

# Becoming tomorrow's chief performance officer

For some time now, finance's role has been evolving towards strategic performance and decision support alongside the business. For many organisations, though, processes, technologies and skills are still catching up.

KPMG Powered Enterprise | Finance

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# IT'S TIME FOR A FRESH PERSPECTIVE

Few functions are evolving as rapidly as the finance function. From finance's traditional role of gathering data from across the organisation, transaction processing and report generation, finance is now well positioned to drive insight-led decisions to sustain the performance of the business.

Some have invested in new technologies to drive change. For those who are digital laggards, the pandemic has been tough. It has been a challenge just to track and forecast simple financial and operations data to assess the viability of the business.

For others, the challenge has been to find a way to scale fast enough effectively and help the business secure the opportunities that exist. Paradoxically, these are two sides to the same coin – little or no progress in digital transformation.

Contrary to simple logic, the answer for finance is not necessarily to just implement a new technology platform. That will only get you so far, and the market is littered with technology implementations that have not lived up to expectations, or only get finance to the start line.

Instead, the key to transformation success is to take a more holistic view of how finance operates across the organisation.

"The challenge for finance teams is to create a structure and environment, and nurture the talent, to effectively use the full capabilities of technology for the right business outcome," says Frank Chow, ASPAC Lead Finance Target Operating Model Architect at KPMG. "If you get it right, it becomes a critical strategic component of the business."

It also pays to look at transformation not as a 'one and done' project, as a way of doing business so that finance can continuously and incrementally adapt to future demands, trends and technologies that make it fit for the future.

**The task at hand is not just to get from A to B, but to position yourself to get to C, D, E and beyond.**

"There needs to be a permanent cycle of innovation and transformation," according to Nikki McAllen, National Lead of Finance Transformation, KPMG Australia. "The mindset needs to be that of continuous improvement and harnessing the skills to do it successfully across all of finance."<sup>©</sup>



of digital transformation leaders believe **progress towards the creation of new business models and revenue streams** has accelerated or sharply accelerated.

Base: 820 professionals involved with digital transformation strategy decisions

Source: A commissioned study conducted by Forrester Consulting on behalf of KPMG, April 2021

However, it is hard to become a co-pilot to the business when your likely already stretched resources are mired in dealing with existing inefficiencies. We learned from the pandemic that the finance functions that performed well were best able to handle remote and flexible working, had a high level of automation and a robust control environment.

These are attributes that should be carried forward into the digital transformation of finance to achieve high-value priorities, such as:

- Finance efficiencies and performance uplifts
- Automation, simplification and innovation
- Serving as a growth strategist and problem solver through AI-led analytics
- Aligned, consistent and defined data

KPMG's Powered Finance solution helps to provide you with a model answer for these priorities. It provides a cloud solution aligned to finance operating model leading practices. These process, controls and structure help you focus on what is important or different for your organisation.



To undergo a genuine transformation, finance leaders must look at their function end to end including how they build capabilities in a completely different way.

Finance organisations that succeed will be those that can transform and continue to adapt to ongoing change.

The opportunity, therefore, is not just to exploit new cloud technologies, but to surround them with market-leading processes, governance, people skills and real-time data-led insights that allow finance to get ahead and stay ahead.

"The key to it," says McAllen, "is to concentrate on delivering lasting value. A functional transformation should begin with a clear picture of what you want to get out of it, how you would measure success and how you will continue to measure achievements and improvements on an ongoing basis.

The critical phase, is setting the vision – to see where you are on the maturity curve and, importantly, where you want to get to within a reasonable time frame" "KPMG can help" says Chow, "by starting with the model answer for finance, and working with you to agree which parts work for you, setting the guiding principles to get there.

There have been so many 'penny drop' moments during the vision phase with finance teams, particularly lifting the lid on the new innovations such as intelligent forecasting. It's fascinating and rewarding to contribute to this process."

## Finance transformation fueled by progressive thinking

The online introduction to Australia's Deakin University says, "At Deakin you won't just learn about the future, you'll prepare for it with real-world learning fueled by progressive thinking."

That kind of progressive thinking led Deakin's leadership to see the opportunity to not only transform the university's finance function technology, but to drive consistency and uniformity across its entire finance processes.

They turned to KPMG Australia, in alliance with Workday, to work with them in tackling that challenge. With a focus on the future, the team used KPMG Powered Enterprise's five-phase approach: first by identifying Deakin's future business requirements, then by helping to transform its finance processes, supported by the right new technology.

A key success factor was how the KPMG team developed a deep understanding of the needs of each stakeholder group and built relationships based on trust. The change implications and training requirements for employees were important areas of focus, resulting in strong employee support.

The team understood Deakin's system architecture and integration requirements, and drawing on KPMG Powered Enterprise's assets, were able to accelerate the transformation.

The key outcomes?

- Greater transparency and consistency of data for the finance department.
- Clearer information for reporting and decision making by the university's leadership.
- Prepared for the future.

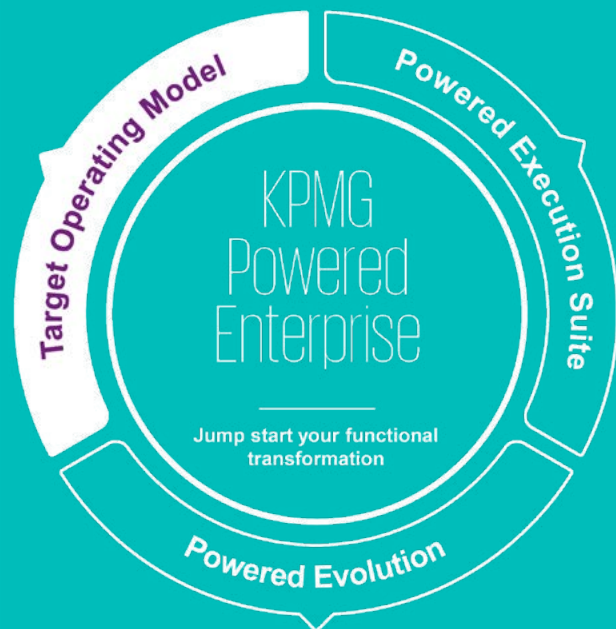
# A NEW WAY OF WORKING FOR FINANCE

The KPMG Target Operating Model is at the heart of Powered Finance; it turns a standard cloud technology implementation project into a dynamic, outcome-focused, functional transformation.



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Based on a deep understanding of how finance needs to adapt to thrive in this changing and disruptive environment - the Future of Finance - backed by KPMG's extensive functional expertise and practical know-how, we have defined the **KPMG Target Operating Model** to describe the 'model answer' for how a leading finance function should be. Described in six interlinked layers they work together to help deliver benefits across the finance function.

1. **Functional process:** Hundreds of predefined, leading-practice finance processes, fast-tracking how to simplify and automate with proven ways of working.
2. **People:** Who does what, why, and how. Identifying the skills, new capabilities, roles and responsibilities finance requires.
3. **Service delivery model:** Where the work gets done, be it shared service centres, centres of excellence, outsourced service providers, to optimise finance service delivery.
4. **Technology:** The applications, architecture and integrations to enable and automate your processes and data.
5. **Performance insights and data:** Identifying the insights and data needed to support decisions. Enhanced analytics from which to make confident and effective real-time decisions.
6. **Governance:** Risk frameworks and internal controls for every process – a detailed RACM to define the controls environment and frameworks. There are significant challenges during any functional transformation, and a defined operating model will get you to implementing that future fit design.

From the detailed assets developed, we are able to articulate the consequential changes of each interlinked operating model layer to allow you to make an informed decision in prioritising your transformation roadmap. "Success doesn't come from improving only one layer," says McAllen. "Success and optimisation of your investment is only achieved when all the layers are at a comparable level. "Effectively, I believe KPMG has built the foundation for the future with Powered Finance,"

# EXTREME AUTOMATION FOR FINANCE

There is still much to be done in automating the finance function.



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78%

of Finance executives believe that automation will enable existing finance staff to **take on more value-added and strategic roles.**

Source: Future Ready Finance Global Survey 2019, KPMG International

The Harvey Nash / KPMG 2020 CIO Survey revealed that penetration of intelligent automation in back-office functions, including finance, is still relatively low at 35 percent. Use of artificial intelligence and machine learning is even lower at 15 percent.

The gains are there to be had. For some clients, Powered Finance-led transformations have delivered a 45 percent cut in the cost of general accounting. While experiences vary business to business, KPMG In Australia has seen improvements such as a 50 percent reduction in manual reconciliations, an 80 percent reduction in the number of manual reports and a 15 percent improvement in working capital.

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There are also softer benefits to adopting KPMG's Finance Target Operating Model according to Chow. "Not only do you get to address a CFO's concerns of finance cost effectiveness, and the growing compliance requirements, there is a retention dividend because finance staff have more white space to focus on what's interesting and challenging in their role with greater potential for personal and career growth.

But crucially, by streamlining and automating Processes and data flows that are repetitive and predictable, finance teams can free up time to invest in using the information at their fingertips to greater effect in supporting wider business growth objectives.



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## The time for digital transformation of finance is now. Post Covid-19 there is more urgency to use digital transformation for building greater resilience in the finance function

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**Taking a holistic view**, rather than just a technology perspective, will help finance leaders to build a capability that is better able to meet its obligations and opportunities.

**By adopting a modern, digitally enabled operating model** for finance that has built-in controls and governance, finance can become more agile and confident about meeting future demands and being ready for what the future may hold.

**Powered Finance helps organisations to focus on where the value lies** with the CFO emerging as the 'Chief Performance Officer'.

# KEY TAKEAWAYS

The time for digital transformation of finance is now. Post Covid-19 there is more urgency to use digital transformation for building greater resilience in the finance function

- 1. Taking a holistic view**, rather than just a technology perspective, will help finance leaders to build a capability that is better able to meet its obligations and opportunities.
- 2. By adopting a modern, proven operating model** for finance that has built-in controls and governance, finance can become more robust and confident about what the future may hold.
- 3. Powered Finance helps organisations to focus on where the value lies** with the CFO emerging as the 'Chief Performance Officer'.

# FIND OUT MORE ABOUT POWERED FINANCE

## How Powered can help:

Powered helps harness the latest technologies, leading business practices and tested solutions for a smarter, faster path to nimble, scalable business functions and the right operating model.

-  [KPMG Powered Enterprise](#)
-  [KPMG Target Operating Model](#)

## Insights from KPMG:

-  [Shaping the future](#)
-  [Connected. Powered. Trusted](#)
-  [Digital Transformation Research 2021](#)

## Contact Powered today:

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