

modernizing finance



Your Presenter

Resource Profile



John Wallace, CMA
Finance Analytics

As a Professional Accountant with 20 years of experience delivering process and technology-based solutions, John has an impressive track record for using the right combination of Project Management, Business and Technical skills to deliver tailored business solutions for both private companies and government agencies.

Select Client Experience

Tennessee Valley Authority
Baxter International
Labatt Breweries Of Canada
Deloitte Canada
Region of York
Greater Toronto Airport Authority
The Walt Disney Company
Inmarsat Solutions
Velan Inc
Magna International
McMaster University

Deloitte.

John Wallace
Senior Manager,
Finance Analytics

5140 Yonge Street
Toronto, Ontario
www.deloitte.ca

Tel: 416.706.6951
jowallace@deloitte.ca

The Finance Team is expected to be a business partner providing analytical insights and technical enablement



83% of surveyed finance leaders look to increase Finance Business Partnering activity over the next 3 years *

73% of CFO's are responsible for driving integration of information across the enterprise***

72% of CFO's see improving finances analytic, modelling and forecasting capability as a 2013 priority**

2.1x Average EBITDA performance gap between top finance analytic performers and peer's**

Source:

* Deloitte Business Partnering Survey 2012

** Hackett, 2012

*** CFO World, 2010

Lack of efficient and effective “Finance Analytics” is impairing business partnering

How Are We Doing?

<15% of CFO's are confident that they get helpful information for making decisions about the future.**

2 in 3 surveyed finance organizations spend less than 30% of their time partnering with the Business*

1 in 3 surveyed organizations state a lack of capability, combined with a lack of resource capacity as being the greatest barrier to effective Business Partnering*

57% of surveyed leaders ranked finance systems inhibiting access to data as a top 3 barrier to business partnering*

33% of Finance Professionals are confident in their abilities to address decision support and analytics initiatives***

50% % of investments in analytics tools will be wasted (because of cultural immaturity, a lack of required skills and inappropriate training levels) ****



Source:

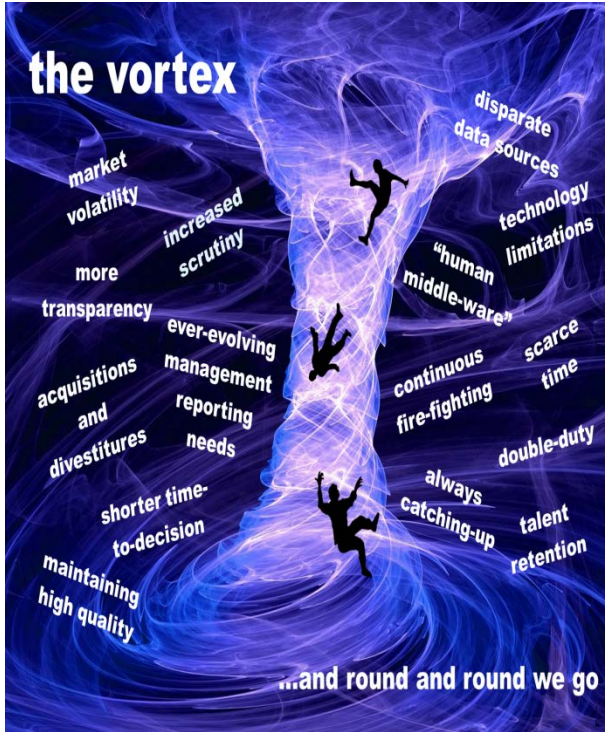
* Deloitte Business Partnering Survey 2012

** IBM: CFO Executive Board, 2012

*** CA Magazine, 2013

**** Gartner, 2012

Why are organizations having this efficiency and effectiveness challenge?



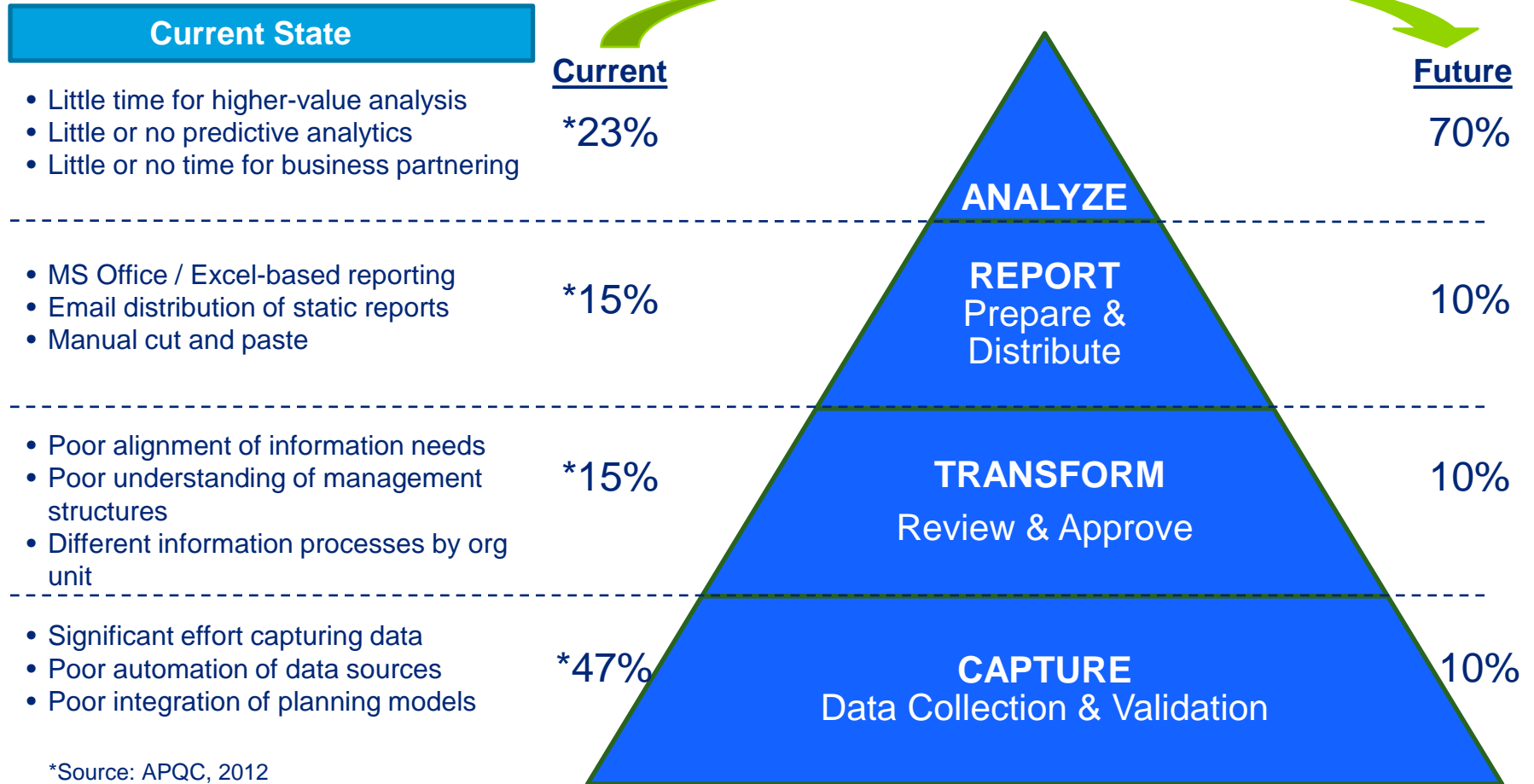
... Duct Tape Systems



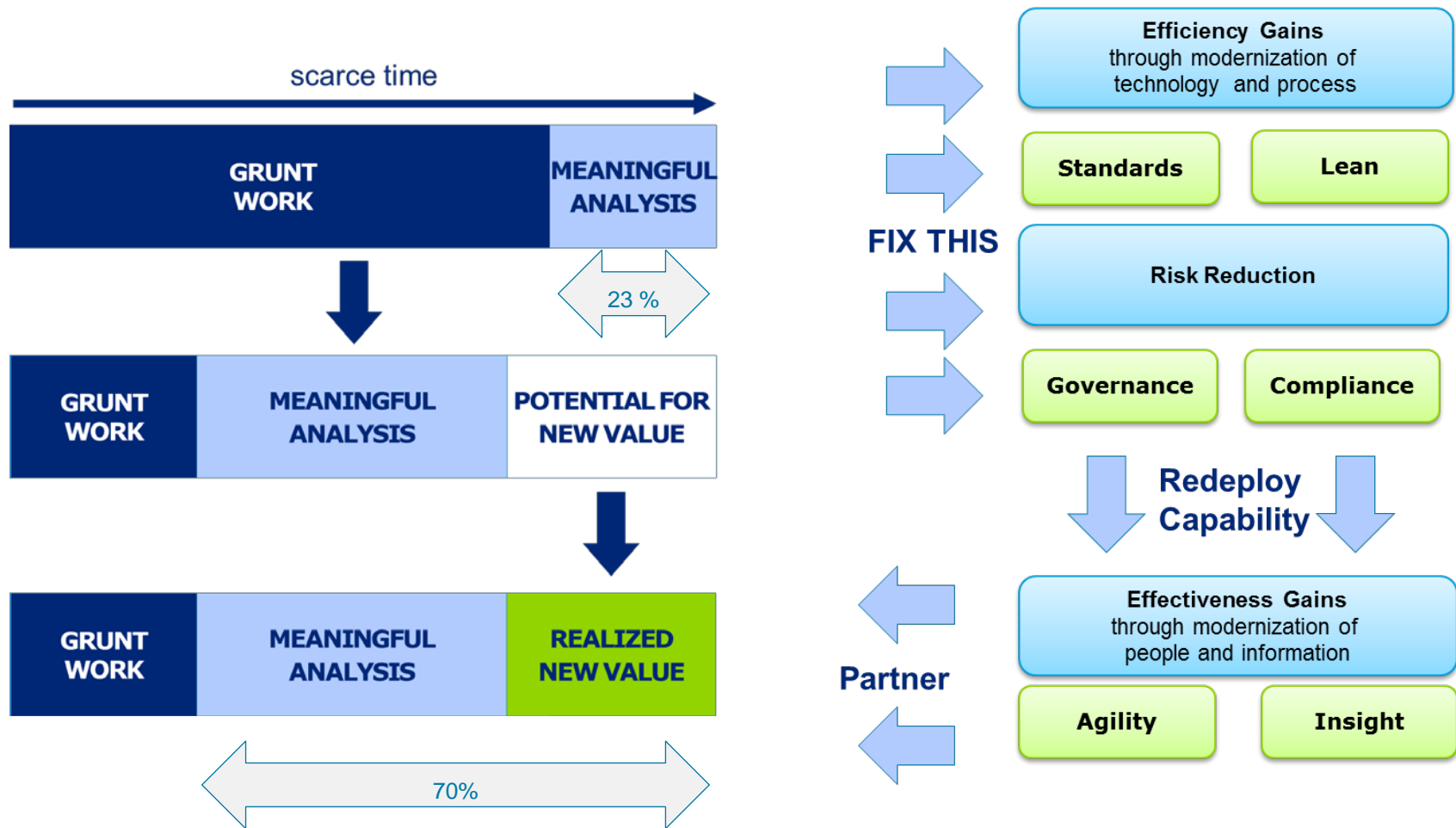
... And people making it work



Leading Organizations are modernizing their Finance Analytics environment as a pre-requisite to becoming a better business partner.



How are Leading Organization's Modernizing to become better partners?



Organizations are successfully modernizing their financial analytics and becoming better business partners

Client Profile	Core Analytic Challenge	Modernization Benefit
<p>\$1b Canadian Telco.</p> <ul style="list-style-type: none"> • Business re-organization to better align with customers • Agility to model business • Lack of insights to action behavior <p><i>Creating Efficiency and Reducing Risk</i></p>	<ul style="list-style-type: none"> • 50% of finance team effort focused on “Crunching” the forecast • Financial systems not aligned to reporting needs • Non-Standard business and reporting processes • Process is heavily reliant on 1 resource 	<ul style="list-style-type: none"> • 2x reduction in forecast cycle-time • 10x reduction in scenario modeling time • Defined processes for managing data • Centralized & Scalable platform for additional analytics • De-risked reliance on bottleneck resource
<p>\$1.5b Division of Global Media Company</p> <ul style="list-style-type: none"> • Start-up division • Given 2 more years to become profitable • Outgrown analytic capabilities <p><i>Gaining Effectiveness</i></p>	<ul style="list-style-type: none"> • Existing data store and data management too complex • Frequent “system outages” • 4-8hrs to generate forecasting reports • 1 full-time resource assigned to “Baby-Sit” system 	<ul style="list-style-type: none"> • No system latency for reporting and analysis • 100% planned up-time • 50% Simplification of technical complexity enabled outsourcing of support • Able to Partner to improve “Pricing Analytics” and “Franchise Analytics” capabilities
<p>\$10b Global Pharma Company.</p> <ul style="list-style-type: none"> • Visibility to \$300m in R&D spend • Need to re-prioritize innovation funding • Change to Matrix organizational <p><i>A Better Business Partner</i></p>	<ul style="list-style-type: none"> • Financial systems not tracking existing spend detail • R&D resource scheduling in separate system • Data Quality dubious • Lack of process 	<ul style="list-style-type: none"> • \$5-7m annual R&D savings / re-prioritization • On-going visibility and accountability for 300 managers • Standardized process to drive efficiency • Focused analytics and reporting • Data cleaned-up for compliance and additional analysis

How Do I Influence The Numbers?

A Case Study

Client Profile

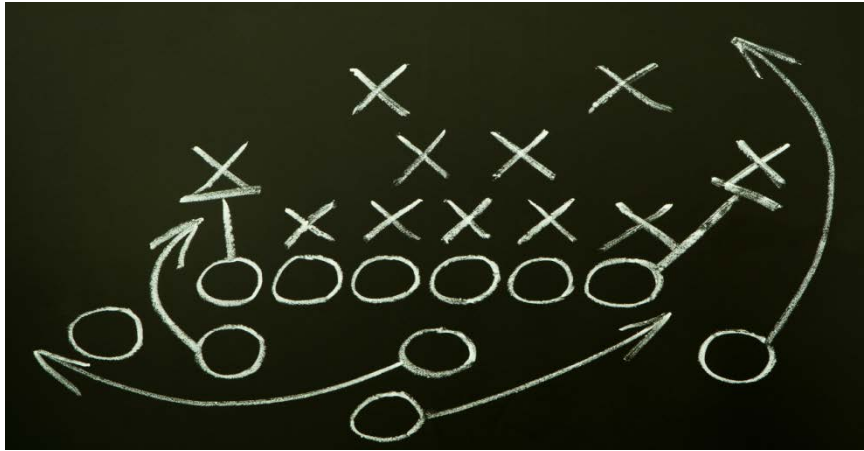
- \$350m Canadian Manufacturer, historically very profitable and cash-rich, but environment changing very quickly
 - Core business slowing
 - Chinese Competition eroding margin
 - M&A draining cash balances
- New stakeholders require frequent reporting and analysis of cash positions

Core Analytic Challenge

- 1st attempt at modernization failed
- Excel Hell for Financial Consolidations, Budgeting, Forecasting and Analysis
- Manual Data Acquisition from 5 ERP's & 12 divisions (multiple COA's)
- Budget process takes 4 months, not able to complete formal forecasts
- Challenge retaining talented finance resources

How Do I Influence The Numbers?

A Case Study: Getting Help & Understanding Scope



Background

- Significant Price Differential
 - “Same Business Scope”
 - Different approaches and Risks
- Apples-To-Apples Comparison
 - Is there a strategy?
 - Is there a business focus?
 - Is the approach right for you?
- Are you comfortable with the Balance?
 - Is there meaning and on-going involvement from your resources?

Knowing The Numbers

33% of Finance Professionals are confident in their abilities to address decision support and analytics initiatives

- Becoming an educated buyer and learning from prior mistakes
- Having a trusted advisor, speaking in your terms
- Being realistic about capabilities

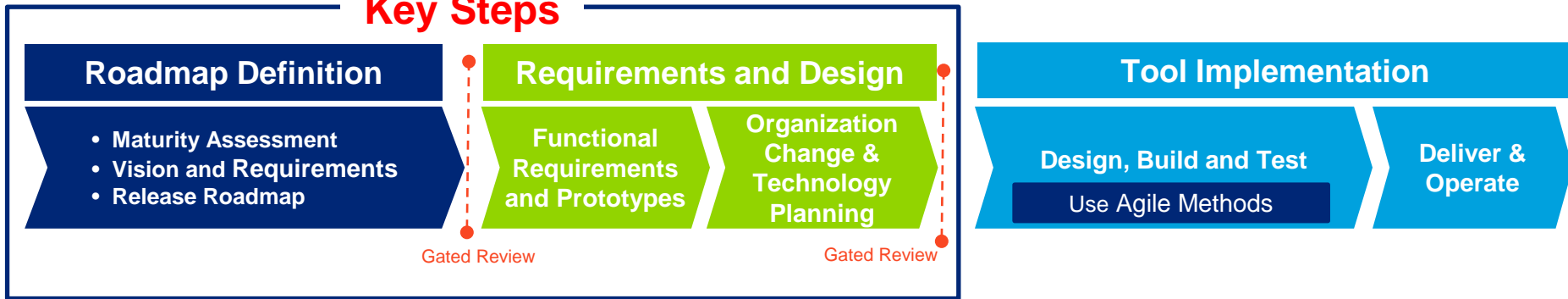
30/30/30 is a rule of thumb for the distribution of effort across a program (Requirements, Design & Development, Test & Deploy)

- Balance between functional and technical effort
- Understanding where you can (and can't) add-value

How Do I Influence The Numbers?

A Case Study: Approach

Key Steps



Background

- Roadmap process
 - Educates and Aligns stakeholders
 - Shared view of how we get there
- Requirements and Design
 - Prototypes to validate assertions
 - Catch and close “Gaps” early
- Meaningful Stage Gates
 - Validate Costs, timelines, scope
 - Validate approach

Knowing The Numbers

- 50%** % of investments in analytics tools will be wasted
- Roadmaps align stakeholders on “cause and effect” benefits
 - Prototyping closes the language/lingo “Gap” and focus requirements on benefits
 - Gate Reviews provide early off-ramps for re-alignment

How Do I Influence The Numbers?

Case Study: Capability & Prioritization Analysis

Pain Points	Desired End-State Capabilities
Talent & Process <ul style="list-style-type: none"> Organization does not value budget; No time to analyze, and de-risk plans <p>Maturity Level: </p>	<ul style="list-style-type: none"> Expand usage of models to improve timeline and quality of budget / forecast over time Change budget timeline to enable additional analysis and scenario modeling to de-risk, increase visibility and improve buy-in to the plan Incorporate formal reviews of progress into a regular forecast cycle Enhance revenue model to better analyze margin at the product, region and customer level
Technology & Applications <ul style="list-style-type: none"> Excel tools make analysis extremely inefficient. Lack of tool to support detailed business planning and modeling <p>Maturity Level: </p>	<ul style="list-style-type: none"> Budget and Forecast models are integrated to deliver actuals for prior period and relevant comparatives Models and P&L can be viewed at the department, plant and company level Reporting for budget, forecast and actuals available from standard reports or self-service Leverage use of Cognos for needs outside traditional budget. Examples are customer profitability and product costing, product profitability
Data & Information <ul style="list-style-type: none"> Lack of integrated data solution significantly impairs the timeliness and reusability of analysis and ease of reporting <p>Maturity Level: </p>	<ul style="list-style-type: none"> Centralized source of data for budget, forecast and actuals Automated data integration and collection Data repository for managing and reporting against financial and non-financial data acquired from multiple source applications

Background

- Holistic and honest review of capabilities
 - People, Process, Technology
 - Agree on current challenges
 - Practical analysis of what is required
 - Healthy dialogue on how to close gaps

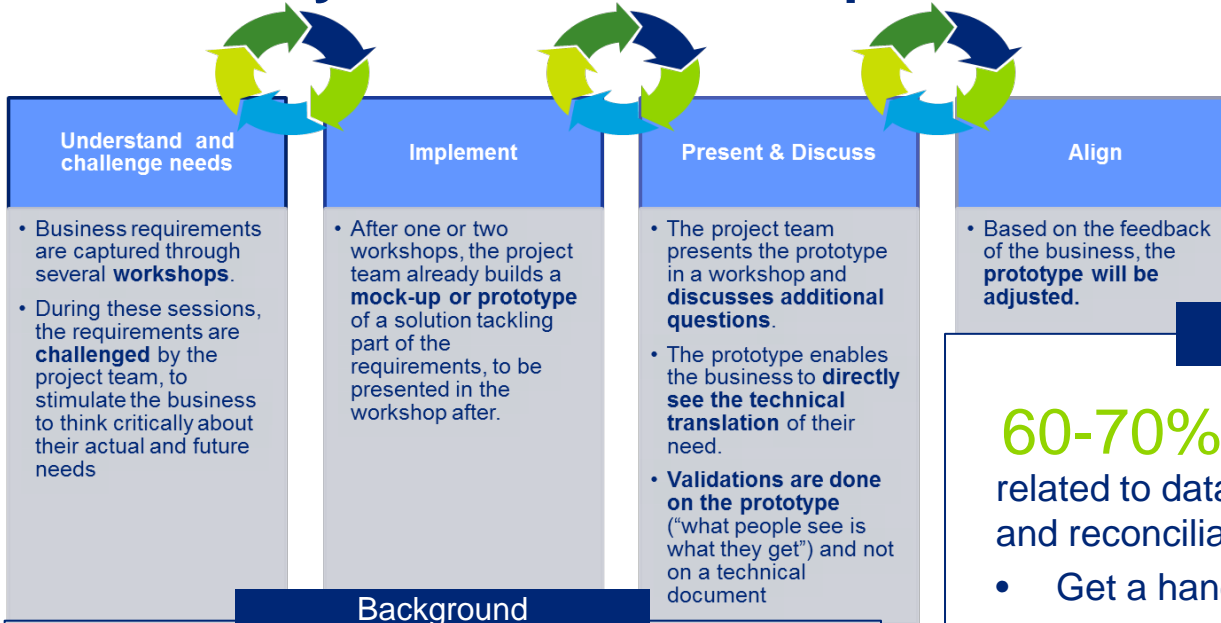
	Modernize	Extend	Enhance
	Implement low-risk improvements to enable PB&F capabilities Develop design patterns to support scalability	Leverage proven design patterns for to integrate lower priority entities	Increase functionality, pervasiveness and organizational penetration
Key			
Benefits			
Reduce Cycle Time			
Improve Data & Analysis			
Increase Visibility			
Automate Reporting & Analysis			
Foundation / Scalable			
Ease of Maintenance			

Knowing The Numbers

- 57%** of surveyed leaders ranked finance systems inhibiting access to data as a top 3 barrier to business partnering*
 - Validate the other 2 barriers and build a plan
- 50%** % of investments in analytics tools will be wasted
 - Validate that the investment aligns with capabilities
 - Validate your roadmap helps you understand when you get / need capability

How Do I Influence The Numbers?

Case Study: The Value of Requirements and Prototypes



Background

- Planning, budgeting and forecasting solutions are business-driven
 - Move beyond a paper discussion
 - Engage stakeholders in a "Real-Life" dialogue
 - Validate and refine requirements
 - Understand modeling
 - Incorporate Visualization
- TIME-BOXED and 2-way ACCOUNTABILITY**

Knowing the Numbers

60-70% of development effort is typically related to data acquisition, cleansing, re-work and reconciliation

- Get a handle data availability and quality
- Understand hierarchy management and mappings... including visualizations
- Reduce assumptions about the data

20-50x more expensive to fix a missed requirement during testing then during requirements

- Prototyping and incorporating meaningful involvement early & through-out process

How Do I Influence The Numbers?

Case Study: Tool Implementation



Background

- Transition from Prototypes to Development
 - Phased releases per Roadmap
 - Prototypes include all user functionality (High Quality); Limited additional functional scope
 - Development activities focused on Administration, Technical Automation
- Development and Testing in parallel
 - Testing completed during development, not at the end
 - Users involved in continuous testing, validation and data reconciliation
- Testing used as a knowledge transfer activity
 - “Natural Support” organization
 - “Go-Live” a non-event



Knowing the Numbers

50% of investments in analytics tools will be wasted (because of cultural immaturity, a lack of required skills and inappropriate training levels)

- Acquire skills by being included in testing
- Validate level of automation
- Understand “New” roles required

1 in 3 surveyed organizations state a lack of capability, combined with a lack of resource capacity as being the greatest barrier to effective Business Partnering

- Assess capability and capacity
- Validate planned vs results, and adjust plan

How Do I Influence The Numbers?

Case Study: Benefits Achieved To-Date

- **Increased Partnering** with the Board;
 - Before go-live... 80% faster turn-around to model high-priority business change
- **Effective Analytics**
 - 60% shorter FY14 Budgeting cycle
 - Enabled Forecast Cycle
 - 95% faster Scenario Modeling to de-risk business plans
- **Efficient Analytics**
 - Integrated Financial Reporting and Cash-Flow Analysis
 - Actuals in a Centralized Data Repository for extending analysis
 - 0% on-going reliance on limited IT resources
- **Reduced Risk**
 - Increased confidence in data extraction controls and automation
 - Standardized Data Management processes



vortex

to

value



Efficiency Gains
through modernization of
technology and process

Effectiveness Gains
through modernization of
people and information

Business Partner

Risk Reduction

Deloitte.