How do you eat an elephant?

A business decision maker's guide to gaining corporate insight from your financial data.

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Introduction

Financial data is a corporate resource that should be explored and exploited to deliver commercial value. Yet growing numbers of organisations are struggling to even gain sight of critical information.

Financial data has fast become the heartland of the battle between IT and the business:

- IT departments are becoming ever more rigorous about imposing control over data access.

- Service Level Agreements are increasingly based on restricting the way key financial information is made available to staff, from the Chief Finance Officer to operations.

- IT struggles to safely release financial data in a way that delivers real business value – Business Intelligence (BI) projects fail too often.

Rather than constraining access to the raw data, how can IT and the business best exploit BI tools to turn that data into essential corporate insight?

Valuing Data

Organisations are increasingly data sensitive. But is that sensitivity to financial data misplaced? Just how valuable is one company's financial data to the nearest competitor?

- What information can a competitor glean from raw ERP data?

- How long would it take to unravel the complexities of business specific financial reporting?

- How much more information could be gained instead from the company's email system, white papers and presentations?

There are many ways the competition can get hold of information on corporate performance and strategic direction. In the time it would take to gain insight from raw ERP data, the business will have moved on.

Imposing excessive restrictions on access to financial data does not make business sense.

Understanding the IT Challenge

IT is understandably tasked with safeguarding corporate information. The onus is on IT to protect data; indeed despite the explosion in BI development in recent years, IT is under ever greater pressure to restrict access to information:

• Service Level Agreements are based on restricting access to ERP and financial data.

• Data is not allowed off site – users, from the CFO onwards, can never gain remote access.

• Users need special authorization to gain access to data.

Rather than operating as data gatekeepers, how can IT help to unlock the value of this essential source of business insight?

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Hype versus Value Equation

Why is it so hard for even a company's own staff to gain access to interpreted, analysed and insightful business information? Properly extracted and analyzed to create a robust information resource, this data is incredibly valuable to the business – from CFO to the Board and operations.

Yet according to research firm Gartner, fewer than 30% of business intelligence projects meet the objectives of the business*.

The BI providers are arguably more responsible for the shelf-ware than any other IT vendor. They have over sold and over hyped; but continued sales of BI, reporting and analytics tools are a clear indication of the huge demand for business insight.

Organizations want to understand business trends and to identify opportunities for reducing costs or improving performance. So why are so many organizations struggling to turn BI into business value?

*Gartner: Predicts 2012: Business Intelligence Still Subject to Nontechnical Challenges.

Defining Corporate Information Needs

In far too many businesses there is a lack of focus on operational requirements and the need to provide quick and easy access to essential financial and performance information.

- The business lacks the essential insight required to drive revenue and control costs.

- There is no way of reporting across multiple currencies.

- Compliance requirements, such as Sarbanes Oxley, actually constrain insight into an organization's accounts, preventing the company from spotting dodgy creative accounting or pure fraud.

Financial information requirements are not generic – every business will have a specific reporting need that reflects current operating status:


- Report sales across a common currency.

- Understand trends in merchandizing by item, line or geography.

- Deliver access to financial information to individuals from multiple locations

Understanding Reporting

To truly realise the value of financial data it is important to reconsider both how data is presented - typically in some form of prepared report - and how the reports are made available to the people that consume them.

Consider reporting as a pyramid:

- The traditional ERP or Financials type reports make up the base: they provide a mass of listed information, but no opportunity to attain any further detail or insight.

- With business intelligence (BI) reports users start at the top of the pyramid with a consolidated figure and then interactively drill down into more and more detail as required. Taking this approach, rather than only seeing basic sales figures, sales can be analysed by customer, region, category or product, for example.
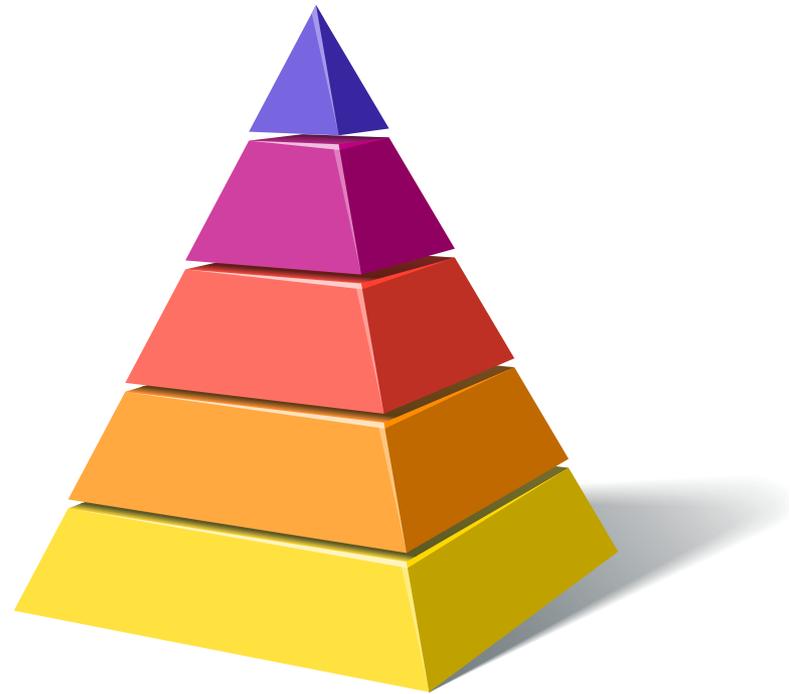
Realizing Information

This pyramid structure also changes the way reporting is developed. It is impossible to define and deliver all the reporting and data insight requirements at once. In fact, one of the main reasons for BI project failure is misguided attempts to answer all the business questions in one go.

To successfully deliver a BI project, IT needs to turn traditional development thinking on its head:

- Consider essential business questions rather than reporting needs.
- How are people are going to use business intelligence?
- Do people want historical information, or information in real time?
- Will people use business intelligence to collaborate?

And, critically, don't try to deliver everything up front.

Bite by Bite

Taking incremental steps and prioritising the key areas of business pain can transform the success of and attitudes to BI development.

- Limit the scope – making it too complex up front will result in a loss of focus.
- Set clear deliverables that reflect key areas of business pain.
- Create trust in the data and the quality of the intelligence delivered.

By focusing on the essential requirements up front, the business gains not only essential information but also confidence in the BI tool and process – and a growing willingness to commit to further development:

This approach de-risks the project and delivers immediate value. With real confidence in the value of information, it is easier to get sign off for investment in the next bite of the development.

Delivering Financial Insight

Taking this approach enables the reporting programme to reflect the needs of many different individuals across the business. With a base system in place, it's very easy to prototype a solution that reflects the needs and permission levels of each user group, enabling rapid expansion of business insight across the organization.

The vast majority of business reports can be achieved out of the box:

- The CFO operating almost wholly in Excel.
- The Board demanding an emailed dashboard and report pack.
- Operations requiring rapid access to pre-built reports via the intranet.

The more insight provided to the business, the more understanding the business will have of the directions it needs to take and the information required to support that decision making.

Creating a Culture for Information Value

According to Gartner, BI has been in the top 10 issues for CIOs for the past ten years. Information, especially financial information, is critical to business success. It is therefore essential to change the focus and enable IT to evolve beyond protecting this corporate resource to delivering real value.

There needs to be a new mind-set – not only within IT but across the entire organisation:

- Enable IT to open up access to information without fear of missing an SLA.

- Understand the value of bite-sized development that reflects business priority.

- Embed people within IT who understand requirements from an accounting perspective and can best articulate information needs.

Taking this incremental approach enables the business to unlock the value of financial and ERP data without compromising integrity or competitive position.

As the saying goes, "how do you eat an elephant?

One mouthful at a time."

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