



The Future of Analytics in the Finance Function

Global Survey 2020

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Dear Colleagues,

FSN's "Future of Analytics in the Finance Function" Survey 2020 provides a fascinating insight into the technology, people and process challenges of providing a dependable platform for insight and decision-making.

I would like to say a special thank you to everyone who took the time to contribute their views, helping us to frame the issues, concerns and trends that will define likely progress over the next five years.

Analytics is a core competency of the finance function, yet this research finds that 86% of all finance functions admit that it delivers very little insight. This startling finding is regardless of an organization's size and pertains in equal measure to each of the four core financial processes, namely; Record to Report (R2R); Planning, Budgeting and Forecasting (BPF), Quote to Cash (Q2C) and Purchase to Pay (P2P). Furthermore, only a third of finance functions say they spend the right amount of time on analytics.

Traditional financial statement-based analytics tied to the month-end reporting cycle dominates analytical effort, but the crucial potential of operational processes such as Q2C and P2P is unrecognized and under-exploited. These processes are seen merely as transaction systems, but if the modern finance function is to fulfill its analytical potential then it is perhaps time to call change and start to view them as fully-fledged information systems that can support broader insight and decision-making.

More than half of all organizations participating in the survey did not have an information systems strategy. This is of course markedly at odds with the rampant changes all around us. The survey strongly signals the possibility that many finance functions will get left behind, by market forces and strong competition if they cannot fulfill their information needs.

We hope that you find the survey's findings set out in this document thought-provoking and interesting. But above all we hope that the contents of this report together with FSN's 2020 "Innovation Showcase" to be released later this year, will inspire you to explore and discuss the future of analytics in your own organization with your colleagues.

Regards,

Gary Simon

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CEO FSN & Leader of the Modern Finance Forum

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Executive Summary

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Digital technology has changed the corporate landscape irrevocably and there are no signs that the pace of change is abating. Every aspect of business, every transaction, interaction and iteration is recorded, building up a store of data that continues to grow exponentially. Within these vast troves of information are patterns and trends that can shed light on customer behavior, business processes and system effectiveness, but only if they are effectively extracted using data analytics. The companies doing it right are able to formulate relevant questions, model scenarios and discover insights that are used in decision-making to build a competitive advantage. But right now, very few are achieving this analytic panacea.

Analytics missing the mark

Most companies are using analytics in some form or another. It's imperative these days, even if just to provide basic budgets and forecasts at the year end. But they're not extracting the true value out of their data. Some companies do nothing more than produce cyclical reports, which is just enough to enable a business to operate but is powerless against competitors with more insight, agility and strategic direction. Others undertake ad hoc analysis reactively when the need arises to generate insight and help decision-making, and a few use visualization tools and business intelligence, but only within their siloed departments. This leaves only 14% who drive their data insights to the uppermost level and use them to steal a march on their analytics-inhibited competitors.

The point about effective data analysis is to enable the business to thrive, but many companies are still only using analysis for basic decision-support. To progress to the next level of analytic maturity, companies must be able to share and enrich the effectiveness of their strategy with visualization techniques to present their analysis across the company. With everyone on board, analytics can become predictive, providing more forward-looking analysis when needed. But a truly insightful company will be able to analyze their data in real time, across all their business processes.

Across the four key financial processes (quote to cash (Q2C), purchase to pay (P2P), record to report (R2R) and budgeting, planning and forecasting (BPF)), only between 16% and 18% of companies are at the pinnacle of insightful analytic maturity.

It's data that is holding most organizations back. They're either overloaded with data, constrained by access to data or constrained by the technology designed to analyse the data. In a sign of worsening conditions, only 12% (19% 2018) of companies are data masters who actively manage their data as a corporate asset and have the tools and resources needed to provide competitive edge and insight.

Ignoring transaction systems

Even as companies try to bolster their analytics output, they're missing a valuable source of data. While budgeting, planning and forecasting is a recognized source of analytics, and record to report is equally mined for insight, purchase to pay and quote to cash are still being viewed as transaction processes and their data ignored. Organizations are missing the rich insight that can be gleaned about customer behavior from the Q2C systems as well as all the supplier data from their P2P systems which could identify savings and efficiencies. All four finance processes must be recognised as valuable data stores, and mined both within and across the systems to generate real insight.

The potential value that is being overlooked in P2P and Q2C is clear from the report. Companies that already use specialist tools for these processes, either within their core systems or as standalone best of breed applications, were far more likely to rate their analytics as insightful, and were more likely to be masters of their own data. Yet, the market penetration of these systems is stubbornly low. Only 15% of organizations have dedicated P2P systems, 17% use a customer relationship management system to deal with their Q2C process, a mere 12% have consolidation systems for record to report, and 20% have budgeting, planning and forecasting systems.

There doesn't appear to be much imperative to change either. More than a third of companies have no plans to implement P2P or Q2C tools in the near future, despite these key processes already lagging behind BPF and R2R in current investment.

We consider that it's time for CFOs to recognize the value hidden in transactional systems and elevate them to information systems integrated with CPM, planning, budgeting and forecasting.

Information systems strategy forgotten

The proliferation of new technologies has companies scrambling to keep up in competitive market, but some have lost sight of what information they need to drive the business. An IT strategy focused on technology and processes will only go so far. To succeed and thrive companies need a holistic information strategy, but many are far from achieving this.

More than half are not able to regularly add new sources of data to enrich business understanding, and less than half can make widespread use of non-financial data. Both of these are essential parts of an information strategy and will leave companies in a very vulnerable position if they are lacking in new and non-financial data. Worryingly, just under 50% of organizations don't have ready access to at least five years of comparative financial data. Which means even if they run analyses, it will be the poorer for its lack of depth.

Finance itself is falling behind. Almost half of companies struggle to respond to ad hoc requests for analysis, two-thirds can't analyze their data fast enough to compete properly in their market, and 40% are overwhelmed by the sheer volume and variety of data. It's a poor indictment of the finance function at a time when its invigorated reputation is supposed to be bringing finance to the strategy table.

Despite such poor analytical capabilities, senior finance professionals are still thinking big. They want artificial intelligence and machine learning in their analytic tools. And they are also keen to utilize data visualization tools, which is encouraging. But at the bottom of their wish list is easy connectivity to multiple data sources, which is actually an essential building block of any effective analytic system.

Counting heads

While finance is figuring out how to raise the analytic bar, they are coming up against another stumbling block. After years of growth, finance headcount has finally ground to a halt, with the same number of employees leaving as being hired. Previous research has shown how debilitating a lack of talent can be, especially when the requirements of finance are changing so dramatically. And this lack of talent is inevitably having an effect on the effective deployment of new technology, which is why this survey points to a significant increase in technology constrained companies.

And if companies do find the resources to hire analysts, there is still some debate about where they should be deployed within the organization. That's a good problem to have though, because it means the right people are at least within the business.

Organizations need analytics now more than ever. In this hyper competitive market where customers have access to every competitor and can readily vote with their feet, only those businesses that give them what they need, when they need it, will succeed. And to do that companies need insight – meaningful, considered, verified and effective insight.

OneStream Response

OneStream Software is proud to sponsor the 2020 Future of Finance Analytics global survey. The findings and results of the survey are consistent with what we are seeing in the market. Many mid-sized to large enterprises struggle to achieve efficiency and agility in their Record to Report (R2R) and Planning, Budgeting and Forecasting (BPF) processes. This is often due to reliance on spreadsheets and manual processes, or fragmented legacy Corporate Performance Management (CPM) applications that the company has outgrown or that have become too cumbersome to manage.

Forward-thinking organizations are improving their analytical insights by unifying their formerly fragmented R2R and BPF processes to create a single version of the truth for actual financial results, budgets, and forecasts. Some have gone further and are integrating operational data from CRM, HCM, ERP and other sources with their financial data in order to gain more actionable insights into their business. This often starts with creating periodic views into revenue and profitability by customers, products, locations, channels and other dimensions of their business.

Leading edge organizations are taking the next step, integrating transactional data from Quote to Cash (Q2C) and Procure to Pay (P2P) processes and systems into their analytic platform on a more frequent basis, such as weekly or daily. Accessing this type of telemetry from operational systems, and aligning it with financial data, provides these organizations with “right-time” views into key trends and signals that inform decision-making that can impact future results.

Supporting efficient and unified R2R and BPF processes, that can be extended with operational data requires the right analytical infrastructure, as well as the right talent available. In fast-changing industries, and especially in today's volatile global economy, having information systems that provide insightful and actionable analytics are no longer an option but are critical to surviving and thriving over the long-term.



Chapter 1

Analytic Effort Missing the Mark

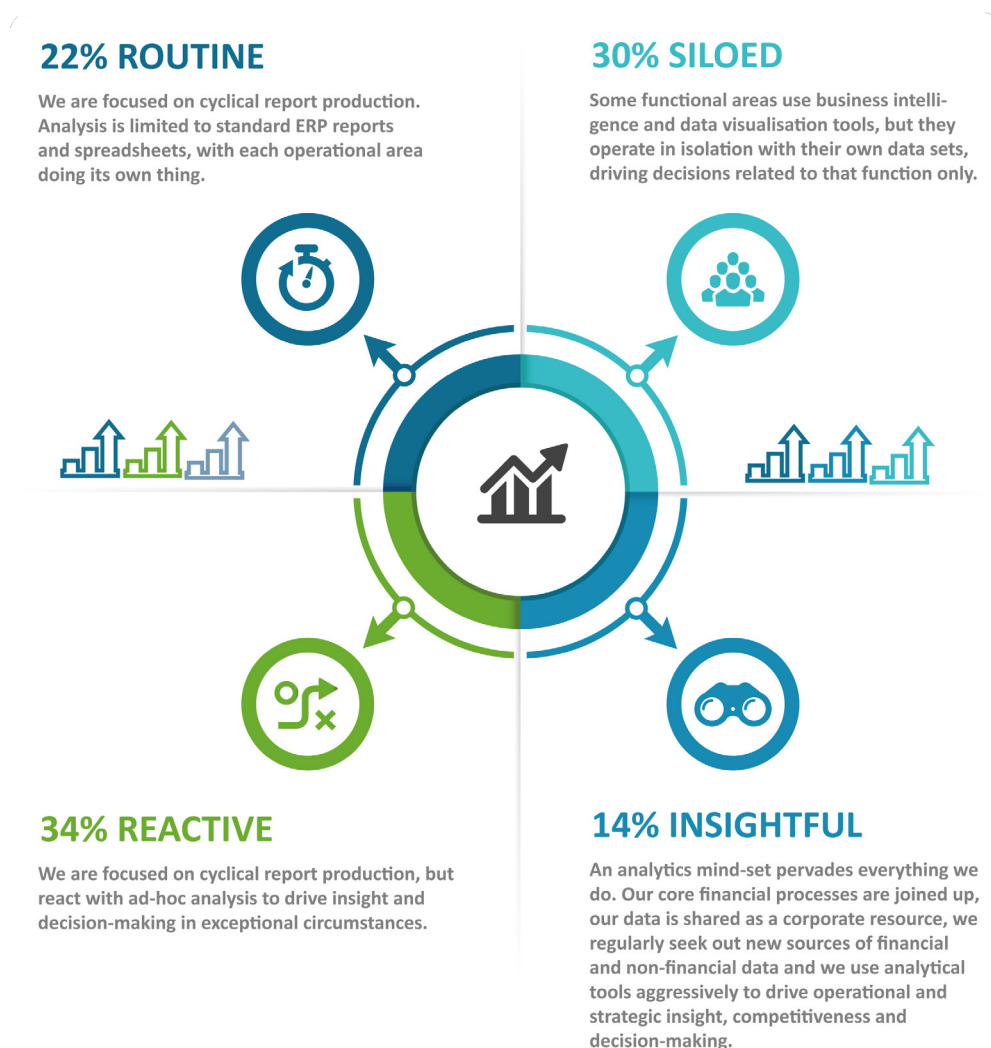
Analytic effort missing the mark

The use of data analytics has become a vital tool in a highly competitive corporate landscape. Digital processes are generating vast swathes of information, and this means smart analysis of the data can produce important insights which in turn translate into a competitive advantage. The market is awash with analytic systems, either in standalone applications or in many cases embedded in larger business systems like ERP or CPM. But while the opportunity for effective analytics is there, most companies are missing the mark.

According to the Future of Financial Analytics survey, 86% of analytic efforts miss the mark.

According to the Future of Financial Analytics, (fig. 1), only 14% of analytic effort is insightful, i.e. that an analytics mind set pervades everything an organization does. Its core financial processes are joined up, data is shared as a corporate resource and the company regularly seeks out new sources of financial or non-financial data to add depth to its insight. Analytical tools are used aggressively to drive operational and strategic insight, competitiveness and decision-making.

Figure 1: 86% of analytic effort misses the mark:



Meanwhile the remaining 86% characterize their analytic capabilities as below par. Just over a fifth of companies (22%) are focused only on cyclical report production. These companies limit their analysis to standard ERP reports and spreadsheets generated by each operational area in isolation. They undertake only the most routine analytics, miss opportunities to develop insights and fail to make a real difference to the business.

A further 35% also focus on the cyclical report production but exceptionally, produce ad hoc analysis to drive insight and decision making. These companies are reactive to circumstances but fail to take more proactive steps which could give them a sustained competitive advantage.

The remaining 30% limit the use of business intelligence and data visualization tools to within their own functional areas. These tools and insights are generated from departmental datasets, and drive decisions principally related to that function. This provides only a narrow, siloed view of the business which is not holistic. Nor is it shared with other functions so there is little benefit to the whole organization.

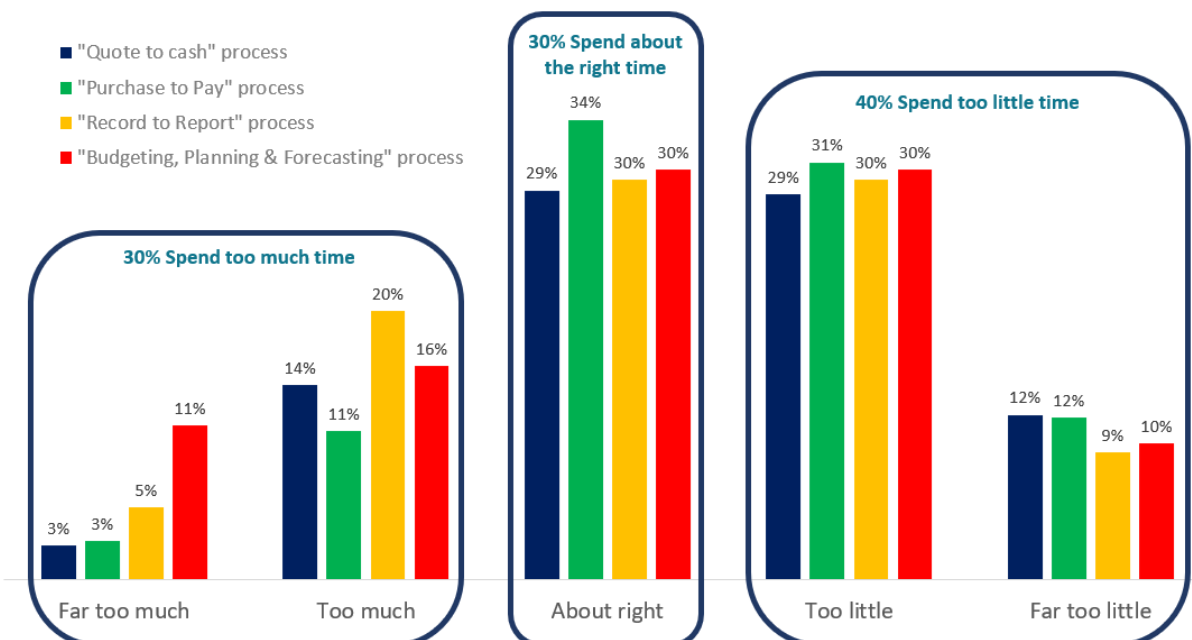
The size of company affects the characteristics of its analytics. Small companies (less than 500 employees) are primarily focused on cyclical report production with a little bit of ad hoc analysis, while medium (between 501 and 3,500 employees) and large companies (3,500 employees plus) have a tendency to adopt a siloed approach. There is however an increased likelihood that larger companies will be generating insightful analytics compared to smaller organizations.

The time isn't right

If companies are to build their analytic competencies, they need to focus their time and effort on the four key financial processes within which the core data resides, namely quote to cash (Q2C), purchase to pay (P2P), record to report (R2R) and budgeting, planning and forecasting (BPF). Yet, most companies are dissatisfied with the amount of time they spend analyzing these processes.

On average around 40% of companies spend too little or far too little time on financial analysis, (fig. 2), 30% feel they spend too much time on analyzing these processes, and just 30% believe they spend the right amount of time analyzing the financial data in their core systems.

Figure 2: How much time is devoted to each process?



Analytic maturity

Drawing insight from financial process data has its own maturity scale. At the most basic end is decision support, where analytics leads to better operational and strategic decision-making. Organizations would struggle to compete without this basic analytic capability, looking for patterns of behavior or outcomes that inform their next decision.

On average around 40% of companies spend too little or far too little time on financial analysis

Once the basics of analytics are embedded into financial systems, companies need visualization techniques to present this analysis across the business and draw others into the debate. FSN's Future of Planning, Budgeting and Forecasting survey 2018 showed that visualization tools were a key factor in the ability to forecast accurately. Cutting edge visual techniques, charting and graphs allow the analysis to be shared and utilized in an accessible and effective way, especially with non-financial users.

Using data visualization tools can help companies graduate to the next level of analytic maturity to use their analysis predictively to anticipate future outcomes. Depending on the depth and breadth of the financial and non-financial data used, these predictions can provide a substantial competitive advantage.

Only between 16% and 18% of companies generating real time insight across any of the four key processes

The final stage of analytic maturity is the ability to provide real time insight across the process and the business. These organizations have the dynamism to adapt to changes in the market or changing customer demands, because they have the information at their fingertips, can run scenario analyses at any time, and use this wealth of insight to make smart strategic decisions.

But this level of analytic maturity is still rare. Insightfulness is universally weak across each of the core processes, with only between 16% and 18% of companies generating real time insight across any of the four key processes.

Budgeting planning and forecasting is the most mature with 36% of companies able to support predictive analytics, 28% visual analytics, 16% insightful analytics and 45% providing the basic decision support. Certainly, this corner of the finance function is the one most closely associated with and invested in analytical capabilities. However, despite the obvious investment in this process, the analytics are not considered any more insightful than those generated by Record to Report, Purchase to Pay or Quote to Cash. Even though its where most of the analytic firepower is being focused, the outcome for BPF is no more insightful than the other core finance processes.

Onwards and upwards

Considering how important visualization is to forecasting and insight generation, it is concerning that only a third of companies use it currently

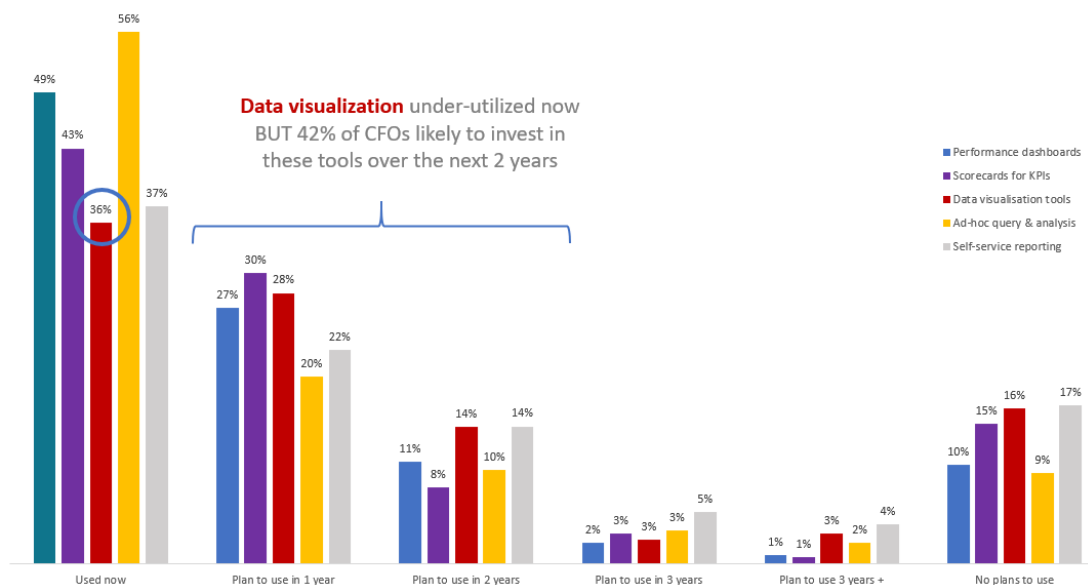
While the analytic capabilities of most organizations is lacking in some or many areas, many companies claim to have plans in place to invest in raising their capability.

Looking at current and future investment plans for analytic capabilities, ad hoc query and analysis tools are used by 56% of organization, 49% use performance dashboards, 43% use KP scorecards, and around 36% use self-service reporting and data visualization tools, (fig. 3).

Considering how important visualization is to forecasting and insight generation, it is concerning that only a third of companies use it currently . However, looking ahead, 45% of companies that do not currently use it, plan to implement data visualization techniques in the next three years. Meanwhile about 40% of companies will be adding performance dashboards and KPI scorecards to their analytic toolbox over the next three years.

It is becoming patently clear that organizations cannot compete effectively unless they use analytics to underpin their insight and improve their agility in a crowded market.

Figure 3: What analytic capabilities are available now, or when will you have them?



How well does your data support the analytics you need?

Analyzing data effectively depends on being able to get hold of the necessary information, ensure it is in a conducive format, and have the right analytical tools (and skills) to be able to exploit it fully. Many organizations fall at one or more of these hurdles. 20% of companies are data overloaded, (fig. 4), with too many conflicting data sources and poor data governance. 28% feel data constrained, which means they struggle to get hold of the data needed to drive insight and decision making.

But 40% are now technology constrained and do not have the analytical tools to fully exploit the data they have. Worryingly, this is a 6% increase on 2018 when 34% of companies reported that they were technology constrained.

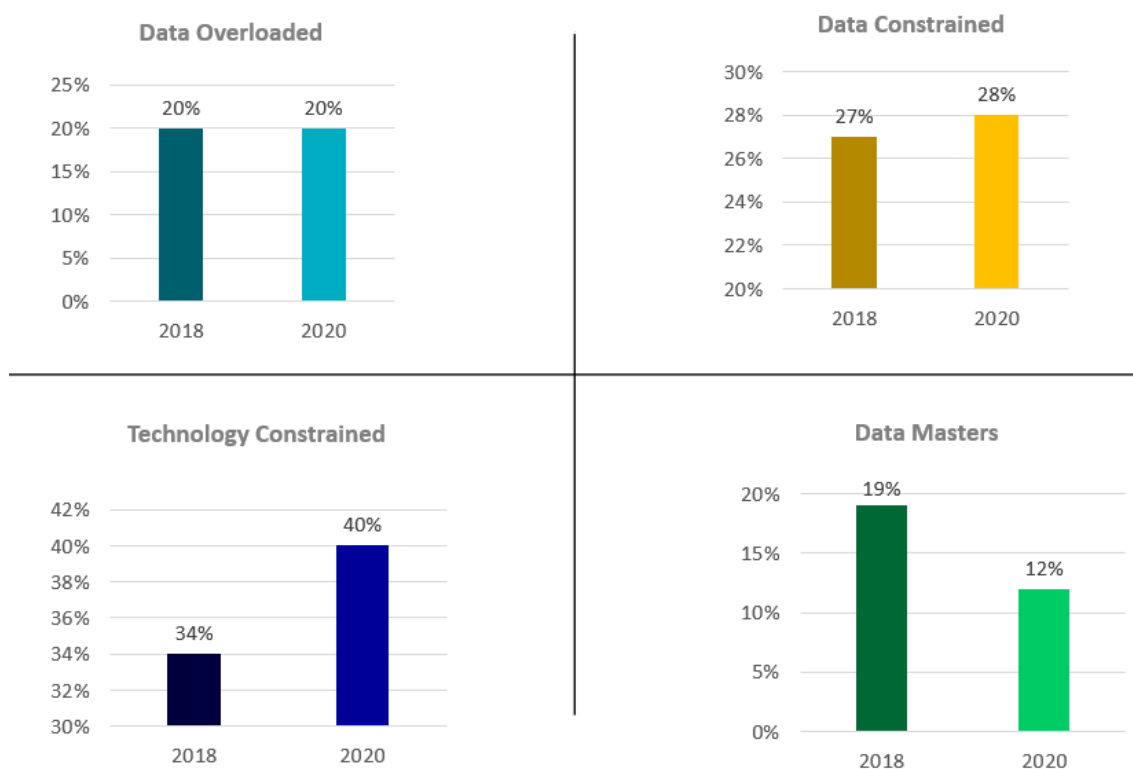
The number of data masters, who actively manage their data as a corporate asset and have the tools and resources needed to provide competitive edge and insight, have also shrunk from 19% in 2018 to just 12% today. It seems organizations are getting worse, not better, at managing their data effectively.

And while each financial process has its own constraints, data mastery is at its lowest in the vital area of financial reporting – the record to report process. And the R2R and BPF processes are the most technology constrained which is possibly why there is a sudden realization that investment in data visualization tools is needed within these areas.

Meanwhile the quote to cash process is more data constrained, which could indicate that companies are generating a lot of customer information, but it is being held in disparate systems that are difficult to manage.

Organizations need well-managed data and the right technology to bring about effective analytic insight, and right now our report findings show that very few have these capabilities.

Figure 4: Organizations are finding themselves increasingly Technology Constrained



OneStream Response

Finance transformation is all about moving the Finance organization from its historic focus on transaction processing and backwards-looking financial reporting to more forward-looking planning, forecasting and value-added analysis. As organizations evaluate new software solutions that can help them streamline and simplify R2R and BPF processes it's important to focus on factors such as ease of use, ability to meet evolving business requirements, as well as the scalability and performance to meet future growth.

But with an eye towards gaining improved analytic capabilities, organizations should also ensure the products and vendors they are selecting include built-in reporting and analytics capabilities. This should include Excel integration, the flexibility to generate a wide range of financial and management reports, as well as support for dashboards, visualizations, and the ability to seamlessly manage and analyze larger volumes of detailed operational data.

CASE STUDY 1:

Damen Shipyards Unifies Reporting, Forecasting and Analytics

Damen Shipyards is a multinational shipbuilding group, with more than 12,000 employees and a presence in over 100 countries. With a global focus, Damen delivers more than 175 vessels annually to customers worldwide. A unique differentiator about Damen is that the company produces and keeps ships in stock. But as a result, they have strict agreements regarding the quantity of ships they can build and keep at any given time. Therefore, it is essential that Damen has insights into each location to stay compliant with these standards.

Damen was in the process of rolling-out a global IFS ERP system when the finance team realized they needed a better way to oversee the organization. “We recognized that we needed another system on top of our global ERP system to bring all data together and gives the flexibility to oversee data from recently acquired companies,” said Jurriaan Koekebacker, Group Controller at Damen. “We were using SAP BPC for financial consolidation, but the system was ultimately being held together by Excel spreadsheets.” This left the finance team with a disjointed mess of data to manage.

Damen Shipyards selected OneStream Software and implemented the platform initially to streamline financial consolidation and reporting by automating processes between operating companies and the holding company.

In the second phase, Damen went live with project management and a 24-month rolling forecast scenario. OneStream is set up to manage actuals reporting with equity pickup, as well as comparisons of weekly vs. monthly cashflow. Plus, project performance management reporting and forecasting keeps Damen aligned regarding which entities are working on a ship at any given time, and all related intercompany activity.

Damen’s updated forecast process drives balance sheet and profit & loss data and extends the platform further for layered scenario planning for M&A and investments and a group-wide KPI framework.

With OneStream, Damen Shipyards has increased the level of maturity of their finance function by unifying consolidation and forecasting. In addition, Damen increased its finance agility and transparency via integrated statutory and project-based reporting using OneStream’s unique data blending function. OneStream blends validated financial data, highly dimensional operational data and detailed transactional data together for comprehensive and controlled visualization. OneStream’s Extensible Dimensionality® also enables Damen to integrate actual, forecasting and tax reporting processes within one platform.

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Chapter 2

Blinkers On – P2P and Q2C Seen as Transaction Systems Not Information Systems

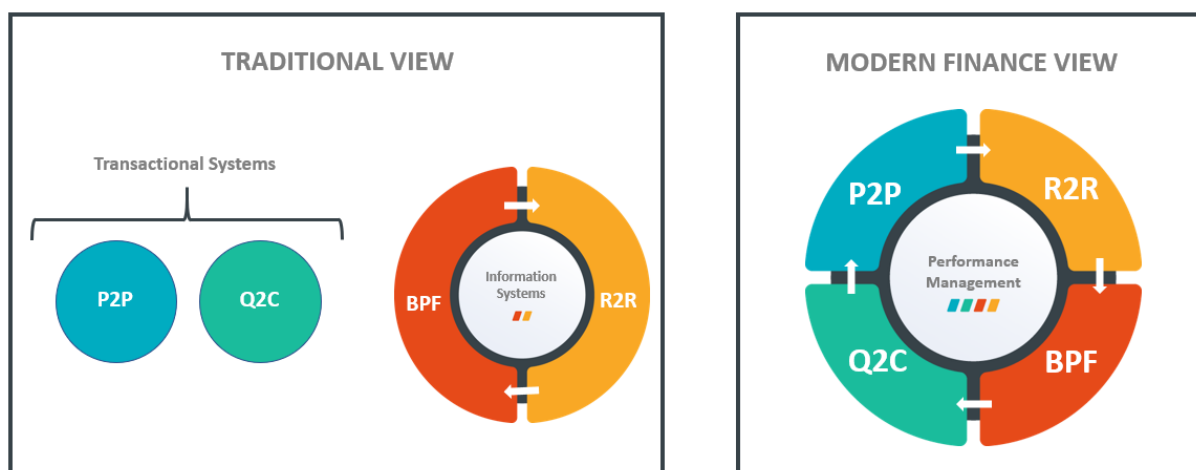
Blinkers On – P2P and Q2C seen as transaction systems not information systems

The Purchase to Pay (P2P) and Quote to Cash (Q2C) financial processes are a vital cog in the corporate wheel, but most companies are failing to recognize their value as information systems, (fig. 5). Underlying the multiple complex corporate procedures that guide the procurement or sale of products or services, are patterns of behavior, sequences and systems. These patterns, or in some cases even a lack of structure, can provide useful insight about business performance, support strategic decision-making and improve efficiencies. But both processes are being ignored for the rich information they can provide.

For Q2C, the sort of insight that can be gleaned from these oft-neglected systems include customer behavior, their propensity to buy goods, how they are buying goods or services, the customer life cycle, and predicting when they are likely to buy, renew or switch to a competitor. Within P2P systems, organizations can recognize suppliers who always deliver late, are more costly than others, suppliers who are more difficult to do business with or those with quality issues. All these aspects of customer and supplier relationships affect the bottom line, and insight can really help improve performance, but instead they are neglected entirely or handled in organizational silos with little positive impact on the business as a whole.

The traditional view of these financial process is to regard Q2C and P2P as transactional systems, and record to report (R2R) and budgeting, planning and forecasting (BPF) as dynamic information systems. But for modern finance professionals, these four core processes need to all be viewed as information systems, mining both within and across the systems to generate insight and build a competitive advantage.

Figure 5: Is it time to redefine performance management?



Specialist Insight

Clearly many companies still haven't got the tools or capability to properly analyze their data and this means it's not flowing through to performance management systems to give a holistic view of the business.

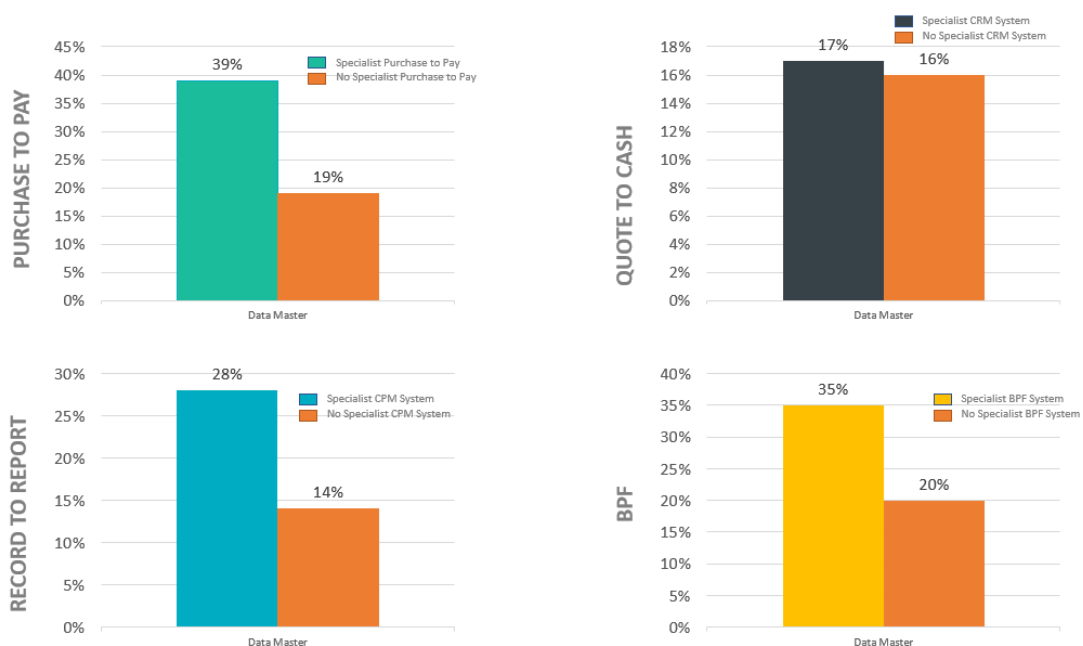
Our research identifies that P2P and Q2C hold far more value than many companies realize because those organizations that use specialist applications for these processes dramatically improve their data maturity and generate much better insight from them. Where 18% of organizations without specialist P2P tools rate their analytic capabilities as insightful, this rises to 28% for companies that use systems specifically designed to get the best out of their P2P process, (fig. 6). The potential is equally pronounced in Q2C with insight from just 17% of organizations without specialist customer relationship management applications, and insightful analysis from 30% of those with the right tools. When you include predictive analytic characteristics into the mix, the potential for P2P and Q2C to generate positive analytic outcomes is even greater.

Specialist consolidation and forecasting software also helps to improve insightfulness although the difference is less pronounced in the record to report process.

Specialist systems also improve an organizations mastery of their data. Almost double the number of companies with specialist P2P systems were data masters, compared to their competitors who are working from generic systems. They are also generally less technology or data constrained as well.

The effect of specialist systems on data mastery is evident across all four key financial processes, with Record to Report also showing a doubling of data mastery when specialist systems are used. Meanwhile 35% of companies that use specialist BPF tools see themselves as data masters, while only 20% of those with generic systems have that same handle on their data. Q2C is slightly less pronounced (17% vs 16%)

Figure 6: Specialist systems significantly improve data mastery



The benefits of a specialist application is clear, but the message is not getting through because the proliferation of these systems is still very low. Only 15% of organizations have dedicated P2P systems, 17% use a customer relationship management system to deal with their Q2C process, a mere 12% have consolidation systems for record to report, and 20% have budgeting, planning and forecasting systems. Clearly many companies still haven't got the tools or capability to properly analyze their data and this means it's not flowing through to performance management systems to give a holistic view of the business. Bringing in the right tools will not just draw out the right information into the business, it will enable companies to enact a step change in their insight generation.

Missed opportunity

Despite the obvious value hiding within the P2P and Q2C processes, many businesses who currently have no analytic capability in these areas also have no intention of investing in any in the near future. 35% of organizations have no plans yet to upgrade their analytical capability in the P2P and Q2C processes, and they are also the processes that lag behind amongst companies that are already implementing improvements in R2R and BPF.

According to the survey, when committing to investment in their analytic capabilities, CFOs have been mostly focused on, or plan to focus on, BPF and R2R. BPF, as the traditional purveyor of analysis is the most invested, with 27% of BPF systems either recently changed, or currently in implementation or pilot mode. R2R is second with 23% along this trajectory. Q2C (15%) and P2P (19%) bring up the sluggish rear.

There just isn't the vision and recognition that these traditionally transactional systems can add value to the strategic direction of the business. At least some of the problem lies in inadequately managed data held in several different systems and applications, and a lot of the data within these systems is non-financial, making extraction and verification more complex. But these issues can be overcome provided CFOs are willing to recognize the value they can add to the strategic insight of the business.

OneStream Response

In order to be a more strategic advisor to the lines of business, leading finance executives are taking steps to move beyond the month-end close and reporting cycle and traditional methods of planning and budgeting. They are harnessing the volumes of transactional data being generated by operational systems such as Q2C and P2P to improve mid-stream decision-making and deliver tangible business value to the organization. Here are a few examples of the new capabilities they are enabling:

- **Deciphering the financial signals hidden in detailed weekly and daily operational data such as production volumes, new customer orders, revenue pacing, billing and payment trends**
- **Developing insight and foresight that informs financial and operational decision-making**
- **Enabling business partners with all the above to take action on a daily and weekly basis that will impact period-end financial results before the next period-end close**

Unfortunately, as the Future of Analytics in the Finance Function market survey found, most finance teams and line of business leaders don't have the right tools for the job.

CASE STUDY 2:

Professional Services Firm Blends Financial and Operational Data for Enhanced Insights

This blending of financial and operational data enables managers to report and analyze book of record financial data, with supporting daily operational detail.

A \$10B professional services firm is using OneStream's unified CPM platform to support integrated financial and project analytics. In addition to using the OneStream platform to collect and consolidate monthly financial results, on a nightly basis the organization is loading 50 million rows of data from operational systems for processing in OneStream. The platform aggregates and stores this enriched operational data and blends it with financial data into visual dashboards for access by line managers.

This blending of financial and operational data enables managers to report and analyze book of record financial data, with supporting daily operational detail. Their interactive dashboards include summarized financial results, with drill-down capabilities, employee level data regarding utilization rates of consultants, as well as detailed data regarding customers, projects and contracts including billing and collections data. This combined financial and operational data enables managers to make more effective decisions about how best to allocate their consulting resources to optimize revenue and profitability.



Chapter 3

Has the Importance of Information Systems Strategy Been Forgotten?

Has the importance of information systems strategy been forgotten?

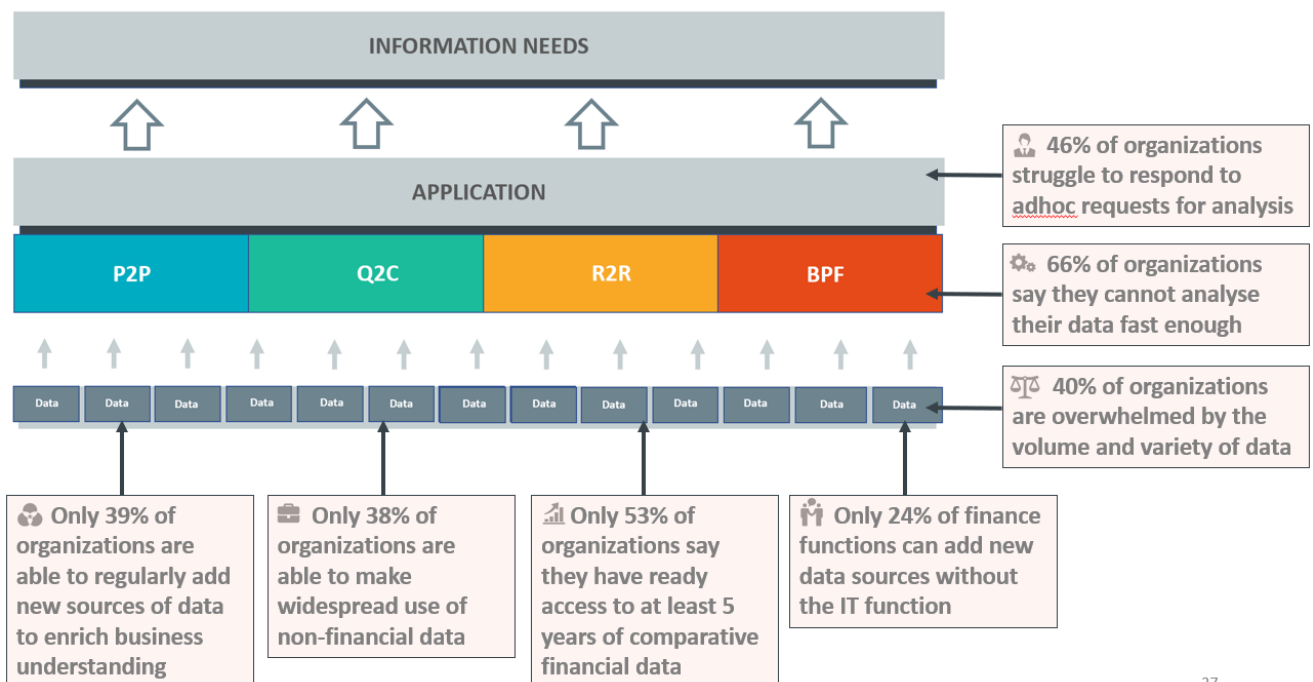
According to FSN's survey, only 39% of organizations are able to regularly add new sources of data to enrich business understanding

Back when businesses were transforming from manual to digital processing, companies had a focused eye on their new information systems, ensuring their efficiency and effectiveness. But with the frenzy for digital innovation, organizations may have lost sight of the wider 'information systems strategy' in favor of an 'IT strategy' which focuses on digital technologies but stops short of the bigger picture.

The questions driving IT strategy aren't the same as those that would be asked of an information systems strategy – What information do we need to drive the business? Where are the gaps in our data? How do we measure success? – For a successful information strategy, organizations need to look at their needs, and how to meet them most effectively through a comprehensive information systems architecture but right now, a lot of companies are falling short of this ideal, (fig. 7).

According to FSN's survey, only 39% of organizations are able to regularly add new sources of data to enrich business understanding. Considering the pace of data accumulation, and the opportunities outside of traditional sources to access new information, those companies who lack the capacity to expand their data sources are missing out on important strategic advantage.

Figure 7: 52% of organizations say they do not have a strategy for managing their data



In addition, only 38% of organizations are able to make widespread use of non-financial data. This is fundamental to generating insights to stay ahead of the rest of the market. If competitors are mining data around customer returns, online choices and weather patterns to maximize product design and delivery, they'll quickly draw customers away from a company that isn't using the same sort of information to inform strategic decisions.

Only 38% of organizations are able to make widespread use of non-financial data.

And invariably that mine of information becomes more valuable as time marches on with the greater accumulation of historical data. This is the nub of new artificial intelligence and machine learning capabilities – being able to search through deep and wide datasets to discover patterns that can inform decisions today. But just under 50% of organizations don't have ready access to at least five years of comparative financial data. Which means even if they run analyses, it will be the poorer for its lack of depth.

Even when companies can recognize and want to include new data sources, only a quarter are able to do so without the IT function getting involved. This despite 76% of survey respondents saying they would like to manage their financial analyses without IT support.

Finance struggling to keep pace.

Recognizing that the finance function holds valuable data which can be used to support strategic decision-making is only the first step in the process of actually extracting that insight. As companies position themselves and their systems to be able to use their financial data in this way, many are struggling to keep pace with the changes they need to implement to get there. 46% of organizations struggle to respond even to basic ad hoc requests for analysis. 66% say they cannot analyze their data fast enough, and 40% are overwhelmed by the volume and variety of data.

It seems the problem is getting worse, not better. An increasing number of organizations are constrained by a lack of analytical tools to fully exploit the data they have. The 2020 Future of Analytics survey found that 40% of organizations were technology constrained, identifying the lack of tools as the key hindrance to extracting analytic value from their data. This compares with just 34% of companies who were constrained by technology in 2018. The surge in technology constrained organizations comes at the expense of data masters. In 2018, 19% of companies were data masters, who actively manage their data as a corporate asset and had the tools and resources needed to provide competitive edge and insight. Today only 12% of companies view their data management in this way.

Essential features

Data visualization is on the wish list for 89% of senior finance professionals. Being able to bring the analysis to life visually within the embedded tools enables finance to share and deliver on the insights within their data.

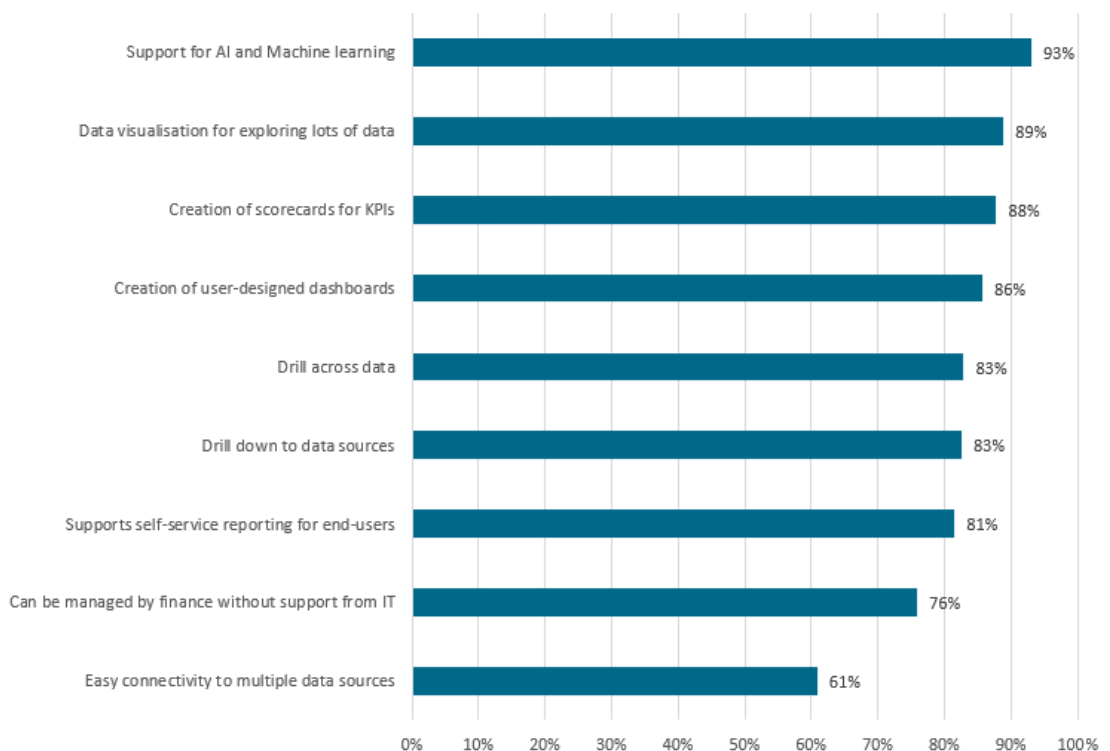
While many companies have inadequate resources for generating insightful analytics, they all have strong feelings about what features analytic tools should have, (fig. 8). Top of the wish list is support for machine learning and artificial intelligence. AI may be high on the agenda, but it is well out of reach of companies that don't have a properly considered and executed data strategy first. Previous research has also shown that AI and machine learning are the least understood technologies within financial systems, and yet this is the most desired feature.

Meanwhile at the bottom of the list was easy connectivity to multiple data sources. This despite half of organizations struggling to bring in new sources of data. It seems companies can't see the value of other data sources which would substantially enrich their insight.

But encouragingly, data visualization is on the wish list for 89% of senior finance professionals. Being able to bring the analysis to life visually within the embedded tools enables finance to share and deliver on the insights within their data.

Data analytics offers the opportunity to add insight and drive the business forward. But it needs to be part of a wider information systems strategy that identifies the business need, develops a competent strategy to achieve the required results, and a way to measure its success.

Figure 8: What do you consider are the most important features of an analytical tool?



OneStream Response

While hot topics such as artificial intelligence and machine learning are getting a lot of media attention, we have found that most finance organizations don't have the analytic infrastructure and skill sets in place to take advantage of these new technologies yet. Based on the requirements of our customers, we have been focusing our R&D efforts on extending our unified, SmartCPM™ platform with built-in analytics including self-service dashboards, Analytic Blend and predictive analytics capabilities.

OneStream's new Analytic Blend capabilities enable customers to blend governed financial information with detailed operational data in the same dashboards and visualizations. This enables them to develop deeper insights and understanding of historic results from prior periods – as well as up to the minute snapshots of financial and operating results for the current period. It's within these daily and weekly views of the business that managers can identify key signals and trends that can turn into actionable insights.

OneStream's new Predictive Analytics 123 solution extends these analytic capabilities by applying statistical models to generate predictive forecasts leveraging the same data within a single, unified platform, without the need for data scientists or deep understanding of statistics. The next step in our R&D strategy will be to deliver out-of-the box machine learning capabilities that can be easily leveraged by Finance users. Our strategy is to provide easy access to financial and operational data, along with advanced analytics so that users can “plan, analyze, and predict with confidence.”

CASE STUDY 3:

Herbalife Implements a Unified CPM Platform

With OneStream, everything is now in one place for analysis. Cash flow reporting is automated, and the end users have access to reporting and analysis tools including the Excel add-in, dashboards and Cube Views.

Headquartered in Los Angeles, CA, Herbalife Nutrition operates in ninety countries and had multiple legacy CPM products in place including Oracle Hyperion (HFM), Planning, FDM, Essbase and EPMA. Managing data across several applications, the company had a very manual Excel-based process for modeling and reporting. “We were integrating from many different applications, including Oracle ERP to multiple Oracle Hyperion applications, yet they were all behaving independently,” said Vanita Thornton, Sr. Director Global Operational Accounting and Financial Systems at Herbalife Nutrition.

These legacy systems were limited by dimensionality which hindered the company’s ability to report on project-level detail. It was time for the company to make a choice—take on a major upgrade, move to the cloud, or start looking at alternative solutions. OneStream was ultimately selected because it best complimented the company’s system requirements to have all solutions in one product.

The first phase of implementation included global consolidations for 80 markets, global expense planning, and people planning with direct integration with their Oracle Fusion HCM system. With 600 accounting and FP&A users globally, Herbalife Nutrition went live with 2.5 years of data conversion in just 10 months in a complete “rip and replace” of Hyperion Planning, Essbase and HFM. Three months later, they went live with a Transfer Profit solution. With OneStream, everything is now in one place for analysis. Cash flow reporting is automated, and the end users have access to reporting and analysis tools including the Excel add-in, dashboards and Cube Views.

On the FP&A side, the company is using a driver-based rolling forecast to seed next year’s budget by forecasting revenue and expenses. “Our new planning process using workflows helped to streamline how data was entered and calculated and to provide results quicker, with more transparency,” said Neal Yeung, Director of Financial Systems FP&A at Herbalife Nutrition. “We are relying less on manual processes with direct integration of HR data. We’re now able to go back to the source and consolidate information much quicker. Comparing data across multiple forecasts and translating at different FX rates without a waiting period, has definitely improved our efficiencies.”

OneStream provides users the ability to see project code results for revenue and costs – which they didn’t have before in HFM. Now end users have more confidence in the data and are spending less time reconciling. This allows the company’s IT team to concentrate on adding value, rather than troubleshooting issues. “From an IT side, the month-end close is much smoother,” said Ajay Gaddam, Director Enterprise Application at Herbalife Nutrition. “The reliability of integrations is better, the system availability is higher, and we are no longer experiencing data loss.”



Chapter 4

Finance Headcount Static After 7 Years of Net Growth

Head in the cloud

42% of CFOs and senior finance executives believe that a lack of digital skills will prevent the introduction of new technology over the next three years.

The shift towards higher level tasks and value added insight in the finance function has meant a shift in personnel requirements. Some jobs are being subsumed by automation, but others are created as the function takes on a more strategic role. This natural wax and wane of an evolving department is taking some time to resolve. The theory is that as lower level processes are taken over by new technology, these finance staff can be redeployed. The reality is this isn't always possible. New roles being created by the data explosion and resulting analytic requirements often need to be filled by tech savvy finance experts with analytic capabilities. So where is the tech savvy talent going to come from?

According to FSN's Future of Financial Systems survey late in 2019, 42% of CFOs and senior finance executives believe that a lack of digital skills will prevent the introduction of new technology over the next three years. Meanwhile 59% of organizations don't have a recruitment plan in place to support digital transformation in the finance function. So, they're not actively trying to recruit the people they're going to need to take their finance function forward, but neither are they training them up in house. 60% don't have a training and development plan to make sure that they have the right digital skills in the finance function.

This lack of talent, or even a dedicated plan for managing the talent gap, has stymied the introduction of technology, which is why this survey points to a significant increase in technology constrained companies. And the issue is not going to be resolved anytime soon because finance recruitment has finally ground to a halt. This year's survey finds that the same number of jobs are being lost as gained.

According to FSN's research, between 2013 and 2016 the balance in favor of recruitment (the difference between new hires and headcount reductions) was 10%, this fell to 2% in 2018 and now is static. In 2020, 19% of organizations posted an increase in management reporting headcount, but this was offset by a similar decrease in financial accounting personnel. Without the right tech savvy talent, organizations will be hamstrung by technology constraints and the finance function will be unable to contribute strategically to the business.

Anecdotally it is possible that some of this shift is accounted for by the growth in project-based or interim employment, (which has been a noticeable trend for a few years) but it could also be that some organizations are anticipating the productivity benefits of automation before they are realized. The decline in data mastery and the rise in technology constrained organizations implies the issues remain.

Analytics capabilities can only be resolved with a clear recruitment plan and a focus on internal development.

Where should analysts sit?

With the explosion in data growth and new expectations about analytics and data science a debate has been rumbling on for some time about where analytics should best sit within an organization. Without the requisite tech savvy talent, analytical skills and ownership of data and tools, finance can no longer assume that the rest of the organization will see it, as the natural choice for analytics.

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Different deployment models include an analytics capability within the IT function, or local capability attached to each function. Others see the need to centralize analytical capability in the finance function or create dedicated 'centers of excellence'.

The view of where analytics should sit also varies by size of organization. However, companies of all sizes agree that IT is no longer the best fit for analytics. The majority of smaller organizations believe analytics should be attached to the finance function. Medium-sized companies believe specialized teams of skilled analysts should be attached to each functional area, and large corporations see the long term future as analytics team embedded in the FP&A function.

Wherever they sit, analytics has a vital role in driving the business forward, but the organizational issues cannot be divorced from data ownership. For the large part, data remains scattered with, as pointed out earlier, information strategy incomplete or non-existent in more than half of all organizations.

If advanced analytics is to gain a foothold then effort will need to be devoted to data governance and information strategy to ensure that the foundations are in place before embarking on investment in new tools and specialist analysts, wherever they happen to sit.

OneStream Response

Technology alone cannot solve the challenges organizations face in advancing their analytic maturity. A huge part of Finance transformation is the re-tooling of the Finance team to develop new skill sets that enhance analytic capabilities and also enable them to be a strategic partner to the enterprise.

Many of our customers are enhancing their teams with training and new talent that includes experience with data analytics, communications, and business knowledge. And to solidify their roles as partners to various lines of business, they are often assigning individuals within Finance to align with and support specific functions or departments including Sales, Marketing, Information Technology, Manufacturing and Supply Chain.

In addition, Finance teams are recognizing and supporting the efforts of analysts who are already embedded in the lines of business with access to trusted and governed sources of financial and operational data. This ensures that line of business managers are not making important decisions based on silos of disconnected data but are operating with timely and accurate information and the right analytic tools for the task at hand.



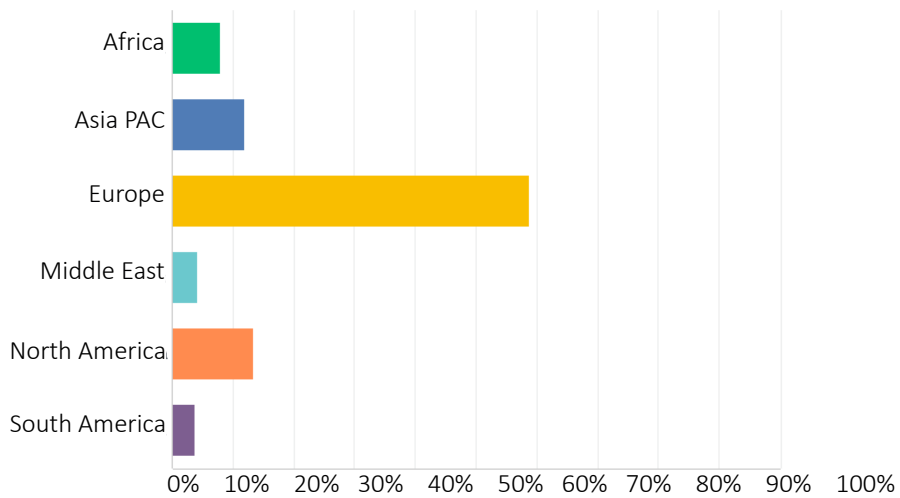
Methodology

METHODOLOGY

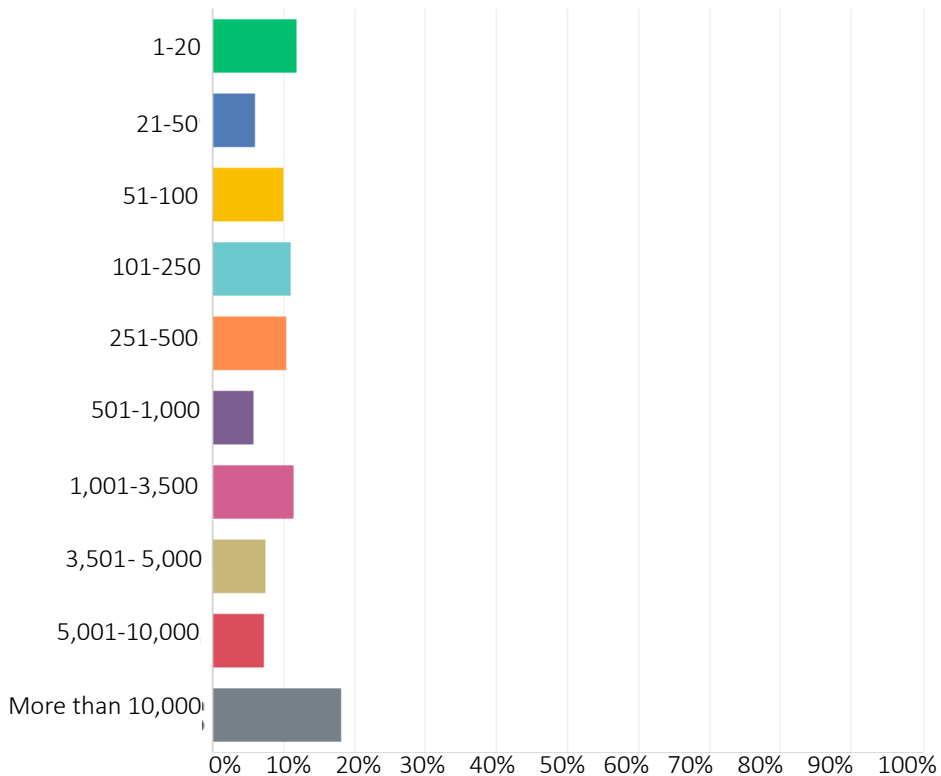
The survey drew responses from 441 international senior finance professionals from our 53,000 strong FSN Modern Finance Forum on LinkedIn.

This survey covered finance professionals across 23 different industries. 75% of these professionals were considered to have senior job titles and above.

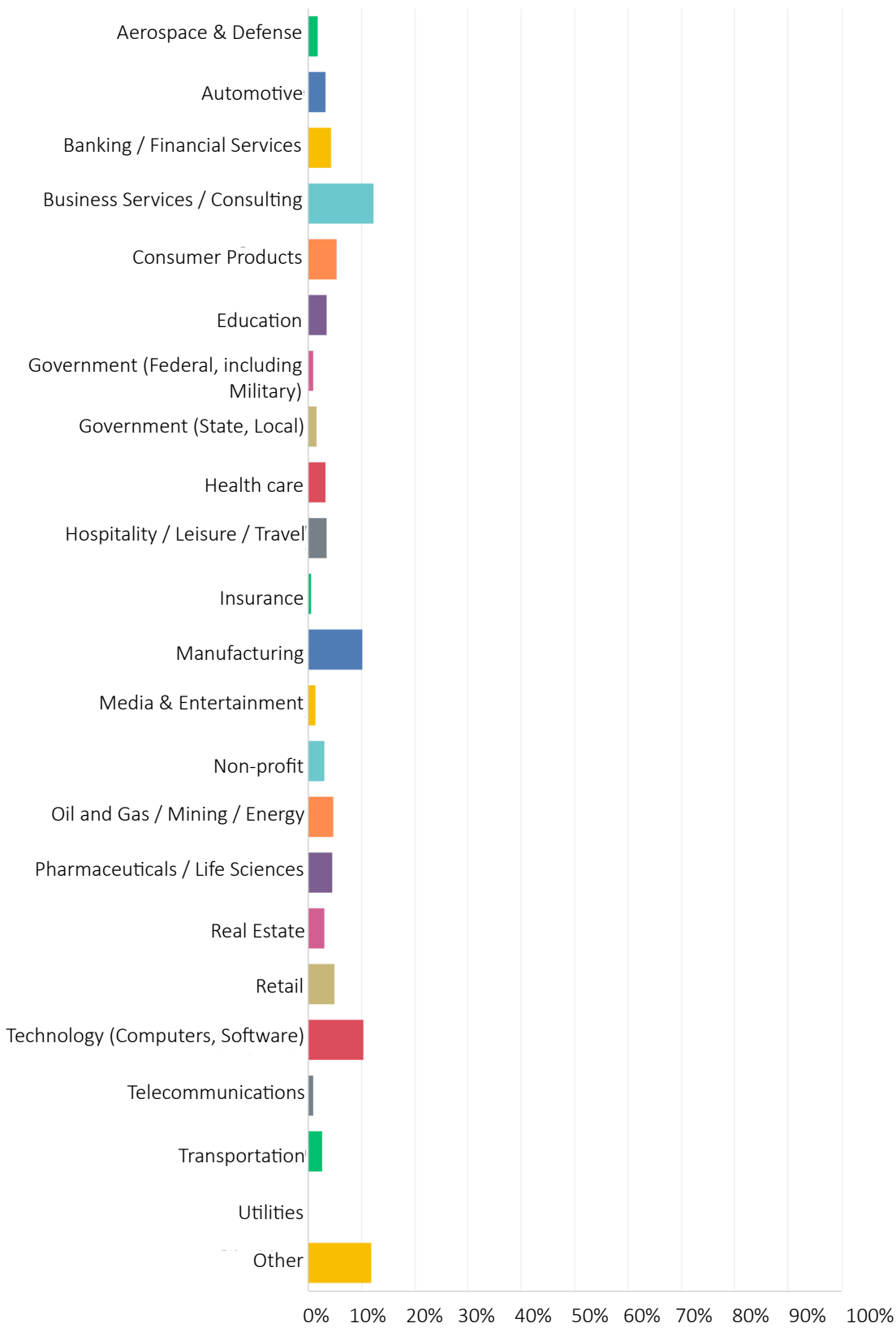
Geography of Respondents



Organizational Size- Number of employees



Industry of Respondents



ABOUT OneStream

[OneStream Software](#) provides a market-leading CPM 2.0 solution, the OneStream XF SmartCPM™ platform. OneStream XF unifies and simplifies financial consolidation, planning, reporting, analytics and financial data quality for sophisticated organizations. Deployed via the cloud or on-premise, OneStream's unified platform enables organizations to modernize Finance, replace multiple legacy applications, and reduce the total cost of ownership of financial systems. OneStream unleashes Finance teams to spend less time on data integration and system maintenance – and more time focusing on driving business performance.

The OneStream XF platform can easily be extended with solutions from the XF MarketPlace. These downloadable solutions are fully battle-tested and optimized for the OneStream XF platform, allowing customers to easily extend the value of their CPM platform to meet the changing needs of Finance and Operations. More than 50 solutions are available on the OneStream XF MarketPlace and in use by customers including People Planning, Capital Planning, Cash Planning, Sales Planning, Tax Provisioning, and Account Reconciliations.

For more information, please visit OneStream Software onestreamsoftware.com

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ABOUT FSN

[FSN](#) is a global publisher of thought leadership, research and “must-have” content for CFOs and senior finance professionals around the world. FSN’s highly popular and active [Modern Finance Forum](#) on LinkedIn has a membership of more than 53,000 readers in more than 23 countries and across every major industry segment. It is also the publisher of the popular www.fsn.co.uk website and regularly holds networking dinners and events for its members.

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