

Realizing the data dividend

Chief Financial Officer insights
from the Global C-suite Study



This report is based on input from the 2,105 Chief Financial Officers (CFOs) who participated in IBM's fourth Global C-suite Study—the 20th edition in the ongoing IBM series of CxO studies conducted by the IBM Institute for Business Value (IBV). We have drawn on various statistical techniques, including exploratory factor analysis, regression analysis, and correlation analysis, to conduct our research. We also used IBM Watson AI technologies to perform sentiment analysis on thousands of qualitative responses and IBM Watson Project Debater to identify how prevalent themes were viewed from multiple perspectives.

Introduction

Our latest Global C-suite Study explores what it takes to lead in a world brimming with bytes. We asked more than 13,000 C-suite executives around the globe about the value they derive from data, how they intend to turn data into a differentiating advantage, and how far they've progressed with their plans.

We identified a small group of enterprises that stand above the rest. The CFOs who represent them excel at integrating financial and operational data with information on customers and competitors to support the decision-making process. They also use data to identify new sources of revenue, allocate capital, manage risk, and improve margins. The results say it all. The organizations these CFOs work for are more agile, more innovative, and more profitable than their industry peers.

The dawning of a new age

CFOs, in general, acknowledge the importance of technology. They report that it’s the single biggest external force affecting their enterprises, where market conditions previously topped the list. Technology is now a major outside influence in the eyes of 57 percent of CFOs, with regulatory concerns trailing in second place at 51 percent.

Our conclusion? CFOs recognize that investing in the technologies required to analyze and utilize data yields superior returns. In previous eras, data was primarily used for the purposes of manufacturing, distribution, and business management.

Today, with the advent of artificial intelligence (AI), the Internet of Things (IoT), and cloud computing, organizations finally possess the tools for turning bytes into insights and generating contextualized, predictive knowledge (see Figure 1). Returns on data—in the form of more customers, more revenue per customer, lower costs, and faster times to market—are higher than ever before.

In all, 87 percent of the CFOs who took part in our study regard data as a strategic asset that can be used to deliver deeply nuanced, individualized experiences powered by sophisticated, intelligent operations. “We’ll be able to tailor the customer experience more effectively and adopt a more granular approach to risk-based pricing,” notes the CFO of an insurance company in New Zealand. Other CFOs are enthusiastic about the opportunities to “reinvent our offerings,” “target consumers more accurately,” and “provide more personalized services.”

Torchbearers light the way

So how are CFOs in the most successful enterprises realizing the strategic value of data to achieve material improvements in performance? During the course of our research, we classified every organization into one of four groups, based on the stage it has reached on the path to data leadership (see Figure 2).

Figure 1

The age of insights

Humanity has entered an age in which data’s full potential can be realized

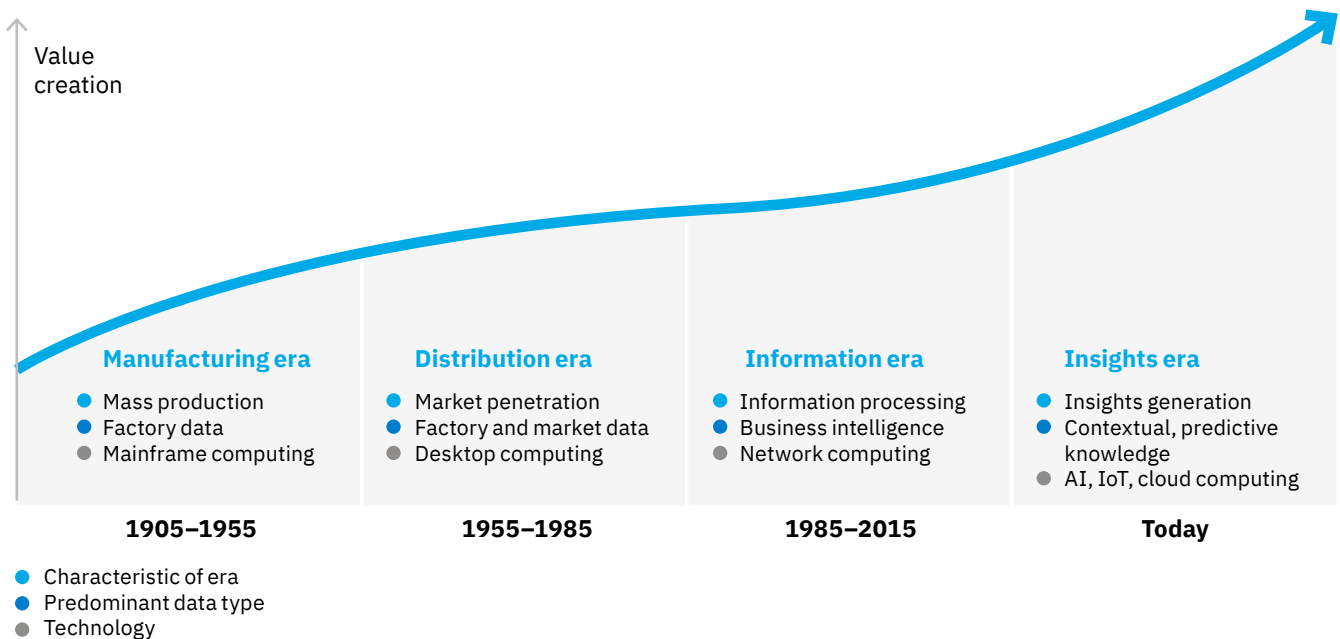
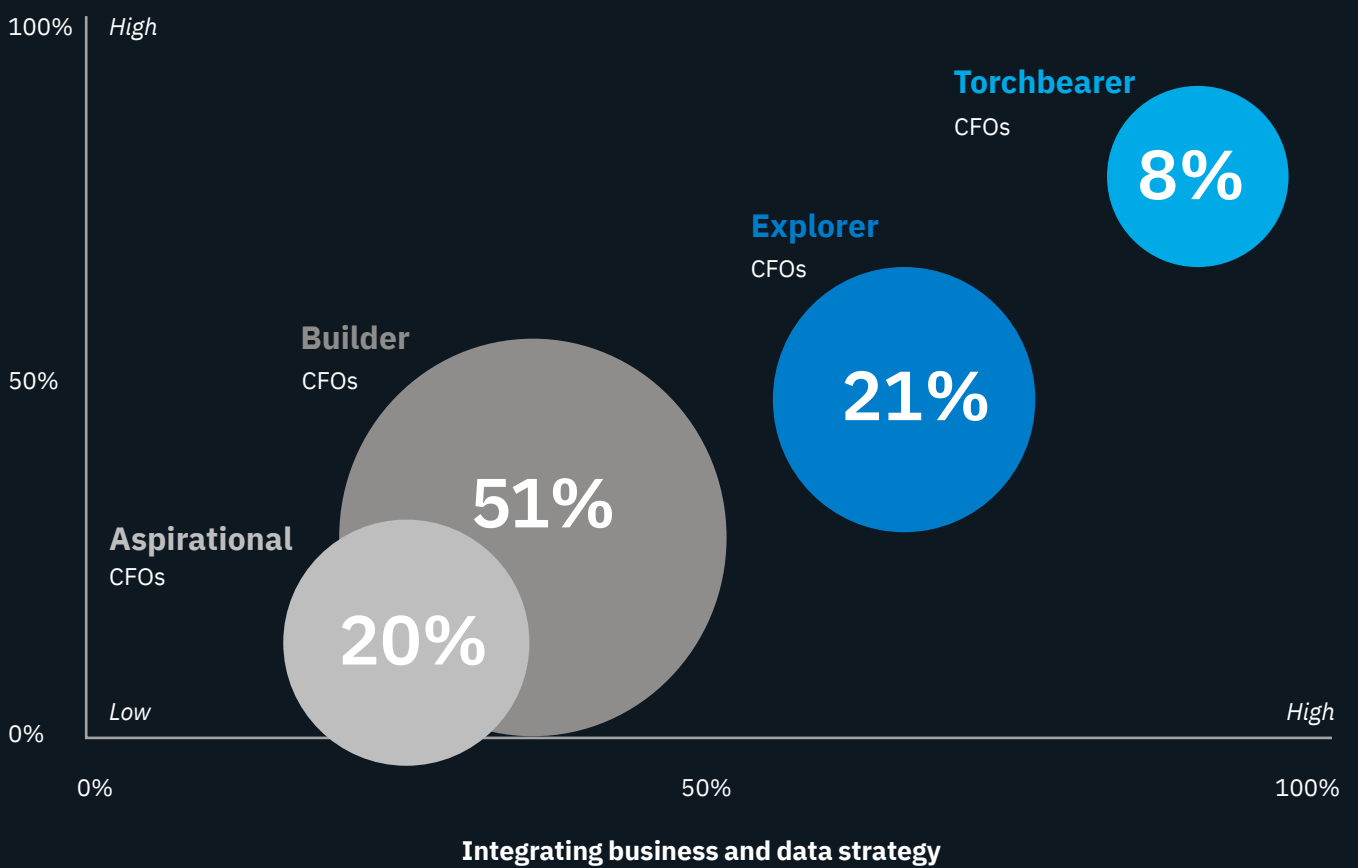


Figure 2

Data infusion

Torchbearers have established a new path to value by integrating data into their strategies, operations, and culture

Creating value from data



Aspirationals are just setting off on the journey. They understand the importance of aggregating, analyzing, and applying data but haven't yet made the commitment required to generate returns on the information they hold. They haven't invested in the relevant technologies, aligned their data strategy with their business strategy, or created a data culture. As a result, they're not very effective at using data for operational decision making or as a catalyst for business transformation.

Builders, by contrast, are beginning to make the necessary technological investments. They're also trying to bring their data strategy into line with their business strategy and develop a data culture. They can expect to earn significant rewards, if they adopt a holistic approach and execute their plans effectively.

Explorers are halfway there. They've already invested in the tools and technologies for managing—and making sense of—data. They've also made headway with integrating their business and data strategies. So they're now reaping a return on their data, although they haven't yet optimized the yields.

Torchbearers, alone, have reached this point. They've invested heavily in analytics, artificial intelligence (AI), and other such technologies, aligned their business and data strategies, and operate in a data-rich culture. They have high expectations of the value data can deliver, and the returns they've generated have typically exceeded their expectations, suggesting that there's plenty of scope for additional upside.

Comparing Torchbearer CFOs with Aspirational CFOs—as we'll refer to them here for ease of reading—reveals marked variations in the performance of the enterprises they oversee. Take innovation: 71 percent of Torchbearer CFOs work in organizations with a reputation for operating at the leading edge, whereas only 22 percent of Aspirational CFOs can make the same claim. There's a similar gulf between the two groups when it comes to managing change effectively.

These strengths have paid off liberally: 75 percent of Torchbearer CFOs have helped preside over exceptional revenue growth, while 67 percent have seen their organizations deliver outsized profits. Yet only 22 percent and 27 percent, respectively, of Aspirational CFOs have enjoyed such success.

The disparities between the two cohorts don't end there. Our analysis shows three core areas where Torchbearer CFOs diverge from other CFOs. They:

- Focus on effective financial planning and analysis
- Embrace fact-based strategy development
- Steer strategy execution.

We'll address each of these areas in more depth in the following three chapters.

Chapter 1

Focus on effective financial planning and analysis

Making data deliver

Concentrate on commonality

Torchbearer CFOs recognize that common data standards and practices are a prerequisite for producing trustworthy analytical insights effectively and efficiently. Standardization enables an organization to consolidate its systems, cut costs, and scale up very rapidly—which, in turn, saves time and facilitates growth.

Seven in ten Torchbearer CFOs see implementing enterprise-wide data standards as a top priority, compared to just four in ten Aspirational CFOs. Six in ten Torchbearer CFOs also stress the need to enforce common definitions and data governance for financial data, whereas fewer than four in ten Aspirational CFOs take the same view.

“We had too many systems that were local and siloed. So we consolidated them into a simpler, more standardized architecture.”

CFO, Life Sciences, Singapore

Some of the CFOs we surveyed say conflicting standards, terms, and rules for managing data are a major problem. “Our data isn’t unified and standardized, so we can’t use it for real-time decision making. We need to categorize it properly, use the same terms across different departments and regions, and eliminate inconsistencies,” the CFO of a media and entertainment company in Japan remarks.

Other CFOs want to impose common practices but are clearly daunted by the herculean scale of the task. “We’re trying to integrate and standardize data that’s scattered all over the place,” observes the CFO of a petroleum business in Peru.

Common data principles and protocols provide a shared foundation for using data and connecting different data sets without having to re-format the information. However, easy access to the data is also crucial. Here, too, Torchbearer CFOs exemplify leading practice: 64 percent appreciate the importance of integrating and rationalizing their organization’s core financial systems, whereas only 37 percent of Aspirational CFOs accord these activities equal urgency.

So how are Torchbearer CFOs enforcing common standards, stripping out complexity, and cutting costs along the way? Most of them are turning to the cloud.

Six in ten Torchbearer CFOs have already invested heavily in cloud computing. And nine in ten intend to double down on their investments or leverage this technology in the next few years. By contrast, only three in ten Aspirational CFOs have invested in cloud computing thus far, and fewer than six in ten plan to do so in the foreseeable future.

Cloud-based platforms offer several advantages. They have a common architecture, which makes it easier to standardize data, integrate applications, and streamline financial processes. Any changes to the data are also replicated throughout the system in real time, thereby improving visibility into operations.

Lastly, organizations can pick and choose the facilities they want. “We’re moving our infrastructure and data to the cloud, where there’s an abundance of tools for managing data and gaining insights,” the CFO of a media and entertainment company in the US explains.

Harden up your skills

Creating common data standards, definitions, and procedures is just the first step in building an effective finance function, though. CFOs can't realize a proper return on the data they collect if the workforce lacks the ability to utilize it.

Employees who are poorly versed in analyzing data can't unearth complex insights, share their findings, or coordinate their activities. So securing a dividend on data entails investing in the workforce to help it acquire the relevant skills.

More than half of all Torchbearer CFOs anticipate that demand for people with technical or analytical qualifications will grow in the next few years, and they're not

sitting on their hands. Seven in ten—nearly twice the proportion of Aspirational CFOs—tell us that developing the analytical talent required to partner with their organization's business units is a key imperative.

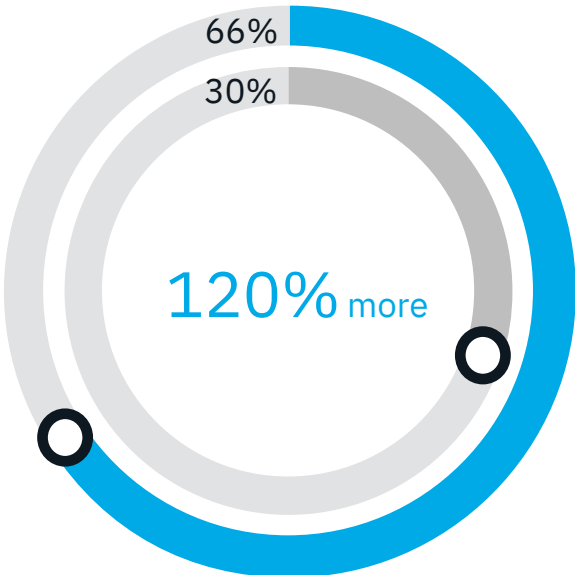
Torchbearer CFOs also collaborate with their C-suite colleagues to provide employees with the necessary tools and training to dig into data themselves. These efforts have already borne fruit: the organizations Torchbearer CFOs represent are nearly three times more likely to have a workforce that is proficient in data science and analytics (see Figure 3).

The picture is quite different in less successful enterprises. Only 37 percent of Aspirational CFOs regard developing the analytical talent to partner with the business as one of their primary objectives.

Figure 3

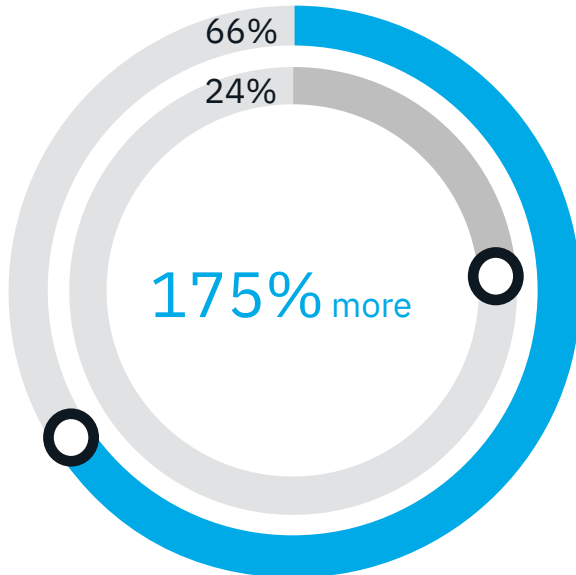
Tooling up

Torchbearer CFOs empower employees to delve into data



C-suite is actively working to provide employees with the analytical skills and tools they require

Torchbearer CFOs
Aspirational CFOs



Workforce is skilled in data analysis and data science

RAC Insurance: Driving performance

Western Australia is the world's second largest state, covering an area that's equal to Alaska, Texas, and California combined. The Royal Automobile Club of Western Australia (RAC WA) provides auto insurance and roadside assistance to more than a million members scattered across this vast tract of land. That's a serious undertaking. "If your car breaks down in the outback, it could be hours or days before someone finds you. In some cases, it can literally be a matter of life and death," says CFO Alex Houvardas.¹

In addition to providing motoring services and advice, RAC WA invests in road safety and other important mobility services. Much of the funding for these initiatives comes from its insurance subsidiary, which provides home and auto insurance for more than half of Western Australia's households. RAC Insurance is run as a mutual and plows all its profits back into improving member services and community programs.²

For many years, RAC Insurance managed its main budgeting and forecasting activities manually via more than 100 linked spreadsheets. This was a complex, labor-intensive process. The finance team wanted to reduce the amount of time and effort it spent on such work, as well as to perform more sophisticated analyses, including rolling forecasts, scenario modeling, and stress testing.³

So RAC Insurance decided to implement a financial planning and analytics platform that would be powerful enough to handle everything from profit and loss statements and balance sheets to cash flow and capital calculations. And it chose a cloud-based option that would be automatically updated to provide the latest functionality.⁴

RAC Insurance's new platform has delivered an estimated 20 percent increase in productivity by reducing the finance team's budgeting workload. It's also accelerated reporting, as well as providing new scenario-planning and stress-testing capabilities, thereby improving visibility, accountability, and the decision-making process.⁵

And, as Figure 3 shows, the percentage that focuses on helping the workforce attain the appropriate skills is even smaller—with predictable consequences when it comes to employees' analytical know-how.

This seems all the more remarkable, given how many CFOs complain about the skills deficit. The CFO of a healthcare company in the US speaks for many respondents when he says: "We lack analytical horsepower. We have tons of data, but we can't find enough talented people to translate and analyze the data and turn it into actionable insights."

CFOs are divided as to the best solution. "Should we be training employees? Or should we be acquiring talent from outside?" asks the CFO of a retailer in Singapore. The answer, surely, is both.

Go bots and silicon brains

Some CFOs are also turning to automation to enhance the finance function's productivity (see "RAC Insurance: Driving performance"). Two specific forms of automation—algorithmic forecasting and robotic process automation (RPA)—hold particular promise.

Algorithmic forecasting uses the power of AI to analyze historical market and company data and predict the future. The best models can deal with anomalies in the data, account for bias, and self-correct. Moreover, the accuracy of the forecasts they produce improves over time, as they "learn" from previous iterations.

Predictive algorithms eliminate much of the manual labor involved in forecasting, so employees don't have to spend long hours sweating over spreadsheets. They can also compute much more data, much faster than human beings can manage, and thus provide a more dynamic view of the future—a high-resolution, moving image that changes as conditions evolve, rather than a grainy, static snapshot.

RPA, likewise, liberates employees to work on more value-adding activities. Bots can't perform complicated tasks that depend on complex decisions or have multiple paths. However, they can be used to automate mundane, recurring jobs that don't require human judgment, such as invoice processing and reconciliations. This reduces costs, as well as delivering greater precision.

A hefty 78 percent of Torchbearer CFOs, as compared to 55 percent of Aspirational CFOs, anticipate using automation more extensively to collect data and streamline their reporting and analysis. "We're looking for improvements in efficiency and, consequently, cost savings," the CFO of a utility provider in Italy reports. Meanwhile, a banking CFO in Denmark expects "managerial decisions to become simpler, more efficient, and more accurate."

In fact, half of all Torchbearer CFOs are already planning to automate the reconciliation of their organization's financial data. Similarly, 45 percent aim to set up a center of excellence for advanced analytics and AI. Yet only 33 percent of Aspirational CFOs intend to automate their reconciliation processes. Worse, only 21 percent have any plans to build centers of analytical excellence, despite the fact that concentrating expertise in one place is a proven way of formalizing leading practice and accelerating data-driven thinking.

"We need more technologically skilled personnel, so we're working on developing a robust talent acquisition strategy."

CFO, Education, Australia

Action guide

How to focus on effective financial planning and analysis

1. Reduce structural complexity around data

Standardize your organization’s financial data definitions and set information standards. Simplify your financial applications and modernize your enterprise resource planning by moving it to the cloud. Collaborate with the CIO to create an information architecture that automates data readiness and provides easy access to data.

2. Empower employees to become data evangelists

Liberate and aggregate hard skills (data analytics, data science, technical or analytical qualifications and certifications). Give employees the technologies and tools (such as data visualization software) to delve into data. Establish a center of excellence for advanced analytics and AI to generate insights at scale.

3. Move to intelligent processes

Tap best-of-breed technologies to accelerate the reconciliation and close process. Automate manual, spreadsheet-based planning, budgeting, forecasting, reporting, and analysis. Implement AI and predictive analytics to further improve your financial planning and analysis processes.

The upshot? Torchbearer CFOs head finance teams that are much better at providing executives in the rest of the organization with vital financial intelligence. They’re more than twice as likely as Aspirational CFOs to collect the right kinds of data to inform significant business decisions. And they’re much more effective at using advanced analytics, including AI, to interpret the numbers (see Figure 4).

Figure 4

Smart work

Torchbearer CFOs are far better at using analytics and AI to perform key financial tasks

Profitability and margin analysis



155% more

Financial planning and budgeting



150% more

Management reporting and performance analytics



116% more

Torchbearer CFOs
Aspirational CFOs

Chapter 2

Embrace fact-based strategy development

Using stats to set your course

Pinpoint strategic plays

CFOs in the most successful enterprises recognize that data has both operational and strategic value. They agree that data is critical in uncovering opportunities to become more efficient, reach the market more rapidly, and cut costs. But they tell us that data also plays a key role in helping them determine their organization's overall direction and make major, long-term decisions.

“We plan on using our data to make strategic decisions and identify our deficiencies.”

CFO, Telecommunications,
Netherlands

Half of all Torchbearer CFOs say they find data particularly useful when they’re defining their organization’s vision and strategy. Half, likewise, state that data is vital in enabling them to locate the most promising avenues for growth, and just over four in ten claim it helps them identify the most suitable strategic partners.

In short, Torchbearer CFOs don’t rely on gut feel to make big decisions. They understand that better data yields better intelligence—intelligence that can be used to open up new opportunities for organic expansion and mitigate risk. So, they trawl through the evidence, be it to find the best prospects to pursue on a standalone basis or to determine how best to team up with other enterprises, and which ones to choose. These CFOs look to the insights data delivers to chart the right course and reduce the danger of getting stranded in stormy waters or swept onto the rocks.

Unearth profitable opportunities

Indeed, Torchbearer CFOs appreciate that trustworthy data can shed light on a wide range of strategic issues. Nearly six in ten draw heavily on data to help their organizations create new business models. More than half also use data to support product innovation or enter new markets, whereas less than a third of Aspirational CFOs work in enterprises that use data extensively for any of these purposes.

Yet data is now “table stakes” for producing the sort of innovation that delights customers. There’s “a unique opportunity to construct new, tech-fueled experiences,” says a retail CFO in China. And it’s not just the purchasing journey that’s up for grabs. “Data will allow us to improve the customer’s after-sales experience,” the CFO of an insurance company in France asserts.

CFOs in the most customer-centric enterprises measure customer profitability, including the actual or potential profitability of different customer experiences. They couple this information with customer engagement metrics (for example, social interactions and referrals) and other non-financial metrics. They also pool data with the rest of their ecosystems to get as complete a picture as possible.

The insights they obtain enable such CFOs to help their organizations design more attractive customer experiences. And, as other research shows, this approach can have a massive impact on the top line. In one survey conducted by Forrester, for example, companies that provided a superb customer experience enjoyed compound annual revenue growth of 17 percent over five years. The laggards, by contrast, achieved a growth rate of just 3 percent.⁶

Torchbearer CFOs are well aware of the rewards to be gained. It's no accident that two-thirds of them work in organizations that invest a lot of effort in analyzing data—both their own data and data from third parties—to

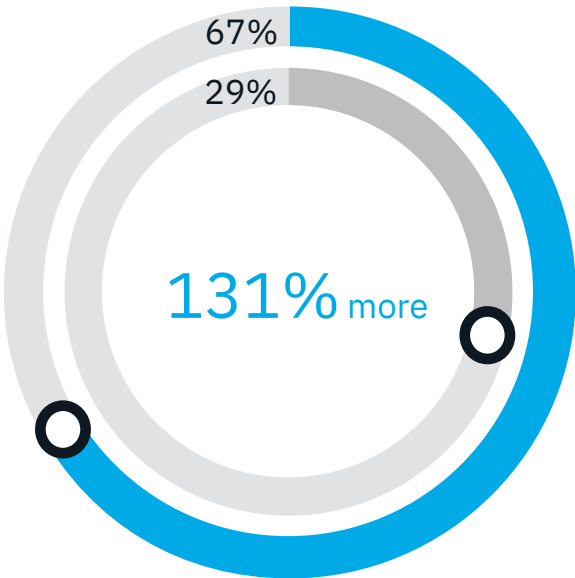
identify unmet customer needs and get a better understanding of their customers' behavior (see Figure 5).

Similarly, 64 percent of Torchbearer CFOs conduct competitor analysis, compared to just 22 percent of Aspirational CFOs. Looking at the market from the customer's perspective and ranking rival organizations in terms of how well they perform help an organization benchmark itself. "We're expecting to refine our pricing strategies by tracking and analyzing the prices our competitors charge," the CFO of a travel firm in the US explains. Meanwhile, the CFO of a retail operation in China hopes to figure out a "better response to the competitors eating away at our sales."

Figure 5

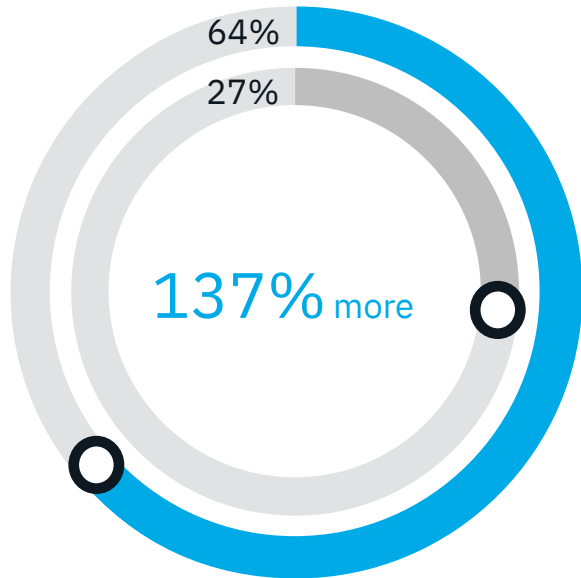
Conversant with the client

Torchbearer CFOs use data to find out what customers want and how they behave



Using data, to a large extent, to identify unmet customer needs

Torchbearer CFOs Aspirational CFOs



Acquiring third-party datasets to learn more about customer behavior

“We’re planning to leverage our treasure trove of data. We have some unique industry data that could create opportunities for our clients.”

CFO, Electronics, US

Quantify your data dividend

A third of all CFOs are also searching for opportunities to monetize the data their organizations hold. The question is: how?

A number of C-suite executives envisage selling data—either as a raw resource or in the form of reports, dashboards, and other such outputs. But CFOs are generally cautious about taking this route, especially where customer data is concerned. They stress the need to “consider each individual’s right to privacy,” as a banking CFO in Canada puts it.

In fact, data monetization is about far more than selling data. It’s about capitalizing on data-driven insights to cut costs or increase revenues by devising new business models, entering new markets, serving new customers, and delivering new or better experiences—alone or in conjunction with other enterprises.

When data is shared, it grows in value. Business platforms are a case in point. Their primary function is to connect buyers with sellers, but what underpins such models is the free flow of data, with the platform orchestrator serving as a trusted intermediary. Putting consumers directly in contact with producers enables platform orchestrators to harness huge network effects, with correspondingly large returns.

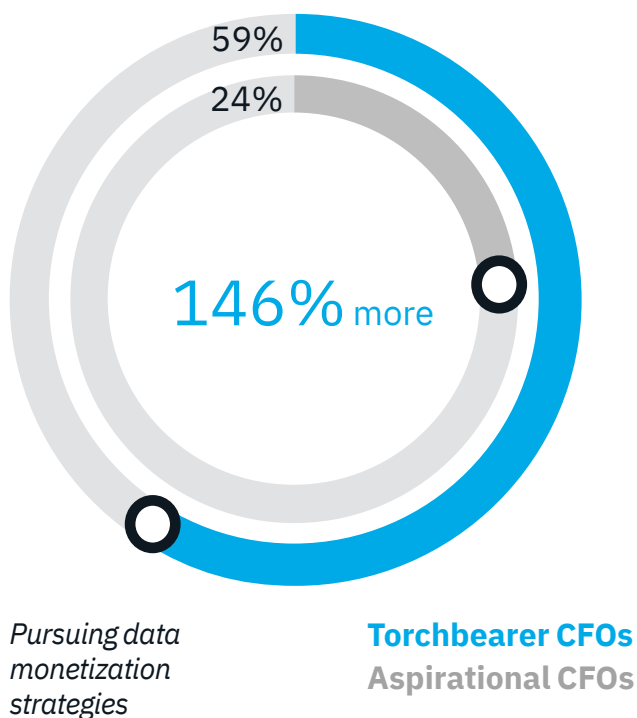
Organizations that fill gaps in the sharing economy operate on the same premise. Exchanging data permits them to utilize physical assets more efficiently by reducing transaction costs. At present, most data sharing takes place within the same industry. However, when data flows across different sectors, the potential for collaborative problem solving and innovation is arguably even greater.

Thus sharing data unlocks new ways of monetizing that data by simplifying processes, removing market friction, and generating new revenue streams. Determining what can be monetized, and how much it's worth, is difficult. "We're finding it challenging to identify which data we can monetize, what we can do with it, and how to quantify its value," the CFO of an energy company in Canada reports. Nevertheless, nearly six in ten Torchbearer CFOs have already taken the first step by formulating a strategy for converting enterprise data into capital (see Figure 6).

Figure 6

Net worth

Torchbearer CFOs are exploring opportunities to monetize data ethically



Action guide

How to embrace fact-based strategy development

1. Use data to refresh your business strategy

Deploy tools to proactively analyze the market landscape and gain insights from outside your organization. Be restless and look for deeper insights into customers and markets. Define the risks and rewards associated with creating—or participating in—platforms and ecosystems.

2. Capitalize on breakthrough opportunities

Look for new, data-driven business models. Articulate the opportunities for innovating your enterprise model, industry model, and revenue model. Convert enterprise data into one of your organization's most valuable assets to add differentiation and new revenue streams.

3. Future-proof your strategy

Craft scenarios involving data to assess customer engagement and competitor responses. Utilize data and predictive analytics to identify and model bets. Assess where—and to whom—data can deliver the most valuable insights.

Chapter 3

Steer strategy execution

Moving from idea to implementation

Build a culture of data believers

There's an old adage that "a mediocre strategy well executed is better than a brilliant strategy poorly executed." A brilliant strategy brilliantly executed is better still.

CFOs play a central role in defining their organization's direction, monitoring its performance, and keeping it on the right track. Torchbearer CFOs enjoy a head start in this respect: 75 percent report that they and their fellow CxOs pull together to implement their enterprise's business strategy, whereas only 40 percent of Aspirational CFOs work in such a collaborative environment.

One of the various features that unite the members of Torchbearer C-suites is their shared faith in data to help them make informed choices. Most Torchbearer CFOs tell us that they and their peers are predisposed to draw on data when they have to make significant decisions. However, relatively few Aspirational CFOs claim that their own C-suite executives have a true data mindset (see Figure 7).

Creating a culture of data believers begins at the top, but there are several preconditions. Such a culture can only exist where data circulates freely and transparently, and where there's collaboration around a core set of data principles and practices. Yet many enterprises are still dogged by functional siloes.

This is akin to suffering from arterial sclerosis. Organizations in which data can't readily pass from one department to another are effectively cutting off their oxygen supply and risking a heart attack. Conversely, organizations in which data is shared openly and easily are able to flex their muscles, exercise energetically, and grow in strength and stamina. So it's essential to eliminate any internal obstructions.

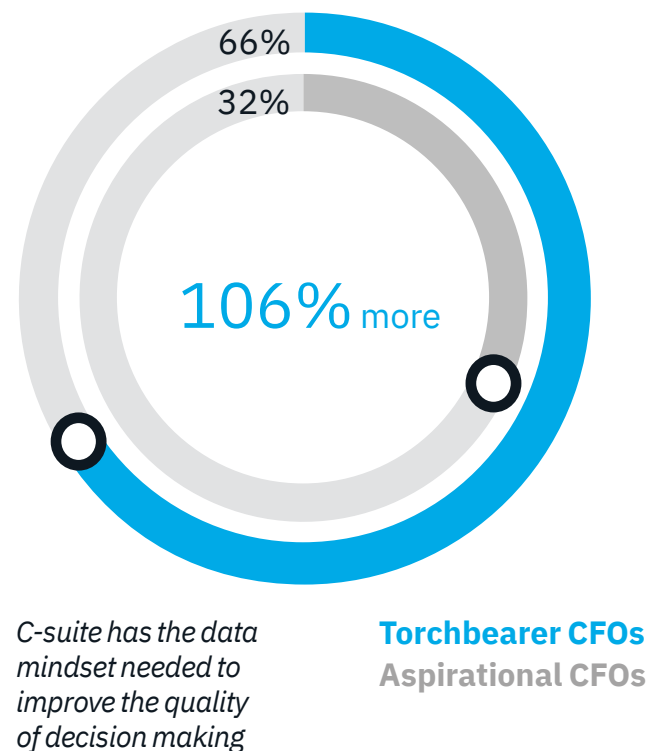
Torchbearer CFOs have got the message: 65 percent are actively fostering a data-driven culture by letting data flow freely across functional boundaries. The vast majority of Aspirational CFOs, by contrast, continue to struggle with arterial blockages.

Only 14 percent work in enterprises where data circulates, unhindered, around and across departments. "We need to ensure that our data is integrated and shared with every business unit to minimize wasted time and effort, but that's very challenging," the CFO of an industrial products company in Israel ruefully remarks.

Figure 7

Data devotees

Torchbearer CFOs and their C-suite colleagues rely heavily on data to help them make decisions



Integrate for insights

The right culture is crucial. So, of course, are reliable stats, since people will only trust what data tells them if they’re confident of the underlying quality of the evidence. Once again, Torchbearer CFOs stand out from the crowd. They make strenuous efforts to curate and cleanse the data they hold (see Figure 8).

Three-quarters of Torchbearer CFOs also go to great pains to purge their data, where appropriate, compared to just over a quarter of Aspirational CFOs. Torchbearer CFOs understand that more data doesn’t necessarily translate into more intelligence. Quite the reverse: too much data can bog a business down, impeding management’s ability to make speedy, well-informed judgments. All organizations should, therefore,

establish clear guidelines for discarding data when it becomes obsolete, rather than hoarding it in increasingly crowded data vaults.

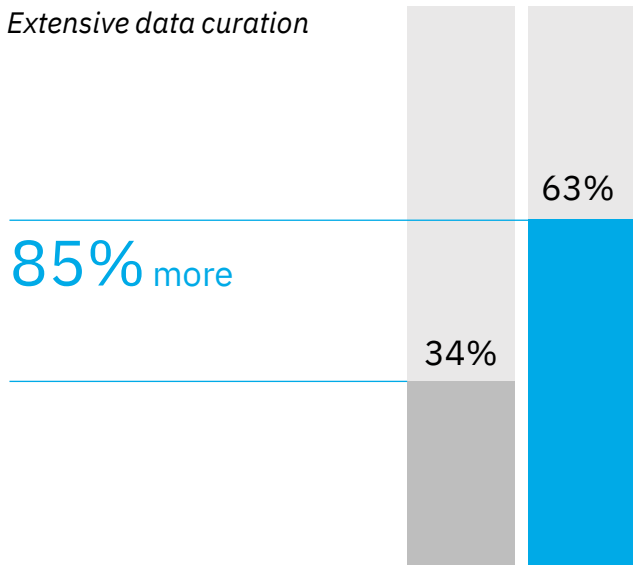
Similarly, 66 percent of Torchbearer CFOs—more than double the percentage of Aspirational CFOs—have put systems in place to deliver much of their data instantly. And 74 percent have brought all their data, apps, and analytics tools together in a fully integrated cloud infrastructure. This has major advantages.

When employees have immediate access to data, and the tools to analyze it, they can respond much more rapidly. Real-time data also enables an enterprise to improve its operational efficiency and helps management see what’s going on at a glance.

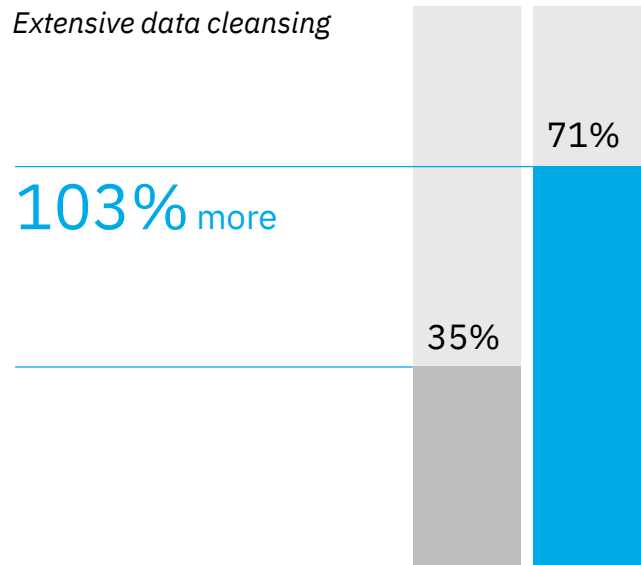
Figure 8

Clean and cared for

Torchbearer CFOs work hard to improve the quality of their data



Torchbearer CFOs
Aspirational CFOs



However, getting to the root cause of a specific issue frequently entails linking multiple datasets. As one of the Torchbearer CIOs we interviewed points out, “Combining data from different departments, rather than focusing on data from a single department, often yields the most valuable insights.”

Torchbearer CFOs wholeheartedly agree: 69 percent prioritize amalgamating financial, operational, and customer data to identify previously unknown connections. Yet only 42 percent of Aspirational CFOs accord it the same level of importance.

Torchbearer CFOs are also far more switched on to the value of AI (including machine learning) in extracting new insights. Only 8 percent of Aspirational CFOs have invested significantly in AI to date, and only 33 percent intend to do so in the next few years. But 30 percent of Torchbearer CFOs have already taken the plunge, while 73 percent plan to top up their investments or use AI in the near future. “I expect machine learning to improve our efficiency greatly,” says the CFO of a transportation company in Portugal. The CFO of a life sciences firm in France is equally optimistic about AI’s potential impact on innovation.

Be open—up to a point

Of course, innovation is becoming an increasingly collaborative endeavor, as we noted earlier. When data is shared across organizational frontiers, it creates opportunities that no enterprise can realize alone (see “Wild Fork Foods: Garnished with a dollop of data”). Torchbearer CFOs recognize as much: 61 percent work in enterprises that willingly share information with their business partners, compared to just 23 percent of Aspirational CFOs.

Wild Fork Foods: Garnished with a dollop of data

Buying food is normally a chore. You go to the supermarket, pick something, pay for it, and take it home,” says Oseas Santos, CFO of Florida-based Wild Fork Foods. His company aims to turn the process of shopping for protein into an event that is every bit as differentiated and pleasurable as buying a new garment or gizmo.

Wild Fork Foods prides itself on providing a “farm-to-fork experience,” with quality meat, poultry, and seafood that is blast-frozen and delivered to the store or the customer’s home on the very same day. It also offers recipes and advice on its website and is developing a series of videos demonstrating how to prepare its products. But the company has ambitious plans to address consumer trends and create an emotional connection between its brand and its customers—and data and technology play a big part in the strategy it has devised.

Wild Fork Foods already includes general information about the provenance of its products on its website and via email. But it’s now building the infrastructure required to give customers detailed reports on everything they buy, such as what the animals have been fed, how they’ve been slaughtered, and the temperatures at which its products have been processed and transported. This entails sharing data throughout the value chain. The company is also creating a facility to analyze the customer data it collects and exploring the potential of mobile apps to connect with its customers more interactively.

“Transparency breeds trust, and trust breeds loyalty,” Oseas Santos explains. Moreover, loyal customers are more willing to share their own data. “The better we understand our customers’ tastes, the more we can anticipate their needs and exceed their expectations.” It’s an open exchange of information, in which Wild Fork Foods shares data with its suppliers and customers, and its customers share data with the company, to achieve a repeatable, trusted experience.

That said, some data should certainly *not* be shared—either because it provides a proprietary advantage or because it’s too sensitive to put in other hands. Deciding which data an organization can release to unlock more value, and which data it should keep close to its chest, will be one of the most complex strategic challenges the members of the C-suite face as the data economy expands.

A number of Torchbearer CFOs already appreciate the perils of giving away the crown jewels or forfeiting customers’ trust. Although 62 percent tell us that their organization is very competent at collecting, using, and sharing data, 30 percent of these same CFOs say it only shares data on a limited or partial basis with its partners. The businesses such CFOs represent are selective about what they disclose.

Action guide

How to steer strategy execution

1. Position data as the central element to drive decision making

Collaborate with your C-suite colleagues, using data and insights to drive conversations. Map your data assets—your data, its sources, and platforms—to each of your business goals and strategic initiatives. Provide the scale for data proliferation through hybrid cloud, as you broaden the range and diversity of your data sources.

2. Integrate for better performance

Implement central repositories to aggregate financial and operational data, whether it originates internally or from external sources, such as partners. Keep the data current, clean, and curated. Leverage cognitive analytics to unlock new insights and model next-best actions.

3. Push the envelope on data and technology

Use AI to determine which strategic outcomes need to be measured, and to prioritize and track the outcomes. Establish control towers for real-time visibility and performance monitoring. Engineer control towers with deep intelligence to proactively de-risk your organization’s strategy execution.

Conclusion

Primed to prosper

CFOs everywhere are grappling with a world immersed in data. Some of them spoke of the cultural and managerial challenges. “Finding people who can handle data but who are also capable of spotting business opportunities is very difficult,” says the CFO of a life sciences company in Japan. Meanwhile, the CFO of an electronics firm in China comments on how hard it is to “align our strategy with the insights we get.”

Other CFOs focused on the technical obstacles. “The main problems we face today are data integration and data validation,” the CFO of an educational institution in Germany notes. For the CFO of a utility provider in the UK, by contrast, the biggest issue is “ensuring the safety and security of the data.” And for the CFO of an insurance company in New Zealand, it’s “unearthing the relevant data—the important nuggets of information in the huge volume of data we hold.”

Nevertheless, CFOs are convinced they’ll ultimately generate huge returns using data to guide their organization’s financial

planning and analysis, devise a strategic blueprint, and steer the implementation of that blueprint. They talk in terms of partnering with the business to accelerate innovation, deliver better customer experiences, reach more customers, and become more efficient.

The Torchbearer CFOs in our study shows what it takes to become a data leader. These CFOs concentrate on creating common data standards and practices, developing a workforce with robust analytical skills, and capitalizing on AI. They call on data to help shape their organization’s overarching direction, identify profitable opportunities, and drive up margins. Lastly, they promote a culture of data believers, provide employees with high-quality data, and share data judiciously to gain the benefits of networking without giving away their organization’s competitive edge.

Torchbearer CFOs have primed their enterprises to reap the data dividend and prosper in the age of insights.

Notes and sources

- 1 “RAC Insurance: Building a comprehensive financial planning and analytics platform in the cloud in six months.” IBM. <https://www.ibm.com/case-studies/RAC-Insurance>
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