“Close the Books” Survey

Does your close make the grade?
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Executive Summary

Does your close make the grade?

When we asked small to mid-size businesses what they would change about their close, the most common themes were to make it faster and easier. Recurring suggestions included more automation, integration, and better reporting.

How well does your close stack up against your peers? Read on to find out how your close compares on important factors across people, process, and technology. You can grade your close and identify potential actions to improve it.

Skip to the “Close the Books” Report Card

Key Takeaways from the Survey

- **People**
  - 26% close the books in less than 1 week
  - 70% close the books with between 2 and 5 people

- **Process**
  - 35% added 1 or more entities last year
  - 48% close the books with 5 or less imports and exports

- **Technology**
  - 47% on cloud vs. 40% on-premise

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Survey Overview

Methodology

This online survey was conducted in January 2018 with participants from small to mid-size businesses solicited via email, social media, and website banner advertising.

The survey had 762 participants who are on a variety of general ledger solutions. Not every participant answered all questions. The number of respondents for each question are included at the bottom of each page.
Not only did the 2018 edition of the Close the Books Barometer Survey grow participation from 2017 by 10x, but the diversity of industry participation also grew.

The increase in participation provides deeper insights about the close process.
Fiscal Year vs. Calendar Year

While 77% of the respondents close their books on a calendar year, some industries are less likely to align their fiscal year with the calendar year. These industries may be more inclined to use a fiscal calendar to match to the cyclical nature of their business.

Fiscal Year Usage by Industry – Highest and Lowest

- Not-for-Profit: 60%
- Education Services: 58%
- Construction: 3%
- Accounting: 3%

Average: 18%

18% Close on fiscal years across industries
Results: People

What people resources are needed to close?
Small close teams are typical

Number of People Involved in the Close

- 2-5: 437
- 1 or less: 94
- 6-10: 85
- 11-20: 31
- 21-30: 17
- 31+: 4

While some respondents wish for more resources, the team size across the teams surveyed are fairly standard.

Nearly 80% of accounting teams close the books with less than 5 people.
People

Best practice: Closing in a week or less

While many respondents wanted a faster close, many others expressed a desire for more time to complete their tasks and a concern over deadlines and pressure.

The greatest influence to length of close was the solution that was used. While it would seem logical that more complex businesses would be on more sophisticated solutions, that correlation wasn’t demonstrated in the responses.
Results: Process

How complex is the close?
Manual imports & exports are still common

Two-thirds of respondents use 10 or fewer imports and exports to close the books.

However, it’s surprising to see that a large number of respondents use between 10 and 100 imports and exports to achieve their close.

While there doesn’t seem to be a correlation to close time, manual imports often introduce errors.
Most have a small number of business entities

A significant number of respondents still have less than 5 business entities.

With some accounting solutions there is a strong correlation between number of entities and time spent on the close.

The average time to close per entity is a key performance indicator, particularly when you exceed 5 business entities.

Number of Business Entities

- 471 respondents have 1-5 business entities
- 91 respondents have 6-10 business entities
- 67 respondents have 11-25 business entities
- 35 respondents have 25+ business entities

71% have 5 or fewer business entities
A higher number of entities are common in some industries

The data suggests the more regulated the industry, or complex the accounting process, the more likely respondents were to adopt a multi-entity strategy.
Over one-third of companies added new entities last year

Even if you don’t have a lot of business entities today, you may grow that number in the future, due to increasing complexity from:

• Expansion
• Acquisitions
• Risk management
• Tax benefits
• Regulation

Over one-third of respondents added one or more business entities in the last year.
Results: Technology
Cloud is at the tipping point

According to Gartner, “In 2018, we expect 40% to 50% of business users to have moved their core collaboration and communications systems to cloud platforms. By 2021, more than 70% of businesses will be substantially provisioned with cloud office capabilities.”*

*Gartner, Smarter With Gartner, Widespread Adoption of Cloud Office is Now Well Underway, June 2017

More respondents are on cloud solutions than on-premise. And, we expect this trend to continue per Gartner’s above prediction.

Solution Deployment Model

- Cloud: 47%
- On-premise: 40%
- Hybrid: 6%
- Not sure: 7%

N=660

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High availability and reporting are leading reasons to move to cloud

Fifty-five percent of respondents started on the cloud.

For those that started on on-premise, better reporting and high availability were the leading reasons for moving to the cloud.

Respondents wanted an instant close that was highly automated to achieve visibility and insights sooner.
Sage Intacct cloud customers on availability and reporting

“Rather than waiting weeks for month-end reports, the combination of Sage Intacct and Adaptive Insights gives each manager instant transparency into current profitability for their specific area, empowering them to make decisions such as adjusting personnel or cutting expenses before it’s too late.”

– Eric Williamson, CFO, Certus Energy Solutions

Read about Certus Energy Solution’s success

“The disaster recovery is a lot easier with the cloud.....you don’t have the consistent upgrades and patches...which is a very expensive process. Not to mention the air conditioned room that you need with all the servers.

But, then for your disaster recovery, you have to have a second room of servers...somewhere else to keep your information secure and safe if something should happen. Between 2004 and 2005...we had four or five storms, a couple of which were really bad. It put banks and businesses down for a long time.

The cloud wasn’t what it is today, and the disaster recovery was quite dramatic for this area.”

– Jason Gabauer, Controller, Halstatt

Read or watch a video about Halstatt's success
Report Card

Grade your close
## Is your close more satisfying or more frustrating?

<table>
<thead>
<tr>
<th>Themes: Most Satisfying Part of Close</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reconciling &amp; Balancing</strong></td>
</tr>
<tr>
<td>“Reconciling out of balance accounts”</td>
</tr>
<tr>
<td><strong>Efficiency</strong></td>
</tr>
<tr>
<td>“Low stress, high efficiency”</td>
</tr>
<tr>
<td><strong>Integration</strong></td>
</tr>
<tr>
<td>“Shortening the time to close through better integration between our systems”</td>
</tr>
<tr>
<td><strong>Real-time reports</strong></td>
</tr>
<tr>
<td>“Works for our needs...track the right metrics...get answers in seconds”</td>
</tr>
<tr>
<td><strong>Automated consolidations</strong></td>
</tr>
<tr>
<td>“Global consolidation was a breeze”</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Themes: Most Frustrating Part of Close</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Effort and length to close</strong></td>
</tr>
<tr>
<td>“Time consuming...manual processes”</td>
</tr>
<tr>
<td><strong>Pressure</strong></td>
</tr>
<tr>
<td>“Short turnaround time...no down time...late info”</td>
</tr>
<tr>
<td><strong>Lack of integration</strong></td>
</tr>
<tr>
<td>“Lack of integration of systems caused manual entries...uploading fails...time to troubleshoot”</td>
</tr>
<tr>
<td><strong>Inadequate reporting</strong></td>
</tr>
<tr>
<td>“Manually combining reporting...waiting for packages...doesn’t align to our business...can’t report by</td>
</tr>
<tr>
<td>department...outside of accounting product”</td>
</tr>
<tr>
<td><strong>Entity consolidations</strong></td>
</tr>
<tr>
<td>“Consolidating entities had to be manual”</td>
</tr>
</tbody>
</table>

Respondents on modern cloud solutions tended to be more satisfied with reporting and automation than those on legacy or on-premise solutions.

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All quotes are from the "Close the Books" Survey  
N = 591  
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## Report Card

### Does your close make the grade?

<table>
<thead>
<tr>
<th></th>
<th>A</th>
<th>B</th>
<th>C</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Time</strong></td>
<td>&lt; 1 week</td>
<td>1 - 3 weeks</td>
<td>3+ weeks</td>
</tr>
<tr>
<td><strong>Imports</strong></td>
<td>1 - 5</td>
<td>6 - 10</td>
<td>11+</td>
</tr>
<tr>
<td><strong>Entities</strong></td>
<td>Automated consolidations so it doesn’t matter</td>
<td>5 - 10 Manual consolidations</td>
<td>11+ Manual consolidations</td>
</tr>
<tr>
<td><strong>Action</strong></td>
<td>Ask for a raise.</td>
<td>Look for opportunities to integrate or automate your current solution. Or evaluate alternatives.</td>
<td>Look for alternative solutions</td>
</tr>
</tbody>
</table>

"If you’re making sure your entries are booked every day, you could argue that your books are closed every day, allowing you to have continuous, consolidated reports that are always live."
- Len Weedman, Trian Partners

There is a correlation between hours spent on closing the books and some accounting solutions used by the respondents.

If your close is taking too long or you’re adding entities, it may be time to re-evaluate how you’re using your current solution or investigate alternatives.
Interested in learning how you can improve your close grade?

Intacct has helped thousands of companies improve their close.

Learn about customer successes
https://www.sageintacct.com/financial-software-customers

Watch a product tour
https://resources.sageintacct.com/product-tour-replays

Attend a coffee break demo
https://online.sageintacct.com/DailyDemo_Register.html

Contact us
877-437-7765 (toll free)

“Sage Intacct was the perfect fit for us. It supports our multi-entity environment, gives us a single chart of accounts, makes consolidations and monthly reporting simple, and gives us full visibility into all our shows across various cable networks.”
– Mark Bellich, RIVR, CFO
Read about RIVR's success

“After evaluating both Intacct and NetSuite, choosing Intacct was a no brainer for us. It offers the flexibility we need for our multi-entity business and easy integration with our other business applications – all at a fraction of the cost of NetSuite.”
– Jeff Haslow, The Knowland Group, CFO
Read about The Knowland Group's success
For more information, visit
https://www.sageintacct.com/