

JUNE 12 2009

Can Technology Make CFO's and Controller's Jobs More Strategic? (Part 2)

BY P.J. JAKOVLJEVIC - posts

Filed Under ([Software 101](#), [Industry Observation](#))

Part 1 of this blog series established that by offloading non-essential and non-value-adding routine tasks to third-party business process outsourcing (BPO) specialists, many human resource (HR) and payroll managers are now able to focus more on strategic and more important tasks of managing talent and human capital of the company. The discussion then went into the possible liberation of chief financial officers (CFOs) and controllers from their daily grind mindless chores.

A New Breed of CFOs and Controllers?

I can see how financial management and accounting software as a service (SaaS) applications and BPO offerings can provide a good value proposition, but the crux of the matter is whether CFOs and controllers will sabotage this approach with fear of job insecurity, becoming obsolete, and other apprehensions. But if they can see this offering as freeing them from the chores to do more value-add stuff, like human capital management (HCM) / talent management SaaS applications or outsourced payroll do for HR managers these days, this approach might be refreshing.

Still, here's possibly a wrong initial assumption of many regarding the BPO side of financial applications. When one thinks of CFO/controllers, one imagines people who are fairly uptight, anal, controlling (by necessity, no pun intended), and territorial. However, when I and my colleagues actually spoke to many of them of late, they fell into two camps.

The first is the stereotypical controlling and rigid "bean-counter" type that we are historically familiar with. They still want their neat array of cubicles filled with accountants working on stuff with their heads down. These CFOs want to be the "second in charge" or the chief executive officer's (CEO's) right hand that holds the purse strings by default.

But then there was this other very different “strategic CFO” type who would say “I hate this people and IT management stuff. I want to be in the boardroom; I want to be making an impact.” When I would push back and challenge them “But don’t you think your power base is jeopardized if you give up your people?” this group said:

“Are you kidding me?! My power base is jeopardized if I don’t find some way to get this routine junk off my back, because who needs me at my education level to install and watch financial systems (a savvy IT person can do that) or make sure accountants are doing what they are supposed to (a well trained manager could do that).”

That is when I had an “Aha!” moment and saw that this “Super Role” that these avant-garde CFOs are dreaming of– a dynamic C-level contributor with true impact–can only be realized by outsourcing both the nonessential people and IT tools.

Fine, Is There Anyone Out There With a Pre-packaged Solution and Know-how for Routine Accounting?

In mid-May 2009, a Silicon Valley startup company by the name of **Corefino** (short for **Core Financials Outsourced**) launched into the mid-market accounting solution landscape. Founded by former CFO Karen Northup and staffed by an array of seasoned accounting industry veterans, the company promotes itself as “The Future of 21st Century Accounting” and announced a three-part (people/place/platform) outsourced solution for strategic CFOs.

In simple terms, Corefino’s offering is a turnkey combination of SaaS accounting applications, BPO (outsourced accounting experts), and a custom-built technology platform. The latter is called the **Corefino Triple-C Platform** that includes more than 500 business processes, workflow, and quality assurance (QA) checks and reviews. The platform also delivers a framework of **best practices** and **process workflows** via a **Web portal** for providing a level of cost savings and business efficiencies that cannot be easily realized via traditional **on-premises software** matched with on-site employees.

Corefino delivers built-in adaptability, **scalability**, and **business intelligence (BI)** with its “Triple-C Platform.” This custom-built technology platform and deep accounting expertise enables growing mid-market companies to

1. **connect** companies 24/7 to a Web portal for viewing their financials
2. correct information/data flows to accurately stream into accounting programs that ensure accuracy
3. **comply** with all current accounting, regulatory and other accounting-related mandates that impact audit-ready representation of financials for streamlined complete monthly, quarterly, and annual closes; pre-**initial public offering (IPO)** or merger preparation activities; board/**venture capital (VC)**-backed assessments, etc.

Corefino operates on a variety of SaaS-based platforms via monthly subscriptions, and has formed strategic **value-added reseller (VAR)** partnerships including **Automatic Data Processing (ADP)**, **Equity Administration Solutions Inc. (EASi)**, and **Intacct Corporation**. The company's value-add comes from its vertical market expertise in digital home services, electronic gaming, health services, municipal government, non-profits, regional corporate offices, alternate energy, and clean-technology-focused companies.

Corefino for Mid-Market Organizations is a basic generic offering, and its vertical variants (e.g., **Corefino Accounting for Health Services**, **Corefino Accounting for Alternate Energy & Clean Technologies**) can be found on the company's site. The company's services include **reconciliation**, **consolidated financial statements**, **Generally Accepted Accounting Principles (GAAP)**-based **financial statements**, and many others that facilitate financial period closings.

Corefino was founded in 2004 and the Triple-C platform was completed in 2006. The company received capitalization in 2008 to challenge mid-market **enterprise resource planning (ERP)** and **accounting systems** providers. Says Corefino's CEO Northup:

For hundreds of years, the business of accounting for money in and money out has been on the same on-site framework. Corefino is aimed at a large and growing segment of "strategic CFO's" who have two agendas:

1. To help their companies substantially cut a large, recurring expense that adds no value by being on premise; and
2. CFOs/Controllers who believe they offer unique strategic management and boardroom value by replacing the copious time they spend on staffing and technology issues with meaningful financial analysis and inputs.

So far, industry analysts and several dozen new Corefino clients are seemingly buying into the concept. "Corefino's message as 'The Triple Play for Accounting Solutions' resonates with those CFO's who have bigger fish to fry than routine accounting," reports **Plant-Wide Research Group Inc. (PWR)** in a recent **"PWR Executive Series Report."**

The more delectable part of the financial leadership experience: interpreting the financial data, creating strategies and visions for its usefulness...and having the TIME to do it adequately, will make Corefino a strategic accelerator for CFOs.

PWR adds that this is a very bad thing for the ERP on-premise old guard.

Once financial leaders taste this newfound technology freedom and quit the green eyeshade crowd babysitting – why would they ever go back to multi-million-dollar deployment/upgrade headaches?

Another renowned analyst, [Brian Sommer of Vital Analysis, a market research organization specializing in strategic technology guidance](#), suggests that a re-think to the accounting-as-usual model is long overdue and in need of a creative shake-up.

Controllers have needed something creative for a long time. Instead of focusing 100% of their energies on the business, they spend way too much time on managing people within their department, their ERP vendors, the systems integrators who patch and install these systems, etc. Controllers and CFO's need something different - they need to outsource their accounting transaction processing, most of their accounting staff and all of the technology headaches that come with their old school accounting solutions.

The “Third Part” Does IT

As for potential Corefino competitors, there are only some competitive parts but no entire competing platform. Namely, there are SaaS accounting offerings, and there are accounting BPO providers (some even with both SaaS and BPO parts), but I am not aware of anyone else having both SaaS accounting and BPO parts together with an assembly line-style platform approach.

This performance visibility platform is replete with best practices and workflows on a pre-built technology layer. What Corefino's founder (a seasoned ex-CFO) has done is to take a car manufacturing style (an assembly line or cell) approach.

This approach affords pertinent expertise in each part of the process, which is then handed off to the next person who is an expert in his/her part, with built-in practices, alerts, checks and balances, etc. This visibility ensures a much more secure environment than one would have within a corporation (or in a pure BPO model) where one person or one group has access to pieces of information that the others don't have.

In other words, it is all but impossible to perpetrate fraud when one is combining this breadth of vetted best practice frameworks. In other words, who and where could hide any rogue transaction in a unified platform with visibility? There is no place to hide, as mistakes would be immediately discovered via pre-built compliance processes and sign-offs.

Since Corefino has spent several years writing the abovementioned custom best practices and workflows layer (i.e. 500 embedded processes, alerts, quality checks, etc.), the third “know-how” part of its triple-play solution cannot easily be replicated. This three-prong offering should deliver business efficiencies and keep CFOs out of jail in cases where their in-house staff might not be schooled on the latest tax laws, compliances, regulatory changes, etc.

For example, do companies have the ability to satisfy various compliance and information security criteria, including Payment Card Industry (PCI) compliance standards? Business-to-consumer (B2C) online commerce companies also need a solution with the ability to handle merchant credit card data and implement intense information security standards that ensure the integrity of data from their Internet-based customer database.

Although not that obvious and not particularly important to customers (due to its on-demand nature), I would like to note that Corefino’s offering is based on Microsoft’s technology stack, starting with Microsoft SQL Server on the back end. Microsoft Office SharePoint Server (MOSS) is the collaboration platform for customer Web portal and data integration, while business rules are on Microsoft BizTalk Server.

Since Corefino’s Triple-C custom technology layer includes the abovementioned cycles of “connect, correct, comply,” the company is using Web Services and data extract, transform, and load (ETL) tools like Informatica. Data is then stored in data marts, where it can be summarized, validated, and then moved back to the Web dashboard.

Final Thoughts

Something new in the enterprise applications space is always of interest to those of us who are writing about and evaluating technologies. TEC looks forward to watching how this latest evolution of SaaS financial solutions plays out. I concur with PWR that traditional mid-market accounting and ERP providers should at least take note and watch out.