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Benefits of Synced Data

This method can help
when you're implementing
integrated reporting.

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In today's business world, stakeholders are demanding an ever-increasing amount and variety of corporate information. Companies communicate this information through annual reports, sustainability reports, earnings releases, and interim financial reports. If you're responsible for producing such reports, how can you be confident that the information included in them is integrated, is accurate, and that all last-minute changes to one value carry through to all related references in your report?

The answer doesn't have to be "Review, review, and review some more." Rather, synced data can create integrated reporting content, which you can also edit and review. Further, synced data leads to an easier review process because it allows multiple users to access the same documents. It also lets you change a source value—whether it's financial or nonfinancial—and have the change flow through to all other documents. With synced data, as soon

as someone changes the data in one workbook, values linked to the data everywhere else are updated.

What Is Integrated Reporting?

The International Integrated Reporting Council (IIRC) defines integrated reporting as "a new approach to corporate reporting that demonstrates the linkages between an organization's strategy, governance, and financial performance and the social, environmental, and economic context within which it operates." Integrated reporting covers financial and nonfinancial information, and, ideally, the integrated report is an organization's primary report, usually the annual report or equivalent. The different elements of an integrated report offer stakeholders insight into an organization's current and future performance. Further, integrated reporting enables you to develop a comprehensive understanding of the factors affecting your own orga-

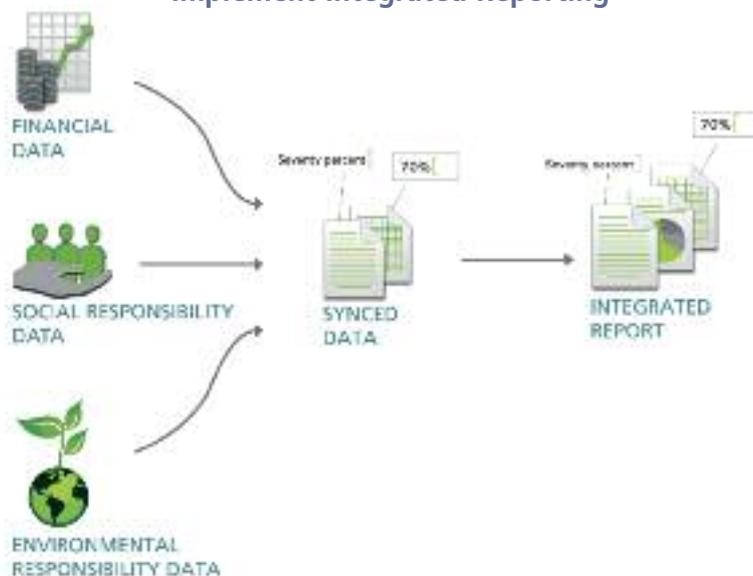
It's up to you to decide what information you want to communicate to your stakeholders, where that information will originate, and how to be confident that the information you divulge is of the highest quality.

nization, such as how the public views and responds to your sustainability efforts. This broader understanding leads to more sustainable decision making and enables investors and other key stakeholders to understand how your company is actually performing financially, environmentally, and socially. Depending on what reporting framework (i.e., Global Reporting Initiative (GRI), Carbon Disclosure Project (CDP), etc.) you decide best meets your report users' needs, integrated reporting can display this information in tables, graphs, and/or text. It's up to you to decide what information you want to communicate to your stakeholders, where that information will originate, and how to be confident that the information you divulge is of the highest quality.

Synchronizing the World of Integrated Reporting

Implementing integrated reporting can be challenging since you need data from many different sources. As illustrated in Figure 1, integrated reporting pulls together financial, social, and environmental information into one or more synced workbook(s). With the synced data approach, a change to one data value will automatically be updated to all related values. For example, if your percent of nonhazardous waste to total waste increases from

Figure 1: Overview of Using Synced Data to Implement Integrated Reporting



70% to 75%, once you change the percent of nonhazardous waste in the workbook, all other references to this percent will be updated, including both numeric (70 is changed to 75) and written (seventy is changed to seventy-five) references. Further, a synced data approach allows you to track the progress of each individual who's working on each report section.

Using synced data to implement integrated reporting provides companies several benefits. They include a streamlined nonfinancial closing process, the ability to change a value once and have it updated everywhere, real-time collaboration, section-level permission, better job tracking, eliminating pencil downtime, easy IT implementation, the ability to stay ahead of regulations mandating CSR and/or integrated reporting, improved controls over nonfinancial information, and functionalities to facilitate assurance.

Benefit 1: Streamlined Nonfinancial Closing Process

Today, many companies use a complex, highly manual approach to the nonfinancial closing process. For example, the Environmental Reporting Department may gather data from several facilities and divisions in a short time period, input and aggregate the information into several spreadsheets, and prepare final reports. Using a synced data approach to integrated reporting lets you authorize Location A manager to input energy consumption data from his or her division into one worksheet as shown in Figure 2, Panels A and B. This approach auto-

Example of Integrated Reporting Using Synced Data

Integrated reporting is more than just financial reporting because it allows users to customize their report needs. Consider Rabobank Group, a major Netherlands-based financial services provider, as an example. Rabobank Group is a global leader in food and agriculture financing and in sustainability-oriented banking. It issues an integrated report annually on its website that breaks down into different sectors/articles. (Please refer to www.annualreportsrabobank.com/online-annual-reports/cEN234_Annual-report-2011.aspx). Report users are invited to select specific information they're interested in and add the information to their RaboReport. The website then produces a customized RaboReport for each user based on his or her selections.

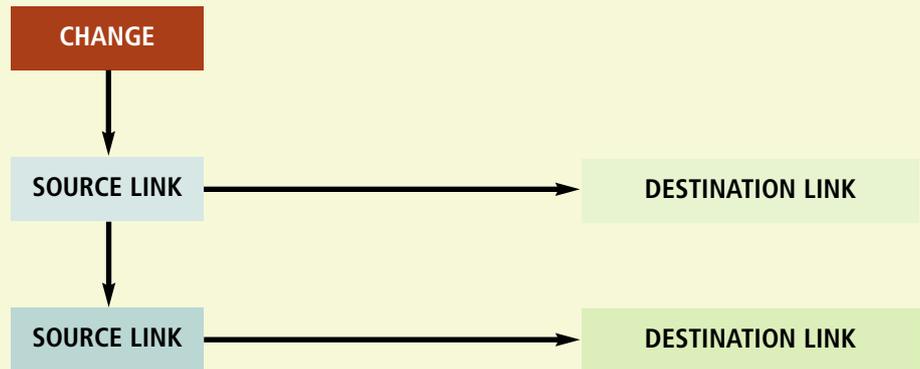
Figure 2: Multiple Locations Can Enter Energy Consumption Data

Panel A: Link Properties and Change Update

Data Update

Base Layer
(Locations)

Upper Level
(Corporate)



Please note:

1. Change is made only through Base-Layer Source Link (i.e., Locations)
2. Upper-Level Source Link (i.e., Corporate) is automatically updated through built-in mathematical formulas.
3. Destination Link is of the same value as related Source Link, but it can be presented in a different unit measurement.

Panel B: Screen for Location A

	A	B	C	D	E
1	Energy Consumption of Location A				
2					
3	1,000 GJ	2011			
4		Location A			
5		Department 1	Department 2	Department 3	Total
6	Diabetes Care	115	300	100	515
7	Biopharmaceuticals	30	20	50	100
8	Other	50	50	43	143
9	Total	195	370	193	758

Synced data automatically aggregates division totals

Panel C: Aggregate Energy Consumption Data

	A	B	C	D	E	F	G	H	I	J
1	Energy Consumption Data Aggregation									
2										
3	1,000 GJ	2011								
4		Location A				Location B				Total
5		Department 1	Department 2	Department 3	Total	Department 4	Department 5	Department 6	Total	
6	Diabetes Care	115	300	100	515	250	250	300	800	1,315
7	Biopharmaceuticals	30	20	50	100	129	150	130	409	509
8	Other	50	50	43	143	120	50	50	220	363
9	Total	195	370	193	758	499	450	480	1,429	2,187

matically updates the aggregate energy consumption worksheet shown in Figure 2, Panels A and C. Further, synced data automatically updates all location energy consumption data into the Statement of Environmental Performance report shown in Figure 3.

In other words, this new approach allows different departments to collect both financial and nonfinancial information that's easily consolidated into a company-wide report. Not only does synced data collect and consolidate financial and nonfinancial ad hoc information, but it also enables companies to do their sustainability reporting during the financial reporting process. The current issue with compiling reports based on nonfinancial metrics is that multiple departments update these metrics on a daily, weekly, or even monthly basis. Using current methodologies makes it difficult to compile all of the nonfinancial information with the same degree of accuracy and auditability as compiling financial information. A synced data approach ensures that any change in nonfinancial or financial information from any department is reflected in the consolidated or final report as soon as the change is made.

With improved financial close process efficiency, your accounting staff can compile an earnings release together with the 10-Q or 10-K report. Since the numbers within the earnings release are linked from source workbooks, any changes that occur flow through to the final document automatically. No more time is wasted on reviewing the earnings release for values that may have been changed because of miscalculation or subsequent events. With less time between the creation and release of a 10-Q or 10-K, there's less risk that a subsequent event will occur that impacts the quarterly or annual report, so your earnings release will be timelier. Timelier filings ensure that Securities & Exchange Commission (SEC) filing requirements are met, analyst confidence levels are sustained or increased, and accurate information is available for investors as well as top-management decision makers.

Benefit 2: Change Once, Update Everywhere

Late changes are often needed during the financial close

Figure 3: Statement of Environmental Performance includes Aggregate Location Energy Consumption Data

	Note	2011	2010	Total from Locations A and B
Inputs				
Energy consumption (1,000 GJ)	2	2,187	2,234	2,246
Water consumption (1,000 m3)	3	2,136	2,047	2,149
Raw materials and packaging materials (1,000 tons)		71	65	79
Outputs				
CO2 emissions from energy consumption (1,000 tons)	4	93	95	146
CO2 emissions from refrigerants (1,000 tons)	4	3	6	6
CO2 emissions from transport (1,000 tons)	4	53	57	N/A
Wastewater (1,000 m3)	5	2,036	1,935	2,065
Chemical oxygen demand (COD) in wastewater (tons)	5	446	556	617
Total waste (tons)	6	41,376	25,628	26,362
Non-hazardous waste (of total waste)	6	70%	54%	51%
Breaches of regulatory limit values	7	22	18	10

process and can cause major challenges and stress for the reporting staff. Each change needs to appear in multiple reports and in many different sections of each report. But it's cumbersome to go through all the reports and trace each change throughout the documents. With a synced data approach, you can change one value and the system will update it everywhere in your financial documents, regardless of formatting, graphs, or text. For example, if your revenue changes from \$18 million to \$20 million, synced data automatically updates all references to revenue and the resulting net income. In addition, if revenue is shown as \$18,000,000 in the income statement and \$18 million in the management discussion and analysis, both revenue references will be updated to \$20,000,000 and \$20 million, respectively. This could involve several hundred automatic updates for large corporations. Again, with a synced data approach, if you make a change once, it updates everywhere: All changes are made within source workbooks that are linked to all necessary output reports. This approach eliminates all redundant data entry and reduces the time it takes to review documents. Synced data enhances productivity because it allows staff to focus on their core competencies that go far beyond data entry. Another benefit from the increased productivity and

improved efficiencies is a better work/life balance. Synced data improves the overall efficiency of the financial close process, which enables the reporting team to take a deep breath and not stress out about meeting filing deadlines.

Benefit 3: Real-time Collaboration

With synced data, the idea of editing a document, saving your changes, reprinting, and passing it along for another review will be a thing of the past. The current process of passing around a document to make sure all quantitative and qualitative changes have been updated can be a two- to three-week ordeal. Using a collaboration cloud platform for integrated reporting enables information to be synced from multiple sources. In other words, the human resources and finance departments can work together on collecting data that flows through to consolidated destinations. This creates a collaborative approach to compiling financial and nonfinancial information. Numerous staff can work on the same document and easily track the changes that everyone makes, and staff can create and track real-time comment dialogues, thus increasing efficiencies within the review process and decreasing the amount of paper used. No one needs to pass along separate documents via e-mail. All changes can be made within the collaboration tool, and the owner of the document will then accept or reject them.

Benefit 4: Section-level Permission

A follow-up to real-time collaboration is the ability to set different levels of permissions within workbooks and documents. A synced data approach using a collaboration cloud platform for integrated reporting lets you designate which individuals are responsible for completing each section of the integrated report. For example, you can have one large workbook that delegates permission for certain sections to the respective departments. This is especially useful when portions of documents have sensitive information because they can be hidden from any user who may have access to another portion of the document. Users can have different access levels, such as read-only, editor permission, or even owner permissions. This is a definite value-add to companies because it increases the security of their confidential information.

Benefit 5: Better Job Tracking

Another result of the real-time collaboration capabilities is the ability to track individual work. With traditional integrated reporting systems, managers often say they have difficulty identifying and monitoring report status.

A synced data approach enables them to track the closing process by being able to access the document in question from the individual who's responsible for completing the work. All changes made can be either accepted or rejected, and a document milestone can be created if everything is accurate as of a point in time.

Benefit 6: Eliminate Pencil Downtime

With many existing integrated reporting systems, you have to wait for specific individuals to complete their section of the report before you can continue. This is known as pencil downtime, and it makes the reporting process less smooth and less efficient. In the traditional reporting system, the "stop and wait" workflow approach is inevitable because related data elsewhere isn't automatically updated while one person is updating data in a workbook. Therefore, you must keep track of how each change that's made impacts related data in other report sections and review all the entries to ensure that every value in the system contains the most up-to-date data.

A synced data approach eliminates pencil downtime since document sharing ensures that only one person updates each section. Immediately after updates in one section are shared and related data throughout the integrated reporting system is automatically updated, people working on other sections can get access to the most up-to-date information. Further, job tracking allows you to monitor and review individual employee progress to avoid unexpected bottlenecks.

Benefit 7: Easy IT Implementation

Implementing new information technology often requires companies to devote significant resources and takes several months, even years, to be successful. But since many synced data approaches to integrated reporting are cloud based, the IT implementation process is relatively painless and is often completed within weeks.

Benefit 8: Stay Ahead of Regulations Mandating CSR and/or Integrated Reporting

The Global Reporting Initiative is working collaboratively with other initiatives—such as CDP, United Nations Global Compact Communication on Progress (UNGC COP), the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, ISO 26000, and International Finance Corporation Guidelines—on regulating the disclosure of cor-

porate responsibility metrics and providing corporations with a standardized framework for corporate social responsibility (CSR) reporting. Thus, CSR reporting is shifting from an “optional but nice” activity to a critical business issue. Further, regulators, governments, and stock exchanges are working toward mandating sustainability reporting.

Therefore, by using synced data to implement integrated reporting, you can build an integrated information system that incorporates CSR reporting within your current financial reporting. A synced data approach enables both the financial and nonfinancial information to be synced across your system, which sets your company up for success when it comes to upcoming regulations related to CSR. Integrated reporting requires managers’ commitments to integrated management thinking, bringing together the most relevant and material information, and then presenting the information in a concise and connected way. Integrated reporting includes key performance indicators (KPIs) and key risk indicators (KRIs) that measure social, environmental, and governance issues in your reporting system.

Integrated reporting is more than merely following CSR reporting guidelines; it takes time and effort for you to reflect your business model accurately and link the most relevant data in your integrated reports. Implementing a synced data package contributes to speeding up the process toward high-quality integrated reporting. Also, this system safeguards your organization against any future changes in government regulations. Since data is synced throughout the system, you can respond quickly to these changes in CSR reporting guidelines.

Benefit 9: Improve Controls Over Nonfinancial Information

A synced data approach enables better nonfinancial information management by encouraging managers to develop effective environmental, social, and governance (ESG) metrics. Once ESG metrics are developed, senior management can identify and analyze correlations between these metrics and the organization’s financial performance. Further, including these ESG metrics in integrated reporting highlights to all levels of management the importance of ensuring appropriate controls on these metrics.

Benefit 10: Facilitate Assurance

This benefit provides report preparers with three functionalities facilitating assurance. First, document versioning creates “snapshots” of your financial close progress

for managers to monitor, and complete document version history functionality maintains a history of all changes to each document for a pre-specified period of time. Second, the synced data approach lets management review all changes and implement approval rules to ensure that the appropriate individual has reviewed each document section. Third, the external auditor review function allows external auditors to review each report and provide electronic feedback to their clients regarding specific observations.

A Look to the Future

The IIRC and industry-leading firms argue that the integrated report will eventually become the primary report for organizations. As with every challenge or new initiative, organizations pick and choose which way they want to implement change. Integrated reporting is no different. Organizations that use a synced data approach for implementing integrated reporting will find it easier to face and overcome this challenge. **SF**

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