Enterprise performance management is entering a new era. Powered by digital technology and analytics, leading practitioners are equipping their financial planning and analysis (FP&A) functions with formidable capabilities that push beyond retrospective reporting to predict future performance.

As CFOs look to become strategic partners who play a stronger role in the business, many are focused on improving enterprise performance management (EPM) and following best practices. By recognizing data as an asset that can be turned into real-time commercial insights, successful teams are forging a new mix of skills, digital technology, and analytics.

Yet judging by a 2016 study by HfS Research in association with Genpact, many CFOs aren’t getting the results they want. The study finds that, while three-quarters of FP&A leaders recognize that the new wave of digital technologies is fundamentally changing the way the finance function operates, they are nonetheless struggling with the constraints of legacy systems and obsolete processes. Meanwhile, challenges associated with inflexible operating models, outdated approaches to talent, and poor data management are causing additional headaches.
As a result, financial analysis is often too late, too backward-looking, and too heavily based on numbers rather than qualitative evaluation. To become better business partners, many CFOs are rethinking EPM to provide quick insights that support timely action.

Drop the baggage, hone your skills

Enterprise performance management frequently fails to deliver what a business needs because people are forced to spend too long collating and normalizing data rather than reflecting on the analysis and identifying opportunities. There are a number of obstacles to address:

- Legacy systems have difficulty keeping up with growing volumes of data, they take too long to reconcile numbers, and are inflexible and expensive to change. What’s more, they don’t always align with the evolving business strategy and often supply irrelevant details rather than forward-looking insights.

- A team’s skills profile can be an obstacle when converting data into insight. The accounting qualifications traditionally considered a prerequisite here are no longer sufficient to analyze business challenges, create insights, and drive action to get results. The FP&A mindset has to change from “What does this cost?” to “How does this generate growth or mitigate risk?”

- Without the right tools and capabilities, EPM professionals struggle to extract and manipulate data, generate insights, and influence decisions fast enough to create competitive advantage.

At a time of disruptive competition, failure to enable forward-looking EPM can have disastrous consequences. If decision-makers don’t have full access to insights on future performance, revenues, and risks, they can’t balance investment costs against probabilities to make insight-driven decisions. On the flip side, the ability to forecast future outcomes with confidence means enterprises can anticipate and mitigate such risks.

The open secrets of forward-thinking teams

The EPM function can serve as a strategic partner to the business. But making that happen demands an overall performance framework that keeps sight of the basics and includes appropriate governance. At the same time, teams must embed new skills and capabilities to create rapid insights and action.

When considering the characteristics shared by forward-thinking EPM teams, there are a few in particular that stand out:

1. They see data as the new currency

FP&A leaders treat data as an asset. Most organizations sit on a mountain of ‘dark’ data – information in emails and texts, in contracts and invoices, and in PDFs and Word documents – that is hard to access and use for analysis. Estimates are that some 80% of enterprise data is dark. Understanding what data is available and valuable is a key first step.

While models and algorithms may underpin the work of the FP&A function, decision-makers need information in a digestible format to see the next steps. Technology offers support through advanced visualization and commentary generation, but people with the right business skills are also needed to deliver insights in actionable form.

2. They combine technical skills with liberal arts

The ideal EPM team functions as a center of excellence. Its people mix analytics and data science with critical reasoning to make sense of numbers in the business’ broader context, which helps them envision future scenarios. Members need technical and modelling skills ideally drawn from different industries to build sophisticated prediction models. And they must have
advanced tools, such as analytics workbenches, that allow them to find the right algorithm for each purpose.

But while data scientists and financial specialists can focus on analytics, logic, and facts, recognizing the value in data — and whether it makes sense — also requires creativity, imagination, and visualization. This is not the traditional EPM skill set that is influenced by a history of auditing and compliance. To successfully transform, CFOs need to bring additional skills into existing teams with retraining, new talent, fresh ideas, and non-traditional skills.

To explore whether organizations are expanding their skill sets, Genpact studied the makeup of EPM teams in leading corporations. We found that a growing number of companies are hiring specialists — data and behavioral scientists, economists, and even anthropologists — into FP&A teams. And at the individual level they place greater emphasis on soft skills like consulting, negotiating, and influencing.

Today’s FP&A professionals must think beyond the numbers to deliver value in EPM.

3. Digital technologies and analytics empower them

To support greater collaboration and deeper insights, finance teams are investing in digital technologies and analytics that also free people to focus on exploring what the numbers mean, not just what they are. Digital technologies play many roles:

a. **Data ingestion technologies collect**, cleanse, and integrate structured and unstructured information from all relevant sources, whether internal or external

b. **Artificial intelligence technologies**, such as natural language processing, analyze and make sense of data. And natural language generation automates the first level of commentary writing, which reduces the time it takes to create reports

c. **Predictive analytics** forecasts what may happen, while prescriptive analytics identifies the best result within a range of choices given various factors

d. Rather than produce a 300-page report, **data visualization** allows EPM teams to make insights engaging and digestible, enabling better and faster decision-making

Combining these characteristics allows finance teams to provide the business with the insights it needs to make strategic, action-focused decisions

Create agility. Deliver competitive advantage.

EPM functions that invest in new skills, data management, and digital technologies for automation and predictive, real-time analytics can achieve significant business impact.

- Teams with more time to spend on analysis make a stronger contribution to strategic decisions
- More informed, robust decision-making creates competitive advantage through higher revenues, greater agility, faster growth, and improved margins
- By interpreting past and future business performance more objectively and consistently, FP&A teams increase confidence among internal and external stakeholders
- Standard processes, fewer reports, and eliminated duplication streamline work and reduce cost

Rethinking EPM is the catalyst that turns finance into a strategic business partner.

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CASE STUDY

Accelerating reporting with machine intelligence

The finance team at a global consumer goods firm was spending excessive time preparing data for reporting, which prevented it from analyzing external sources or providing expert commentary.

The company adopted an artificial intelligence reporting solution to extract and validate relevant structured and unstructured data, and used trend analysis to provide multiple reporting views.

Analysts are now able to enrich reports and forecasts with their expert insights, substantially improving the business’ ability to anticipate emerging opportunities.

About Genpact

Genpact (NYSE: G) is a global professional services firm that makes business transformation real. We drive digital-led innovation and digitally-enabled intelligent operations for our clients, guided by our experience running thousands of processes for hundreds of Global Fortune 500 companies. We think with design, dream in digital, and solve problems with data and analytics. We obsess over operations and focus on the details – all 78,000+ of us. From New York to New Delhi and more than 20 countries in between, Genpact has the end-to-end expertise to connect every dot, reimagine every process, and reinvent companies’ ways of working. We know that rethinking each step from start to finish will create better business outcomes. Whatever it is, we’ll be there with you – putting data and digital to work to create bold, lasting results – because transformation happens here, at Genpact.com.

For additional information contact, cfo.services@genpact.com and visit www.genpact.com/finance-accounting/enterprise-performance-management

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