

# Jumping Hurdles: Finance's Race to a Single Source of Truth



# EXECUTIVE SUMMARY

Digital transformation efforts are underway enterprise-wide as organizations harness the power of data to drive better, faster decision making. Yet, as businesses work to fast-track their time-to-decisions, they must first fast-track their progress in achieving a single source of truth. Without that step, there can be no confidence in the veracity of data and certainly no confidence in the outcome of the decision.

Arguably, no other team in the organization is feeling the burn of this digital transformation more than Finance. As the chief stewards of operational and financial data, CFOs and their teams are in a race to aggregate rising data volumes from multiple sources, without the luxury of added time or additional resources to get the job done.

We surveyed global CFOs to understand their confidence relative to data and technology, as well as their progress in moving toward a “single source of truth” (single source of financial and operational data)—a topic we initially explored in 2015<sup>1</sup>.

Encouragingly, our survey reveals that Finance has successfully cleared what we believe to be one of the most significant hurdles—their hesitancy to store data in the cloud. This survey’s

respondents reported that, three years ago, only 33% would have trusted the cloud for their financial data, but today, 73% do, reflecting the fundamental shift needed for organizations to gain both timely access to, and trust in, their data.

Yet, while confidence in the cloud is rising quickly and dramatically, CFOs may not yet have hit their stride in achieving a single source of truth. CFOs have a perception that achieving a single source of truth is cost prohibitive.

This is perhaps the reason why most organizations continue to rely on legacy solutions like Microsoft Excel spreadsheets or IT-managed data warehousing solutions that are likely costing organizations more than they realize. Read on to learn more about finance’s race to a single source of truth and the hurdles they must overcome to get there.

**73% of CFOs trust the cloud for financial data, reflecting the fundamental shift needed for organizations to gain both timely access to, and trust in, their data.**

# CHASING A 'SINGLE SOURCE OF TRUTH'

Unlike complex data warehousing platforms and fragmented Excel data sheets, cloud solutions provide real-time access to unified data in the cloud—no manual aggregation and no waiting around for IT to deliver a report that is out-of-date on the day it's delivered. And while some CFOs still grapple with concerns about security and data loss, the vast majority now say they trust the cloud for storing their sensitive financial and operational data.

Yet, even though attitudes about the cloud have changed, many CFOs and their teams continue to do things the old-fashioned way—manually gathering and aggregating data. This unfortunately means that little progress is being made in achieving a single source of truth.

Our latest survey reveals that 44% of CFOs say their organizations have achieved a single source of truth (up from 38% two years ago), but the

number of organizations working toward it has declined to 34% (down from 45% two years ago). Perhaps even more alarming is that the percentage of companies not even working towards a single source of truth has risen to 21% (up from 17% two years ago).

Why? More than half of respondents (51%) say it is too expensive, which could possibly mean they have either been burned by a previous data warehouse investment or have a perception that this type of costly IT-managed solution is the only alternative to Microsoft Excel. But reliance on legacy solutions (41%) is another primary hurdle to achieving a single source of truth, making it the second most common reason CFOs have not achieved it and, unfortunately, there is a significant cost associated with the use of these solutions. Rounding out the top three, the number of data sources (39%) also presents a challenge for CFOs in attaining a single source of truth.

## Biggest Hurdles

source of truth



# THE COST OF A SHAKY HANDOFF

CFOs continue to report that their Finance teams spend most of their time on data gathering and verification, leaving little time for the analysis required to inform strategic decisions. Multiple data sources and limited data access leads to a data handoff that creates skepticism about the accuracy of the numbers and ultimately extends the time it takes for companies to make critical business decisions.

Finance is finding itself in a seemingly infinite loop, churning out spreadsheet after spreadsheet and pie chart after pie chart—manually slicing and dicing data requested by stakeholders—so that organizations can have greater confidence in their decisions. This tedious process not only eats into Finance’s capacity but delays decisions, leading to lost business opportunities and revenue. As we’ve highlighted previously<sup>2</sup>, analyst firms estimate that companies who struggle with the timeliness and quality of data lose up to 1% of their revenue per major strategic decision.

And data access challenges are directly contributing to that delay. Only 35% of our CFOs reported they were very or completely confident they have access to the financial and operational data needed to make critical business decisions in a timely manner, and that number declined to 30% when asked about their teams’ access to the same data. Moreover, according to our CFO Indicator Q1 2017 Report, 77% of CFOs admit that major business decisions have been delayed due to this lack of access.

Ironically, decision support is a key area where CFOs say cloud-based technologies are having the most beneficial impact. According to Deloitte’s most recent CFO Signals Report, 75% of CFOs who have aggressively implemented emerging technologies<sup>3</sup> have seen significant improvement in analytical/decision support. Even more promising, 77% of these same CFOs say emerging technologies have significantly improved consistency and controls.

[1] CFO Indicator Q1 2017 Report.

[2] Emerging technologies are defined as cloud computing, robotic process automation, visualization, cognitive/AI, in-memory, and blockchain solutions.



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CFOs are confident they have access to data for critical business decisions

# DROPPING THE NON-FINANCIAL DATA BATON

As the data deluge marches on—with CFOs expecting a 25% to 50% increase on average over the next five years—stakeholders will look to Finance to track down an increasing number of data points to make their decisions, and many of those data points will reside outside of Finance. In fact, 76% of CFOs say they are regularly tracking non-financial or operational KPIs as part of their forecasting processes, and expect them to comprise nearly one-third or more of their KPIs by next year<sup>4</sup>. Without a single source of truth, the data access problem will likely intensify, leading to an even greater loss in confidence and longer delays in decision making.

**40% of CFOs lack confidence that their teams have the sales planning data required to yield accurate and predictable results**

Our CFOs commented that they want an “understanding of all the factors impacting the business” with improved access to “items that are not in the ERP.” And they want that understanding to be in real-time. When asked which data source was the most challenging to get business critical data from, one respondent highlighted how a lack of real-time sales portals and APIs contributes to delayed sales reporting, while another called out the need for “market data that is timely in an ever-changing world.”

In general, critical sales planning data is presenting challenges for today’s CFOs. Forty percent say they lack confidence that their teams have the sales planning data required to yield accurate and predictable results. Our survey also revealed this data is among the most requested by CEOs today, compounding this challenge for CFOs and their Finance teams. Delayed and reactive decision making can result from this lack of confidence among key stakeholders.

Often doubling as their organizations’ chief data officers, strategic CFOs will need to undertake data governance strategies that yield real-time access to non-financial data streams—not

just sales data, but a host of operational data from critical HR and customer data to supply chain, facilities, and external market data.

And not just access, but understanding. As one CFO notes, “The CFO role has changed significantly over the past five years. No longer do we simply provide data. The position is looked to provide decisions on integral parts of the company. [Whereas] five years ago, decisions came directly from directors of individual departments...[today] it is expected that you integrally understand all areas of the firm and every impact that a financial decision may make.”

# THE NEXT LEG OF THE RACE

But collaboration and skillsets are a function of time, and how much time the Finance team can dedicate to these tasks. In fact, 79% of CFOs have cited “lack of time” as the most challenging collaboration issue,<sup>5</sup> and nearly half believe that collaboration would make their teams more effective.<sup>6</sup>

And, while Finance should be the team responsible for leading the collaboration charge, success will require everyone’s participation. Our CFO respondents commented that a lack of discipline in using systems in place, in addition to reliance

on more than one system for the same purpose, is making it difficult for their teams to retrieve the data. One respondent commented that the organization was using “multiple outlying billing systems, inventory and warehouse management systems.”

As the strategic CFO’s realm, data governance will be a key tenet of creating an analytics-driven organization, and they will need to guide their organizations toward improved data discipline. New cloud technologies can ease the data governance and collaboration challenges facing organizations today.

## What Non-Financial/Operational Data Does Your CEO Request Most?



## Crossing the Finish Line

Getting to a place of better, faster decisions will require CFOs to rethink processes, overcome cost perceptions, and enable their teams to collaborate on data-driven decision-making. That change can only happen with a single source of truth that gives stakeholders confidence and trust in their data. Automation of manual tasks, combined with intuitive cloud-based solutions, can give Finance teams immediate access to the trusted data required to reveal data-driven insights.

### About the Survey

The Adaptive Insights CFO Indicator report reveals what is top of mind for CFOs, as well as unveils key attributes that define the strategic CFO. An [infographic](#) is also available that highlights key findings and takeaways. This report surveyed 255 chief financial officers across the globe online over a period of 19 days ending August 28, 2017.

