

Data Analytics Locks in Relevance

By Carolyn J. Newman, CPA, CISA, and Liz Clare

As a CPA, you've always been the one who can pick the relevant data out of any array of long columns and rows. These days, however, the amount of data collected is growing exponentially, creating datasets that are so complex and variable that traditional monthly financials no longer cut it. Your clients and employers need focused, dynamic information about where they stand today. The good news is that there is software that can provide the data analytics that lets business owners and managers make crucial operational decisions, armed with timely information about parameters such as operating cash, inventory and cost of goods sold.

Now more than ever, businesses need someone who knows how to extract the insights from their data and explain those insights in clear, non-accounting terms. Perhaps for the first time in history, CPAs are in the position to help drive future innovation rather than react to the past. The key insight is to realize that data analytics software is merely a tool. What clients care about are the accurate and meaningful insights that you are in a position to provide. In a Gartner survey, 82 percent of executives said they had half (or less) of the information they needed to predict their business performance. By adding analytics to your skill set, you can deepen your relevance.

Discover Strategic Value, Not Just Risk

Data analytics provides accounting and auditing professionals with the opportunity to support business objectives in ways that are both strategic and outcome-oriented. Where are the inefficiencies? Where is there loss of revenue? Are there places where resources are being wasted?

Using data analytics software such as IDEA, you can provide knowledge for decision-making in real time. Most data is aggregated automatically, but it still must be understood at the human level. The opportunities have never been greater for forward-looking CPAs and firms willing to shed the old role of service provider and embrace the role of trusted business adviser. Using large databases and sophisticated algorithms that are built right into the software, you can go beyond recommendations on controlling costs and help clients and managers analyze how to optimize the bottom line over the long term.

Of the major professions in corporate America, perhaps only the accounting role still retains its hard-won reputation for rock-solid ethics and trustworthy tell-it-like-it-is reporting. CPAs have always been able to answer the question "What do we know today?" Using analytics tools, accounting professionals can now build on the trust by offering powerful intelligence that answers the question "What do we need to know for tomorrow?"

Predict, Don't Just React

Data analytics allows a business to operate within a fact-based culture. By moving from reporting to analytics, you can provide your clients and employers with data that gives a true picture of sales, costs and profits. The result? More realistic budgets that put money into activities that actually drive revenues and enable better control over operating and sales expenses.



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You can work to establish key performance indicators (KPIs) to align company activities and strategy. Data analytics assists you in discovering meaningful new correlations, patterns and trends, such as what products are selling where and when, enabling your clients and employers to manage head count and spending in the short term, while planning how best to improve processes and invest in new products and markets in the long term.

Tools allow you to create models and forecasts that take the vast array of data now available and make it understandable, useful and actionable. Similarly, you can use them to plan and execute audits and forensics dynamically, looking at relevant measures and steering clear of information overload.

Many people in the accounting profession enjoy working with structured data that fits readily into tables, spreadsheets and financial statements. However, the days of routine internal reporting and compliance work are mostly gone. This creates new opportunities and challenges. Ultimately, as trusted stewards of corporate data, finance and accounting professionals have the opportunity to embrace a new role of facilitating real-time decision making.

When it comes to big data, surveys have shown that executives don't know which way to turn. According to Tata Consulting Services, 80 percent of executives said data initiatives had improved their decision-making. But an IDG Research Services study discovered that only 10 percent of executives thought their information was fresh or timely enough to make a difference to their employees.

As CPAs, we can bring data analytics to bear to benchmark KPIs and manage the flow of data through an organization with wisdom and consistency. It is up to us to take the initiative to master data analytics. The time is now to add value, embrace a new role as trusted consultants and lock in relevance. Big data is here to stay. The question is – what will be your role? ■

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