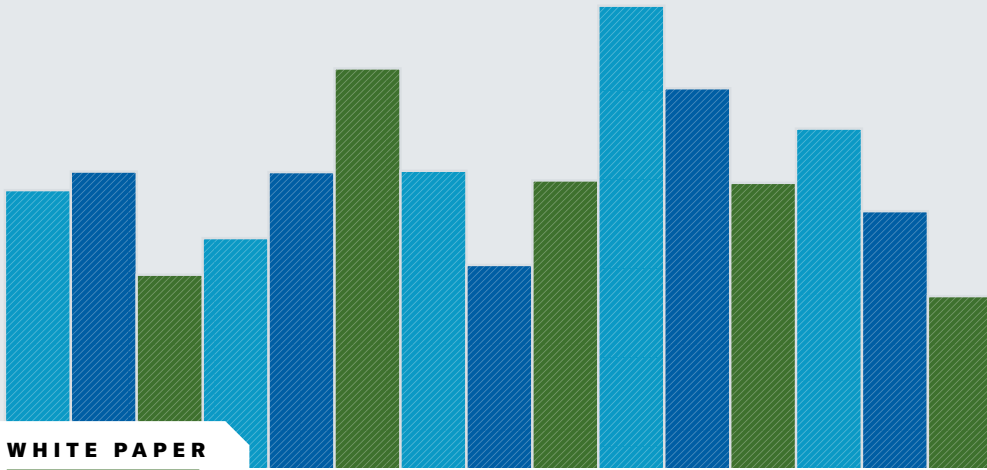


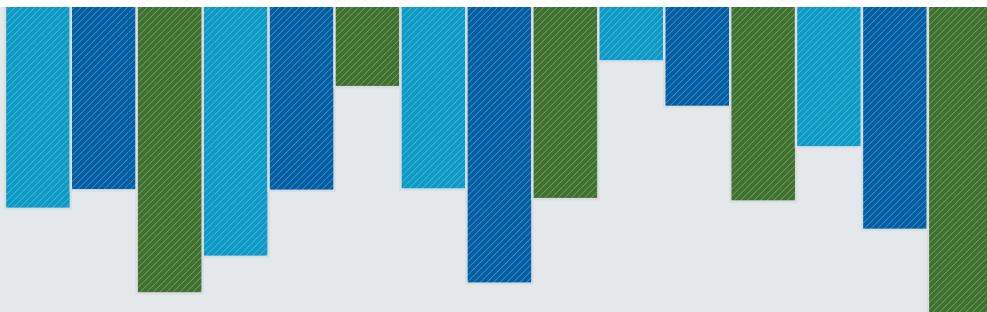


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ANALYTIC SERVICES



Positioning the Finance Office to Champion a Truly Data-driven Organization in Asia Pacific



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Digital business is the new norm. The work we used to do in person is now happening over the web, accelerating the adoption of digital practices in everyday business. In Asia Pacific and Japan, the enterprises that were able to weather the storm of the Covid-19 pandemic were those already driven by data. Leveraging real-time information on markets and trends, they were ready to make quick decisions, prioritize high-revenue streams, and cut down costs.

While the responsibility for executing digital transformation usually falls on the chief marketing officer or chief information officer, we are seeing finance leaders emerge as the surprise catalysts. They face a unique challenge: “On the one hand, CFOs must accelerate growth and support investments in new technologies and business streams. At the same time, they must secure margins and preserve the organization’s financial health,” says Amit Verma, SAP Asia Pacific and Japan.

That’s where technologies like automation, data visualization and advanced analytics come in. To fuel growth while optimizing costs, “CFOs are looking at process automation to bring speed, efficiency, and cost optimization to the business,” says Verma. “They

are considering additional technologies like chatbots, artificial intelligence, and machine learning to solve complex and time-consuming business processes.” For companies like BlueScope Steel, Globe Telecom, Doosan Digital Innovation, and Tata Motors, real-time data is also top of the agenda. These enterprises credit their data-driven approach with helping their organizations remain resilient in the face of unprecedented change.

As with any business transformation pursuit, there are hurdles to clear. In Asia Pacific and Japan, finance leaders can expect talent shortages, poor quality or nonavailability of data, and resistance to change. But these challenges are not insurmountable. In this white paper by Harvard Business Review Analytic Services, we share insights on the data-driven approaches of successful organizations across the region. We hope their examples and best practices illuminate a path forward with finance-led digital and data transformation in your own organization.

Finance now sits at the crossroads of IT strategy and business intelligence. I invite you to read this white paper to realize the opportunities on the table with a data-led approach to doing business.

Positioning the Finance Office to Champion a Truly Data-driven Organization in Asia Pacific

Covid-19 has accelerated trends in digitalization and automation. For companies in the Asia-Pacific (APAC) region, these trends have greatly reduced the need for face-to-face time with customers, suppliers, and staff. Amid the pandemic, companies embracing the concept of being data-driven were better placed to rely on a range of financial and operational data to make real-time decisions. That ability, in turn, allowed them to increase their agility in cutting costs and focusing on their highest revenue potential to preserve cash—measures that helped them survive the immediate crisis and position themselves to thrive in its aftermath.

The range of data and analytics maturity in the APAC region is broad, with some companies as advanced as those anywhere in the world, according to former McKinsey & Co. partner Frank Plaschke. However, the variation within the region is more about the industries and the age of businesses within industries. “For example, in Singapore, the uptake of data and analytics is very strong in multinational corporations, but larger SMEs [small and medium enterprises] don’t seem to have made that leap,” says Mark Billington, managing director, international, at the Institute of Chartered Accountants in England and Wales (ICAEW) and, until recently, the regional director for Greater China and Southeast Asia.

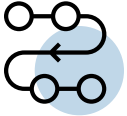
Companies that have not yet made the leap have the opportunity to take advantage of the benefits that have been demonstrated by some early adopters in the region, and the finance office is particularly well positioned to lead the transformation to become more data-driven—for three reasons.

HIGHLIGHTS

Several benefits of being data-driven—such as faster, real-time data for better decision making and improved productivity—can **provide a competitive edge that ultimately enables companies to offer improved services to their customers** and to be more resilient in crises.

Finance leaders in Asia Pacific can embrace several best practices—including **having a clear strategy, leading the change, ensuring data quality and availability, and securing the right mix of skills**—to overcome barriers, seize opportunities, and realize the full value of becoming more data-driven.

Ultimately, the finance office needs to make headway in the **three areas of automation, real-time reporting, and advanced analytics** to make real progress in a fourth area: partnering with the business operations of the company to add value.



“If we are not thinking about the volume, variety, veracity, and value of data, then as a finance function, we are not doing our best to support the organization,” says Stephannie Jonovska, manager for finance transformation at BlueScope.

First, finance already plays a broad, transversal role, often as the focal point for performance management. Second, it is seen as objective and credible. And third, the finance office has historically relied on hard data for its decision making. To lead this transformation, finance executives will need to manage the impact that data will have on their organization’s culture—and the roles within the finance function—in the very near future.

Given its central role, the finance office should be a key enabler of transformation and increased use of automation, data visualization, and advanced analytics across APAC. “About 1.7 MB of data are created every second for every human in the world. If we are not thinking about the volume, variety, veracity, and value of data, then as a finance function, we are not doing our best to support the organization,” says Stephannie Jonovska, manager for finance transformation at BlueScope—a supplier of innovative steel materials, products, systems, and technologies—headquartered in Australia.

The experience of some companies in the APAC region illustrates that transforming into a data-driven organization entails much more than investing in new technology; finance executives must also be willing to rethink their processes, structure, and—most important—talent to help with the effort. They will need people with the right analytical skill sets and with an understanding of both finance and the business to drive a strong data and analytics strategy.

This report describes the significant benefits and opportunities that data and analytics present for the finance function and the broader organization. It also highlights key obstacles financial leaders in APAC companies are confronting to become more data-driven and lessons they have learned about data and analytics from navigating the pandemic.

Data: The New Currency of Competitiveness

Several benefits of being data-driven—such as faster, real-time data for better decision making and improved productivity—can provide a competitive edge that ultimately enables companies to offer improved services to their customers and to be more resilient to crises. “If everyone else is doing it and moving that way and you’re not, you must be suboptimal in your decision making,” says ICAEW’s Billington. “And in a

free market economy, that should reflect on your competitive position and how your business performs.”

Globe Telecom, a major telecommunications service provider in the Philippines, considers faster, real-time data a key enabler to formulate and execute strategies that drive great results. “Decisions become faster when supported by data, and alignment among teams and cross-functional groups becomes easier; as a result, financial results become more manageable and predictable,” says CFO Rizza Maniego-Eala. In addition, combining real-time data with advanced analytics enables early risk detection and credible forecasting. “Systematizing the management accounting process made it possible to provide business forecasting based on data,” says Korea Aerospace Industries’ (KAI) CFO, Jeongho Kim. “We have established a system that can detect various risks in the company’s operation in advance and continuously manage them.”

Being data-driven can also improve efficiency and increase productivity. Automation is often the first focus area that companies target to improve efficiency. For example, it increased productivity for Globe Telecom. “Automation has allowed our teams to do away with most nonthinking, mechanical tasks and enabled them to focus on other projects, which bring greater value to the company,” says Maniego-Eala. Doosan Digital Innovation (DDI), which provides IT shared services to its affiliates in the Doosan Group in Korea, used a combination of analytics, data visualization, and process automation to improve efficiency. “We configured compliance-related corporate regulation in our system to enforce rules of delegation and minimize human errors associated with expense handling,” says CFO Jongki Yun. The increased transparency provided by data visualization enabled DDI to act promptly on its expenditure-tracking analysis and achieve expense savings of 30%.

Importantly, automation and data analytics can also allow companies to extend the reach of their quality assurance and audits. “Today, typically, auditors go and check at regular intervals—they do sample checking based on a risk assessment—but if you design a system and pull the data out regularly, you can cover 100% of transactions,” says P.B. Balaji, CFO of Tata Motors, a global automotive manufacturer based in India.

INDUSTRY INSIGHT**Using Data and Analytics to Improve Efficiency**

Doosan Digital Innovation (DDI) provides IT shared services to its affiliates—such as Doosan Heavy Industries, Doosan Fuel Cell, and Doosan Bobcat—and, since 2018, has been tasked to drive the digital transformation of the entire Doosan Group. With a captive market, DDI prizes partnerships and collaboration as central to Doosan—the oldest company in Korea—becoming a truly data-driven organization. “Our partnerships with the other management teams and business units are of a very high standard,” says DDI CFO Jongki Yun. He also credits the willingness of management to support Doosan’s transformation into a data-driven organization—including the underlying imperatives of investing resources, innovation, and change—as the biggest success factor.

The company identified its top priorities for automation and analysis by using design thinking. “We then reviewed whether the challenges we identified are consistent with the group’s digital transformation strategy,” says Yun. The finance team also leveraged DDI’s capabilities as an IT company to customize its expense-management module, using data visualization to track expenditures and quickly identify savings. “This allowed us to intuitively check

the usage performance against the budget in real time and also contributed greatly to budget savings,” says Yun. In addition, DDI minimized compliance costs and expense-handling errors through automation of approval. “This initiative resulted in an expense reduction of more than 30%,” says Yun.

DDI has transformed itself and reorganized its workforce to deliver new technologies and new offerings that support the changing demands on the group, such as manufacturing-supporting service, artificial intelligence, and cloud. This reorganization included establishing and strengthening a dedicated data analysis team. But it has also become increasingly important in Korea to leverage external capabilities. “We are about to push for co-innovation, not only with global software companies but also with talented mid-sized companies in Korea,” says Yun.

The company is now expanding the scope of its internal and external data analysis. Although data analysis and digital transformation were already being pursued prior to 2020, the Covid-19 pandemic has increased recognition of the need for data analysis and, in turn, driven changes in the capabilities and composition of the organization.

Ultimately, being more data-driven allows companies to improve the services they provide to their customers by increasing their understanding of their business and their customers’ needs. For example, Mahindra Logistics, a third-party logistics service provider, relies on a large ecosystem of vendors and their assets to deliver its services to a diverse range of customers across five industry sectors and 28 states in India. “That can only be managed if we have managed the data in the organization better. We need to understand what is happening by service line, by geography, by customer,” says CFO Yogesh Patel. Globe Telecom has also used data analytics to understand its customers and its own internal process gaps and to continuously improve. “Our goal in digitalization was to make everything simple, digital, and agile—with the intent of making everything faster and simpler for our customers,” says Maniego-Eala.

Becoming more data-driven also increases the relevance of the finance office in the organization. “The increasing capability of our people to speak data will make the finance profession way more relevant in the future, because we’re partnering and challenging and driving outcomes in partnership with the business,” says BlueScope’s Jonovska. The finance office can fulfill the role of driving data and analytics because it is seen as a trusted partner to business. “I think the ethics, the trust, the objectivity that a professional chartered accountant should bring give you that kind of independence to provide what effectively could turn into the lifeblood of decision making,” says Billington.

The finance office has always been data-driven, but, according to Billington, even as recently as three or four years ago, that was largely limited to financial numbers. “Now there is a much greater overlap, with the expectations



“I think the whole psyche of many people that I talk to in many different areas of business points toward acceptance of data and doing things differently, and we won’t go back from that,” says Mark Billington, ICAEW’s managing director international.

of being able to find, capture, and use nonfinancial data of all sorts to bring insight.”

For example, NEC Corporation, a multinational electronics and information technology company headquartered in Japan, has embraced this expansion of data scope and provides the tools for the business to use it. “As one of the CFO’s missions, we focus on both financial key performance indicators (KPIs) and non-financial KPIs,” says executive vice president and CFO, Osamu Fujikawa.

In addition to expanding the types of data beyond pure finance needs, finance offices can also increase the value they add to the business by being more forward-looking and applying smart and fast budgeting and scenario analysis. “If companies in APAC do that right, they can boost the perception and the way the operations see what the CFO and their finance organization can deliver,” says former McKinsey partner Plaschke.

Using data and analytics to be more forward-looking also makes organizations more resilient. The benefit of being data-driven was particularly evident as companies were forced to respond rapidly to protect their employees, assist their customers, and sustain their businesses through the pandemic and its associated lockdowns. Companies using planning systems to analyze their data and to build multiple scenarios were typically in a better position to help the business. “You can respond much faster if you can identify which scenario you are heading toward and you have already thought through some responses,” says Plaschke.

When India went into its first lockdown, Mahindra Logistics was able to keep track of its entire 1,500-vehicle fleet, guide each vehicle to secure parking, and find accommodation for each driver to shelter in place safely. As the economy reopened, the company was able to navigate the complexity of various state-specific regulations and to keep customers informed. “This would not be possible at that scale if we did not have integrated data available for all the movements we do,” says Patel, the CFO.

Tata Motors immediately had to take control of its cash when demand suddenly evaporated. By democratizing its data and making actionable information available across business units and locations, the company was able to cascade the mandate for savings down to where expenditure

was happening. “During this crisis period, we could reduce cash burn by 20%-30% with the full involvement of the entire company,” says Balaji, the CFO.

Globe Telecom attributes the success of its pandemic response to the capabilities it had developed in risk planning and management, enabled by data analytics. “As a result, we were able to keep our financials relatively healthy, ensuring that we continued delivering great service to our customers, while protecting the safety and welfare of our employees,” says Maniego-Eala, the CFO. Globe Telecom was also able to leverage its credit risk insights to assist its customers where necessary.

Some companies in the APAC region were better prepared than others and better able to navigate the pandemic, but many realized that being more data-driven can increase their resilience to future crises. “I think the whole psyche of many people that I talk to in many different areas of business points toward acceptance of data and doing things differently, and we won’t go back from that,” says Billington.

Resistance to Change and Other Barriers

To realize the benefits of being data-driven and to make the most of the opportunities on offer, companies need to overcome some common barriers, including resistance to change, skills constraints and mismatches, and poor quality or nonavailability of data.

One of the most frequently cited obstacles to overcome is resistance to change. “Part of the challenge for finance is moving our stakeholders from ‘How do I print that report?’ to ‘I can look at it on my phone.’ That is a really big deal,” says Jonovska. She also found that perfectionism tended to inhibit progress in some instances because of a reluctance to experiment.

Addressing skills constraints is as important as dealing with resistance to change. Skills constraints include both the inadequate level of data literacy among existing staff and the challenges of sourcing and retaining scarce skills in data science. “Upgrading the skill set and the mindset is definitely an obstacle for these systems to get accepted and become effective,” says Tata Motors’ Balaji. “It is also



“Just get started. Pick one to three use cases where somebody has some knowledge, where you see there is big value or there is a big pain point,” says Frank Plaschke, former McKinsey & Co. partner.

challenging to recruit people in data analytics, because it is a highly in-demand skill,” he adds.

A key challenge connecting the barriers around data and people is addressing inconsistencies across the organization. “Currently, there are challenges in standardization of data items, KPI selections, and data quality,” says NEC Corporation’s Fujikawa. This lack of standardization can lead to data dueling. “People have different data sources, different definitions of data, different cutoff dates,” says Plaschke. “That [inconsistency] inhibits progress, because people are just dueling about who has the right data.” It is also necessary to break down silos, address people’s fear of losing power because of greater transparency, and get them to be comfortable with sharing their data, says Balaji. In addition, having too much data can present a challenge. “With voluminous data, there is a continuous struggle to ensure its accuracy, completeness, and timeliness,” says Globe Telecom’s Maniego-Eala.

Best Practices for a Successful Data Journey

Finance leaders in APAC can embrace several best practices—including having a clear strategy, leading the change, ensuring data quality and availability, and securing the right mix of skills—to overcome barriers, seize opportunities, and realize the full value of becoming more data-driven.

Know where you are going.

It is important to have a long-term vision for your company’s data and analytics journey that is aligned to the organization’s vision and strategy. “You’ve got to know where you want to get to. And that doesn’t come from the finance function; that comes from the board,” says Billington. As part of

developing this vision for data and analytics, it is important to ask the right questions. “By asking the right questions, we understand both pain points and the value seen by our customers,” says Maniego-Eala. Clarity about the questions also guides the data requirements. “If you start from the questions you want answered, then the data speaks for itself,” says Balaji. This clarity ensures that the focus of the data and analytics work is on the organization’s big questions, he adds.

Start small.

While it is important to know where you are going, there is no such thing as an ideal master plan. “Just get started,” says Plaschke. “Pick one to three use cases where somebody has some knowledge, where you see there is big value or there is a big pain point.” With experimentation, you can learn about what works and demonstrate the value that data and analytics can add. “We created a small, central analytics capability, and then we demonstrated a proof of concept,” says Balaji. “That was a great way to get people on board.”

And then think at scale.

Once you have had your initial small successes, it is important to think about end-to-end processes and how you might scale your solution, says Plaschke. After KAI’s initial diagnostic assessment of its current data maturity level, for example, the company launched its Management Innovation Initiative of Korea Aerospace Industries project to define work processes based on the data used and produced by each area of the organization. Similarly, NEC Corporation’s finance office is implementing a project to build a new business management framework, with complete reform of its upstream processes, to reorganize its data for analytics.

Select robust, resilient technology.

The choice of technology platform should be able to deliver what it has promised, according to Mahindra Logistics’ Patel; otherwise, getting people to adopt it becomes much more challenging. The company was prepared to correct course to ensure that the system they rolled out addressed all of its data granularity, completeness, and integration requirements, says Patel. Maniego-Eala adds that the technology should be robust enough to capture information from multiple sources via various methods and dependable enough to produce consistent results every time. However, she notes that it is also important to look beyond the immediate needs. “The goal is to ensure that the platforms and systems are resilient and address our company’s growing requirements,” says Maniego-Eala.

Ensure data availability and quality.

“Companies need to be set up to capture and bring their finance data together in one place with a range of other

INDUSTRY INSIGHT**An Ambitious Vision for Data and Analytics**

Despite being a data-driven pioneer, Tata Motors—a leading global automotive manufacturer based in India—says it has much further to travel on its data and analytics journey. The potential of data and analytics will be limited only by the company's creative ability and its understanding of the technology, says CFO P.B. Balaji. “So, we need seriously curious people, and we need people who can learn from the past but not be fixated on it.” Balaji acknowledges Covid-19 as a penny-dropping moment that accelerated digital adoption and brought a greater appreciation for the value of data and analytics.

After starting by creating a small, central information analytics team and demonstrating value with a proof of concept, the next step was to grow the team and create a demand management system. Business units had to budget for the data and analytic services they wanted and submit a business case to ensure that the highest-value projects were prioritized.

The company has a clear vision of its data journey. In 2020, the focus of phase 1 was on driving efficiency and preserving cash. The focus of phase 2 is on flexible growth, the brand, and the customer, which requires the incorporation of data on softer measures like the vaccination cycle and Covid-19 caseloads by state.

“We can perhaps start looking for predictive customer trends,” adds Balaji.

But Tata Motors recognizes it can go much further as a data-driven organization. “Phase 3 will be about new business models, new revenue streams, and different ways of working,” says Balaji. By incorporating telematics data from customer fleets, route optimization data, and government regulations across all states, for example, the company plans to help customers optimize their fleets, increase fuel efficiency, and increase average speeds. “And suddenly, we are not selling cars and trucks anymore; we are actually providing solutions to our fleet operators, which requires an enormous number of data interventions to help them grow and manage their businesses.”

The company is also considering combining advanced analytics with the internet of things. If the company could use image recognition to verify physical inventory remotely during lockdown, why not for quality checks? “We are scanning all the cylinder blocks coming out of the factory with high-speed cameras. With advanced analytics, we can pick up quality issues and bring them down to zero, which is a huge shift,” he says.

data, such as external and customer satisfaction data,” says Billington. Globe Telecom, for example, prioritized investment in its data lake infrastructure to consolidate structured and unstructured data and made it accessible to everyone in the company.

Transparency is also important to ensure data is authentic. KAI strengthened the traceability of each factor that incurs costs from its logistics sector to ensure that data sources are clear and transparent. “This [transparency] means that we communicate based on clear numbers—data—from employees working in the finance group to management,” says KAI’s Kim.

Secure the right mix of skills.

The finance function will require a different mix of skills going forward, which needs to be addressed through

talent acquisition and upskilling. “The CFO needs to adopt a business mindset and integrate people from the business side with the advanced analytics experts,” says Plaschke. KAI brought three groups—business management, responsible for tracking performance and managing risk; financial management; and information and communications technology (ICT) convergence—under its finance group. Similarly, NEC Corporation’s finance office established the Data and Analytics Promotion Office with the mandate to build a permanent framework for governance and use of management data. “We also tasked the financial planning and analysis business partners in organizational units to report to both the CFO and business-unit leaders to strengthen and optimize their functions,” says Fujikawa.

Globe Telecom started to shift its finance talent pool from finance processors to business advisers to add more



“Collaboration among our operations team, our technology team, our HR team, and finance is very important to get a complete picture of what is happening, and why,” says Yogesh Patel, CFO of Mahindra Logistics.

value to the organization through data analytics. “Driving that shift includes improving literacy in data analytics and providing the right opportunities in terms of training, coaching, and strategic movements across the organization,” says Maniego-Eala.

Collaborate internally and externally.

Partnerships are essential to success. Mahindra Logistics, for example, operates in a complex ecosystem of vendors, suppliers, and customers. “Collaboration among our operations team, our technology team, our HR team, and finance is very important to get a complete picture of what is happening, and why,” says Patel. Data can also play an important role in enabling collaboration; an example is the transparent and objective management indicators that KAI’s finance group is creating. “These indicators play a large role in building consensus between the business division and the finance group,” says Kim. KAI also leveraged external partners for remote support to ensure operational stability of its infrastructure.

Lead the change.

It is important that everyone in the organization embraces data analytics and insights, and change management starts at the top. “As CFO, I try to model this embrace of data-driven business decisions in every interaction with leaders and employees in Globe Telecom,” says Maniego-Eala.

KAI launched a campaign, Beyond Numbers, to put financial data at the center of the finance group’s quantitative business culture and to promote the company’s data-driven culture, with leadership playing a central role. “In the finance group, the CFO himself introduces and explains the Beyond Numbers campaign, collects feedback from the finance group, and leads the change management of its members,” says Kim. KAI also provides customized training at each level—for team members, managers, and management—to support the mindset shift.

Importantly, leaders need to be found and supported at all levels of the organization. “We need to find those change champions and data champions in our business units and support them to collaborate more, learn from each other, and showcase good practices,” says Jonovska.

Conclusion

Covid-19 caused severe disruption in companies across the APAC region and around the world, but it also injected a sense of urgency into their digital transformation. “It helped me tell my organization that since everybody is remote, the only way to work is through a system,” says Patel.

The Covid-19 crisis also surfaced new use cases for data and analytics. For BlueScope, the crisis really highlighted better forecasting as a priority going forward. “We need to get better, faster at forecasting some things that are business as usual, allowing our people the brain space to think about management overlays or any of the other opportunities we can drive,” says Jonovska. Balaji notes that the possibilities for the next phase of Tata Motors’ data journey are limited only by the company’s creativity and its understanding of the technology.

Ultimately, the finance office needs to make headway in the three areas of automation, real-time reporting, and advanced analytics to make real progress in a fourth area: partnering with the business operations of the company to add value. “With that business mindset, CFOs will make a difference and, as a result, grow into a second-in-command role,” says Plaschke. “And going forward, there will be many CFOs who can step up to the CEO role.”

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