



# Positioned to adapt, ready to thrive

**UAE CFO survey - 2021**

November 2021

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# Foreword

As the modern organization evolves and businesses expand across jurisdictions, the finance function is increasingly shaped by new technologies. And the chief financial officer (CFO) is at the forefront of this transformation.

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To better understand the opportunities and challenges faced by the finance function, KPMG Lower Gulf conducted a survey amongst CFOs. This report offers a glimpse into the mind of the modern CFO, exploring the issues, opportunities, focus areas and challenges she or he may face.

While survey results show the finance function's transformation continues apace, CFOs face a multitude of challenges. Illustrating the potential for change, two of the top three challenges cited—digital maturity and talent management—are controllable factors (unlike the third challenge: economic uncertainty). While the solutions to these challenges are complex, we attempt to outline clear, actionable insights.

The report has been structured around three themes: key opportunities and focus areas; risks and barriers to change; structuring the finance function and talent management. These themes cannot be considered in isolation—a fact reflected in the consistency of insights gained across all three. In turn, many solutions and technologies are interoperable between each area.

KPMG would like to thank the CFOs who participated, as well as all other stakeholders, who contributed their time and effort to this survey and report.

We hope you find this report informative. We would be delighted to discuss the findings with you.



**Bhaskar Sahay**  
Partner  
Accounting & Finance  
KPMG Lower Gulf

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# Executive Summary

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“The CFO’s role has grown as organizations increasingly go global, aided by rapidly advancing technology, and because of a heightened need for timely and accurate data and reporting. There are now numerous environmental, social and governance (ESG) items that sit on the CFO’s desk. CFOs also feel increased scrutiny due to base erosion and profit shifting (BEPS) regulations, and a requirement for improved transparency and alignment with international standards and laws.”

**Bhaskar Sahay**

Partner, Accounting & Finance  
KPMG Lower Gulf

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The modern business is more influenced by technology and is more international than ever before. The CFO's role is therefore continuously evolving.

Historically, a CFO's role was primarily focused on the operational side of finance and other back-office activities. The scope has now expanded, requiring CFOs and finance executives to be forward-thinking and more strategic. They are now proactively seeking opportunities for growth and improvement—not only within the finance function, but across the firm.

In addition to a heightened need for timely and accurate data and reporting, there are now numerous environmental, social and governance (ESG) items that sit on the CFO's desk. Additionally, CFOs are experiencing increased scrutiny due to base erosion and profit shifting (BEPS) and a requirement for increased transparency and alignment with international standards and laws.

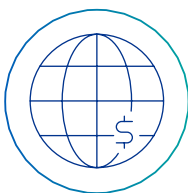
Our inaugural CFO survey reveals that the real challenge faced by CFOs is not in forming a strategy for transformation, but in its execution. While the task may seem daunting, with the right support, operating model and talent, the finance function can successfully harness the exciting new opportunities offered by the current business environment. The survey results illustrate the broad transformation occurring in finance functions across the UAE, and demonstrate the opportunities and challenges.



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## Top three challenges facing finance functions today:

Current economic environment



Digital maturity



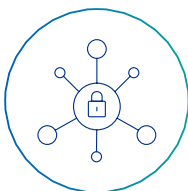
Talent management/ acquisition



More than three-quarters of respondents (11) rate analytics as one of the key opportunities for improvement within their function

## Top three barriers to transforming the finance function:

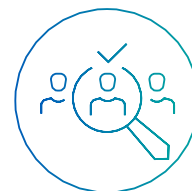
Systems complexity



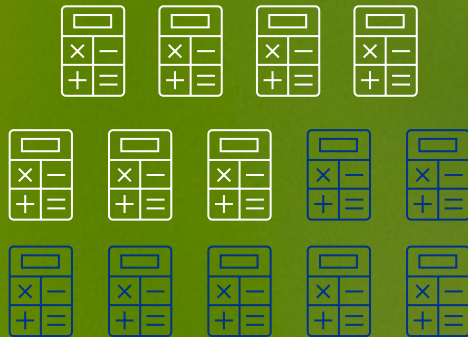
Competing priorities



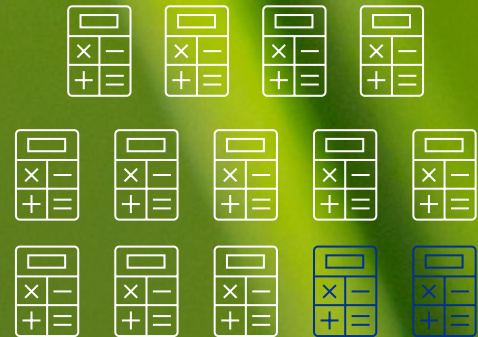
Skills shortage



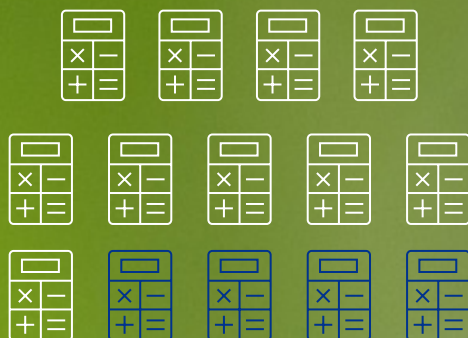
**Skillsets and human error were also identified as top operational risks within the finance function**



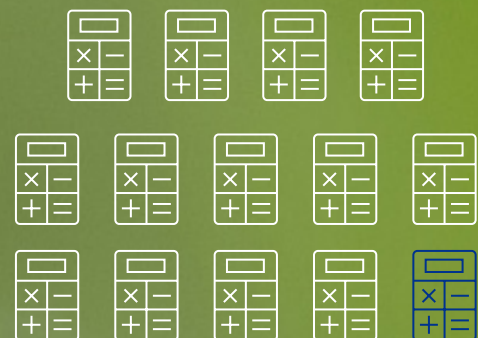
Half (7 of 14) of respondents currently outsource aspects of their finance function



More than three-quarters (12) identified team leadership and change management skills as a top finance capability to meet future demands. Less than one-third, however, believe they currently have access to the right skillsets



Approximately three-quarters (10 of 14) believe they are not currently using their ERP to its full potential



Nearly all (13 of 14) believe management and financial reporting is the area that would benefit most from automation

# Opportunities and areas of focus

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The finance function is changing from a transaction processing, historical reporting function to a business partner responsible for driving growth and profitability. In our survey, CFOs identified financial reporting and process optimization, digitalization and analytics as the top areas for improvement within the finance function.

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## Financial reporting and process optimization



Ensuring there is a common chart of accounts across finance and the business



Defining process KPIs and measuring the process against these regularly



Implementing the use of a single source of truth for data



Embedding leading practice controls throughout



Clearly defining and documenting processes, including timelines, and outlined RACIs (responsible, accountable, consulted and informed parties)



Ensuring minimal manual intervention is required

Additionally, optimization can be achieved through integration, automation and digitalization. Removing the manual component from processes reduces the risk of errors and increases efficiency.

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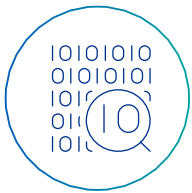
Nearly all CFOs surveyed identified management and financial reporting as the process they believed would benefit the most from automation.

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Meanwhile, automation results in improved governance, time saving, mitigation of control risks, a higher quality of output and increased accuracy and reliability of data.

The majority of CFOs surveyed stated that their automation process is either established or is ahead of their peers, displaying confidence in their organization's systems.

Where reporting can be automated, functions have increased reliance on the output, increasing the time available to focus on more strategic and value-adding activities. Additionally, automation enhances end-to-end process visibility and creates a more defined audit trail.



## Embracing digitalization

CFOs are aware of the need to embrace digitalization, yet most of those surveyed identified digital maturity as one of the key challenges faced by their function today. Examples of successful digitalization include:

- Extreme process automation through the integration of new technologies, such as cloud ERPs, robotics, artificial intelligence and blockchain
- Performance insight and analysis from automated analytics and integrated business planning
- A revised and simplified organizational structure, requiring fewer staff, a simplified hierarchy and a defined service delivery model incorporating managed services, offshore locations and strategic business partners
- More effective use of the ERP system in finance processes, resulting in increased control and a reduction in the requirement for manual intervention

A majority of CFOs surveyed stated they are not using their ERP system to its full potential.

It is important for CFOs to review the needs of their business and reporting functions and structure their digital transformation around these specific requirements. This review should also include consideration of which reporting tools have the required functionalities to meet these needs. Potential solutions include, but are not limited to, vendors such as Oracle, SAP or Microsoft Dynamics.



## Harnessing the power of analytics

Building advanced analytics into the finance function may potentially shift it from descriptive and diagnostic to prescriptive and predictive.

The CFOs surveyed identified analytics as a key opportunity for growth within their function. Finance is uniquely positioned to act as a catalyst for an analytics-driven enterprise.

Finance can process enterprise-wide data using advanced analytics, such as:

- AI and machine learning
- Driver-based results
- What-if analysis
- 'Touchless forecasting' using automated processes
- Statistical modeling
- Predicting signal changes

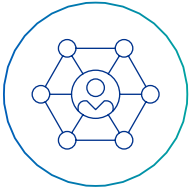


# Risks and barriers to change

Finance executives identified skills shortages, ongoing competing priorities, and systems complexity, as the top three barriers to change. Other barriers or risks included: the investment required for transformation, legacy technology within their function and internal change resistance.

All fall within the remit of two main categories: systems and technology, and people.





### **Systems and technology**

Many companies continue to use legacy technologies within their finance functions because it is either time-consuming or costly to upgrade. Over time, these legacy technologies become highly tailored to the company and processes become embedded within the team.

Older technologies may be unable to integrate successfully with newer, superseding technologies. This can result in either compromised performance or a poorly executed integration, resulting in unclear data flows and potential control gaps. This leads to increased transactional work for the finance function.



### **Optimizing human capital**

A transformed finance function requires not only the right set of skills to manage new systems and processes, but a team which is open to broadening their knowledge.

Upon the adoption of new technologies, CFOs need to undertake a comprehensive change management and retraining program to upskill employees and instill an analytics-based culture. An effective strategy for broad reskilling would be to create teams where staff with digital, finance and sales and marketing expertise can work together and learn from one another.

# Structuring and staffing the finance function

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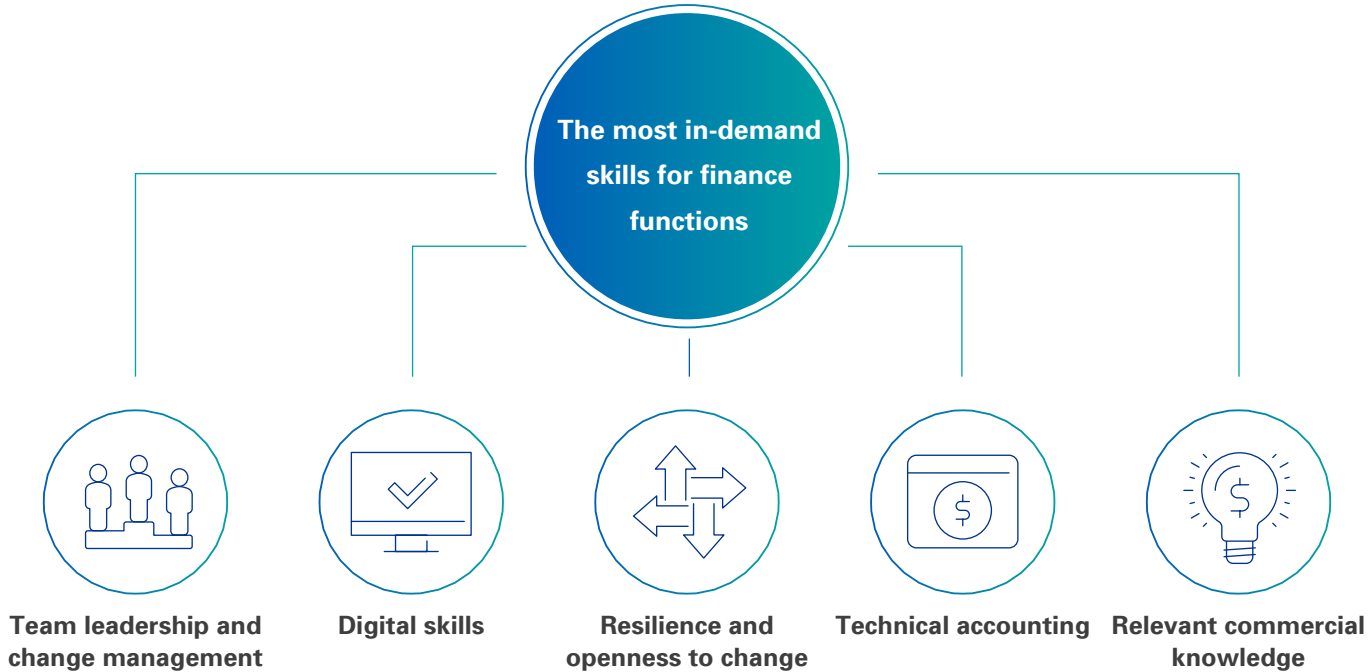
The 'structure' of a finance function not only refers to the standard pyramid structure of internal employees within the firm; it also includes a consideration of the overall service delivery model (SDM). The SDM defines "what" work is being performed, "who" should be performing it and "where" it should be performed, based on the nature and defined characteristics.

While a finance function may have been wholly internal historically, more and more companies are outsourcing work to external third parties, such as shared service centers (SSC) or under a managed service arrangement. These arrangements can result in cost savings, increased access to a wide variety of talent, and reduced transactional work performed by in-house employees.

Half the respondents noted they currently outsource to an SSC or engage a third party for some aspect of their organization’s finance function. Those who didn’t, meanwhile, said that they were not considering this option either.

**Talent management**

Talent management was another area ranked by CFOs as one of the most significant challenges facing their finance function today. Businesses need to proactively monitor the market to ensure they are recruiting for the correct skillsets and investing sufficiently in the ongoing training and development of employees.



The majority of CFOs surveyed said they do not believe they currently have access to the required skillsets and capabilities.

As the scope of required finance skills expands, CFOs should assess whether there is a need to create new roles within the team to meet additional demands. For example, potential positions to consider include business planning analysts, strategic business partners, financial data modelers and business solutions architects.

# Methodology

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The survey was conducted in June 2021, with results consolidated and analyzed in July and August 2021. Fourteen UAE-based CFOs participated in the 2021 KPMG Lower Gulf CFO survey, which featured a series of questions about the key opportunities and risks facing their finance functions.

More than half of CFOs surveyed represented companies with USD 200 million of revenue or more, per year. The participants represented a range of organizations and industries, including financial services, the public sector, real estate, transportation and logistics. More than half has at least ten years of experiences in their current (or similar) role.





# KPMG's Finance Transformation practice

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KPMG's Finance Transformation professionals combine innovative approaches with sector expertise to deliver results.

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Supported by our global network, our service offering can enable your finance function to become a catalyst for

growth, and provide key strategic decision support that is strictly governed by proper processes and controls.

### Our service offerings include:



**Finance operations:** We develop a finance vision strategy, opportunity case, and roadmap, and help optimize core financial transactional processes, service delivery models and technology.

- Lean finance
- End-to-end process excellence
- Finance talent management
- Benchmarking
- Target operating model
- Finance digital maturity assessment



**Finance reporting:** We assist in developing a repeatable, sustainable closing and reporting process for internal and external reporting through effective use of resources, streamlined processes and integrated technology.

- Automation of financial statements
- Digital accounting manual
- Chart of accounts
- Quality close
- Better reporting



**Finance planning:** We assist CFOs looking at new ways to drive growth and maintain costs through performance planning and management processes.

- Analytics for finance
- Development of reporting packages
- Enterprise performance management (EPM)



**Cost optimization and budget:** We aim to reduce costs by resetting the cost base and/or to optimize existing spend.

- Cost accounting, budgeting, and planning
- Cost optimization
- Cost reshaping and process efficiencies
- Budget preparation

See our Finance Transformation brochure, [linked here](#).

# About KPMG

For almost 50 years, KPMG Lower Gulf Limited has been providing audit, tax and advisory services to a broad range of domestic and international, public and private sector clients across all major aspects of business and the economy in the United Arab Emirates and in the Sultanate of Oman. We work alongside our clients by building trust, mitigating risks and identifying business opportunities.

KPMG

Lower Gulf is part of KPMG International Cooperative's global network of professional member firms. Now entering its 150<sup>th</sup> year, the KPMG network includes approximately 219,000 professionals in over 147 countries. KPMG in the UAE and Oman is well connected with its global member network and combines its local knowledge with international expertise, providing the sector and specialist skills required by our clients.

KPMG is widely represented in the Middle East: along with offices in the UAE and Oman, the firm is well established in Saudi Arabia, Bahrain, Kuwait, Qatar, Egypt, Jordan and the Lebanon. Established in 1973, KPMG in the UAE and Oman employs more than 1,400 people across four offices, including about 100 partners and directors.

Our latest initiative, KPMG IMPACT, aims to help clients future-proof their businesses amid times of increasing focus towards issues such as climate change and social inequality. The goal is to help them achieve success across 17 major Sustainable Development Goals (SDGs) and become more resilient and socially conscious. For FY21, the firm earmarked a global budget of USD 1.43 million for the initiative.

As we continue to grow, we aim to evolve and progress; striving for the highest levels of public trust in our work. Our values are:



**Integrity:** We do what is right.



**Excellence:** We never stop learning and improving.



**Courage:** We think and act boldly.



**Together:** We respect each other and draw strength from our differences.



**For Better:** We do what matters.

To meet the changing needs of our clients, we have adopted an approach aligned with our global purpose: Inspiring Confidence, Empowering Change. Our three pillars – exceptional quality of service, an unwavering commitment to the public interest, and building empowered teams – are the foundation of our firm.



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