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Enterprise Performance Reporting

Why data and analytics hold the key.

Author:

Narasimhan C,
Leader - Product and Industry Practice,
Altimetrik

Agenda

Introduction

"The numbers always matter" is a statement of eternal truth as far as Enterprise Performance is concerned. An enterprise's overall health - including its ability to sustain its operations, create wealth for its investors and more recently to stay environmentally friendly - is represented through hard financial numbers. Financial performance measurement and reporting happen at different levels and for different purposes.

Periodic Financial Statements (General Purpose Financial Statements - GPFS), that are usually prepared in conformance with Global Reporting standards like IFRS or US GAAP, act as the basis for investors and financial markets for their investment decisions. While such financial statements aid investment decisions of external consumers, a wide set of individuals within the enterprise equally require financial information for other purposes. Such individuals may not necessarily be interested in all the periodic financial statements generated for investors and markets but may wish to consume specific components of the financial statements - either in their purest form or their variations or even schedules that detail out the underlying working of the components. This is where Enterprise Performance Reporting helps.

While GPFS are usually generated less frequently i.e., monthly, quarterly, or annually, Enterprise Performance Reports (or simply referred as 'Management Reports') are more frequent, purpose-built and offer insights that are contextualized for a specific set of audience within the Enterprise. Management reporting focuses on delivering performance insights for operating segments, including product segments and geographic segments, and departmental performance. Management reporting also enables the analysis part of the Financial Planning and Analysis (FP&A) process by providing a comparison of actual performance of the operating segments and departments against budgets and forecasts.

The advent of technology and highly competitive business landscape has twisted the adage "Time is Money" to "Timeliness is Money". With data being considered the modern-day currency this is fast evolving to "Timely Data is Money". Businesses now consider availability of timely insights, including performance insights, as the most important asset to remain relevant and competitive.

Is the generation of performance reports and insights really challenging?

Generation of performance reports and insights has, historically, been a user intensive task. Typical finance teams spend close to 10-12 days starting from the closure of accounting books every month to generate flash reports and management performance insights, and about 5-7 days for consolidation and financial reporting. Given the resource intensive nature and, sometimes, the volume of information to assimilate, some enterprises do not publish GPFS monthly and choose to comply with the statutory norm of quarterly GPFS, though the GPFS themselves contain rich performance insights.

A few root causes that make performance reporting and insights generation inefficient and onerous are:

Dynamic Business Models

The business landscape, that is heavily enabled by technology, has resulted in ever evolving business models. Aided by technology, the GTM turnaround times have significantly reduced and have now enabled enterprises to reduce time taken from conceptualization to monetization of various products and offerings faster. This is also enabled by an ever-evolving fulfilment engine. The current day transaction processing and reporting systems are not nimble enough to respond to these evolutions

M&A

Consolidation of businesses and enterprises, while unpredictable, is yet a near certainty. Increasing operating costs and sinking operating margins are forcing enterprises to consolidate their operations. While the brands consolidate quickly, consolidation of the core operational systems and underlying data either takes significant resources and time or does not happen at all. In either case, generating a consistent view of performance and insights with a standard interpretation becomes a challenge.

Technology

While technology is usually a boon, modern technology solutions and the richness of data they generate, introduce an additional set of challenges in generation of performance reports and insights. Lack of a global IT solution stack and geography specific solutions add an unnecessary layer of complexity of localized interpretation of data as against defining and consuming a global standard interpretation.

Data

Data, which is the modern-day currency, has become the real victim of the above-mentioned factors. Though technological advancements have reduced the dependency on manual preparation of data, diversity in transactional source systems, data structures and process variations, that result from the above factors, have complicated data collection and interpretation manifold.

Addressing the above root causes or finding an alternative solution is vital in recouping valuable time of highly skilled finance professionals.

Hasn’t technology answered the call already?

The evolution of ERP solutions and their ever-expanding capabilities have largely addressed the gaps in capturing operational business transactions and their impact on financial reporting. These solutions have in fact matured to such an extent that, through advanced relational data models, they are now able to provide necessary operational performance reports and out of the box insights.

ERPs have evolved to an extent where they allow the transactions from other disparate systems to flow into them to enable centralized controlling of enterprise finances. Specialized software solutions focusing on various facets of operational finance including ones for procure-to-pay, invoice-to-collect and treasury can generate performance reports and insights limited to their respective processes.

One could conclude that technology has, in fact, answered the need for efficient performance reporting and insights. Nothing could be far from the truth for the following reasons:

The Enterprise MUST be on the software

A hard truth in majority of the cases is that the software requires the entire enterprise to be on-boarded on to its package to deliver the desired efficiency

Data was, is and will be a dependency for the foreseeable future

Though the packages are capable of advanced features, they still need their currency to generate the performance reports and insights.

TCO

The high total cost of ownership of leading solutions and lack of affordable licensing options often leave them inaccessible for many enterprises.

Structural rigidity

Majority of the technology solutions come with a structured, and often, rigid data model that needs to be satisfied for the promised efficiency gains.

One size never fits all

The purpose-built solutions are fit for certain segments of an industry and are extremely specialized. Often, they do not fulfil the enterprise's needs and insights.

A standard software package is not the ideal solution, or at least not by itself, for the performance reporting and insight needs of enterprises.

What can enterprises do?

The CXOs of enterprises, irrespective of their size, are pursuing or considering the use of data and analytics solutions, as an independent capability, to equip them with performance insights. This provides them with the flexibility of having a technology landscape that is a combination of ERPs, special purpose packages and home-grown solutions that feed data into a data and analytics layer. This layer then acts as a global data warehouse that enables insights and supports Enterprise solutions as a common data layer.

While on paper the solution sounds simple and achievable, enterprises must consider a variety of factors to extract the optimal level of benefits. These include:

Inclusive Data Model - The structure of source data and its mapping to an inclusive global model is vital for ensuring consistent interpretation of data and insights generated from them. Enterprises with multiple source systems are most impacted with this challenge and often stumble upon this late in the implementation cycle.

Data Granularity - Any solution that focuses on generating insights needs to get the right balance of data granularity, frequency of data refresh and performance to ensure that the insights consumption experience is not compromised at the expense of granularity. Transactional data driven insights are critical for financial performance insights, but that should not force organizations to expose this level of granularity when visualizing the insights.

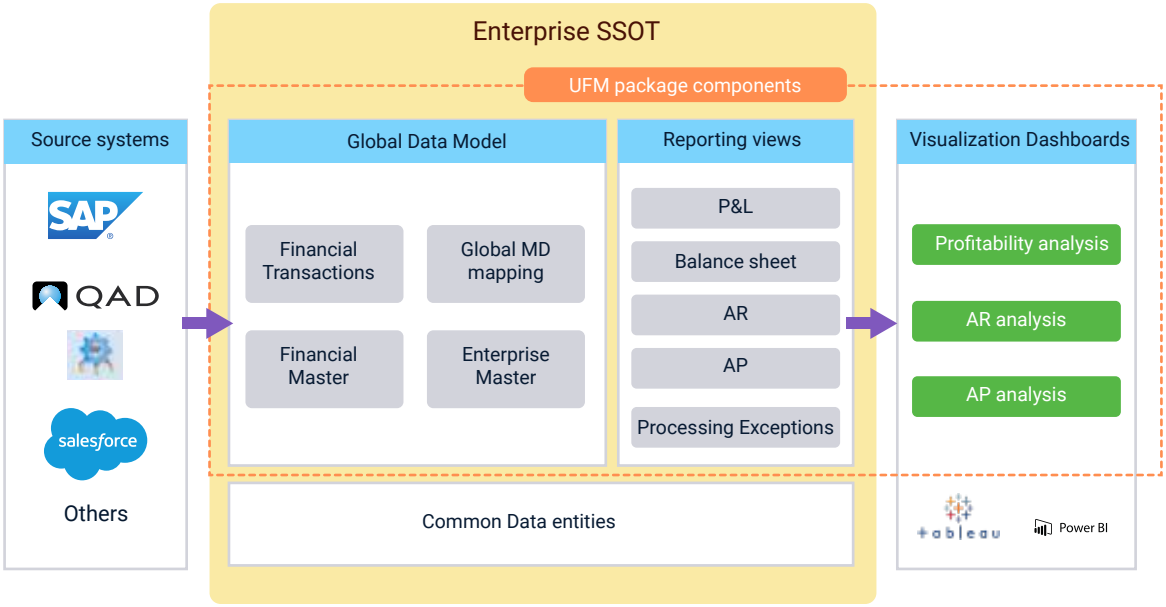
Master Data Governance & Golden Records - One of the key challenges that enterprises face is the lack of importance accorded to globally managing master data. Master data plays a critical role in ensuring accuracy of reports, enabling comparability at the right level, and enabling time sensitive trends and analysis. Enterprises that are geographically and technologically diversified quite often face the challenge of poorly managed master data that pressurizes the performance reporting and insights teams to spend valuable time investigating and tracing reporting anomalies born out of master data issues.

Standard Data Interpretation - The most important factor in ensuring consistent and reliable performance insights is the consistency of transaction processing/ accounting and the way the transactions are interpreted while generating performance reports and insights. Lack of standard ways of accounting coupled with non-standard technology solutions introduce the need for establishing a standard data interpretation layer within the data and analytics solution.

Enterprises must consider various factors, such as technology components, infrastructure needs, regional reporting requirements, and the significant turnaround time for ROI. Addressing these ensures optimal investment in data and analytics for performance reporting and insights.

Altimetrik Unified Finance Mode l(UFM) on SSOT

Through its interactions with numerous customers and years of collective experience across the finance and data domain, Altimetrik has developed a Unified Finance Model (UFM) that can be hosted on a global Single Source of Truth (SSOT).



The UFM is a package of components that enables Enterprises to accelerate their implementation of a financial performance reporting and insights solution. Diagram 1 below, highlights the key components of the UFM package and its overall positioning in the performance reporting and insights solution.

Following are the key features of the UFM:

Global Standard Data Model - A standard data model that contains data entities across transactional and master data that are relevant for financial performance reporting and insights. The model is estimated to satisfy ~80% of data requirements out of the box with an option to incorporate the remaining 20% of customer specific fields.

Inbuilt MDM Support - The data model covers typical master data entities including Chart of accounts, Customers, Vendors, Cost centers, Projects, and profit centers. The model also factors the need for having global identifiers for each of these entities to enable consolidated reporting and global insights.

Reporting and Insights Views - The UFM consists of standard views that are defined on top of the data model to enable consolidated financial reporting and operational insights out of the box.

Standard Reporting Pack - The UFM includes a standard set of visualizations across consolidated finance statement, AR analytics and AP analytics built on top of the reporting and insights views.

Technology Agnosticism - The UFM is agnostic of the underlying technology layer on which it can be implemented.

*The SSOT is a technically robust data warehouse solution that sources data from Enterprise systems at varying levels of details depending on the business context.

The UFM targets the following benefits:

Accelerated Implementation - The UFM acts as the baseline model for implementation team to fit-gap their current data sets which can save between 20-30 % effort that is typically spent on defining a data model for performance reporting. Further savings between 10-15% are accrued through usage of standard views and visualizations that come as part of the UFM package.

Data Harmonization and Standard Interpretation - The UFM enforces harmonization of data, both transactional and master, in the SSOT. This ensures that the source data is transformed into a standard structure and adheres to standard interpretation basis.

Granularity on Demand - The UFM incorporates transaction level granularity in its core data model and enables insights specific aggregation and calculations to enable visualization of the performance reports and insights. Availability of both granular and summarized data provides the option for customers to visualize a combination of both on a need basis.

Implementation Agility and Improvement Loop - The UFM model allows for on-boarding of entities in an iterative manner while generating the insights for the onboarded entities until further entities are on-boarded. This allows for a feedback loop that helps improve the solution as the implementation progresses rather than waiting for the rollout to complete.

Conclusion

Enterprises are realizing the true value and opportunity that data driven technology solutions offer and are focusing their investment on data and analytics solutions. They are paying equal attention to establishing a scalable and well-structured data platform solution that can aid them in handling enormous volumes of business data, consuming them for enterprise scale strategic solutions and in generating performance reports & insights.

To remain highly competitive and relevant in the market, enterprises are looking for means to shrink the turnaround time to implement their data solutions. ***The Altimetrik UFM on SSOT*** fills this need by providing a nimble and scalable architecture that can help enterprises onboard their performance insights in an agile and iterative fashion and ensures a return on investments in the early phases of implementation.

About Altimetrik

Altimetrik is a pure-play digital business services company. We focus on delivering business outcomes with an agile, product-oriented approach. Our digital business methodology provides a blueprint to manage data as well as develop, scale, and launch new products to market faster. Our team of 6,000+ practitioners with software, data, cloud engineering skills help create a culture of innovation and agility that optimizes team performance, modernizes technology, and builds new business models. As a strategic partner and catalyst, Altimetrik quickly delivers results without disruption to the business.