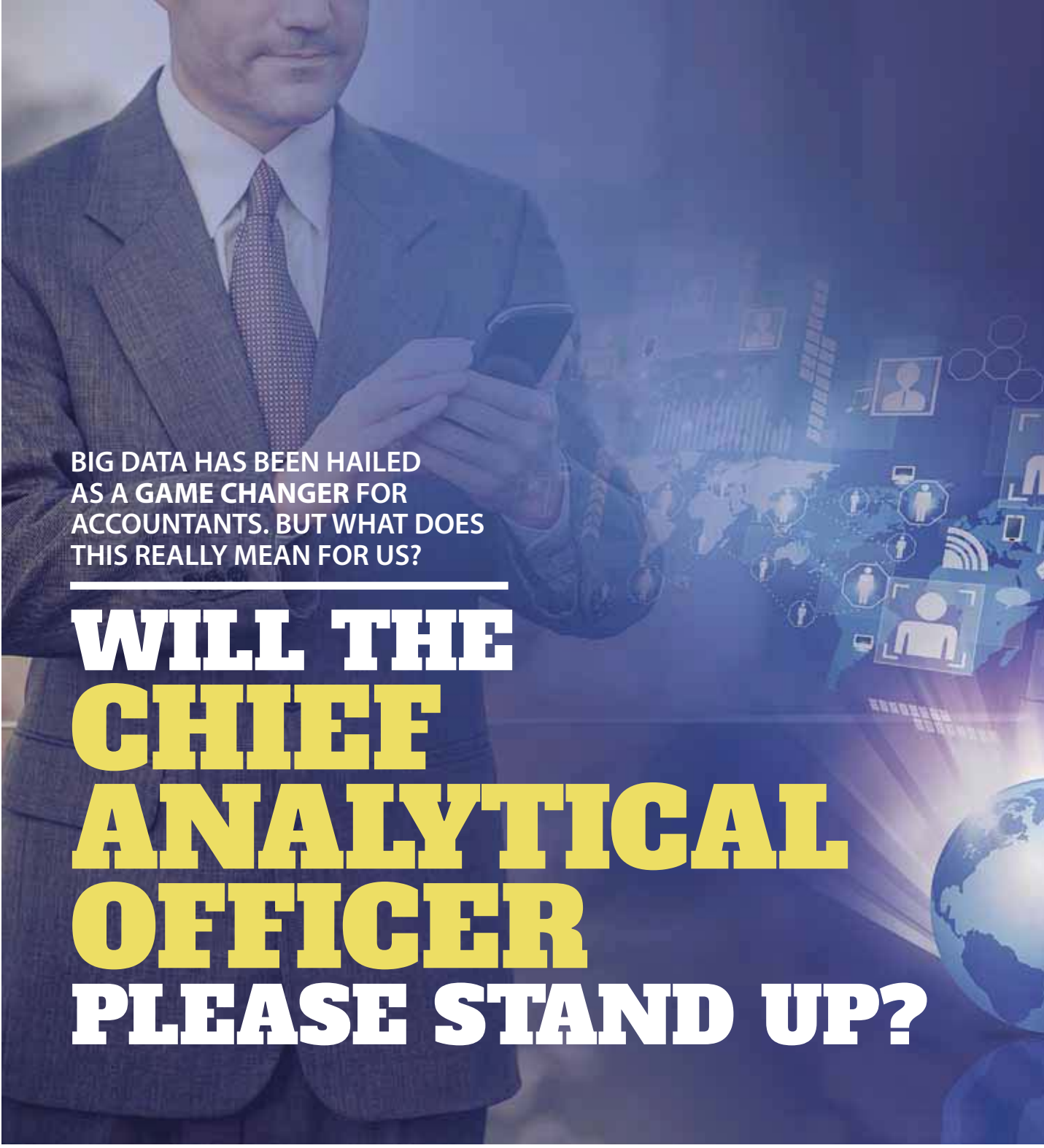


■ BY PREETHA NADARAJAH



BIG DATA HAS BEEN HAILED AS A GAME CHANGER FOR ACCOUNTANTS. BUT WHAT DOES THIS REALLY MEAN FOR US?

WILL THE CHIEF ANALYTICAL OFFICER PLEASE STAND UP?

WHICH HAT ARE YOU WEARING TODAY?

CHIEF FINANCIAL OFFICERS (CFOs) THESE DAYS ARE EXPECTED TO PLAY FOUR DIVERSE AND CHALLENGING ROLES: FINANCE OPERATOR, STEWARD, STRATEGIST AND CATALYST.

HOW will the emergence of big data expand or stretch these roles? Hugo Walkinshaw, Executive Director, Deloitte Singapore, said at the recent MIA International Accountants Conference 2014 that the big data economy won't bring anything new to the table above and beyond these roles that a CFO plays. "There will however be a greater focus on the catalyst and strategist roles. The operations role will likely be taken for granted and the expectations would be that more will be done with less, but quicker and with 100% accuracy."

Automation and technology which go hand-in-hand with big data will make work easier for CFOs, and make it easier for them to meet changing expectations. For example, technical work could diminish as "the standard preparation of financial statements could be largely automated, allowing for more time to be focused on forward-looking measures such as predictive and prescriptive analytics," explained Walkinshaw, allowing the finance function the time and space to be more of a business partner in strategist and catalyst roles.

On the flipside, the data economy and workflow automation could exacerbate the already sky-high expectations from external stakeholders. For example, there are pressures from regulators for the finance function to deliver absolutely 100% correct compliance and higher expectations upon them to track fraud, which is a huge issue in several countries in Asia Pacific and Europe.

CONTINUOUS AUDITING FOR IA

Even if you're not a CFO, big data will transform your life. Big data will probably bring stark change to the internal audit (IA) functions, which commonly focus on transactional-based analytics and can benefit from automation. "IA can use data to identify notable exceptions in populations that could provide important clues about potential gaps in internal controls," added Walkinshaw.

By leveraging automation and big data analytics, the concept of "continuous auditing" could be introduced, i.e. collection of audit evidence and indicators by an internal auditor on IT systems, processes, transactions and controls on a frequent, repeatable and sustainable basis. This will enable a continuous risk assessment process, which is largely a qualitative analysis combined with quantitative, technology-based data analytic processes. "This is not a luxury that internal audit functions that are not analytics-enabled can afford given limited financial and human resources to achieve this manually," he remarked.

These analytics could focus on trends, patterns, and results in key performance benchmarks such as number of days of sales outstanding, number of purchase orders per week, count of authorised users performing unauthorised activities on ERM (enterprise risk management) systems and so on. When properly developed and executed, data analytics can greatly improve an internal audit function by automating the collection, formatting, and mapping of organisational data and applying various tools to analyse and interpret the data in a more meaningful way.

HOPE FOR EXTERNAL AUDITS

Could big data change the traditional intensive model of external assurance where, as the joke goes, auditors work from 9am to 5am. Big data can differentiate audit firms by providing tools to support thought leadership, industry expertise and more beyond merely a well-executed and timely audit, said Walkinshaw. "Given the adoption of paperless audit tools and technologies, data analytics can help exceed the expectations of clients with the same order of magnitude of time and personnel investment."

Data analytics can be used in the planning and risk assessment stage to analyse the accounts more deeply

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and focus on key risks and material issues. With increased automation of data collection, e.g. extraction from ERP systems and automated analysis using a number of routines that analyse 100% of the population included in an account or process, precious auditor capacity is freed up to focus on key risk areas identified through the analysis. Since big data can offer quicker analytical capability across subsidiaries and business units, auditors can better evaluate an organisation's policies and practices, giving them more room and time to exercise professional judgement and scepticism.

It's also a boon for forensics and sniffing out fraud. "Big data analytics can be used to identify higher-risk transactions by highlighting deviations from the expected business processes and relationships," said Walkinshaw. Analytics can be also used to assess fraud risks and controls, giving a boost to risk management.

IMPACT TO SSO

Could big data alleviate talent woes in the burgeoning Shared Services and Outsourcing (SSO) industry and deliver better cost reduction? SSOs rely on operational metrics such as SLAs (service level agreements) and KPIs (key performance indicators) to heighten cost efficiency and performance. Incorporating analytics as part of the day-to-day operations can elevate SSOs to the next level, for example, by analysing revenue leakages and customer or employee defections so solutions can be crafted.

It goes without saying that SSOs would need to hire people with premium analytical skills and invest in the necessary tools to create an outcome-driven culture fuelled by automation and



Faye Chua



Hugo Walkinshaw

analytics, versus an operational culture. These resources are ideally integrated into day-to-day work. For example, in addition to processing expense claims, SSO staff could also run daily fraud checks – in real time – which are embedded as part of the process.

HOW TO RIDE THE BIG DATA WAVE

How can we acquire the skills to excel in big data?

Faye Chua, Head of Future Research, ACCA noted at the MIA International Accountants Conference 2014 that a 2012 ACCA-IMA report entitled "100 Drivers of Change for the Global Accountancy Profession", chose big data as one of the key factors shaping the future for accountants and finance professionals over the next

decade. She expects that the syllabus for professional qualifications will change over time to provide elective courses to support accountants who may want to embrace these emerging technologies as they climb career ladders and fill more demanding and strategic roles.

Diversity will be pivotal to make the most of big data. "It is not only about putting new skills into existing people, but also about getting different people into the team who don't come from a typical accounting background and then teaming up with them. You need to think outside the box when it comes to the composition of the team in this new era," warned Walkinshaw. In such a scenario, line management needs to build up their management skills to successfully manage the team members' diverse backgrounds and personalities.

Also at the MIA International Accountants Conference 2014, Chari TVT, Group CFO, Axiata Group, said that job rotation would be crucial experience to excel in big data: "Take on different non-finance roles within the organisation to get more all-rounded exposure." He himself spent ten years in a sales and marketing role. He stressed the importance of understanding the holistic business and not just being siloed in the financials, in order to grasp the full strategic benefits of big data and analytics.

Analytics and big data will also be useful tools for accountants who are now expected to be futurists who can chart long-term business prospects. It's no longer sufficient for accountants to provide historical values, but future value creation for business sustainability. "Always look forward and think ahead, beyond just the next quarter," advised Chua. ■