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E-BOOK

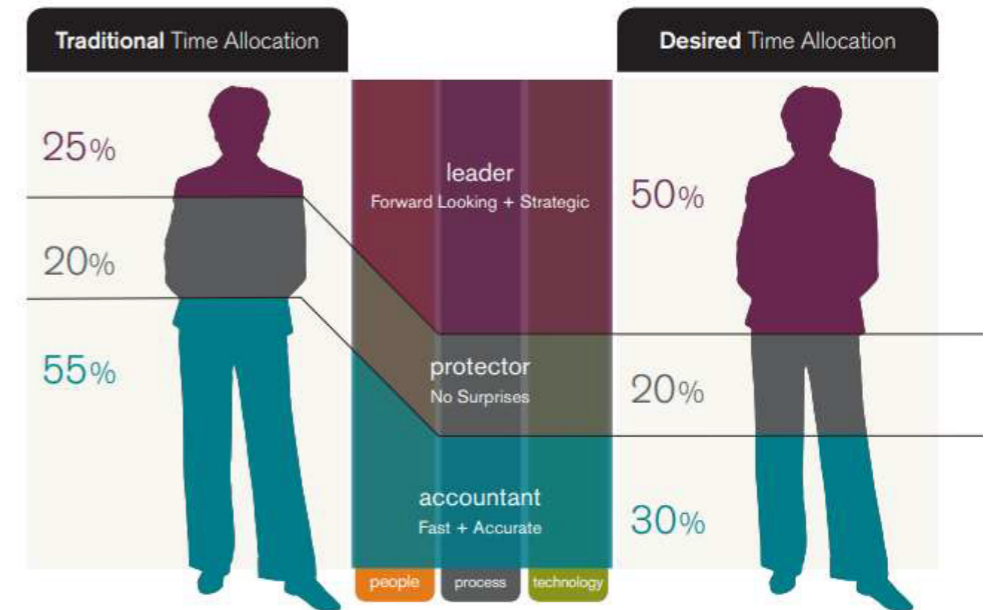# The Data-Driven Finance Leader

Contents

Preface:
Creating time to focus on growing the business

Finance leaders are starved for time.

In addition to ensuring that routine accounting tasks are done accurately, and that period-end reporting is completed on time, finance leaders are also expected to spend more time driving the business.

How much time are you able to spend focusing on business growth? According to the CFO Evolution Survey Report published by Armanino LLP, CFOs spend just 25% of their time focusing on strategic initiatives and business growth. Their goal, however, is to spend 50% of their time focusing on growth.

Traditional Time Allocation

25%

20%

55%

leader
Forward Looking + Strategic

protector
No Surprises

accountant
Fast + Accurate

people   process   technology

Desired Time Allocation

50%

20%

30%

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Data & Intuition:
The right balance for making better decisions

If you can create the time to be more strategic, you'll be able to be more involved in making important decisions. And these decisions are ones that can have a big impact and change the trajectory of your business

So how can a leader make a better decision? What does your intuition tell you? How useful is the data you have at your disposal? A data-driven finance leader needs the right balance of both intuition and data – they're bedfellows. Data tells you where to hunt and what questions to ask. Your intuition, based on your experience, helps you address the 'why' questions so you can start filling in the details underlying the data.

Being Data-Driven:
From Historian to Analyst to Strategist

The role of finance is evolving and is primarily about seeing into the future.

Financial Leadership 1.0: The Historian.
The traditional finance leader was a historian. This role would document the past with precision and accuracy and use this history to help predict the future.

But this style of leadership is like looking in the rear-view mirror when you're driving a car.
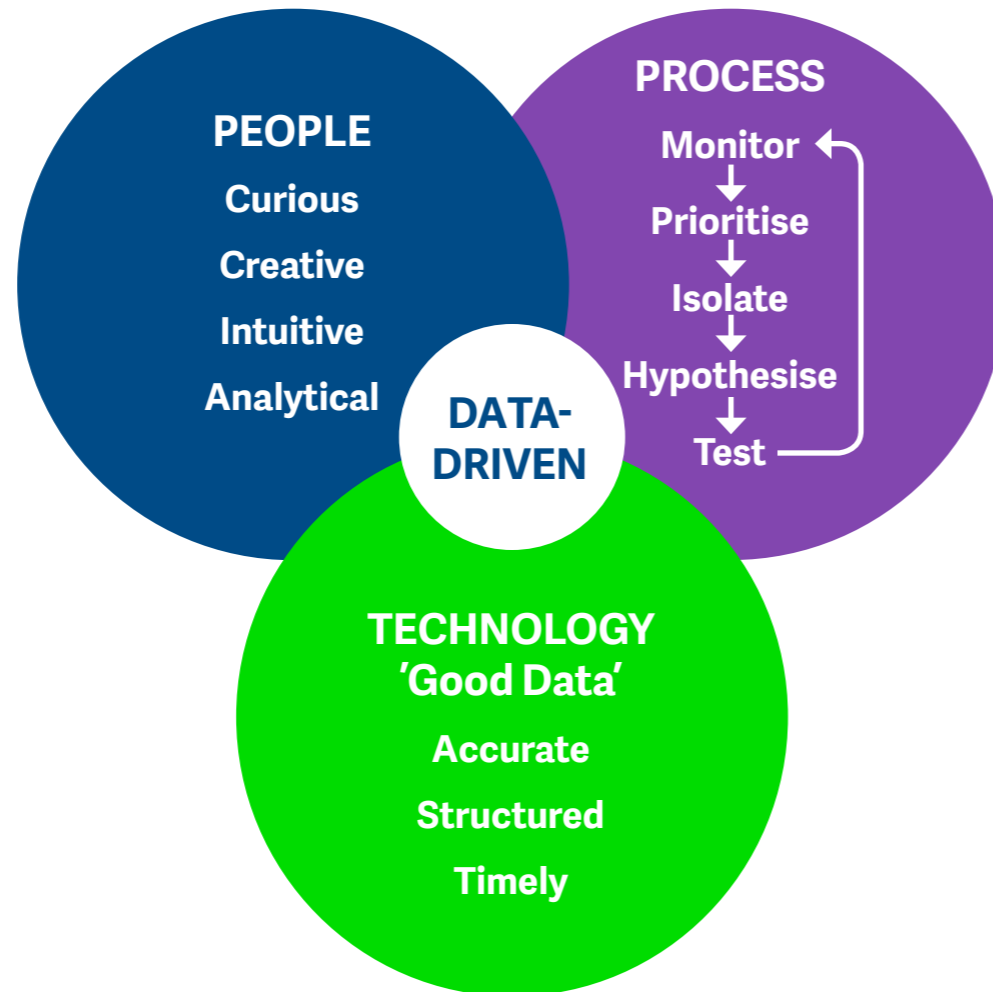
Financial Leadership 2.0: The Business Analyst
Today, everything is real-time. Leaders are doing more than just record-keeping and capturing history. They are leading the company's growth and strategy by leveraging data and analytics to drive transformation. With data, leaders can see the opportunities of the future as a business analyst.

Financial Leadership 3.0: The Data-Driven Strategist
Tomorrow's finance managers will be the data-driven strategists of the future. They will provide the organisation with empirical metrics to grow the business, using data or even artificial intelligence to predict what's going to happen.

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Becoming a data-driven strategist

PEOPLE

Curious

Creative

Intuitive

Analytical

DATA-DRIVEN

PROCESS

Monitor → Prioritise → Isolate → Hypothesise → Test

TECHNOLOGY
'Good Data'

Accurate

Structured

Timely

So how does your organisation become more data-driven?
It takes certain kinds of people, process and technology.

You want people who are curious. When you look at data, you want to understand. You also want people who are creative and can come up with good solutions.

The process should be iterative. First, monitor the business. You should be curious to understand variances between actual results and projections. Being analytical will help prioritise and isolate the issues so you can see see what is going on. Then, based on intuition, talk to other people to understand why. Then, hypothesise possible solutions, using creativity. Finally, test your solution and monitor the results.

Underlying people and process is technology. Not just having systems, but good data that is accurate, structured and timely. This data is the foundation of being data-driven.

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Technology: Three things your technology needs to have to be data-driven

When it comes to technology, there are three things finance leaders need to have to be data-driven:

- Automated financial operations
- Multi-dimensional analysis of key results
- Real-time data integration with other systems

Automation can help free up the time you need to be strategic, especially when removing manual processes that are inefficient and error-prone.

Examples of manual processes that eat up valuable time vary widely and include tasks such as compiling consolidated financials, using spreadsheets to calculate allocations, re-entering data from one system into another and approving transactions.
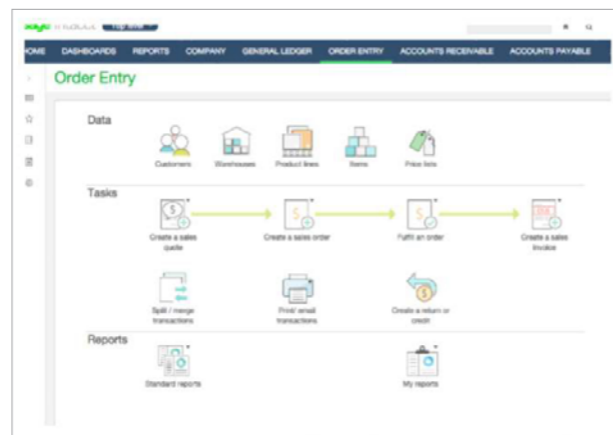
Make the GL the centre of gravity for your data strategy

Think "GLplus" to go beyond GAAP reporting.

For multi-dimensional analysis, you want to have a general ledger that understands both GAAP and non-GAAP information. Non-GAAP includes storing non-financial information into statistical accounts so that you can report on industry-specific metrics that are unique to your business; the GL plus your business metrics.

Non-GAAP information is usually external to your financial system, like bookings data from your CRM system. When external information exists in your financial system, the GL can function as the "one-source" centre of gravity for your data strategy.
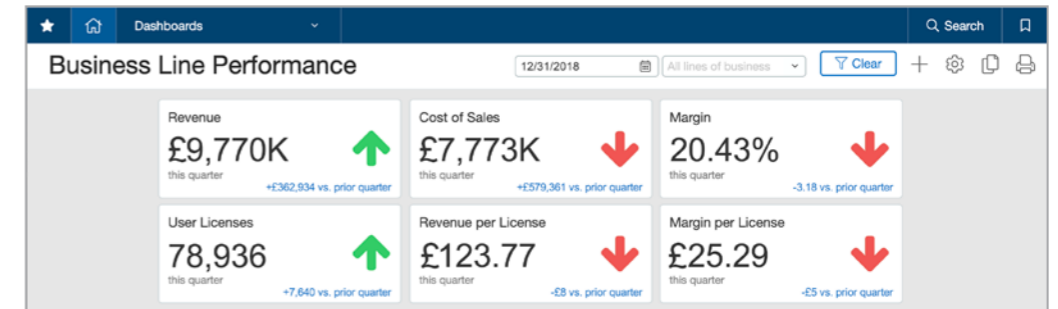
Twitterise your chart of accounts

Hashtags to Twitter are like dimensions to finance.

When it comes to hashtags, think about a popular phrase or word, and the millions of tweets mentioning it. If you were asked to analyse a subset of tweets that mentioned the phrase you have in mind, it would be unwieldy to comb through massive volumes of feeds. But with a dashboard, anyone can easily visualise all that volume in a summarised manner.

Your financial system should behave similarly. Find information by looking up the right set of dimensions that you're familiar with. Your chart of accounts should be able to categorise activity by customer, by vendor, by location, by department, and any other dimension that matters to your business. Your dashboard should present everything in one place.
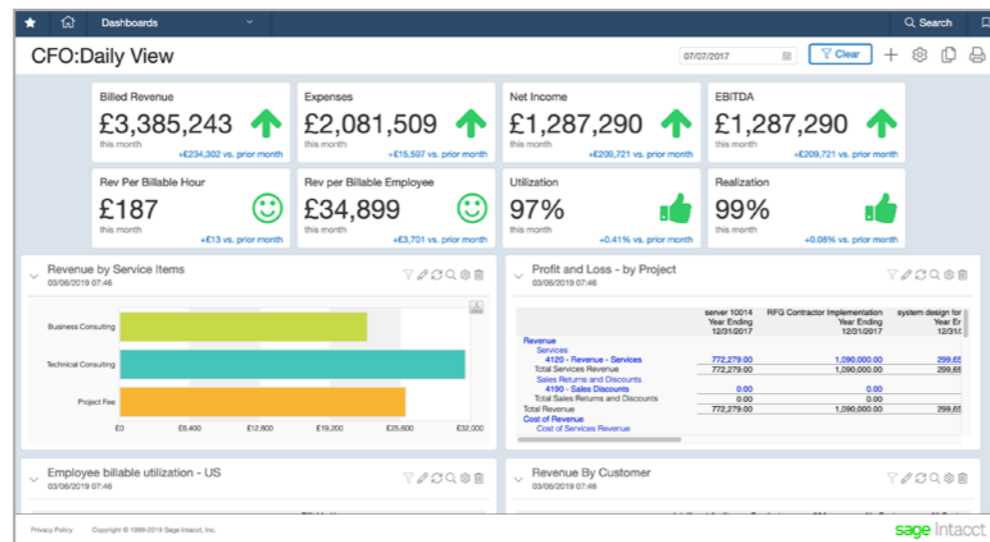
Leverage APIs to gain real-time insights

Go from batch to real-time data integration

From a technology perspective, data-driven finance leaders can synchronise data with other systems in real-time. If your business uses other mission-critical systems alongside your financial system, don't wait for the accounting departments to post entries after the transaction has occurred. Leverage APIs to automate data synchronisation in real-time from these other systems with your financial system.

Customer Stories

dataxu®
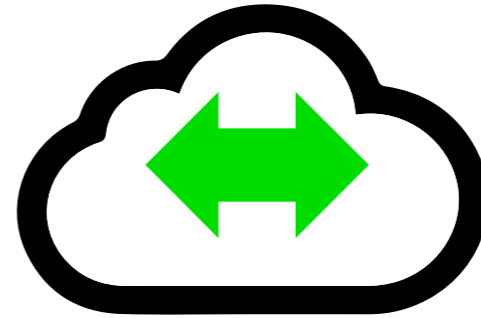
Before implementing Sage Intacct

When you're serving up advertising analytics to some of the world's great brands (think: Lexus, Sony, and 3M), a sophisticated financial foundation is non-negotiable. As it struggled with QuickBooks for usage-based billing and global consolidations, DataXu knew a change was imperative.

Customers were paying late because they wanted detailed breakouts of invoices – which took weeks to create in Excel –while DSO ballooned to 130 days.

With multiple entities in Europe, period closes – complete with complex consolidations and currency conversions – were taking 20 days using Excel.

After switching to Sage Intacct

DataXu streamlined and automated its usage-based billing, cutting cycle time to less than three days and giving customers clear visibility into their ad campaigns.

Sage Intacct also slashed DSO and freed up £40 million in working capital. A standard chart of accounts and automated multi-dimensional P&Ls shortened period closes to just eight days.

"With Sage Intacct, we can better understand and manage what's important to our business by tracking not just financial metrics, but also key business metrics."

Jim Harper
Controller, DataXu

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HALSTATT

Before implementing Sage Intacct

In financial services, there's no substitute for fast and detailed information. But Halstatt, a family-owned investment firm with £100 million in assets under management, was struggling to run its business on a pile of spreadsheets. Consolidations took 100 hours to complete each quarter.

The board book could take months to compile. And when fast-moving investment opportunities arose, Halstatt's evaluations and analyses were too slow for a timely response. Even accounts payable was a cost drain, with hundreds of monthly manual checks costing £36 each to issue.

After switching to Sage Intacct

Fulfilling its need for speed, Halstatt uses Sage Intacct to automate consolidations in minutes with a single click. Portfolio dashboards show the value of assets under management and the cash position available to invest.

Now, the finance team can evaluate any deal in the investment pipeline using real-time portfolio information. The company had the time and analysis to invest in three additional off-market deals that previously wouldn't have been possible when they were using Excel. Halstatt also automated its vendor payments, saving more than £150,000 annually in processing costs.
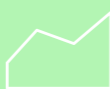
Conclusion:
Data-driven finance leaders deliver big results

Being data-driven takes certain kinds of people, process and technology.

You want to instil the right culture and allow for a process that can troubleshoot and isolate issues. At the same time, a system that can provide you with good data needs to be in place.

Data-driven finance leaders have also delivered big results. Using a best-in-class system like Sage Intacct has enabled finance leaders to free up time to be more strategic, and to make big decisions that had big impact to their organisations.

TACTICAL	STRATEGIC
60% Faster time-to-close	**£40M** Increase in cash flow
78% Faster customer reporting	**43%** Increase in customer base
Board book in minutes	**10%** Growth in new investments
Real-time access to financials	**20%** Increase in profit margin

"Sage Intacct makes our finance team smarter, faster, more accurate and we can confidently handle our projected growth rate of 30-40%."

Jay Huffman, CFO
Legacy Healthcare

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sage Intacct

Interested in learning more about Sage Intacct's accounting modules and how they can help you automate and streamline manual processes to achieve mission success?

Book a demo today and let our team show you how to take advantage of Financial Leadership 3.0 innovations

Book a demo ❯

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