



How to become a successful data-driven Finance organization

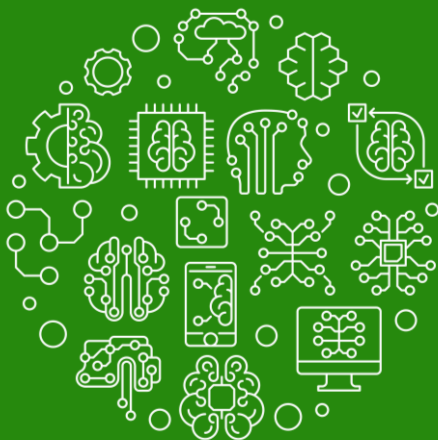
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As the Business Finance team of Finance & Performance, we have extensive experience with data-driven Finance functions. We work for the CFO, leading change towards a digital function from strategy to execution, empowering data driven decisions and unlocking business value for generations to come. We have gathered our lessons learned on making your Finance function a true data-driven business partner.

In this document, we introduce the concept of a data-driven Finance organization. We highlight the importance in becoming a business sparring partner, providing data driven insights and facilitating decision-making.

We have co-created successful data-driven finance offices together with our clients from Financial institutions, Private companies and Government organizations. This enabled us to experience what is required to become a business partner.

Here we take the opportunity to share our insights, which we have structured around five important aspects of becoming a data driven finance function, enabling the business partner role.



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If you only have 1 minute:

WHAT a data-driven Finance organization is

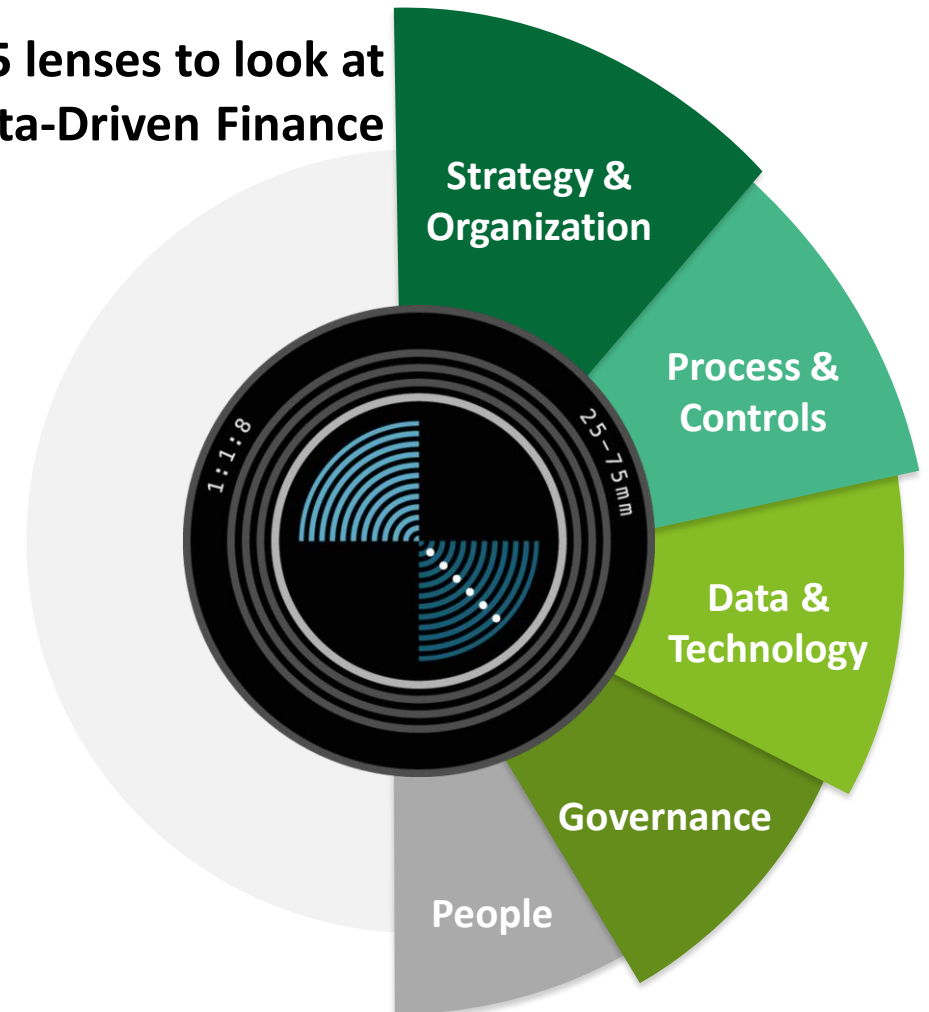
Instead of making decisions based on sentiment and 'gut feeling', organizations want to base their decisions on the information & data they have at hand. The broad variety of technological tools available today allows companies to utilize their data to better understand the business and its future performance, opportunities and risks.

A data-driven Finance function manages **data as a strategic asset**. It recognizes the full potential of the growing amount of data and is organized in such a way it can accommodate the usage of granular data. This is not only driven by technology, but rather a holistic view through various lenses is required:

- **Strategy & Organization:** It requires a shared understanding of the value that is created by the organization and the why this can be monitored (KPIs) and managed:
- **Process and Controls:** It requires processes that enable the Finance organization to act as an orchestrator of enterprise data
- **Data & Technology:** It requires the latest technologies to unlock new levels of business partnering
- **Governance:** It requires clear (data) governance to be efficient and compliant in using data
- **People:** It requires growth and attraction of the right capabilities within Finance, so called "purple people"

For each lens, we provide our view on leading practices for a successful Data-Driven Finance organization. All supported by real use cases to illustrate the solutions we have created together with our clients.

5 lenses to look at Data-Driven Finance



WHY Finance functions should make better use of data

Finance is in the unique position to become the orchestrator of enterprise data and be a more valuable strategic partner for the business. We identify five triggers that can accelerate this process



Regulatory Finance & Risk Reporting

Financial institutions face an increasing burden in regulatory reporting and need to comply to Finance & Risk Reporting regulations (ECB), that increasingly demands enterprise-wide granular data



Governmental monitoring

All types of organizations need to comply to accountability regulations and assess the legality of financial statements and compliancy to agreed budgets



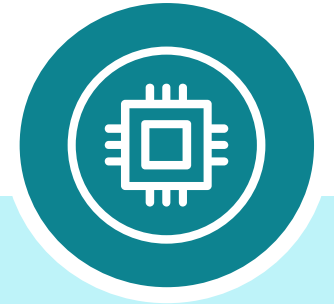
Fact-based decision making

One Version of the Truth in company data to facilitate decision making through data analysis and data visualization



Planning & Forecasting

Increased need for forward looking insights by combining internal and external data for integrated planning, budgeting and forecasting



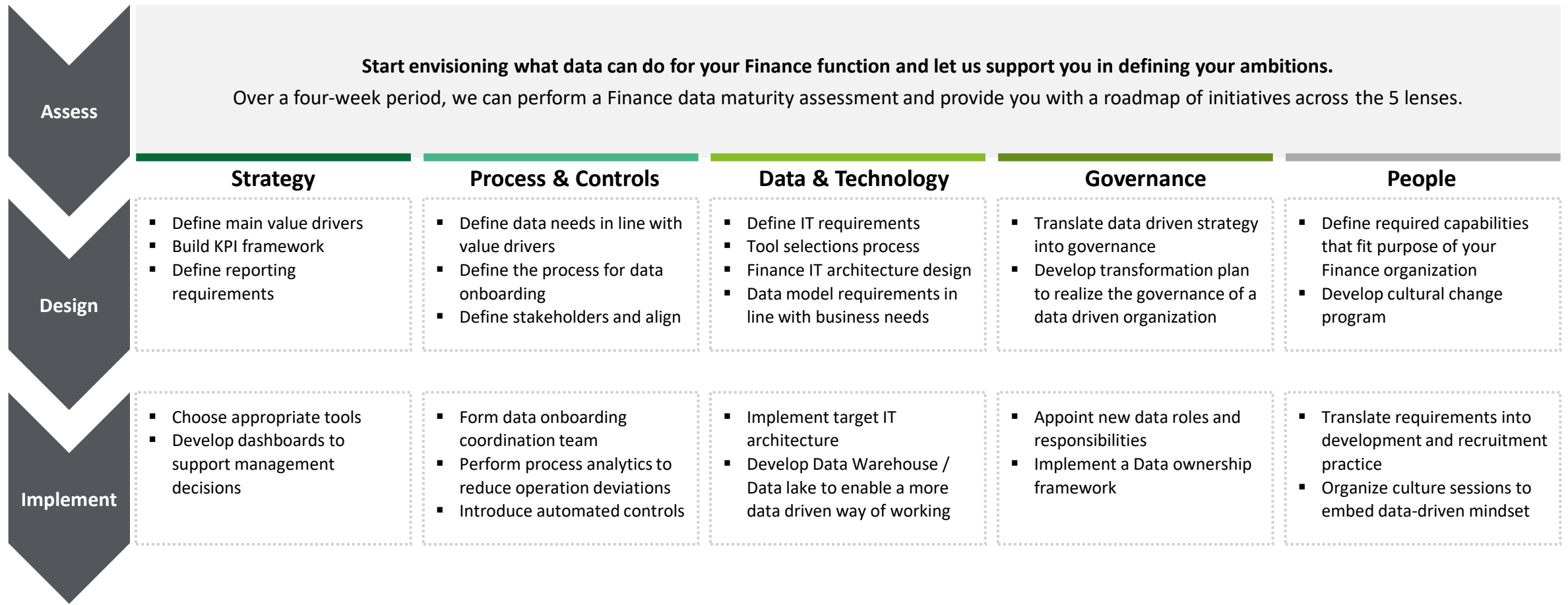
Process improvement

A growing need and opportunity to identify risks, inefficiencies or compliancy issues through data analysis and automated controls

Driven by legal & regulations

Driven by Business Excellence

WHERE to start?



How to implement?



Strategy & Organization

Create a shared understanding of organizational value creation and translate it into management information

Underlying the multiple digital solutions that are available in Finance nowadays, there are two key questions to be answered. First: How does an organization create value and how can this be monitored and managed? The key to success here is to translate the overall strategy into value drivers and define related KPIs. Measuring these KPIs and embedding them in the performance cycle will ultimately enable effective decision making in all levels of the organization.

This is the foundation of a Data-Driven Finance organization. It requires a data platform that can be used for multiple purposes, like Management reporting, Planning & Forecasting and improving regulatory reporting. The next step is to develop a comprehensive set of key performance indicators with clear definitions that are being applied across the entire organization. For this 'Less is more' always applies!

Lastly, data collection and data models need to be developed to provide an automated data flow for the identified indicators. This is key to be able to manage large amounts of data that are generated in complex organizations.

Case study at an international telco company: **Digital Performance Review**

The situation

Within the executive committee, an improved management information overview, with Real-time data availability that was easily accessibility was in high demand. The client was using 'traditional', static, management reports with a large amount of KPIs, that had no clear definitions.

What did we do?

To meet these requirements, the so-called 'digital performance review' was implemented, supported by interactive dashboards. By creating a digital boardroom with a concise set of KPIs the performance review meetings were organized in a much more interactive way.

What did they get out of it?

This so-called digital boardroom enabled much faster availability of performance data and enabled interactive problem solving in the monthly performance review sessions. The data being available earlier in the month, also resulted in more proactive problem solving and Finance being on top of the numbers.

How to implement?



Process & Controls

Finance as orchestrator of an enterprise-wide data foundation

With the increasing volumes of data being used in an organization, complexity increases exponentially. Therefore, it is key to have a clear data model defined that is tailored to the ultimate purpose. On the one hand, this facilitates for a targeted way of onboarding data, and on the other hand, keeps data sets harmonized and manageable, while serving multiple end-users.

Since it becomes increasingly important to report on Financial- and Non-Financial data, there is a need for a central place in the organization to bring both worlds together. This is where data is collected, structured and monitored throughout the entire data chain instead of traditional internal controls and sampling. Traditionally, Finance often manages lots of data, and is therefore perfectly positioned to take on the role as data orchestrator.

An integral way of working is required to ensure that the correct data is being onboarded to the enterprise data foundation. Finance should coordinate the rhythm of the data onboarding process and facilitate for clear agreements with the business stakeholders. Advanced data analysis techniques and data visualization can be used to enhance data quality too.

Case study at an international bank: Define an integral way of working for Finance and Risk data onboarding

The situation

Financial institutions face increasing regulatory demands regarding liquidity reporting, and therefore organization-wide Finance and Risk data needs to be collected in a structured way. This data was owned by different organizational units, that were not able to consolidate in a coordinated way, to ultimately produce the regulatory reports.

What did we do?

Defined an integral way of working for onboarding of Finance and Risk data in an Enterprise Data Warehouse. Finance taking an orchestrating role, enabled transparency on data and alignment on the data model and definitions.

What did they get out of it?

Establishing a structured Finance and Risk reporting chain resulted in excellent regulatory reporting compliance. In addition, it was easily scalable to additional future reporting demands

How to implement?



Make use of technology to unlock new levels of business partnering

Technology plays a major role in the process of 'data collection to actionable insights. The collection, structuring and integration of large volumes of data rely heavily on the use of technology. Once an integrated data model is available, technology takes on different roles. New technology enables the Finance function to create insights that were not possible before. This enhances the position of the Finance function as business partner.

Data Warehousing

Granular data, such as (financial), transactional & customer master data, can be automatically transformed and stored in the cloud using a common data foundation and served up in near real-time, with purpose-specific access, enabling a clear audit trail.

Predictive & Cognitive Analytics

Predictive algorithms and cognitive computing tools help identify performance drivers and potential improvement items. They increase proactivity and thus, accuracy.

Data Visualization

Layered on top of the data model and single data points is data visualization and role-based dashboards, which provide near real-time business insights and drill-through capabilities. These digital dashboards can also include external information and show financial impact of different scenarios.

Case study at an international courier services company: Cognitive Automation for Billing

The situation

Large number of disputes with regards to invoices sent out to clients, results in late and outstanding payments. The client wanted to investigate the possibility of predicting the invoice disputes related to Finance in order to proactively handle them.

What did we do?

By leveraging Google Cloud Platform during a Proof of Concept and using invoice, pricing and customer information, we created a cognitive solution that assesses which invoices are most likely to lead to Finance related disputes, allowing Finance to be more proactive.

What did they get out of it?

The PoC showed an estimated decrease of disputes by more than 30% and other effects to include recurring annual benefits and a one-time effect on working capital. After some time, certain disputes will cease to exist. It will be increasingly important to keep the algorithm active allow it to improve itself using different AI methods (e.g. Reinforcement Learning)

How to implement?



Get more out of data structurally at lower costs through good governance

It is always appealing to focus on the realization of tangible products like dashboards and advanced analysis. It obviously sets the tone, but more is required to be able to use data structurally and work with it in a responsible and smart way.

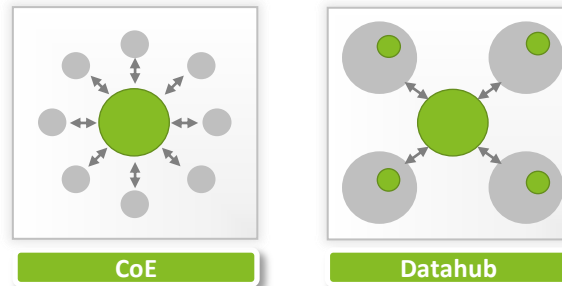
This is where (data) governance comes into play. It provides the so often absent transparency in roles, responsibilities and processes for using data. It makes ownership and accountability transparent, strengthens the quality and reliability of the data and minimizes risks off the use of data.

Organizing your data governance encompasses several related areas that are important to investigate and organize. The way a data-driven finance organization operates requires changes in both people and technology:

- **New roles & capabilities** like data engineers, data analysts, data stewards, data owners, data users, etc.
- **New technologies** that support the use of data from the perspective of data onboarding & quality (automated controls), audit trail (data lineage), etc.

To leverage these capabilities and technology in an optimal way there are two common models:

1. **Center of Excellence (CoE):** a set-up in which both data storage and analytics capabilities are organized
2. **Datahub:** a set-up in which Business units organize themselves around analytic capabilities, building on the same centralized data source



Case study at a large municipality in the Netherlands: A Data Driven Maturity Scan

The situation

Over the last years, this municipality has invested heavily in their data-driven DNA. Through the so-called 'Data driven Working program' they enabled the organization to systematically collect, manage, analyze, interpret and translate (internal and external) data to information and knowledge, to enhance the organizations performance. The central finance department used a maturity scan that was provided by the program to align their goals to their data-driven ambition and identify the steps that were needed, one of them being data governance.

What did we do?

We started with identifying the roles and related processes and capabilities that were required and compared this to the current state. Derived insights were taken into organization and process redesign, people development and recruitment processes of the finance department.

What did they get out of it?

The trajectory made clear what needed to be changed to realize the Finance departments ambition and strengthened Finance capability to become a business partner using data to create insights in an efficient and compliant way.

How to implement?



Attract, retain and grow "purple people" within Finance

Being a data-driven organization requires a change of mindsets, attitudes and habits. New technology, solutions and roles need to be supported by the **right skill sets and capabilities**. Financials of the future are often characterized as 'purple people', who possess a mix of business and technology skills. Today there is a need of a breed of data scientists who can handle **sophisticated data analysis** (red skills), but who also have fluent **communication skills, business acumen and political nous** (blue skills).

Key questions to ask are:

- Does your team or department have the right skill sets and capabilities to become a data-driven finance function?
- Does the structure of your organization support a data-driven finance function?
- Are the right people engaged across the organization?

Three considerations to attract, retain and grow your pool of "purple people":

1. Unearthing existing talent within an organization can be a benefit for all involved.
2. Developing and growing talent is important to increasing the breadth and depth of data driven capabilities.
3. Getting the right motivational factors in play is fundamental to successful long-term retention where clear purpose for the work at hand is crucial.

Case study at a car lease company: Purple People

The situation

Implementing a new tool for regulatory reporting uncovered the absence and need of skills of understanding and managing data. The finance department was lacking these capabilities and were struggling with understanding the data flows, and the data that was needed for regulatory reporting purposes.

What did we do?

To compensate on a short-term basis, learning sessions were organized with real life case studies of the company itself. This enabled them to develop these skill sets in-house, broadening and strengthening the capabilities of the internal resources. In addition, to be future proof and with our help, scarce knowledge and resources were recruited from outside the company to strengthen the team.

What did they get out of it?

Established a balanced team with red and blue skills and underpinning the importance of having the mix of capabilities within upper management as well as being able to invest and attract these types of resources.

Why Deloitte

It goes without saying that we have extensive knowledge of market-leading insights. We have created a network connecting both Deloitte world-wide and vendors and partners outside of Deloitte, bringing solutions that best fit the purpose.

We tailor our solutions to the specific needs of your organization while deploying our Deloitte tools and proven methodologies as accelerators. We take the time in advising you each step of your journey towards a data driven finance organization.

For each project we deploy a multi-disciplinary team of hands-on experts in their field, ensuring all areas that are needed for the transformation journey are covered. With our execution power we can realize your goal and support you in your journey.

Our team always consists of trusted advisors who stand by your side and can articulate complex matter in a clear, simple and transparent way.

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