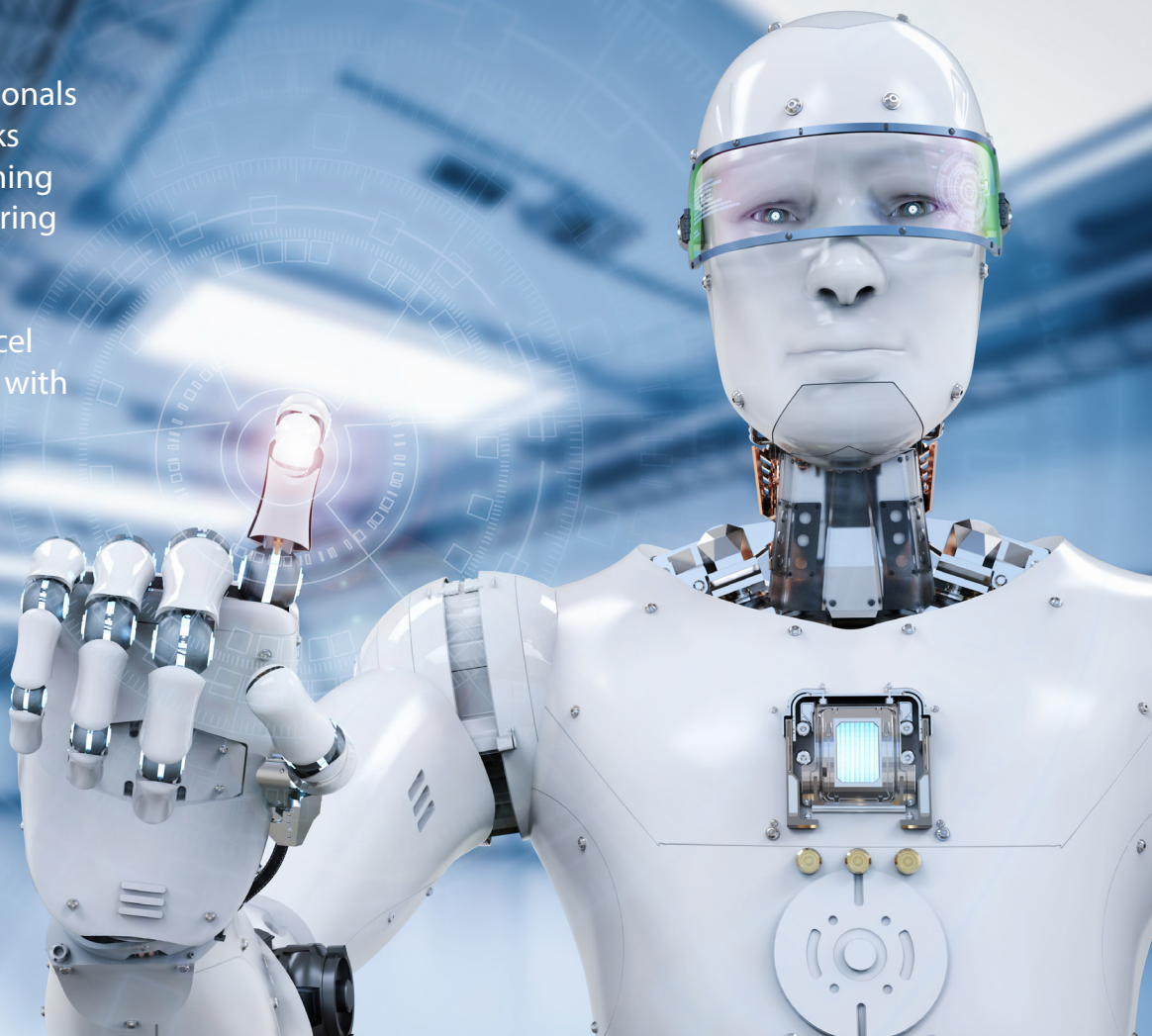


# THE FUTURE OF FINANCIAL PLANNING AND ANALYSIS (FP&A): ROBOTIZED AND DIGITAL

The role of FP&A professionals during the first two weeks of the month entails rushing for month closure, gathering data sets, reports, and scrutinizing, processing and analyzing data in Excel workbooks in discussion with the top management.



Increase revenues, optimize costs, and align with the overall business strategy – the all so familiar goals laid down for FP&A professionals. These goals trickle down from finance leaders who are under constant pressure to provide accurate and timely reporting and analysis to support effective decision making. In fact, in a CFO research survey, 88% of finance leaders said that decision-makers in their enterprise want a better understanding of the analysis they receive and they want finance to simplify it for them.

## New demands, old skills

How can the gap be bridged?

From backroom accountant to boardroom adviser: The CFO's changing goals



Improve revenue  
and reduce costs



Ensure regulatory  
compliance



Manage shareholder  
expectations



Oversee the  
capital structure

## The CFO's current arsenal



Annual budgeting  
and planning



Rolling  
forecasts



Various reporting  
dashboards



What-if and  
predictive analysis

## Falling short

Iterative and time-consuming reports due to:

- Multiple systems with different data sets, definitions and formats. According to a PWC benchmark study, typically, nearly twice as much time is spent on gathering data as on analysis.
- Manual interventions. According to the same PWC benchmark study, almost 50% of the respondents have reporting processes that rely on manual spreadsheet manipulation.
- Multiple consolidations. This leads to delays and by the time the report is generated, it could be outdated.
- Lack of reports standardization.

Lack the ability to link operational performance to business strategy due to:

- Lack of real-time analysis. Most reports use historic data and rarely link current conditions in the market.
- Lack of a comprehensive integrated view of the entire business as most reports are regional in nature.
- Limited what-if and predictive analysis as most analysis are done using Excel-based models or other systems. Over 53% of the respondents in a Digitalist Magazine survey admitted to some complexity during what-if analysis to get actionable advice quickly enough to be effective.

Benchmarking data not readily available.

## How will a digital intervention change it all?

- Periodic reporting
- Manual compliance checks
- Multiple budget iterations
- Multiple resources used for similar jobs in different locations
- Major time spent in compiling and preparing reports rather than in analysis



Traditional FP&A



Digital FP&A

- Real-time and more accurate reporting
- Automated trigger-based process for compliance
- Minimum manual interventions so higher accuracy in budgets
- Optimal use of resource and increased productivity
- Multiple analysis possible within the least timeframe







## The new digital FP&A world

Digitizing FP&A is a key part of finance transformation. FP&A must help create a culture where the finance team spends more time in analyzing data (decision support) than gathering it, and habitually use predictive analysis to make decisions than relying on gut instincts and experience.



Real-time analysis  
using external  
and internal databases



Increased accountability  
to achieve  
corporate goals



Optimized IT resources  
and infrastructure



Integrated perspective  
of past, present and  
future performance



Improved business  
performance

Doing this will require an integrated automation solution that brings together cognitive, big data, machine learning, and artificial intelligence (AI) to provide:

- Predictive and prescriptive data analysis on past, present and future performances
- Warnings signs
- Real-time monitoring for compliance
- A common strategic vision
- An understanding of the business's key metrics

Such a real-time, visualized digital FP&A platform will be powered by AI to provide instantaneous and continuous insights throughout the year. Additionally, digital FP&A will be complementary to existing systems or tools and endeavor to operate in a zero manual touch environment, provide cognitive, machine learning capabilities, and the ability to provide predictive and prescriptive insights.

80+%  
robotized  
processes



Real-time multidimensional analysis

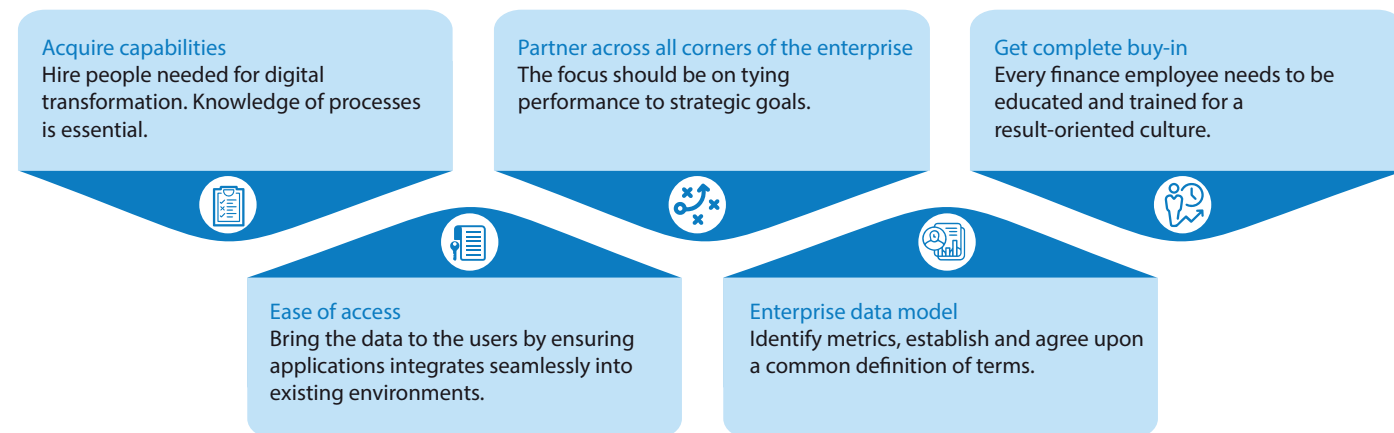
Over a period of time, digital FP&A will generate faster, better and accurate reports and analysis with almost no manual interventions and in real-time for quicker decisions. Machine learning, being an ongoing process will help continuously evolve reports and analysis, enabling a healthier overall financial performance and compliance as shown in the maturity chart below.

## FP&A maturity chart

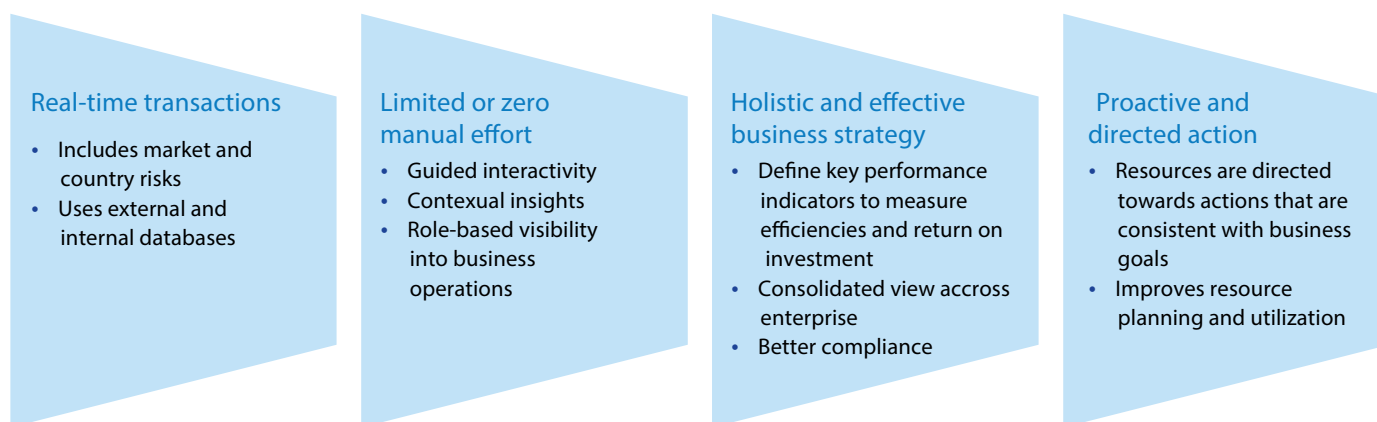
	Traditional FP&A	Near future	Digital FP&A
People	<ul style="list-style-type: none"> <li>Limited FP&amp;A skills</li> <li>Mostly focused on manual data collation and reporting</li> <li>Huge teams</li> </ul>	<ul style="list-style-type: none"> <li>Functional level FP&amp;A skills in place</li> <li>Focused on identifying the potential impact of existing intelligence and highlighting root causes</li> <li>Reduced team size</li> </ul>	<ul style="list-style-type: none"> <li>Highly skilled FP&amp;A resources</li> <li>Resources are able to not only perform effective root cause analysis but also suggest ways / actions to take advantage of situations</li> <li>Minimum resources required</li> </ul>
Data	<ul style="list-style-type: none"> <li>Excel / ERP based</li> <li>Fragmented and lack of enterprise-wide data</li> <li>Requires multiple consolidations</li> </ul>	<ul style="list-style-type: none"> <li>ERP- and BI-based with limited Excel</li> <li>Complete and accurate data available in a timely manner with standard operational definitions</li> </ul>	<ul style="list-style-type: none"> <li>Well-managed big data</li> <li>Real-time data is available along with complete and accurate data in timely fashion</li> <li>Data is available from external and internal databases on a real-time basis</li> </ul>
Process	<ul style="list-style-type: none"> <li>Repetitive, manual and prone to errors</li> <li>Lack of standardization</li> </ul>	<ul style="list-style-type: none"> <li>Standardization at functional level</li> <li>Function-specific reports and analysis in place</li> <li>Semi-automated reports with limited what-if analyses</li> <li>Move from annual forecasts to rolling forecasts</li> </ul>	<ul style="list-style-type: none"> <li>Standardization at global level</li> <li>Automated, artificial intelligence-based reports by mimicking human actions through existing user interfaces based on pre-defined rules</li> <li>Integrated perspective of past, present and future performances for better decision making</li> <li>Strong benchmarking capabilities</li> </ul>
Technology	<ul style="list-style-type: none"> <li>Multiple systems with different data</li> <li>Basic tools available for data massaging which is time-consuming</li> </ul>	<ul style="list-style-type: none"> <li>Combination of Excel and dedicated software for reporting and analysis</li> <li>Integrates with systems</li> </ul>	<ul style="list-style-type: none"> <li>Autonomic tools with guided interactivity and machine learning capabilities</li> <li>Cognitive tools with predictive and prescriptive insights</li> <li>Supports ad-hoc reporting and unstructured data</li> </ul>
Performance Indicators	<ul style="list-style-type: none"> <li>Timeliness</li> <li>Accuracy</li> <li>Governance and compliance</li> </ul>	<ul style="list-style-type: none"> <li>Timeliness, accuracy</li> <li>Governance and compliance</li> <li>Low cost</li> </ul>	<ul style="list-style-type: none"> <li>Timeliness, accuracy</li> <li>Governance and compliance</li> <li>Low cost</li> <li>Real-time business insights</li> <li>Customized services</li> <li>Decision support</li> <li>Value enhanced advice</li> </ul>

## But before you go digital...

Although pretty much every enterprise has embarked on some digital transformation journey or the other, according to Forbes, around 84% fail at digital transformation. To be successful, focus on five important elements is a must. And this can only be accomplished with real leadership and board support.

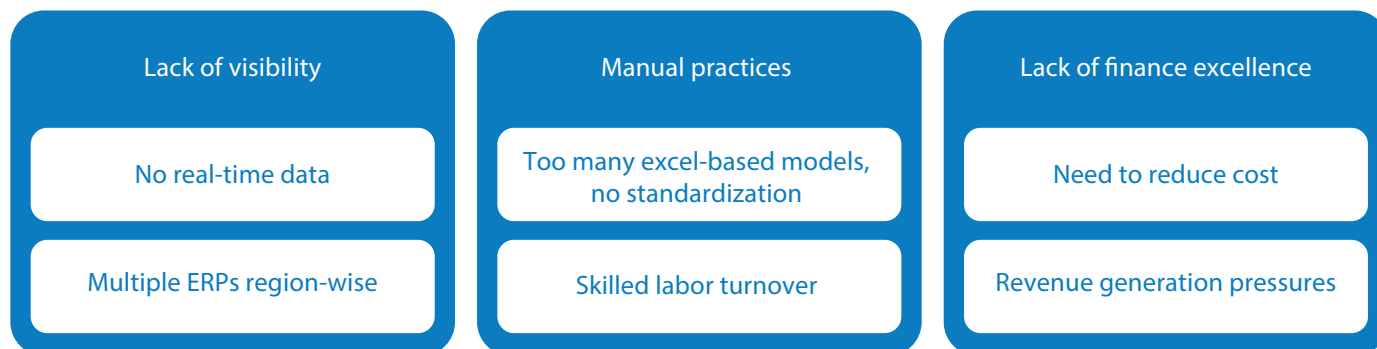


## Transform with Infosys Digital FP&A



## An example of digital FP&A transformation

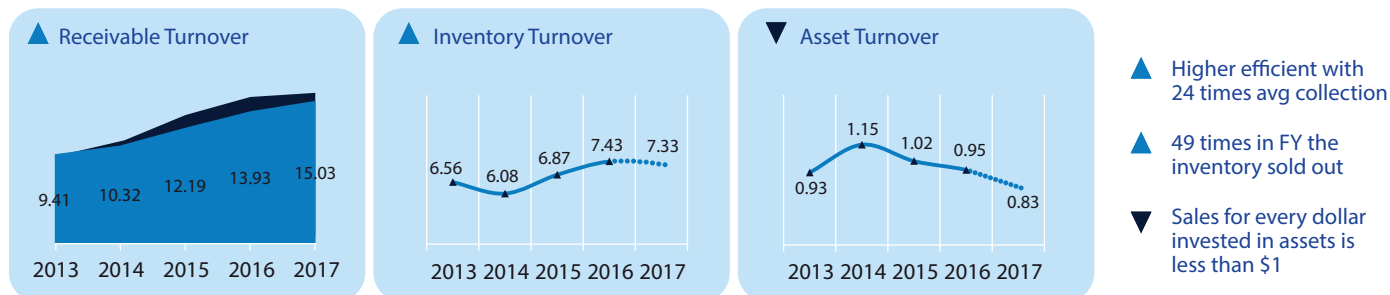
Our client, a leading,Global Electronics Major, struggled with data quality issues that adversely impacted effective decision making and failed the shareholder credibility test. Their finance dashboard was unable to provide market intellect and therefore, a competitive edge. After a careful examination, our experts found three main limitations in their current processes.



Our team analyzed the current state of affairs and deployed the Infosys digital FP&A that enabled:

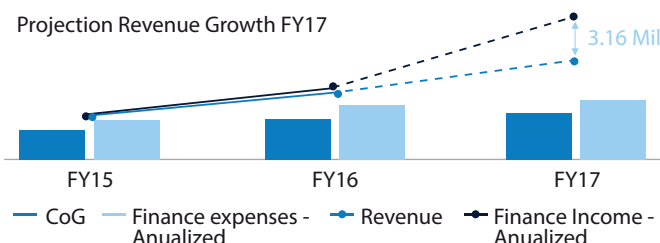
## 1. Real-time ratio analysis with auto-populated commentaries

The green / red indicators show whether the ratios are favorable or unfavorable. The red area in the first graph shows the benchmarking with industry peers. The text after the graphs depicts the auto-populated commentaries on how the ratios are performing with no manual intervention.



## 2. Reliable projected revenue growth FY 17

The brown line shows the actual revenue, the dotted brown line is the revenue prediction for the next financial year using cognitive, machine learning capabilities that predict future revenues based on past trend (internal) and market behavior (external).



### The result



## A futuristic approach to FP&A

Digital FP&A is a non-disruptive solution that complements existing systems and tools. Hence, enterprises need not “get rid of” or “replace” their tools and systems. Digital FP&A pulls data from existing tools and systems and also from external databases (including ERPs, excel sheets, various website, data warehouses, business intelligence tools, etc.) to provide real-time, cognitive, prescriptive and predictive insights with limited / zero manual effort throughout the year.

Digital FP&A implementation requires careful planning that extends to every area of the business. A successful implementation also requires a thorough knowledge of people, processes and technology. With its futuristic effects, Digital FP&A is more than mere tools, technology, processes and systems. It is the practical futuristic approach to drive business goals successfully for years to come!



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