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Research on Cost Management of Business and Finance Integration Based on Digitization

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Abstract: With the rapid development of the global economy, enterprises are facing increasingly fierce market competition. To enhance competitiveness, enterprises urgently need in-depth research and reform of cost management. This paper takes Xiaomi Corporation as a case study, focusing on the implementation situation and effects within the enterprise, and identifies issues in business-finance integrated cost management such as the ineffective integration of financial management and business processes, the need for improvement in information technology, and security risks in the financial shared service center. In response to the above problems, this paper proposes a series of solutions: strengthen the cultivation of a business-finance integration culture and raise awareness of integration; establish and improve information technology systems to enhance technical capabilities; strengthen data risk management in the financial shared service center.

Keywords: Business-Finance Integration; Cost Management; Digitization

1. Introduction

With the advancement of the times, science and technology are constantly being updated and iterated, and digital transformation has become the trend of the era. The "14th Five-Year Plan for Digital Economy Development" points out that digital transformation is the general trend, and developing the digital economy is a strategic choice. It particularly emphasizes vigorously promoting industrial digital transformation, accelerating the digital transformation and upgrading of enterprises, strengthening enterprise digital thinking, and comprehensively and systematically promoting the integrated digital transformation of the industrial chain. The rapid development of digital technology efficiently integrates the real economy and the digital economy. Data, as a crucial resource within this, is receiving increasing attention, creating more opportunities for the future development of digital enterprises. Enterprises at the forefront of the times should seize opportunities, continuously seek moments for change, and actively respond to challenges by altering traditional business philosophies and management methods, still achieving strategic goals and overall value. Meanwhile, business-finance integration plays a significant role and holds great importance in the process of high-speed enterprise development. Strengthening business-finance integration, on the one hand, can promote mutual cooperation between business departments and financial departments, effectively eliminate information barriers, and improve information quality; on the other hand, fully utilizing information technologies such as the internet in the context of digitization can further enhance the operational capabilities and management efficiency of enterprises. Therefore, business-finance integration is gradually being re-recognized and utilized by most enterprises, becoming a key step in adapting to digital transformation.

2. Literature Review

Scholars both domestically and internationally have focused their research on digitization, business-finance integration, and cost management. Firstly, research on digitization. Starting from the foundation of China's digital economic development, Zhang[1] believe, based on data, that enterprises achieve digital transformation during their development process. Li[2] believes that in the context of rapid digital development, enterprises should strengthen the digital transformation of economic management and conducts research on the problems, solutions, and optimization paths of enterprise economic management. Zakharov and Vladimir[3] argues that enterprises need a new management paradigm for digital transformation, one that organically

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combines economic and social aspects, strategic and operational approaches, and views transformation management as a flexible, adaptive ecosystem. Zhao[4] believes that for enterprises to successfully achieve digital transformation, they should adhere to a strategy tailored to local conditions, strengthen digital empowerment, seek the best implementation paths, integrate online and offline channels, and promote system integration. Secondly, research on business-finance integration. Xu et al.[5] research indicates that optimal business-finance integration will help more enterprises achieve the highest production efficiency and maximum shareholder equity. Gao[6] believes that business-finance integration is a trend in enterprise management and transformation, and is also conducive to improving enterprise decision-making levels and reducing enterprise risks. Xu[7] proposes that in the context of the big data era, three major countermeasures—building a technically proficient work team, actively constructing a business-finance integration database, and aligning the goals of business departments and financial departments—can be adopted to solve problems encountered during the development of business-finance integration in enterprises. Liu[8] proposes that the big data era brings new opportunities and challenges to enterprise business-finance integration, putting forward new requirements for its development. Enterprises need to deeply understand the characteristics of the big data era and optimize plans based on practical problems to enhance overall comprehensive capabilities. Thirdly, research on cost management. The "Father of Scientific Management" Taylor believed that a cost management system could improve labor productivity and increase enterprise profits, proposing to fully realize employee value using advanced technology to further reduce costs. Sheng[9] believes that activity-based cost management has a wide range of applications and plays a significant role in enterprise strategic development. It can ensure that costs at various stages of the enterprise lifecycle are lower than competitors, thereby enhancing core competitiveness. Ning and Yu[10] propose that in the context of the internet, enterprises can rely on the internet and big data to transform and reform various links in the internal value chain, achieve lower transfer costs, and promote continuous value chain appreciation. Potnik[11] research shows that a cost management model integrating modern cost management methods can reduce product costs and improve product profitability.

In summary, in the context of digitization, enterprises implementing digital transformation should proceed from their actual situation, use data as the driving force, and rationally utilize digital means to change traditional management models, improve enterprise development efficiency, and optimize management paths. Based on existing research, this paper further studies the development of business-finance integrated cost management in the digital context. Through examining enterprise implementation situations, existing problems, and corresponding countermeasures, it enriches relevant research and provides more theoretical insights for other enterprises engaging in business-finance integrated cost management.

3. Implementation Status of Business-Finance Integrated Cost Management Based on Digitization at Xiaomi Corporation

Xiaomi Technology Co., Ltd., one of the Fortune Global 500 companies, was founded in April 2010 and was listed on the main board of the Hong Kong Stock Exchange on July 9, 2018. It is an internet technology innovation enterprise. This paper mainly analyzes the implementation status of the company's business-finance integrated cost management from the perspectives of implementation situation and implementation effects.

3.1 Implementation Situation of Business-Finance Integrated Cost Management at Xiaomi Corporation

First, the financial department transitioned from simple accounting to business-finance integration. At the inception of Xiaomi Corporation, the functions of the financial department were relatively simple, only needing to meet traditional requirements. With the expansion of international business, international finance adopted a combined model of overseas financial outsourcing and self-built overseas financial accounting to account for local finances. The following drawbacks existed in its application: firstly, the financial and business departments were in a state of separation, making it difficult for the financial department to participate in, supervise, and manage during business execution; secondly, the financial department could only identify problems within business departments during post-event accounting, increasing risks; thirdly, the division of financial functions between the two was relatively simple, making it difficult to meet the rapid development needs of Xiaomi. The scope of traditional accounting functions could no longer satisfy its development, prompting preparations to build a business-finance integration platform, and passive business-finance integration subsequently emerged.

Secondly, comprehensively strengthening business-finance integration and building a business-finance integration platform. With the continuous development of Xiaomi's business and the drive of the digital economy, the requirements for finance during business operations and applications continuously increased. After going public in 2018, Xiaomi Corporation faced greater market impact. Its large number of employees and complex business chains made internal management difficult to unify, and the importance of internal control was overlooked. After careful summarization and in-depth analysis, starting in 2019, Xiaomi Corporation began to comprehensively strengthen business-finance integration, committed to building a stable business-finance integration platform centered on the ERP system, and conducted extensive trial operations.

Finally, achieving comprehensive integration construction of business processes and personnel management. Xiaomi Corporation maintains a high level of investment and continuous effort in the construction of business-finance integration. It particularly emphasizes the cultivation and improvement of internal talents. Xiaomi Corporation conducts financial-related training and recruits compound talents proficient in business-finance integration. Most positions require engagement with business processes, and financial positions are also explicitly required to interface with business. The most important aspect is the establishment of a Business-Finance Information Management Center, which centrally converts and processes financial information and business information, builds comprehensive business indicator systems from a financial perspective, and provides reasonable suggestions for improvement measures during enterprise development.

In summary, Xiaomi's path to business-finance integration has been exceptionally difficult, and it is increasingly emphasizing the advancement of the business-finance integration model system. From the current situation, business-finance integration is still in a continuous process of improvement, and a suitable method to advance and leverage its role has not yet been found.

3.2 Implementation Effects of Business-Finance Integrated Cost Management at Xiaomi Corporation

Since Xiaomi Corporation went public, facing immense market pressure, the enterprise began to focus on developing the business-finance integration system, analyzing the impact of business-finance integration on Xiaomi through data. The analysis focuses on whether cost management has reduced enterprise costs and whether it has achieved the goal of maximizing corporate profits.

3.2.1 Financial operating performance

(1) Profitability Analysis

Profitability refers to the ability of an enterprise to generate profits, fully reflecting its operating conditions. As shown in Table 1, indicators such as gross profit margin, net profit margin, and return on equity (ROE) show a severe decline in 2022. This is mainly due to the exceptionally difficult global macroeconomic environment for the consumer electronics industry in 2022. The Russia-Ukraine war, geopolitical issues, and Fed interest rate hikes impacted the consumer electronics industry from various dimensions. Giants like Qualcomm, Apple, and Samsung were all under pressure, and Xiaomi was no exception. In recent years, the gross profit margin has shown an increasing trend, indicating that Xiaomi has adopted optimal control and management methods for operating costs. The net profit margin reflects the ratio of net profit to sales revenue. The table shows continuous fluctuations, dropping from 7.7% in 2018 to 4.9% in 2019, then rising to a peak of 8.3% in 2020, before declining again to 5.9% in 2021. The net profit margin has been greatly affected by changes in internal and external environments, indicating unstable profitability. Return on equity (ROE) is an important indicator for measuring enterprise profitability, being the ratio of net profit to net assets, reflecting the ability of equity capital to generate net income. ROE also went from a negative number in 2018 to two consecutive years of increase, peaking at 19.83 in 2020 before declining to 14.82. Return on total assets (ROA) also showed slight changes, but the fluctuation range was not large, remaining above 6 during 2018-2021, which is relatively stable. In summary, combining the above indicator ratios, it can be seen that the overall profitability stability of Xiaomi is inadequate.

Table 1. Profitability Indicator Analysis Table

Indicator	2022	2021	2020	2019	2018
Gross Profit Margin	17.0%	17.7%	14.9%	13.9%	12.7%
Net Profit Margin	0.9%	5.9%	8.3%	4.9%	7.7%
Return on Equity(ROE)	1.76	14.82	19.86	13.16	-48.45
Return on Total Assets(ROA)	0.87	7.08	9.31	6.11	11.53

Data Source: Xiaomi Group's Financial Reports for the Past 5 Years

(2) Solvency Analysis

Solvency refers to an enterprise's ability to repay its debts using its assets, mainly discussed from two perspectives: whether the enterprise has funds and its debt repayment capacity. The enterprise's current ratio is the ratio of current assets to current liabilities. As shown in Table 2, the current ratio values from 2018 to 2022 show fluctuations around 1.5, which is relatively stable, with the maximum value appearing in 2022 at 1.79. The quick ratio, compared to the current ratio, better reflects short-term solvency. The quick ratio for 2018-2022 is also stable, fluctuating around 1.20. The debt-to-equity ratio better reflects the overall debt solvency of the enterprise. A high debt-to-equity ratio can indicate high debt in the total capital; a low ratio can indicate strong financial strength of the enterprise itself and a higher degree of security for debt capital. It can be seen that in previous years, the enterprise's debt-to-equity ratio was greater than 1, but it improved in 2022, decreasing to 0.90. In summary, from the current ratio, quick ratio, and debt-to-equity ratio, it can be seen that Xiaomi's overall solvency is strong and also very stable.

Table 2. Solvency Indicator Analysis Table

Indicator	2022	2021	2020	2019	2018
Current Ratio	1.79	1.61	1.63	1.49	1.71
Quick Ratio	1.23	1.15	1.25	1.14	1.24
Debt-to-Equity Ratio	0.90	1.13	1.05	1.25	1.04

Data Source: Xiaomi Group's Financial Reports for the Past 5 Years

(3) Growth and Development Capability Analysis

Growth capability refers to the growth of various data within an enterprise and can predict its future operating conditions. Enterprise growth capability indicators include operating revenue, gross profit, total operating revenue growth rate, and gross profit growth rate. As shown in Table 3, due to external force majeure factors in 2022, the overall global situation was not optimistic. From the perspective of growth indicators, Xiaomi's indicators declined significantly in 2022. However, looking at operating revenue and gross profit from 2018 to 2021, the enterprise's business indicators show a relatively stable upward trend, especially in 2021, where total operating revenue exceeded 328.3 billion yuan and gross profit exceeded 58.26 billion yuan. From these two indicators, apart from 2021 showing significant growth, the peak appeared in 2018, the year Xiaomi went public, which greatly impacted its business. The total operating revenue growth rate exceeded 50%, and the gross profit growth rate also reached 46.44%. In summary, it can be seen that Xiaomi's growth capability is relatively stable, maintaining stability even under unfavorable overall global conditions.

Table 3. Growth and Development Capability Indicator Analysis Table

Indicator	2022	2021	2022	2019	2018
Total Operating Revenue (Billion)	2800	3283	2459	2058	1749
Gross Profit (Billion)	475.8	582.6	367.5	285.5	221.9
Operating Revenue Growth Rate (%)	-14.70%	33.53%	19.45%	17.68%	52.60%
Gross Profit Growth Rate (%)	-18.34%	58.53%	28.71%	28.67%	46.44%

Data Source: Xiaomi Group's Financial Reports for the Past 5 Years

3.2.2 Cost management capability

As an internet company primarily based on a "hardware + internet + new retail" business model, Xiaomi's main operating cost is the cost of sales. Table 4 data shows that the cost of sales showed a year-on-year increasing trend from 2018 to 2021, increasing by 17.95% in 2020 compared to 2019, and reaching a peak in 2021 with a 29.14% increase compared to 2020. While operating expenditure costs rose, revenue also increased year-on-year. In the unstable situation of 2022, operating costs decreased to 232.5 billion yuan, a year-on-year decrease of 13.92%. Changes in operating costs are greatly affected by operating revenue and are directly linked to the cost of goods sold. In terms of the implementation of digital business-finance integration, it affects more the expense portion. Through rational resource allocation, expense expenditure can be reduced, thereby optimizing cost management.

Table 4. Cost of Sales Value Table

	2022	2021	2020	2019	2018
Cost of Sales(Billion)	2,325.00	2,700.00	2,091.00	1,773.00	1,527.00

Data Source: Xiaomi Group's Financial Reports for the Past 5 Years

As shown in Table 5, by analyzing the expense expenditure structure, in terms of administrative expenses, except for the prominent 12.1 billion yuan in 2018, there was a cliff-like drop in 2019 to 3.104 billion yuan. From 2020 to 2022, it maintained a stable growth trend, with growth rates above 20% in the first two years, and in 2022, it still showed an increasing trend but with a growth rate of only 7%. Compared to other expenditures, selling and promotion expenses and research and development (R&D) expenses account for a large proportion. Selling and promotion expenses, during 2019-2021, increased by more than 30% year-on-year compared to the previous year, with expenditures increasing around 10 billion yuan each year, reaching 21.32 billion yuan in 2022. As Xiaomi's business continuously expands, management places increasing emphasis on the development of innovation capabilities, and R&D investment clearly only increases. Even in the difficult situation of 2022, it did not reduce R&D investment. During 2018-2022, R&D investment increased by more than 20% year-on-year. By analyzing the cost composition and change trends of Xiaomi, it can be seen that Xiaomi's success largely depends on its refined cost management strategies. As the market changes and competition intensifies, Xiaomi is also continuously optimizing and adjusting its cost management strategies.

Table 5. Expense Expenditure Structure Table

	2022	2021	2020	2019	2018
Administrative Expenses(Billion)	51.14	47.39	37.46	31.04	121.00
Selling & Promotion Expenses(Billion)	213.20	209.80	145.40	103.80	79.93
R&D Expenses(Billion)	160.30	131.70	92.56	74.93	57.77
Other Expenses(Billion)	17.69	23.04	-10.08	2.26	6.15

Data Source: Xiaomi Group's Financial Reports for the Past 5 Years

3.2.3 Risk control capability

Business-finance integration can help enterprises reduce operational risks. With economic development and constant market changes, enterprises face huge operational risks. Business-finance integration enables financial personnel to better understand the enterprise's business model. At the same time, financial personnel can change their mindset when conducting accounting, making work more rational and greatly reducing operational risks caused by information asymmetry between departments.

Table 6. Risk Control Capability Indicator Table

	2022	2021	2020	2019
Financial Leverage	0.98	0.99	0.97	0.06
Operating Leverage	6.06	0.25	5.35	50.00

Data Source: Xiaomi Group's Financial Reports for the Past 5 Years

Table 6 shows that the financial leverage coefficient and operating leverage have significant overall fluctuation trends. Looking at the financial leverage coefficient, it is relatively stable from 2020 to 2022, with values less than 1, indicating that Xiaomi has relatively little debt-financed investment and basically no debt repayment pressure. However, in 2019, there was a minimum peak of 0.06. The main reason is that compared to 2018, when the company had just gone public and had high operating revenue, administrative expenses also reached 12.1 billion yuan in 2019, resulting in Earnings Before Interest and Taxes (EBIT) of only 1.196 billion yuan. However, earnings per share after tax were relatively high at 0.843. In 2019, administrative expenses plummeted, and EBIT soared to 11.76 billion yuan, but earnings per share after tax were only half of 2018's, leading to the financial leverage coefficient being so close to 0 in 2019. The financial state is relatively stable, allowing for effective risk control. In 2019, the operating leverage coefficient was large, indicating higher operational risk. Furthermore, the operating leverage coefficient reached its minimum peak in 2021, indicating that Xiaomi's operational risk was relatively small. Although it rose slightly in 2022, it remained at an average level. It can be concluded that promoting business-finance integration at Xiaomi Corporation has, to some extent, reduced operational risks and made the financial condition relatively stable.

4. Problems in Business-Finance Integrated Cost Management Based on Digitization at Xiaomi Corporation

The implementation content and methods of Xiaomi Corporation's business-finance integrated cost management are continuously improving, but there are still certain deficiencies in Xiaomi's development process. This section will describe the problems identified in Xiaomi's business-finance integrated cost management.

4.1 Ineffective Integration of Business and Finance Related Processes

On the one hand, the lack of uniformity in business content and functions leads to ineffective implementation of business-finance integration. Most enterprises divide labor based on departmental business content and functions. The core goal of business departments is to increase sales volume and operating revenue by selling products or services, thereby maximizing corporate profits. The main responsibilities of the financial department are accounting, cost forecasting, and report analysis. Financial departments often rely on historical data and experience for cost forecasting and control. However, in actual operations, business departments may exhibit a degree of arbitrariness during execution. Due to differing departmental objectives, the effectiveness of business-finance integrated cost management may be compromised, leading to higher overall enterprise costs and information asymmetry.

On the other hand, talent cultivation poses a challenge. Personnel in various departments possess corresponding expertise and skills in their respective fields. However, in terms of business-finance integration, the knowledge structure and capability levels of staff may not meet the requirements, making it difficult to effectively implement business-finance integrated cost management. The degree of integration between financial management and business processes still needs improvement. There is a lack of compound talents with cross-domain knowledge and abilities. Although enterprises have taken measures, communication and collaboration between departments are still not smooth enough, resulting in insufficient sharing of financial and business data. This situation may lead to a lack of comprehensive and accurate data support in the enterprise decision-making process, restrict the advancement of business-finance integrated cost management, and thereby affect decision-making effectiveness.

4.2 Information Technology Data Systems Need Improvement

On the one hand, there are limitations in data collection, processing, and analysis. In the process of business-finance integrated cost management, Xiaomi Corporation's level of information technology application still needs improvement. Although Xiaomi has adopted some informatization means, there are still certain limitations in data collection, processing, and analysis. This prevents the enterprise from grasping business and financial data in real-time and accurately, thus affecting the effectiveness of business-finance integrated cost management. Firstly, there are deficiencies in data collection. Some business and financial data are not comprehensively and accurately collected, leading to imperfect foundational data for cost management. Secondly, in terms of data processing and analysis, the enterprise's existing information systems may not meet the needs of business-finance integration. Finally, there are issues with the interconnectivity between enterprise information systems, resulting in insufficient data sharing and affecting the implementation effectiveness of business-finance integrated cost management.

On the other hand, although Xiaomi established ERP systems and financial shared service systems in its early stages, there is still a gap from achieving business-finance integration. Based on the ERP system, Xiaomi has optimized enterprise information systems, adding supplier systems and upstream-downstream integration systems, all relying on the technical support of enterprise digital transformation. Information systems are a vast framework. Due to different information ports and personnel changes, the difficulty of work continuously increases. In the process of promoting business-finance integrated cost management, both financial and business departments need to collect, organize, and process information. Their focus on indicators also differs, presenting certain difficulties for enterprise management.

4.3 Security Risks in the Financial Shared Service Center

As globalization accelerates, Xiaomi Corporation is actively seeking expansion into global markets. In this process, it is essential to optimize the internal management system, among which the digital transformation of the financial department is particularly important. Therefore, Xiaomi Corporation decided to establish a financial shared service center to improve the efficiency of the financial department and further accelerate the pace of financial digital transformation. However, it faces many challenges in the construction process.

First, as a globally renowned technology company, Xiaomi has a huge user base with frequent small-amount incomes and expenditures, generating massive amounts of financial data in daily operations. This data is not only vast in quantity but also diverse in type, including sales data, cost data, inventory data, etc. Especially with Xiaomi's international business spanning the globe, data types across various business formats are complex and diverse, undoubtedly putting immense pressure on the operation of the financial shared service center.

Secondly, in processing financial data, Xiaomi needs to address issues related to the varying levels of understanding and professional expertise of financial personnel regarding enterprise accounting responsibilities and various financial and tax regulations. This may lead to uneven quality of generated financial data, posing risks to enterprise decision-making. Therefore, Xiaomi needs to strengthen the training and management of financial personnel, improving their professional competence and execution. At the same time, establish a complete set of financial data processing procedures and quality control mechanisms to ensure the accuracy of financial data.

Finally, the accuracy and timeliness of data transmission are also issues Xiaomi needs to focus on. In the process of financial data processing, data transmission and sharing are crucial. If the accuracy and timeliness of data transmission are insufficient, it becomes impossible to promptly identify compliance issues in process execution or conduct real-time monitoring and early warning for risk data during process execution. Therefore, Xiaomi needs to establish an efficient and stable data transmission and sharing mechanism. Additionally, it is necessary to strengthen the monitoring and management of data transmission and sharing.

5. Countermeasures for Business-Finance Integrated Cost Management Based on Digitization at Xiaomi Corporation

5.1 Strengthen the Cultivation of Business-Finance Integration Culture and Enhance Integration Awareness

First, emphasize strengthening inter-departmental communication, collaboration, and the integration of financial management with business processes. Enterprises can establish cross-departmental business-finance integration teams involving both financial and business personnel to ensure the close integration of financial management and business processes. Regularly organize cross-departmental training and exchange activities. Additionally, enterprises can use information technology to enhance understanding among employees of different departments, achieve real-time sharing of financial and business data, and improve overall corporate synergy efficiency.

Secondly, improve the refinement level of cost accounting and control. Financial and business departments should jointly participate in the cost accounting and control process, ensuring that when problems arise, departments can contact each other promptly to jointly solve difficulties, ensuring the accuracy of cost forecasting and control. Simultaneously, enterprises can introduce more advanced cost accounting and control methods, such as Activity-Based Costing (ABC) or Target Costing, and formulate and implement corresponding reward and punishment systems to encourage inter-departmental cooperation and synergy, achieve overall corporate goals, and realize refined cost management.

Finally, establish specialized business-finance integration training programs. By improving the comprehensive quality of financial and business personnel, Xiaomi Corporation can hopefully enhance the effectiveness of business-finance integrated cost management. Furthermore, enterprises can use incentive mechanisms to encourage employees to actively participate in business-finance integration work, improving the implementation effectiveness of business-finance integrated cost management. At the same time, this is also key for Xiaomi Corporation to improve management levels and achieve sustainable development in the process of continuous growth and expansion.

5.2 Establish and Improve Information Technology Systems, Enhance Technical Capabilities

On the one hand, increase investment in technology research and development. Xiaomi Corporation should increase investment in and application of information technology to enhance the effectiveness of business-finance integrated cost management. Optimize existing information systems to improve data collection, processing, and analysis capabilities, achieving real-time sharing of business and financial data. At the same time, strengthen interconnectivity between information systems, improve data transmission speed and security, and ensure comprehensive and accurate data support during enterprise decision-making. Enterprises should continuously optimize information systems, strengthen the collection, organization, and analysis of business data, providing strong support for decision-makers. Through in-depth mining of business data, enterprises can better grasp market dynamics, adjust business strategies, and achieve a dynamic balance between finance and business.

On the other hand, establish and improve information technology systems. Based on the shared model for financial digital transformation, Xiaomi Corporation shifts from a "accounting + supervision" model to a "planning + empowerment + service" model, achieving the development and maturity of the entire financial lifecycle. In terms of management benefits, intelligent systems reduce human influence and execution oversights, improving the sharpness of management traces. In terms of business benefits, big data centers can expand business management perspectives, support international business needs, and realize the transformation of financial management from record-keeping service-oriented to strategic support-oriented and multi-dimensional in-depth oriented. In terms of talent benefits, AI digital accounting employees take on standardized repetitive work, freeing up financial personnel to engage in higher value-added management accounting work, realizing a "spindle-shaped" transformation of the financial organization.

5.3 Strengthen Risk Management in the Shared Service Center to Ensure Data Security

On the one hand, establish a comprehensive data security protection system. As financial shared service centers evolve into enterprise big data centers, data security risks correspondingly increase. Firstly, enterprises need to classify and manage data, formulating different security protection strategies based on the importance and sensitivity of the data. Secondly, strengthen data access control, allowing only authorized personnel to access relevant data to prevent data leaks. Finally, enterprises should also regularly audit and assess data security to ensure data security measures are effectively implemented. By taking preventive measures, Xiaomi Corporation can further reduce data security risks, providing stable support for the development of the financial shared service center.

On the other hand, keep up with development trends and continuously optimize systems. By regularly updating protection systems and upgrading systems, Xiaomi Corporation can defend against new types of network attacks in a timely manner, reducing the risk of the center being attacked. Fully recognize the importance of shared platform system operation and maintenance, regularly update protection systems, upgrade systems, prevent data platform system paralysis due to massive data scales, strengthen management from multiple levels, and ensure the stable operation of the platform. By continuously upgrading protection systems, investigating security vulnerabilities, cleaning viruses, and updating software and hardware facilities, provide users with a safe, efficient, and stable sharing platform, further promoting the sustainable development of the company's business.

6. Conclusion

This paper takes Xiaomi Corporation as an example to explore the implementation status and effects of its business-finance integrated cost management. Problems were discovered during the analysis of the implementation situation, and corresponding strategies were proposed to address these issues, leading to the following research conclusions.

Firstly, the enterprise management system faces significant challenges. In its early stages, Xiaomi focused on product development and expansion. When expanding into overseas markets, financial accounting struggled to keep up with business processes. Therefore, the company must comprehensively promote business-finance integration to optimize cost management. Since its inception, Xiaomi has integrated management accounting concepts. With business development, Xiaomi should optimize its organizational structure system. The company's informatization construction closely revolves around strategic and business needs, such as distributed warehouse management systems and financial budgeting systems. These systems systematize transaction data and support core business departments. Xiaomi also exercises focused control over cost refinement and digital operations to achieve its target of a 5% comprehensive net profit margin.

Secondly, emphasize the control of business-finance integrated cost management. This paper analyzes the implementation of Xiaomi's business-finance integrated cost management. Starting in 2019, Xiaomi comprehensively deepened business-finance integration, building an ERP-core business-finance integration steady-state platform, achieving financial intelligence on its digital transformation path. Meanwhile, this paper summarizes the implementation effects of Xiaomi's business-finance integrated cost management from three aspects: financial operating performance, cost management capability, and risk control capability. The data shows that business-finance integrated cost management measures enable the enterprise to continuously innovate and achieve high-quality development.

Thirdly, propose optimization measures for identified loopholes. Based on the enterprise's implementation situation and effects, this paper identified problems in business-finance integrated cost management, such as ineffective integration of financial management and business processes, the need for improvement in information technology, and security risks in the financial shared service center. In response to these problems, this paper proposes a series of solutions: strengthen the cultivation of a business-finance integration culture and raise integration awareness; establish and improve information technology systems to enhance technical capabilities; strengthen data risk management in the financial shared service center, providing effective suggestions for future business-finance integration reforms in enterprises.

In conclusion, in today's wave of the digital economy, enterprises must enable their own digital transformation to find their footing in the fiercely competitive market. Finally, for society at large, vigorously promoting digital transformation and helping enterprises achieve business-finance integration is beneficial for socio-economic development.

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