



All Eyes on Finance: Accelerating Outcomes in the New World

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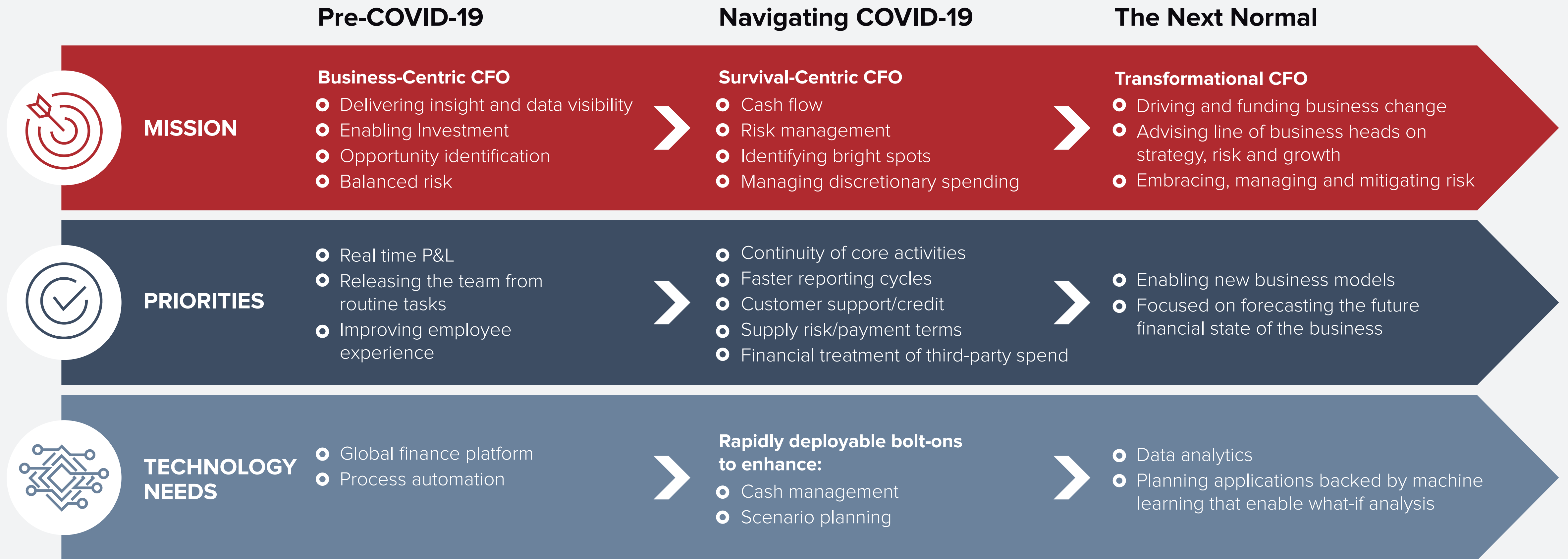
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The CFO's Evolving Mission



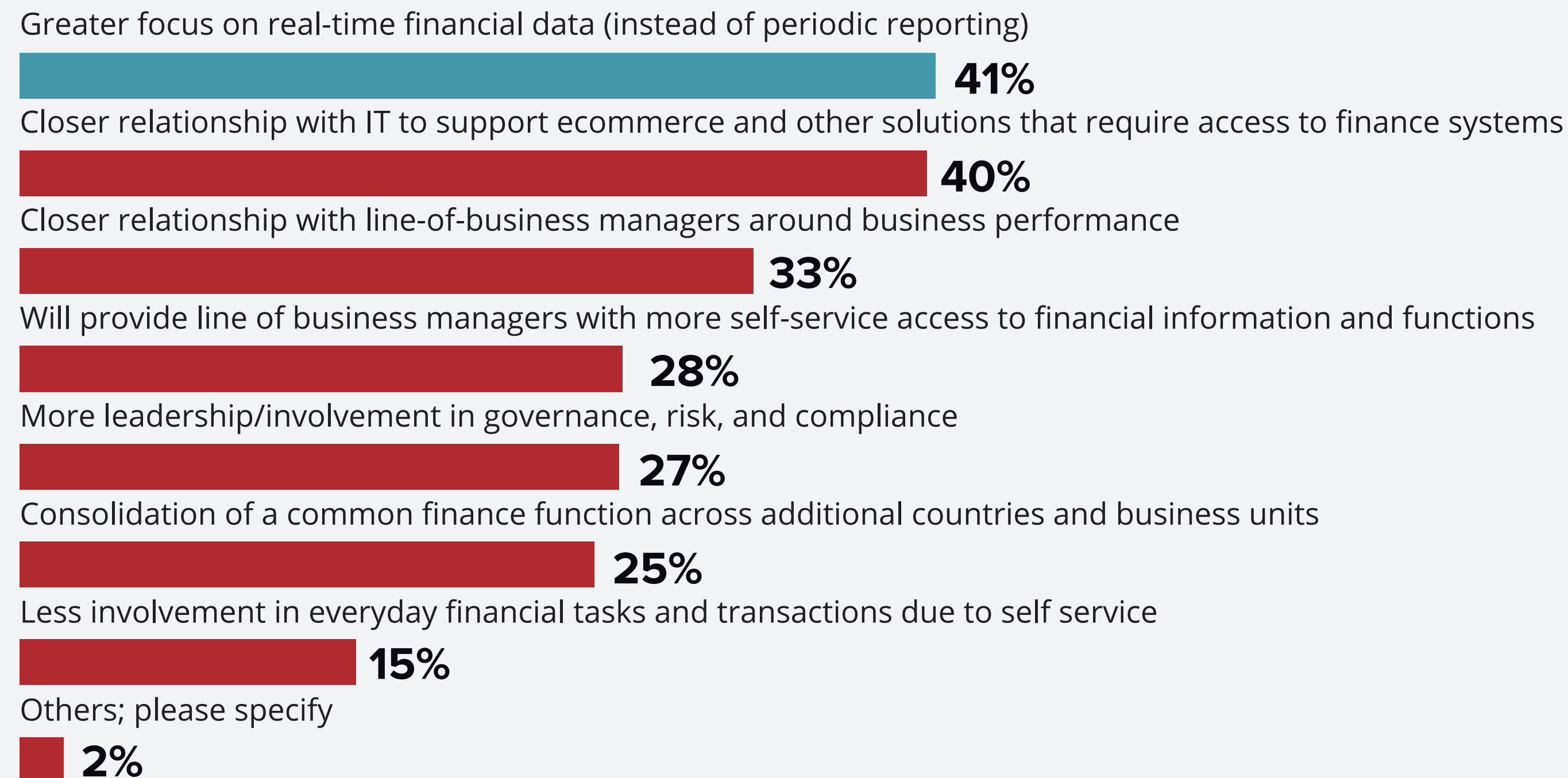
Despite the shock of COVID-19, visions of the future financial function have changed little

The Two Sides to the Modern CFO



The Future Finance Function

How do you think the finance function in your organization will change over the next 12 to 24 months?



Providing Real-Time and Forward Views

- The pandemic and the acceleration of business processes have made it a priority to access financial information in real time
- Making decisions based on data that is days or weeks out of date is no longer viable

Cross-Functional Collaborators

- To support the organization's objectives, finance must work more closely with other functions
- While this generally means a more direct working relationship, closer collaboration is also enabled through self-service capabilities

Real-time analytics and collaborative applications will underpin finance systems and support finance transformation

The Three Pillars of the Future of Finance

- Finance teams with access to comprehensive real-time data sets can support their business with three key internal offerings
- Collectively, these will enable the future finance function to deliver its role of business enabler
- A key emerging technology will be machine learning, which will play a role in each pillar:



Advisory:

Enhanced forecasting



Self service:

Chat bots and recommendation engines



Automation:

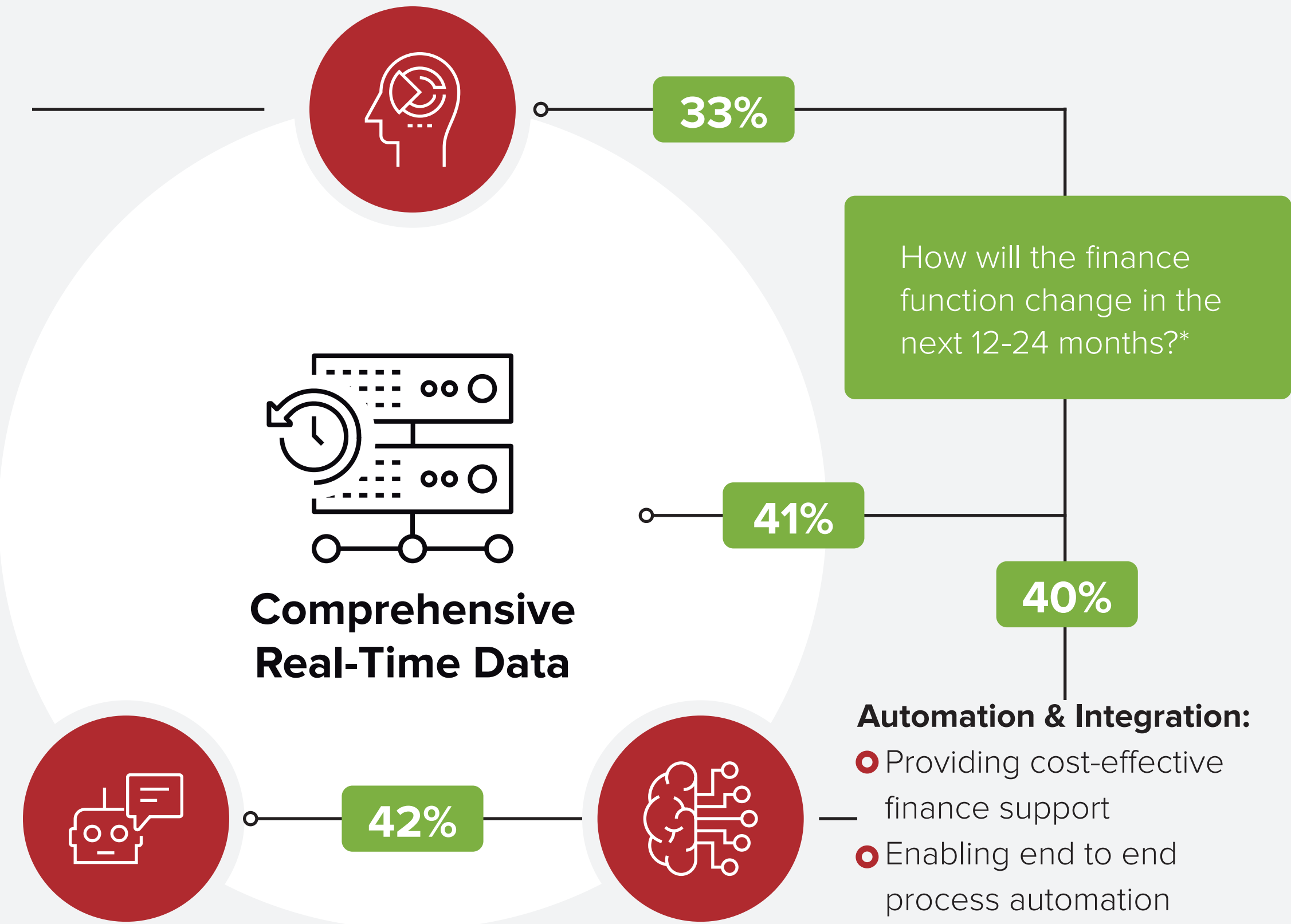
Intelligent classification

Advisory:

- Providing advice in the moment and at the speed of the business
- Based on a single version of the truth

Self Service:

- Instant access to data
- Ability for non-finance staff to act
- Can extend to third parties



Barriers to Progress

Which of the following would you describe as the biggest challenges to the modernization of your finance functions in your organization? (Top 3)



Disconnected and siloed IT systems and processes

Siloed Systems

- Business fragmentation exists for historical reasons, particularly M & A
- Technology architecture fragmentation exists due to difficulty in integrating older technologies and the lower importance of doing so in the past



Lack of skills in the finance department related to business analysis and stakeholder communication

Skills

- Few finance staff are experienced in the adoption of the current generation of technologies
- Many finance staff are stuck in a reactive cycle, too busy responding to emergencies to learn how to apply technology at the root cause



Outdated and inflexible financial management system

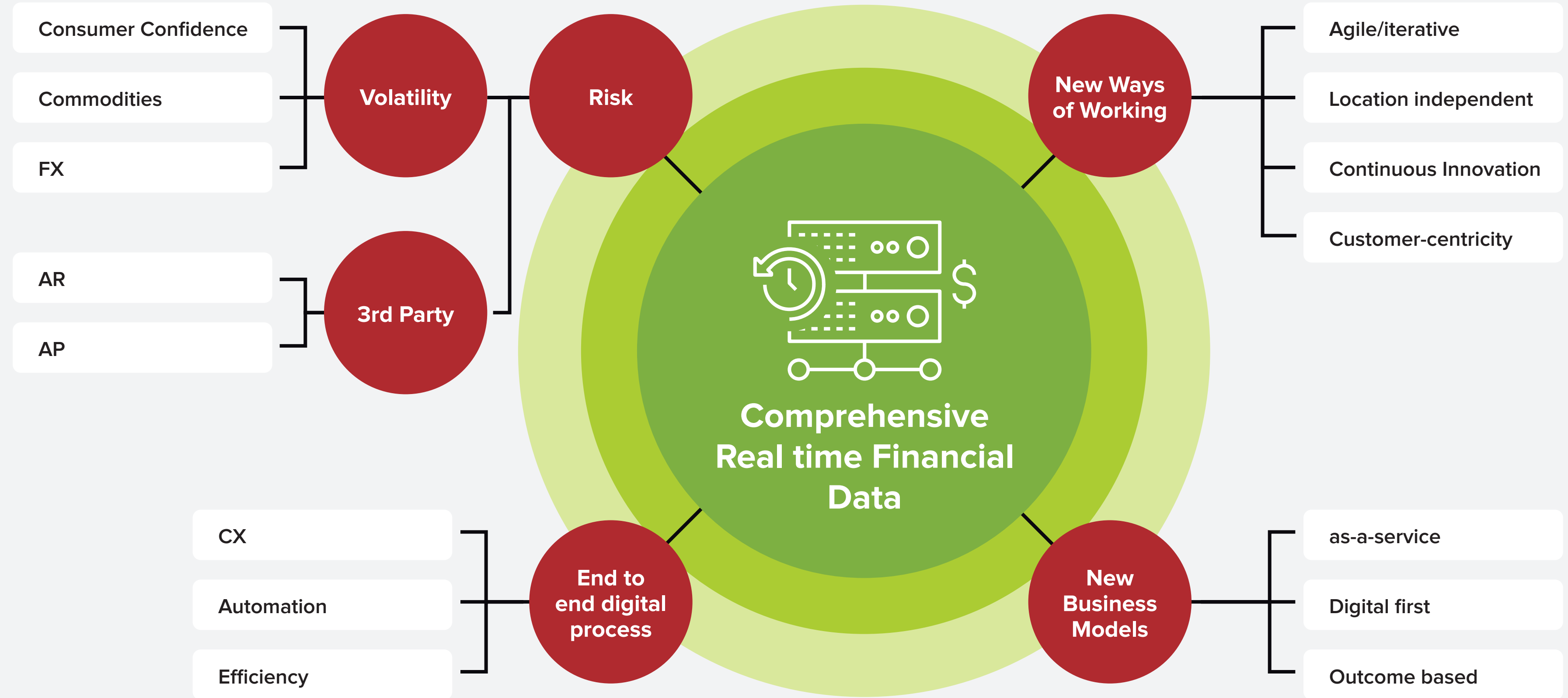
Inflexibility by Design

- Globalization meant enforcing standard processes
- Last-generation software was often designed to constrain users and drive compliance
- Many of these processes are no longer fit for purpose and flexibility is now more beneficial to businesses than a restriction

Siloed, inflexible financial systems need to be modernized

The Demand for Real-Time Data

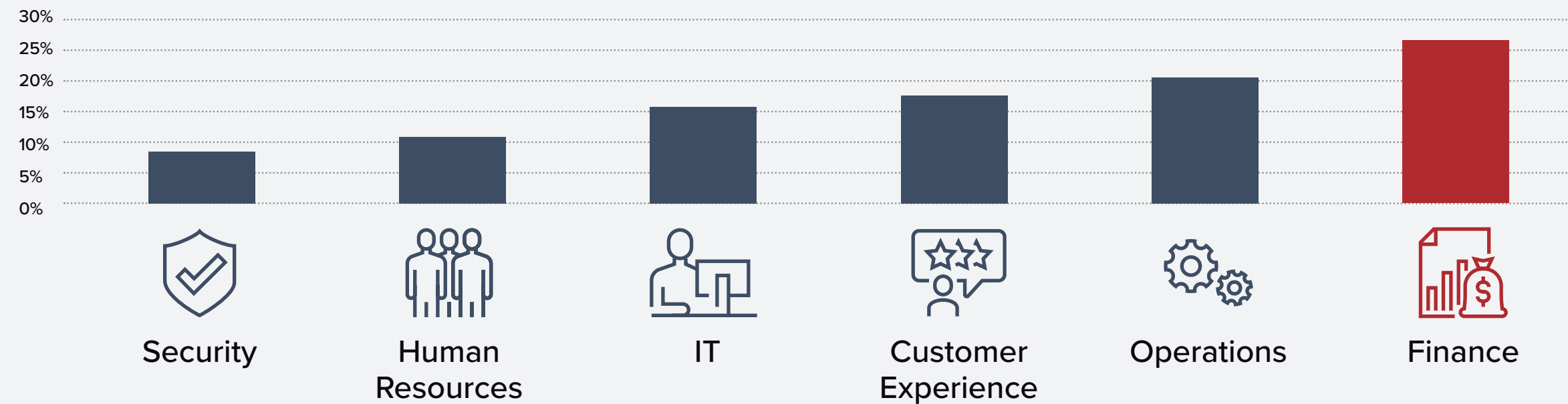
- Access to real-time data is critical in enabling finance to perform its future role
- Advisory must be delivered in the moment, at the speed of the business
- Automation and self-service processes must deliver instant impact
- Having a comprehensive dataset is as important as having real-time access



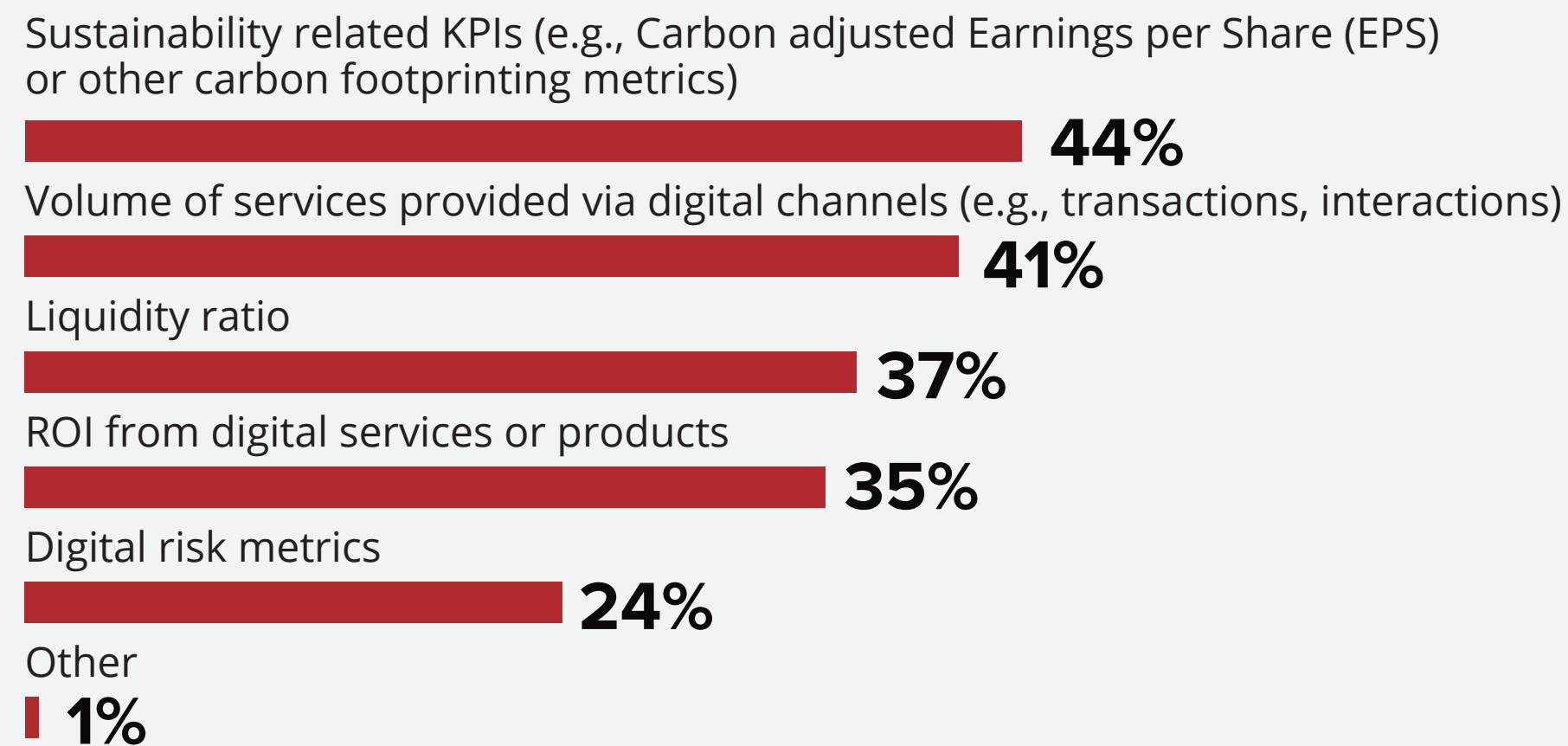
A multitude of business pressures and uncertainties point towards a need for a comprehensive and real time view of financial status

New Metrics

Which of the following business divisions most require the introduction of new KPIs and metrics? (#1)



You indicated finance is a business division that requires the introduction of new KPIs and metrics. Which are the top 3 KPIs that should be considered?

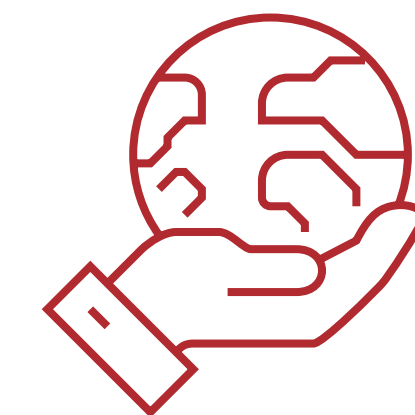


The finance function will take responsibility for measuring and reporting new non-financial metrics



Tracking Digital

- Digital products and recurring revenue require a set of metrics that are new to many businesses
- The organization will require rapid access to these metrics

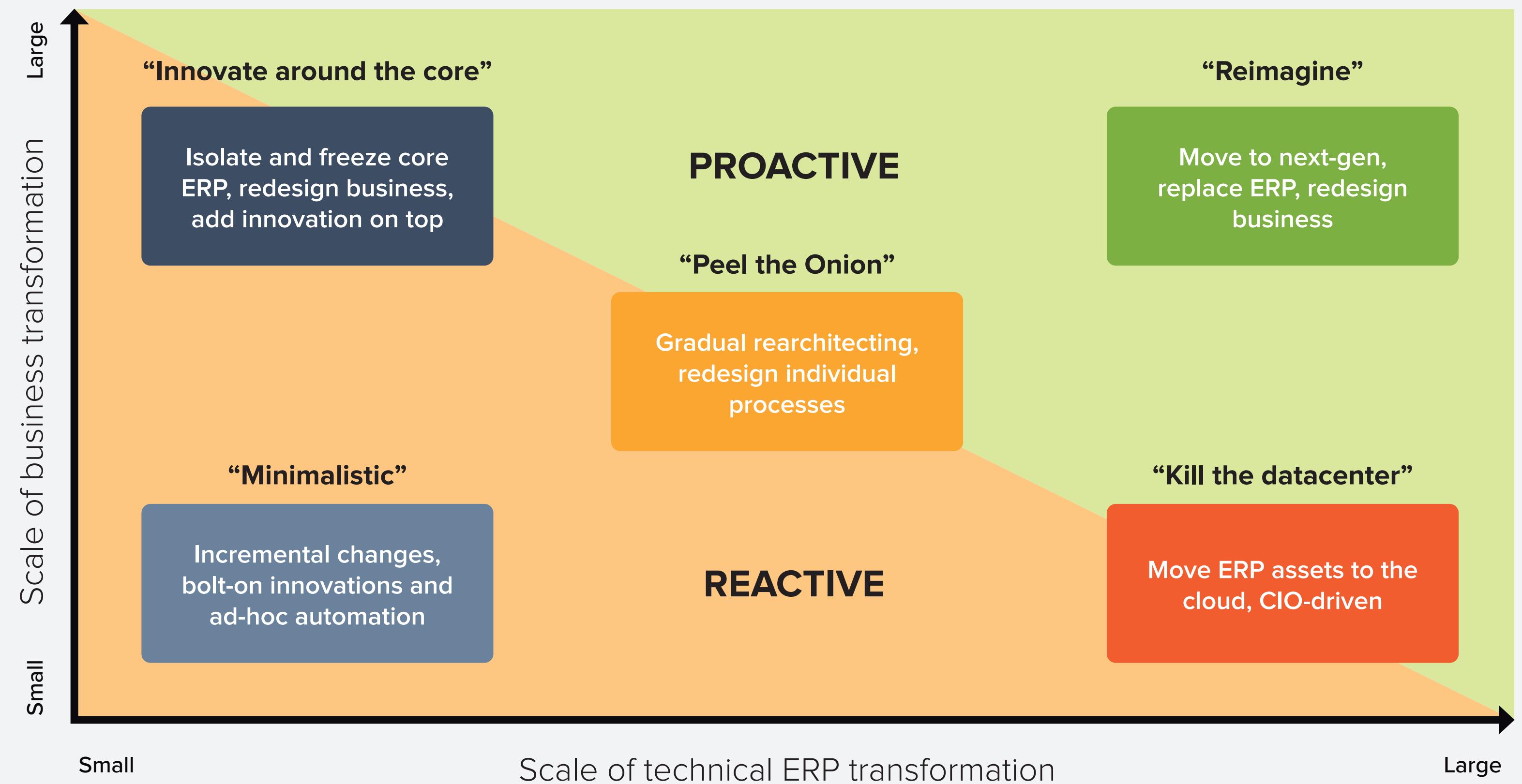


Sustainability

- To support the organization's objectives, finance must work more closely with other functions
- While this generally means a more direct working relationship, closer collaboration is also enabled through self-service capabilities

ERP & Enterprise Application Modernization Archetypes

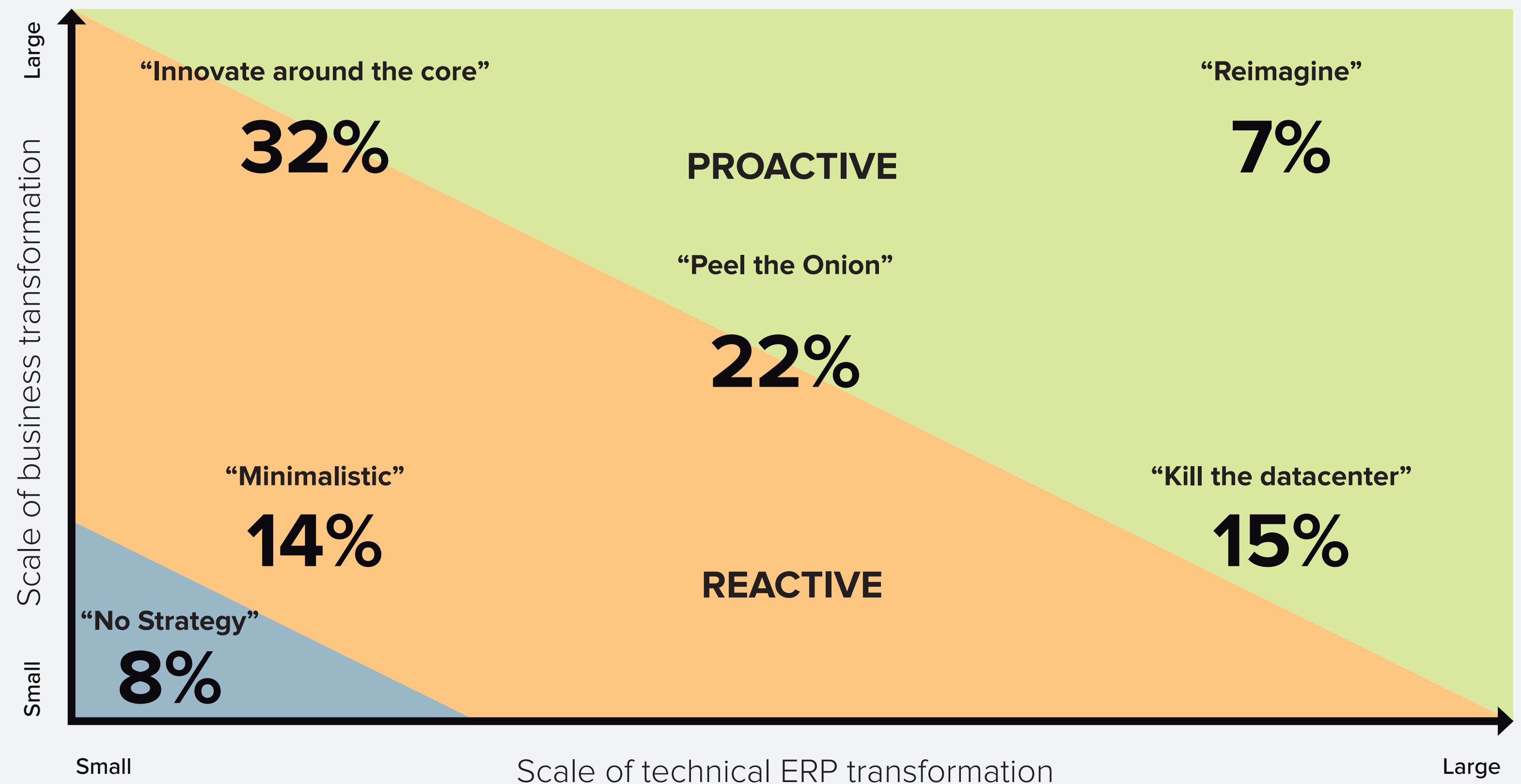
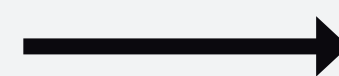
- There are many ways in which an organization can approach the modernization of its core applications, but these can be segmented according to the level of:
 - Business transformation
 - Technical ERP transformation
- Every organization will face a slightly different combination of these transformation pressures
- Here we define five key archetypes that help express the types of strategy being employed
- These strategies can be applied in combinations and in sequence to reach the desired ERP goal



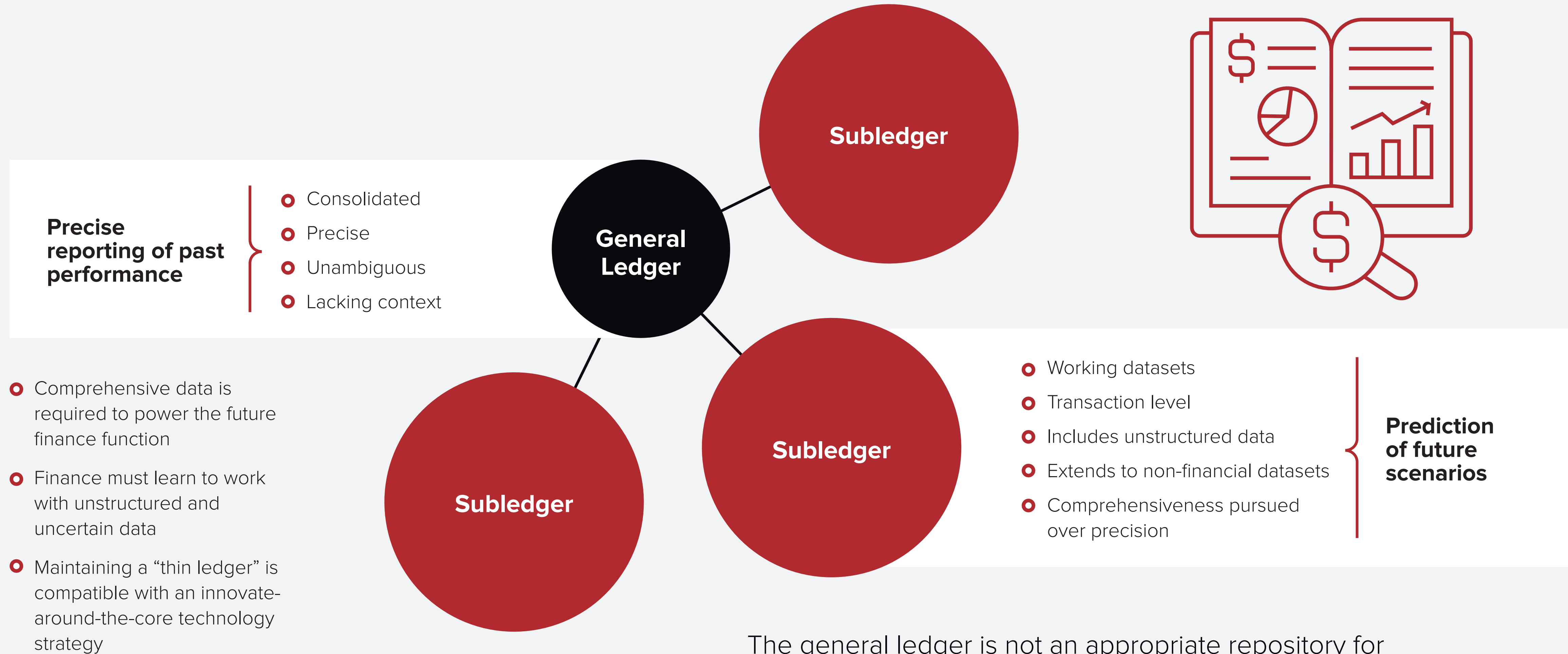
“Innovate Around the Core” is Currently the Most Popular Scenario Among European Organizations

- Currently, the most popular approach to modernizing ERP is to “innovate around the core” (32% of organizations)
- New applications are adopted to boost capabilities while existing systems are left unchanged
- A further 22% of organizations will gradually replace their systems one process or business function at a time

Which of the following statements represent your current ERP modernization strategy:



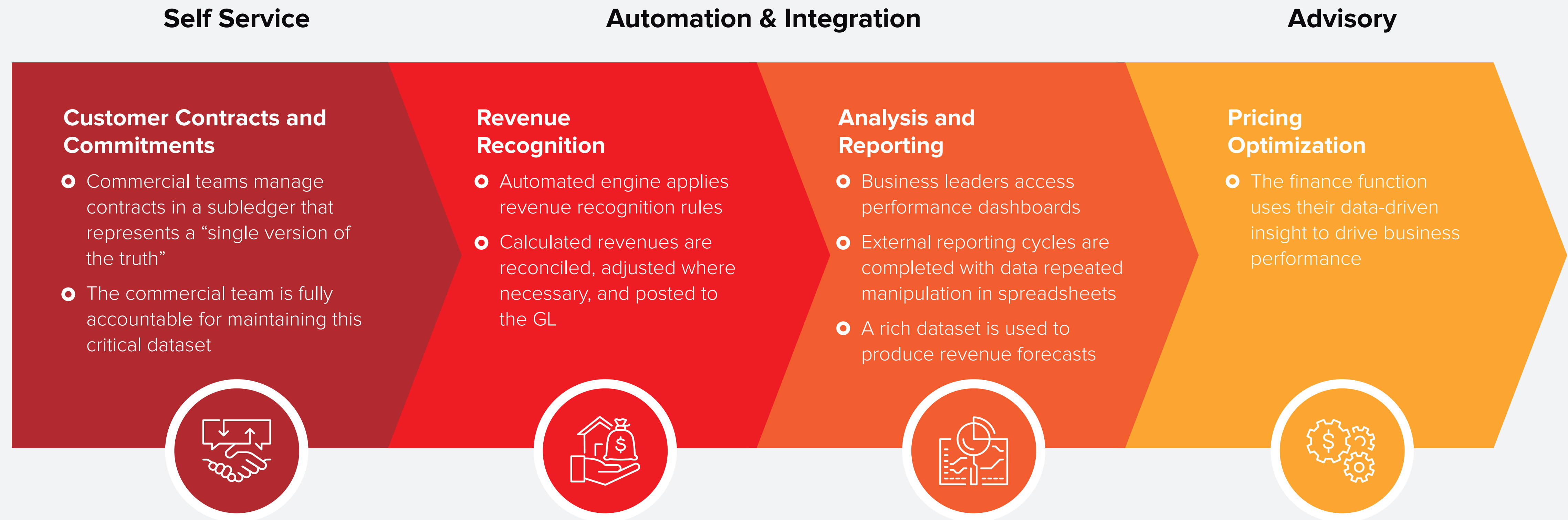
The Thin Ledger



The general ledger is not an appropriate repository for the rich data that will power predictive analytics

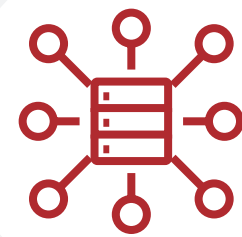
Revenue Management

The pillars of the modern finance function exemplified in the revenue management process



The finance function’s resourcing shifts from data aggregation and calculation to forecasting and advisory

Recommendations



Build a data strategy

- Plan for a large expansion and diversification of the data which the finance function manages and interrogates
- Develop a talent pipeline to support the function's data management needs
- Work with the CIO to develop a technical architecture that can support both the function's statutory needs and its extending role



Non finance personas

- Carefully consider the needs of the full array of finance stakeholders and their needs
- Plan to serve operation personas with self-service options and strategic personas with advanced tools backed by advisory



Don't hesitate

- Modernization of the finance function can't be allowed to lag the customer facing parts of the business
- Select a technology strategy that front-loads the benefits, while spearheading a comprehensive technology renewal

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