THE CASE FOR SYNON/FINANCIALS

As we progress through the 90's, the commercial environment in which we trade is becoming increasingly volatile. Mergers, acquisitions, restructuring and international free trade agreements are more and more common. New statutory requirements for both corporate reporting and taxation seem almost daily events.

To be successful, companies of all shapes and sizes must be able to react quickly, and seize new opportunities as they arise. They must identify those factors which bestow competitive advantage, a distinctive profile, and continuing success into the next century. Organisations which persist in maintaining the status quo, clinging to the norm and ignoring new advances in software design, will stagnate, lose market penetration, and fade.

Synon/Financials is the new generation of Financial Management applications. It has been specifically engineered to help companies meet the challenges of the 90's and beyond, to exploit their competitive advantage, identify new markets, and keep pace with trading conditions.

A 'clean sheet' development, Synon/Financials carries none of the baggage of conventional accounting systems. Such problems as not being able to post into next or previous months, having to use batch updates that shut systems down, or requiring separate updates for AR, AP, Cashbook and then G/L, are all consigned to the dustbin of history.

Synon/Financials was developed by Synon in London. The goal was two-fold. First of all, to create an innovative data-driven design to provide 'best of breed' flexibility and functionality. Secondly, to take full advantage of Synon's CASE technology. In line with this second goal, Synon/Financials users receive the complete Synon/2E design model, allowing them to achieve seamless integration with their other systems and, where appropriate, tailor the functionality to suit their own requirements far more efficiently than traditional packages allow. This 'Model' approach combines the benefits of off-the-peg packages - with their attendant savings in time and cost - with the fit of a bespoke application.

MANAGING YOUR TRADING RELATIONSHIP

Accounts Payable and Accounts Receivable ledgers are populated by personal accounts - accounts used to manage trading relationships with other businesses. Traditional accounting systems have slavishly imitated the manual systems of old - hardbound books of accounts in which groups (or batches) of transactions went through several levels of processing and summation.

In contrast, Synon/Financials adopts a simpler, more generic approach which gets

much closer to the real world. Synon/Financials personal accounts are held in Personal ledgers. These ledgers are completely user-defined, and can be set up to accept payables, receivables *or both*. You can define any number of personal ledgers, each with its own ageing structures, payment terms, account statuses, payment procedures and collection routines.

Central to the Personal ledger approach is the 'Entity' (trading partner) concept. All the common information about Entities is held in a central repository. To set up a trading relationship with an Entity, you simply creating a personal account in any of the Personal ledgers. This means you can have several different trading relationships with any given business partner. That is to say, a customer can be a supplier, a bank, an employee and so on.

While 90% of trading relationships are straightforward, it is the minority of more complex relationships that take up most of the accountant's time. Synon/Financials allows you to view your exposure across Entities, making complex relationships as easy to administer and control as simple ones.

As you would expect from a world-class application, the functionality built over the Personal ledgers is as advanced as the database design. Synon/Financials incorporates automated prepayments and accruals processing, automatic calculation of realised and unrealised gains and losses on foreign exchange, sophisticated payments processing and flexible credit management routines all the way through to the automated production of dunning letters.

MANAGING YOUR BUSINESS

The information stored in the General ledger is used to manage your business, and report on its progress. We have all grown used to the G/L account number - a hierarchical code which is the key to each G/L transaction. This G/L code has a tough job to do. It defines the divisions of responsibility (or operating units) within the organisation; defines the types (or natures) of account that we wish to recognise; and defines a fixed association between units and natures. In addition, by virtue of the hierarchy embedded in the code, it defines the structure of both the organisation and the chart of accounts. Put simply, it is one piece of data trying to perform many functions.

It follows that the G/L account number is necessarily a compromise, and an unsatisfactory one. It is too complex for straightforward statutory reporting, and too rigid to provide the ad-hoc management information which supports day to day business decisions. For multinational organisations, the more critical problem is that the G/L code system cannot map data from one set of accounts to the various statutory accounting standards throughout the world. Nor can it support multilevel consolidations across enterprises and country boundaries.

With all these inherent disadvantages, why does every accounting system continue to use these hierarchical codes? They are a throwback to early process-oriented systems running on huge water-cooled processors, which offered less power than a modern laptop.

Synon/Financials has woken up to the fact that today's powerful hardware, combined with a database operating system such as OS/400, allows us to jettison these unacceptable constraints and create systems that model the real world. The old hierarchical account number is yesterday's solution, and has no place in a modern financial management system.

The codes used in Synon/Financials separate meaning and structure. Divisions of responsibility, at all levels within an organisation, are defined in the Unit file (short for 'operating unit'). The types of account you need to report on are defined in the Nature file (short for 'nature of account'). When a transaction is posted to the G/L, the system simply records which unit owns the posting, and its nature of account.

This approach dramatically simplifies the process of setting up the Chart of accounts. It also permits tremendous flexibility in the codes that are used, and the way information is reported. You will never again need to recode the G/L because of restructuring, merger, acquisition or, even more frustratingly, simply because you've run out of numbers.

The structures needed to extract G/L information have been externalised into files resembling a Bill of Materials file. Since you can define however many structures you like, there is no limit to the number of ways information can be reported simultaneously. From one set of data, Synon/Financials can report on any number of ad-hoc 'what if' scenarios, and also report to multiple GAAP standards - including highly codified Charts of accounts (e.g. Plan Comptable) common in continental Europe. Budgets are easily built, modified, combined and included in reports, as are comparisons with previous years. The system can even report across non-coterminous accounting years. Synon/Financials, by identifying the real requirements of today's businesses and eschewing conventional limitations, dramatically simplifies the G/L and provides much greater flexibility.

MANAGING YOUR CASH

In today's environment of volatile interest and exchange rates, the effective management of cash is critical to the success of any organisation. Synon/Financials provides all the facilities you need to control and monitor cash movements, no matter how many currencies you trade in, or how many bank accounts you use.

Synon/Financials provides full multi-currency support, with wholly automatic management of gain or loss on exchange. For example, consider a company operating in Sterling, issuing an invoice in US Dollars, being paid in Japanese Yen via their

French Franc bank account. At every stage Synon/Financials will automatically take care of the currency conversions involved, using either the default exchange rates (held by effective date) or a specific set of exchange rates defined during transaction entry.

Exchange rates are held in exchange rate sets, with no limit to the number of sets you can define. For example, you can have a 1994 budget set of exchange rates, a consolidation set, a 3 month forward set and a current trading set.

Even when a transaction crosses company boundaries, Synon/Financials copes effortlessly. If a Sterling-based company receives payment from a customer in settlement of both its own invoices and those of an associated Dollar-based company, Synon/Financials automatically takes care of both the currency conversion and the inter-company accounting.

Information about a company's current and projected cash position is always readily available. Cash balances, both reconciled and unreconciled, are available for all bank accounts and petty cash funds on a single panel. The Cash Commitments function provides detailed information on projected cash movements up to 6 months ahead, for each and every Personal ledger.

Cash transaction are held in the Cashbook by Entity (payer or payee), and the process of allocating cash to outstanding invoices is driven by Entity rather than ledger. This dramatically simplifies cash allocation, eliminating the need to pre-allocate it to sub-ledgers before an invoice can be settled. Adjustments, write-offs, corrections and debit notes are all easily handled during the allocation process.

MANAGING YOUR DATA

Effectively managing your data includes managing how it is entered, secured, accessed and audited. In traditional systems, data used to be entered in batches of transactions. Those transactions would then be validated, and a suite of batch programs would move the data from entry files to valid transaction files. Another batch process would then update the AP, AR, Cashbook or G/L as appropriate. The sub-ledgers would then be further processed by another set of batch routines to update the G/L. These batch processes entailed closing down ledgers, moving data from one set of files to another, summarising the data and duplicating it at every turn.

Such a system creates horrendous potential for things to go wrong: for batch programs to corrupt the data, ledgers to be unavailable for processing or out of balance, data to be duplicated, audit trails to be lost, and so on. Accessing the data is even more of a nightmare. Trying to get back from a G/L summary item to the original transaction, navigating via precarious audit trails through entire forests of reports, becomes a daunting task for even the most determined auditor.

In Synon/Financials, transaction data is entered into a set of interrelated database files *from which it never moves*. In accounting terms, we maintain the day book as the repository of data, and use the power of the AS/400 to analyse that data on-line. This approach would have been unthinkable before the advent of relational databases, but today's technology makes it by far the most efficient method, optimising both hardware performance and end-user efficiency. It confers tremendous benefits in terms of security of data, access to data and system availability.

Every transaction balances to zero in its own right, and all ledgers are updated simultaneously when a transaction is posted. It is therefore impossible for the ledgers to be out of balance. It is also impossible to lose data once it has been entered (even partially), since it remains in the same set of database files.

Every transaction is stamped with several audit stamps during its life on the system. This audit trail can never be broken. No matter where you begin your inquiry, you can always 'drill down', in real time, to the lowest level of detail - even to the audit stamps. Hence you can instantly discover who entered the original transaction, from which terminal, on which day and at what time.

One of the most effective productivity aids Synon/Financials offers is 'sensible defaulting'. During transaction entry, you only need to enter data unique to the individual transaction. Information common to the majority of transactions is held at a higher level within the application.

MANAGING THE USER INTERFACE

Sophistication can quickly turn to complication, unless the user/application interface is wholly consistent and easily tailored to individual needs.

Synon/Financials rigorously adheres to IBM's CUA (Common User Access) standards. Every panel has the same look and feel. Information is delivered to you in a structured, uncluttered manner. Movement between panels is simplified by always using the same commands to call similar functions. For example 'F6' is always 'Create', 'F17' is always 'Select', 'F4' is always 'Prompt' and 'F22' is always 'Print'. As a result, Synon/Financials is very intuitive to use.

This is a complete departure from the old style of panel design, where perceived wisdom inclined towards cramming as much information on each panel as possible. Research carried out in the 80s has shown this philosophy to be fundamentally flawed.

To enable users to get to the functions they need as easily as possible, all Synon/Financials menus are completely user-defined. They include the ability to invoke user-defined 'Fast-path' commands, allowing users to navigate quickly round the system (if they have the authority to do so), and call functions directly. They can also be used to interface to OS/400.

Default values, directly associated with individual users, further speed access to required functions. Behind every panel is cursor-sensitive Helptext, which includes hypertext links to related information. On-line drill-down selection, inquiry and maintenance is available for all database reference files. Ever record within the application is capable of having a limitless amount of narrative associated with it.

The Synon/Financials user interface thereby ensures that end-users have the power, flexibility, and information they need to carry out their work as cost-effectively as possible, free from irrelevant information and confusing menu options.

THE BOTTOM LINE

In conclusion, Synon/Financials takes full advantage of Synon's CASE Technology, providing a total management information system. It securely maintains all your financial data in the most efficient manner possible, while maximising access and auditability, and providing the functionality that makes it a world class application.