

# Unlocking the Untapped Potential of Financial Analytics

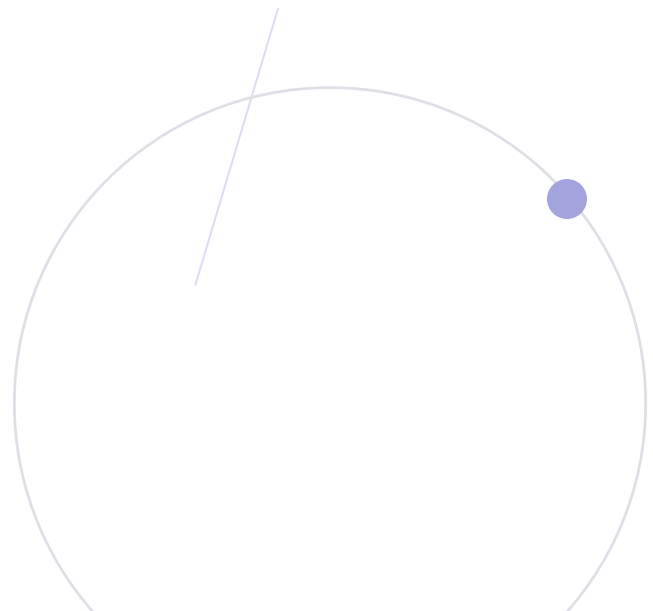
How CFOs Can Make Smart Investments for Future Growth



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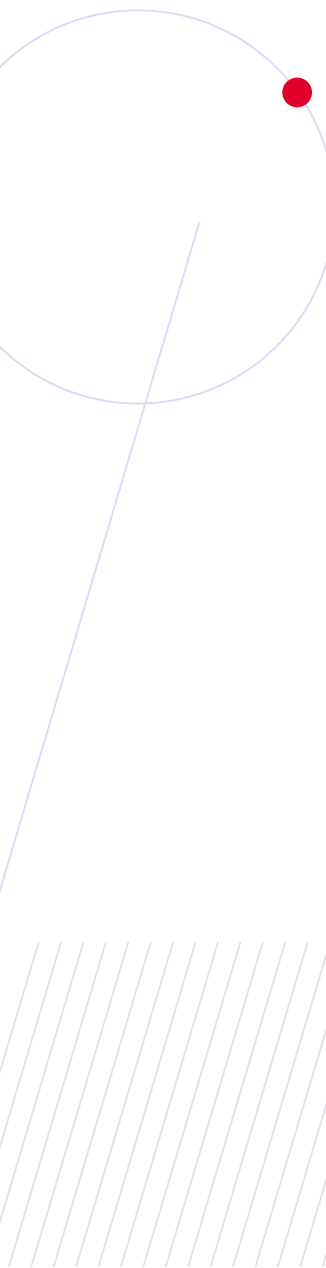
# Executive Summary

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**Innovative data and analytics solutions are driving positive changes for finance teams in 2022 — but not every organization is tapping into the full potential of its data.**

Data without the proper analytics behind it is just numbers on paper. Companies that invest in a modern data strategy can have immediate visibility into all critical financial and ERP-trusted and ERP-governed data sources in real time, enabling them to capitalize on opportunities; to make smarter, quicker decisions; to generate more reliable forecasts; and to mitigate risks. Rather than focusing on data issues of the past — such as storage and management — companies that focus on innovation have a unique advantage.





**This report will examine the critical elements associated with modern finance analytics that all chief financial officers should consider.**

**These include:**

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- What's happening in the world of finance analytics, and how that innovation can help CFOs do their jobs better and more effectively.
- How finance teams can think beyond spreadsheets to take advantage of the latest capabilities, including AI/ML-powered analytics to uncover hidden insights.
- How companies use their data to deliver real-time insights and to respond immediately to emerging events and trends.
- The types of investments CFOs look to make in their data and analytics approach, given new advancements.

By gaining a deeper understanding of what's at stake regarding data and harnessing the power of innovative data and analytics solutions, businesses will be better positioned to make in-the-moment executive decisions that help them stand out in a sea of global competition.

# Introduction

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In the business world, data is king, but only if you know what to do with it. The right combination of data and analytics is essential for creating a well-rounded scope of business insights that can propel successful forward action. Still, to achieve maximum results, finance teams must properly use the information they can gather. That hurdle — combined with the fact that leveraging the right kind of data from siloed sources and turning those numbers into an actionable plan hasn't always come easy — creates a roadblock for most companies.

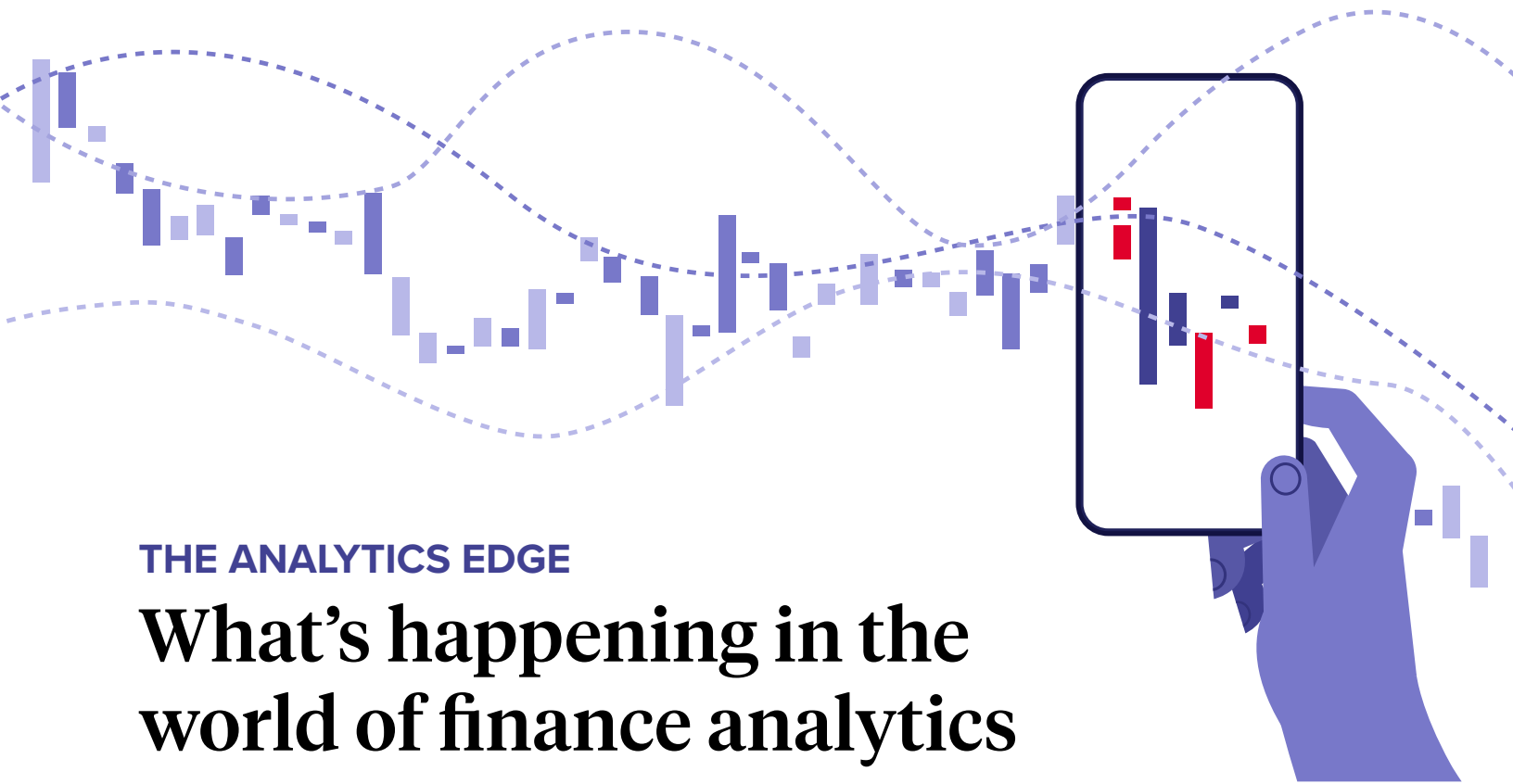
“I see two main issues when I'm talking to CFOs,” said Chris Argent, CEO of Generation CFO, a worldwide accounting and finance industry community. “The first is understanding what data analytics is. That understanding is still not always there, and it's frustrating when we have this great box of tricks available to us, but we're not trying to shift our teams toward it. And with the financial implications of ESG becoming a reality, we can't ignore connecting finance team to wider business data anymore.”

The second problem involves a comprehension of how to properly use the data available. “It's not just an understanding of the process that's lacking but an awareness of the best use cases, what other people in the industry are doing, the difference between data visualization and data analytics,” Argent said. “The biggest challenge

for financial leaders is taking that first step of thinking like an analyst and being more aware of what's out there. People should be engaging with these opportunities and seeing it as a priority within their role and their career.”

Used to its full advantage, good data does more than facilitate in-the-moment business decisions. Proper modernization techniques for financial analytics also free up valuable time for employees and leaders to focus on other important things. By 2023, augmented data management will reduce the reliance on finance analysts for repetitive and routine data management tasks, allowing 20% more of their time for collaboration, training and high-value analytics tasks.<sup>1</sup>

**This report examines the modern landscape of financial analytics techniques, with an eye to what leaders in the financial world should pay close attention to help their businesses thrive.**



## THE ANALYTICS EDGE

# What's happening in the world of finance analytics

Organizations that embrace advanced data technologies and use them to execute on smarter business strategies will be ahead of the game. In fact, 95% of enterprise software vendors in a recent market report said they believed data analytics and business intelligence were must-haves for their business, while more than half of the respondents said the two were critical for their businesses.<sup>2</sup>

“In my experience, strategy work is one of the most difficult things because you’re dealing with future development of technology and the market, customer reactions to product introductions, future competition, client behavior, these are the most difficult things for a finance person to lead on,” said Jesse J. Greene, executive in residence at the Columbia Business School. “Assuming I’ve got myself up to speed, minimized my use of spreadsheets, have the good data coming on

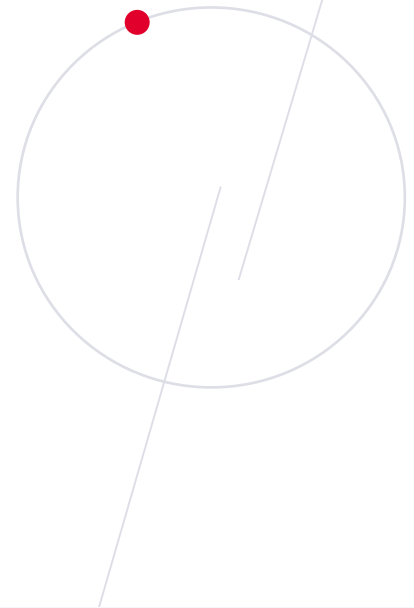
the operational side and understand how the business is performing, you then need forward-looking analysis, and to use your existing data, plus market data, to develop proper strategy and support that, and that’s the more difficult task.”

Luckily, the world of data analytics is evolving quickly. Advances in the world of cloud computing, for example, have had a big effect on how data analytics are carried out and delivered to customers. The use of on-demand, data-driven services that make use of cloud computing — or some form of a hybrid system that involves both cloud-based and proprietary containment of data — has made it easier than ever for companies to pull in data from multiple sources and gain access to the analytical analysis they need to promote in-the-moment business decisions, without the need for costly, on-site tools.<sup>3</sup>

“Going back a few decades, people collected data and ran reports once a month,” Greene said. “Then it was once a week; now it’s daily. And more complete data is available with more details and better dashboards.”

Making the most of these technologies includes taking advantage of an end-to-end data and analytics cloud platform to build an analytics data pipeline that transforms raw data into trusted, governed, actionable data and that compels action in the business moment. Some of the basic functions that customers can expect from a modern cloud-based analytics platform include:

- Curated and interactive dashboards that funnel information from multiple sources.
- Intuitive and conversational user forums that make it easy for everyone to follow and interact.
- Real-time alerts that offer the data necessary to execute on actionable business decisions in the moment.
- Well-governed and analytics-ready data catalogs with origin and journey information included.



## Use case:

Investment company Vanguard wanted to leverage AWS for building new applications and analytic solutions with efficient and real-time access to data from its large mainframe systems. The Qlik Replicate system now handles Vanguard’s \$5.6 trillion in assets for more than 30 million investors. The result was Vanguard’s adoption of the cloud data platform increasing by 200% year-on-year, and computer costs reducing by 30%.<sup>4</sup>

Smart CFOs will also stay ahead of the curve regarding advances in artificial intelligence, and the useful business applications that come from those technologies. “I think we’re only in the early stages here, and it’s important to put a staff in place now that can deal with it,” Greene said. “It’s not about taking any financial analyst and saying figure it out — you have to hire people who have the knowledge to work with this kind of technology. I know a lot of companies have struggled inputting SAP. Once it’s in place, it’s a wonderful tool, but getting there is enormously difficult. I believe AI will have some of those same characteristics.”

## BEYOND THE SPREADSHEET

# Taking advantage of high-powered analytics to uncover hidden insights

There's a fundamental shift happening in business that started before the pandemic, but that has snowballed in its aftermath. Businesses are more global, more complex and more uncertain than ever before. Markets are more difficult to trade in, and customers may not behave the same way they did before the pandemic. There has been a lot of forced change.

According to one survey, 25% of respondents strongly agree and an additional 30.6% agree that the COVID-19 pandemic has permanently changed how companies should think about business strategy.<sup>5</sup>

These factors combine to make the need for information critical, including more and different types of information relayed at quicker speeds. "For an accountant or finance leader, this shift in business translates into a step change in providing the right information to the right people in your business so that they can go forward and make the right decisions and course-adjust if things aren't going according to plan," Argent said. "It's no longer about 'the plan'; it's about enabling business, and a combination of analytics and data is a powerful capability if you are trying to support making the right business decision quickly."

According to a survey from Deloitte, 49% of respondents said that analytics helped them make better decisions, and 16% said it better enabled key strategic initiatives.<sup>6</sup> Some of the key ways that analytics can do this is by uncovering information like:<sup>7</sup>

- Hidden patterns in sales
- Market trends
- Customer preference
- Correlations in data

For businesses to thrive in today's landscape, finance teams must have access to accurate and actionable data in real time, as well as the ability to create or access easy-to-read reports from that data — and analytics holds the key.

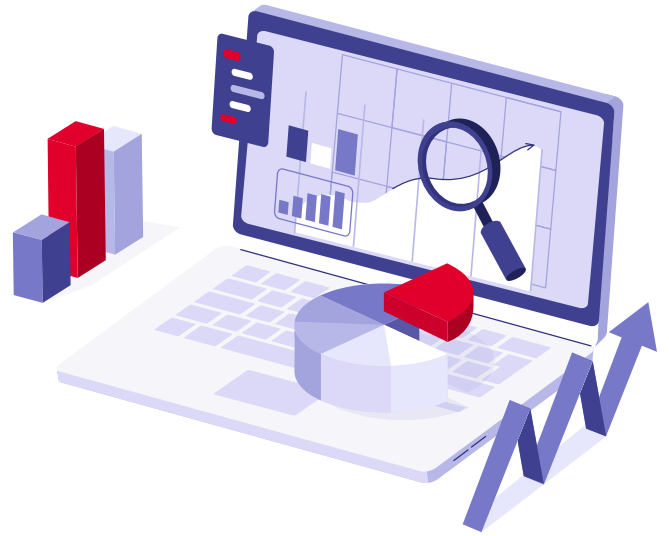




## ENDGAME

# Results that speak for themselves

By taking advantage of the most innovative technologies, financial leaders can save money and focus on growth. “The real-time nature of analytics must be married with the real-time nature of a specific decision,” Argent said. “It’s someone on the ground looking at in-the-moment data and making an operational decision something like, ‘Today, I need to have sold all this extra inventory, so I will monitor and progressively price drop to make sure that happens.’”

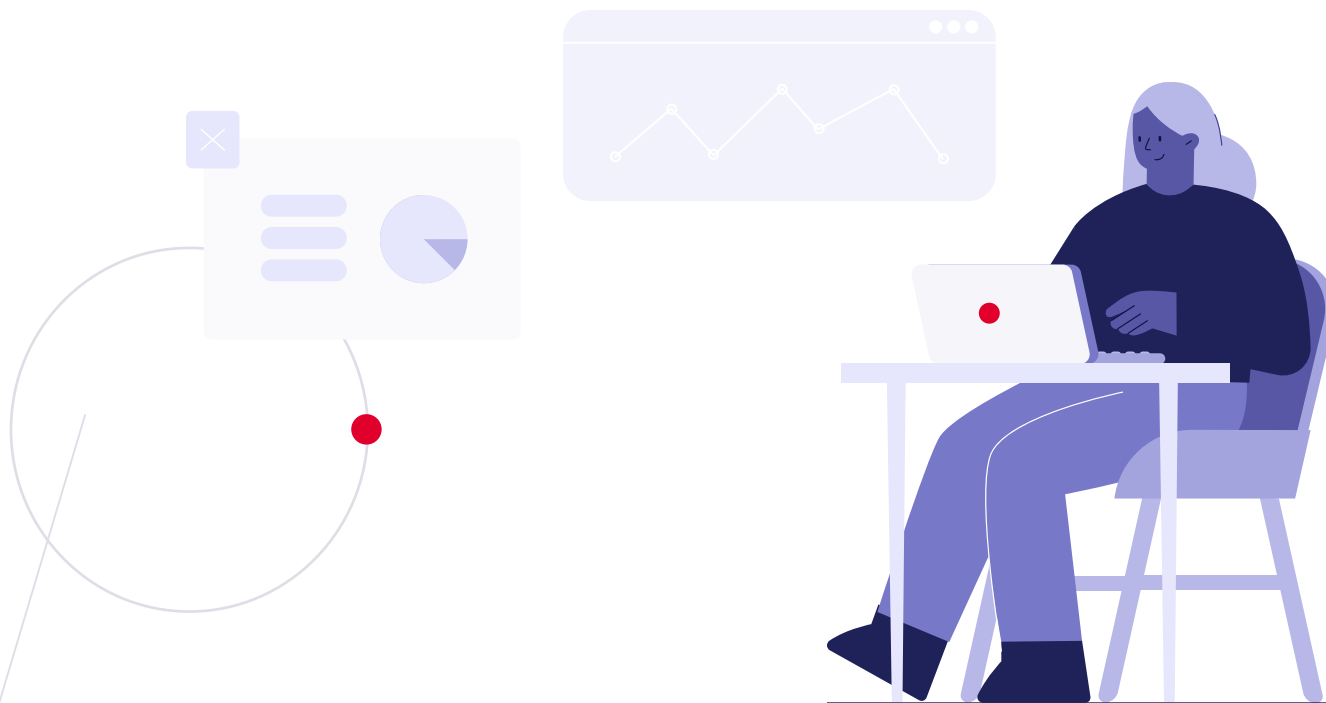


### Use case:

Vancouver International Airport is a prime example of how channeling data appropriately can provide swift results.<sup>8</sup> With a goal of becoming the trans-Pacific hub of choice for passengers traveling between Asia and the Americas, the company implemented data integration and analytics solutions with Qlik partner GINQO to use throughout the Vancouver airport. These programs provide immediate insights on intertwined subprocesses, such as security and baggage screening, to help improve overall efficiency. The result was a cut in the time to run a report from 33 hours to under one minute, a substantially reduced minimum connection time, and an overall data infrastructure shift that is positioned for growth and agility.

Internally speaking, companies that use data analytics to research the inner workings of their business will be better poised to make the necessary changes to facilitate positive change for employees. For example, when Argent and his team ran data analytics on a global telephone company that was seeing larger-than-normal spending in recruitment costs, they discovered that a large part of the excessive spending was due to high staff turnover within the call centers.

By running some behavioral analytics in those areas, they were able to better predict the point at which people were most unhappy in their jobs and were therefore more likely to leave. This allowed the company to intervene and, in many cases, solve the problem before they lost out on valuable talent. It's managing costs, but not as we do now.



## SMART MOVES

# How CFOs invest in their data and analytics approaches

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Data and analytics have been a fundamental aspect of business for years, Greene said, but the rate with which things develop these days is the difference. “This has always been a key part of the driver of business, but today, things are moving faster, the tools that are available are more complete and deeper, they provide more ability,” he said. “With the right people on board, and the right-thinking CFO, companies can do better work with more current data, and they can make more educated projections about the future.”

According to one survey, 71% of respondents characterized high-quality data as a top priority, but just 15% said they provided their line managers with the data needed to do their jobs.<sup>9</sup>

**To collect the right data that facilitates the right moves for your business, financial leaders should keep the following in mind:**

## Investment in the proper technology

The value of high-quality data should be considered from several angles. This includes how it's gathered, stored and interpreted. Smart CFOs looking to get the most out of their financial data will seek investments in technology that allows them to:

- Funnel information into one easily accessible database.
- Create real-time visibility and predictive insights.
- Establish alerts and automation that compel action.

## Investment in the right workforce

With those top-level goals in mind, financial leaders should then focus on creating a workforce that makes the most of the information provided. "Financial leaders also need to invest in building a data asset and a real capability, not just on a specific tool or third-party talent," said Argent. "You can't just buy the tool and hope for the best, you have to understand what you're trying to build, what talent and skills are required long term. The great thing about being in finance is that these people are usually already in that analyst mold and headspace. They're analysts at heart and have a lot of the skills necessary to be transferred into this new technology space.

## Investment in security

Data collection is more nuanced than just providing analytics, and customers are increasingly taking note of how theirs is collected and stored. For example, 86% of the general population said that data privacy was a growing concern for them, and an additional 68% was concerned about the level of data being collected by businesses.

Perhaps this all makes sense, given that 62% of business leaders said their companies should do more to strengthen existing data protection measures, and 33% said consumers should be concerned about how their personal data is being used by their company.<sup>10</sup>

"A CFO's role in the security space is more risk manager than an operator, whether that's investing in the technology which supports cybersecurity as a priority or understanding your information risk or your data information policies," said Argent.

A good CFO looks for products that not only collect data but also handle, store and execute on it in the right way, with an eye toward making sure that the data is secure throughout the entire process.

# Conclusion

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The key to successful analytics is combining financial information with other essential details, such as market and sales, all of which needs to be gathered in an immediate way and funneled into a single source of truth that allows for immediate action. CFOs are slowly starting to understand this shift in business strategy, and by 2023, 60% of organizations will compost components from three or more analytics solutions to build decision-oriented applications infused with analytics that connect insights to actions.<sup>11</sup>

Luckily, the collection of data is no longer the issue. According to information from the International Data Corporation, the amount of data created and replicated experienced unusually high growth in 2020, and experts say they believe the amount of digital data created over the next five years will be greater than twice the amount of data created since the advent of digital storage.<sup>12</sup>

Given the volume of data and the growth of automation in the transactional processing field, the issue then becomes understanding how to get the most out of the data available and converting the proper analytics into action. “Financial leaders have got to start thinking more like innovators and partners to the business, and make use of ideas, and evolving technology. A tech savvy, digital-first leader, in any role, would make using the technology that’s out there a main priority,” said Argent.

When tackled from the right angle, unlocking the untapped potential of financial analytics can not only help CFOs make smart investments for future growth, but it can also be a positive experience that leads to a more efficient and capable workforce.

**The journey starts here.**

# Endnotes

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