Management Accountants and IT Professionals providing Better Information = BI = Business Intelligence

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Agenda

• Management Accountants?
• The need for Better Information
• Developments in Business Intelligence
• Management accountants and BI
  – Business case
  – Implementation
  – Performance management
• Conclusion
Dept Management (other admin etc)

**Expert Services**
(audit, tax, treasury...)

**External Reporting**
(statutory accounts, compliance...)

**Management Accountancy, information and analysis**

**Planning & Control**
incl. Performance & Risk management

**Information Systems**
(data capture and access)

**Accounting Operations**
(Transaction processing, recording and basic reporting including the ‘purchase to pay’, ‘order to cash’ and ‘record to report’ processes)
How People (FTEs) in Finance Functions are deployed:

- Mgt Info Systems
- Accounting Operations
- Mgt Accountancy Info & analysis
- Planning & Control
- External Reporting & Experts
- Other, admin etc. (40%)

CIMA: Chartered Institute of Management Accountants
How Management Accountants spend their time:

- External Reporting & Experts
- Mgt Info Systems
- Accounting Operations
- Planning & Control
- Mgt Accountancy Info & analysis

Other, admin etc.

Today
Future

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The sustainable value chain

The challenge is to balance operating efficiency with longer term prospects

Operational competencies

Differentiating competencies
Better Information

Level of analysis

Record, Calculate, Comment, Insight

Range of data

Financial, Operational, Customer, External

Report the past

Monitor current

Model future

Bigger Information
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What is Business Intelligence?

- **Business Intelligence (BI)** usually refers to technologies, applications, and practices for the collection, integration, analysis, and presentation of business information.

- BI systems provide **historical, current, and predictive views** of business operations, most often using data that has been gathered into a data warehouse or a data mart and occasionally working from operational data.
Vendors have assembled BI Stacks

Presentation and information delivery

Modelling and analysis

Access and interrogation

Data standardised, integrated and key data organised

Extract, Transform & Load

Data Sources

Data Captured

IT Infrastructure

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Parallel Universe?

Presentation and information delivery
Modelling and analysis
Access and interrogation
Data standardised, integrated and key data organised
Extract, Transform & Load

Real time access
Reports & Dashboards
Web
Customer
Operations
Supply Chain
OLAP
Data Mining
Query & Reporting

OLAP cube
Finance
Spreadsheets
Warehouse management
ETL
IT Infrastructure
Legacy systems

Data Sources
Data Captured
£$E ERP CRM HR SCM

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Business Intelligence provides managers with the facts they need to make better decisions for competitive advantage

Before:
- Lots of data, **few insights**, information silos
- Information architecture consists of a 1000+ spreadsheets
- **Sending around spreadsheets** to communicate performance
- **Lengthy** process to pull together data from different systems into a coherent report
- There isn’t a single version of the truth, managers don’t trust reports
- Decisions made largely on **gut feel**

After:
- **Insights delivered** from a consistent source
- Fit for purpose information architecture that reflects key business questions
- Easy access to **personalised on-line** performance information
- **Rapid** process to pull together data from different systems into a coherent report
- Advancing towards a single version of the truth, managers trust reports
- Decisions made using **facts** and judgement

Report
What happened?

Analyse
Why did it happen?

Analyse
Where did it happen?

Predict
What will happen next?

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Management Accountants’ roles in Business Intelligence

- BI strategy and Business Case
- Implementation
- Data Quality
- Performance management
- Analytics
FIGURE 1: Reasons for using data warehousing and BI

- Improve quality of decision making: 4.5
- Improve data accuracy and integrity: 4.3
- Improve performance measures: 4.1
- Provide access to real-time data: 3.7
- Provide insight into trends: 3.7
- Increase customer awareness: 3.5
- Improve marketing and sales information: 3.3

On a scale of 1-5 where 1 = ‘not important’ and 5 = ‘very important’

Source: PMP Research

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Implementation

Stages of a business transformation project where the risks of failure are highest?

- No stage tends to be riskiest
- New solution design (4.8%)
- Recruitment and motivation of project team (6.4%)
- Post-implementation (7.2%)
- Planning of implementation (8.8%)
- Formulation of strategy and transformation objectives (12%)
- Communication of objectives (12.8%)
- Implementation (37.6%)

Cagpemini / EIU Trends in Business Transformation
Dashboards
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### The Evolving Role of BI

<table>
<thead>
<tr>
<th>Used by Analysts</th>
<th>Pervasive use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Historical data</td>
<td>Real-time, predictive</td>
</tr>
<tr>
<td>Fragmented view</td>
<td>Unified, enterprise view</td>
</tr>
<tr>
<td>Reporting results</td>
<td>Analytics to optimise business processes</td>
</tr>
<tr>
<td>Tools in silos</td>
<td>Unified infrastructure &amp; prebuilt analytic solutions</td>
</tr>
</tbody>
</table>
Better Information

• BI is often used to describe an information system or reporting and analysis tools.
• But Business Intelligence is not just about hardware and software. It requires a culture of evidence based decision making.
• It is about leaders recognising that a company’s data is an important strategic asset that can yield management information and the business capturing, storing, accessing, analysing and using that information to improve decision making.
• Management accountants can unlock the potential in BI
• BI can unlock management accountants’ potential