When Is Too Much Information Not Enough?

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Driven by the volatility of global economics, financial decisions must be made quickly. The luxury of taking time to collaborate, collect supporting documentation, and adequately conduct research before making a significant financial decision is gone. The case can be made that while computers provide the speed of transactional processing, the same computer utilization diminishes the quality of decisions. With this in mind, how can you properly examine the issue of quantity of data, or "big data," compared to quality information, or "big information?"

Data and Information Are Not Interchangeable

Virtually all business transactions influence corporate financials. Companies employ an enterprise system, such as SAP ERP, to store and process master and transactional financial data, and the heartbeat of financials becomes the general ledger(s). SAP ERP does not create business data — all structured data begins life outside of the SAP system as unstructured data, often in paper format. The storage of paper consumes vast amounts of natural resources and requires significant corporate funds to process, file, store, and manage.

However, this amount of data is irrelevant and not considered information until it is of use to someone. The issue is pinpointing what data can be used to make informed decisions. Where do you look? The first and obvious source is the data stored in SAP systems. But too often, the data utilized is siloed and can be misleading.

> **Example:** A customer is disputing $10,000 of a $1,000,000 order. Working within the accounts receivable (AR) silo, you would press the customer to pay. How would your communication with the customer change if you took a holistic view of a trading partner and found the customer is also your supplier, and your accounts payable (AP) department is 30 days late paying a $100,000 bill?

The structured SAP data provides a clear picture of transactional information, but financial decisions may be influenced by thoughts, comments, and collaboration found in supporting unstructured documentation. Finding the appropriate information in this mountain of unstructured data can lead to incomplete, inaccurate, and non-compliant decisions.

Too Little Time Leads to Inaccurate Data

For most financial decisions to be optimal, there is an element of time involved. In the past, staffing requirements included time for employees to dig through numerous filing cabinets and desk drawers bulging with information.

Today, these files still exist, but the time allowed for decisions has significantly contracted and staffing has declined due to cost reduction. The real problem is that much of the data is no longer up-to-date or relevant, and possibly doesn't support what is shown as current information inside the SAP system.

Example: Travel expense is the second largest controllable cost. Most corporations have extensive procedures when submitting and paying travel expenses. Even though the official guideline is available in the corporation "somewhere," it is a strong possibility that out-of-date copies exist, resulting in expense errors and disputes.

If data entered into the SAP system is incorrect or missing, the information extracted will be inaccurate. To avoid this, corporations expend significant time and money to ensure the data is correct. Corporate officers sign expensive audit statements supposedly representing accurate and complete financial documentation, yet a search of financial news will show a wealth of stories where the information provided was inaccurate.

Example: Liability affects both the calculation of working capital and the balance sheet. An "accrual" is where goods and services purchased and received, but not paid for, are recorded as a liability. The preparation of the accrual is one of the components of the closing cycle that often extends the release of the financial statements. Worse, the liability is based on what is in the SAP system. If a supplier's invoice is on a desk in the field, AP may not know to record the liability in SAP ERP, thereby impacting the accuracy of the liability line on the balance sheet. Since liability is also used in the calculation of working capital, both corporate officers and stockholders may be misled on financial stability.

Big Data Does Not Necessarily Mean Big Information

It seems every year one must learn a new term to quantify the amount of data generated through every electronic means possible. It is no longer enough to file papers and back up your computer. Now, corporations must deal with data contained in videos, graphics, emails, social media, and more. The exchange of this data is normally preceded by "e" or electronic, and there is a perception that "e" also means errorless. Merely changing the mode of exchanging data does nothing to correct the source. If it was wrong at the source, it will be wrong when delivered. Processing the data into information must include controls that will evaluate big data. The quantity of data combined with the speed of processing does not allow for human intervention with the expectation to detect and resolve all problems.

One signature of the current economy is the amount of mergers and acquisitions driven by the need to survive in a global environment. Financial data of an acquired company must be kept as legacy information for a period of time. While this data is not required to be real-time information, it significantly multiplies the needed storage space. To avoid confusion, the legacy data must be part of the big picture, but managed separately.

Turn Big Data into Big Information

While big data will continue to grow exponentially, corporations must focus on quality information if they are to continue to make fast, accurate financial decisions. The use of SAP structured data can be enhanced with enterprise content management (ECM) solutions, such as those provided by OpenText, to ensure relevant and up-to-date unstructured information. Big decisions must be made with big information automatically connected to the SAP structure.

OpenText tools provide a secure and compliant repository for big data combined with proper records management to ensure only the latest relevant information is generated during the decision-making process. Other OpenText tools working in concert with SAP transactions will enable a holistic view of supporting material rather than siloed information, and provide the control required for processing supplier invoices. Customer invoices can also be enhanced to take advantage of big data by creating unique billings. When installed into the SAP system, the solutions work seamlessly with all electronic feeds while providing intelligent document recognition to extract data from paper and automatically populate the appropriate transactions.

The Right Information at the Right Time

Contemplating financial decisions with out-of-date, incomplete information without allowing the time needed to work through all of the data leads to less-than-desired results. The growth of big data will only compound the existing problems if action is not taken. The tools available from SAP and OpenText will not only enable corporations to properly manage big data but, more importantly, will enable intelligent use of big information when making big financial decisions.

So when is too much information not enough? When corporations don't invest in integrating processes with quality information! ∎