PATHQUEST®

BUSINESS INTELLIGENCE

A Necessity for Today's CFO

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Contents

01 Business Intelligence: A Necessity for Today's CFO

02 What Is Business Intelligence?

03 What Major Challenges Do CFOs Face?

- 3.1 Getting the Insights You Need Before You Need Them
- 3.2 Predicting What's Next
- 3.3 Consolidating Disparate Data
- 3.4 Supporting a Remote Work Force

04 How Is BI Important to a CFO?

05 How Accounting / Finance Is Using BI

- 5.1 Analysis and Insight Gathering
- 5.2 Strategy Visualization
- 5.3 Report Generation
- 5.4 Customer Segmentation
- 5.5 Revenue Management
- 5.6 Expense Management
- 5.7 Cash Flow Management
- 5.8 Balance Sheet Management
- 5.9 Risk Management
- 5.10 Profitability Management

06 Benefits of BI in Accounting and Future Financial Planning

- 6.1 Centralized Dashboards, Analytics, and Insights
- 6.2 Higher Quality Insights
- 6.3 Greater Profitability
- 6.4 Increased Productivity
- 6.5 Better Marketing ROI
- 6.7 Risk Reduction
- 6.8 Competitive Advantage

07 Customize a BI Solution for Your Business

Business Intelligence: A Necessity for Today's CFO

The role of the chief financial officer is constantly evolving. While a CFO might not be affected as much by technology as the CTO, technology has a way of changing every business leader's job description and responsibilities. The technology that was once thought of as nice to have soon becomes a necessary tool as everyone else in your industry finds new ways to grow and thrive through the process of digital transformation.

Since CFOs possess an analytical mindset and have familiarity with company numbers, it only makes sense that they use business intelligence (BI) as a strategic tool to gain insights and guide themselves and other business leaders to make better decisions across an organization. CFOs must become skilled at translating all types of data into meaningful analysis and actionable insights to continue creating partnerships across the enterprise. BI can help you turn data into valuable answers to the type of questions that affect the future of your business.

- Are supply chain changes paying off in better on-time delivery of parts and raw materials?
- Is that new marketing effort bringing in the results you expected?
- Is it true that allowing the call center staff to work from home enhanced or harmed customer service?

Financial dashboards and BI systems can answer questions like these. By leveraging business intelligence technology, finance leaders can pull data from internal and external sources and conduct analyses to track relevant data and formulate KPIs that matter.

What Is Business Intelligence?

Business intelligence is a technology-based process that allows companies to organize, analyze, and contextualize data from all around the organization. A BI system requires high-quality data inputs to generate the type of financial insights that assist decision-making. Your financial accounting software is an important source of shared, accessible data that can be complemented with BI-driven reporting, predictive analytics, data mining, and third-party feeds.

Companies can use BI to gain business insights from current, historic, and even future trend data by combining financial, operational data, and even data from third-party sources. This information can then update performance indicators, including financial, sales, marketing, and operational KPIs. Companies can use BI to keep a tight eye on their finances, manage their supply lines, and make better decisions on anything from marketing to mergers and acquisitions.

Built-in, configurable financial and accounting dashboards are at the heart of BI capabilities, allowing for real-time analysis based on business objectives and goals derived from all your data sources and merged in one central cloud-based service. Exceptions, trends, and opportunities can be identified, and decision-makers can analyze any underlying metric or transaction for more information.

By evaluating large volumes of data from the many divisions of the business, as well as external sources, integrated BI systems enable the entire organization to gather business insights and make better decisions. A scalable system with a variety of interfaces can draw in all essential data, and role-based access will allow your team to access the right financial and accounting dashboards and KPIs at the right time.

What Major Challenges Do CFOs Face?

With technology constantly evolving the business landscape, CFOs are facing a lot of challenges in the coming years that the right business intelligence software can help them solve.

Getting the Insights You Need Before You Need Them

In the past, when a business leader needed a report, it would take time, sometimes days, to get it. Reports had to be created manually. All the data needed for them had to be tracked down, and usually, more than a few spreadsheets had to be juggled. This was the norm.

But it is not the norm anymore. Getting the information you need in days means you got it too late. Even a few hours could be too long. While you wait on a report, your competition could jump ahead. Today's financial leaders need data in real time, at their fingertips, that they can customize on the fly to give them the information they need before it is too late to act on it.

Predicting What's Next

A CFO guides a business towards its financial future and, to do this effectively, they have to predict the future. At every budgeting, strategy, and planning session, a CFO must make decisions that affect the future of the company.

Without accurate, complete, up-to-date data that has been collected impartially and presented to them in a format that highlights the information they're looking for, any prediction they make is just guesswork. A CFO must also look at the future of technology to determine which tools will help them better make those predictions that will guide the business.

Consolidating Disparate Data

Data is valuable to any business, and the amount of data each business collects increases with technology and time. If all of this data could be collected and analyzed, it could provide a wealth of insights that will guide a business through hard times or allow it to take advantage of opportunities to grow.

Often, this wealth of data is stored on multiple legacy or proprietary systems, where it has to be manually exported, transformed, and integrated with the data from other systems before it can be used to generate helpful reports.

Supporting a Remote Work Force

The recent shift to a remote workforce has been both a benefit and a challenge to CFOs. Companies can save on the money they used to invest in physical office space. But it also means that employees can work from anywhere in the world at any time of the day. That includes places like coffee shops and restaurants where public Wi-Fi could have questionable security. CFOs must ensure that the financial team has the data they need and must also guarantee the security of that data.

How Is BI Important to a CFO?

The comparison between accounting business intelligence software and a jumble of spreadsheets or basic, one-dimensional reporting is not fair. The changes will be dramatic. BI provides a manageable way to correlate and visualize large amounts of disparate data from multiple sources to reveal financial and operational insights and make them available to anyone in the organization.

Both BI and CFOs work in a highly symbiotic relationship, nourishing each other's functions and fostering each other's impacts. A CFO's skills and experiences make them an ideal candidate for leading BI in a company, while BI enables CFOs to contribute much more to the company than just accounting.

CFOs must manage and communicate the financial health of the business to the rest of the company and to stakeholders. The accurate, real-time data, automated reporting, and comprehensive dashboards provide them with fast, up-to-date access to the type of insights they need to improve cash flow, minimize expenses, and make other informed decisions about a company's finances.

How Accounting / Finance Is Using BI

Internal and external elements that impact a company's bottom line are revealed through BI, making it the core tool anyone working in finance uses to review and improve the health of an enterprise. Here are a few ways that BI can show the company's present condition, trends, and issues.

Analysis and Insight Gathering

Accounting business intelligence software with real-time data collection and analysis can integrate all the data sources a business uses, connect to its legacy systems, retrieve supporting data from third-party sources, and present them to all business stakeholders in one location. This makes for a more accurate analysis because every data point that could affect a business is available to provide insights that can improve the business.

Report Generation

Customizable accounting dashboards in cloud-based environments give everyone who needs access to reports the ability to view the up-to-date data they need to make critical decisions about the business. For stakeholders who would rather view printable reports on a regular basis, those can be updated and generated automatically on a schedule.

Strategy Visualization

This is a real-time world. Technology has changed things permanently. To keep pace with the world and business, a CFO and financial team need to make decisions in real time. That starts with real-time data collection. But that's not where it ends. Customizable financial and accounting dashboards allow users to view the data in many different ways, thereby bringing these insights to the surface, allowing ad-hoc analysis, and making it possible to view real-time updates to keep pace with the market.

Customer Segmentation

Businesses can use data from business intelligence solutions to better understand their customers' unique demands, whether they are based on hobbies, purchasing patterns, age, or gender. This information, which includes what each customer segment values the most, will allow marketers to target specific groups with suitable ads, resulting in increased sales.

Revenue Management

Revenue management is more effective when insights are derived from business intelligence systems. An effective BI tool can help a company make important decisions, such as what to sell, whom to sell it to, when to sell, and at what price to sell it at. BI dashboards can use SMART KPIs and custom KPIs to gather, decipher, and present data to help teams plan more effectively and predict customer behavior.

Expense Management

Dashboards and analyses can provide finance staff with an overview of employee spending, ensure expense policies are adhered to, and monitor T&E trends. Managers can use dashboards and reports delivered via email to monitor their staff, set up alerts and notifications to proactively manage spending, and integrate BI tools with expenses, invoices, and travel booking systems.

Cash Flow Management

By using business intelligence and analytics software, companies can automate cash flow analysis, simplify cash flow planning and forecasting, and speed up decision-making processes.

Balance Sheet Management

Excel is commonly used for financial reporting, especially for balance sheets. Excel can summarize a lot of data, but it is not suited for exploratory analysis. Instead, business intelligence can assist in discovering and analyzing contextual information within operations, financial, and accounting systems and create visual analytics. With the detailed reporting and the capability to analyze the information in a balance sheet, CFOs can make better strategic decisions.

Risk Management

Leaders must act quickly when threats emerge. A comprehensive view of the credit and market risk of the organization is possible with BI. Your team will see the most important KPIs at a glance with BI dashboards, which lets you put important KPIs front and center. Plus, BI is valuable for carrying out risk assessments as investment opportunities arise and responding to regulators should they require more information.

Profitability Management

Accounting business intelligence software can determine the profitability of channels, how discounts impact profit, the lifetime revenue of customer segments, and many more metrics a business can use to improve profitability.

Benefits of BI in Accounting and Future Financial Planning

Accounting and finance can use business intelligence software to help with many of their daily tasks. Here are some benefits businesses see once they have integrated a BI tool into their workflow.

Centralized Dashboards, Analytics, and Insights

BI allows board members, stakeholders, and other decision-makers to access the same data simultaneously with self-service tools and create their own custom views of the data. It eliminates the need for employees to search across different systems or spreadsheets or ask colleagues for information or perform separate analyses. Having everyone on the same page helps prevent misunderstandings and reduces the likelihood of mistakes.

Higher Quality Insights

The quality of insights you get from your data depends on that data. There are many ways that accounting business intelligence software ensures that data provides valid and important insights.

- **Impartial Data Collection:** Automated BI solutions collect and process data impartially. They have no motivations behind their search and aren't trying to prove a specific point of view like human analysts generating reports manually can sometimes have.

- **Complete Data:** The right cloud-based BI solution will import data from all of your legacy systems, accounting software, and third-party data services to ensure you have a complete picture of a business.

- **Real-Time Data:** With real-time data and live accounting dashboards updates, accounting data analytics software brings the insights a business needs when it needs them.

Greater Profitability

Every business knows that selling to current customers and keeping them happy is easier and more profitable than constantly trying to acquire new customers. BI software can help a business determine which of its customers are most profitable, what goods and services they may need but not yet have, and which products to cross-sell or upsell them. A business can use the same data to make unprofitable customers more profitable.

Increased Productivity

A key benefit of leveraging business intelligence capabilities in accounting software is that it allows you to scale without adding additional staff.

The types and volume of data and requests for analysis and reports increase along with the organization. BI-enabled accounting software allows users to add additional data sources to dashboards easily. Accounting can set up customized dashboards and generate analyses automatically, minimizing manual work.

Many finance processes can be automated with the help of business intelligence. When traditional tools like spreadsheets are used to prepare financial reports, it takes the accounting department days to prepare them. When using software that supports business intelligence, charts and graphs can be exported to reduce the time required for preparing financial reports.

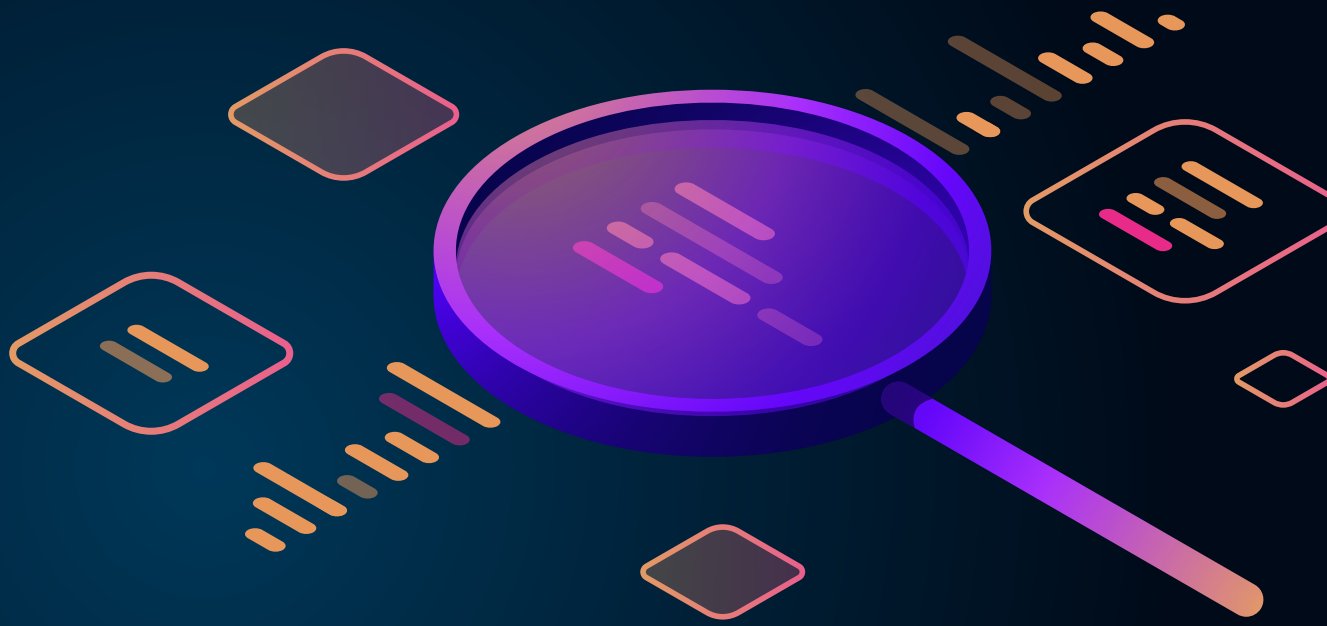
Better Marketing ROI

Business Intelligence can track advertising spending and the performance of different marketing campaigns. Successful initiatives can be further developed, while unsuccessful ones can be re-worked or discontinued. Overall, this increases the success of a company's marketing efforts and contributes to its return on investment.

Risk Reduction

A BI tool can illuminate issues within a company that might not be apparent to each department by collecting robust data and presenting it from a bird's-eye view. The standard reports may obscure weaknesses in your organization. Data compiled by the Business Intelligence software allows for this type of "big picture" analysis.

Bi can also identify missing, incomplete, and inconsistent data. It often indicates weaknesses in a company's processes and controls. As a result, departments can make adjustments that may result in significant savings and take proactive steps to avoid problems before the end of the next financial period.



Competitive Advantage

BI can also help you identify ways to strengthen your competitive position in a market by comparing your product or service offerings to that of your competitors. For instance, banks and financial firms have experienced benefits using BI tools that allow them to customize their products to gain an edge over their competitors based on the data already available to them. Market trends can also predict customer behavior, plan new investments, and make sure existing products continue to meet customer needs.

Customize a BI Solution for Your Business

PathQuest BI can help you transform your business digitally and reap all the rewards that having a better view of your financials can bring. With PathQuest BI, you can get started today.

- Sync all your data from accounting software and legacy systems to consolidate your financials in one source of truth that can be accessed 24/7 anywhere in the world.
- Create custom fields and dimensions to drill down financial data based on location, department, and class.
- Build unlimited custom accounting dashboards that update with insights in real-time.
- Automate workflows like payroll, accounts receivable, and accounts payable.

PathQuest BI is flexible enough to fit the business intelligence needs of enterprises of all sizes and gives them the power to build a custom solution with simple, secure online tools. Find out how you can get started by booking a demo.

About Pathquest

PathQuest® is an Automated Accounting Solution ecosystem designed with a vision to Simplify & Automate your Accounting Practice. In the current situation, businesses and their board members need real-time visibility on financial performance to address crucial business challenges. Find out how the PathQuest ecosystem helps you gain these insights and overcome your challenges.

USA

Dallas Communications Complex, Bldg. 3
400 East Royal Lane, Suite 290
Irving, TX 75039

(800) 838-4854

Info@Pathquest.com

www.pathquest.com