ASIA

/IFP FinNext

In partnership with **FP&A** TRENDS

ENABLING DIGITAL FINANCE

AGENDA
ENABLING DIGITAL FINANCE

Introduction
Context setting
Principles and Concepts
Diagnosis
Case Study Example
Q&A

SETTING THE CONTEXT FOR FINANCE
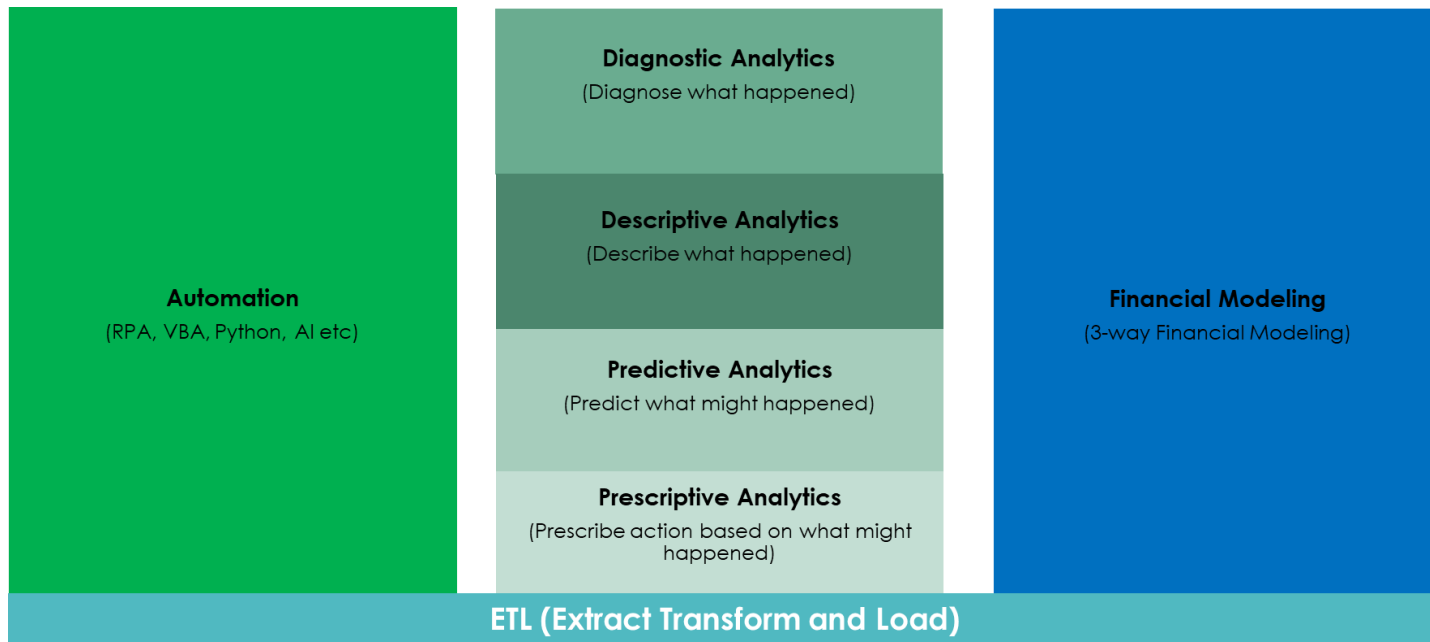## ENABLING DIGITAL FINANCE

Primary objectives

- Enable better business decisions to create value for the organisation

Secondary objectives

- Transforming the Finance team through accelerated digital solutions which COVID has forced upon us

- Understand the current gaps that exist and how to bring in the best solutions to the organization

- Exploring multiple pathways on how we get to achieve the primary objective
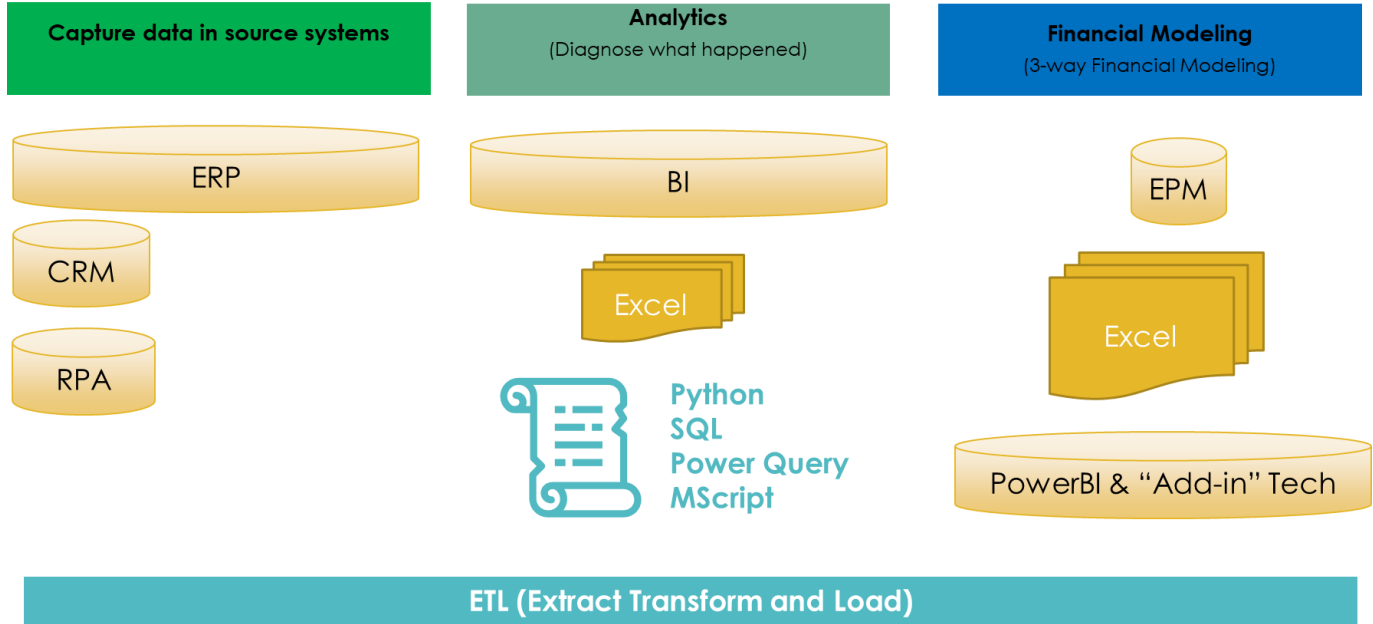
3 KEY PILLARS IN YOUR TECH STACK
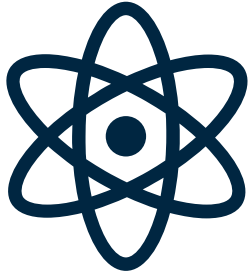## KEY TOOLS A FINANCE TEAM NEEDS TO ADOPT & CONSIDER

Automation
(RPA, VBA, Python, AI etc)

Diagnostic Analytics
(Diagnose what happened)

Descriptive Analytics
(Describe what happened)

Predictive Analytics
(Predict what might happened)

Prescriptive Analytics
(Prescribe action based on what might happened)

Financial Modeling
(3-way Financial Modeling)

ETL (Extract Transform and Load)

ASIA
AFP FinNext

In partnership with FP&A TRENDS
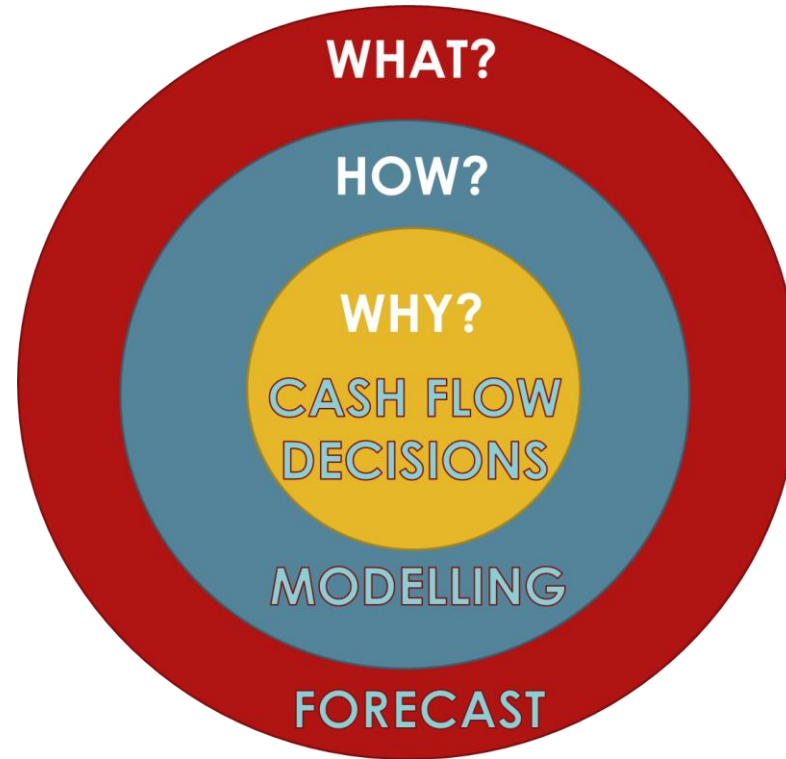
ANALYTICS vs MODELLING

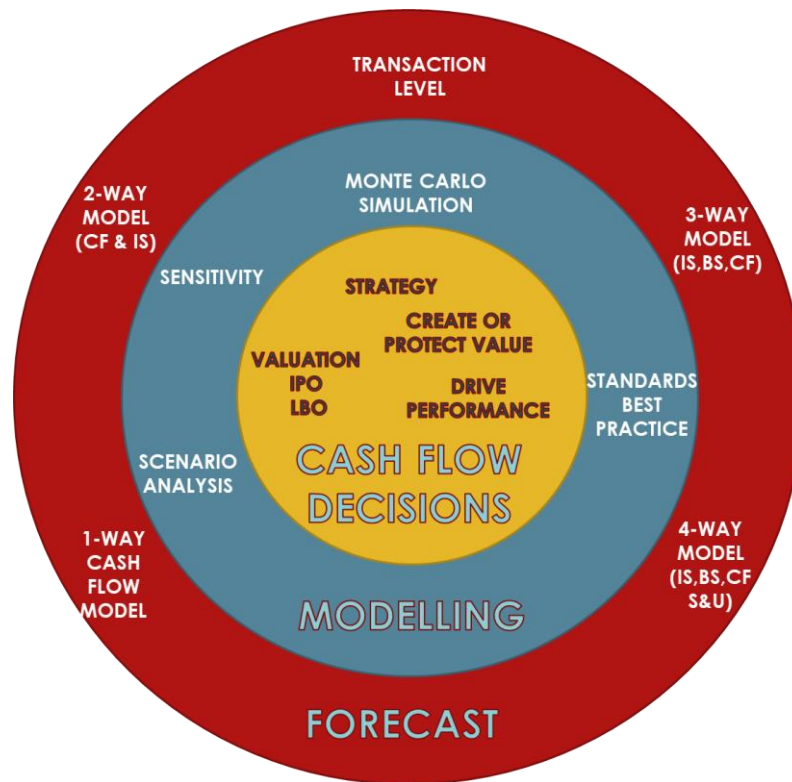**Predictive Analytics is very narrow and very deep.**

Financial modeling is conversely very broad and reasonable shallow.

PURPOSE OF MODELLING vs ANALYTICS

SHOW ME MORE!
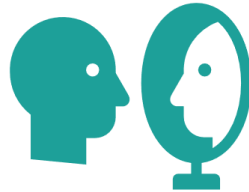
BUILD A BEST PRACTICE MODEL

FLEXIBLE

Sensitivity Analysis

Calculation Formulas
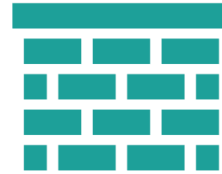
APPROPRIATE

Outputs & Presentations

Calculation Formulas

Checks

Multiple Workbooks

STRUCTURED

General Concepts

Workbook Structure Sheet Structure

Calculation Formulas

TRANSPARENT

Format & Styles

Assumptions Entry Interface

Naming Principles

Time Series Analysis

Printing & Viewing

ASIA
AFP FinNext

In partnership with FP&A TRENDS

10 BEST PRACTICE TIPS FOR VISUALIZATION

1. HOME PAGE NAVIGATION

2. CONNECTED VISUALS TO STORY (INFOGRAPHIC)

3. REAL ESTATE MANAGEMENT (VISUALS & SLICERS)

4. BUILD MEANINGFUL RELATIONSHIPS

5. WELL ORGANISED MODEL (FIELDS AND MEASURES)
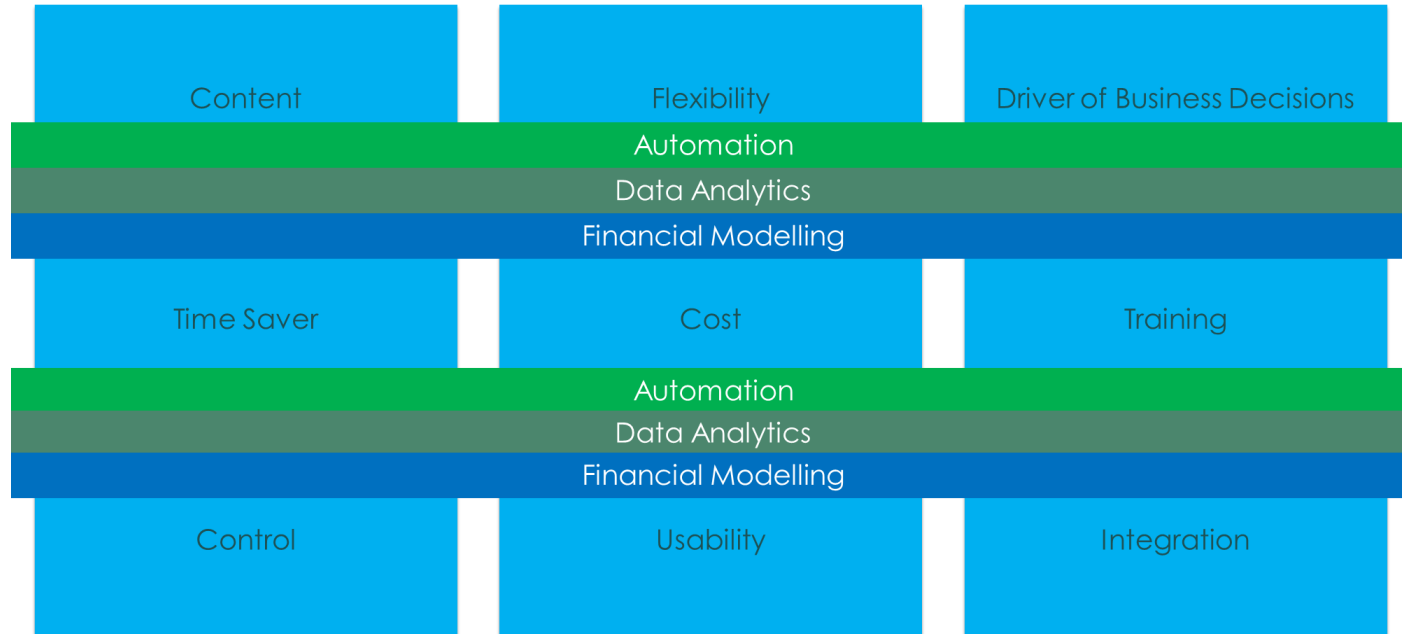
6. IMPORT/SHOW ONLY WHAT'S NEEDED

7. COLOUR MANAGEMENT

8. USE TOOLTIPS

9. USE NAMES THAT ARE MEANINGFUL AND SHORT

10. WHITE OR LIGHT BACKGROUNDS

AFP FinNext ASIA

In partnership with FP&A TRENDS

9 CRITERIA TO EXPLORE TECH FOR VALUE CREATION

Content	Flexibility	Driver of Business Decisions

Automation

Data Analytics

Financial Modelling

Time Saver	Cost	Training

Automation

Data Analytics

Financial Modelling

Control	Usability	Integration

DIAGNOSTIC

CASE STUDY – INTRODUCTION
International Retail and Wholesale Business

A growing and customer-centric business, strategically focused on the following areas and initiatives;

- ➢ **Expanding impact through existing distribution in a profitable manner**

- ➢ **Increasing customer impact and experience across ecosystem**

- ➢ **Improving the sales model (incentives) to suit the evolving business model and performance objectives**

- ➢ **Investing in the business infrastructure that underpins on-going performance and business growth**

CASE STUDY – NEED FOR CHANGE

International Retail and Wholesale Business

Synopsis of Finance Original State:

- ERP dumped reports into Excel and **not automated.**

- High degree of manual time for month end, reporting, budgeting and planning.

- Sales teams were discounting products and equipment without appreciating profitability impacts.

- Initial commission structure did not incentivise a profit lens, but rather a revenue target, and this was not enabled by Finance.

- Finance appeared not to influence sales performance (outside of CFO's ad-hoc influence)
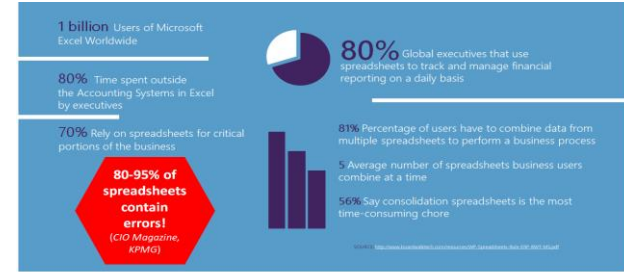
You use Excel daily, but is it with accurate data?
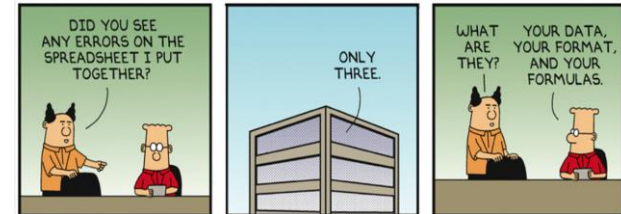
NEED FOR CHANGE

Burning Platform:

1. *COO (CFO) could see that finance would be able to influence and help sales improve, which would have a huge impact on overall business performance and strategy. If profit was not achieved, the entire business would be under financial pressure*

2. *Key strategic decisions rely on cash and profit, in order re-invest into key growth infrastructure (including Finance, Ops and Sales)*

3. *Finance should be a value creator like all other teams across the business*

Measuring Success

Success Criteria:
Over time, how does the company measure the success of tool adoption, enhancement to enablement and org outcomes?

Performance Area	Context
Flexibility in decision making	Ensure solution provided flexibility to meet an ever-changing business landscape and intended growth.
Total Cost of Ownership	A) Limited funds to allocate to technology at this point B) Seeking the highest possible ROI relative to the total cost of ownership in short and longer term.
Useability (Leverages existing knowledge)	Solution useable by the Finance team and able to leverage their existing skills and knowledge as efficiently as possible.
Data Integration	Integrate the solution with PowerBI (the strategic choice for scalable BI tool)

Pathway Selection and Decision Criteria

Preferred Pathway: Excel Add-In Modano – Scalable and Automated model building technology whilst maintaining High Flexibility

| Performance Area	How does this pathway meet criteria?
Flexibility in decision making	Excel is being leveraged by 'systemizing' through Add-In, providing flexibility in the solution. It is possible for most finance professionals to make any logic changes in the tool easily and efficiently without needing an expert of IT.
Total Cost of Ownership	Upfront development was 4-6 weeks, and the model cost was circa $75k. Cost of the Excel Add-In (Modano) was US$1k per user per annum; significantly lower than other solutions. Core costs associated with training and capability uplift of users to ensure solution could be improved, adjusted and potentially leveraged for other solutions in a DIY manner.
Useability	The Add-in could easily map data to any source including the ERP, therefore rolling and updating the model for actuals was a few minutes each month end.
Data Integration	Model is built in a 'structured' Excel via Modano add-in, which means integration with PowerBI (also a Microsoft product) was relatively easy.

Pathway Selection and Decision Criteria

Alternate Pathways: Anaplan OR Adaptive Insights (examples only)

Performance Area	How did it not meet this criteria?
Flexibility in decision making	The team needed to learn new formula languages (queries in some cases) in order to gain flexibility. Scenario analysis or simulations were in most cases impossible, or highly complicated.
Total Cost of Ownership	The total cost of ownership included a large annual cost ranging from circa $300k-$500k before any user or capability costs. A further hidden cost for upgrades were likely, and had historically been imposed on the company by similar providers for other tools.
Useability	Little existing knowledge in other potential tools requiring the need to learn new ways of building logic into the tool; both time consuming and expensive.
Data Integration	Neither Anaplan or Adaptive integrate to PowerBI without the need for another 3rd party connector or API which adds more cost and complexity.

Result – Tool in Action: Capturing Value

Example of Tool in Action
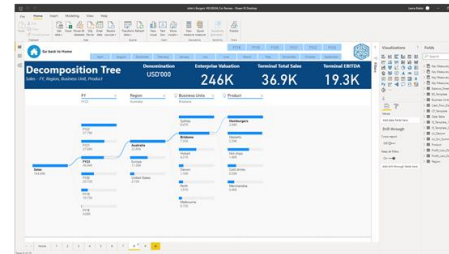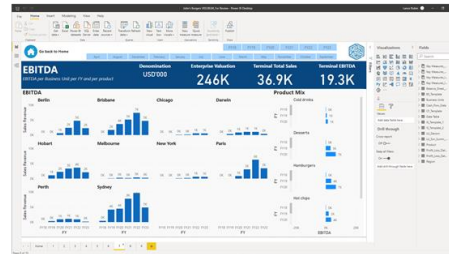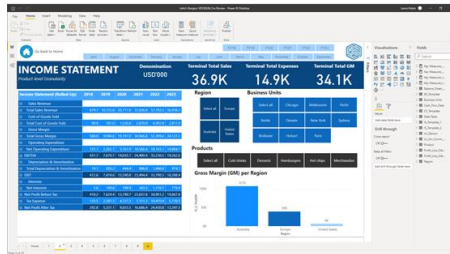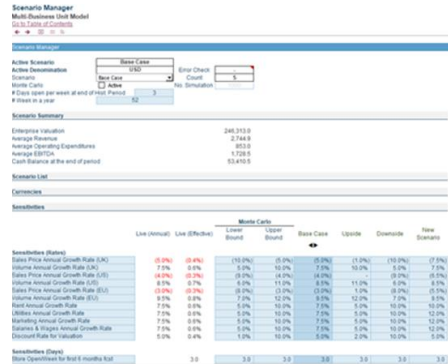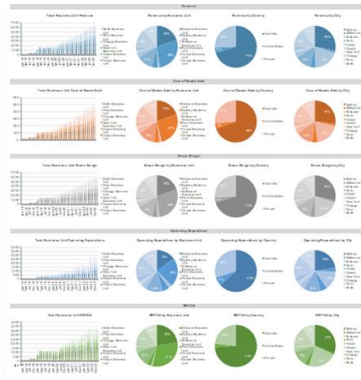
Next steps

1. Become aware of your Finance tech stack

2. Understand Financial Modelling and Predictive Analytics

3. Consider and be aware of best practices in model building

4. Evaluate where you are now and set a goals based on your finance and organisation strategy

5. Assess technology carefully using sound principles

6. Start your journey with a small project

ASIA
AFP FinNext

In partnership with FP&A TRENDS

Stay connected

Reach out to learn more

Lance Rubin

Giles Male

linkedin.com/in/financial-modelling

linkedin.com/in/giles-male-30643b15

LinkedIn

MODEL CITIZN

FULL STACK MODELLER

www.modelcitizn.com

www.fullstackmodeller.com

AFP FinNext ASIA
in partnership with FP&A TRENDS