



The role of Business Intelligence in helping fight inflation.

A whitepaper by Pegasus Software





Introduction

Current levels of global geopolitical unrest have resulted in substantial supply chain disruption, which in turn has led to price increases across the board. What initially appeared to be a short term inflationary environment has made way for a seemingly longer term period of high costs, with economists and business leaders pointing to the fact that supply chain driven price hikes are set to stay for the foreseeable future at least. The Russia-Ukraine war continues to exacerbate these challenges, negatively impacting oil and food costs, while a growing labour shortage seems to be exacerbating the bigger picture.

Against this backdrop, running a business in 2023 is hugely challenging requiring new strategies and tools to adopt best practice and build market share. While in the not too distant past, businesses could predict outcomes broadly based on past performance, this concept has become obsolete for many. Currently, price changes occur more frequently and are more stark, while the energy crisis and increasing interest rates converge to create significantly more volatile cost bases in all areas. In parallel, typically, a high inflationary environment means that competition rises, so the need to have real-time insights from which to make the best decisions has, arguably, never been more important.

An intelligent approach

However, there is some good news. Through ensuring the right tools at their disposal, businesses can take action to mitigate risk, and bolster their financial health. Business Intelligence (BI) in particular, can deliver insights which can be used to create strategies that help mitigate the impact of soaring costs.

Crucially, as market dynamics change, so must the metrics which measure success, and the associated key performance indicators (KPIs) which feed into these. Leveraging BI to adjust KPIs in line with new dynamics can help to track issues which arise as a direct result of inflationary pressure. While some businesses might need to focus on competitor pricing and energy costs, others might need to look closely at the overall profitability of a particular product or service, or even the number of customers switching brand allegiance. This ability to identify insights and inform decisions is intrinsic to agility and success, helping to track trends, identify opportunities and optimise performance.

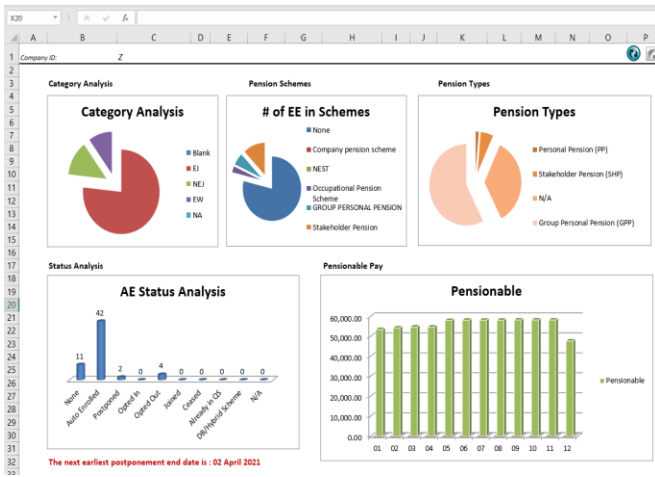
Cashflow management

When it comes to cashflow, poor credit management can at best hinder profitability and, at worst, risk bankruptcy. But if handled well, good credit management can benefit the individual businesses as well as strengthening the economy as a whole, bringing the whole process full circle.

Inflation inevitably puts additional pressure on finance departments to minimise the gap between payables and receivables as when the value of cash diminishes, the cost of outstanding invoices increases, reducing in lower working capital. Having the visibility to understand the current cashflow position, and have insights from which to manage it, is a pivotal area from which to leverage intelligence to maximise control.

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And with prices rising in all areas, it's crucial to double down on inventory management. The value of both raw materials and finished products must be scrutinised and Business Intelligence can help manage the risk associated with excess inventory, versus the benefit of having critical stock available.



BI by Building Blocks

Leveraging the capabilities of BI as part of a comprehensive ERP platform, can not only organise, integrate, consolidate and contextualise complex data sets but demonstrate insights in a simple, visual way to empower users from across the business.

Any adverse economic landscape shines a spotlight on the need for greater visibility and insight, whether it's high inflation, a recession, or more unusual dynamics such as the pandemic or Brexit.

Through understanding the now, how and what's next, and having the strategies and tools necessary to prepare for some of the most common inflation-related business consequences, organisations can ensure they are in the strongest position to mitigate these and embrace opportunities.

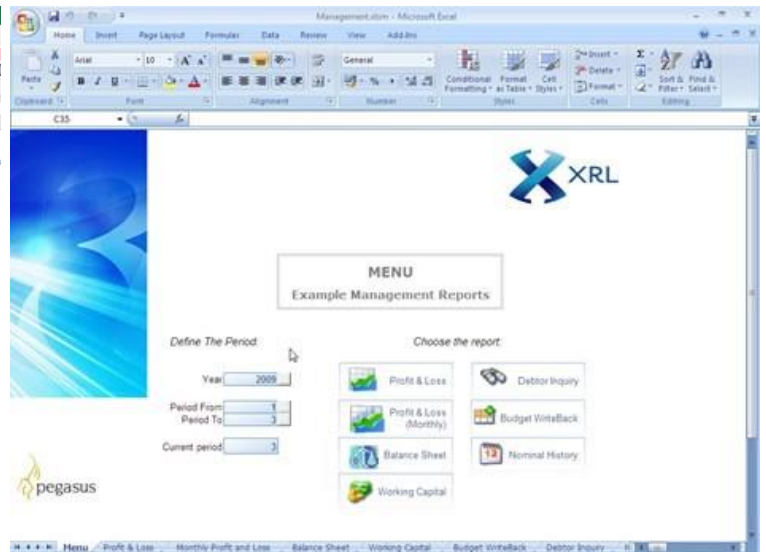
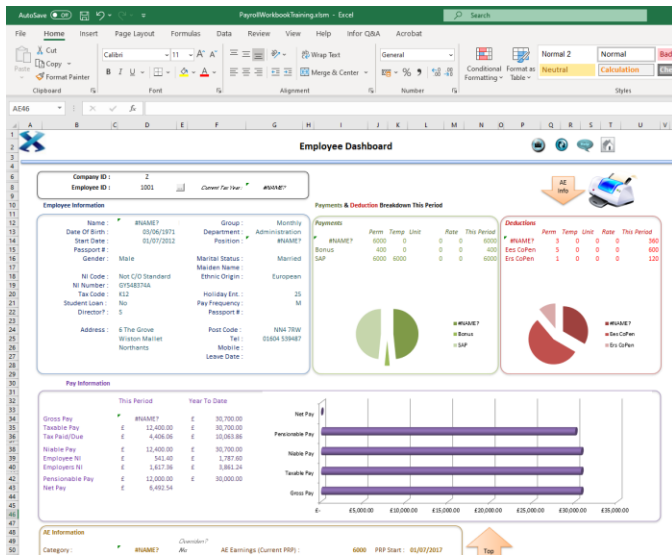
Change really is the only constant in today's markets, therefore recognising this, and capitalising on BI tools which will help to provide valuable insights from which to navigate the turbulence, is crucial in instilling resilience, fostering agility and securing market share.



About Opera 3 BI

The business intelligence tools in Opera 3 give you the information you need, precisely when you need it so you can make sensible business decisions. Pegasus XRL has even won awards for its features and will revolutionise the way you view your business information.

For more information on how we can help your organisation to leverage greater intelligence to tackle inflation, please visit www.pegasus.co.uk.



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