

A WNS PERSPECTIVE

ENTERPRISE PERFORMANCE MANAGEMENT: ACCURATE DATA & COMPLEX ANALYSIS HOLD THE KEY TO SUCCESS



A multi-dimensional analysis for enterprise performance management unlocks the hidden details that can help understand the drivers behind a company's performance



Enterprise Performance Management: Accurate Data & Complex Analysis Hold the Key to Success

A WNS PERSPECTIVE

Businesses should learn to harness the enormous amount of data they possess to streamline production techniques, cut costs and increase margins

Taken in isolation, individual analytics that point to various segments of a business model do little to illuminate and identify larger growing trends unless analyzed holistically. For that reason, the vast majority of management teams and business task forces are well aware of the importance of three business indicators: growth, margins and cash flow.

By utilizing the available tools that methodically track business benchmarks, and transformational and small incremental improvements, companies can get an excellent sense of their financial health. A multi-dimensional analysis for enterprise performance management unlocks the mysteries hidden in the avalanche of details to help arrive at a solid understanding of what is driving the company's performance.

Waterfall Analysis

The financial planning and analyst team typically turns to historic data, trends and past budgets in an effort known as Waterfall Analysis to understand spend analysis. By leveraging this analytical model, researchers calculate variances by comparing present business conditions against the backdrop of this historical data. Split mechanically, these variances are categorized into inflationary, volume-based, revenue related, foreign exchange factors, or mixed buckets with balancing figures tossed into productivity buckets. While in and by itself the Waterfall Analysis provides a meaningful investigation of current business conditions, the results usually tilt toward a strong top-down reporting bias, which is not always indicative of the entire picture.

Core Analysis

As the name implies, Core Analysis looks to the basic building blocks of business success to tease out relevant information regarding a company's financial performance. This analytical method offers a multi-dimensional assessment by segmenting cost, revenue and margin reports drawn from the data found in the company's ledgers. An excellent starting point to help identify problem areas, a Core Analysis indicates where the problems lie in a company's finances, and easily allows the relation of specific metrics to help gauge business performance. For example, the finance function can draw definitive conclusions regarding problem areas in general and opportunity areas in particular through the costs associated with financial planning and analyst teams. Many of the dimensions that

Core Analysis applies to include concerns such as:

- Direct vs. allocated expenses
- Line vs. support roles
- Cost centers and initiatives
- Regional implications
- Customer verticals

In short, Core Analysis provides the required details that decision-makers rely on for an accurate assessment by drawing material directly from the company's ledgers.

Financial Statement Analysis

It has sometimes been noted that 'companies will not make any more money until they fully understand what is happening to the money they already possess.' This is wise counsel, and a Financial

Statement Analysis provides the required answers.

In this process, line item costs are pulled from the books and then divided structurally into fixed, variable, direct and supporting costs. Conversely, a Financial Statement Analysis also places margins under the analytical microscope. Gross, operating, contribution and variable costing margins, when coupled with an understanding of the value of each line item cost, can provide decision-makers with important data.

The point of the exercise is two-fold. By isolating those costs that are more susceptible to changes due to issues of volume, managers can better leverage their fixed costs resulting in higher margins with rising sales as expressed in both absolute and





relative terms. Additionally, a comprehensive Financial Statement Analysis gives companies sharing the same market the chance for benchmarks and reporting in terms of operating margin comparisons. Armed with this information, upper management can determine if their business model is operating at its most efficient.

Operating Cost Analysis

The vast number of Chief Financial Officers (CFOs) spend an inordinate amount of time on ensuring that their operation is cost-optimized for scale. This guarantees that they leave nothing in terms of operating cost, and affords them an excellent vehicle to understand the cost

barriers to future expansion plans. As such, a spend analysis report is a critical tool in that analytical process.

Modeling efforts have consistently returned excellent results vis-à-vis a better understanding of the firm's cost of doing business. Analytical terms have gained currency in financial circles for a number of years as CFOs tested their models. Bullet trains, stream mapping and workouts have all

Organizations should utilize the correct data by using a cross-functional approach

notably resulted in impressive cost-saving strategies.

Multi-dimensional spend analysis and value stream mapping exercises allow for the slashing of unneeded costs. They also reduce the steps that do little to add to the value of the organization.

It's a Data-Driven World

Businesses that are looking beyond the horizon must first learn to harness the enormous amount of data to streamline production techniques, cut costs and increase margins. They accomplish this when decision-makers understand that each silo under consideration must be looked at holistically as it relates to every other silo in the



operation. Toward that end, organizations must utilize not only the correct data, but it should be drawn across the entire company with a strong sense of control and stewardship from the echelons of upper management. This mandates a cross-functional approach. For instance, a company looking to enter a particular financial services market would balance that initiative with an assessment of both risks and marketing concerns.

While the CFO's office would be tasked with assembling, disseminating, and analyzing the

lion's share of the information, the corporate structure mandates that the marketing department does the heavy lifting in terms of shifting corporate policy in a given destination. Companies, like people, are prone to myopic vision focused on their small patch of organizational turf. So, the challenge is to constructively tear down organizational frameworks, break functional silos and analyze the resultant data under a new light that illuminates the interconnectedness of the entire operation.

As they say in the data processing world, "Garbage in, garbage out," the success of enterprise-level management begins with a close parsing of the available data to ensure that businesses are not indeed looking at garbage. Once the veracity of the information and data points is guaranteed, a holistic, multi-dimensional analysis will help ward against provincial tunnel vision and point the company toward the most promising financial future.





About WNS

WNS (Holdings) Limited (NYSE: WNS) is a leading global Business Process Management (BPM) company. WNS offers business value to 200+ global clients by combining operational excellence with deep domain expertise in key industry verticals, including banking and financial services, consulting and professional services, healthcare, insurance, manufacturing, media and entertainment, retail & consumer packaged goods, telecom and diversified businesses, shipping and logistics, travel and leisure, and utilities. WNS delivers an entire spectrum of business process management services such as customer care, finance and accounting, human resource solutions, research and analytics, technology solutions, and industry-specific back-office and front-office processes. WNS has delivery centers world-wide, including China, Costa Rica, India, the Philippines, Poland, Romania, South Africa, Sri Lanka, UK and US.



To know more, write to us at marketing@wns.com or visit us at www.wns.com

WNS
Extending Your Enterprise