

WHITE PAPER

A Guide to Financial Management Software

For Fintech Companies





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Introduction

Fintech businesses combine the high growth, challenger spirit and hectic workload of start-up companies with the fast-moving world of technology and software development.

Many Fintech companies tend to burn cash quickly and require multiple rounds of funding because of the competitive nature of the markets in which they operate combined with the speed of innovation and the need to acquire market share rapidly.

Consequently, Fintechs must balance internal and external pressures, including additional financial processes and regulatory requirements as they look to grow. The acceleration of these businesses is so intense, with international expansion happening sooner than ever before, that back-office complexity and manual processes can quickly become overwhelming. This results in newer Fintechs being burdened with the same limitations that their established peers must maintain, and sometimes more.

Although Fintech companies promise easier and more innovative financial interactions for customers, in most cases this requires partnering with major financial institutions. This creates a layer of complication that must be addressed by automating financial and accounting processes. Without automation and efficiencies, business performance and sustainable growth will suffer.

Further, to expand internationally, Fintechs will need to create regional subsidiaries, which require increased costs and local accountants. Although a seemingly simple fix, these layers create additional business complexity.

Coupled with the need for daily accounting, statutory and management reporting, the workload for the finance team quickly escalates in order to support the required rigour of investor due diligence. In other words, Fintech's face a growing list of challenges, that severely restrict their ability to innovate and operate in an agile fashion.

“Landbay is rapidly scaling and, to support this growth, we needed a technology platform that would enable us to make decisions quickly, while continuing to offer competitive products for our borrowers and lenders.” **Julian Cork, Chief Operating Officer, Landbay**

For these companies, a pressing question remains: when is the right time to invest in a scalable back-office financial management platform? Invest too early and the business could end up paying for software it doesn't yet have a need for thanks to the smaller, simpler nature of the business. Invest too late and real business risk manifests itself in the form of an exponential increase in manual documents and processes.

This guide showcases several critical factors for Fintechs to consider when looking to invest at the optimum time.

Expanding Into New Markets

Global visibility with local compliance is the nirvana for fast-scaling international companies. The importance of being able to seamlessly operate in international markets will likely increase. Therefore, it is critical for Fintech companies to easily conduct business through multiple subsidiaries, regardless of geography and accessing data from a single source. Implementing accounting software in new subsidiaries should be a simple matter of clicks, not requiring the creation of new databases and buying consolidation tools. Fintechs should invest in technology that performs operational and financial consolidations easily, removes manual processes and the need for additional software spend to increase visibility across the organisation.

Robust Controls and Automation

Fintech companies are subject to regulatory compliance, however they lack the same resources to ensure they operate efficiently at the same level as larger financial institutions. The solution to strengthening audit control and compliance is to create a tighter integration between front-

office systems and a robust accounting platform. This in turn provides a symbiotic relationship that enables key users to access the right information, even at a granular level, and in real time. For the business and finance teams, this is much better than using manual methods or semi-automated spreadsheets.

Fintechs need a solution that supports both global standards and country-specific requirements, particularly those that need to expand internationally quickly and cost-effectively. It's essential to have systems that can be configured to handle the mapping and adjustments needed for multi-GAAP reporting using multiple accounting rules and books. This brings a higher level of integrity to on-system reporting with the ability to gain a comprehensive view of the underlying transaction detail, regardless of accounting book or subsidiary.

Lower TCO, Scalability for Growth

Fintech companies are changing what's possible because of the agility and superior service they offer consumers. Frequently, their services are delivered through a cloud-based model. Often this is replicated in their back-office with entry-level products. However, these solutions are not scalable. Finance teams often purchase multiple instances of smaller accounting packages to handle multi-entity operations, leading to manual consolidation processes and inefficiencies. Having a platform with a single database, even as the number of entities grows, affords lower TCO than alternative solutions, including the benefits of automatic updates provided by the multi-tenanted 'true cloud' model.

“The growth of the company over the past five to 10 years has been extensive, and the accounting system we were using was no longer fit for purpose for a company of our size and reporting requirements.”

Phil Chin, Corporate Accounting Manager, Inflexion

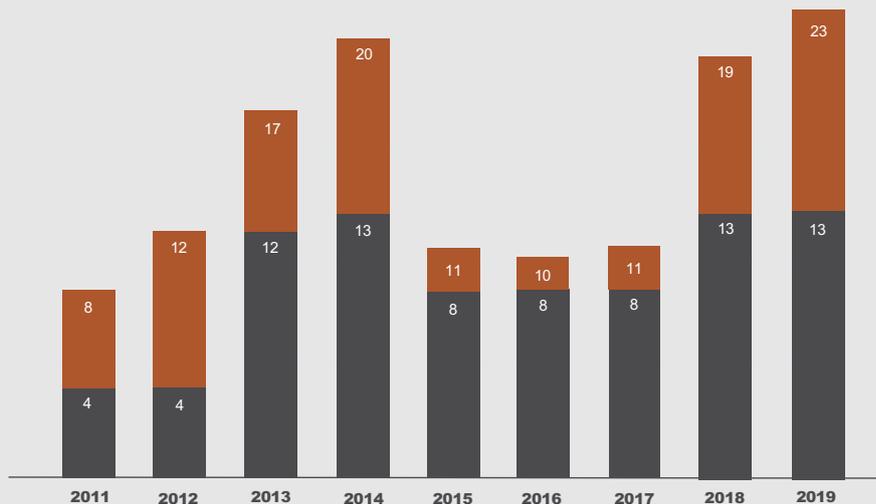
Trusted Choice for Pioneering Fintechs

NetSuite provides a unified platform for automating financial and accounting processes that allow Fintech companies to optimise operations, continue to innovate for their customers, respond to change rapidly and meet their business goals. This trusted choice enables the business to focus on efficiencies and effectively manage their hyper-growth and scaling ambitions.

Risk-Proof Deployment Methodology

NetSuite supports the most innovative Fintech companies with a risk-proof implementation process designed to significantly reduce time to value. Based on financial and accounting leading practices, this unique engagement methodology, known as SuiteSuccess, includes pre-built reports, dashboards, KPIs, detailed workflows and pre-configured roles. This differs from conventional offerings described as “implementation accelerators,” which traditionally use a framework for configuration without delivering ready-to-use functionality to the business.

IPO ON NETSUITE



Six out of the top seven best performing tech stocks of 2019 are NetSuite customers

63%

of technology IPOs were NetSuite customers since 2011



ORACLE NETSUITE

“Choosing NetSuite and implementing it so quickly gave GPS, the ability to provide meaningful information quickly to the Board and our auditors.” Robert Tearle, Former Interim CFO, Global Processing Services

Conclusion

Fintech companies at the early stages frequently use entry level and basic accounting systems. Typically, at this stage, the focus of founders and employees alike remains fixed on developing the unique value proposition of the business in order to increase revenues, expand market share and improve cashflow. This approach could expose the business to hidden costs and potential revenue leakage if not addressed.

As this guide has highlighted, there are clear benefits to investing in financial management software earlier than might feel necessary. Making an investment sooner empowers Fintechs to confidently engage in funding rounds, safe in the knowledge that it is suitably equipped to deal with increased demand for business transparency and to handle growth without the need to expand back-office costs at the same rate.

In the recent Fintech revolution, NetSuite has been recognised as the core financial platform for the Fintech industry. Many customers have gone on to reach significant scale and success.

So, when is the optimum time to invest? Many NetSuite customers were experiencing the challenges highlighted in this paper and consequently chose to invest in the NetSuite platform. Interestingly, when asking businesses what, in hindsight, they may have done differently, the common response is they would have invested in NetSuite even sooner than they did in practice.

About Oracle NetSuite

For more than 20 years, Oracle NetSuite has helped organisations grow, scale and adapt to change. NetSuite provides a suite of cloud-based applications, which includes financials/Enterprise Resource Planning (ERP), HR, professional services automation and omnichannel commerce, used by more than 21,000 customers in 203 countries and dependent territories.

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