New IT applications and infrastructure such as big data technologies, predictive and prescriptive analytics, as well as modern mathematical methods are opening up new possibilities for gathering and processing large amounts of data and opportunities for generating value.

By translating data into insights around financial statements and operations, the finance team can unlock and create new value. FAAS analytics may help identify unrealized and often unexpected potential, taking the team to a new level of insight and performance.

This in turn supports the finance function to make better decisions by being able to understand what has happened and why, and then predict what may happen next.

More and more data is available to organizations and their regulators. An increasing amount of data is being collected about customers, the market and the competition. In addition, there is an increasing volume of unstructured information available, such as emails and social media posts. Frequently, once collected, this data sits on servers forgotten and untapped.

However, with analysis this data could provide:

- Improved insight to make better business decisions
- Valuable insight into how the organization could operate more effectively and efficiently
- Valuable customer information
- More comprehensive marketing information
Helping you manage complexity

Analytics is becoming a standard competency required in the finance function. Collecting and exploring accounting data, FAAS analytics creates insights for the CFO, audit committee and the wider finance function. This can help you produce more reliable reports and insights into your accounting, financial reporting and governance.

Often a starting point is collating and understanding your data. Most organizations operate multiple systems to process and store data, which means they face huge data volumes that are mismatched and could be inconsistent. However, by using analytics techniques on data, both structured and unstructured, organizations soon begin to see a picture emerging.

Focus on accounting change

There are a number of upcoming changes under IFRS and US GAAP. These include the implementation of the changes to new accounting standards for revenue recognition, leases and financial instruments that require a significant understanding of current state and the impact of the new standards, not just for the finance function, but the entire organization.

FAAS analytics can support the collection and processing of large amounts of raw accounting data and organize the data to allow for an accurate assessment to identify the appropriate course of action. This data may include commercial contracts with customers and lease contracts. For example, the data can be used to simulate financial statements for specific periods in the future under the new standards. This can help determine the best point in time to implement an accounting change. This analysis can also extend to assessing how a company’s KPIs may be affected by the standard.

Analytics allows the CFO and their team to understand the impacts of accounting change on the financial statements and the organization more generally, in order to help them manage the implementation effectively and efficiently. It also means that they can communicate these impacts in advance to both internal and external stakeholders.

Focus on improving financial processes

Many organizations struggle with establishing a reliable financial control environment and many work with manual processes, or with processes that are only partially automated. However, organizations may have thousands of potential financial process control points, and finding ways to monitor them is challenging.

FAAS analytics can be used to improve the efficiency of the internal financial control environment. The analyses can help determine which financial processes are most material, and focus on the best process controls to provide clear insights into the overall financial control environment. In turn, this provides confidence in the overall financial process control environment.
How EY can help

EY has the experience to help the finance function.

<table>
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<tr>
<th>The CFO</th>
<th>The financial controller</th>
<th>The treasurer</th>
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| The role of the CFO is expanding. This creates a need for not just financial reporting, but also wider reporting to stakeholders. This increased remit is driving the CFO’s requirement for data analytics:  
  ▶ To provide better insight for both strategic and operational decision-making  
  ▶ To provide more accurate and timely data for reporting  
  ▶ Increased confidence in reporting  
  ▶ Improved relationships with stakeholders  
  ▶ Improved effectiveness and efficiency of the team finance team | The controller’s role is to support the finance and governance function. Analytics can provide better insight and increased support for finance and accounting-related processes by identifying trends and anomalies. It can also help improve accounting data integrity and quality supporting:  
  ▶ More accurate and efficient reporting  
  ▶ Increased confidence in reporting  
  ▶ Better business and risk insights  
  ▶ Enhanced efficiency and quality of processes and controls | The treasurer’s role is expanding beyond managing their organization’s cash flow.  
  ▶ Invoice analysis – analyzing invoice data can generate predictions regarding if and when an invoice will be paid and identify any hidden value in the supply chain  
  ▶ Bank relationship management – create insights from transactions data to identify inactive accounts to support forecasts and negotiate fee structures  
  ▶ Foreign exchange risk management – help determine hedge effectiveness and reduce volatility and costs |

Why EY

EY’s multidisciplinary team can support you as you implement FAAS analytics across your finance function, from helping you assess your IT infrastructure and collecting data, through to providing you with the accounting and financial reporting insights to understand the data better. Our teams utilize FAAS analytics to support activities across our services, including accounting, financial processes, transaction accounting, finance forecasting and audit support and remediation. We can help you create impactful dashboards and analyses to help aggregate information to provide insights to help your organization make better decisions.
Our tools, knowledge and experience can help you and your organization improve your IT infrastructure, data capture and analysis to improve data integrity and quality which in turn supports you in producing more reliable reports and insights, to make better decisions.

The scope of some of our services may be limited for an audit client and its affiliates in order to comply with applicable independence requirements. Please contact your local EY contact for further information.

**EY contacts:**

**Americas**

Myles Corson  
myles.corson@ey.com  
+1 212 773 3000

**EMEIA**

Detmar Ordemann  
detmar.ordemann@de.ey.com  
+49 711 9881 15438

**Asia-Pacific**

Kieren Cummings  
kieren.cummings@au.ey.com  
+61 2 9248 4215

**Japan**

Yoichi Kanai  
kanai-ych@shinnihon.or.jp  
+81 3 3503 1100