



Data in Finance

A CFO perspective

MITF 2024, Markus Seeger

Agenda

1

Data requirements from a CFO perspective

2

Status quo: Data insights from our CFO Survey

3

Building the data-driven Finance function

4

How to get started



1. Data requirements from a CFO perspective

Data requirements from a CFO perspective

CFOs get easily excited about the value of data enabling effective and agile decision-making and thus potentially achieving a significant competitive advantage – supported by new digital technologies...

CFO vision to boost value of data



Financial planning

Shift from spreadsheet models and intuition to automated, analytic-based models

Integrate cloud planning systems with data lakes to address combined internal and external data needs

Ensure consistent data categories and federated aggregation processes from the corporate core



Finance operations

Create hierarchies that can handle evolving management, financial, and regulatory reporting

Streamline workflows and automate reconciliations across sources to increase journal entry traceability and audit responsiveness

Leverage advanced analytics using machine learning for exception and risk identification



Decision support

Clarify information needs across business units, geographies, and source systems

Unlock insights using a big data or cloud-based data-staging environment so data is accessible anywhere it resides, including the ERP

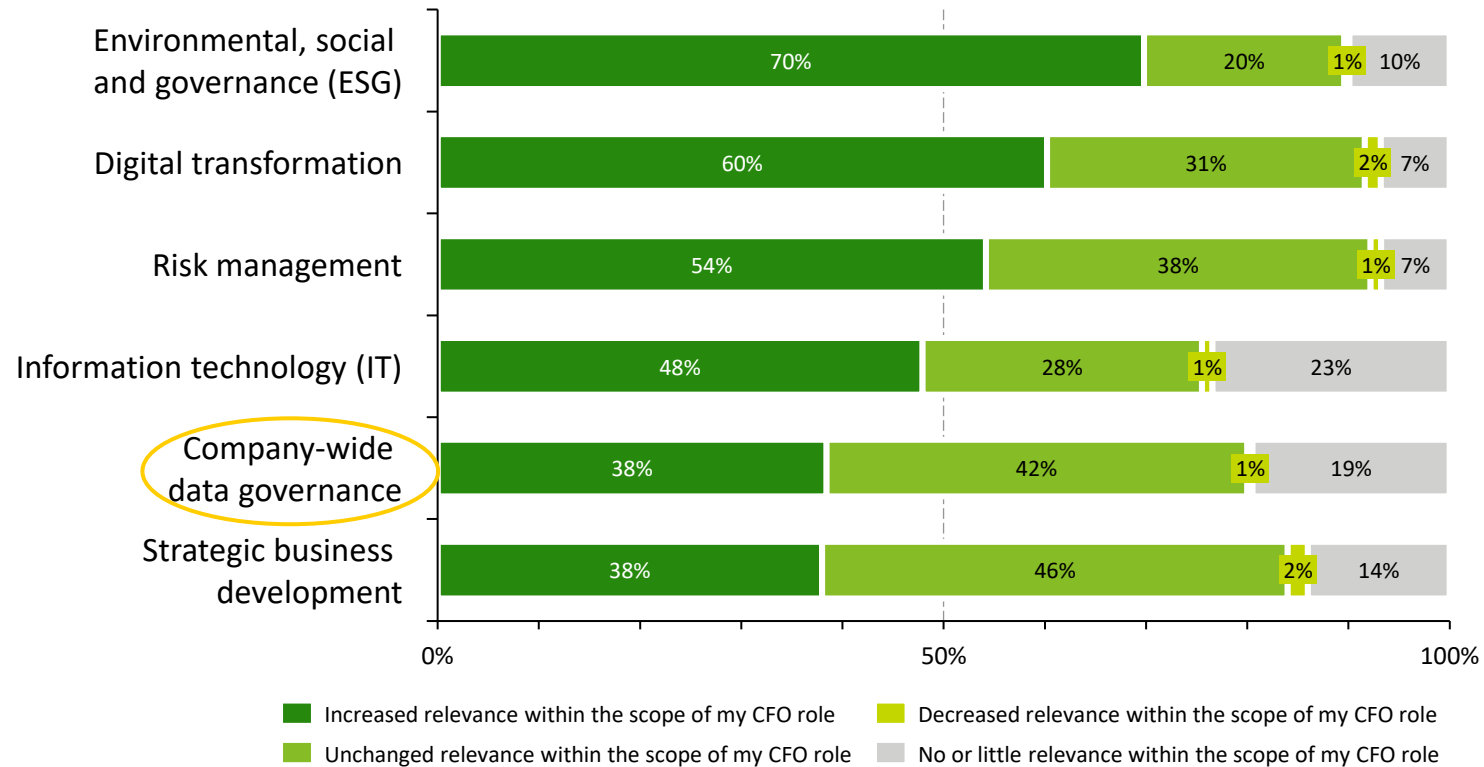
Create interactive reports that let users drill down through multiple layers of information

2. Status quo: Data insights from our CFO Survey

Status Quo: Data insights from our CFO Survey

...but data governance is not the top priority on the CFO agenda

CFO agenda

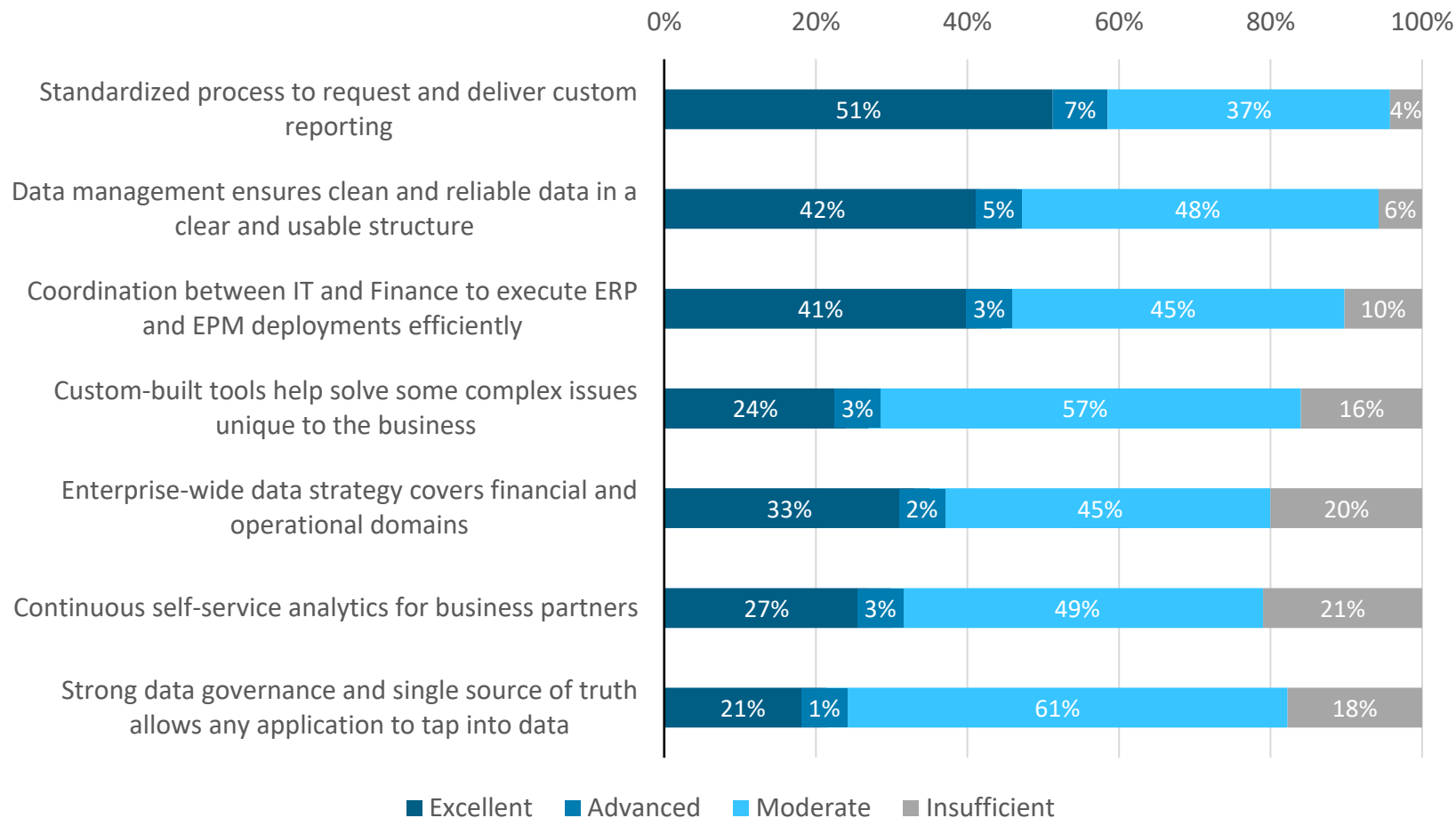


- Today's CFOs are more and more involved in key business decisions beyond their traditional finance scope
- Additional responsibilities comprise governance, operations and strategic tasks
- Urgent business needs, like ESG and digital transformation, require significant part of CFOs' time

Status Quo: Data insights from our CFO Survey

...but CFOs rate the maturity of the “data & analytics” domain within their companies as moderate

Maturity level of “data & analytics” domain

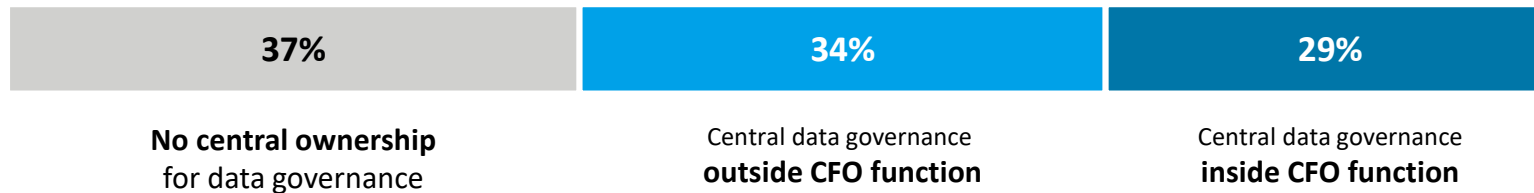


- Current focus on reliability and accessibility of (finance) data
- Enterprise-wide data strategy covering financial and operational data not yet common practice
- Strong data governance and single source of truth rated worst

Status Quo: Data insights from our CFO Survey

...but only 29% of CFOs own the central data governance for their enterprise

Centralization of enterprise-wide governance function

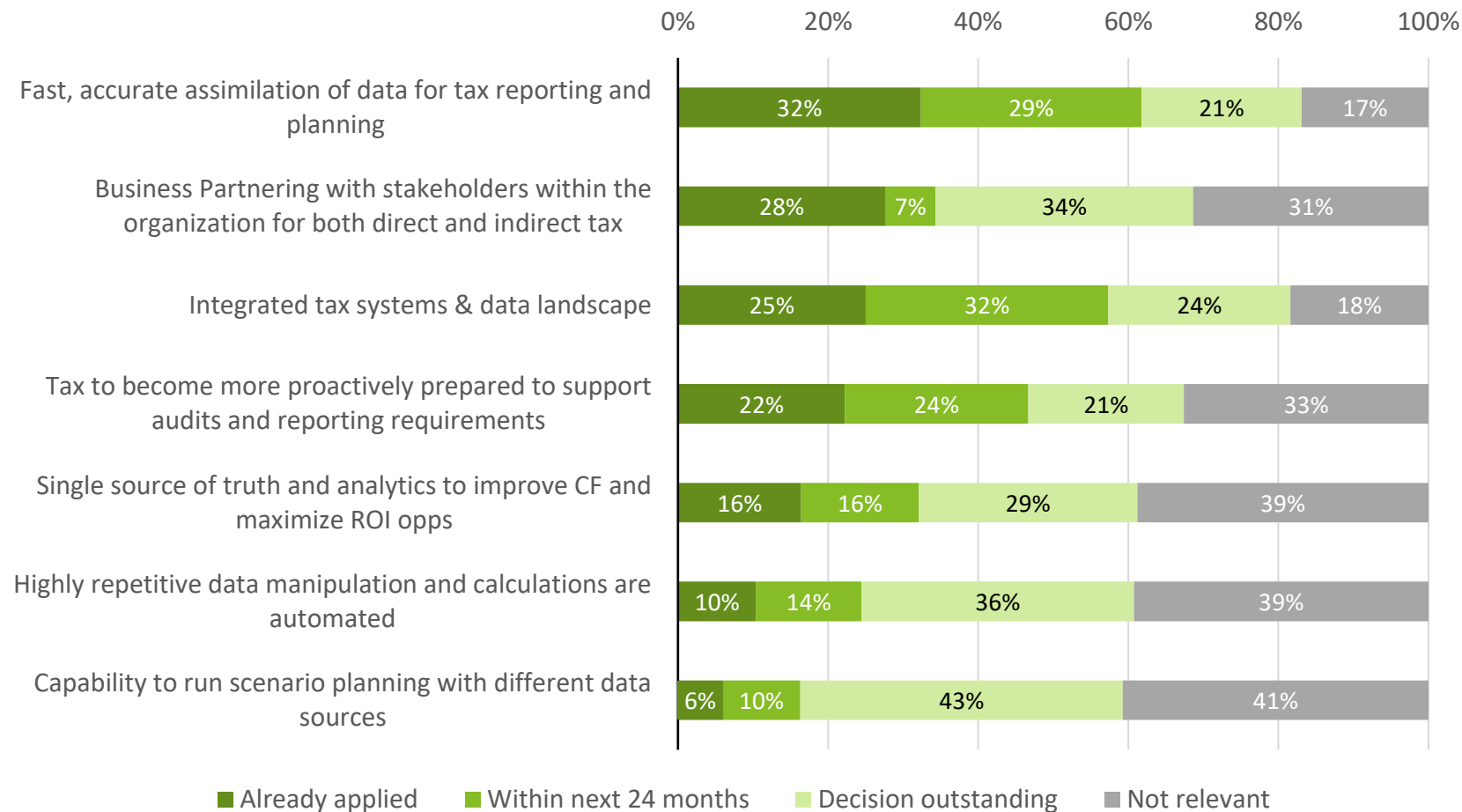


- Centralization of enterprise-wide data governance followed by majority of companies
- One third of companies centralize governance outside CFO function, e.g. CIO, CDO or business functions
- Linkage between enterprise governance functions and function-specific data management teams required

Status Quo: Data insights from our CFO Survey

...but – with regard to tax - digital and data related leading practices are not yet commonly applied

Leverage of leading practices in tax



- Compared to other finance departments, tax is lagging behind in adopting new ways in digitization and analytics
- Improvement focus of tax functions on the integration of tax systems and data landscape in the next 24 months
- Significant number of survey participants consider leading practices as not relevant

3. Building the data-driven Finance function

Building the data-driven Finance function

From a CFO perspective there are six guiding principles for the future perfect data management within Finance addressing clear data scope, formalized data organization and leverage of new digital technologies

Guiding principles

1 Prioritize data based on identified business needs driven by industry and operations as not all data is equal in importance

2 Align financial, operational and external data streams as accounting and performance management go from periodic to real time

3 Establish a formalized Finance data organization with a Finance data team under the oversight of the CFO linked to a broader enterprise data governance approach

4 Define finance roles and career paths for 'data people' while at the same time build data competencies for each finance employee to be able to spot opportunities to use analytics and derive insights

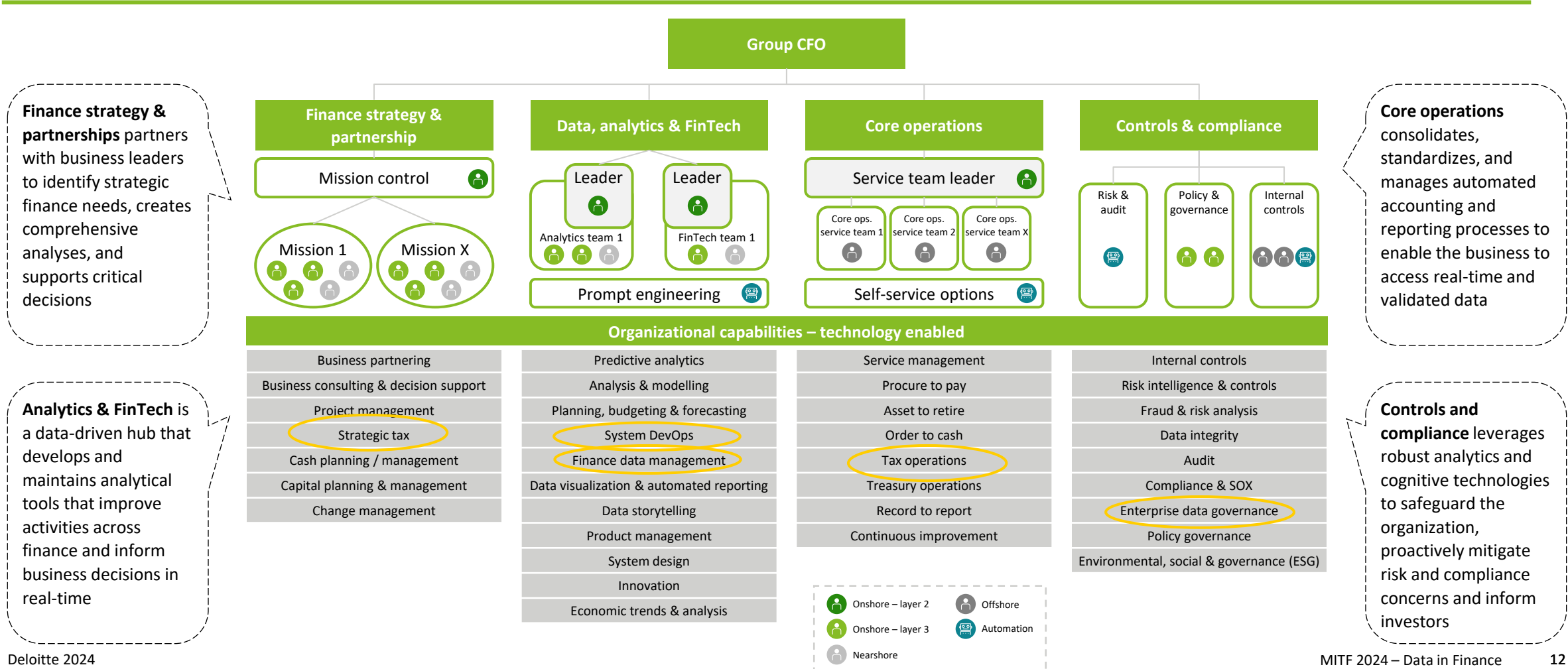
5 Create a golden source of truth not only supporting traditional reporting but leading-edge functions, such as predictive analytics and machine learning

6 Build automation capabilities into the ways you create, regulate, store and use data as volume and usage of data continue to grow

Building the data-driven Finance function

The future Finance organization provides core capabilities around data, analytics and underlying digital technologies supporting business partners, operations and compliance functions

Future Finance organization



Building the data-driven Finance function

In addition to organizational changes, new digital technologies are key to optimize the data infrastructure which is foundational to generate better insights and improve decision support

Using digital technologies to optimize data management

Digital technologies

Cloud-based technologies

Organize and reassemble data on the fly

Advanced analytics

Draw conclusions from data points spanning multiple platforms

Machine learning & artificial intelligence

Apply controls and monitor risks, enabling course corrections in real-time

Selected use cases for data automation

Automate historically manual and time-consuming data cleansing and profiling processes

Categorization and cleansing algorithms enhanced by machine learning

Make data linkage and mapping suggestions to facilitate data consolidation and analysis across databases, leading to new financial insights

Use ML-enhanced clustering algorithms to identify common vendor and customer records across databases after series of acquisitions

Key benefits

Shorter processing time

Reduced processing effort

Freed up finance resources

Stronger focus on more value-add activities

4. How to get started

How to get started

In order to improve the quality of data and boost Finance’s core capabilities, companies should start with solutions using existing systems, with an eye toward eventually automating and enhancing how data is developed and consumed

Way forward

1

Decide what insights you need

to run the business. What questions do you need answered and what metrics help answer those questions?

2

Consider the tools available

to collect, manipulate, analyze, and deliver necessary information. Getting your desired data to refresh automatically in real time is the ultimate goal.

3

Align your leadership team

All key parties need to agree on what will be measured, how it will be defined, who owns it, who will be accountable for producing it, and the business mandate being addressed.

4

Build your data ecosystem

working toward enabling automated data feeds, data set integration, true self-services, and new tools for insight-driven decision-making. Then start small with something manageable.

5

Equip your workforce

A data ecosystem based on digital technologies will demand new workforce skills, such as storytelling with data, problem-solving using advanced analytics, and business partnering.

6

If it’s feasible, test different approaches

in different markets. This will let you compare results to gauge what’s best for the company long term.



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