

About the Author

Balaji Venkat Chellam Iyer

Balaji has over 18 years of experience across global markets, including Europe, the Middle East, Asia-Pacific, North America, and Latin America, with domain expertise in Finance and Accounting. He has handled a wide range of responsibilities, including financial planning and analysis, service delivery, transitions, and project management. He has been part of global finance transformation and re-engineering projects over their lifecycles – from due diligence and feasibility to implementation and performance optimization. He has helped clients by developing solutions specific to their business objectives and needs.

Abstract

Today's fast paced, information driven market environment makes business intelligence (BI) a critical imperative. The quality of financial reporting required by internal and external stakeholders needs to adhere to high standards. There is also a growing need for making faster decisions in response to rapidly evolving market and consumer demands. The choice of data to be considered extends beyond the enterprise to external factors such as market conditions and other non-financial information. The emphasis has thus shifted from reporting to monitoring and providing strategic insights, intelligence, and analysis to support each role and function within the organization.

In response to these pressing factors, the role of business intelligence has evolved. It now encompasses the reporting and analysis tools used for performance management. Recent advances in data management and better integration of systems have enabled the finance function to provide superior information and analytics, enabling well informed decision-making. However, CFOs are still struggling to effectively use BI in order to meet the challenges of the current business environment.

This paper explores the various issues faced by finance organizations in using organizational data. It also suggests solutions to formulate mature BI systems that empower them to get to the heart of business and financial data.

Contents

Introduction	5
Leveraging Organizational Data to Deliver Definite Business Benefits	5
Challenges Arising Due to Ineffective BI Systems	6
Reduced agility within the organization	7
Lack of standardization across functions and geographies	7
Loss of effective decision-making	7
Formulating a Mature Business Intelligence Solution	8
Ensuring BI Delivers the Goals of the Finance Organization	9
Support of a Strong Sponsor	9
Proper Due Diligence	10
Comprehensive Planning and Governance	10
Functional Expertise	10
Alignment with Financial Objectives	10
Data Cleansing and Data Reliability	10
Emerging Technologies Impacting Business Intelligence	11
Conclusion	11

Introduction

Proactive finance functions develop ways to transform their organizations for greater effectiveness. Finance executives have moved from being bookkeepers to being strategic gurus; BI has been a key enabler in this transition. BI helps finance executives make the right decisions by gathering accurate data and providing the right data to the right set of people at the right time.

Today, information is at the heart of the way businesses are designed, operated, and measured. BI aids organizations in moving their focus from an 'efficient delivery of data' to a 'smart enterprise' model. Efficient data delivery was enough when organizations relied on a tactical approach to data. Today 'smart enterprises' adopt a strategic approach to data that requires them to apply suitable filters, and extract actionable value from financial and operational data.

For this transformation to a smart enterprise to be effective and sustainable, each employee within the finance function must be empowered to make informed decisions. Conventional BI systems that need experts to interpret data and generate reports for other employees will not suffice. Employees at each level across the enterprise must be armed with applications that not only provide analytics but also enable innovation and performance improvement.

Leveraging Organizational Data to Deliver Definite Business Benefits

Business intelligence has evolved beyond the regular reporting and dashboards to a broader capability. It allows the enterprise to capitalize on information, use insights to respond to market pressures, and identify competitive advantage. Today, both analytical experts as well as front-line employees use BI. It is used for a variety of purposes such as augmenting systems, controlling delivery costs, managing external risk, and improving business results.

The right BI systems help align functions and geographies, effectively leverage information, and provide the following:

- **One version of the truth:** The finance function is accountable for extracting and producing a variety of reports for varying periods. These are reports for an external audience mandated by regulations such as the General Agreement on Tariffs and Trade (GATT), the International Financial Reporting Standards (IFRS), and the Sarbanes-Oxley Act (SOX), each requiring a unique format. They also include vital information for an internal audience to run the business. It is essential to customize internal reports for respective departmental requirements, and ensure the reports are aligned to represent a 'single version of the truth'. Such an alignment helps the CFO drive control and compliance.

- **Diverse, easy-to-use data:** The efficacy of the finance function is driven by factors such as the diversity of management information collected, and how easy it is for decision makers to interpret and use the information. The ability to leverage data received from different internal functions enables the organization to derive business insights, leading to optimal profits.

Challenges Arising Due to Ineffective BI Systems

Despite years of investment in BI tools and related technologies, finance organizations are still limited in their ability to summarize and report data appropriately and effectively. This is mainly because, in the conventional model, BI is largely driven by technology offerings, instead of by business needs. The result is a lack of focus on business performance indicators or on the enterprise's critical performance metrics, which limits the organization's ability to integrate intelligence into business operations.

Also, traditional business intelligence systems tend to be insufficiently integrated and overly complex, resulting in high failure rates. This leads to monetary losses and a huge drain on the finance department's time in terms of transactional and ad hoc activities instead of strategic decision-making.

Figure 1 depicts the typical issues that arise due to use of ineffective and disparate BI systems. Here's a look at these in detail:

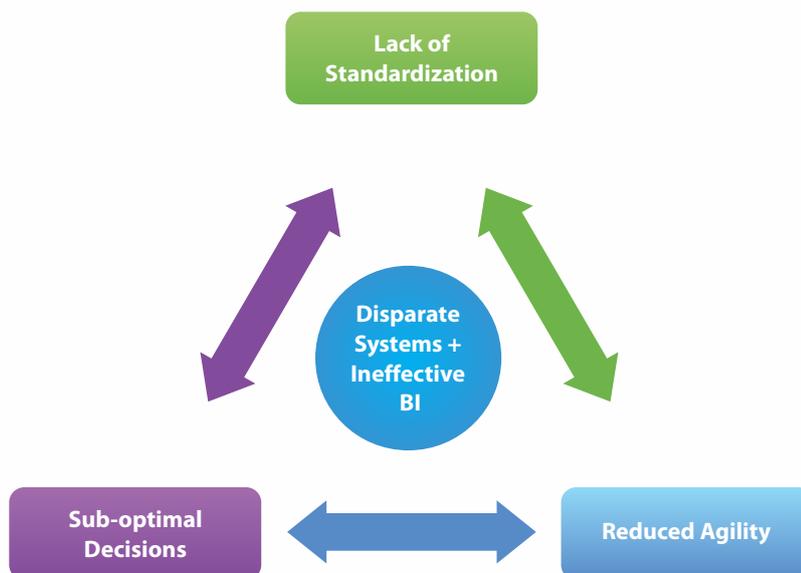


Figure 1 - Obsolescence and lack of integration in BI systems can impact finance in multiple areas

Reduced agility within the organization

- Manual efforts are required at various levels, since the systems and applications are not integrated. The finance function spends a large amount of time and effort on data collation, rather than data analysis. And in spite of all these efforts, the data is likely to be inconsistent, inaccurate, and undependable.
- The large effort required means that instead of proactive analysis to drive strategic or tactical business decisions, analysis is performed on an 'as-needed' basis. Hence, the CFO is unable to react immediately to challenges or opportunities.
- Budgets and forecasts, both short range and long-term, are less accurate, impacting performance management, and resulting in the inability to quickly adapt to market conditions.

Lack of standardization across functions and geographies

- Numbers reported as per each country's requirements could vary due to local currency fluctuations, and inconsistencies in the exchange rate adopted by each country. This results in variances while reporting in a global currency (such as USD or Euro).
- Numbers reported may also vary depending on local time zones.
- Inconsistencies in reporting methods result in flawed output, and lead to issues with the reconciliation of numbers at all levels, including each geography and line of business. This prevents the CFO from gaining an accurate picture of the organization.

Loss of effective decision-making

- The lack of accurate and standard reporting robs the finance function of its ability to set milestones and assess business performance.
- This leads to the inability to derive insights at any level – country, region, global – and translate them into key day-to-day requirements or operational components, thus impeding decision making.
- This further leads to a loss of flexibility and agility due to the organization's restricted ability to strategize, given the limited view of behavioral patterns and requirements of customers and vendors at all levels and across functions.

These factors in turn impact the organization's top line as well as bottom line.

Formulating a Mature Business Intelligence Solution

The best way to meet all the aforesaid challenges is to implement a sound business intelligence platform. CIOs are increasingly rating business intelligence systems as one of their top strategic spending priorities. However, CFOs are also facing cost pressures, forcing them to optimize costs and show a positive ROI on BI related investments.

In order to maintain a competitive advantage in the marketplace, enterprises also need to maintain a constant vigil on their BI environment. This is essential to identify improvement areas and seize every available opportunity that comes their way.

A business intelligence implementation will be successful only if it is aligned with the long-term business objectives and strategic vision of the enterprise. The CIO and CFO need to collaborate closely and decide on the design of the BI platform.

Secondly, BI may not deliver the desired results unless it gains acceptance from end-users. The CIO needs to take the viewpoints and requirements of the end-users into consideration for design and implementation of the system.

While developing a strategy for BI, the winning formula to consider is:

‘Data+Enterprise wide Business Objectives and Strategic Vision + People (Empowered End-Users) + Technology’

This results in a mature business intelligence solution and successful implementation, as depicted in Figure 2.

Data + People + Enterprise + Technology = > Mature Business Intelligence

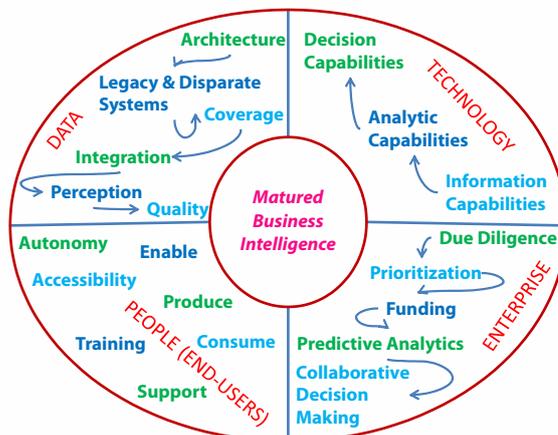


Figure 2 - Key ingredients for developing a mature business intelligence system

The four components of a mature BI system are all equally important.

People: Employees are the end-users who create and consume data. They need to be provided a degree of autonomy and access to the BI requirements. The success of a BI system depends on how well the end-users accept the solution, and this can be improved by ensuring that they provided adequate training and support.

Data: It is important to understand the degree of centralization necessary within the BI architecture. The data should be sourced from all functions, internal and external sources, and should include supporting information to resolve business needs. Integration of all existing systems enables standardization across the enterprise.

Technology: The components and interfaces within the BI system architecture need to be seamless and integrated. The systems should have the appropriate analytical capability to enable effective decisions at the right time.

Enterprise: Organizations need to define a goal for their BI systems prior to designing and implementing them. Proper due diligence during the formulation of requirements ensures alignment with the pre-defined goal. The allocation of budgets must depend on a cost-benefit analysis of the potential business benefits likely to result from a strong collaborative decision-making process supported by analytics and BI.

Ensuring BI Delivers the Goals of the Finance Organization

A real indicator of a successful BI implementation is how quickly the-end user can access information that converts to actionable insights, and enables quick, timely, and accurate decision-making.

Some BI projects fail due to poor time management or a lack of clear objectives. But the most common reason for failure is that BI is treated like any other IT project. On the contrary, it is important to consider BI as a continually evolving program that aligns with the company's changing goals, in line with the overall strategy and long-term vision.

Here are some ways to ensure successful implementation of a BI project.

Support of a Strong Sponsor

A BI project usually fails without the backing of a strong sponsor who is not only supportive but also committed to removing any obstacle that may arise within an organizational structure. Going beyond commitment, this sponsor should ideally own the project end-to-end, and also be accountable for its success by translating objectives into business outcomes, benefits, and value creation.

The sponsor should be empowered with the authority to take decisions (even if these are not in line with the organization's policies) as long as they are in the overall interest of the project or lead to its success. In

addition, the sponsor should be given necessary budgets and flexibility, along with complete freedom and ownership in order to execute the project.

While there are different viewpoints on who makes for an ideal sponsor of a BI project, in our opinion, the CFO is the best equipped. CFOs enjoy unrivalled visibility in terms of the organization's purse and pulse, and also have an overall understanding of the business environment.

Proper Due Diligence

In most enterprises, comprehensive systems and applications are used across various functions. Therefore, it is imperative to understand the relevance of the underlying architecture, source systems and data flows, and their correlation to business and related processes. The usage of these applications and systems by business users also needs to be identified before the start of the BI project.

Thorough due diligence before the start of the BI project provides insights into all the touch points to outline the status quo effectively. It also helps come up with the right blueprint for planning and implementing an effective BI solution and approach. The findings of the due diligence process should form the business case that outlines the financial impact of the BI project.

Comprehensive Planning and Governance

Planning is not a one-time activity in the case of a BI project. Since goals continually evolve with respect to objectives, resources, overall timelines, scope, and governance, on-going planning becomes vital to ensure proper alignment with the overall project goals. To realize maximum benefits, BI projects need to be implemented with optimum speed and rigor. It is also critical to put in place guidelines to avert pitfalls that could impact costs, timelines, and efforts. This calls for an alignment between both internal stakeholders (owners and employees), and external stakeholders (such as the government, customers, suppliers, shareholders, and statutory authorities). The plan should be granular, and detail owners, tasks, and timelines clearly to enable intervention and action against deviations.

Functional Expertise

The project team must include the right functional expertise from the start. This team member must have a clear understanding of customer expectations, and the organization's business goals and vision. The team typically should comprise senior leadership (for key project decisions and direction), as well as finance, marketing and sales, customer support, and operations managers. Such a cross-functional team enables efficient co-ordination and integration of strategies, processes, and analytical efforts across the enterprise.

Alignment with Financial Objectives

Every BI project should be aligned with the organization's financial goals. Systematic processes must be put in place to measure its financial benefits, and the impact on the organization's revenues and profitability.

Data Cleansing and Data Reliability

Data credibility is key to the success of the BI project. Every BI project should factor in periodic data cleansing to prevent bad data from getting in. It is important to involve the right stakeholders with

expertise in data cleansing who can help differentiate between good and bad data. Bad data leads to inaccurate analysis and a negative financial impact, and hence needs to be removed during the data extraction and load stage for effective results and decision making. This ensures that the BI project is set up for success right from the beginning.

Emerging Technologies Impacting Business Intelligence

BI has significantly evolved over the last two decades. Technology changes have greatly impacted how BI systems have been used over the years. Emerging technologies are continuing to shape the future of BI in several ways. Enterprises are beginning to adopt technologies that can help them be agile, and provide real-time alerts and virtual access to data:

- **Mobility** based business intelligence is no longer a luxury but a must-have for the global CXO. Any business intelligence or analytics solution should be mobility enabled for anytime, anywhere access.
- **Cloud** based BI is rapidly gaining ground since it enables global gathering of as well as access to data. Organizations are moving their data and critical applications to the cloud, or accessing the application as a separate offering in itself – by having the BI suites run efficiently on the cloud.
- **Big Data** has emerged as an increasingly relevant platform due to increasing connectivity and the resulting generation of huge volumes of data. Enterprises need to be able to not only handle these large volumes but also analyze them in real time.

Conclusion

CFOs and finance directors are beginning to expand their strategic leadership role in steering an organization and driving corporate performance. They need to leverage sophisticated BI tools and techniques that help interpret and analyze business and financial data, and take the guesswork out of decision-making. CFOs need to adopt systems that can maintain greater integrity in reporting, along with complete transparency and a high level of detail.

In order to ensure the effectiveness of a BI program, the CFO needs to work closely with the CIO, and ensure alignment with the overall enterprise objectives. The CFO also needs to carry equal accountability, and be one of the primary decision makers in finalizing requirements and investments on BI related technology.

Now is the time for the finance function to lead the BI efforts and create greater value for the organization. To make this possible, CFOs must equip finance executives with decision support analysis capabilities, and the ability to think holistically in terms of business outcomes.

About TCS Business Process Services Unit

Enterprises seek to drive business growth and agility through innovation in an increasingly regulated, competitive, and global market. TCS helps clients achieve these goals by managing and executing their business operations effectively and efficiently.

TCS' Business Process Services (BPS) include core industry-specific processes, analytics and insights, and enterprise services such as finance and accounting, HR, and supply chain management. TCS creates value through its FORE™ simplification and transformation methodology, backed by its deep domain expertise, extensive technology experience, and TRAPEZE™ governance enablers and solutions. TCS complements its experience and expertise with innovative delivery models such as using robotic automation and providing Business Processes as a Service (BPaaS).

TCS' BPS unit has been positioned in the leaders' quadrant for various service lines by many leading analyst firms. With over four decades of global experience and a delivery footprint spanning six continents, TCS is one of the largest BPS providers today.

Contact

For more information about TCS' Business Process Services Unit, visit: www.tcs.com/bps
Email: bps.connect@tcs.com

Subscribe to TCS White Papers

TCS.com RSS: http://www.tcs.com/rss_feeds/Pages/feed.aspx?f=w
Feedburner: <http://feeds2.feedburner.com/tcswhitepapers>

About Tata Consultancy Services (TCS)

Tata Consultancy Services is an IT services, consulting and business solutions organization that delivers real results to global business, ensuring a level of certainty no other firm can match. TCS offers a consulting-led, integrated portfolio of IT and IT-enabled infrastructure, engineering and assurance services. This is delivered through its unique Global Network Delivery Model™, recognized as the benchmark of excellence in software development. A part of the Tata Group, India's largest industrial conglomerate, TCS has a global footprint and is listed on the National Stock Exchange and Bombay Stock Exchange in India.

For more information, visit us at www.tcs.com

IT Services
Business Solutions
Consulting

All content / information present here is the exclusive property of Tata Consultancy Services Limited (TCS). The content / information contained here is correct at the time of publishing. No material from here may be copied, modified, reproduced, republished, uploaded, transmitted, posted or distributed in any form without prior written permission from TCS. Unauthorized use of the content / information appearing here may violate copyright, trademark and other applicable laws, and could result in criminal or civil penalties. Copyright © 2014 Tata Consultancy Services Limited