



eBook






---

## **Supporting the move to a cloud general ledger in Financial Services**

Derisk this important part of a finance transformation

# Contents

---

	Cloud trends in Financial Services	03
	Supporting the move to a cloud general ledger	04
	Getting a cloud general ledger migration right	06
	The value of a subledger	07
	Additional resources	08



# Cloud trends in Financial Services

Financial Services organizations are playing catch-up when it comes to cloud solution migration. While many other industries moved quickly to transition to a predominantly cloud architecture, most Banks and Insurers were slower to shift core systems to the cloud – especially core finance solutions.

This is not entirely surprising. In addition to concerns about security which have historically been more prevalent in the Financial Services industry, Banks and Insurers typically want full control of their infrastructure and have been hesitant to open up to the standardization required by the adoption of Software as a Service (SaaS) solutions.

Decades of underinvestment or investing in regulatory-driven point solutions in Financial Services organizations also complicates a move to the cloud. Legacy solutions may have been patched together with manual efforts necessary on the part of finance functions to keep everything working smoothly and unwinding these complex processes can be intimidating.

However, faced with the need to equip finance teams to drive automation, better insights and reduced costs, Financial Services companies are leaning into digital finance transformations – which means leaning into cloud.

**Gartner Forecasts Worldwide Public Cloud End-User Spending to Reach Nearly \$600 Billion in 2023 – up nearly 21% from 2022.<sup>1</sup>**



<sup>1</sup> <https://www.gartner.com/en/newsroom/press-releases/2022-10-31-gartner-forecasts-worldwide-public-cloud-end-user-spending-to-reach-nearly-600-billion-in-2023>

# Supporting the move to a cloud general ledger

One of the most challenging cloud projects for a Financial Services company can be the shift from an on-premise ERP solution - which includes the general ledger (GL) - to a cloud-based ERP solution.

Transitioning this core system – or systems as many organizations end up with multiple GLs due to merger and acquisition activity – from a deeply entrenched, highly customized solution to a SaaS solution can be very beneficial in terms of reducing the overall cost of finance and increasing automation and efficiency. However, it introduces certain challenges.

**Aligning to solution standardization**

When an organization moves from an on-premise implementation to a SaaS offering, it’s widely accepted that your ability to customize the solution will be at least reduced or simply not permitted. The efficiencies gained from the cloud depend on some level of accepted standardization. Cloud GL solutions are no different.

Migrating from an on-premise solution that has been customized for years, to a mostly standardized offering, has risks. Since nearly every on-premise general ledger application environment today is likely customized to some degree, organizations need to be aware that they will likely have to abandon some of the custom business processes they currently utilize – or find another solution to execute those processes.

“  
**Banks like being able to drive standardization. They see that as a positive thing. Cloud models don’t give you much flexibility to create bespoke modules and applications...but it’s about taking advantage of the leading, best in class processes that are encapsulated in the vendor technologies.**”<sup>2</sup>

**Brian Anderson,**  
Principal, KPMG

In other words, if the unique business processes supported by your customizations can’t be reduced to configuration settings within a cloud software solution, you should expect that you likely have to give them up.

Likewise, Cloud GL solutions will not fix bad data or inefficient, inconsistent processes. In fact, they will only amplify existing issues because the ability to manipulate the system to make it work is significantly reduced.

**Data migration**

There are a number of data aspects to consider when migrating to a cloud general ledger solution. For example, a Financial Services company likely has many legacy IT systems that are not designed to work in a cloud environment, making data compatibility a challenge. This may require companies to manually recreate data which introduces cost and risk. A cloud GL may also have specifications around certain data formats or the application of a data model or accounting rule.

Additionally, it may not be possible or cost effective to store detailed transaction data in a cloud general ledger. Many of today’s GLs are overburdened with too much data. Making the

move to a cloud GL can offer the chance to rethink your data strategy and commit to using the GL as it was intended, supporting by an integrated accounting hub and subledger to maintain detailed transaction data.



<sup>2</sup> [https://www.aptitudesoftware.com/aptcast/kpmg-banking-series/#ac\\_ep\\_b36c1ea15b7520421aaf4d29b88ee70](https://www.aptitudesoftware.com/aptcast/kpmg-banking-series/#ac_ep_b36c1ea15b7520421aaf4d29b88ee70)



“

**In the past, it may be may have been fine to just know that the transaction that you'd received was related to a particular customer – you didn't really need to know much information about that customer. What you're now finding is a lot of the new standards or reporting do require additional dimensions to be captured alongside that data, and that's what we call non-accounting data or non-financial data. The criticality from a finance perspective is obviously how do those data sets come together to let you produce your outputs for internal or external reporting? How do you produce those outputs in a way that can still meet all of your controls, transparency and auditability requirements?<sup>3</sup>**

**Nick Shah,**  
VP Finance Digitalization,  
Aptitude Software

**Surrounding services**

Part of the drive to move to the cloud is the cost reduction potential through the ability to decrease infrastructure costs. However, an organization can only enjoy the cost savings of the cloud if its IT infrastructure is designed for the cloud. “If an organization ‘lifts and shifts’ legacy applications to cloud environments or purchases oversized service packages, then the cost of the cloud may exceed the cost of hosting the same infrastructure on-premises.”<sup>4</sup>

Moving to a cloud solution may also require additional investments in vendor infrastructure for test and development instances. When considering the solution price and discount, make sure you understand the surrounding solutions that will be required to get the final capabilities you need.



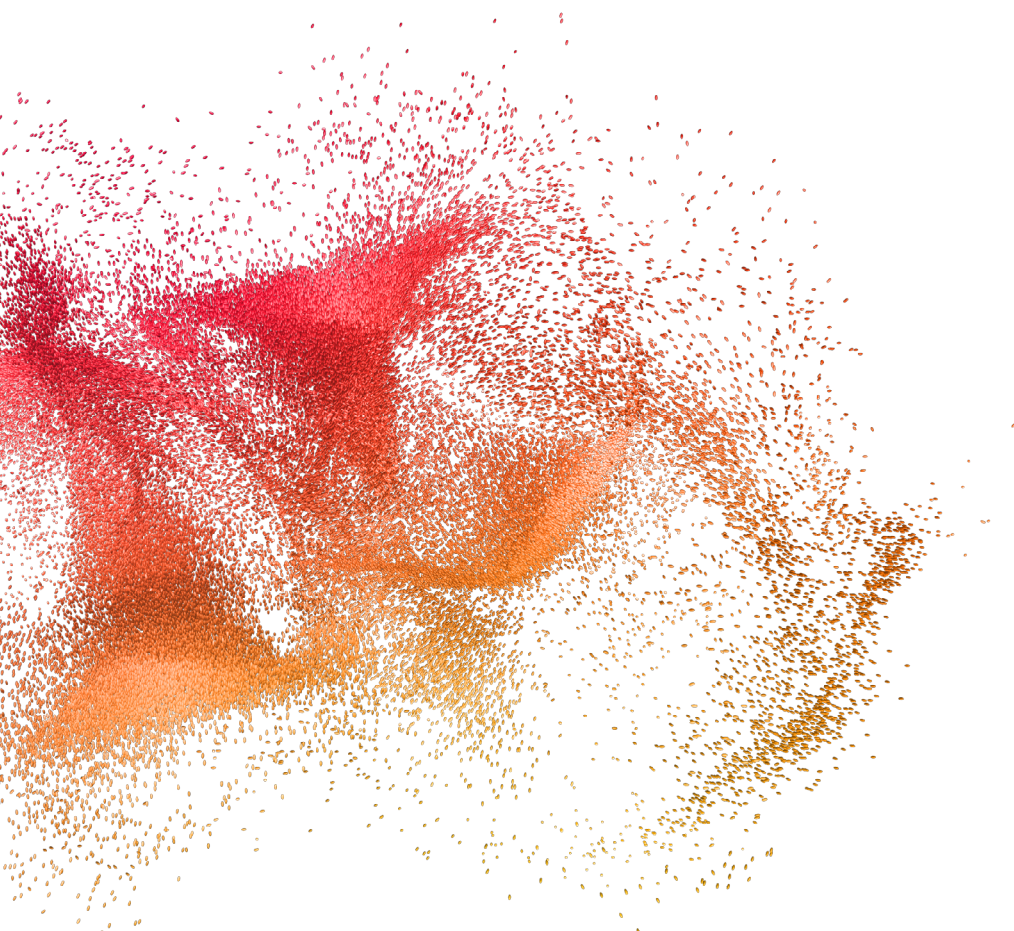
<sup>3</sup> <https://event.on24.com/wcc/r/4045598/ADFF81662C7A4B9F947B97A5F42C7B1B?partnerref=AptitudeSoftwareGuest&std2=Aptitude%20Software%20Guest>

<sup>4</sup> <https://www.checkpoint.com/cyber-hub/cloud-security/what-is-cloud-migration/cloud-migration-risks/>



# Getting a cloud general ledger migration right

While there are plenty of risks to mitigate when implementing a cloud ERP solution, there are companies who are getting it right and de-risking their implementations with a subledger solution.



Commonwealth Bank of Australia is Australia’s largest bank with offices spanning Asia, New Zealand, North America and Europe. As part of their finance modernization journey, CBA recently selected Aptitude as partner and software provider to deliver their new subledger that will integrate over 80 of the banks source systems into the finance ecosystem. In addition to providing high quality finance information that is both fast and granular, the program will drive much needed simplification of existing accounting rules and processes.



Lloyds Bank started with Aptitude’s accounting hub and subledger solution to transform their leasing business by decommissioning the divisional general ledger and other core finance systems. The project was so successful that the Aptitude Accounting Hub was selected for the Group One Ledger Program as the strategic subledger to support their cloud general ledger migration. Lloyds Bank continues to bring the data from all new financial applications through AAH to their Oracle Fusion GL.



OneAmerica is one of the fastest-growing mutual insurance holding companies in the US. They defined a finance transformation program with the aim of aligning to their internal cloud-first IT strategy, supporting their adoption of LDTI compliance and significantly increasing automation. Their finance modernization program included the adoption of Aptitude’s accounting hub and subledger solution to support a migration to a cloud general ledger and leverage Aptitude’s LDTI-compliant data model.



**The biggest thing that is going to go away [with the cloud GL migration] are all the supporting spreadsheets that live on LAN drives and people’s desktops and who knows where.<sup>5</sup>**

**Nancy Moore,**  
Senior Director of Accounting,  
OneAmerica

<sup>5</sup> <https://www.aptitudesoftware.com/resource/cloud-first-erp-gl-strategy/>



# The value of a subledger

Financial Services companies like those mentioned above are finding value in finance digitalization solutions that include accounting hub and subledger modules that automate accounting, unify data and let finance users easily configure the solution without the involvement of IT.

This creates an environment where you have the best of both worlds. Finance teams retain access to the valuable detail they need and send aggregated balances to the general ledger, keeping it highly performant while protecting that valuable traceability from balance to transaction. It provides a central point within a finance architecture to retain data, deliver multi-GAAP, multi-entity and/or multi-currency reporting and apply accounting logic.

For organizations moving to a cloud general ledger solution the benefits of an accounting hub and subledger can be significant:

## Reduce the stress on the GL

- Dimensions and domains required to analyze the business are moved out of the GL
- Simplify the GL Chart of Accounts (CoA)
- Reduce batch time and SaaS/hardware fees – both processing & storage

## Strengthen financial controls

- Reduce reconciliations and improve error reporting and diagnosis
- Address data quality upstream of the GL
- Create a single interface point with the GL, reducing risk and required resources

## Access better data, faster

- Create detailed revenue reports with granular detail tied to each journal entry
- Access a trade level balance sheet and daily P&L
- Gain transaction-level traceability

## Improve the finance user experience

- One detailed source of accounting truth for the organization
- Easily understand and explain account balances
- No-code environment empowers finance to quickly modify rules or processes

## Simplify accounting rule creation and application

- Rationalize and centralize rules, reducing duplication across source systems
- Clear reporting on accounting rule usage for more efficient management of rules.



**The challenge today where the CFO asks a question and the finance team has to spend two, three, four days figuring out what the answer is – it just doesn't work. And so, what subledgers enable is that connectivity between the event information and what's happening in the financial results, where you can do real-time processing, you can do real-time reporting, you have the ability to dynamically look at what's going on, increasing that speed and efficiency and insight for organizations.<sup>6</sup>**

**David Fourie,**  
Finance Transformation Partner, KPMG



# Additional Resources



Here are some additional resources on using a subledger to support cloud general ledger migration.



**On-demand Webinar: Adopting a cloud-first ERP and GL strategy in Financial Services**

OneAmerica, one of the fastest-growing mutual insurance holding companies in the US, will also be sharing insights gained from their finance transformation journey so far, the business case for change and the business value they expect to drive with the implementation of a cloud General Ledger and subledger approach.

Link: <https://www.aptitudesoftware.com/resource/cloud-first-erp-gl-strategy/>



**Podcast: The CFO’s engine for change**

Today’s Bank finance teams are embracing subledgers capable of calibrating data to support detailed finance requirement and improve controls, automate processes, support analytics and provide transparency. In this podcast, David Fourie shares why he’s become a subledger evangelist and the role he sees subledgers playing in the Bank of the future.

Link: [https://www.aptitudesoftware.com/aptpodcast/kpmg-banking-series/#ac\\_ep\\_c2682c4594a6f27053b6b1c564e9c212](https://www.aptitudesoftware.com/aptpodcast/kpmg-banking-series/#ac_ep_c2682c4594a6f27053b6b1c564e9c212)



**On-demand webinar: Why data is the core to a future finance architecture (IMA)**

A discussion of the “data nirvana” for a finance function and why it is critical to enabling CFOs to deliver against their new mandate of responsibility for corporate finance governance, while serving as a strategic business partner delivering actionable business insights to drive better outcomes and profitable growth.

Link: <https://event.on24.com/wcc/r/4045598DFF81662C7A4B9F947B97A5F42C7B1B?partnerref=AptitudeSoftwareGuest&std2=Aptitude%20Software%20Guest>



# Contact us

<b>London</b> Cheapside House 138 Cheapside, London, EC2V 6BJ Tel: 44 (0)20 3687 3200	<b>Boston</b> Suite 1310 101 Federal Street Boston, MA 02110 Tel: +1 (857) 201-3432	<b>Singapore</b> Centennial Tower, Level 17 3 Temasek Avenue 039190 Singapore Tel: +65 82282403
<b>Toronto</b> Suite 700 2 Bloor Street West Toronto, Ontario M4W 3R1 Tel: +1 (416) 642 6508	<b>Warrington</b> 401 Faraday Street Birchwood Park, Warrington, WA3 6GA Tel: +44 844 873 1418	<b>Wrocław</b> ul. Muchoborska 6 54-424 Wrocław Poland Tel: +48 71 35 83 010



© Aptitude Software Limited 2014 - 2023. All Rights Reserved. APTITUDE, APTITUDE ACCOUNTING HUB, APTITUDE LEASE ACCOUNTING ENGINE, REVSTREAM, APTITUDE REVENUE RECOGNITION ENGINE, FYNAPSE and the triangle device are trademarks of Aptitude Software Limited. Aptitude – U.S. and European Patents Pending and Granted. For more information, please refer to: [https:// www.aptitudesoftware.com/patentsandtrademarks](https://www.aptitudesoftware.com/patentsandtrademarks)

[www.aptitudesoftware.com](https://www.aptitudesoftware.com)