

Financial Business Intelligence for CFOs Looking For Value



The future of finance is driven by big data, and today's forward-thinking financial professionals—particularly chief financial officers (CFOs)—understand the importance of financial business intelligence.

With digital transformation pushing finance and procurement into new, more strategic roles within organizations, CFOs and their teams need tools and practices they can use to collect, manage, and analyze data in order to harvest business-critical insights and drive value through process improvement.

Why Financial Business Intelligence is Crucial for Today's CFOs

In the past, the role of finance under the CFO was to provide financial information and trim expenses where possible.

But in the era of digital transformation—and especially in a global market where companies are seeking every possible competitive advantage as they recover from the COVID-19 coronavirus pandemic—both CFOs and the finance function itself must look beyond simply managing costs to discover new opportunities to wring

strategic value from their organizations' financial activities.

Business intelligence is the system of technology-powered processes CFOs can use to pursue these opportunities effectively.

Business intelligence solutions draw information from both internal data sources (operations, finance, marketing, etc.) and external data sources (market data, competitor data, social media, etc.) for centralized, accessible, and comprehensive data management and analysis.

Transforming financial data into business intelligence can help CFOs align the finance function's goals with those of the organization it supports. Using business intelligence tools (BI tools), finance teams can collect accurate and complete data in real time.

This data can then be analyzed in a number of ways to produce actionable insights that provide measurable value through process optimization, better cash flow management, more strategic decision making, and improved financial planning and asset allocation.

By centering finance and procurement as sources of strategic value through business intelligence, CFOs can also help their organizations become more resilient, sustainable, and agile.

These traits are more important than ever before, given the growing complexity of global supply chains and the need to mitigate risk while navigating powerful business disruptors such as climate change, international political conflict, and, of course, pandemics.

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How Does Effective Business Intelligence Benefit Organizations?

By combining proactive data management with process automation and business analytics, business intelligence provides a foundation for several key improvements within any organization, including:

Improved Risk Management

Faced with unprecedented business disruptors creating uncertainty that impacts every area of business, CFOs turn to business intelligence and a range of data analytics to help them mitigate risk.

With business intelligence software that's part of a comprehensive and centralized procurement solution, organizations can collect and organize all of their data for real-time access and analysis.

Metrics, including key performance indicators (KPIs), can be used to monitor and evaluate internal processes, spend behaviors, supplier compliance and performance, and much more.

This diverse, interconnected datasphere provides context and clarity for faster, more strategic decisions.

Companies can identify processes in need of optimization, utilize guided buying and automation tools to secure against maverick spend and invoice fraud, and improve both internal compliance with legal and regulatory standards while also ensuring their vendors are meeting their compliance obligations.

The richer the datasphere, the more useful and strategic the insights harvested will be—and the greater these organizations' generated value, process improvements, and profitability will be.

Clean and Complete Data

A clear understanding of what's happening in your companies finance function (including what's working, what isn't, and what might be missing altogether) makes it much easier to develop and implement refinements. Guided by insights from BI tools, CFOs and their teams can:

- Eliminate data silos.
- Integrate and standardize their organization's existing software environment, providing role-appropriate access to enterprise resource planning (ERP), customer resource management (CRM), procurement, accounting, and other departmental data.
- Automate key processes to boost speed and accuracy while eliminating

human error.

- Perform advanced data analysis tasks.

Business intelligence tools use machine learning to tame the tempestuous sea of data flowing through the finance function and bring it together in a secure, well-managed data warehouse.

Business analytics won't make business decisions for your team, but they will clarify and organize your information so you can make the best decisions possible, whether you're updating pricing, building a strategic sourcing strategy, or developing self-service options for visitors to your website.

On-demand preparation and distribution of key financial statements, real-time working capital analysis and management, and advanced budgeting and forecasting are just a few of the potential applications that benefit from BI.

Richer Relationships with Customers and Suppliers

Generating value and savings through process optimization and risk reduction only scratches the surface of business intelligence software's capabilities.

Data analytics can help you identify and respond more effectively to customer expectations, improving the overall customer experience and helping you turn more potential clients into paying ones.

From tracking consumer buying habits to serving up targeted, personalized marketing campaigns across multiple media streams, BI can help companies grow market share, develop new products, and identify emerging trends in time to capitalize upon them effectively.

Vendor management, along with vendor relationship management, also benefit from the use of business intelligence.

Combining data analytics with category management strategies and vendor KPIs can help teams identify key suppliers, streamline supply chains while preserving agility and resilience, and develop strategic partnerships they might otherwise never pursue.

Data Visualization

One of the most powerful benefits of today's business intelligence software comes in the form of data visualization.

Business leaders have a lot to do, and little time in which to do it; poring over old-school pie charts or reams of printouts is no way to stay apace with the speed of today's marketplace.

Through advanced data analytics (including predictive analytics), business intelligence can parse, organize, and refine a broad spectrum of data sources to generate concise visualizations that bring additional value to the process simply by making insights available more quickly and with greater clarity.

From financial reporting to evaluating potential financial services, data visualization makes it possible to examine the intersection of seemingly disparate data sets to reveal new insights and hidden patterns.

For example, senior management could combine reports on customer buying habits, social media chatter, and market intelligence on materials to identify opportunities to develop new products made with sustainable materials that will attract a key demographic and increase their average spend with the company while *simultaneously* identifying savings opportunities in the supply chain through consolidation or strategic partnerships with key suppliers of those same sustainable materials.

BI moves beyond charts and graphs and leverages advanced technologies to create powerful, intuitive, and accessible visualizations.

Heat maps, interactive augmented reality applications, and dynamic data dashboards that allow for real-time "slicing and dicing" of information are just a few of the ways decision-makers are identifying opportunities, tracking performance and revenue streams, and strategizing to reduce risk or increase profitability.

Common Obstacles to Effective Business

Intelligence

Despite its myriad benefits, business intelligence has not yet achieved the ubiquity of other digital transformation technologies. However, this represents an opportunity for CFOs who recognize the potential roadblocks to implementation and plan accordingly to gain greater competitive strength and generate value for their organizations.

Culture Lag

CFOs at traditional organizations with a commitment to legacy practices and systems may require a robust approach to change management in order to secure buy-in from other members of the C-suite, let alone enthusiastic compliance from the general staff.

This is especially true for organizations where procurement and finance have not yet begun to transition their roles from cost management to value creation and strategic planning.

That said, one of the strongest selling points of business intelligence is its ability to spin gold (or at least demonstrable value) from the straw of raw data.

Emphasizing BI's abilities to centralize and modernize data management, simplify and optimize business-critical processes, and provide real-time insights that drive value can help turn doubters into enthusiasts in record time.

The Cost of Creating Value

Whether they're at the head of a small business or global conglomerate, some executives may balk at the investment required to achieve effective business intelligence.

This investment involves more than just capital, although the price tag may be a sticking point depending on the solution chosen and the organization's overall approach to digital transformation in general.

However, many of the best-in-class BI solutions available today are modular, purpose-built, and, most importantly, *scalable*.

The quick return on investment generated by even modest improvements via process automation and data analytics can not only loosen purse strings, but fatten the bottom line to fund further improvements.

Lead Your Organization to Greater Value and Success with Business Intelligence

For companies only now beginning to emerge from the shadow of the pandemic, navigating one of the most powerful disruptors in business history underscored the importance of agility, resilience, and strategic foresight.

CFOs who embrace business intelligence and work to center their finance departments as strategic powerhouses for their organizations will not only be better prepared to weather adversity, but have the tools they need to pursue the improvements, innovations, and investments that will build value, lower costs, and provide lasting competitive advantage.

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