Gartner for Finance

Top 4 Data & Analytics Trends in Finance

Discover how finance leaders can harness key technologies to shape tomorrow’s data-driven enterprise
4 Key D&A Technology Trends

Implications for finance

**Trend 1**
Rise of dynamic data storytelling

Dynamic data stories create contextualized narratives that drive data-driven decision making. Invest in the required skills and capabilities.

**Trend 2**
Augmented data management

Know where and how augmentation drives data democratization and automates manual D&A.

**Trend 3**
Pervasive cloud deployment

Cloud enables enterprise agility. Understand the use cases for cloud services and their cost.

**Trend 4**
Converging D&A platforms

As analytics become less siloed, facilitate networked analytics to drive decision making.
Introduction

In a recent Gartner survey, nearly two-thirds of board directors said their organizations are in the process of becoming more digital — with greater emphasis on digital revenue, digital margins and digital productivity. Progressive organizations are already tapping innovations in data and analytics (D&A) to drive these strategies — in particular, to provide executives and business leaders with better information to drive their decisions.

Finance leaders must understand the value of these D&A trends and technologies in enabling their organizations and functions to be more data-driven so that they can leverage these technologies themselves and prioritize their organizations’ must-have investments.

Four D&A technology trends will, over the next three to five years, decrease the level of skill required to deliver analysis, and change how and where users interact with analytic content. Organizations that take advantage of this democratization of data can more quickly and effectively turn data into actionable insights and capture competitive advantage.

Failing to invest promptly and productively will constrain your digital agenda, so get to know these trends now — and understand how and why they deliver value.

Richard Ries
VP, Advisory

Only 16% of decision makers feel that financial data can be easily leveraged for decision making.

Source: Gartner
Trend 1

Rise of Dynamic Data Storytelling

What’s happening?
Finance analysts and decision makers are drowning in complex data. Organizations will increasingly enhance traditional dashboards with dynamic storytelling tools, powered by artificial intelligence (AI) and machine learning (ML).

These dynamic data stories generate insights as narratives, highlighting the most meaningful changes in the business for each user, with root causes, predictions and prescriptions for their roles and contexts. This reduces the risk that financial analysis will be misinterpreted.

Why it’s on the radar for finance
Automated data storytelling will mean finance spends less time authoring and reconfiguring dashboards.

For users, it will mean access to automatically generated personalized data stories.

75% of stories will be automatically generated using augmented analytics techniques.

Key actions for finance
- Evaluate vendors with augmented user experiences.
- Initiate or strengthen data literacy programs.
Creating Dynamic Visualization of Stories

Decision-ready data is best relayed in a classic three-act narrative structure and story arc. How the information is presented can have a material impact on how it is interpreted, understood and acted upon.

Key components of the story arc

Illustrative

**Stimulus**
Using available evidence (data) to identify a pattern or trend that is of interest and is an opportunity to take action for new benefit.

**Evaluation**
You can’t manage what you can’t measure. Ongoing measurement is required during the progression through the business scenario to understand any effect taking place.

**Learning**
Data for final measurement of the results provide new evidence and feedback as inputs to the next opportunity for change. (Virtuous cycle.)

Source: Gartner (October 2019)

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Stimulus
A data scientist on your team creates a data model that surfaces a previously unidentified subsegment of highly profitable customers at risk of churning. This finding is the stimulus that prompts you to recognize that significant changes are needed to the sales strategy and marketing campaigns that have been running unchanged for over 12 months.

Evaluation
The data scientist uses the churn analysis model to evaluate the effectiveness of any changes to the sales plan and marketing campaign.

Learning
Further refinements and adjustments to the business plan could then be made to fine-tune the approach, depending on the learning and feedback that the churn model provides.
Augmented Data Management

What’s happening?
The way in which we manage the data behind dashboards and D&A tools will change.
Finance can use metadata to deploy a host of new data models and tools to provide good data that drives effective decision making.
Technologies such as ML and AI are leveraged to automate various tasks required during the analytics process — and to discover, visualize and narrate important findings in datasets.

By 2023, augmented data management will reduce the reliance on finance analysts for repetitive and routine data management tasks, freeing up to 20% of their time for collaboration, training and high-value analytics tasks.

Source: Gartner Strategic Planning Assumption

Why it’s on the radar for finance
Augmented D&A enables finance to reduce the time it takes to perform the day-to-day input- and output-focused activities that consume analysts’ time — without the skills required of a data scientist.
Metadata automation also creates scale and efficiencies.

Key actions for finance
- Evaluate current tools for their ability to collect and share metadata.
- Favor providers that are pursuing active metadata-driven ML-enabled initiatives.
- Prioritize projects such as cloud migrations that drive augmented data initiatives.
Augmented data quality represents an enhanced capability to evolve data quality processes. Vendors generally build AI models to improve discovery of data characteristics, suggest next best actions and automate data quality processes.
Augmented analytics leverages AI/ML to present to users across the business only what is important for them in their context to act upon at that moment. Adopting these capabilities takes a systematic approach.

1. First, pilot augmented analytics for high-value, but time-consuming, manual analysis.

2. Plan for new roles emerging to support more agile and pervasive analytics, and to upskill the team's data literacy.

3. Educate business leaders and decision makers about the transformative potential of augmented analytics when used by a wider audience.

4. Use augmented analytics tools to confirm or challenge findings surfaced by human interpretation of manual data discovery exercises.

5. Make sure to explain models and outputs in a way that makes sense to decision makers. Citizen data scientists can help.

6. Startups are disrupting the vendor space but many of the normal considerations apply: strategic factors (vendor viability, global presence, support and pricing) and functionality factors.

A Path to Augmented Data Adoption

Source: Gartner

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Trend 3

Pervasive Cloud Deployment

What’s happening?

Cloud allows for agility and adaptability in data management. It rapidly delivers new functionality, providing a diverse choice and means of accelerating innovation and responding to changing business conditions.

Different components of D&A are moving to the cloud at different speeds, further decentralizing D&A capabilities.

Cloud also enables opportunities for cost optimization that aren’t readily available elsewhere.

Why it’s on the radar for finance

Finance must understand the use cases for cloud services and their costs, not just based on cloud service price but also on trade-offs between price and performance.

Finance must also work with the chief data officer and business leaders to manage the risks of distributed and unintegrated data silos.

Key actions for finance

- Focus on migrating the most efficient data processes to the cloud first, as they will be the most cost-effective to implement.
- Develop a data hub strategy to govern the least amount of data for the maximum business impact.

By 2022, public cloud services will be essential for 90% of D&A innovation.

Source: Gartner Strategic Planning Assumption
More organizations are following a “cloud first” approach that designates cloud as the primary and preferred model for new IT investments. Being “cloud smart,” however, leverages key features and capabilities, such as AI and data mining, but balances cloud adoption with business value and goals.

Source: Gartner
Distributed cloud represents a key evolution in cloud computing where the applications, platforms, tools, security, management and other services physically shift from a centralized server (i.e., data center) model to one where services are distributed and delivered at the point of need.

Finance leaders should understand the challenges of deploying distributed cloud and discuss their companies’ specific data management needs with their IT leaders before investing in it.

Source: Gartner
What’s happening?

D&A processes will increasingly be performed on singular platforms that incorporate multiple capabilities across the data life cycle, from data entry and storage to analysis and AI and ML.

Organizations that seize the opportunities presented by the newly catalyzed market will be able to dramatically hasten their D&A-related maturity, creating the conditions necessary for competitive breakthroughs.

By 2023, 95% of Fortune 500 companies will have converged analytics governance into broader data and analytics governance initiatives.

Source: Gartner Strategic Planning Assumption

Why it’s on the radar for finance

Over the past five years, D&A spending has become an increasingly significant part of the finance budget, but much of that investment has been piecemeal, fragmenting the finance D&A network. That’s making it harder to see opportunities for finance analysts to collaborate on new analyses.

Key actions for finance

- Foster improved collaboration with D&A teams across the organization.
- Create a more networked analytic environment.
Analytics domains that have traditionally been separate will move to singular platforms. Organizations that take advantage of this convergence can more quickly and effectively turn data into actionable insights.

AI will present finance with new capabilities to deliver value to the business.

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Source: Gartner
The convergence of data and analytics tools and processes will further blur the line between analytics provider and analytics user. Roles will extend from traditional data and analytics ones to newcomers such as information explorer and citizen developer.

Enable Your Citizen Data Scientist

What Characterizes a Citizen Data Scientist?

Source: Gartner

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What Finance Leaders Should Do Next

The top D&A trends will further democratize and scale data and analytics. To make sure the enterprise and the finance function take advantage of these trends, finance leaders must have a formal mechanism for understanding which trends will have the biggest impact and prioritize investments accordingly.

- **Take action to proactively monitor, experiment with or exploit key D&A trends** to respond to crises, innovate and rebuild. Don’t just react to trends as they mature.

- **Educate, ideate and engage with business leaders** about how faster dynamic data stories, automated data preparation and collaborative data governance can and should be leveraged to transform, optimize and scale analytic-centric processes and business models.

- **Consider and (re)evaluate these trends** in the finance strategic planning process.
Actionable, objective insight

Explore these additional complimentary resources and tools for finance:

Research
Digital Future of Finance
Review the 10 CFO opportunities to accelerate digital transformation in 2021.

Resource Hub
Finance Analytics
Deliver finance analytics that inform planning and decision making with our range of best-practice insights.

Webinar
Finance Executives’ Key Role in Integrated Business Planning
Discover how finance can keep business plans aligned to wider organizational goals — and not just departmental objectives.

Resource Hub
Gartner for Finance
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