FINANCIAL MODELLING

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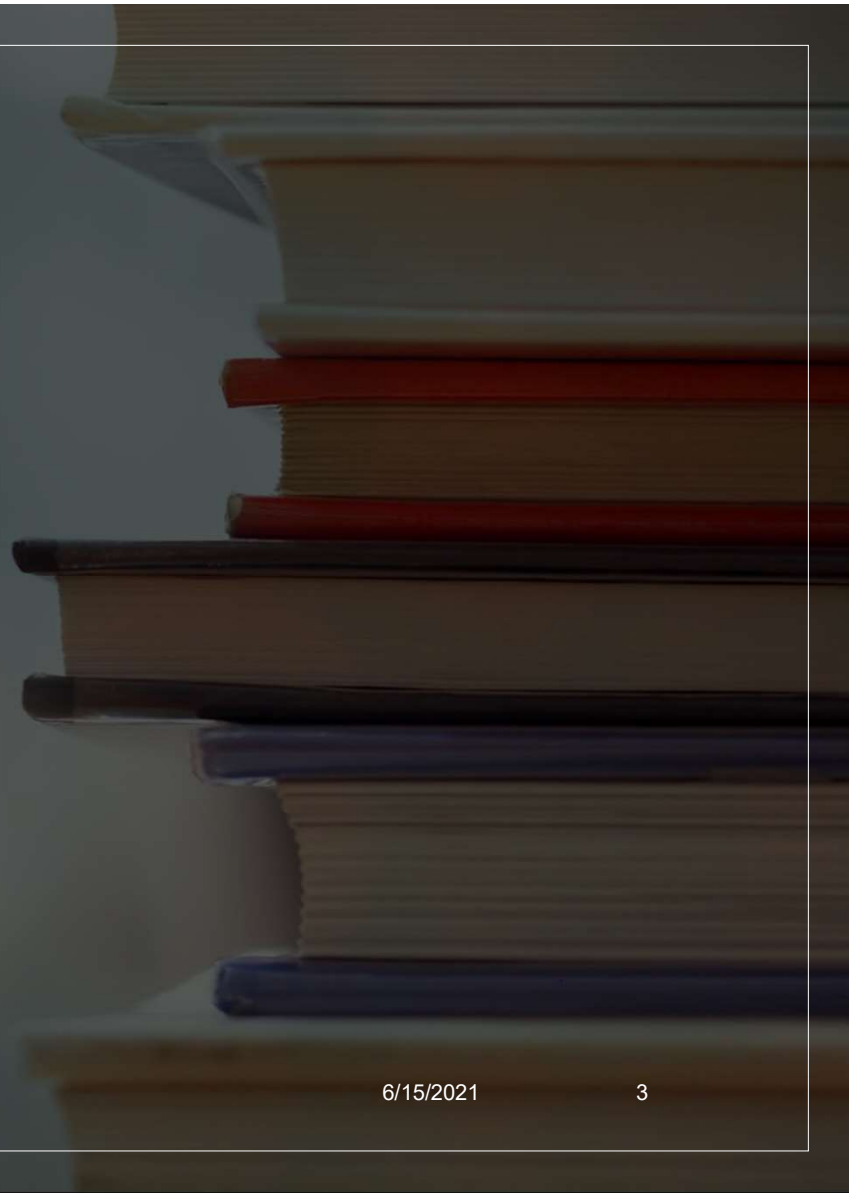
ACCA Masterclass

Hi

- Kind of “analysis folk”
- My First Webinar – so I have little butterflies in my stomach
- Data excites me
- Chronic procrastinator
  - (that’s why) I love Digitalization

We will discuss

1. Data Modelling
2. Financial Modelling Ancient Ways
3. Modern Age Financial Modelling Approach
    - Conceptual
    - Stages
    - Tricks
    - Tools
4. Technology Market
5. What to do next



Our Approach

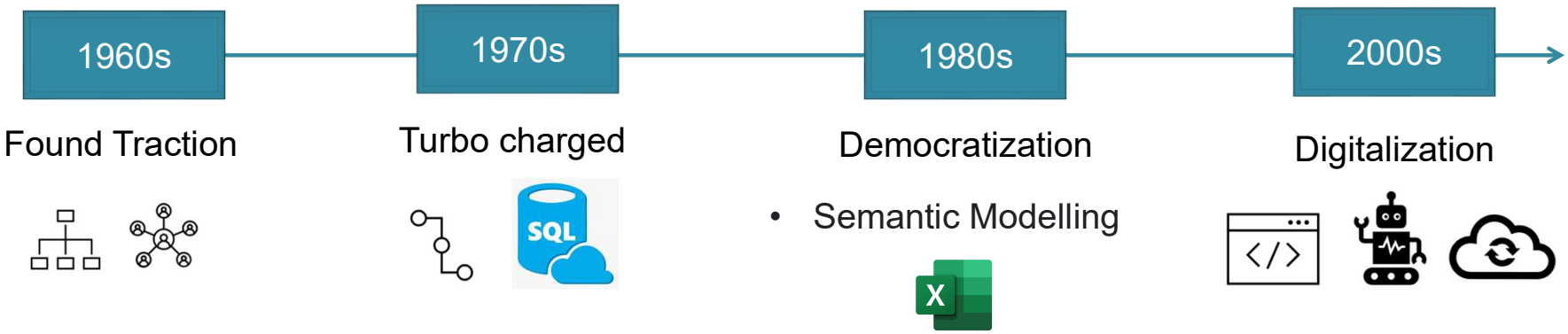
- A bit of Theory – Sorry ☹ but important
- Why “Ancient Methods” are bound to fail
- Identify the Opportunity
- End to End Process
- Keep it creative
- Say No to Plagiarism
- Keep Calm

Etymology & Historical Perspective

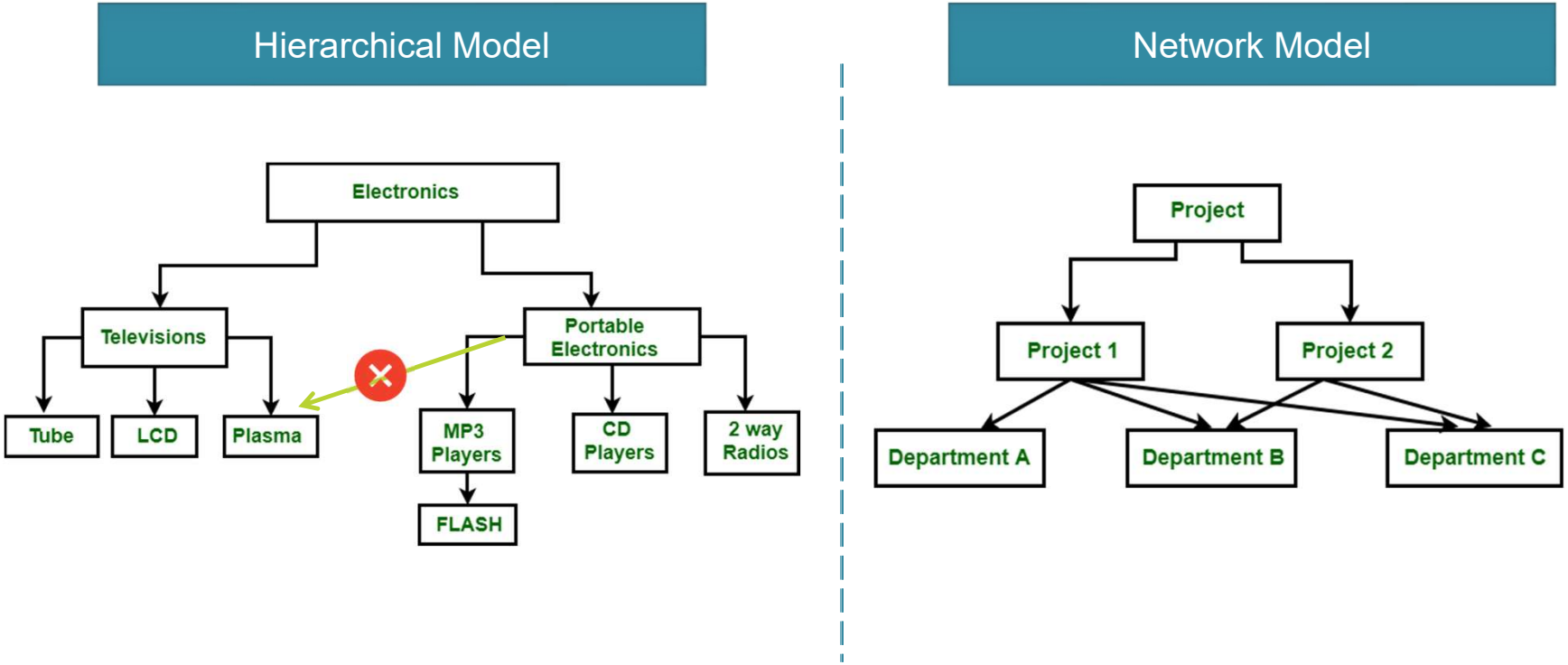
Data • Things known or assumed as facts, making the basis of reasoning or calculation

Model • A simplified description, especially a mathematical one, of a system or process, to assist calculations and predictions

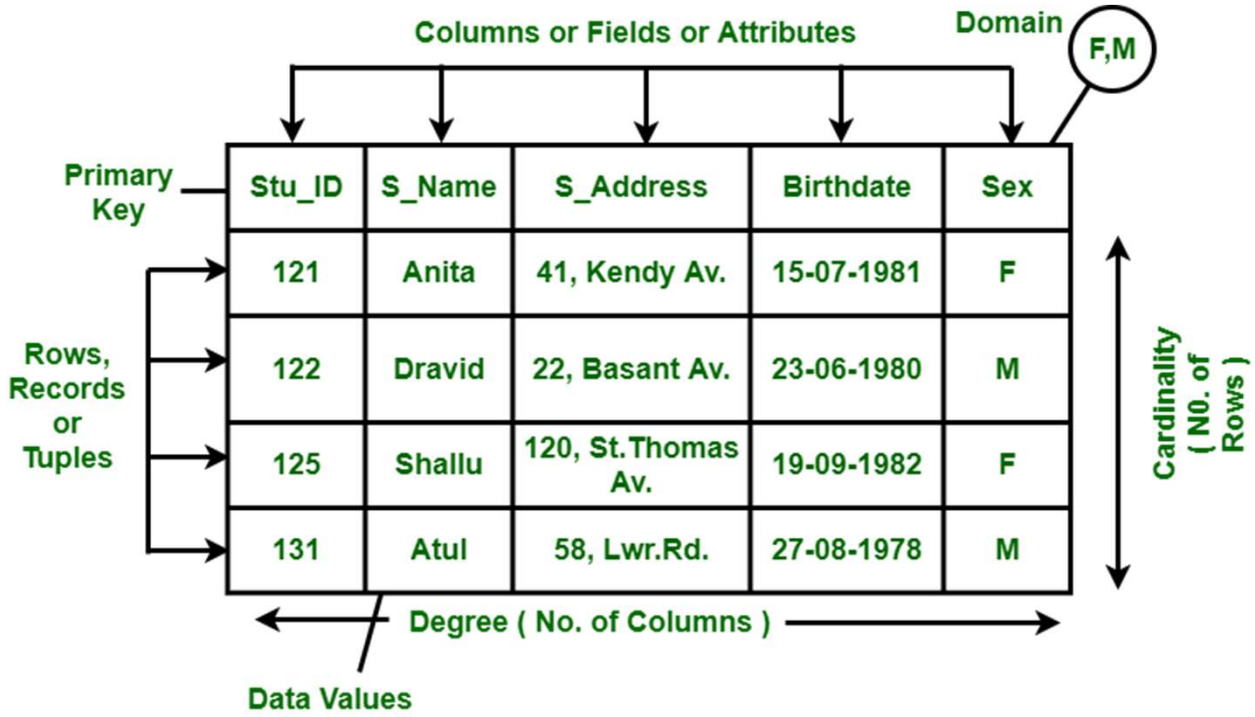
Data Model Key Milestones



How Data Modelling Thought Developed



Credit: https://www.geeksforgeeks.org/



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Relational Data Models Dominate Market

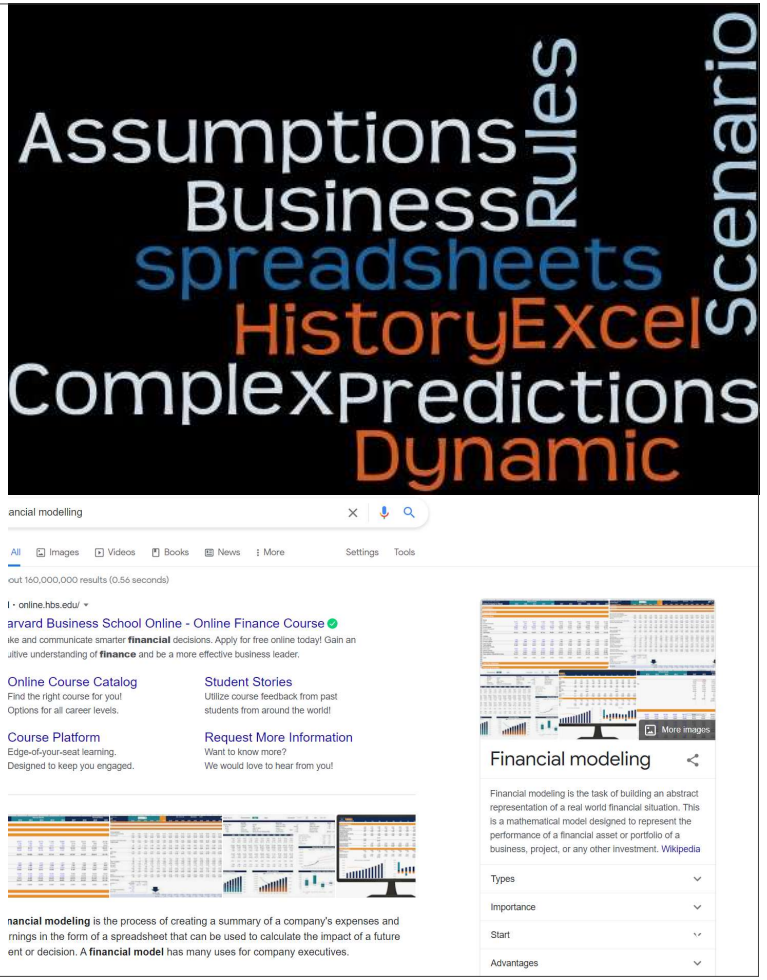
- It organizes records in the form of table and relationship between tables are set using common fields
- Represent “Real World” objects and their relationship with each other
- Order out of Chaos
- Led to invention of SQL

Mark it

ENRICHMENT OF SEMANTICS

Fact of the Matter

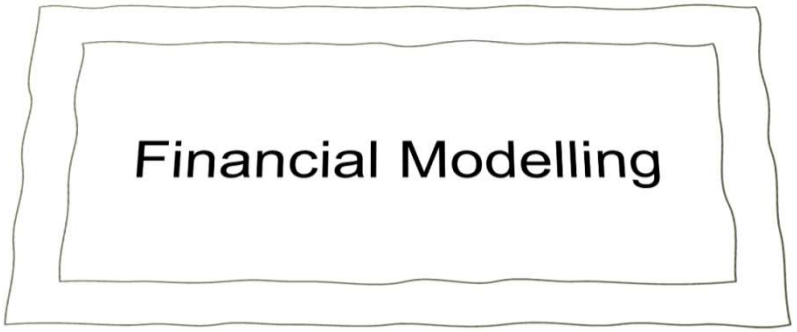
FINANCIAL MODELLING ? LET'S GOOGLE IT…



Financial Modelling

Old Formula & New (then) Friend ; Made History

Calculations & **SEMANTICS** in Spreadsheets



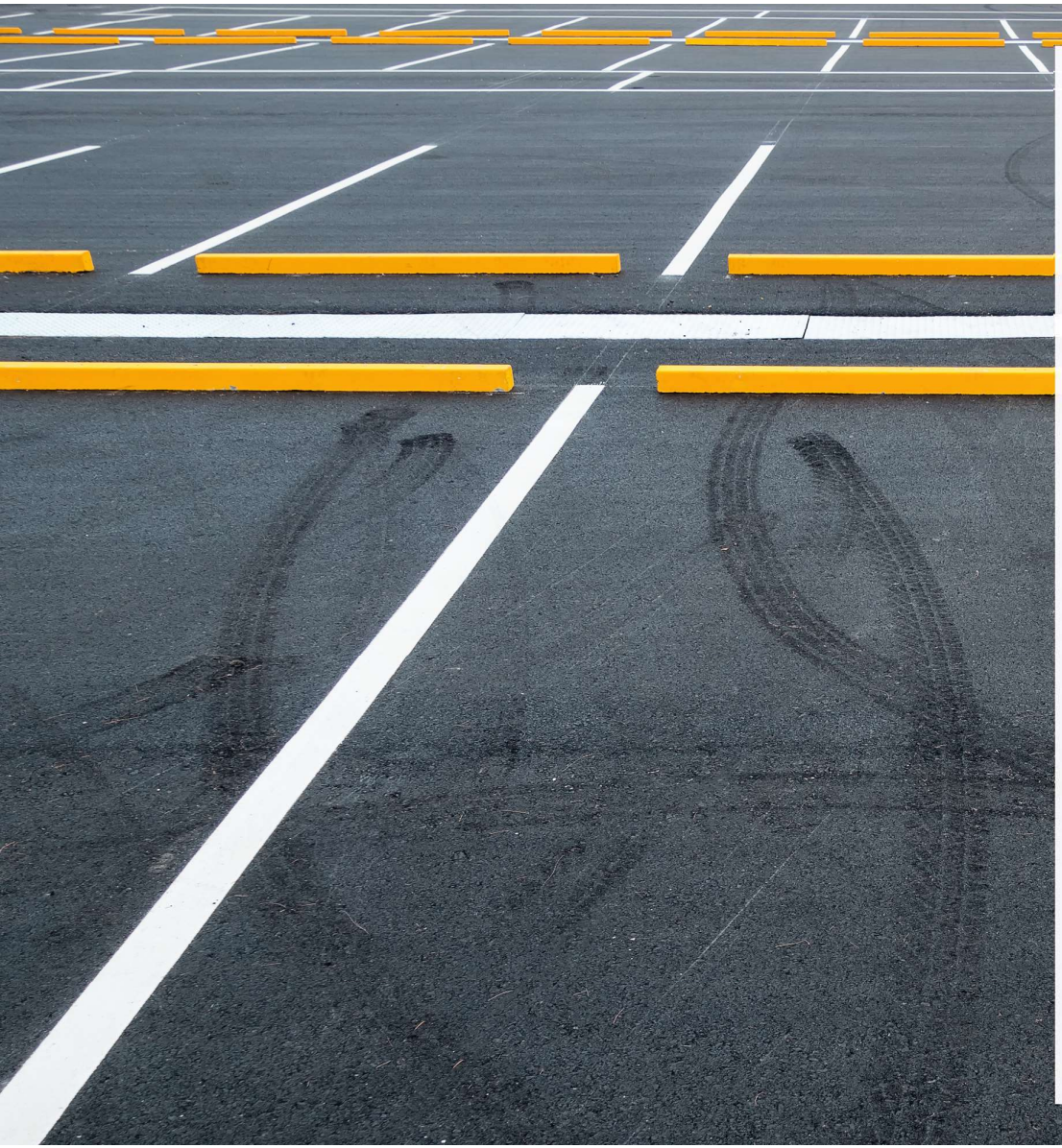
Ahead of its Time

FINANCIAL MODEL

ENTERPRISE DATA MODEL

DATA

Example “Ancient” Financial Modelling



Limitations

- Spreadsheet Risk”
- Not dynamic enough
- Limited Reusability
- Create data silos
- People Specific
- Implicit “Modelling”

My Take

- Leave “spreadsheet file linking method” as of yesterday
- Follow these simple steps
  - Setup dynamic interfaces with data sources (Query Method)
  - Perform ETL (Normalization/Denormalization)
  - Design your data model on “Star Schema” – 99.9% of times
- Be Technology Agnostic
- Digitalize your model

Query Method
ACTION TIME

Recap on ETL

- Select your “Go To” data shaping environment
- Power Query makes complex transformational tasks easy to execute with Drag & Drop menu
- It is advisable to have a functioning understanding of “M Language”
- Defining data type is important semantic information your ETL tool needs to have
- Calculations are possible & supported in “M Language”
- Closest function in Google Sheets is “Query” function – but its command line based & runs SQL

Recap on Modelling

- Design is everything
- Star Schema is your friend
- Access Data using an appropriate language
- Keep it modular

DAX

DIGITIZE

Final Thoughts

- Mindset Shift
- Finance & Data Science – More Powerful Together
- Analytics are being Democratized – Drag & Drop
- Discover Elegant Solutions
- Meditate