Data analytics a driving force behind the future of businesses

Malaysia, Kuala Lumpur, Jul 14, 2021 (Issuewire.com) - In an increasingly data-rich and technology-driven world, businesses must learn how to harness and make sense of data and what it means for them. Data analytics and data science skills are amongst the proficiencies that have had the biggest growth in demand from employers, and finance professionals are perfectly placed to upskill in this area.

Data-driven business intelligence can help an organisation develop a deeper understanding of what it may be lacking. This could lead to better anticipation of client behaviour and needs. Analysing data can increase efficiency, help identify new business opportunities that may have been otherwise overlooked, reduce costs, and improve risk management. This can increase the potential for growth and profitability.

Dr Lim Kim-Hwa, ICAEW Fellow Chartered Accountant and CEO and founder of Cammillion, wealth management, and investment company, believes that data analytics-driven approaches to investment decisions at his company capture 70% of the active returns, the percentage gain or loss of an investment, at a higher consistency and with lower costs due to having a structured and repeatable investment process. Using data analytics, Cammillion has found that they can understand and project the risks and revenues of companies under their portfolio better than when solely using human input.

“Investment decisions made without data analysis are typically based on gut feelings and can suffer
from psychological biases and human limitations. However, we can use alternative data, big data, and even non-structured data such as images to select more profitable and lower-risk investment assets. We can even access alternative sources of information such as social media sentiment and satellite images, and design portfolios that adhere to United Nations sustainable development goals guidelines to maximize the environmental and social goals of a company, and potentially control risks better,” says Dr Lim.

Being able to predict what clients would like to invest in is one potential use of data analytics. Dr Lim further emphasised that being able to perform analysis in real-time allows for a better view of operations by integrating leads generation as well as portfolio personalisation, which allows a company to generate instant analytics on a client’s current portfolio performance.

Analysing information to make business decisions is not new, but with big data’s increased volume, speed, and variety businesses can analyse data on a real-time basis and make better evidence-based decisions faster, according to ICAEW member Lim Yin Wen, Senior Audit Manager at KPMG.

“In Malaysia, KPMG has a dedicated data analytics team to help businesses turn data insights into value. Typically, advanced forecasting uses historical data to forecast profit and loss and balance sheet items. By capturing data from the past six to ten years as input for the model and using programming models with different algorithms to identify the most statistically significant drivers of costs and revenue, we can make data-driven predictions. Finance and leadership teams are then able to use these predictions to make informed decisions by applying data analysis to management reporting. There will be faster, and more data-driven decisions in management accounting, costing, financial reporting, risk management, and compliance. This, in effect, maximises resources, increases sales, and profits contain costs and improve employee engagement, sustainability, and social impact. Those are the real upsides of data analytics in business,” Yin Wen said.

“In auditing terms, data analysis allows us to better identify irregularities and non-compliances. We use software combined with our industry knowledge and insights, which enables us to analyse large volumes of data for risk assessment, identify patterns, anomalies, outliers, and inconsistencies, and provide deep insights into the transactions of companies,” Yin Wen concluded.

In the pharmaceutical industry, data analytics is also playing an immense role in intelligently searching vast data sets of patents, clinical trial data, drug distribution, and vaccine supply chain management, which has helped accelerate the discovery of new drugs and work processes.

In addition to product and process improvements, ICAEW member Beldon Chia, Corporate Finance Manager at Duopharma Biotech Berhad, says that the pharmaceutical manufacturer is also currently using data analytics to forecast cash flow requirements. By utilising data, the company ensures that it has sufficient cash in hand and raw materials needed for manufacturing, which translates to optimum stock level and minimal stock write-off.

According to Chia, “Data analytics will assist businesses in anticipating potential shifts in consumer preference and spending behaviour. This enables businesses to review their strategies constantly and act accordingly, helping companies maintain and increase their public appeal.”

Analytics has come a long way in a relatively short period of time. It can aid in multiple aspects of operations and be a real game-changer for many businesses. But to get maximum results, companies need to know how to properly utilize this technology, improve the quality of their data, and effectively manage it. Those who can do so will have a considerable advantage over the competition and be poised
to succeed in an extremely fast-moving and competitive business landscape.

ICAEW offers free data analytics resources through its Data Analytics Community to support finance professionals, ICAEW also offers a Data Analytics Certificate Programme specifically tailored to teach how to interrogate client data, which allows holders to play a pivotal role in combining commercial acumen and business knowledge with data analytics expertise. Learn more at [www.icaew.com/learning-and-development/academy/specialist-qualifications/data-analytics-certificate](http://www.icaew.com/learning-and-development/academy/specialist-qualifications/data-analytics-certificate)

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Source: ICAEW

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