



# Privately Speaking

Insights on private company growth  
from private company insiders

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## Future of finance: The right metrics for a cloud-based business

*As technologies and customer demands change, business models are also evolving. More and more private market companies are using cloud technologies to drive improved business and customer value. And that is forcing finance functions to adapt and transform the way they analyze and report on business performance.*

*In this edition of Privately Speaking, we discuss the shift toward cloud metrics and provide private market finance leaders with some ideas and tips to help them become a more strategic business partner and growth driver.*

### The business wants answers

Private company decision makers are looking to finance for answers to critical questions. Which customers, products, and channels are most profitable? How can we accurately predict forecasts for demand, sales, and profitability? How does technology contribute to our business performance? Where should we invest in order to maximize growth?

If they hope to answer these questions, the finance organization must transcend its role as recordkeepers and become enterprise-focused business partners that deliver financial, operational, and strategic insights.

### Metrics matter

As expectations for insights and analytics shift from descriptive and diagnostic to predictive and prescriptive, finance must become not only technology enabled but also performance centric. That requires accurate insights through dynamic forecasting and planning and identifying the right key performance indicators (KPIs) to measure, based on the internal and external drivers of growth, profitability and sustainability.

Instead of just reporting performance, finance functions will need to understand where the enterprise is going, what questions to ask, and how to answer them with insights and analysis.



Finance leaders must strive to become the cornerstone of strategy, finance, and analytics within their organization. Rather than simply reporting historical performance, the finance function will need to be a driver of innovation—it must understand where the enterprise is heading, what questions the business will ask, and what data and analytics they can deploy to help answer those questions before they arise.

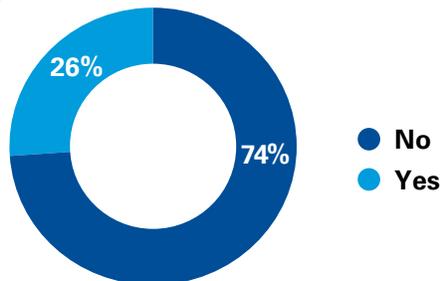
— **Conor Moore**  
National Private Markets  
Group Leader, KPMG LLP



## Delivering trusted analytics

Making sure that decision makers are getting the right insights at the right time is more critical than ever. According to a recent survey of U.S. private market CEOs and founders conducted by KPMG, almost three quarters (74 percent) say they always prioritize insights from their data models over their “gut reaction.” And that means big decisions are being made on the basis of the data generated by finance.

*Thinking back to critical decisions you’ve made over the last three years, have you ever overlooked the insights provided by data analysis models/computer-driven models because they were contrary to your own experience/intuition?*



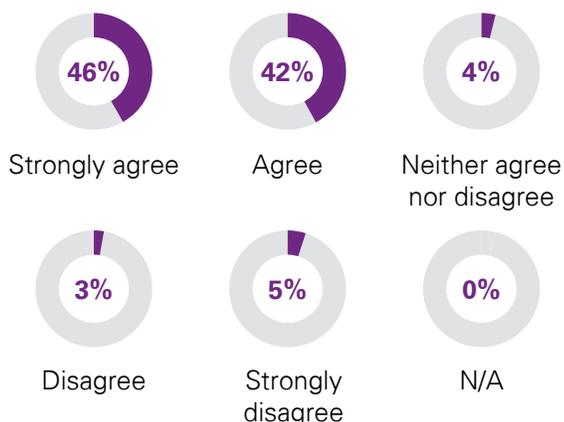
Source: KPMG 2019 CEO Outlook Survey

## The shift to cloud

It’s easy to see why so many organizations across all industries are introducing cloud as both a primary and secondary monetization model. In addition to the value passed on to the customer, organizations derive a host of other advantages, including growth, agility, predictability, and valuation.

In fact, our survey suggests that confidence in cloud models is growing; 46 percent of CEOs say they are more confident in cloud technologies today than they have been at any other point in the past three years.

*I am more confident about increasing our use of cloud technologies today than I have been at any point in the last three years.*



Source: KPMG 2019 CEO Outlook Survey

## Big changes raise big questions

Advancements in artificial intelligence (AI), machine learning, and advanced analytics are redefining the role and potential of the corporate finance function. More than ever, CFOs must reconsider their approach to analytics.

How should they invest in advanced analytics? How can they better align analytics with business strategies for finance as well as the entire organization? How should they work with business partners to enlist new digital technologies to better capture enterprise performance?



Disruption and insights evolve together; as the technology environment changes, so should the insights and analytics supporting them.

— Tim Zanni

Global and U.S. Technology Sector Leader, KPMG LLP



## Three big operational challenges to overcome

- 1 Data:** The primary challenge that companies face in implementing cloud metrics lies in the underlying data supporting the metrics. Probable roadblocks include data availability and cleansing, siloed data centers, data governance, data accuracy, and a lack of policy standardization.
- 2 Processes:** Reporting systems are becoming increasingly complex to capture transactional data and provide the holistic visibility and business insights required to measure company performance. Potential process gaps include data definition misalignment, data collection, and manual data manipulation.
- 3 Organization:** Business goals and IT strategy should be tightly aligned before any IT investments are made. Lack of alignment on the proposed visualization output—dashboard and performance summary scorecard—can limit the ability to provide valuable business insights.

## What will it take to implement a robust cloud metrics program?

Based on our view of the market and our deep experience developing leading practices for private market clients across all industry areas, we have identified seven key steps to creating a detailed cloud metrics implementation program.

1		<b>Detailed business requirements and documentation</b>
2		<b>Solution design</b> <ul style="list-style-type: none"><li>— Source versus derive</li><li>— Foundational data elements</li></ul>
3		<b>Architectural tenets for developing cloud metrics</b> <ul style="list-style-type: none"><li>— Determining your software development management approach</li><li>— Selecting your software rollout options</li></ul>
4		<b>Create implementation plan</b> <ul style="list-style-type: none"><li>— Cross-functional planning and alignment</li><li>— Developing a valid schedule</li><li>— Establishing realistic management R&amp;R</li></ul>
5		<b>Metric visualizations</b> <ul style="list-style-type: none"><li>— Developing a metrics dashboard</li><li>— Actionable reports with a defined purpose</li><li>— Ensuring your dashboard makes an impact</li><li>— Color used in a meaningful way and tools to consider</li></ul>
6		<b>Test strategy and deployment</b>
7		<b>Change management</b> <ul style="list-style-type: none"><li>— Change management considerations</li><li>— Creating a culture that emphasizes data</li><li>— Cloud metric adoption strategies</li></ul>

## KPMG Powered Enterprise for your cloud business

Today's leading organizations know that transforming the efficiency of back-office functions can contribute to stronger business outcomes, but getting the whole organization on board can be difficult and time consuming. Successful, sustainable transformation requires an understanding of how business change plays through every level and layer of the company.

KPMG's Powered Enterprise approach can accelerate business transformation by leveraging cloud technologies to deliver a faster, sustainable return on investment and continuous innovation for back-office functions such as finance, EPM, HR, procurement, supply chain management, marketing, sales, customer experience, and IT.

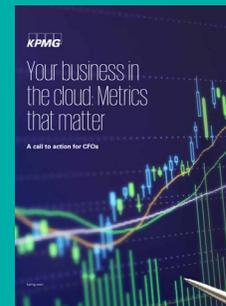
[Learn more >>](#)



## Find out more!

For more guidance to empower your organization's finance function to become the enterprise provider of data-driven insights, download **Your business in the cloud: Metrics that matter.**

[Read more >>](#)



## Why KPMG?

KPMG LLP is dedicated to supporting the growing needs and responsibilities of the CFO. Our fully integrated and cross-functional team of experienced professionals help private and public companies identify and address the challenges of working in a rapidly changing digital age. We help clients align their finance organizations with the strategies of the business to realize and sustain value over both the short and the long term.

## KPMG's Private Markets Group is here to help



You may know KPMG, but you might not know KPMG's Private Markets Group (PMG). We're dedicated to working with businesses like yours. Whether you're an entrepreneur, family business, or a fast-growing company, we understand what is important to you. While providing industry and marketplace perspectives along with proactive guidance, our PMG professionals help private companies achieve their strategic objectives through each stage of the business lifecycle. From start to finish, we understand the challenges and opportunities that come with each stage of your business. **Contact us** to find out how we can help you along your journey.

### Don't miss a thing

The environment for private companies is changing rapidly, and new opportunities are emerging every day.

Do not let an opportunity pass you by. Sign up to receive KPMG's **Privately Speaking** series and make sure you are making the best decisions possible for your private company.

Register here to subscribe to KPMG's *Privately Speaking* series:



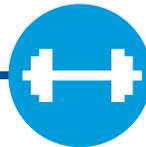
Starting your  
business



Growing your  
business



Strengthening  
your business



Transitioning  
your business



**Privately Speaking** focuses on the issues that matter most to privately held entities, including PE- and VC-backed companies.

KPMG's Private Markets Group understands what it takes to drive private company growth. In each edition of **Privately Speaking**, we share our insights—along with practical and actionable tips—to help boards, executives, and management grow, strengthen, and transition their privately held businesses.

For more information, click here to visit our *Privately Speaking* web page.



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