



Preparing for the new reality

Session 6 – Financial Transformation

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22 July 2020



Agenda

- Introduction
- Finance Power – Maurice Lips, KPMG UK
- Discussion with Chris Corlett, MBS and Bryan Beesley, KPMG Isle of Man
- Recap on New Reality



Simon Nicholas
Markets Partner



Bryan Beesley
Cyber & Privacy





KPMG Powered Enterprise

Cloud-enabled transformation *powered* by KPMG

July 2020

kpmg.com/powerenterprise

The pressure is building...

Organisations need to:

- > Find customers and revenue with new products and services
- > Improve cost and agility with cloud solutions
- > Increase pace of change to match customers, competitors and regulators
- > Attract talent in a highly competitive market place
- > Mitigate risk and regulation with proactive and preventive controls
- > Improve return on capital through better data and insights
- > Respond to new technologies and transformation trends

Finance must disrupt itself to stay in front of change

Finance will no longer be defined by the processes they run but the data they own

Industry leader
in driving
quality



Think like a Venture Capitalist

- Utilise an agile, dynamic funding model outside the annual budgeting process to allow for small, quick, ongoing decisions
- Have a portfolio view, balancing ongoing investment in core areas with riskier, cutting edge ones
- Look beyond ROI to measure success and include more difficult to quantify benefits like improved customer satisfaction and more timely, higher quality analysis
- Regtech will transform supervision (self serve)

Optimised and
standardised
processes and
systems



Coexisting in the Cloud

- Cybersecurity and Operational resilience will become critical components in Cloud strategies
- Strategic alliances will be key to growth but will require focus on service and relationship management in Finance
- Cloud technology will have a ripple effect to Third party risk assessment, data security and continuous testing

Employer of
choice for
careers in
Finance



Future first workforce

- Finance future workforce will place a premium on *enabling* skills:
 - Data utilisation and technology
 - Behavioural; Strategic thinking, service management, relationship management
 - Finance technical: business modelling, driver analysis
 - Solid industry understanding

Centralised
capability,
agility and
digital
enablement

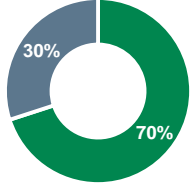
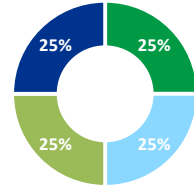
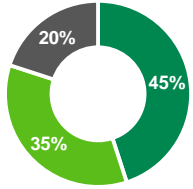
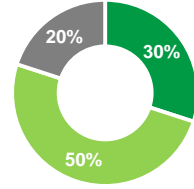


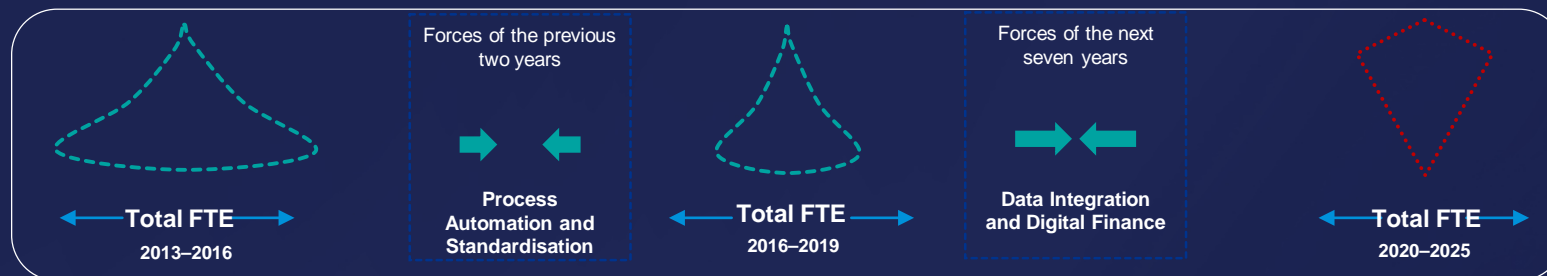
Data is the new currency

- Open API's will connect technologies to create vast new data lakes
- Analytics competency will be a crucial competitive differentiator
- Data scientists will be the biggest wage earners
- Dynamic forecasting and analytics processes are cloud enabled with AI capabilities
- Robotics will create efficiency gains in the short term but less likely to be part of the strategic solution

Source: KPMG Future Ready Finance survey December 2019

Industry trends - How are the key ratio's likely to evolve?

Category	Current state (avg data set)	Industry Trends and Future of Finance Function	
Skills Mix			<p>The skills mix composition for a Finance function of a bank fit for the future has an equal split of:</p> <ul style="list-style-type: none"> • Accountants • MBA strategists • Data scientists • Business process architects
Value Protection vs Value Creation			<p>The percentage of effort spent on activities within the Finance function:</p> <ul style="list-style-type: none"> • Value Protection (VP) • Value Creation (VC) • Governance and Change (G&C)
IT cost of Finance	18-22%	10% -15%	IT cost of Finance as a percentage of total Finance function costs
FTE Cost of Finance	70-80%	59%	FTE cost as a percentage of total Finance function costs



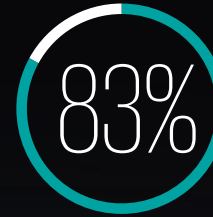
Source: Future Ready Finance survey December 2019 (859 respondents across 9 industries globally, with approx. 200 from Financial Services)

Source: KPMG Banking Finance Function benchmarking 2019/2020

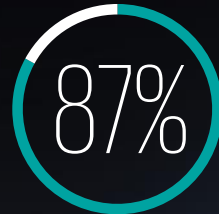
Yet ability and ambition are mismatched



of companies are focused on transformation.¹



of executives are not confident their business can build and implement a new operating model.¹



of UK CEOs agree they are responsible for ensuring a connection between front, middle and back office in a way their predecessors were not.

78%

of CIOs believe their digital strategy is only moderately effective, or worse.²

59%

of CEOs say that acting with agility is the new currency of business and that if they are too slow they will go out of business.³

42%

of CFO's rank strategic alliances with third parties as their most important strategy for growth⁴

1. Source: KPMG-Forbes Global Transformation Survey, KPMG International, 2019.
2. Source: Harvey Nash/KPMG CIO Survey, KPMG International, 2019.

3. Global CEO Outlook Survey, KPMG International, 2019.



How client questions have changed

01

‘Can you help me implement a new cloud solution’



02

‘Can you help me define the right implementation roadmap’



03

‘Can you help me refocus my strategy and re-align my operating model?’



Key criteria for success our Powered Philosophy



Adopt rather than adapt technology



Validate rather than design



Deploy rather than build



Modular rather than Big bang



Business rather than Technology



Pre-build based on KPMG best practice



Integrated across all organisational dimensions



Pre-configured for all leading technology platforms

An outcome driven business transformation solution that combines deep functional knowledge, proven delivery capability and **cloud technologies and robotic process automation** to drive sustainable change, and rising performance

See the future. Today.

What are the building blocks to unlock transformation at pace?

1.

Powered operating model

A proven standardised design



2.

Powered execution suite

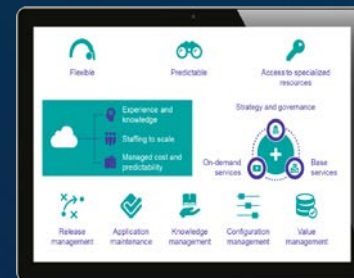
Automate and standardise Transformation delivery



3.

Powered managed services

Services and support to drive continuing evolution



Faster delivery



Lower cost of delivery



Certainty of outcome



Lower risk



Early benefit realisation

Tap straight into advanced organisational design, leading technologies, processes and operating models.

How Powered Finance has moved the dial for our clients

Core Services

- The Powered **operating model** shapes how transformation plays through every layer of your organisation;
 - Strategy, roadmap and business case
 - Cloud risk assessment
 - Processes
 - Controls
 - KPIs and Reporting
 - Operating model
 - Support model
 - COA & Data model
- The Powered **execution suite** is an integrated platform of next generation tools to help deliver functional transformation;
 - Implementation
 - Integration
 - Migration
 - Automated Testing
- Powered **managed services** provide access to specialized resources to drive continuing evolution.
 - Regression Testing
 - eLearning platform

Benefits





Q&A



Discussion

Chris Corlett, MBS

Bryan Beesley, KPMG Isle of Man

Moderated: Simon Nicholas, KPMG Isle of Man

Recovery Framework



Recovery Framework



Trust

Sustainability

Liquidity is key

Acceleration

Consumer

Digital



Wrap up and questions

Simon Nicholas - Markets Partner





Thank you



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