Meet the New CFO

Data-Driven Insights Help Chief Financial Officers Identify Opportunities, Save Money and Guide the C-Suite.

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As organizations adjust strategic investments with an eye toward capturing revenue growth, today's CFOs need every edge to help their businesses make profitable decisions. Even in an environment of flat or decreasing budgets, that means going beyond typical finance functions to delivering insights and leadership to the business. While this expanding role can be challenging, it can also prove rewarding if organizations take a data-driven approach to managing financial data and performance metrics.

Banking on Simplicity

A top 10 European retail bank borne from multiple acquisitions with 10 million individual and 700,000 corporate clients had no integrated source of enterprise data due to a highly complex process and more than 200 systems. The bank needed an integrated, scalable solution capable of handling 7 billion records (which were mushrooming by 40 million per day), while also meeting distinct regulatory requirements across countries. By developing its finance data warehouse, the company achieved:

- Five-day reduction in close cycle time
- A single integrated platform for customer profitability, statutory, regulatory and management reporting
- Increased time for analysts to spend analyzing performance instead of validating data

New Approach for Changing Needs

The pressure to provide more value-added services while maintaining or reducing budgets has never been higher for CFOs. They are facing increased regulatory and market changes along with the need for greater transparency into their financial results.

These requirements place a growing importance on financial departments to have the ability to analyze and report on the business at much finer levels of granularity than in the past. Frequently, this has to be done in ways not supported by existing financial systems.

The need to "do more with less" is forcing many executives to rethink their historic methodology that depends on departmental IT tools and processes that don't necessarily support today's integrated analytical requirements. No longer can finance departments spend 80% of their time on low-value data integration, reconciliation and report creation tasks. Instead, successful CFOs must now concentrate much more of their teams' energy on higher-value analysis and insights.

Teradata Finance Reference Architecture

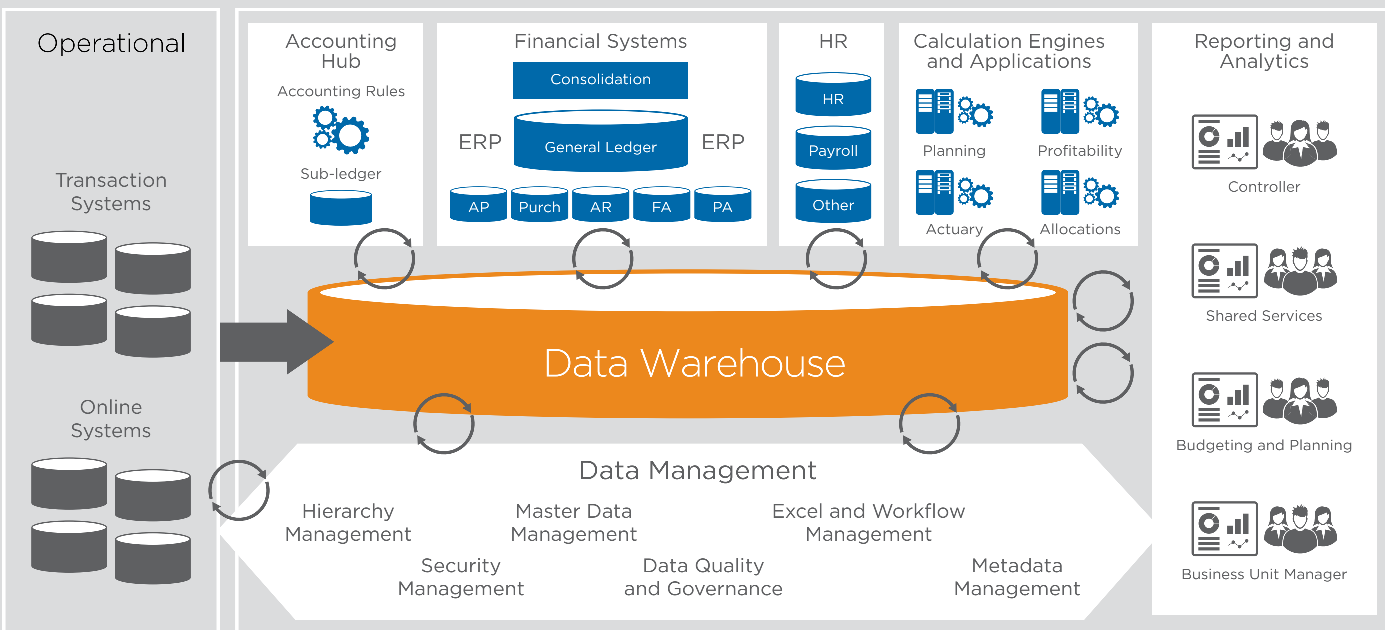

Figure 1. A modern finance infrastructure, like the one shown, uses a single, scalable source for data to eliminate redundancies and offer the flexiblity to support business requirements.

Moving Up the Analytic Value Curve

Oftentimes, organizations are unable to realize the vision of bringing in new analytic capabilities without increasing the IT budget because they are hindered by their traditional departmental approach to financial business processes—which usually requires taming or “untangling” increasingly chaotic and siloed systems. This analytic anarchy causes a range of challenges for CFOs such as getting reports from multiple sources with conflicting answers, resulting in costly manual reconciliation efforts and reduced confidence in the data.

To advance their financial departments up the “analytic value curve,” CFOs have to shift the focus from simply providing reports to also delivering value-added services that can enable proactive guidance for the business. Spend analytics, cash flow forecasting, and customer or product profitability insights are all good examples. However, doing all this requires having the right systems and tools in place.

Empower the CFO

To overcome their challenges, CFOs need to deploy an agile, sustainable data-driven approach that enables end-to-end data transparency and governance to ensure quality data that is consistently defined. This enables finance departments to move past existing roadblocks and expand analytical capabilities while they also take advantage of new opportunities and reduce IT costs.

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Forward-thinking finance organizations are leveraging a simplified and integrated data-driven approach to:

- Decrease operating costs by consolidating and simplifying IT architectures
- Improve transparency between reported financial results and supporting transaction detail
- Allow a consistent, holistic view of data across financial functions
- Reduce business reliance on IT
- Manage detailed profitability and cost drivers to improve customer, vendor and product profitability
- Adapt quickly to market changes
- Align performance metrics to drive accountability
- Evolve finance into a value-added analytic enabler to the business

New Job Description

As market competition continues to increase and business response times need to decrease, organizations can no longer settle for basic results and metrics from the finance department. The most effective CFOs will be those who employ a data-driven finance approach—one that moves finance functions up the analytic value chain to offer more detailed analyses, better forecasting, and increasingly granular information on products, suppliers, customers and more. In turn, their organizations will generate analyses that inform the business, increase corporate agility and point the way to cost savings.

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Increase Performance, Decrease Support Cost

A leading medical equipment manufacturer found itself with multiple financial enterprise resource planning (ERP) and legacy environments to manage. It also had to integrate new and existing data sources, handle increasing volumes of data and adapt to changing business strategies—all while driving down costs. The solution was to take a data-driven finance approach by creating a global financial data warehouse on a single platform. As a result, the company experienced:

- Reduced cycle time by 50%
- Financial data refresh time reduced from 36 hours to less than five hours
- Detailed visibility into multiple profit and loss statements (P&Ls) and ERPs across more than 300 legal entities and nearly 500 ledgers

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