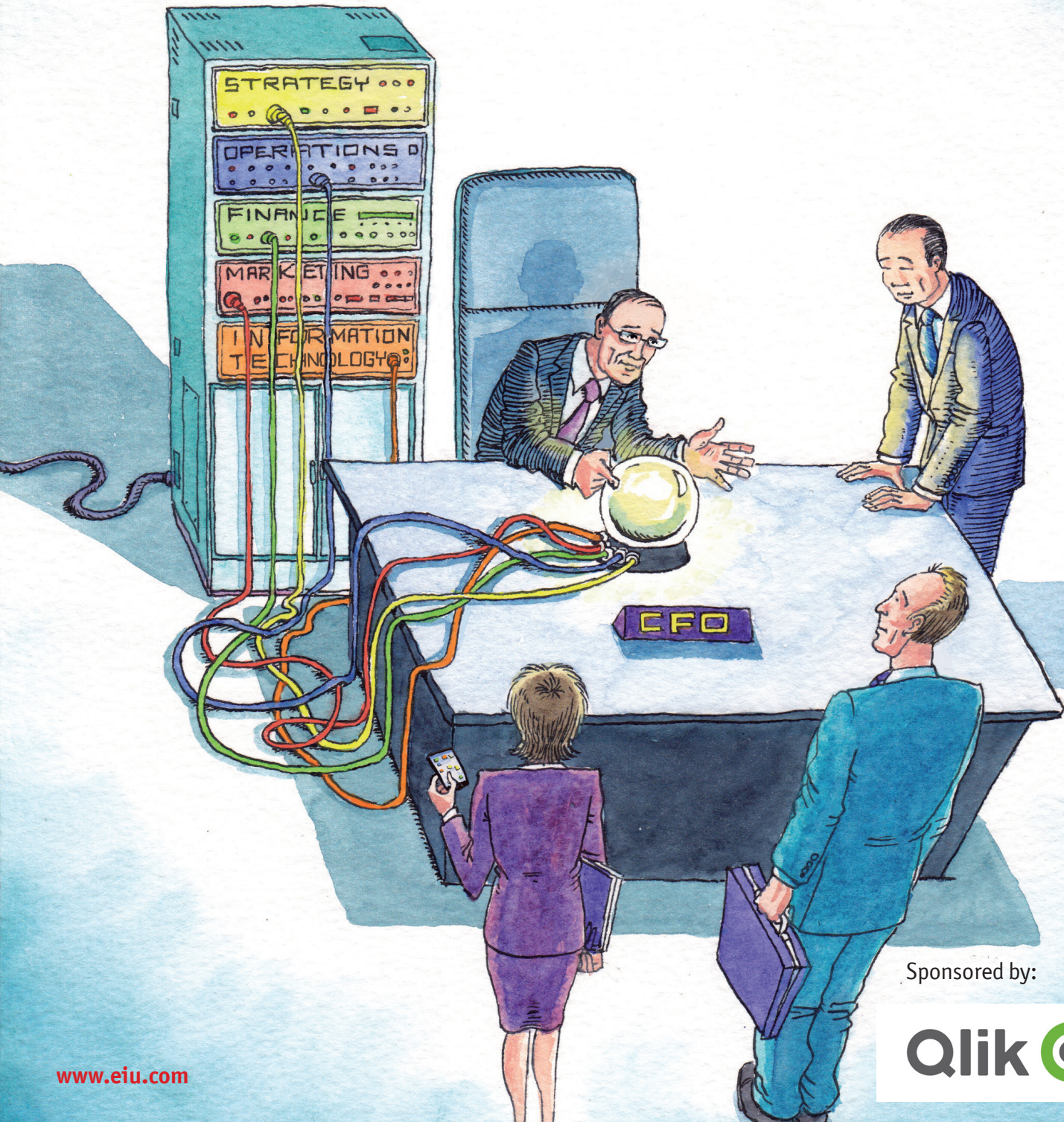


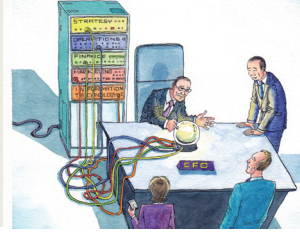
Beyond spreadsheets

How the new breed of Asia-Pacific CFOs make decisions



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Introduction

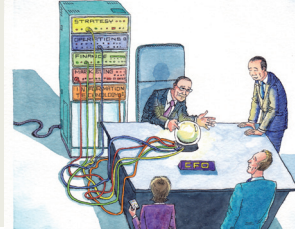
The corporate CFO was once confined to financial gatekeeping and oversight. But for some time now CFOs have been taking on wider and more strategic corporate responsibilities. The shift in what CFOs do has been partly influenced by the declining role of the COO – only one-third of S&P 500 or Fortune 500 companies today have a COO. Also, regulatory change has in many ways thrust the CFO to the fore, particularly since the passage of the Sarbanes-Oxley Act in 2002, which made both the CEO and the CFO liable for corporate financial statements.

Today's CFO needs to partner with the CEO on strategic leadership of a company through budgeting and planning, while taking on greater responsibilities in daily operations and even functions such as enterprise content management. Indeed, CFOs are making more decisions in real-time in areas new to them, and they are relying on volumes of new information.

This report, commissioned by Qlik, finds that having to use so much new information to shape corporate strategy is a double-edged sword. The growth of non-traditional information sources, such as social media and location-based data, offers more potential opportunities for CFOs to generate important insights about their businesses.

Yet many CFOs believe their decision-making speed is actually slowing down, despite a need to make real-time or near real-time decisions based on multiple data sets. They feel they are often constrained by inaccurate or obsolete information and that valuable data stuck is in organisational silos.

In managing these challenges, CFOs believe they have not been adequately supported by incumbent IT vendors, who are seen as reluctant to make software that simplifies data problems. They continue to look for technology-based solutions, but find most data management tools fall short by not providing the flexibility CFOs expect to aid in short-term operational and long-term strategic decision-making.



The information challenges of today's CFO

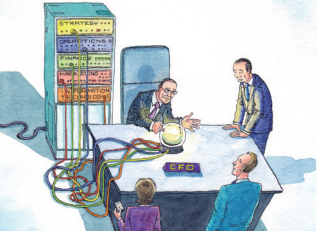
The CFO's role is widening and its information load is growing: More than 90% of those surveyed believe they will need more IT expertise to cope with the increasing data load.

CFOs don't trust the information they receive: CFOs reckon low quality data is one of the biggest hindrances to their effectiveness. Between one-

third and one-half of some key data sets are often inaccurate or obsolete.

At a time when they need to be more efficient, CFOs are finding their decision-making speed has slowed: 47% believe their decision-making has slowed down because of increased variety and velocity of data.

CFOS say IT vendors offer limited support: 44% of CFOs see their IT suppliers as reluctant to provide software tools that simplify data analytics.



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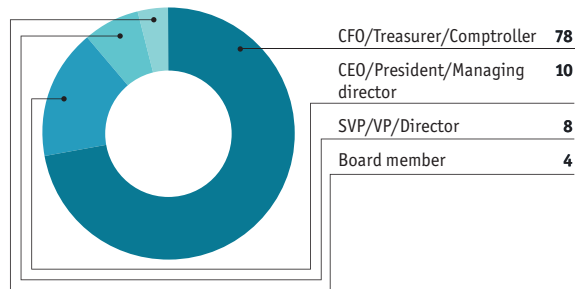
About the research

Beyond spreadsheets: How the new breed of CFO makes decisions is an Economist Intelligence Unit (EIU) report, commissioned by Qlik. The EIU conducted a survey from April to May 2014 of 100 respondents, all of whom have overall responsibility for the finance function in their organisations, most as chief financial officer or finance director. Respondents came from across the Asia-Pacific region and include a range of industries and company sizes, half with revenues of US\$500m or more.

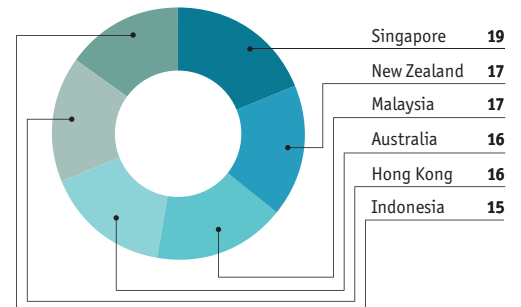
Totals in the charts contained in this report may not add up to 100% either due to rounding or because respondents could select more than one answer. We would like to thank all those who participated in the survey for their time and insight. The EIU bears sole responsibility for the content of this report.

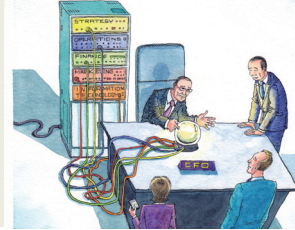
100%
Percentage of respondents responsible for the finance function

Survey respondents by job title
(% respondents)



Survey respondents by geography
(% respondents)





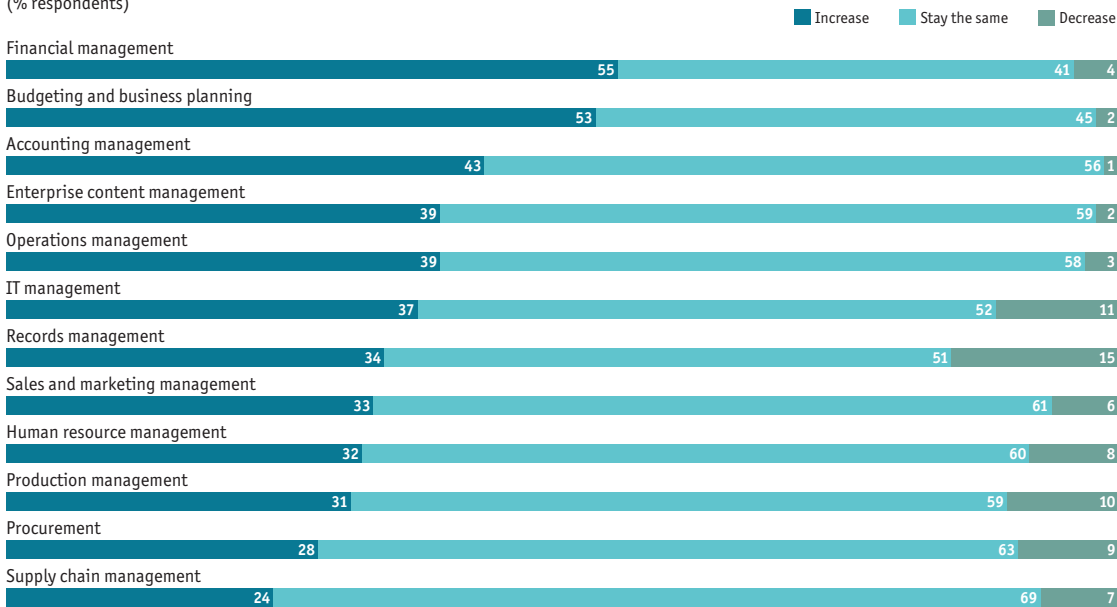
1. The rise of the new cfo

● **The CFO’s role already extends beyond purely financial functions, and involvement in non-financial operations is expected to increase.**

CFOs currently have moderate or heavy involvement in three finance-related areas: budgeting and business planning (87%), accounting (79%) and financial management (77%). Not surprisingly, these are also the areas most expected to receive greater attention in the future (Figure 1).

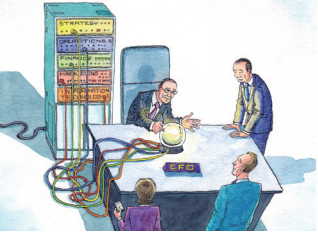
Over the next three years, a substantial number expect to play a wider role in all of the nine non-financial functions polled. In particular, nearly two-fifths expect to be more active both in operations management and enterprise content management, while 37% anticipate a bigger role in IT management.

Figure 1: Jacks of all trades
Level of CFO involvement over the next 3 years
(% respondents)



● **As they branch out into non-financial areas, CFOs expect they will have to better manage the volume of data associated with their growing responsibilities.**

Survey respondents tend to see IT management as the skill most closely matched with the ability to manage information resources. Indeed, virtually all expect their job will require greater IT expertise in the next three years, with 37% expecting they will need a ‘significant’ increase in skills and 57% ‘some’ increase (Figure 2).

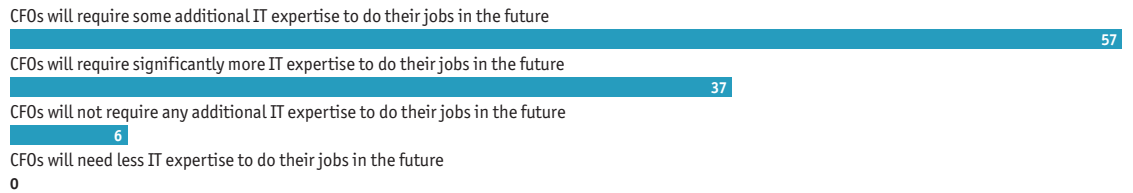


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Figure 2: Taking a byte out of the numbers

IT expertise needed over the next 3 years
(% respondents)



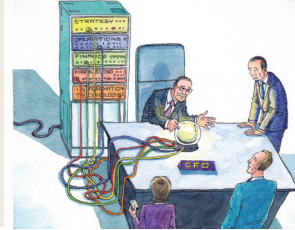
53%

Percentage of CFOs who received no IT training in the last 12 months

- **CFOs believe they are not getting enough training in IT.**

Given the large increase in the amount, velocity and type of data flows, it may be expected that CFOs would have had more recent training in data analytics. Last year, however, just 47% received some kind of training session or seminar on the topic, while 53% said they had no instruction at all.

What remains unclear is why CFOs have not received enough training in an area they see as vital to their expanded responsibilities and whether they themselves know what kind of data analytics training they need.



2. An information gap

● Lack of trust in information sources is restricting CFOs from making critical decisions.

Not all respondents are confident about the reliability and availability of key information needed to make decisions. The survey showed that only 70% of respondents agree or strongly agree that the data they need is accurate, available and easy to access, and 66% agree that they have the necessary information resources to assist in making higher-risk decisions (Figure 3).

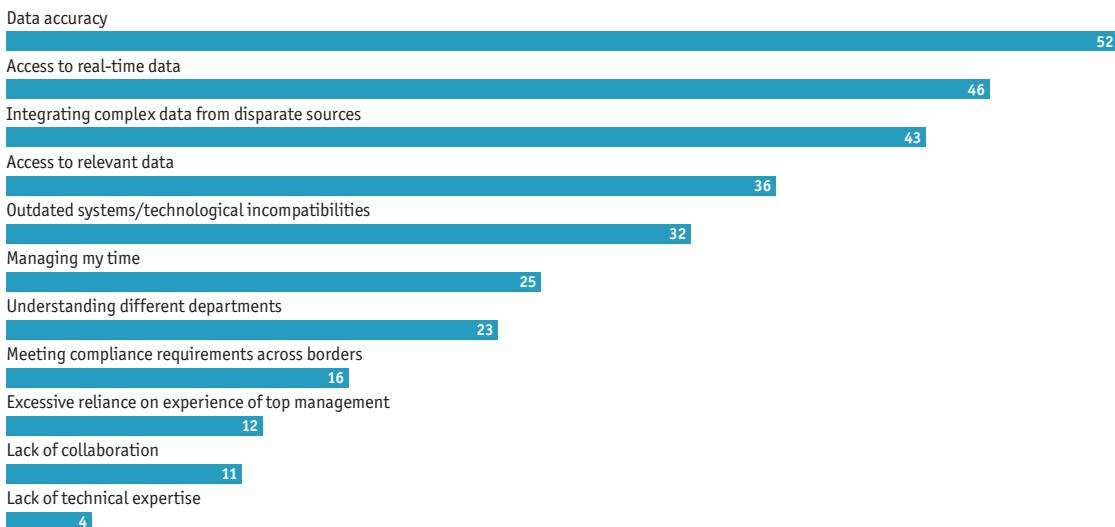
CFOs also cited other data shortcomings as the biggest limitations on their ability to do their jobs. Specifically, the main hindrances are the limited accuracy of data (52%), access to real-time data (46%), and the difficulty of integrating data from multiple sources (43%) (Figure 4).

Between one-third and one-half of respondents said key data sets are frequently inaccurate or obsolete; 44% in the case of customer data, 42% in the case of production systems data and 50% in the case of social media data (Figure 5).

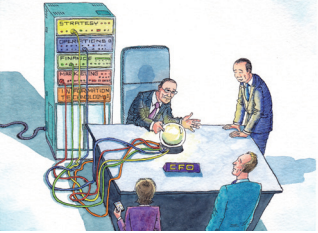
Figure 3: Couched in confidence
Access to key decision-making data
(% respondents)



Figure 4: What's slowing CFOs down?
Biggest hindrances to doing their job
(% respondents)



52%
Percentage of CFOs who agree that data accuracy is the biggest hindrance to them doing their job



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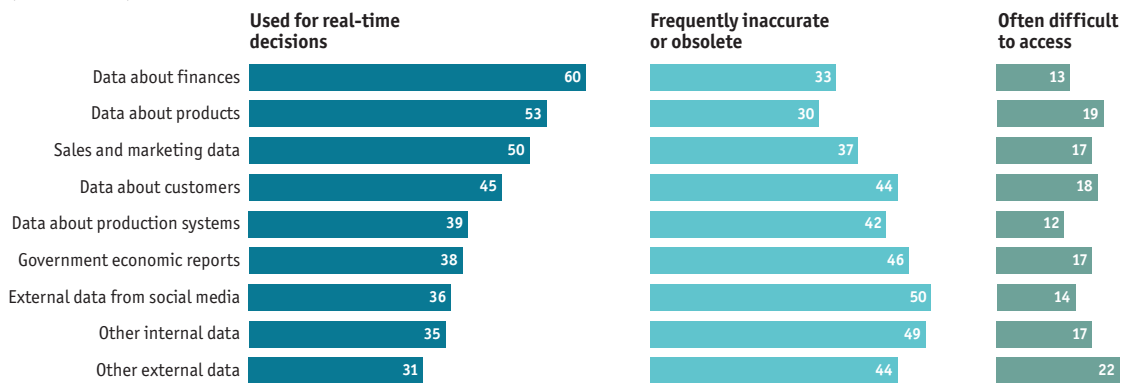
● Lack of trust in data is prevalent across all data sources, particularly when required for real-time decision-making.

Inaccurate or obsolete data clearly weighs on the ability of executives to make decisions quickly. Yet CFOs are often forced to use such data for real-time decision-making. For example, one-third of respondents say financial data is often inaccurate or out of date, and yet three-fifths say they still need this information to make decisions in real-time (Figure 5). Similarly 37% think sales and marketing data fall short, but half still make use of the information to make decisions in real-time.

CFOs realise that their expanded responsibilities include the need to deal with ever larger volumes of data requiring analysis and interpretation. Yet wariness about their own data is driving CFOs to seek additional training and IT expertise.

Figure 5: Belief in the numbers

Shortcomings of company data sources
(% respondents)



33%

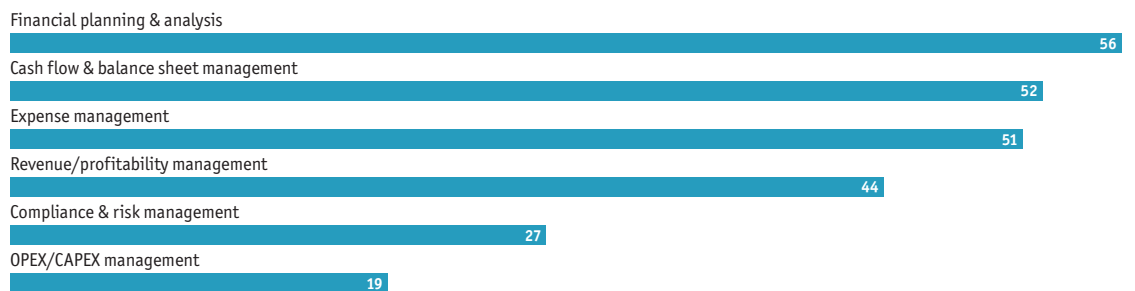
Percentage of CFOs who don't trust their own financial data

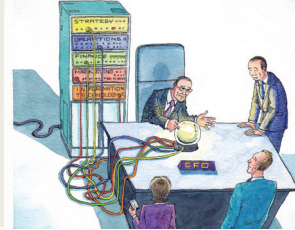
● CFOs are required to make many important financial decisions in real-time

Most pressing real-time financial decisions relate to financial planning, according to 56% of respondents, while 52% cite cash flow and balance sheet management and 51% expense management (51%) (Figure 6).

Figure 6: Quick reactions

Financial decisions needed in real-time
(% respondents)

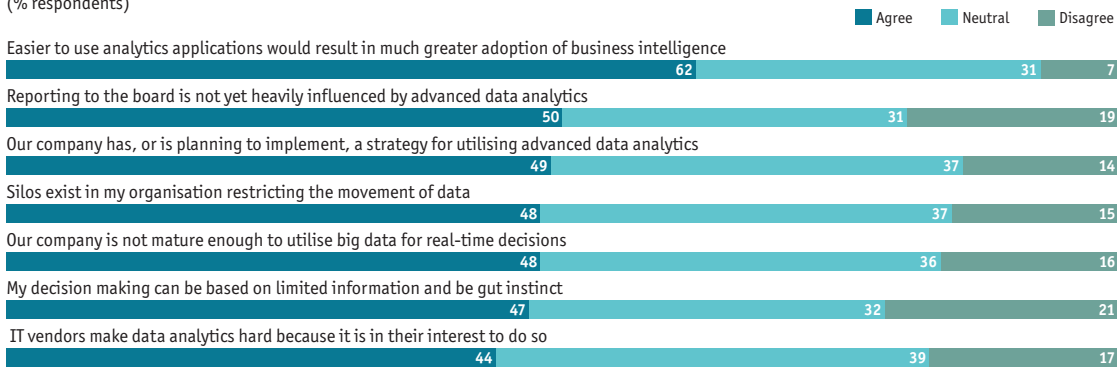




● **In addition to the challenges of maintaining high quality and timely data, CFOs say dealing with data from diverse sources can also be an obstacle.**

More than two-fifths (43%) of respondents said the difficulty in integrating multiple data sets is a major hindrance to their effectiveness (Figure 4), while 48% said that silos inhibit the movement of data in their organisation (Figure 7).

Figure 7: Challenges abound
CFOs agree on prominent challenges
(% respondents)



48%
Percentage of CFOs who still recognise data silos as a big inhibitor



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3. Tapping a new wealth of information

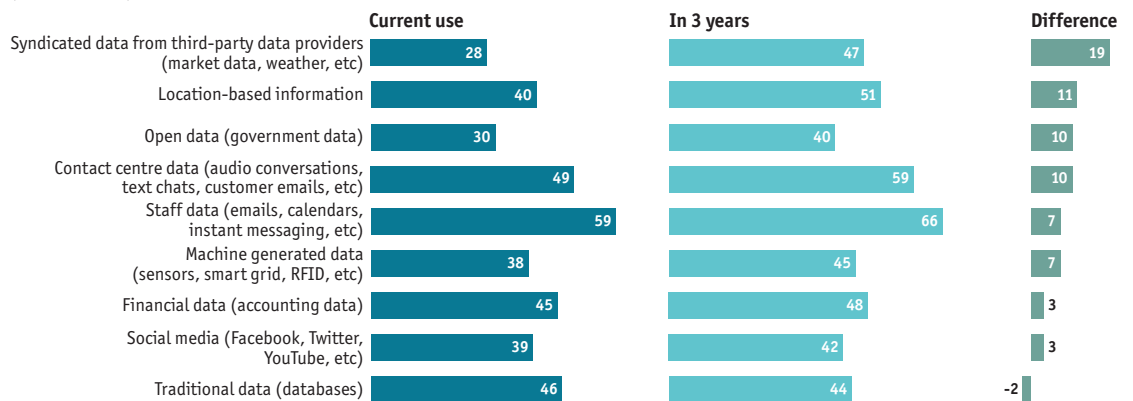
- CFOs are increasingly relying on data drawn from multiple information sources, and expect to use non-traditional sources more often.

Although a heavy reliance on traditional data sources still exists, CFOs are moving away from these established sources to take advantage of new data troves that can provide alternative and timely insights into business performance and the competitive landscape. In a sign of the accelerating tempo of business decision-making, CFOs believe the daily use of virtually all of their data sources will increase.

In future, the amount of time that CFOs expect to devote to data sources is set to grow considerably. Over the next three years, among the kinds of data surveyed, CFOs expect to increase their daily use of syndicated data the most, from 28% to 47%. Daily location-based data usage is expected to increase from 40% to 51%. The only expected decline in usage was traditional sources, such as financial databases (Figure 8).

Figure 8: New data sources

Data sources accessed daily, now and in 3 years
(% respondents)



- CFOs are looking to make incremental investments to achieve better data efficiency and generate insights.

The need to make sense of large and growing volumes of data has CFOs bogged down when it comes to making decisions. More than three-fifths (63%) say they are not doing their job if they do not analyse all available information, but almost half (47%) say they agree that their decision-making has slowed down because of the flood of data (Figure 9).

However, few are looking for big-bang investment in technology to solve their problems. More are focusing on small improvements. Nearly three-quarters (73%) of survey respondents expect that connecting one or two extra data sources would ensure greater insights (Figure 9), while 60% recommend making multiple small investments rather than investing heavily on a new untested platform (Figure 10). Most (59%) believe that breaking down silos will speed up data flows and decision-making in the future.

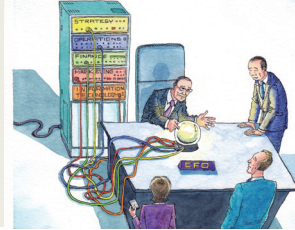


Figure 9: Think small

CFOs agree on incremental improvements
(% respondents)

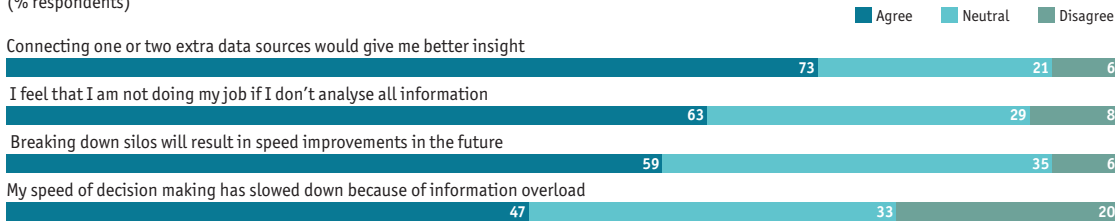
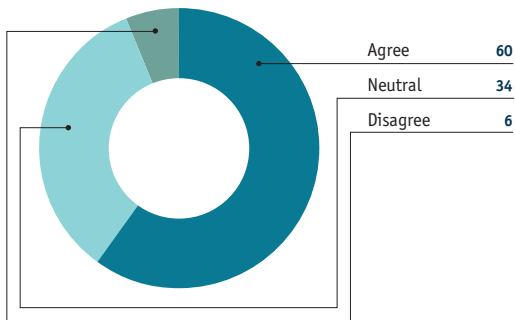


Figure 10: Don't bet the house

Multiple small investments in untested technology are better than one big one
(% respondents)

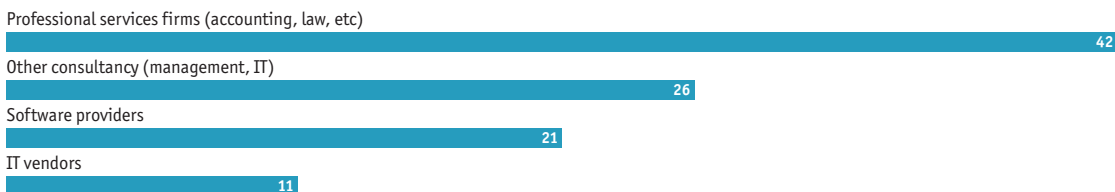


● **Advisers are used only sparingly by CFOs, with limited focus on software and IT.**

Just over half (53%) of CFOs say they rely on external advisers. Those that do predominantly rely on professional services firms such as accountancy and law practices (42%). But these may not have the necessary expertise to understand their evolving role, or to support their changing information needs or help them address technology issues (Figure 11).

Figure 11: Relying on traditional advice

Use of external advisers
(% respondents)





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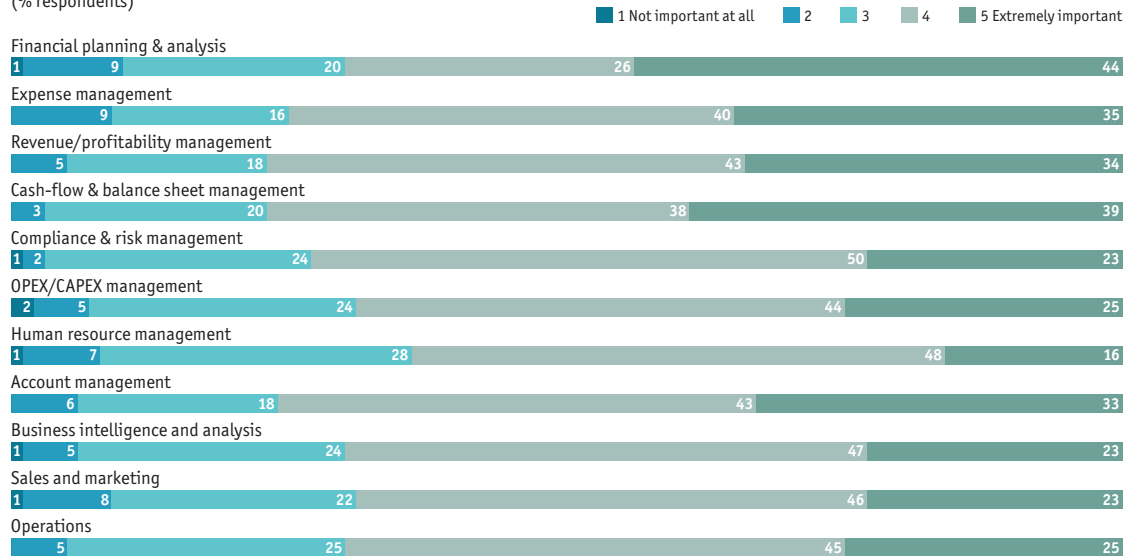
4. Influence of technology

● Technology has an important role to play across all aspects of the CFO function.

Asked about the importance of technology generally and software and application tools in particular, CFOs say technology is most important for revenue, cashflow and account management, with 77% describing it as important or very important in each of those functions. Even in the lowest-ranked function – HR management – technology is still considered important by 64% (Figure 12).

Figure 12: Technology is key

Importance of software and application tools to the CFO role (% respondents)

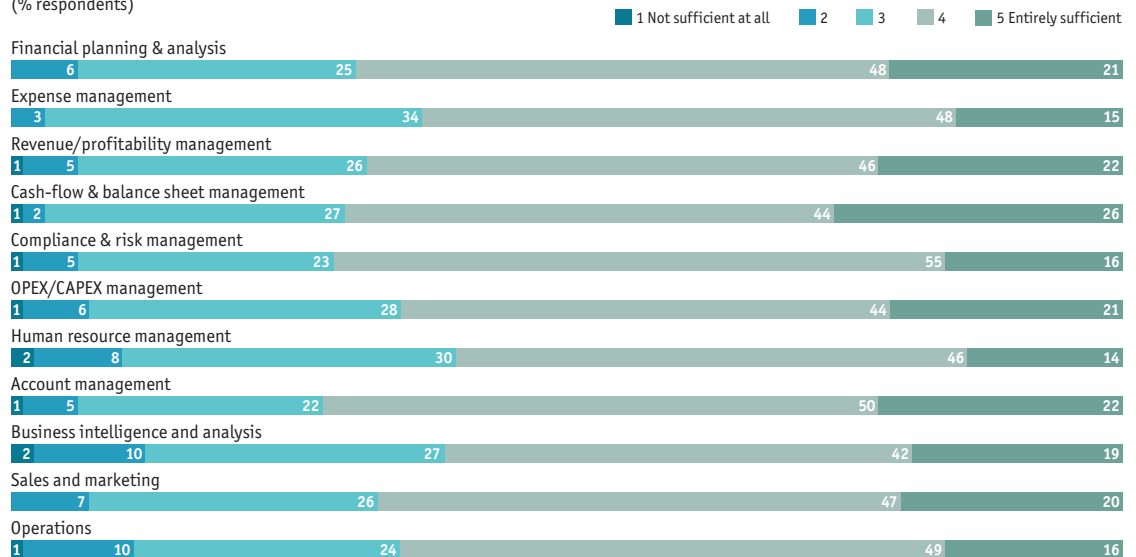


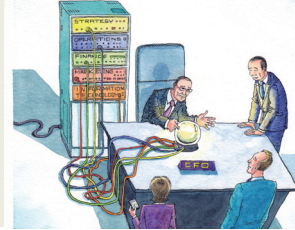
● CFOs are not satisfied with the ability of current tools to help them do their job.

In only three areas – cashflow management, account management and compliance management – are tools considered sufficient by 70% of CFOs or more. The lowest rankings are given to human resource management (60%) and significantly business intelligence tools, where only 61% think they are sufficient to meet their needs and 12% consider them insufficient (Figure 13).

Figure 13: Software applications are falling short

Are software application tools sufficiently meeting your needs? (% respondents)

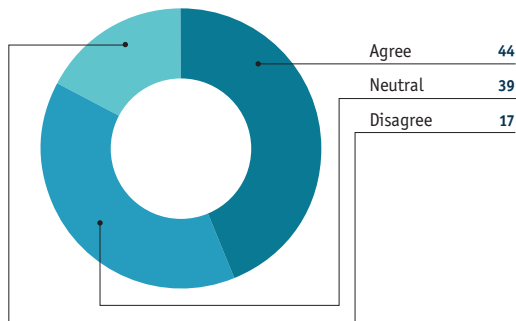




● **CFOs do not believe they are being adequately supported by their incumbent IT vendors.**

IT suppliers might appear to be an important source of support for CFOs when tackling the data issues they are confronted with, yet respondents don't believe that to be the case. Just 17% think their IT vendors are interested in making analytics tools simple or easy to use, while 44% believe they make data analytics difficult (Figure 14).

Figure 14: Overly complicated
IT vendors make data analytics difficult
(% respondents)



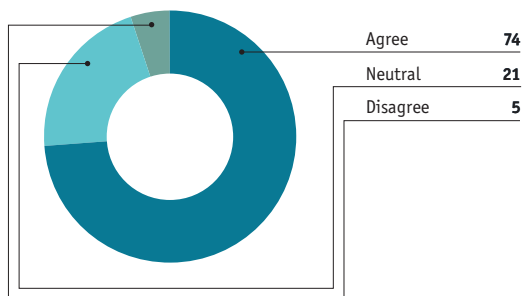
● **Data analytics is not commonly used by CFOs in long-term decision making, but this is expected to change.**

Currently, only half the CFOs surveyed believe that analytics heavily influence long-term decision making through board reporting, due perhaps to the wariness of board members towards non-traditional types of data, such as social media or location-based data. Two-thirds of CFOs think it inappropriate to submit information based on these sources to their boards.

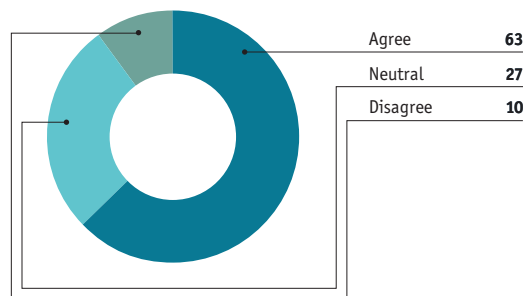
But CFOs believe analytics can integrate non-traditional data sets in a meaningful way, giving board members greater confidence in the reliability of these new data sources. Three-quarters of respondents believe that long-term strategic decision-making, which is driven by corporate boards, will also soon be based on advanced data analytics. CFOs were slightly less confident, yet still positive, that data analytics will become increasingly useful in the future for short-term operational decisions as well (Figure 15).

Figure 15: Growing expectations
Data analytics will be useful in the future when making decisions
(% respondents)

Long-term strategic decisions



Short-term operational decisions





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Conclusion

The steady expansion of the CFO role into strategic and even operational functions means continual growth in decision-making responsibilities. But CFOs are being overloaded by the increase in information from new and diverse data sources, slowing their ability to make timely and effective decisions.

CFOs believe one solution is to increase their IT expertise, but they are largely doing this themselves without significant IT training and advisory support. They report that current IT products do little to help them cut through the data deluge, and with the amount of data set to increase in the future, it will only get harder for CFOs to make sense of it to aid their decision-making.

However, the future may not be so bleak for CFOs. After all, CFOs still have control over traditional finance decisions such as signing purchase orders, and are able to acquire IT resources if the data deluge gets too much. Deciding which resources to buy however, is a little more complicated.

While every effort has been taken to verify the accuracy of this information, The Economist Intelligence Unit Ltd. cannot accept any responsibility or liability for reliance by any person on this report or any of the information, opinions or conclusions set out in this report.

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