Business Intelligence for CFOs

The modern CFO faces an increasing number of challenges, from the traditional roles of monitoring business performance, surveying cash flows and ensuring timely and precise reporting, to providing analysis and decision making tools and finding new ways to increase profitability. The emergence of self-service analytics and embedded business intelligence (BI) enabled non-tech savvy business users to perform the analysis they need to stay ahead of the market.

Overview

The role of the CFO as a curator of financial information has been replace by a CFO which is increasingly more active in the firm's development. The stress of the new functions has driven CFOs to find ways to reduce the time spent in reporting activities while increasing the time spent figuring out ways to add value to their firms.

Enter Business Intelligence

Financial departments are no longer just producing standardized reports for distribution to internal and external clients. The unique position CFOs have puts them in contact with financial, operational, marketing and procurement data, putting financial departments at the hub of the information exchange within their organizations. With data increasing in volume and complexity, extracting meaningful insights from can be daunting even for the most tech-savvy consumers of data.

Business Intelligence tools not only help financial professionals automate reporting functions, but also helps them gain insights into the factors affecting the bottom line. These tools leverage the user's business acumen with powerful and easy to use data analysis and visualization tools, enabling them to intuitively and efficiently explore the data and present their findings.

Financial Applications

While there is no limit to the uses a person can get from its BI tools, some the most common benefits for CFOs include following:

- **Automate Reporting:** BI tools helped our customers reduce reporting times by at least 30%, while decreasing errors by 95%. This reduces time spent on reporting and data checking, and provides timely and precise data which can be used for further analysis. Enterprise-wide closing and consolidation also provides granular data for decision making. Continuous changes in reporting standards mandate that CFOs be in charge of their data and not depend on IT departments to manage data and generate reports.
- **Asset Recovery:** automated data analysis can help detect duplicate payments; generating an immediate and measurable benefit for the bottom line.
- **Risk Monitoring and Compliance:** real time monitoring of collections and payments, coupled with forecasting tools, help CFOs continually and effortlessly monitor the firm's current and future cash requirements as well as compliance with rules and regulations. This added tools for projecting capital requirements, enable firms to better use their cash, reducing their cost of capital and gaining returns on excess funds.
- **Collections and Invoicing:** by analyzing historical patterns, CFOs can improve their collections procedures, predicting potential late payers and providing more accurate cash flow projections.
- **Expense Management:** BI tools help CFOs consolidate disparate data sources in a single view and analyze large volumes of data, enabling them to investigate costs across multiple geographies, business lines and cost centers, to detect trends and anomalies and identify new opportunities for expense reductions.
- **Detect Anomalies:** extensive data analysis can help detect opportunities for cost reductions. CFOs can determine which projects/areas/products/clients would generate the highest ROI and plan accordingly.

BI tools help CFOs improve decision making by providing them with timely and accurate data and analysis that enables them to reduce costs and identify new business opportunities. BI helps automate data collection and validation, reducing time spend collecting data which can now be used to analyze it.

Dashboarding and Visualizations

These are the most widely used BI tools around, and with reason. Dashboards and visualizations help users extract value from large and complex data sets, enabling them to also manipulate and explore the data to identify trends and business opportunities.

Connecting dashboards with real-time data feeds enables firms to quickly detect and correct anomalies. From problems with sales of a specific product, to operational problems at a manufacturing facility.

This timely data can not only save a firm millions in costs, but also help them increase revenues by discovering unexploited opportunities or reacting to trends as they unfold. This could include liquidating overstocks before the costs become too high or modify production to adapt to changes in demand.

Key Performance Indicators

KPIs provide a company with measurable benchmarks to analyze how a company is performing. CFOs continually monitor their firms' financial metrics (such as net income, sales, gross margins and cash conversion cycles), however there are a myriad of factors affecting these KPIs. Continually assessing and monitoring the factors affecting this KPIs will not only help predict variations but also adapt to changes in the market. Continuous monitoring of correlations among thousands of KPIs enable the firm to monitor not just its financial performance, but also its customers perception of it (through social media activity for instance) and other insights that may be leading indicators of future performance.

This continuous monitoring will not only detect changes in KPIs that the company is tracking but also continually detect new KPIs to monitor as the industry and firm evolve.

Forecasting

CFOs have long been in charge of budgeting and planning, relying on readily available data and their business knowledge to perform projections affecting parts or their entire organizations. Excel has traditionally been the tool used by financial and business analyst to develop models to check the implications of their assumptions coupled with available data. But Excel's lack of processing power, coupled with data limitations (including a lack of multi-dimensional analysis capabilities) and an inability to manipulate large and complex data sets, doesn't allow CFOs to take full advantage of the available data and resources. Furthermore, this models have to be manually curated and updated to take into consideration new data and market changes affecting correlations and causations.

Spreadsheets were designed as personal productivity, not an enterprise information analysis and delivery system. Every model and projection a person makes, are a reflection of their own ideas and preconceptions. This limits their applicability in enterprise environments as they offer little in terms of data and model manipulation by groups of people, leading to problems with version control, data linkages and changing assumptions.

BI tools on the other hand enable multiple users to work on large and complex data sets and to have each one make their own independent analysis or collaborate amongst them without fear of data or model corruption. This tools can also use real-time predictive analytics (using real time point-of-sale, stock market, weather, and other data) to automate predictions and alerts to changing events as they unfold, enabling CFOs to quickly generate reports and adjust operations to adapt to rapidly changing environments. This can help a more efficient use of capital by preventing unnecessary expenses as well as detecting additional revenue opportunities.

Predictive analytics provide CFOs with timely and valuable insights into customers, suppliers, products, divisions and employees, enabling them to make better decisions and spend less time curating datasets.

BI and Data Security

With cybersecurity problems at several firms making headlines these days and negatively affecting their image and sales, fears about data security are not unfounded.

However BI does not need to change the data security or data governance policies to be able to deliver value. On the contrary, BI can help improve data security.

BI tools work on the firm's existing infrastructure, be it cloud-hosted or on-site. So it will not present hackers with new loopholes they can use to access or even tamper with your data. Data analysis will, on the other hand, make extensive use of your firm's data, and could therefore help uncover potential network inconsistencies, backdoors or other technological issues that hackers could exploit, costing your firm both in reputation and in direct costs.