



Evolving towards a data-driven office of Finance

Traditionally Finance operates in the centre of the organisation delivering relevant insights on financial business performances. Unfortunately Finance is still heavily depending on aggregated level of available information.

Based on historical reasons information is derived from accounting, consolidation and reporting engines, causing multiple data extractions on business applications to find more detailed insights on business events and individual transactions. In order to generate a realistic analysis of change or adding value in management reports Finance is faced with an enormous amount of siloed data marts and spreadsheet applications. Data is processed in multiple parallel operating processes, based on the specific process requirements or type of reports being produced.

The most important driver for improving Finance and transforming towards a NextGen Finance organisation is solving current data challenges. Today Finance can set the course for the years to come. Changing the Finance

function from backward looking to forward looking, delivering actionable insights on financial performance at the forefront. From point analysis to deeper and richer analytics, integrating data into one portal for all relevant stakeholders. Unlocking uncovered fact-based patterns to expedite decision making and enhance planning and forecasting. Cracking the data puzzle is an essential prerequisite for maturing to a digital Finance organisation. An exciting and challenging journey for the Finance professionals to embark on.

Trends

The continuous search for increasing granular insights is a trend that has been going on for decades. In speeding up the delivery pace of Finance, in accelerating reporting and last but not least in enhancing the strategic business partnering role of Finance. Also regulators, capital markets and customers continuously push for more granular insights and increasingly challenge Finance for delivering detailed disclosures. Fortunately, technology embraces the continuous trends in exploding data volumes and ever more provides solutions within the office of Finance. Revealing the art of the possible with in-memory technology, cloud computing, machine learning and data modelling. These trends do not stop and will grow exponentially. Due to these trends, the efficient use of data is gaining vital importance for Finance, causing higher expectations on what Finance can offer.

What is a data-driven organisation?

Normally we observe many isolated data silos within the office of Finance, leading to various reconciliations, highly-intense manual labour work and an immense amount of data quality issues. A data-driven Finance function recognises the full potential of granular data, managing data as a strategic asset. Essential elements of evolving into data-driven Finance organisation includes:

- Creating and shaping a common data foundation
- Defining and using single data points for multiple purposes
- Building a semantic layer describing unified business and reporting definitions
- Unlocking the value of data with in-depth advanced analytics, focusing on providing drill-through business insights
- Providing a platform for fact-based and actionable management reporting, algorithmic forecasting and digital dashboarding.

A data-driven Finance function looks through processes and reports being generated and recognises the patterns in how data is originated, enriched and refined. Being able to monitor actionable insights of financial and transactional business events. Data has matured, being granular, unambiguously defined, of high quality, readily available and properly governed. Existing information silos of various departments are broken down. The common data foundation seamlessly integrates with business data sources and facilitates access to all relevant granular data, enabling CFO's to uniformly retrieve information needed for internal and external purposes from a central data store. Co-existing with unstructured data sources, a data-driven organisation creates holistic analyses combining different algorithms and correlations.

Elevating business partners to new heights combining strategic competence with in-depth business knowhow as a result of being driven by data centric operations with a data-driven mindset.

Business benefits

Having a clear understanding on what a data-driven organisation entails and how it fits into the transformation journey of Finance the benefits are obvious. Having central access to all relevant granular business data, enables the CFO to:

- Build deeper, fact-based, business insights in the context of strategic development and financial performance management
- Be appreciated as the partner of operational functions in driving the business forward
- Accelerate Finance in becoming the driver of building the centre of analytics
- Deploy new digital technologies like Natural Language Generation (NLG), Digital Dashboarding, Advanced Analytics and Cognitive Computing
- Significantly reduce reporting timelines, by leveraging first time right data, reconciliation by design, a simplified data-driven control framework and creating internal and external reports by a push on the button
- Move towards the forefront of the business, guarded by continuous close, allowing (nearly) real-time business insight in monitoring financial performances
- Reduce the volume of Finance professionals in the production processes and re-allocate talent to analytical tasks and activities

The impact and benefits of a data-driven office of Finance is significantly high, making a clear business case to act.

Drivers of disruptive change

Based on daily practice in creating and shaping a data-driven organisation most often the complexity of change is focused around five burning drivers of disruptive change.

Driver	From	To
Breaking down process silos	Process centric Finance function having parallel and siloed operational processes for specific (reporting) purposes	Data centric Finance function with maximal fully automated data-driven processes without human intervention
Unlocking data	Aggregated accounting data dispersed available throughout the Finance organisation often in data silos	A Common Data Foundation facilitating the central access of granular data enabling best in class reporting & analytics
Modelling data	Multiple versions of the truth and ambiguous definitions of same data elements resulting in reconciliation of data and reports	An uniform data model that unambiguously defines data and enables consistency in data and reconciliation by design

Transforming workforce	Backward looking and pure accounting competencies focusing on the production of statutory and regulatory reports	Building the Finance DNA needed to become the lead pioneer of digitalisation and the centre of analytics
Embracing digitisation and innovation	Traditional finance departments focussing on consolidating, reconciling and reporting of financial data	New digital and analytical technologies for Finance to become the business partner of operational functions

Bold moves

The data-driven Finance transformation is a disruptive change. It affects many aspects of the Finance organisation in the area of data, process, people and technology and requires taking bold moves. Data will be the key driver in this transformation, where underlying processes are to be redefined. New technologies will be onboarded, focusing on automatically transforming data into the context and shape required and on bringing meaningful insights to support operational functions. The way to transform is to act and not react, requiring different competencies compared to what is available in the current organisation.

This all starts with creating a target vision for the future through analysing digital trends, involving all Finance executives. Based on this common vision a newly formed roadmap can be developed to define specific actions for the years to come.

Why Deloitte

Deloitte Consulting is your business partner in transforming to a data-driven office of Finance. Having best in class expertise on every aspect of data, finance, analytics and transformation, Deloitte can orchestrate and realise the steps that need to be taken to evolve your Finance organisation to the next levels.

For more information on our Data Driven office of Finance offerings, please reach out to Hoa-Lan Hoang, Ron Dekker or Marco van Ackooij.

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