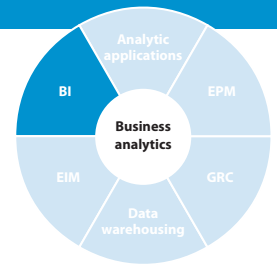




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How the CFO of the Future Will Raise an Enterprise's Intelligence



Consider this example: The CFO of a global Fortune 500 company is brought on to regain his company's pre-crisis valuation following a decrease in the company's share value. The biggest strategic decision the CFO must make — in less than two weeks — is whether or not the company should enter into a merger with a competitor. Market analysts firmly believe that a deal should be made and have even publicly endorsed the merger.

However, by carefully examining the real-time information of key performance indicators — including factors like revenue growth, cash flow, operational efficiency, and cost cuts — and by creating a series of scenario plans for the future, the CFO is able to determine that the deal will not make his company stronger. The CFO then makes what outwardly seems to be a counterintuitive decision: He turns his back on the merger. This decision later turns out to be a major one for the company. In the following year, the company outperforms projections and industry peers by more than 8%.

So how did this CFO know what others in the market did not? He analyzed and listened to what his company's data said, and he made his decision based on cold, hard facts. This is the CFO of the future. By grafting business analytics onto everyday performance, this CFO works more efficiently and with far

greater strategic insight. He sees the company in its entirety and analyzes relationships between data in more ways than were traditionally considered possible. This CFO possesses what Ernst & Young terms “enterprise intelligence” (see sidebar).

A Deeper Understanding for Key Employees

The potential for enterprise intelligence is here, now. The emergence of “big data” — data sets so large in size that they become difficult to collect and consume — has changed the business landscape. CFOs now have access to large volumes of both structured and unstructured data, as well as the technology needed to transform this information into timely, actionable business insight.

Enterprise intelligence allows the CFO — and the entire C-suite for that matter — to see the organization in an entirely new way. It creates a deep connection within all aspects of the company. But the real payoff comes when the whole company adopts new management skills and new ways of working with data and technology so that every level of the organization becomes smarter.

Harnessing analytics tools not only serves to improve the company's performance, it also elevates the role of the CFO and the entire finance team. Additionally, such tools enable employees at all levels of an organization to collaborate more efficiently through a stronger, more direct connection with the markets and customers that the organization serves by identifying changes in behavior and amplifying opportunities to better serve customers.

In addition, effective use of analytics helps to “de-layer” the organization and enables more effective communication across the enterprise. Key employees, like the CFO, can then build a deeper understanding of the firm's key strategies and greatest growth initiative, and can work to further them.

Do You Possess Enterprise Intelligence?

Enterprise intelligence focuses on the innovative application of analytic insight, enterprise planning, and leading-class monitoring to accelerate the achievement of business objectives. It's all about integrating data management and analytic applications, including business intelligence (BI), information strategy, and enterprise performance management (EPM) solutions to align a company's business objectives with important performance risk and quality drivers to provide an encompassing view of the enterprise.



FIGURE 1 ◀ An executive dashboard can give C-level managers crucial “what-if” insight into their business, such as the impact of changing key drivers on net sales, costs of goods sold, and operating expenses

The Game-Changing CFO

Consider another example: The CFO of a Fortune 50 consumer products company embedded analytics-driven decision making into all of his key decisions to generate greater returns. This CFO was then tasked by a new CEO to create a strategy to move the company to more standardized, harmonized, and simplified processes globally and to create a single, integrated planning platform. The CFO defined key strategic drivers, created an executive dashboard, and developed key linkages to the planning process (see **Figure 1**). The CFO then redesigned the planning process by:

- Moving from monthly to quarterly forecasts
- Separating operational and financial planning
- Using historic data to create plans at the product family level that can be pushed across the entire firm
- Implementing sensitivity analysis

The improved global system for planning and reporting drove consistency, accuracy, and cost reductions across the entire enterprise. It also led to greater business insight and business improvement. The new system significantly reduced planning cycle time and increased the organization’s ability to analyze information and react to change.

The Race Is On

With business analytics, the CFO gains access to a clear view of the enterprise as a whole, giving that

What Can Enterprise Intelligence Do for You?

- Improve the quality and speed of decision making through robust performance management applications and analytics
- Enhance decision making by delivering a consistent and reliable information management and governance structure
- Enable you to implement tactics and strategies as defined by driver trees and key strategic metrics
- Enable you to see your business differently, thereby allowing you to improve business performance

CFO, as well as other key players in the business, a new ability to ask the right questions, get immediate answers that are based on real-time information from every corner of the company, and consolidate those insights to make truly game-changing decisions. The race is on. This is a market that demands peak performance, every second of every day. And it is up to the CFO of the future to play a critical role in creating that peak performance.

For more information about enterprise intelligence, the CFO of the future, and how Ernst & Young can help SAP customers get ahead of this trend, visit www.ey.com. ■