

On the Clock

The Future Is Already Here,
and CFOs Need to Transform
Finance to Survive



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Ready or not – Finance of the future is here

Finance Transformation is not a new concept—CFOs often hear about new digital technologies, the concept of automation, efforts to standardize manual processes and the need to re-tool the workforce. In many cases, Finance executives consider these opportunities, but ultimately decide against pursuing them because it is either not the right time or it is unclear where they should begin.

The truth is, CFOs need to embrace Finance Transformation — and the people, process and technology driving it — right now. **Finance Transformation is here whether you are ready or not.**



CFOs are faced with two options: Spearhead Finance Transformation themselves or let another line of business (or worse, an external management consultant) lead the charge. Finance Transformation is happening — it has already started — and by taking the reins, CFOs can directly influence their organizations' vision for the future and establish themselves as the strategic partner the business needs.





Why is Finance Transformation urgent now?

Finance teams are facing an entirely new world in 2020, with expectations to not only help steer their teams through a global crisis, but also to become more efficient and productive in the process. In light of the increasing demands placed on CFOs, the Finance Transformation imperative has shifted from a suggestion to a must-have. Those who transform will thrive, and those who do not will struggle to survive.

Continuous business disruption and uncertainty stemming from ever-changing economic conditions and evolving business needs are forcing nearly all Finance organizations to adapt to best support the needs of the enterprise. The office of the CFO is under extreme pressure to act as a launching point for sustainable transformation within their organizations.

CFOs today are expected to drive toward becoming cheaper, better and faster and those demands will only increase in the coming years. Gartner predicts that by 2024, businesses will have **reduced their operating costs by 30%** by replacing or redesigning existing processes and extensively leveraging more advanced automation technologies.

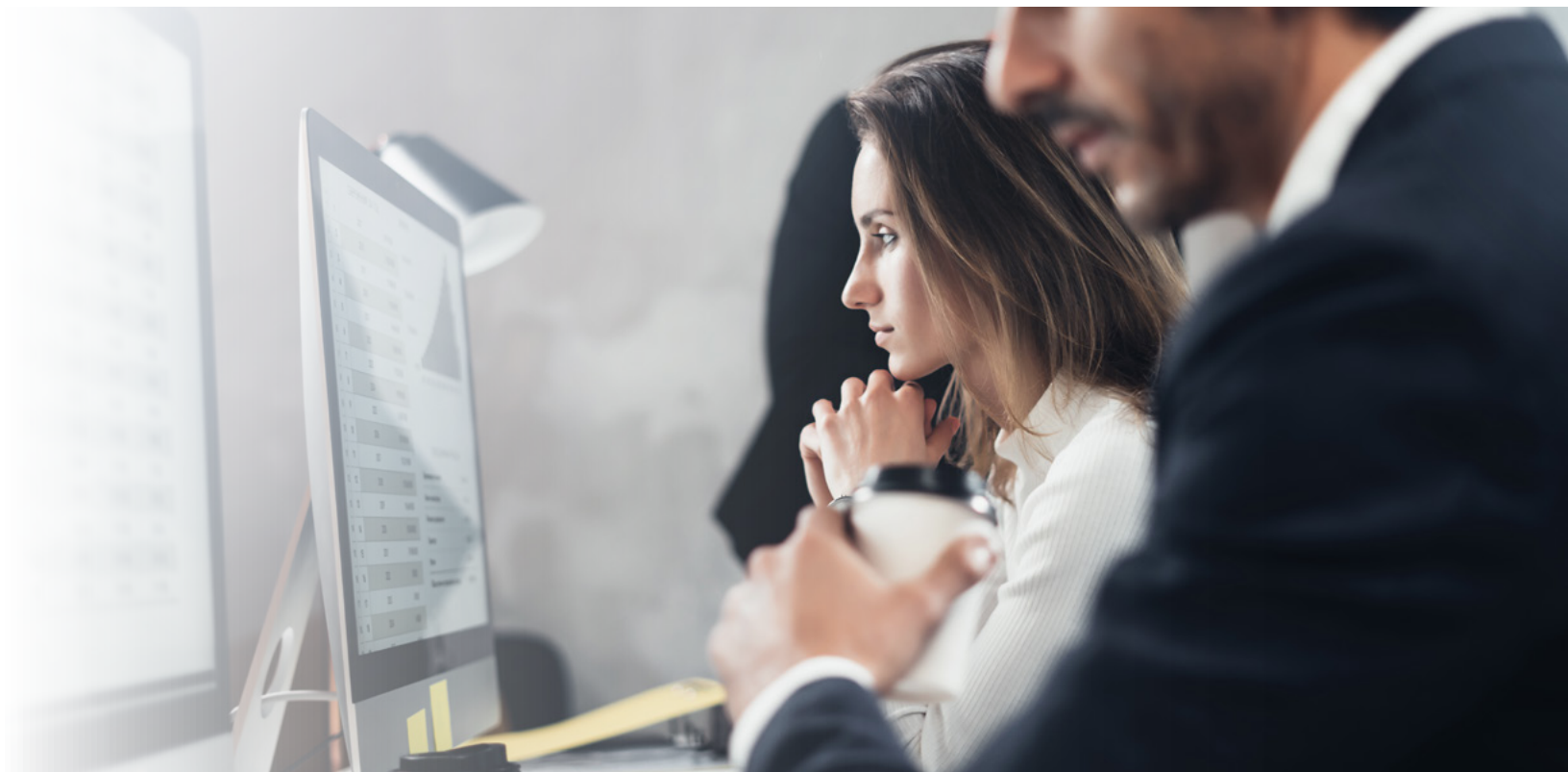
The time to act is now

CFOs are envisioning the immediate need for transformation and are acting fast to respond. The competition is already moving with Finance Transformation, and companies that do not act will fall behind.

A 2019 NetSuite Brainyard survey of 166 CFOs revealed that:

- **74%** believe AI and machine learning will **improve the Finance department**.
- **55%** see better, faster reporting as a key priority in the next two years.
- **54%** have already transitioned the majority of their technology tools to the cloud.
- **39%** listed implementing new financial technology as a key priority over the next three years.

According to 62% of survey respondents, there are a number of obstacles to overcome in beginning the journey. Specifically, organizational culture and lack of transformation expertise were mentioned as two key limiting factors.



The new normal

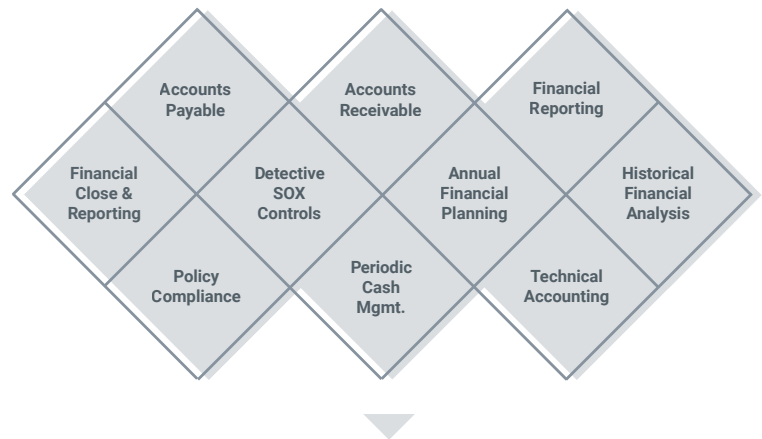
Digital technology is already changing Finance, and more developments are on the way. As it heads toward the future, Finance will see three fundamental shifts to the nature of work itself: **automate, augment or add.**

The 3 A's

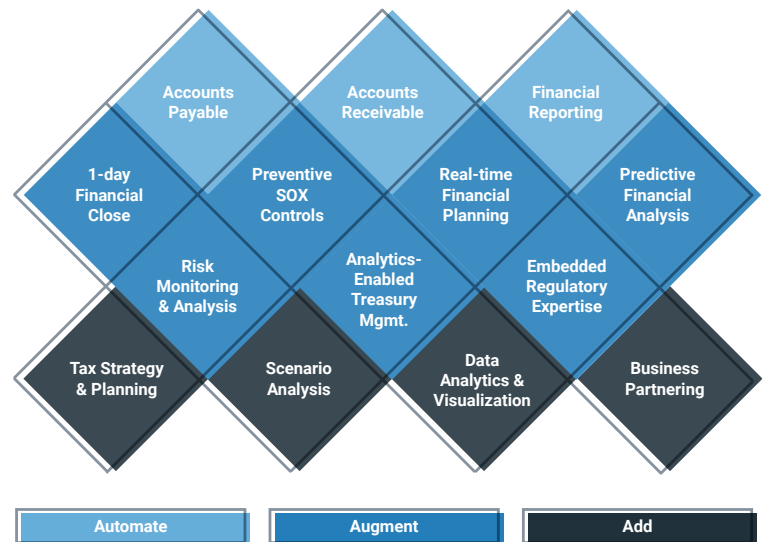
- **Automate:** Repetitive work can increasingly be done entirely by Robotic Process Automation (RPA).
- **Augment:** Humans can work together with machines to expand capabilities.
- **Add:** Finance has new expectations to add value to the business.

In aggregate, these shifts will propel Finance to a new way of operating—a world in which Finance will be able to deliver more value at a lower cost point.

TODAY'S FINANCE ORGANIZATION



FINANCE OF THE FUTURE



With this new future comes a dual mandate for the CFO:



COST EFFICIENCY

Finance should perform transactional work cheaper, better and faster.



BUSINESS PARTNERING

Finance must evolve in order to create strategic and value-add services to the business.

To prepare for the what is next and to stay competitive, CFOs need to take control of their future. At CFGI, we recommend defining a comprehensive roadmap that incorporates your entire transformation strategy and sets a path forward.

The path to achieving Finance Transformation and embracing “Finance of the Future” starts with five key questions:

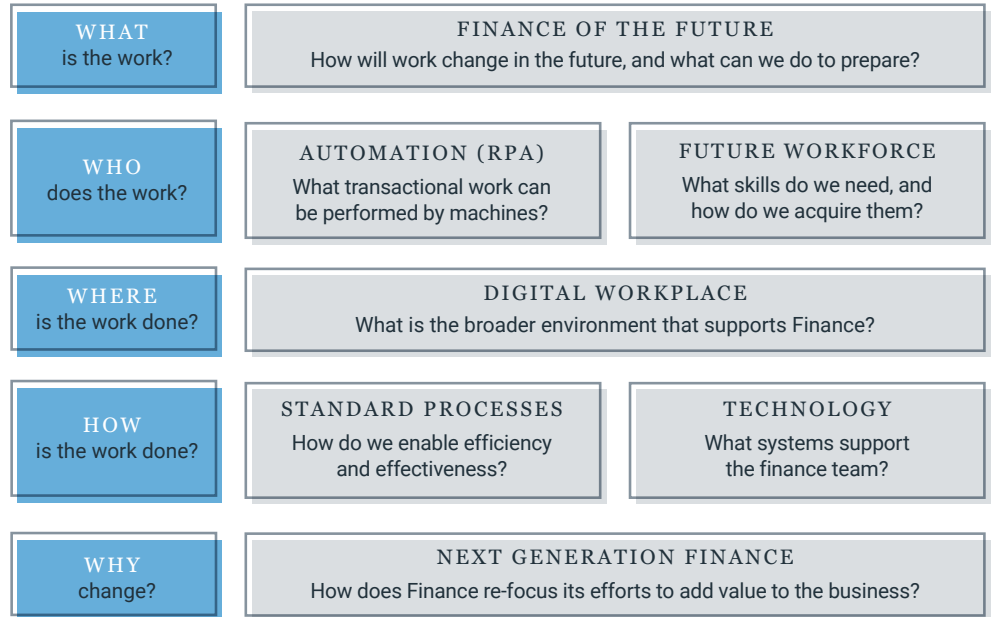
- **What** is the work?
- **Who** does the work?
- **Where** is the work done?
- **How** is the work done?
- **Why** change the way you work?



FINANCE “DISRUPTORS”

- Digital Transformation
- Operating Model Optimization
- Cost Reduction
- Business Growth
- Future of Work
- Location Strategy & Remote Work
- M&A / Divestitures
- FP&A Optimization
- Close Acceleration

FINANCE TRANSFORMATION



To stay competitive, CFOs need to take control of their Finance Transformation strategy with a holistic approach that prioritizes people, process and technology.

Your roadmap should incorporate your entire transformation strategy, setting a path toward the future of Finance.

We believe this includes:

- Your potential for automation.
- Your future workforce skills.
- Designing a digital workplace.
- The right technology and systems.
- Redefining processes for the future.
- Becoming a true business partner through financial planning and analysis (FP&A).



Rather than develop a plan and deliver it directly to the Board of Directors, CFGI partners with the CFO office to scope out a holistic roadmap that brings your Finance Transformation vision to life. We identify the opportunities for advancement from a people, process and technology perspective, giving CFOs a clear plan of action to take to their Board. This approach empowers Finance leaders to spearhead Finance Transformation from the outset.

No two journeys are alike. The best transformation plans are customized to the unique needs of the organization. We have outlined seven focus areas to help you get started. Approach these holistically rather than linearly as you begin your transformation journey.



Focus Area #1:

Assess your automation landscape

RPA offers the opportunity to operate efficiently and at a lower cost point by automating repetitive tasks like transaction processing (accounts payable, accounts receivable, etc.) while freeing up time for your employees to focus on higher value-add tasks like FP&A and treasury.

Automation is one of the major driving forces behind Finance Transformation, delivering immediate cost-saving benefits while laying the foundation for further development and innovation. Finance is ripe for automation since so many internal processes are rules-based and repeatable.

Expanding the reach of RPA and other forms of automation to manage repeatable Finance processes can unlock significant productivity gains within the organization. In particular, RPA solutions automate error-prone or time-consuming jobs that prevent employees from focusing on more strategic work.

Gartner estimates that as much as 30% of an accounting department employee's workday is devoted to rework jobs **that could have been automated**. That adds up to approximately 25,000 working hours per year for companies with 40 full-time accounting employees.

A 2018 McKinsey & Company study revealed that 27% of Finance tasks **could be fully automated** with the latest cutting-edge technology. Finance organizations and their companies stand to benefit immensely when they take full advantage of automation opportunities and pair those efforts with business process improvements.

In dollar figures, that would equate to approximately \$878,000 spent each year by organizations of that size on unnecessary rework tasks.

New automation technology, including RPA supported by artificial intelligence, extends the reach of automation beyond the walls of the Finance department and other back-office functions. For instance, Gartner predicts **that front-office RPA applications will also increase 30% by 2023**.

Where to begin Finance automation

As noted, Finance is a great place to start building an automation foundation, as many of the procure-to-pay, order-to-cash and record-to-report processes are rules-based and can be easily automated.

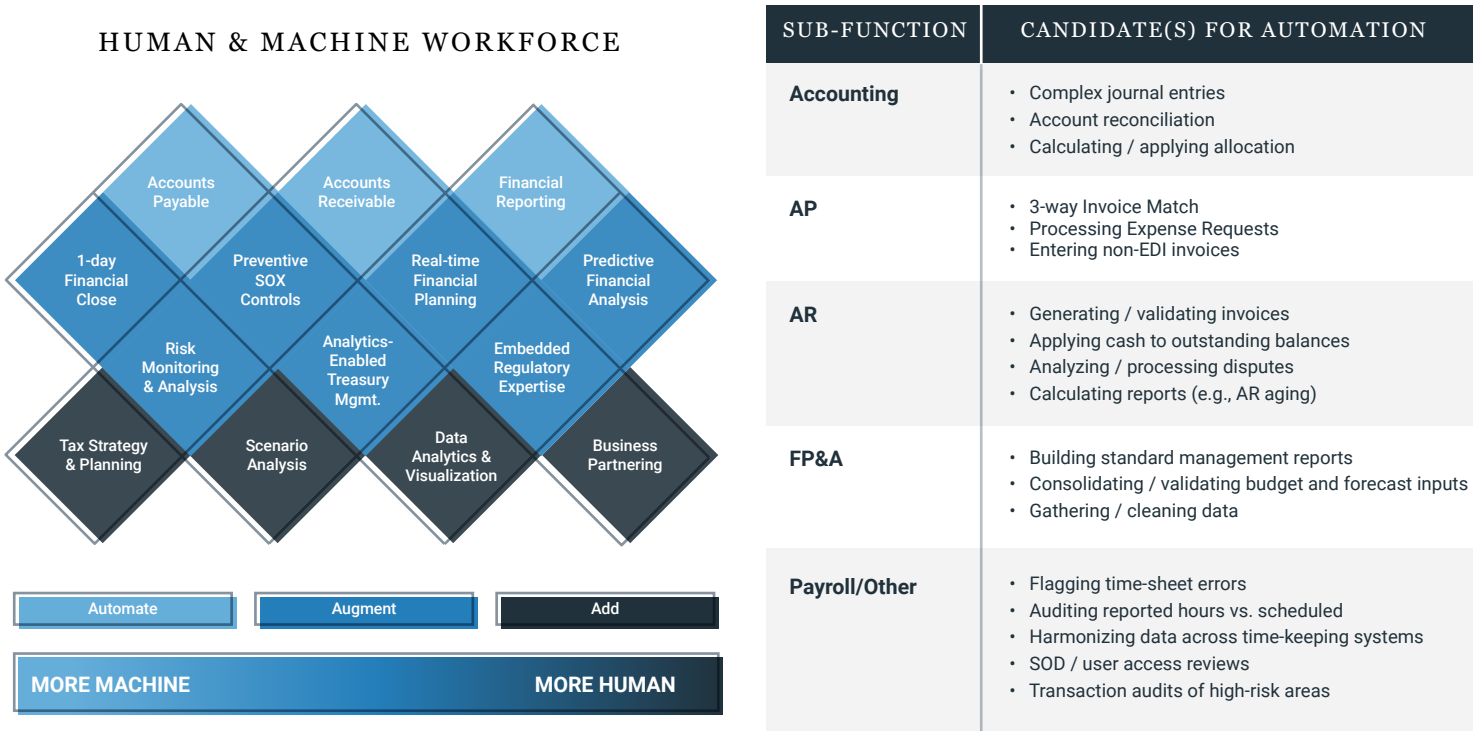
Those initial forays into automation are important for widespread adoption because they establish the tangible value of the technology, provide clear applications and build institutional support with both executive leadership and ground-level employees.

By incorporating this technology before other departments and business units, CFOs are setting the tone for the organization as a whole through automation. They are embracing new technology to lower costs, mitigating the risk of human error and increasing efficiency.

It is important that initial Finance automation projects are successful to serve as a proof of concept, demonstrate the value of the technology and start building a solid foundation for further development. The first automation projects should target areas that present a combination of high ROI and lower organizational risk and complexity to deliver immediate results and gain organizational support.



We recommend looking at the following areas when thinking about automation:



Always keep the company’s end goals in mind when selecting initial automation projects. Any Finance Transformation roadmap needs to include both the automation solutions CFOs plan to use and the specific processes they plan to automate. Create a launch strategy for every new rollout to minimize operational disruption and increase user adoption. Pilot programs should serve as useful guides to clearly demonstrate ROI and point toward further opportunities for automation.

In many cases, successful approaches begin with low-hanging fruit that can deliver immediate results and increase the company’s understanding of automation tools and their capabilities. That is why automation so often begins in the Finance department. Those early successes pave the way to new processes that can be streamlined and enhanced through automation.

Focus Area #2: **Re-skill your workforce** **for a digital world**

Finance leaders will soon find themselves managing a joint human and machine workforce. With advances in technology, it becomes important to think about the workforce differently because they will be doing new and different work that requires a new set of skills.

Your workforce and your technology working together can deliver more value in a more efficient manner. Automating work that can be rather tedious frees up the workforce to do more value-add and rewarding work that takes advantage of people's specialized knowledge and skills while lowering operational costs and driving more value through the Finance organization.



Bridge the divide between man and machine

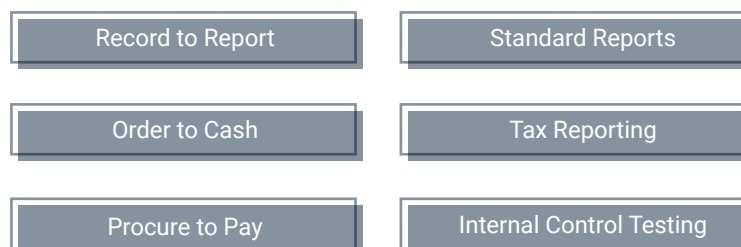
We do not see a world where Finance employees cease to exist. Instead, we see a shift from more traditional accounting and Finance operations work to newer work like scenario modeling and business partnering. As the nature of Finance work changes, employees will also need to adapt and evolve.

In this new world, business acumen and technology savviness will become increasingly important. Technical skills like data analytics and visualization (including fluency with tools like Tableau and Alteryx) will be combined with softer skills like business partnering and storytelling.

Finance workers of the future will need to understand how to best leverage technology to pursue business goals and continually improve the way their companies operate. We envision a shift from disrupted work to new Finance work that leverages innate human strengths.

DISRUPTED WORK

RIPE FOR AUTOMATION



Enabled by...



RPA



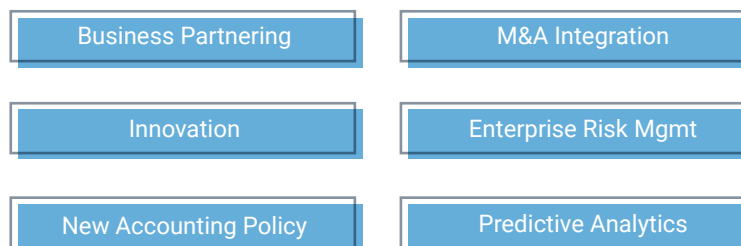
Cloud



Machine Learning

NEW WORK

NEW FINANCE WORK



Enabled by...



A.I.



Cognitive

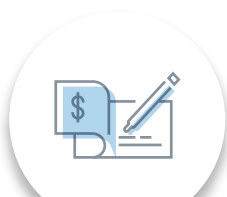


Data Visualization

The office of the CFO plays a key role here. Finance leaders must be able to identify what skills their workers need to be successful in the future and create a plan to access those skills. In some cases, that may be accomplished through internal training, but other scenarios will require new talent to be brought onboard to fill skills gaps.

At CFGI, we position this challenge as a simple question: **Buy, build or borrow?**

CFOs must determine the most effective solution for every situation, balancing onboarding costs against the logistics of training while assessing the state of institutional knowledge.



STABLE SKILLS “BUY”

Recommendation:

Acquire lower cost skills that are easily found in the market

EXAMPLES

- Financial Reporting
- Transaction Processing
- Accounting Policies & Procedures
- Close & Consolidation
- Technical Accounting
- Billing & Payments
- Historical Reporting
- Budget Tracking
- Capital Allocation



HOT SKILLS “BUILD”

Recommendation:

Create learning programs to upskill cost-prohibitive skills

EXAMPLES

- Data Analytics
- Visualization & Storytelling
- Business Partnering
- Scenario Analysis
- Decision Support
- Transformation & Innovation
- RPA Oversight
- Tax Planning & Strategy
- Financial Modeling



EMERGING SKILLS “BORROW”

Recommendation:

Leverage off-balance sheet talent to bridge the gap and keep abreast of new skill needs

EXAMPLES

- Predictive Algorithms for Planning, Budgeting and Forecasting
- System Selection & Implementation
- Mergers & Acquisitions Integration
- Master Data Management
- Automation Prioritization
- Technical Tax Knowledge
- Surge Support for High-Volume Periods (Quarter-End Close, Year End Audits)

Focus Area #3: Create a digital workplace

Once CFOs have answered the question of who will do the work and how the work will be completed, Finance leaders will want to address the broader environment in which work is done, including physical location and the organization's work policies and company culture.

With the recent developments surrounding 2020's novel coronavirus pandemic, remote work is at the top of every executive's mind, and that includes CFOs. Fallout from the COVID-19 crisis has pushed remote work on businesses everywhere, many of which were not prepared to make this seismic shift in daily operations.

Beyond purely physical considerations, Finance leaders will need to think of the workplace in terms of a few other key criteria:



Changes in the Finance workplace often occur in response to pressing business challenges and broader organizational goals, but CFOs need to be more proactive in planning. Consider the path the company is on and where it needs to go to succeed. What does that organization look like? What obstacles need to be overcome to realize that vision of the company's future?

Here are a few of the challenges we have seen in other companies and some tactical solutions they have used to address those issues:



Start planning for the future now, and begin reshaping the organization for success. Those who think ahead will be rewarded with higher productivity and a more engaged workforce.

Focus Area #4:

Identify the technology to support a digital Finance team

Having considered what Finance will look like in the future and how their teams will operate, CFOs can begin assessing their long-term technology requirements. Without a technology suite that meets the needs of the business, it becomes much more difficult for the company as a whole — and Finance organizations, in particular — to operate efficiently and effectively.

More than ever, technology investments are falling under the purview of the office of the CFO. Finance leaders are in a strong position to guide these conversations and leverage new technology to drive innovation and change throughout the enterprise.

Finance leaders are expected to lead or advise technology stack purchases, while also coordinating with IT stakeholders to develop a strategic long-term technology roadmap.

As noted earlier, Finance organizations need to work cheaper, better and faster. Over the next few years, CFOs will be required to do the same amount of work they are doing today at a fraction of the cost.

New and emerging technology makes these seemingly high benchmarks attainable, but only when CFOs take a holistic approach that accounts for people, process and technology.

Conversely, focusing exclusively on the technology without considering how it will impact work and critical processes often leads to companies selecting the wrong tools.

Those investments rarely provide the degree of ROI that has been promised, which reflects poorly on the CFO office.

A best-of-breed approach will help CFOs get the right tools for their needs, but there are numerous technologies, solutions and vendors to consider.

Underscoring this trend, marketing industry analyst Scott Brinker has recorded a stark increase in marketing technology, including automation, customer relationship management (CRM) and analytics tools, from 150 vendors in 2011 **to nearly 8000 in 2020.**

Where to begin optimizing the Finance tech stack

Knowing where to get started with so many options can be difficult, especially given the high cost of poor investments. Finance leaders cannot afford to purchase and implement technology solutions only to find out they are poorly suited for the company's needs.

CFOs should identify what technologies and tools will help Finance teams work faster and more effectively and deliver clear value to the business.

We recommend **five steps that CFOs should take** to make technology purchase decisions and optimize the Finance tech stack:

1. Conduct discovery on the existing tech stack

Assess your own digital landscape, identify the gaps in your organization's technology environment and create a technology roadmap to support future requirements. A 2020 Gartner report found that 79% of FP&A leaders stated their technology environments were **not properly aligned with their companies' future requirements**.

2. Define data strategy and architecture requirements

Map out the organization's entire data structure and architecture to better understand who owns each component and how data is processed. Create integration strategies to create a cohesive environment that supports day-to-day transactions and data capture.

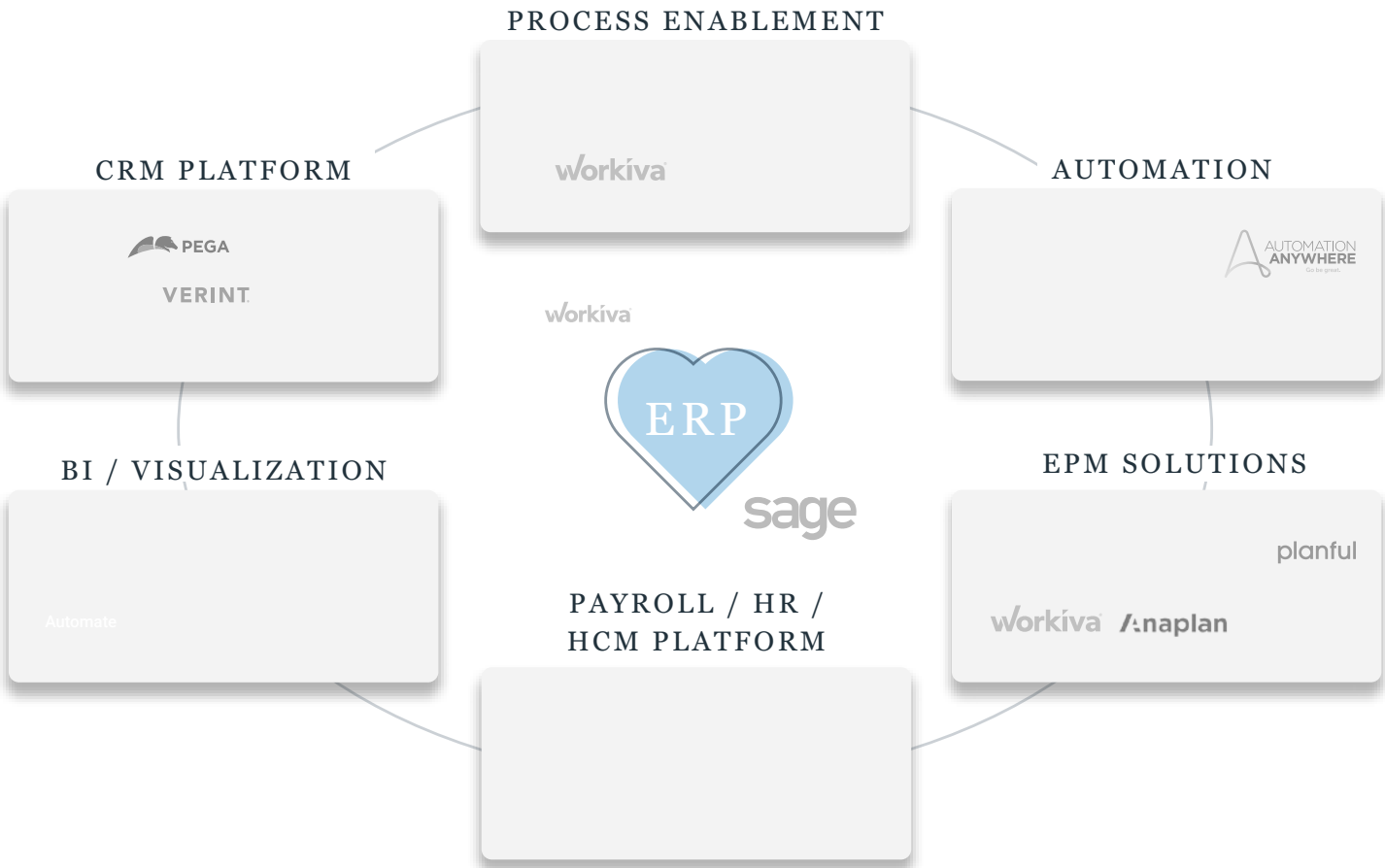


3. Refine vendor options to select the best candidates

At the outset, CFOs will likely have an enormous list of potential technology vendors and solutions to consider. Taking a strategic approach to the vetting process will help Finance leaders quickly condense the list of vendors to a select few that meet the business’s most immediate needs.

Finance technology solutions run the gamut, but we believe an understanding of the current landscape can help.

Here is what we have seen:



4. Create a comprehensive implementation plan

Any new technology solution will be disruptive to a degree, so CFOs need to devise a plan to streamline implementation and minimize any unintended fallout. It is important that Finance teams review existing business and operational processes and identify which ones need to be replaced or re-engineered to support new tools.

5. Implement solutions under CFO ownership

As Finance teams implement technology solutions, take the time to assess both current and new systems and processes, looking for ways to improve upon them. Making those adjustments at the point of implementation can reduce unexpected costs and inefficiencies, increasing the ROI of the organization's technology investment.

The key to successfully adopting the latest technology is to align those investment decisions with tangible business goals and requirements. Purchasing cutting-edge technology without a clear application and objective in mind will not produce clear value for either the Finance team or the broader enterprise.



While many organizations find a shiny tool to implement, successful CFOs will find the right tool to support the Finance team's needs. CFGI approaches Finance Transformation with a phased strategy to **identify the best solutions for every scenario and determine the most effective way to implement those tools:**



Discovery & Planning

Analyze your current technology stack, clearly define and document your business needs, and develop a plan to enhance your systems and capabilities.



Data Strategy & Architecture

Define and map your data structure and architecture across your tech stack through data structures and flows diagrams to facilitate system integrations and clearly define data ownership and governance.



Search & Selection

Based on the requirements identified, research potential vendors to determine which better address those needs to narrow the focus to the best tools available for your specific needs.



Implementation

Define your implementation and integration strategy and roadmap to effectively manage the implementation.

CFG I's expertise and diligence ensures new technology is properly aligned with business goals and delivers the results CFOs expect. Selecting the right software solution is more difficult than ever, and we can help you find your way.

Focus Area #5:

Redesign processes to meet Finance of the Future

Up to this point, we have briefly touched upon the need to update or replace certain processes, but lasting transformation will require a rethinking of your internal processes and some will need to be re-engineered, removed or replaced.

Depending on the company's specific circumstances, Finance leaders may have to address other factors that complicate process redesign requirements. For instance, if they have recently undergone or plan to undergo a merger or acquisition, companies will face a wide variety of integration issues. Meeting the demands of business partners is another complicating factor to consider, especially if workflows carry over from one function to another.



Those concerns do not take into account any number of technological issues or integration problems that might arise when reshaping a company with Finance Transformation in mind. The more technology, processes and people become intertwined, the more they impact each other.

Where to begin redesigning processes

CFG I recommends that CFOs work with process owners and stakeholders to inventory the key processes in the Finance organization while determining where opportunities for improvement may exist.

This assessment should include an understanding of how much time people spend on non-value, manually intensive and error-prone tasks and will inform the path to improvements that will deliver the biggest impact on day-to-day operations.

Here are some key questions to ask:

- **Standardization:** Does the entire process have clear components that are standard and repeatable? Who performs those standardized processes, and are they rule-based? If so, are they a good candidate for automation?
- **Clarity of process ownership:** Who owns each piece of the process or sub-process? If multiple systems are involved, who owns the data used in those processes?
- **Key performance indicators:** Does the organization have strong key performance indicators in place to ensure a process is working effectively? What is the follow up procedure and governance structure surrounding the Finance organization?
- **Pain points:** Where do Finance teams struggle the most with their current processes?



CFOs should consider future goals and demands when assessing their organization's processes. How will the organization's operations change to continue meeting its business goals for the next 5-10 years? What does the ideal version of the company's future look like?

In our experience, **we believe a redesign effort should focus on the following criteria of an optimal future state:**

CHARACTERISTICS OF THE 'OPTIMAL' PROCESS



SCALABLE

Enables business revenue to grow exponentially, while staffing grows linearly or incrementally



TRANSPARENT

Enables the appropriate stakeholders to accurately, thoroughly and unambiguously understand the components and moving parts of the operating model



EXTENSIBLE

Enables new business functionality (i.e., activities, procedures, technology, mechanisms, roles) to be added quickly and seamlessly



HIGH PERFORMING

Effective in producing customer value and efficient in the utilization of resources to create customer value



ADAPTABLE / NIMBLE

Enables proactive early identification and rapid effective response to the shifts and changes in the business environment



ROBUST

Stability of the future-state at the tactical, operational and strategic levels to leverage the organization's strengths, exploit opportunities and mitigate threats from shifts and changes in the business environment



While assessing and redesigning your processes is not often as glamorous as other components of Finance Transformation, there is tremendous value in the details. Even small changes to internal processes can dramatically improve operational efficiency and employee productivity.

As such, any Finance Transformation roadmap should articulate which processes will be replaced or redesigned over the years and how new processes will be rolled out.

Managing process change demands can be difficult because they span both technical and operational considerations. CFOs need to bridge the divide between system implementation teams and Finance workers to find solutions that support both people and technology. Depending on your needs, leveraging a transformation partner that speaks the language of Finance and technology may be beneficial in helping to align these efforts, particularly as you ramp up the transformation process.

Focus Area #6:

Become a better business partner – Build your FP&A capability

Process standardization, technology integration and automation are all great ways to increase business capacity and give employees more time to focus on value-driven work. No longer tethered to transactional or inefficient tasks, Finance teams can be redirected toward more meaningful and strategic work. This is especially important at a time when Finance organizations are increasingly expected to work shoulder-to-shoulder as a partner to the business helping to guide and implement key strategic decisions.

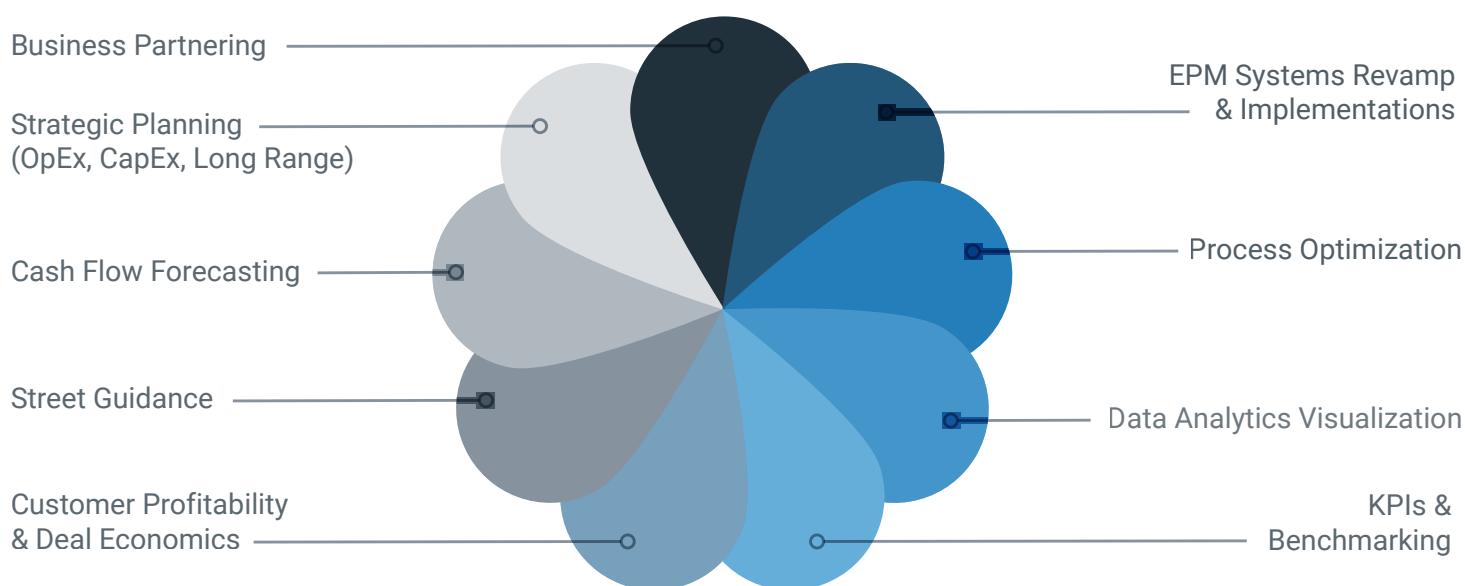
We believe that the CFO's Financial Planning & Analysis function, which sits at the intersection of financial knowledge and business value will become increasingly relevant and important. We see a world in which transactional accounting and reporting are becoming increasingly standardized and automated, and business Finance (i.e., FP&A) is growing in both size and visibility.

FP&A teams will enable the CFO's mandate to deliver data-driven insights that support strategic decision-making. To truly evolve the FP&A organization, a combination of new technology, processes and skills will be needed.



Many Finance teams are not properly prepared to support this strategic direction, either as a result of poorly aligned technology, inadequate employee skills or ineffective analytics tools. A 2020 Gartner survey found that 80% of FP&A leaders **cited insufficient analytics skills** as a major barrier to successful operations. CFOs need to think holistically about what their “north star” for FP&A should be and begin to define a plan to build out that capability.

Here is how we envision a best-in-class FP&A function:



A strong Financial Planning & Analysis (FP&A) capability sends a message to the business that you are serious about becoming a strategic business partner and that CFOs deserve a seat at the decision-making table.

Focus Area #7:

Select the Right Transformation Partner

Finance Transformation requires a combination of specialized expertise in Finance, digital technology and operational excellence. Transformation efforts are done well when started as an executive-sponsored effort but evolved into a continuous improvement culture that is owned and executed by the “doers” of the organization.

CFOs have traditionally relied on one of two options to assist them in navigating their transformation initiatives — either go it alone or leverage a top-down traditional consulting firm. Now there is a third option — enable your own transformation program with CFGI.

Bootstrapping the effort may leave you short of the expertise you need to execute, but traditional consulting firms fail to generate the momentum needed within your organization to drive transformation.

CFG I presents a “best of both worlds” solution. We serve as an extension of your team, providing you with the expertise and manpower you need to execute while letting you control your transformation agenda. We believe meaningful lasting value is driven by people empowered to initiate change from within.

When delivered with a high degree of empathy, rigor and responsiveness, change is successful. We prioritize an exceptional customer experience as much as we do know-how!

SERVICE DELIVERY ATTRIBUTES	CFG I	TRADITIONAL CONSULTING
	Internal Enablement	External Consulting
Expertise The experience, skill and talent to partner with private equity firms and their portfolio companies on the change journey.		
Empathy A deep understanding pulled from our experience as a portfolio company of The Carlyle Group of who clients are and how to drive tangible, sustainable value for them.		
Flexibility The ability to mold and quickly adjust methodology to each client’s needs as they arise.		
Client control A focus on empowering clients with the tools to change from within.		
Responsiveness A fluid, open line of communication and the willingness and ability to listen.		



Together with CFGI, you can bring your vision to life by crafting a roadmap identifying opportunities across people, process and technology that is tailored to your unique circumstances and demands.

With this information in hand, Finance leaders can more clearly articulate a path forward to the Board, their teams and other stakeholders, detailing where efficiencies can be gained, what changes need to be made and what technology should be implemented. CFOs have an opportunity to take charge of Finance Transformation and position themselves as strategic and innovative leaders within their organizations.

You can begin your transformation journey by seeing an example of a CFGI-created roadmap by [clicking here](#).

Contact us to learn more about our [Finance Transformation offering and our expert support team](#).

Acknowledgements

Key Contributors:

- Ryan Sullivan, Workforce of the Future
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- Rob Winslow, Digital Workplace & Process Redesign
- Oscar Palacio, Technology Stack
- Brian Scheel, Automation & Digital Transformation
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We currently work with clients throughout the US and internationally. Our offices are conveniently located in Boston, New York City, Philadelphia, San Francisco, Washington D.C., Dallas, Stamford, Charlotte, San Diego and Los Angeles.

Call or email us today to begin a dialogue. We will show you how a consulting relationship with CFGI can provide both immediate benefits and lasting effects.

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