

IBM Software

Vision2014

Drive Growth. Manage Risk. Optimize Performance.



Built on Analytics: The next-generation finance function



Department
for Business
Innovation & Skills

Anita Peters & Niall Lavery

Deloitte.



Introductions



Anita Peters

Business Insight Competency Centre Lead

Department for Business, Innovation and Skills (“BIS” – the UK government department responsible for developing the growth of British GDP and intellectual capital).



Niall Lavery

Head of Data Engineering

Deloitte (a leading global professional services firm and IBM Premier Business Partner, named a IBM Global Alliance Partner of the Year or Global Systems Integrator of the Year for five consecutive years).



Objectives of the session



To explain **how** and **why** we have built our organisation on analytics...

- 1 Business context and challenges...
- 2 Moving to a next-gen finance function...
- 3 Current status and next steps...





Business context and challenges...



This is where I work

UK Incorporated is a complex business...

Business context and challenges...



In
£648bn
Total receipts

Out
£732bn
Total expenditure

=
Walmart 

+

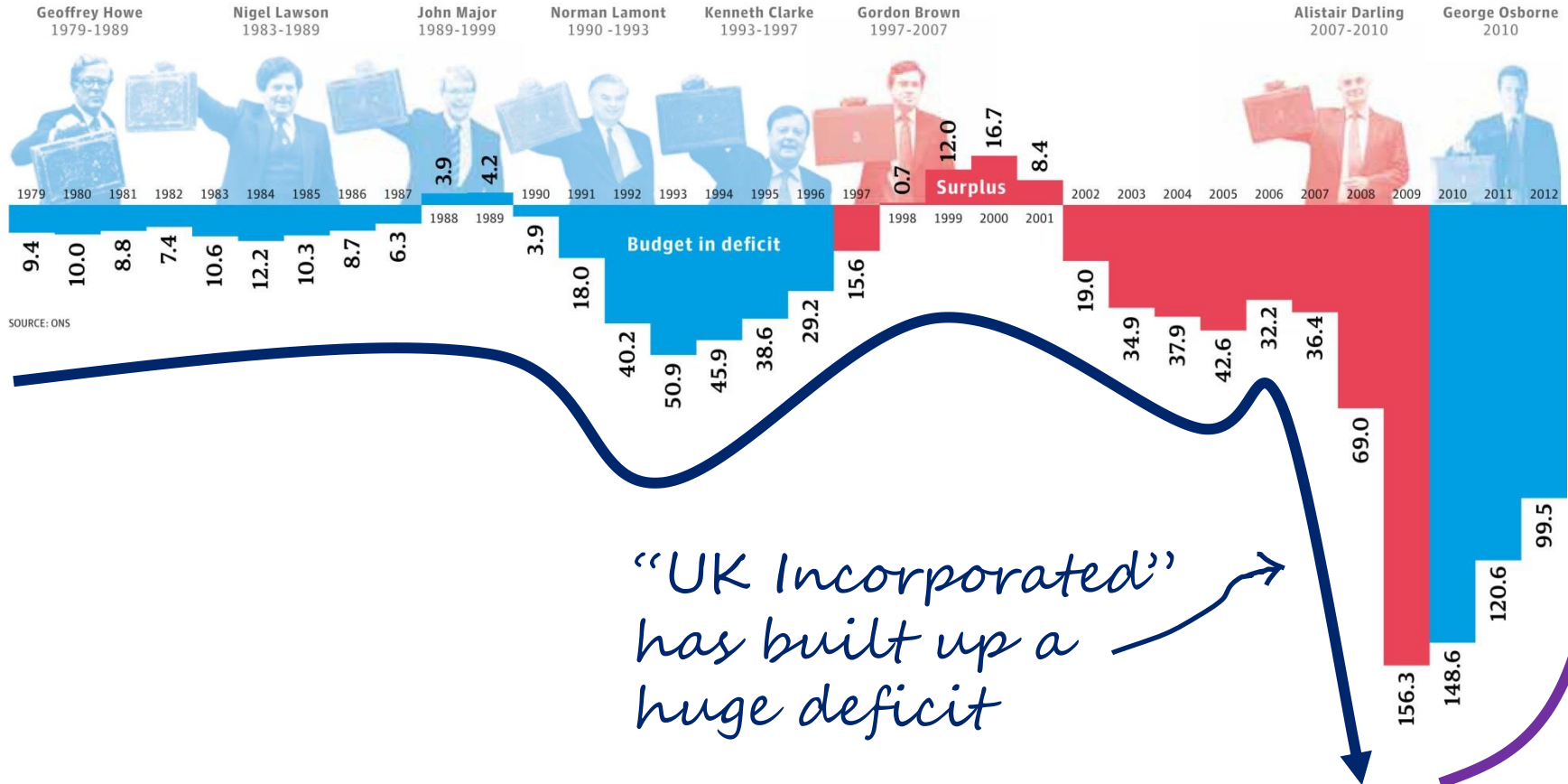



Business context and challenges...



UK budget deficit and borrowing

Net borrowing, £bn (exc financial interventions) ♦ Conservative ♦ Labour



SOURCE: ONS

"UK Incorporated" has built up a huge deficit

(the challenge is how we reverse that...)



Business context and challenges...



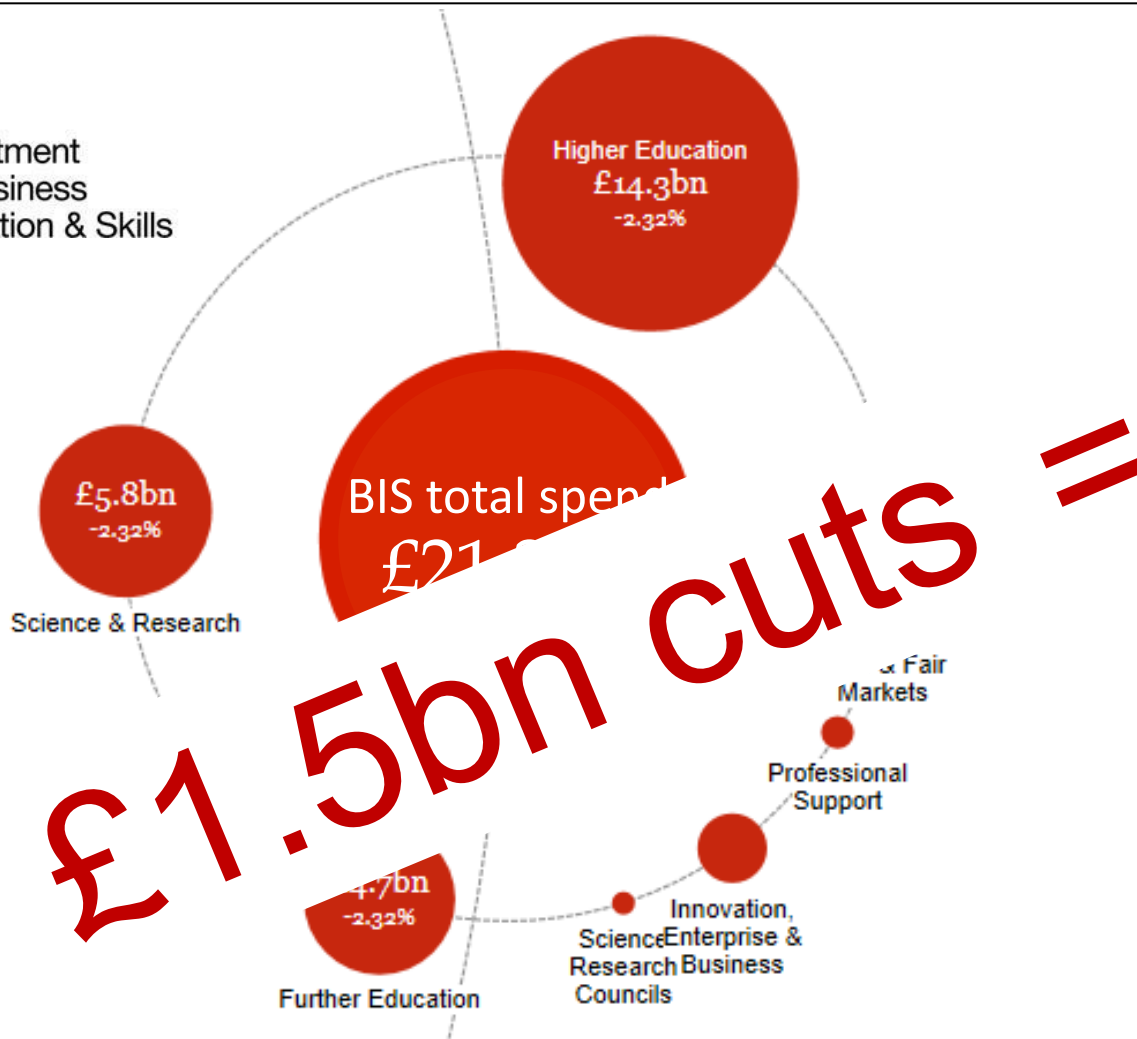
[UK Spend Review video](#)



Business context and challenges...



Department
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£1.5bn cuts

=



or





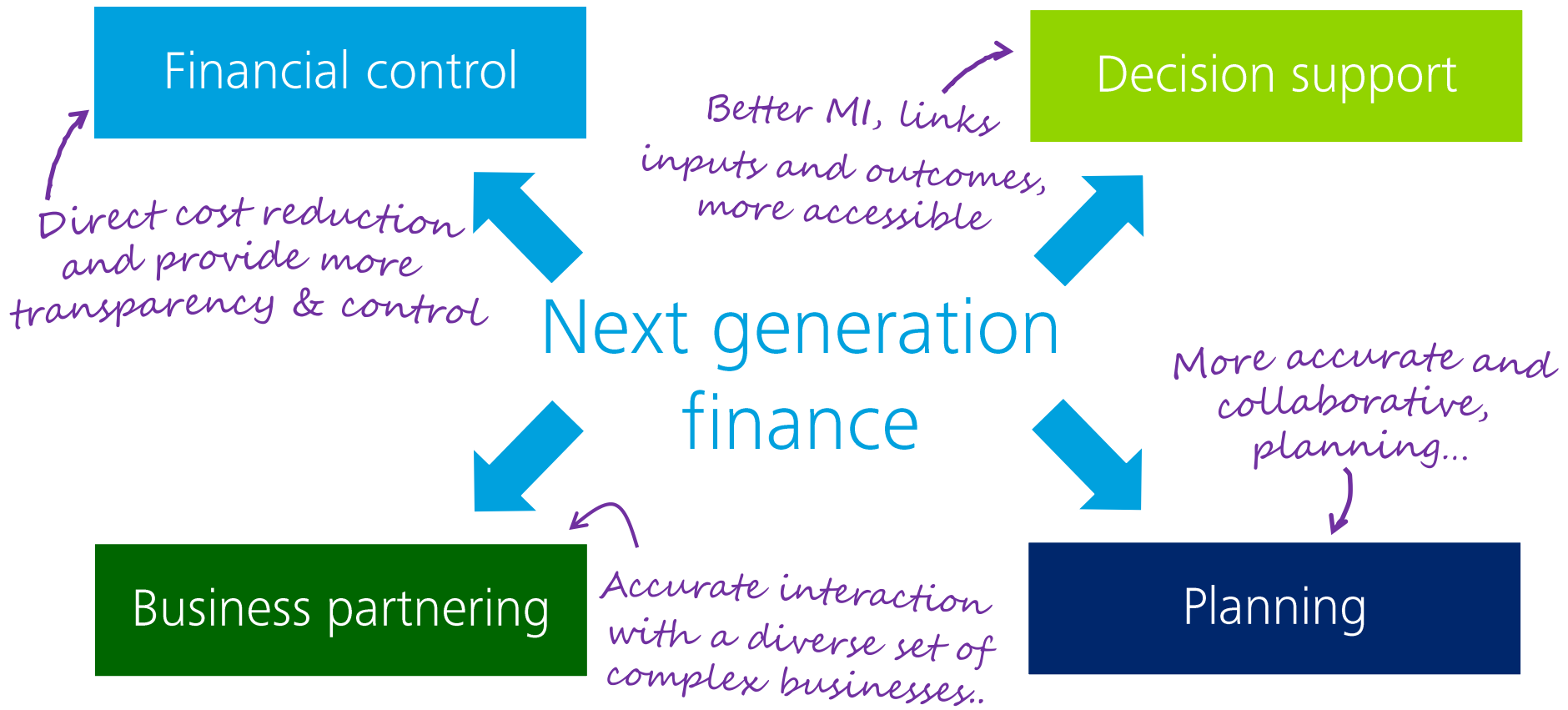
Focus on Department of Business...



Business context and challenges...



- How can the Finance function evolve to enable this?



Moving to a next-gen finance function...



1. Analytics at the heart of finance
2. Leveraging your data
3. Making transformation happen

Action 1 – Analytics at the heart of finance



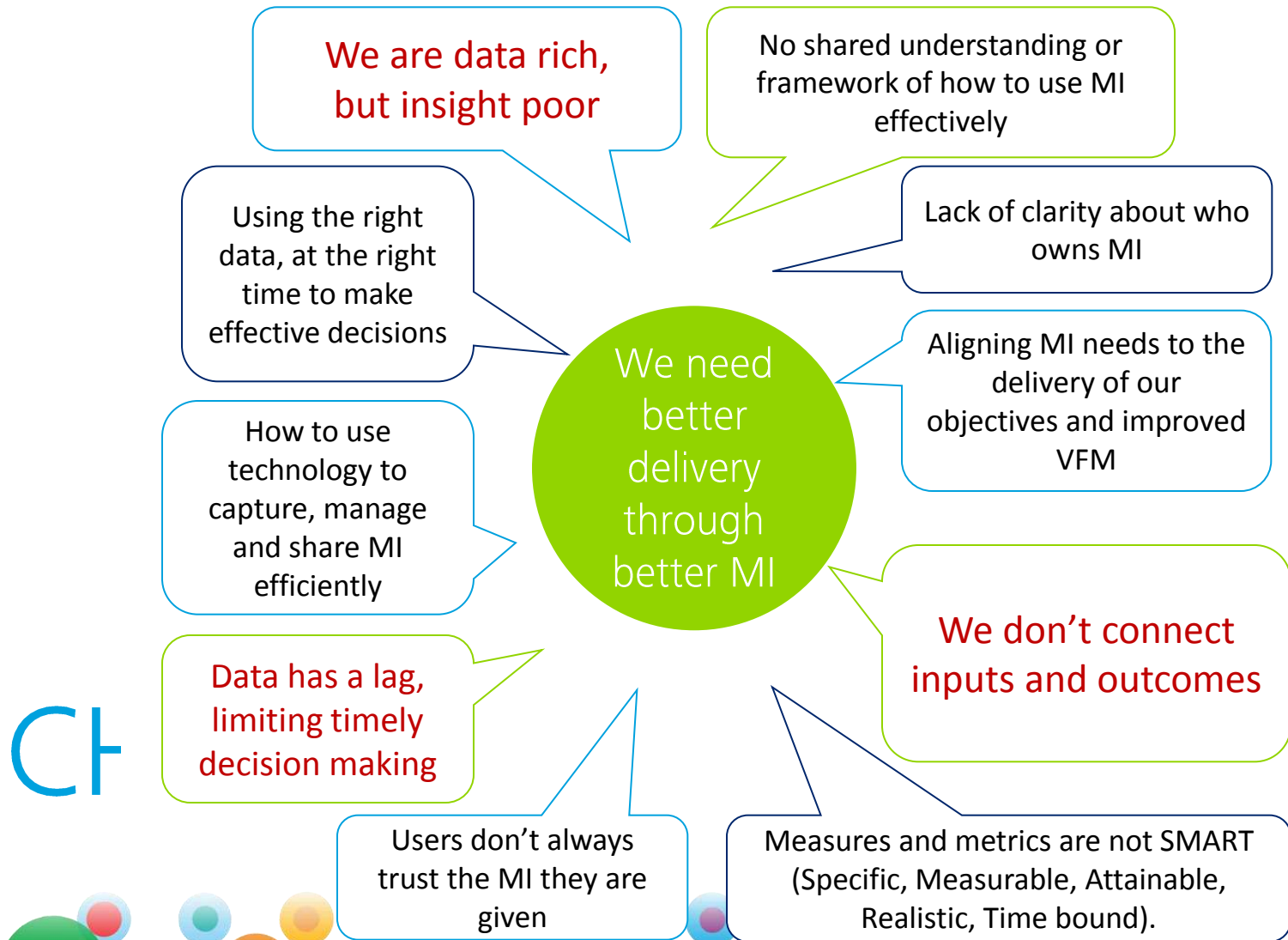
Objective:

To envision an analytics-centric, view of the finance function...

...then learn from this to put analytics at the heart of everything we do.



Action 1 – Analytics at the heart of finance



CF

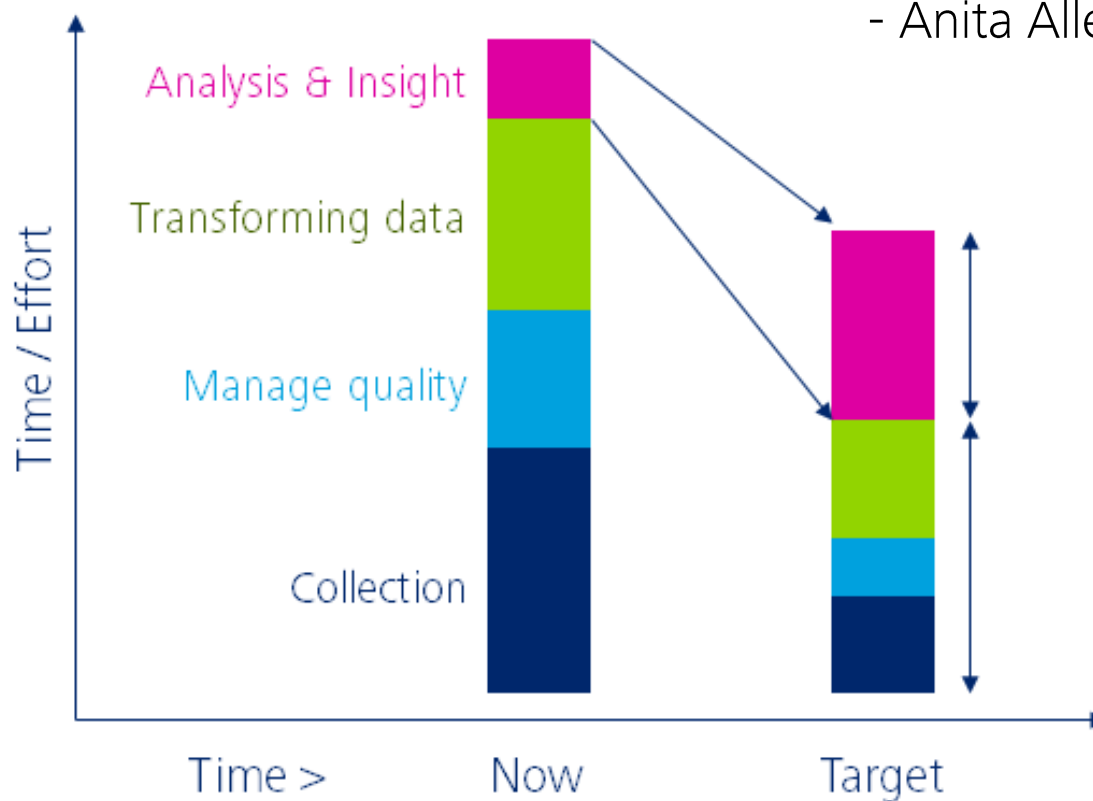


Action 1 – Analytics at the heart of finance

“...with 20% of our effort on management reporting across 1100 staff both the efficiency and effectiveness of this domain is a key question for us.”

- Anita Allen, 2012

CF



Action 1 – Analytics at the heart of finance



1

Establish
foundations

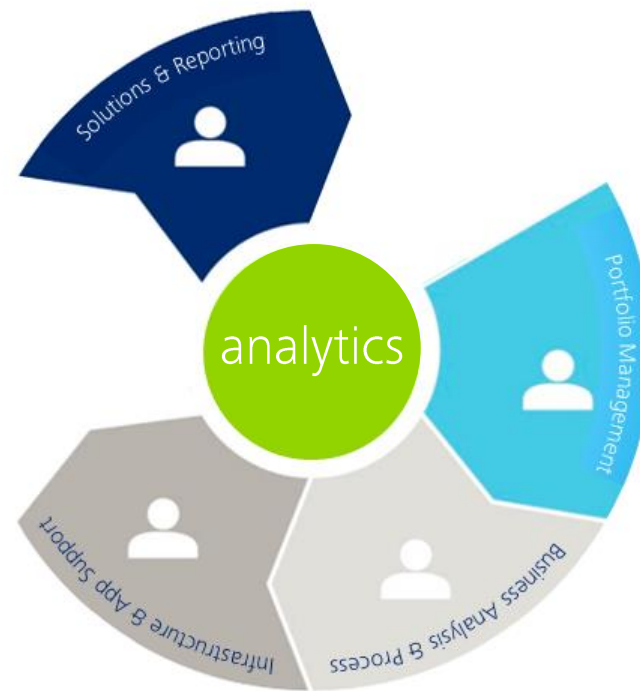
analytics



Action 1 – Analytics at the heart of finance



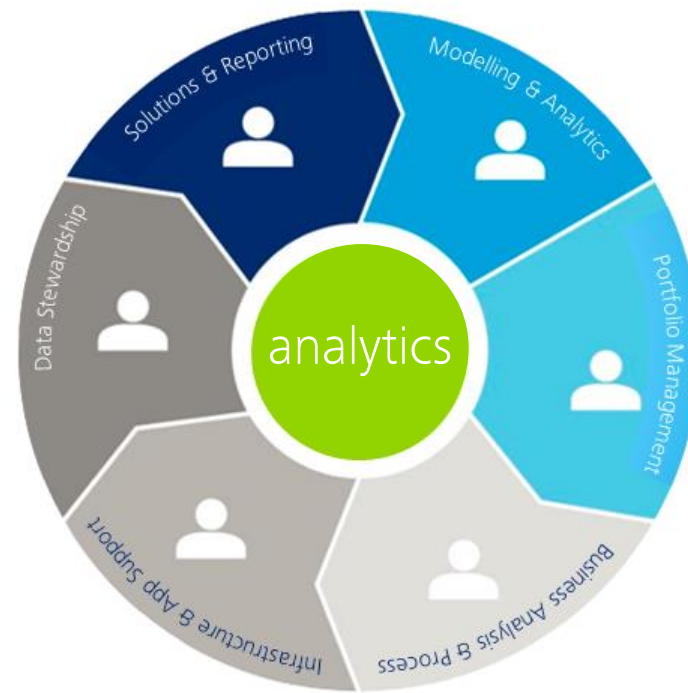
1 Establish foundations



Action 1 – Analytics at the heart of finance



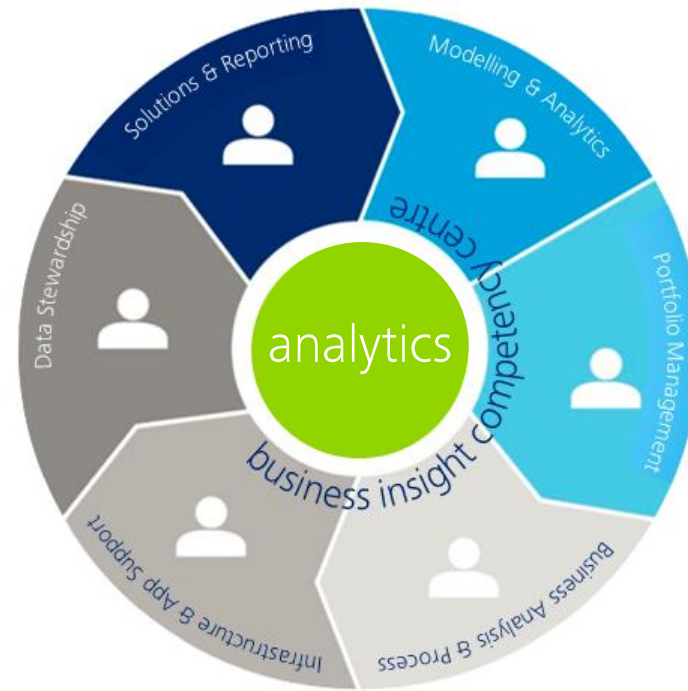
1 Establish foundations



Action 1 – Analytics at the heart of finance



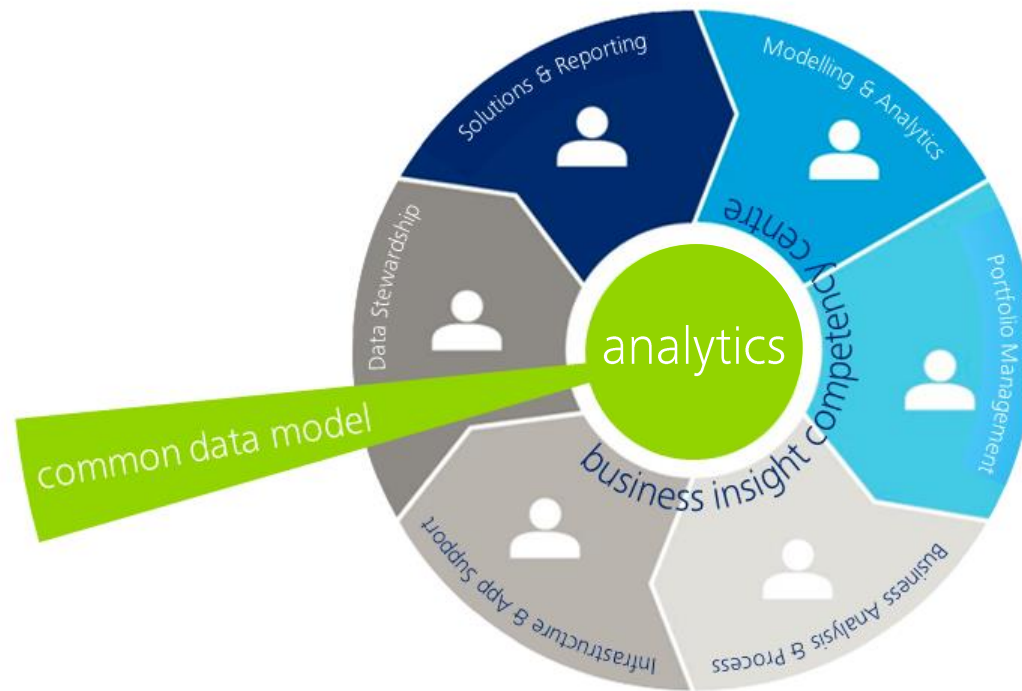
1 Establish foundations



Action 1 – Analytics at the heart of finance



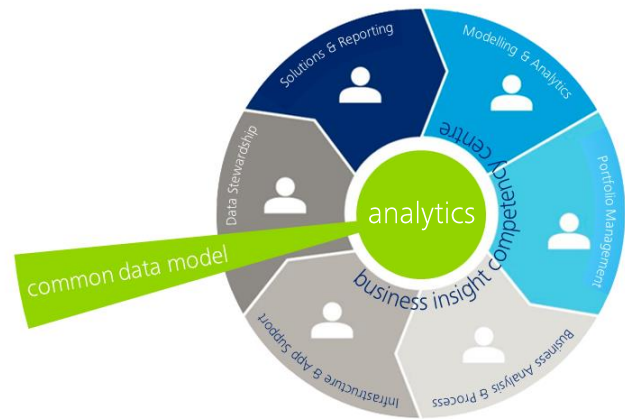
1 Establish foundations



Action 1 – Analytics at the heart of finance



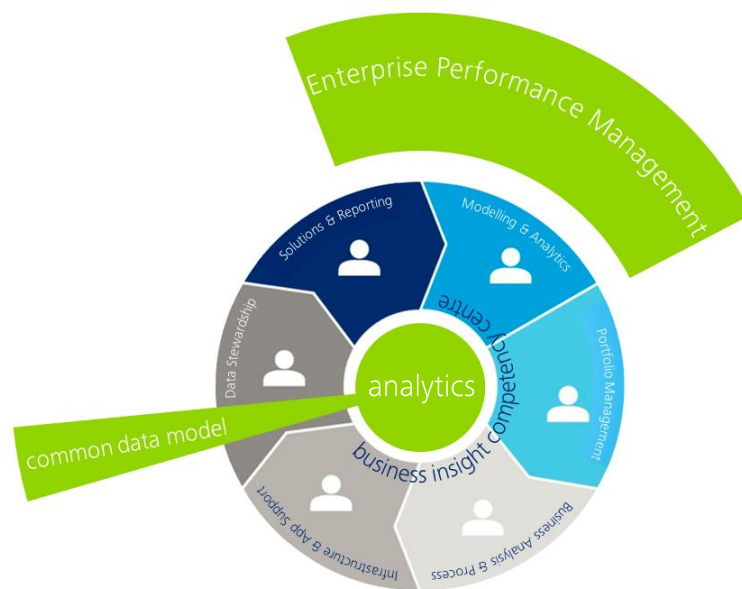
- 1 Establish foundations
- 2 Build capability





Action 1 – Analytics at the heart of finance

- 1 Establish foundations
- 2 Build capability



Action 1 – Analytics at the heart of finance



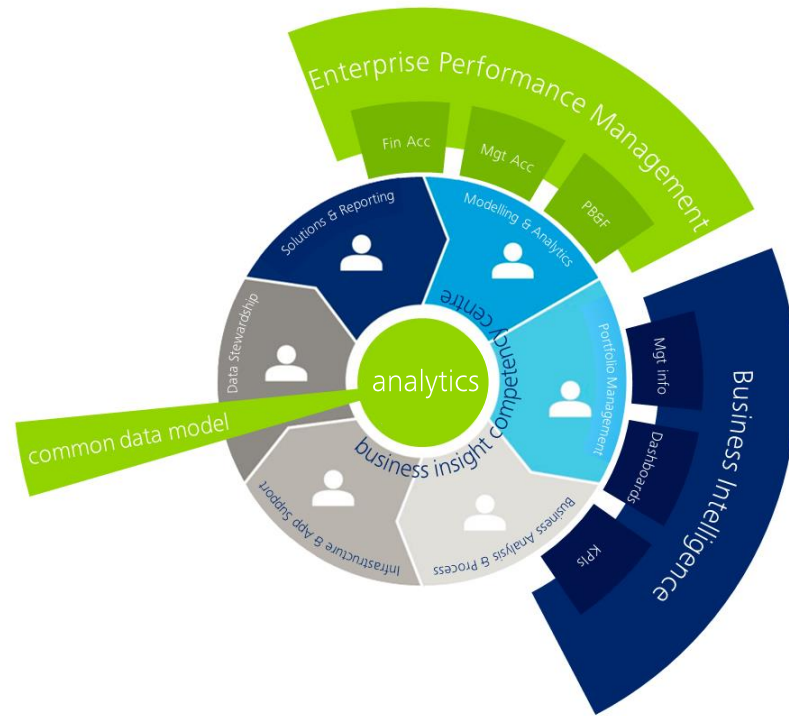
- 1 Establish foundations
- 2 Build capability



Action 1 – Analytics at the heart of finance



- 1 Establish foundations
- 2 Build capability



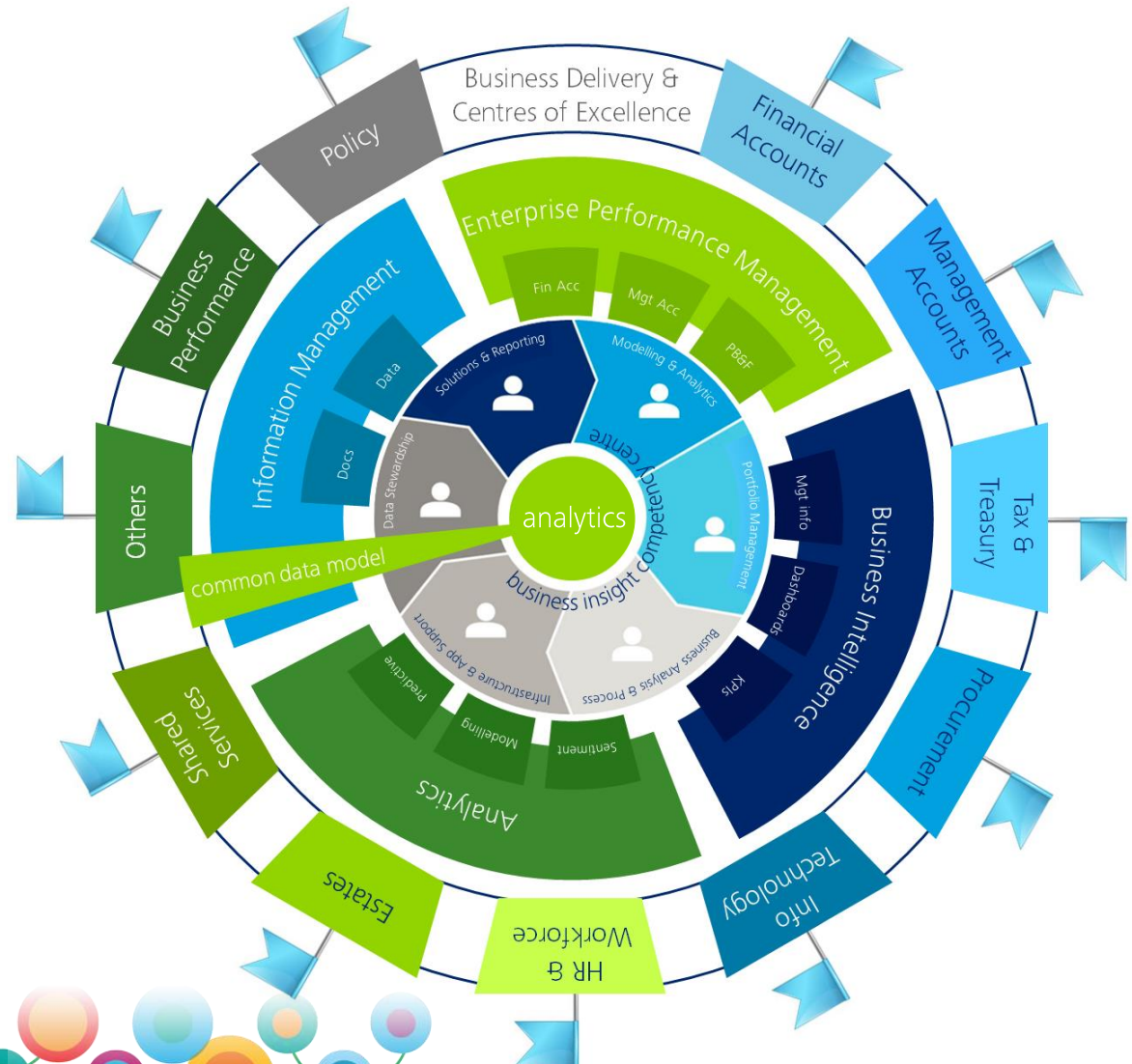
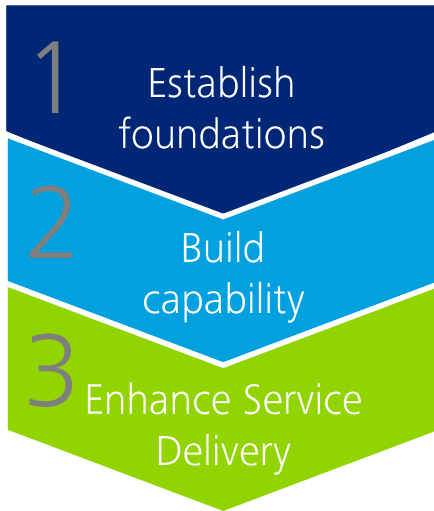
Action 1 – Analytics at the heart of finance

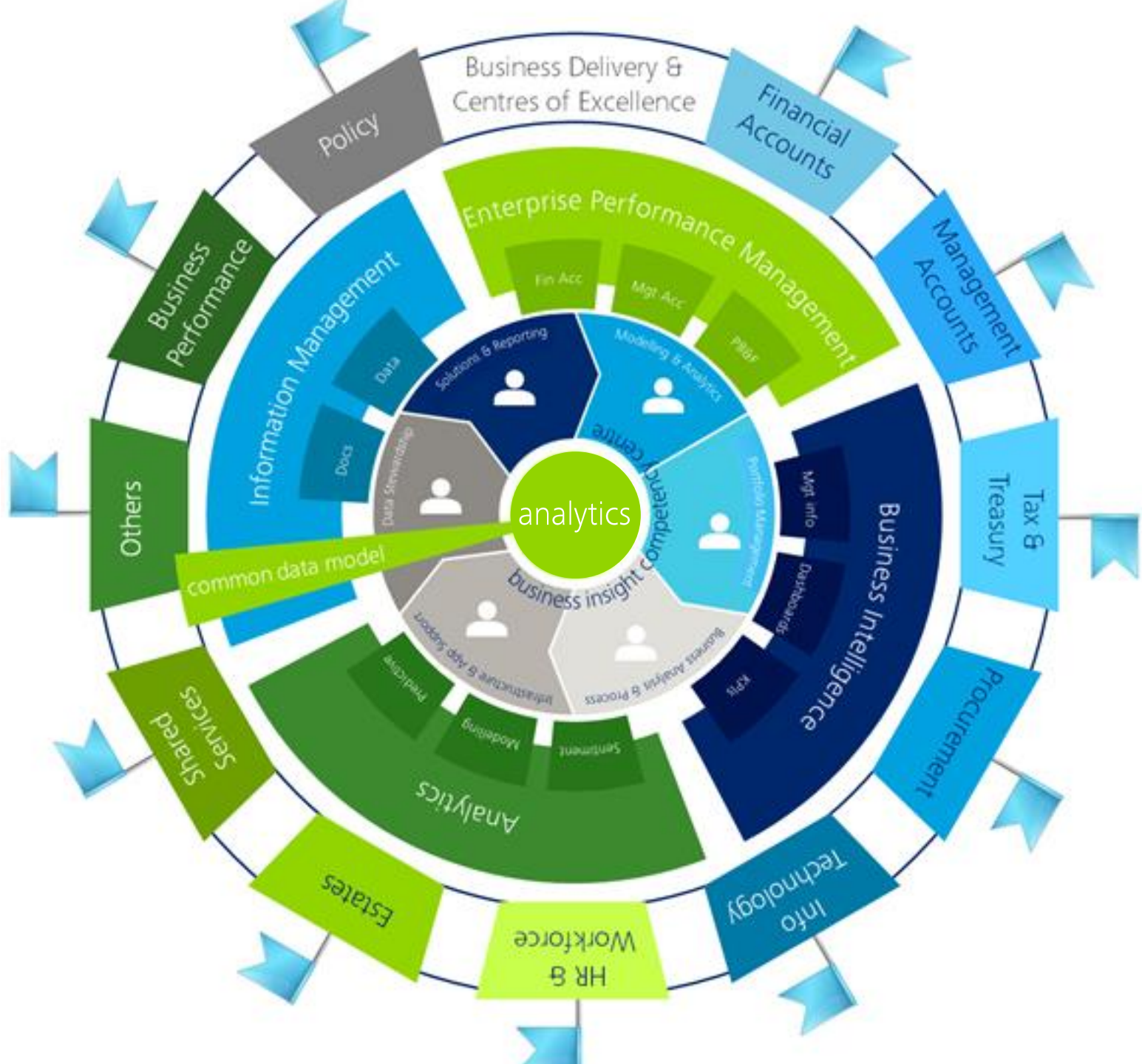


- 1 Establish foundations
- 2 Build capability



Action 1 – Analytics at the heart of finance







Action 1 – Analytics at the heart of finance

- Start building capability early – it is hard to build a new capability from scratch, we're still running to catch up.
- Ownership is critical – get the balance right between internal and 3rd party resources, to ensure you feel ownership for your data and insight. We still have patches of scepticism.
- Think strategically about structure and resource – but be prepared to change tack. We continue shocked by how much and how quickly our requirements change...

LE





Action 2 – Leveraging your data

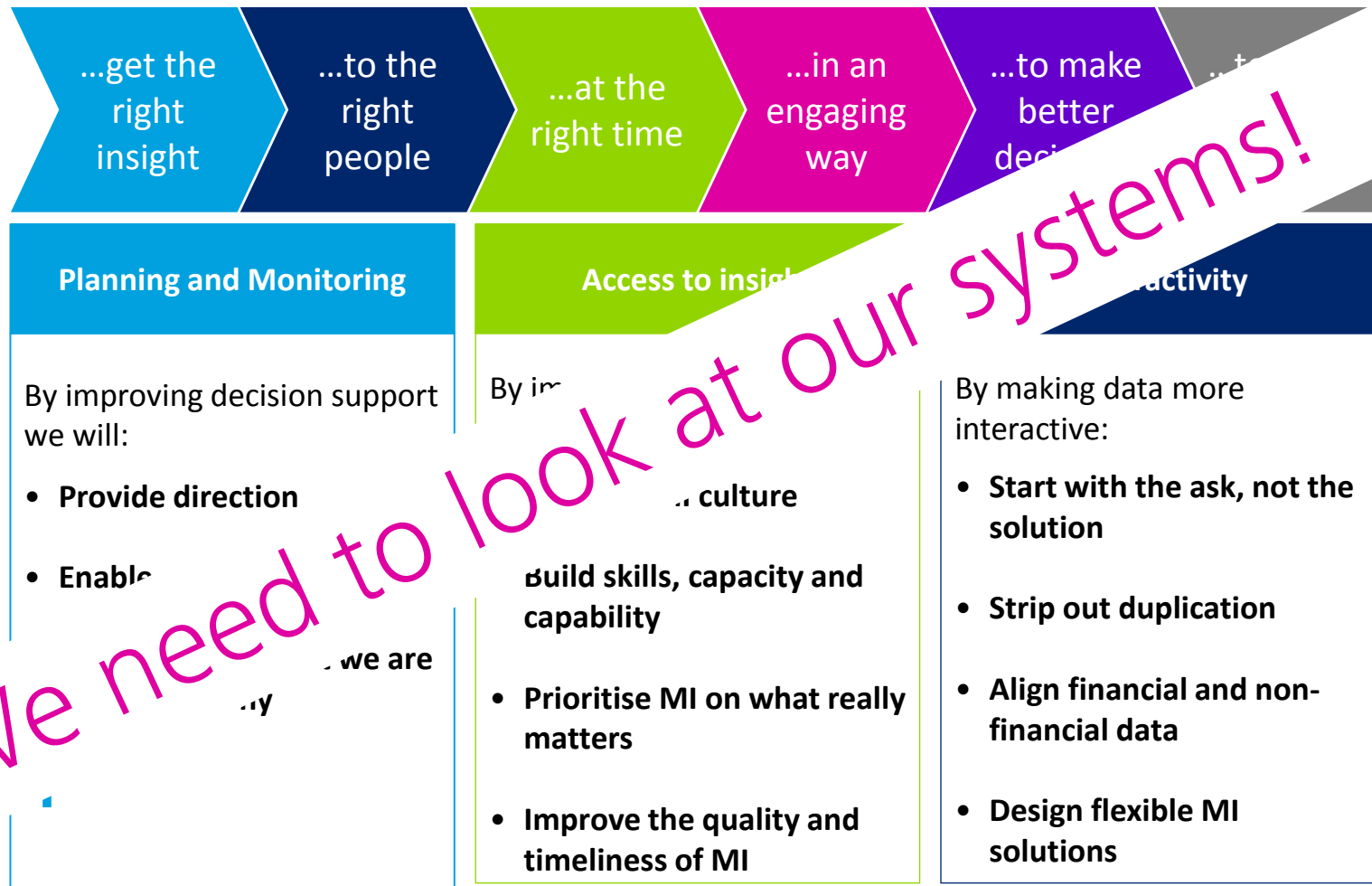
Objective:

To review our technology and tools against our analytics ambition...

...then work to provide tools and solutions that would really make a difference to our performance.



Action 2 – Leveraging your data





Action 2 – Leveraging your data

Our systems felt a bit like...

```
[root@localhost ~]# ping -q fa.wikipedia.org
PING text.pmtpa.wikimedia.org (208.80.152.2) 56(84) bytes of data.
^C
--- text.pmtpa.wikimedia.org ping statistics ---
1 packets transmitted, 1 received, 0% packet loss, time 0ms
rtt min/avg/max/mdev = 540.528/540.528/540.528/0.000 ms
[root@localhost ~]# pwd
/root
[root@localhost ~]# cd /var
[root@localhost var]# ls -la
total 72
drwxr-xr-x. 18 root root 4096 Jul 30 22:43 .
drwxr-xr-x. 23 root root 4096 Sep 14 20:42 ..
drwxr-xr-x. 2 root root 4096 May 14 00:15 account
drwxr-xr-x. 11 root root 4096 Jul 31 22:26 cache
drwxr-xr-x. 3 root root 4096 May 18 16:03 db
drwxr-xr-x. 3 root root 4096 May 18 16:03 empty
drwxr-xr-x. 2 root root 4096 May 18 16:03 games
drwxrwx--T. 2 root gdm 4096 Jun  2 18:39 gdm
drwxr-xr-x. 38 root root 4096 May 18 16:03 lib
drwxr-xr-x. 2 root root 4096 May 18 16:03 local
lrwxrwxrwx. 1 root root 11 May 14 00:12 lock -> ../run/lock
drwxr-xr-x. 14 root root 4096 Sep 14 20:42 log
lrwxrwxrwx. 1 root root 10 Jul 30 22:43 mail -> spool/mail
drwxr-xr-x. 2 root root 4096 May 18 16:03 nis
drwxr-xr-x. 2 root root 4096 May 18 16:03 opt
drwxr-xr-x. 2 root root 4096 May 18 16:03 preserve
drwxr-xr-x. 2 root root 4096 Jul  1 22:11 report
lrwxrwxrwx. 1 root root 6 May 14 00:12 run -> ../run
drwxr-xr-x. 14 root root 4096 May 18 16:03 spool
drwxrwxrwt. 4 root root 4096 Sep 12 23:50 tmp
drwxr-xr-x. 2 root root 4096 May 18 16:03 yp
[root@localhost var]# yum search wiki
Loaded plugins: langpacks, presto, refresh-packagekit, remove-with-leaves
rpmfusion-free-updates
```

...but our stakeholders wanted...



We wanted to match their ambition (as far as we could...)





Action 2 – Leveraging your data

Level of integration

Unique to each context

Shared components

Single solution for all organisation

The most difficult to achieve and maintain, but the most strategic

Level of agility

Fixed

Configurable

Completely and automatically future-proof

Hmm...now we're starting to get into challenging territory...

Level of compromise

“Vanilla” technical implementation

Some configuration

Completely customisable (and fully tailored ASAP) to meet any business requirement imaginable

Seriously...?

This took a lot of work, but delivered something really special...





Action 2 – Leveraging your data

- ✓ Shared components
- ✓ Completely and automatically future-proof
- ✓ Completely customisable (and fully tailored ASAP) to meet any business requirement imaginable



Across ~40 very different organisations

Very process and workflow driven

Rapidly changing environment and requirements



Action 2 – Leveraging your data

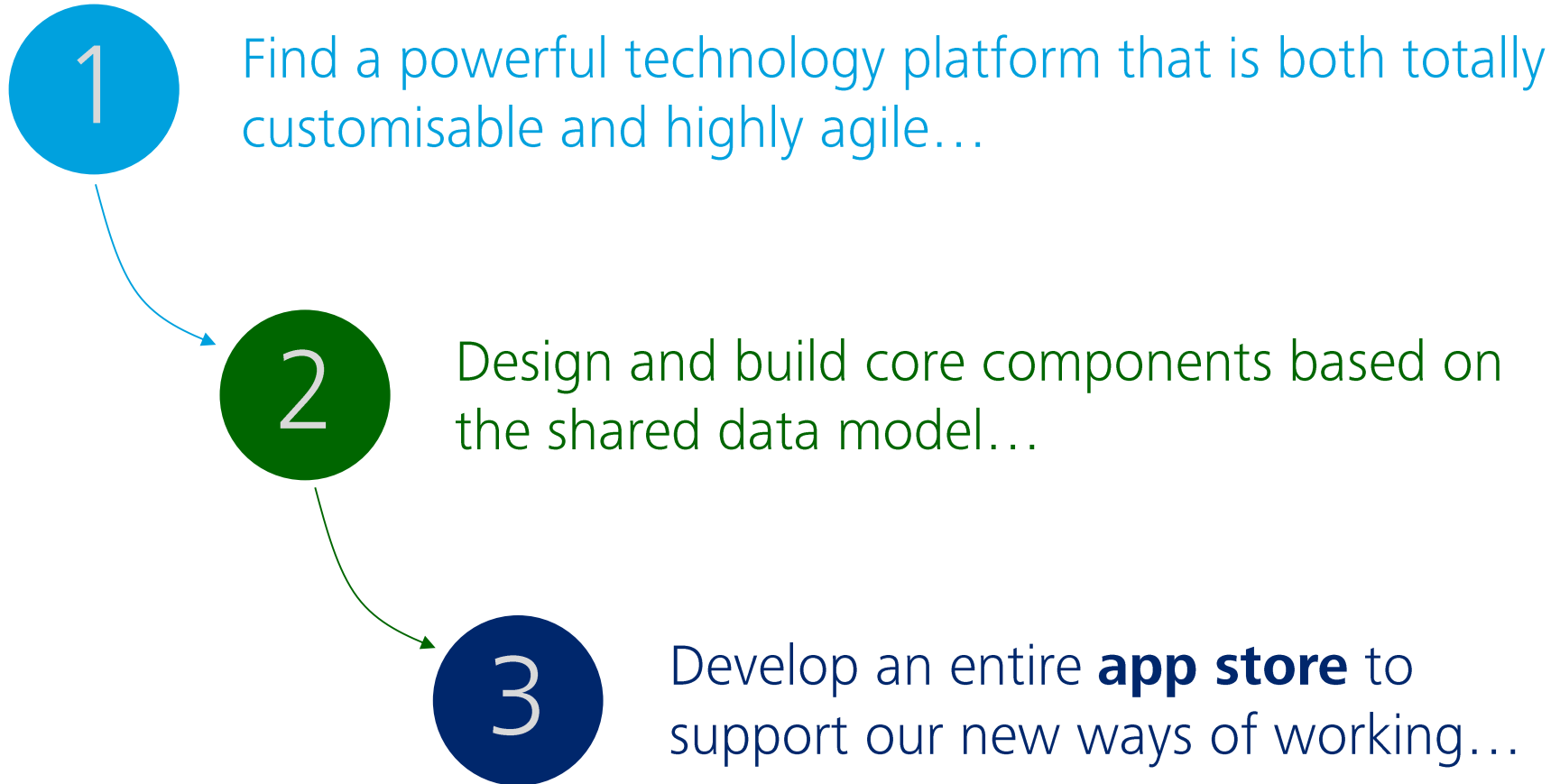


How on earth are we going to do this?





Action 2 – Leveraging your data





Action 2 – Leveraging your data

Our new EPM environment provides a suite of interactive apps for all users to allow them to interact with their data in different ways...

Admin apps provide online access to more powerful functions for admins and some supervisors.

enterprise performance management



Action 2 – Leveraging your data



The screenshot displays the PO:P! software interface. At the top, it shows 'POP! > My EPM > Home' and navigation buttons for 'Journals', 'Close', and 'Help'. Below this is a dropdown menu for 'Higher Education Funding Council for England' with an 'Open' button and a 'Refresh' button.

The main area is divided into two sections. On the left, a 'Workflow status' section shows a process map for various tasks. A red circle highlights this section. The process map consists of colored boxes representing stages: MP (green), DC (blue), FR (yellow), BR (orange), and RP (purple). Arrows indicate the flow between these stages. The tasks listed include 'FY12-13 Year End', 'FY13-14 PO4 Month end', 'R3-2 UAT Cycle', 'Counterparty Test Drive', 'CloS End to End', 'CloS PO Training', 'Cashflow Testing', 'Performance Test - mappings', and 'Performance Test - data collection'.

On the right, a table lists the tasks with columns for 'Active Stage', 'To do', 'Open date', 'Submission Date', and 'Close date'. A purple circle highlights the 'Available actions...' and 'Next steps...' dropdown menus for the selected 'Cashflow Testing' task. The 'Available actions...' menu includes 'Upload trial balance', 'CP wizards (steps)', 'View validations', and 'Sign off validated data'. The 'Next steps...' menu includes 'Upload TB', 'NAC movement', 'Programme split (Data Collection Programme Split)', 'View summary YTD actuals (Data Collection Trial Balance)', 'Submit programme split', and 'View detailed YTD actuals (Data Collection Trial Balance)'. A purple arrow points from the text 'In the selected process I can only access functions at right time.' to the 'Available actions...' menu.

Below the process map, a red arrow points to the text: 'This is my process map, showing me where I am in each of my contribution processes...'. Below the table, a green arrow points to the text: 'This is my selected content...'. At the bottom, a blue speech bubble contains the text 'PO:P!'.

In the selected process I can only access functions at right time.

This is my process map, showing me where I am in each of my contribution processes...

This is my selected content...





Action 2 – Leveraging your data

All entities

The overall mismatch between each pair of entities is shown below.

Please review and click on any specific mismatch to explore in more detail. PLEASE NOTE - only those entities with submitted Counterparty transactions are shown.

Please select your mismatch type below: Please enter a figure in **£k** to highlight mismatches outside +/- this threshold in **LIGHT RED**.

Balance mismatch	ACAS	Arts and Humanities Research Council	Biotechnology and Biological Sciences Research Council	BIS Core	Capital for Enterprise Ltd	Competition Commission	Construction Skills	Consumer Focus	Diamond Light Source Ltd	Economic and Social Research Council	Engineering and Physical Sciences Research Council
ACAS		0	0	(£35,813.89)	0	0	(£1,886.00)	0	£0.00	(£190.00)	
Arts and Humanities Research Council	0		£4,850.06	£0.00	0	0	0	0	0	(£625.79)	
Biotechnology and Biological Sciences Research Council	0	£4,850.06		£40,250.69	0	0	0	0	(£0.70)	(£12,925.04)	
BIS Core	(£35,813.89)	£0.00	£40,250.69		0	0	0	0	0	0	
Capital for Enterprise Ltd	0	0	0	0		0	0	0	0	0	
Competition Commission	0	0	0	0	0		0	0	0	0	
Construction Skills	(£1,886.00)	0	0	0	0	0		0	0	0	
Consumer Focus	0	0	0	0	0	0	0		0	0	
Diamond Light Source Ltd	£0.00	0	0	£0.70	0	0	0			0	
Economic and Social Research Council	(£190.00)	(£625.79)	(£12,925.04)								

[counterparty]

Clever analytics allows us to make the mismatch resolution process totally self-service...

All entities > Higher Education Funding Council for England

The table below shows the selected CP records for H

Please review and click on any specific record to explore in more detail.

Entity records

Version	Actions	Counterparty record ID	Counterparty transaction type	Counterparty description	GL Date	Purchase order identifier
FY2014 Year End v2		17832	In year transaction - closed	BIS Core	31/08/2013	0
		17833	In year transaction - closed	BIS Core	31/01/2014	0
		17834	In year transaction - closed	BIS Core	28/02/2014	0
		17835	In year transaction - closed	BIS Core	31/03/2014	0

All entities > Higher Education Funding Council for England

Please make any desired changes to record 21104 below.

Basics

Transaction type: Counterparty: Supplier's identifier: PO identifier: GL date:

I&E information

Value: UCoA Account: UCoA Programme:

Keywords:

Options:

Choices:

- 5111001 - Salaries - Perman
- 5111004 - Salaries - Perman
- 5111201 - Employer
- 5111202 - GSSC Statutory Mt
- 5111204 - GSSC Statutory Pa
- 5111205 - SMP Lump Sum
- 5111301 - Employer
- 5111302 - Employer
- 5111401 - Allowances - Perm
- 5111402 - Honorariums - Perm
- 5111501 - Overtime - Permar

Choices:

- 100101 - E&M Devolved Admin
- 100102 - E&M Non Devolved A
- 100121 - BLG Devolved Admin
- 100122 - BLG Non Devolved Ad
- 100201 - E&S Devolved Admin
- 100202 - E&S Non Devolved Ad
- 100301 - ShEx Devolved Admin
- 100302 - ShEx Non Devolved A
- 100351 - K&I Devolved Admin
- 100352 - K&I Non Devolved Ad
- 100451 - F&C Devolved Admin

I can edit and manage my data dynamically



Full and interactive audit trail...



Action 2 – Leveraging your data

REstate > Home Close Help

Function
Create a restatement (worksheet) Apply

Create a restatement

* Select a restatement type:

* Enter the restatement description:

* Select a restatement subcategory:

Select an entity (optional):

Select a fiscal year (optional):

Select a fiscal period (optional):

* DR and CR values must balance?

Refresh Create



More "forms" structured...but will allow us to restate our historic accounts in numerous ways.

REstate > Home

Function
Restatement entry (worksheet) Apply

Restatement entry

Select a restatement: 0000005 test for user guide

Comment: testing for the user guide

Reviewer comment:

Empty rows: 10

Refresh Acquire Submit / Unsubmit Cancel / Uncancel Create new

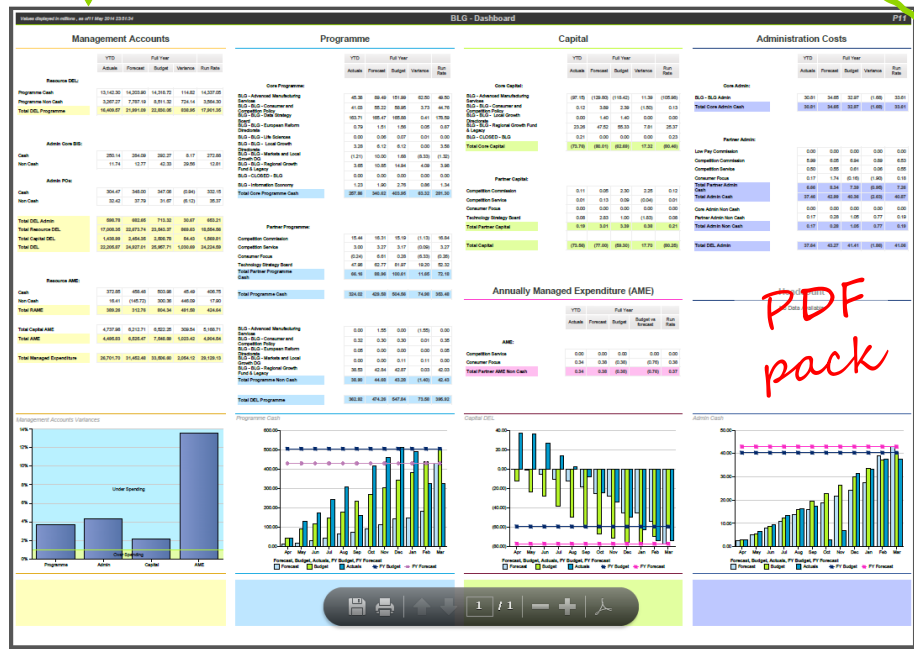
Entity	Year	Period	Account
DEFAULTCORDEP Core department plus agencies (default)	CY 2013-14	P02 Period 02	



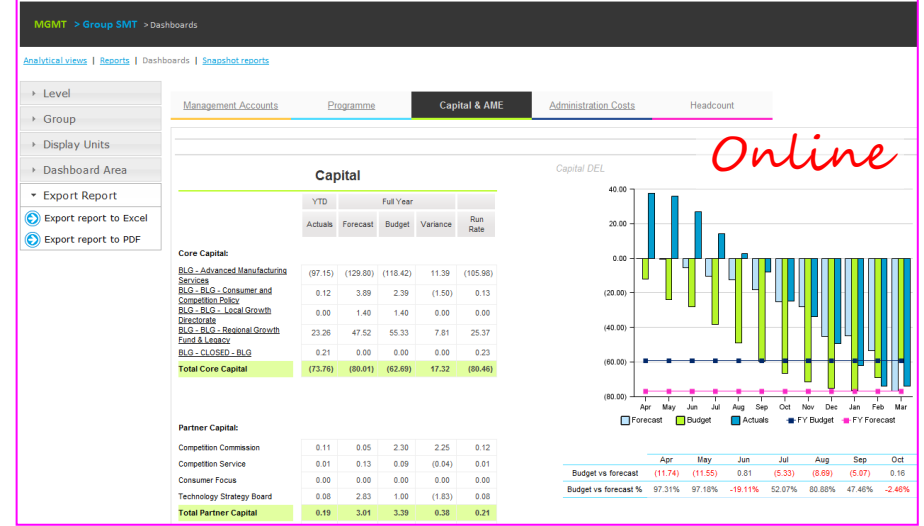
Action 2 – Leveraging your data



Single version of the truth, delivered across multiple channels...



PDF pack





Action 2 – Leveraging your data

- Balance complexity and maintainability – we’re proud of all of the apps we’ve delivered, but there are a few that require extra effort to maintain.
- Focus on performance – with an “app” style approach, users expect app-style performance, and when dealing with large real-time data sets, that’s a challenge (we’re still working on this one).
- Listen to your users – this can be difficult when they are many and varied, but it’s so important...we have regular user groups and could stay 100% busy just trying to improve what they suggest.

LE



Action 3 – Making transformation happen



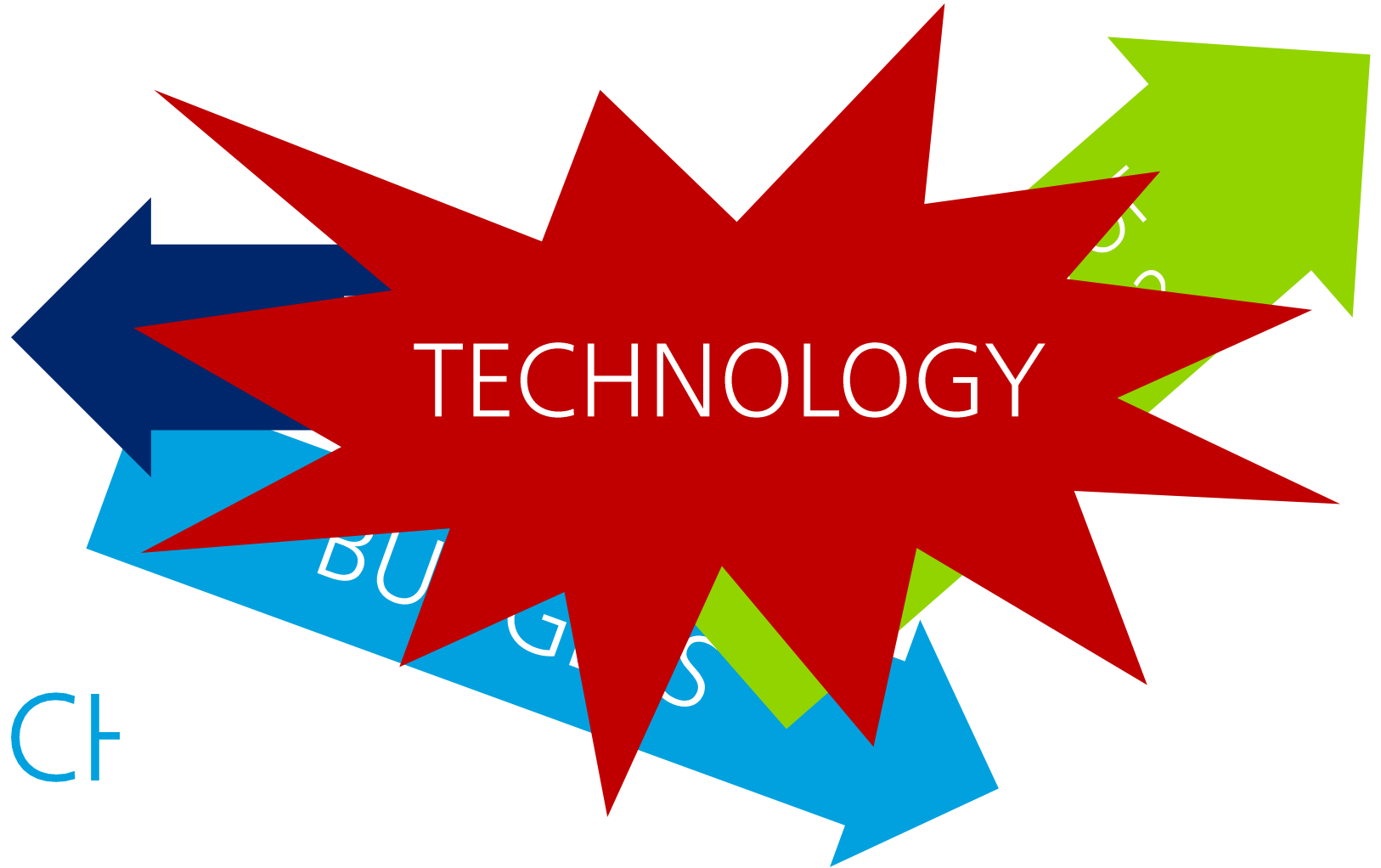
Objective:

To establish processes and structures aligned to our new way of thinking...

...and engage with the business to deliver real transformation across the entire business.



Action 3 – Making transformation happen



Action 3 – Making transformation happen



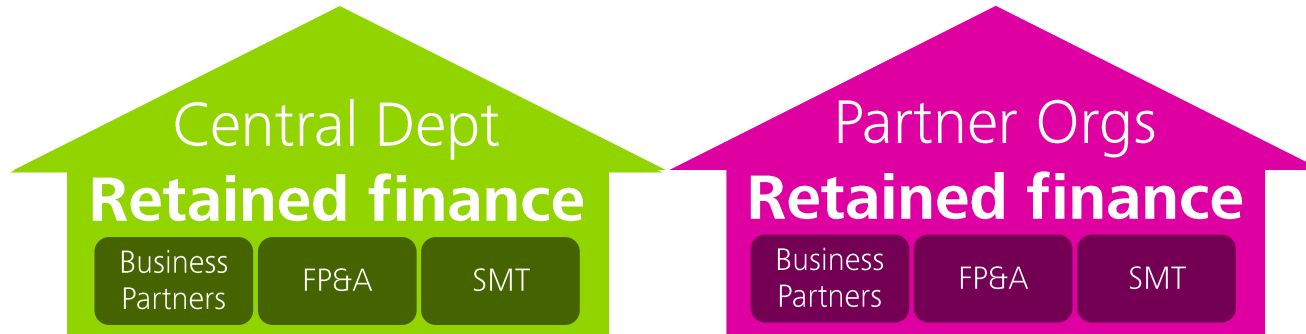
Provide strategic coordination and liaison with Treasury



Act as strategic business partners to business senior management



Action 3 – Making transformation happen





Action 3 – Making transformation happen





Action 3 – Making transformation happen

- Benefits realisation – it's really hard...
- You need commitment – developing a vision is one thing, but getting many senior people to buy into it, when it most likely threatens their jobs is difficult.
- Manage the rate of change – organisations can only absorb so much – my advice is to try and target *just* enough to make you feel pretty uncomfortable...

LE



1. Analytics at the heart of finance
2. Leverage your data
3. Making transformation happen



Insights into next-gen finance





Current status and next steps...

Current status



Current status

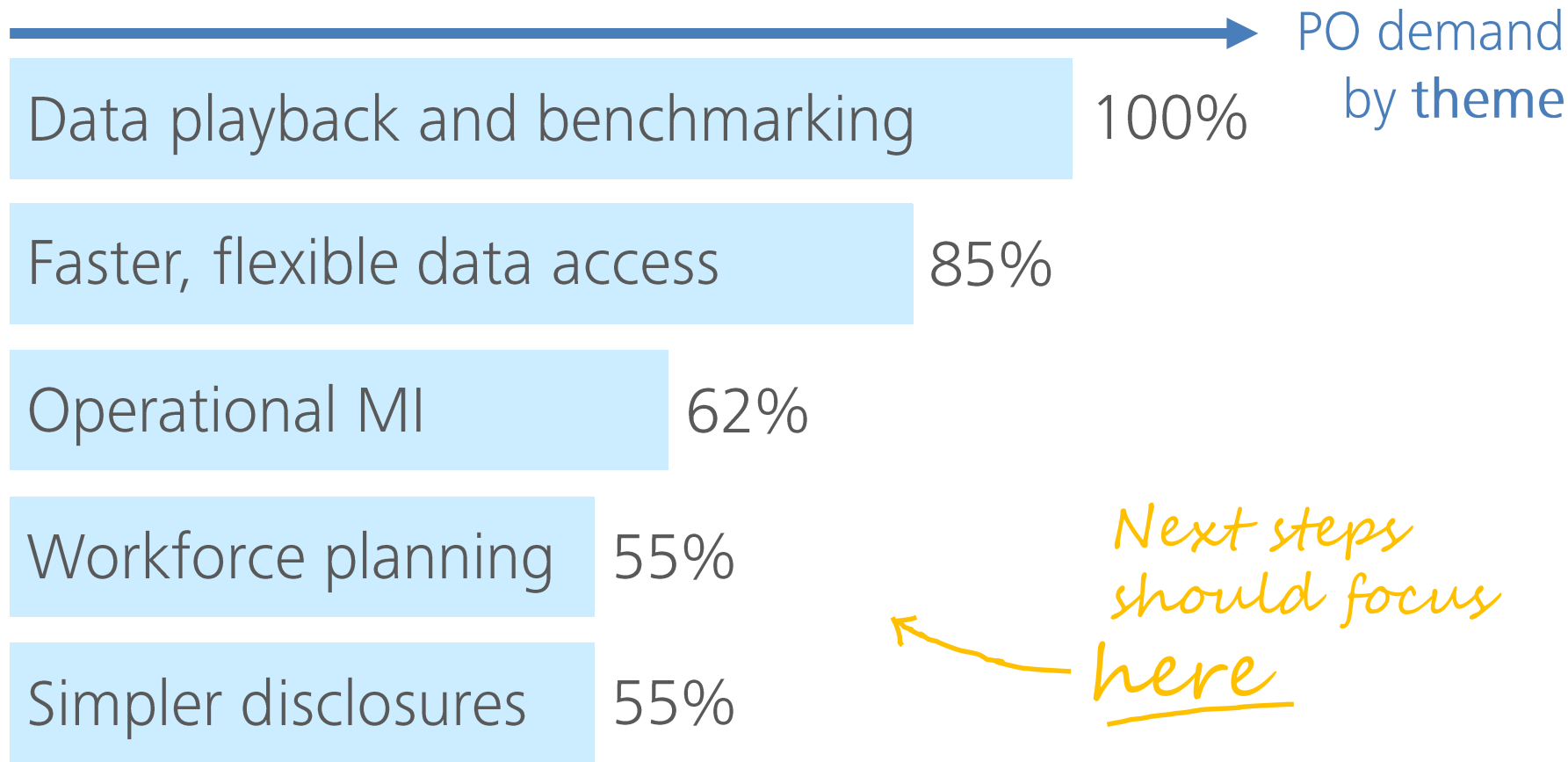


- ✓ New operating model agreed, and implementation well underway.
- ✓ New Business Insight Competency Centre up and running, working for all 40 organisations.
- ✓ New technology platform in place, and 16 apps already live.
- ✓ **New data-driven culture established across the Department – a new passion for analytics.**





Next steps



Next steps should focus here

PMO modelling & reporting
Research analytics
Spend analytics
Fraud analytics
Others...

<50%

(suggestions below the line should be considered later...)

Next steps



Questions

