HFM provides a central point of activity for many people involved within an organisation's financial processes, it has many shortcomings that need to be addressed for it to provide true value.

Quocirca advises that organisations look to an open platform that enables any data source to be brought into play, that deals with all required data normalisation and movement issues and that can act

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We help companies deliver their big ideas and stay competitive by automating day to day business processes. Our goal is to automate billions of tasks across millions of apps and servers and complete them in record-breaking time; to free up the best and brightest. We ensure businesses have the best opportunity to meet the demands of today's consumer and fast-paced digital world.

Across all sectors, companies realize that to stay competitive, they must become software-driven organisations. From customer-driven digital transformation, to cloud computing, to big data, to the Internet of Things, software is consuming the enterprise.

Software is nothing new. What's new is how sophisticated and connected automation has become and how it can fundamentally change every aspect of a business. The result is agile businesses with the productivity effectively to innovate, meet customer expectations and to stay competitive. The fundamental story is a move from siloed automation to a fully-scaled organisational and cultural transformation that takes full advantage of the digital age.

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