



The future of finance

CFO agenda for elevating finance



—
October 2023

The finance function



Preserving and enhancing value

As the financial stewards of their organization, CFOs and their teams have always worked to preserve and protect value as a part of their fiduciary responsibility. By leveraging automation, data, and a more modernized workforce, they can continue to safeguard the organization's assets by increasing the speed, accuracy, and quality of financial data and analysis while mitigating financial and compliance risks. Today's CFOs can do even more—enhancing value by developing new strategies that support corporate development, promoting innovations for capital allocation, and improving the evaluation of new business models. They can also serve as a leader in

enterprise performance by driving strategic profitability and cost management, supporting new levels of business planning, fostering agile resource planning, and creating new ways to optimize working capital.

In short, despite uncertainties and rapid change, CFOs and their teams can lead the change in elevating finance and their organization as a whole to address the challenges and opportunities of a technology-driven business world.

The future of finance

We believe that CFOs and their teams are natural leaders in today's digitally enabled, dynamic environment. Leading organizations are investing in new capabilities that enable them to elevate from their traditional roles to strategic advisors across the enterprise.

Leading CFOs are change agents for the enterprise

KPMG professionals believe that CFOs and their teams are the natural leaders in digitally enabled transformation. Expanding well beyond their traditional roles in finance and accounting, today's CFOs have the opportunity to lead by example as a strategic partner and key advisor across the enterprise.



They are a natural source and manager of data, information and analysis.



They measure the pulse of the enterprise while monitoring expenditures, assets, transactions, cash flow and revenues.

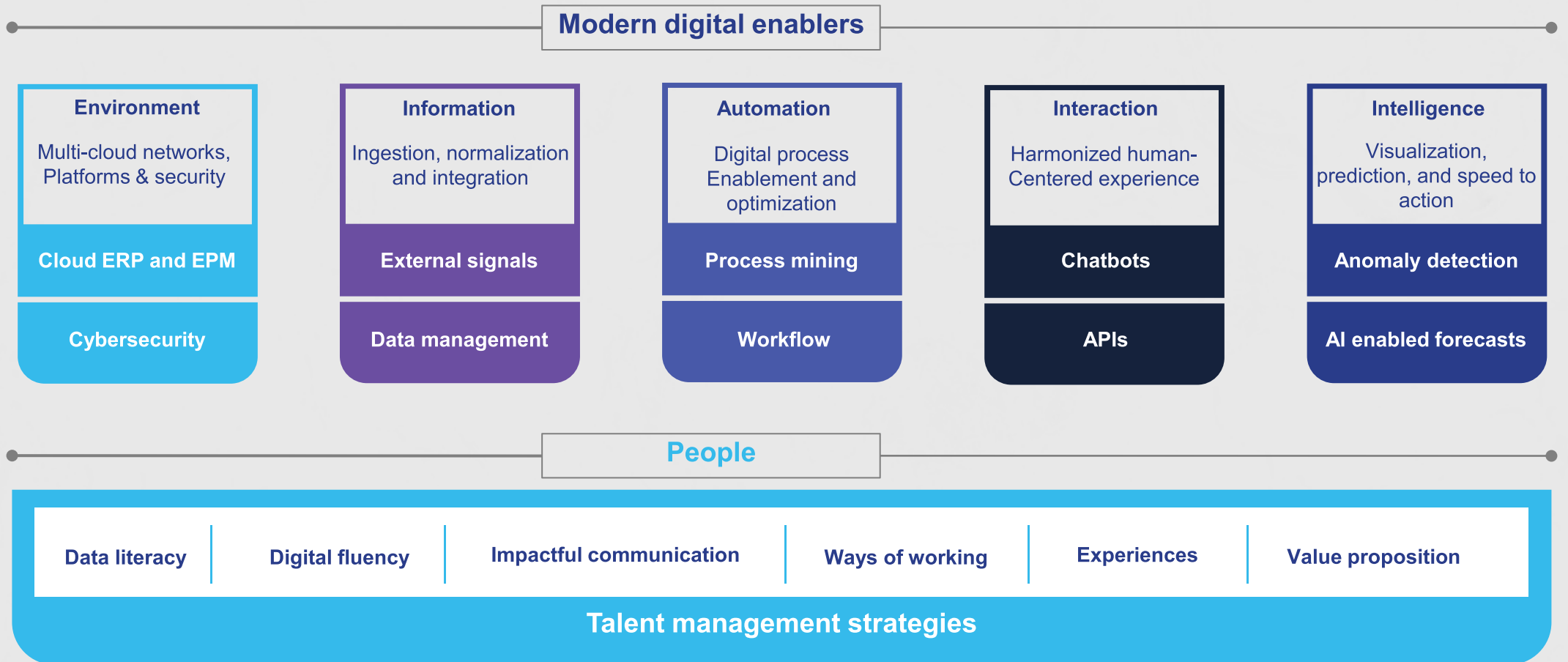


They can serve as a value integrator across functions, breaking down silos, understanding synergies, and coordinating budgets. With inflationary pressures and global disruptions, CFOs need to facilitate an agile, more effective allocation of capital to help ensure that investments are being delivered against the expected value. They also need to redirect spend based on the enterprise's most pressing business priorities related to growth, commercial and operational excellence, talent, and culture.



The finance landscape is rapidly changing

Integration of technology, data and people is more important than ever.



Continuous cycles

Touchless processing

Speed of innovation

Big data

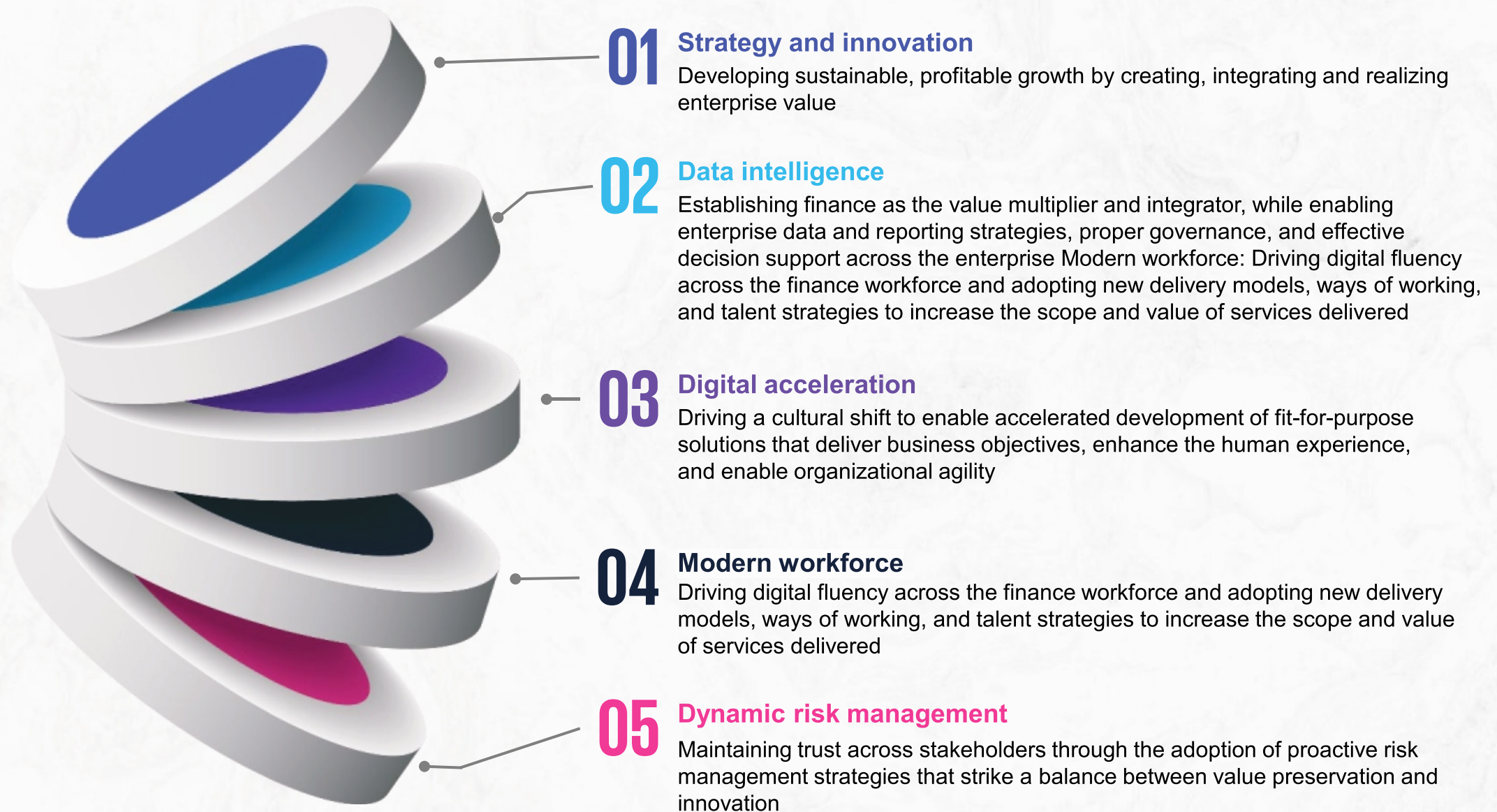
Finance as a service

Finance as a service

AI everywhere

Experience centricity

KPMG professionals believe that elevating finance can best be accomplished by a strategy based on five pillars of business value. In the pages that follow, we will discuss these pillars and how CFOs can use them to forward their agendas for long-term, sustainable growth.



01

Strategy and innovation

Developing a framework to turn
insights into action



Strategy and innovation

Finance needs to be a strategic function in today's business world. But what does that mean in terms of actual business value? More to the point, how can CFOs create a strategic path forward that enhances the finance function while benefiting the whole enterprise?

Below, we look at how the right strategic framework can achieve value for finance.

The value realization framework

CFOs can develop an integrated framework across the enterprise to help realize greater business value. This includes improving employee satisfaction and establishing clear goals that resonate at the individual-level. The right framework can help prioritize human and financial capital, execute initiatives, and track success through enterprise performance management (EPM) solutions.

To identify, define and prioritize strategies

Finance can operationalize invested capital across the enterprise to realize value. This begins with identifying the value that aligns with the strategy and stakeholder interests. Finance should then prioritize human and financial capital on initiatives that deliver business value.

To execute, validate and optimize initiatives

Execution involves delivering initiatives in line with strategic business priorities. Finance can validate the success of these initiatives by using EPM capabilities for monitoring, reporting, and analysis. Finance can also improve initiatives that are not producing sufficient value by recalibrating execution or reallocating capital.



02

Data Intelligence

**Gain an unbeatable competitive
edge with data intelligence**



Data intelligence

Data intelligence can position finance as the value multiplier and integrator of data across the enterprise.

From this perspective, we'll review the basic aspects of data intelligence and then discuss potential challenges and ways to develop a modern data platform built to adapt and scale with constantly changing data sources.



Finance leads enterprise performance through delivery of connected, cross-functional Intelligence and actions that enables the business strategy and financials



A modern data intelligence platform

Today's organizations need to transform and analyze massive data sets, inform innovation and strategic imperatives, and tailor consumption to internal and external customers. To address these requirements, finance organizations can consider the following steps in creating and supporting a modern data intelligence platform:



Establish a comprehensive data **strategy** to enable business insights. Finance should partner with the business to develop actionable strategies and take steps to better understand relevant data signals and repositories.



Unlock new opportunities with data **insights**. This requires finance to broaden its scope of activities by tightly integrating transactional, reference, and other metadata. At the same time, finance needs to shift its focus toward untraditional reporting such as ESG reporting and customer/product profitability.



Prioritize key **actions** that accelerate business opportunities and mitigate risks. This entails providing and managing real-time data tailored to stakeholders across the value chain and offering fit-for-purpose, self-service reporting.



Develop effective **governance** as the backbone of your data strategy. Finance can help create a culture of trusted data based on effective, secure stewardship by focusing on quality, integrity, and consistency.

Leverage data as an asset to gather insights and take action

The use of data in business is a competitive advantage that supports decision making and actionable insights in close alignment with both the short- and long-term goals of the organization. Over the short term, data intelligence can support dynamic pricing, initial top-line revenues, improved margins, and the ability to match competitor pricing. Long-term benefits can include sales force optimization, enhanced manufacturing decisions, and more informed decisions involving capital investments for new products and services.

Organizations are often faced with a number of potential challenges that can hinder the development of a fully integrated data strategy. However, finance and the central data strategy group can help mitigate risks with a number of specific actions.

Business alignment

Misalignment can occur between strategic plans and related data initiatives.

How finance can mitigate risk

Partner with operations, clearly define expected outcomes, and link outcomes to action plans.

Data Quality

Poor data quality can result from the lack of governance, human error, multiple data streams, varying levels of granularity of actual and plan data, inaccurate allocations, etc.

How finance can mitigate risk: Develop data risk and readiness assessments, perform historical cleanup on key financial and statistical data, and establish data governance processes.

Change management

Adoption of a data-driven culture can be difficult due to the lack of knowledge, training or support from leadership.

How finance can mitigate risk

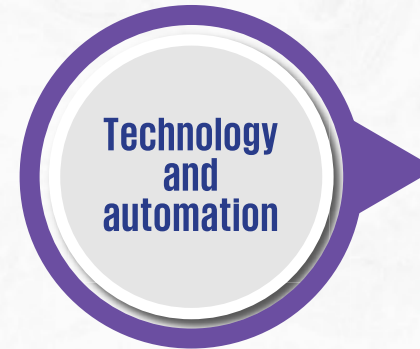
Organize a centralized data team with both operations and finance partners, invest in data and analytics training, and incorporate adoption of data and analytics into performance.



Design a plan of action

Consider these steps in developing an integrated data intelligence platform based on operational drivers tied to enterprise-wide strategies and objectives:

Review business strategy and link the goals to a data action plan which is tied to business performance metrics.



Develop a comprehensive technology architecture plan that incorporates data requirements and opportunities for enhanced automation.

Analyze current processes, source systems, levels of automation and internal controls.



Implement internal controls and standardized processes to mitigate the risk of data quality issues.

Establish a team dedicated to data management involving governance, maintenance, and technology.



Adopt data-driven decision making within all aspects of the business using the established models and analytics.

03

Digital acceleration: think digital, act human

Develop a comprehensive plan to
accelerate your digital transformation



Digital acceleration involves the ability to think digital and act human. This requires two basic elements: a digital core (what finance needs to obtain value) and digital enablers (how finance can unlock value).



Your digital core

The digital core is the underlying component that allows you to leverage the value of digital technologies in your finance function. Three main characteristics are critical to success with the digital core:

Business led, technology enabled

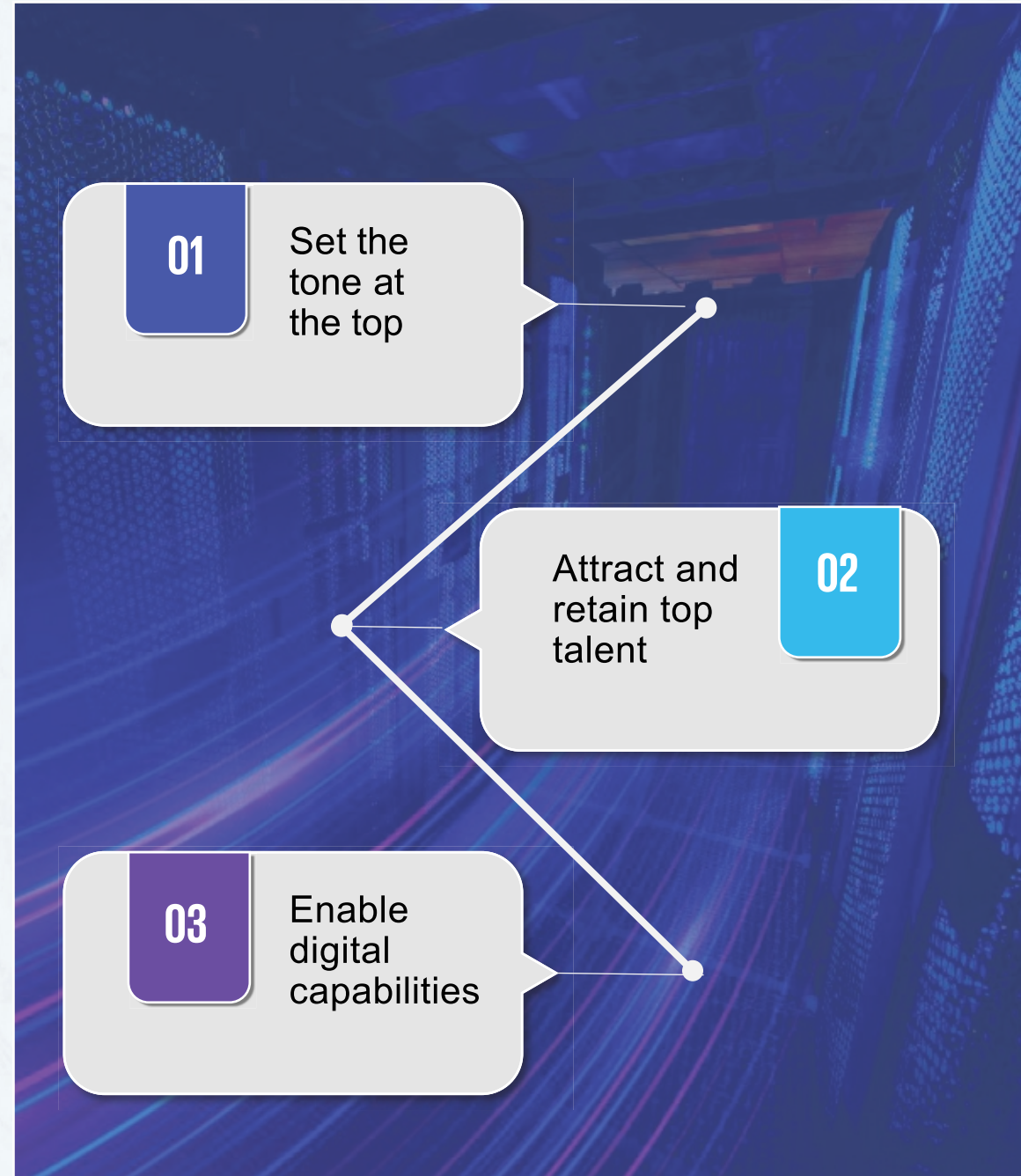
The convergence of processes and innovation allows you to truly unlock the value of the digital environment. It is imperative to have a business or process lens in order to drive the appropriate supporting technology to achieve this value.

Think like the customer

Customer centricity has been top of mind for some time now. Embedding this way of thinking into your digital core will allow finance teams to better provide improved decision support for both internal and external customers. The underlying data availability will be paramount to unlocking business value in this area.

Culture and experiences

Driving culture first and aligning to the strategy second will enable innovation, adaptability, and agility. Many teams are introducing a 'fail-fast' mind-set to accelerate learning and support the rapid adoption of new technology. The introduction of new skillsets can support the progress of your digital agenda.



Your digital enablers

Rapidly evolving systems of record, systems of engagement, and systems of intelligence are continuously changing the digital ecosystem. These changes require digital enablers that include solutions purposefully built to support the following process areas:

01

Data ingestion and management: Finance must make sense of new information sources and continue to refine existing data. This requires master data management applications and data warehouse technology.

02

Cloud-based enterprise resource planning (ERP) and enterprise performance management (EPM): Agile foundational solutions can help enable standardization of global finance processes, scalability, and improved cost efficiencies.

03

Digital process enablement: Transformative advancements in robotic process automation can mechanize human labor and build the foundation for “digital labor” in the back office.

04

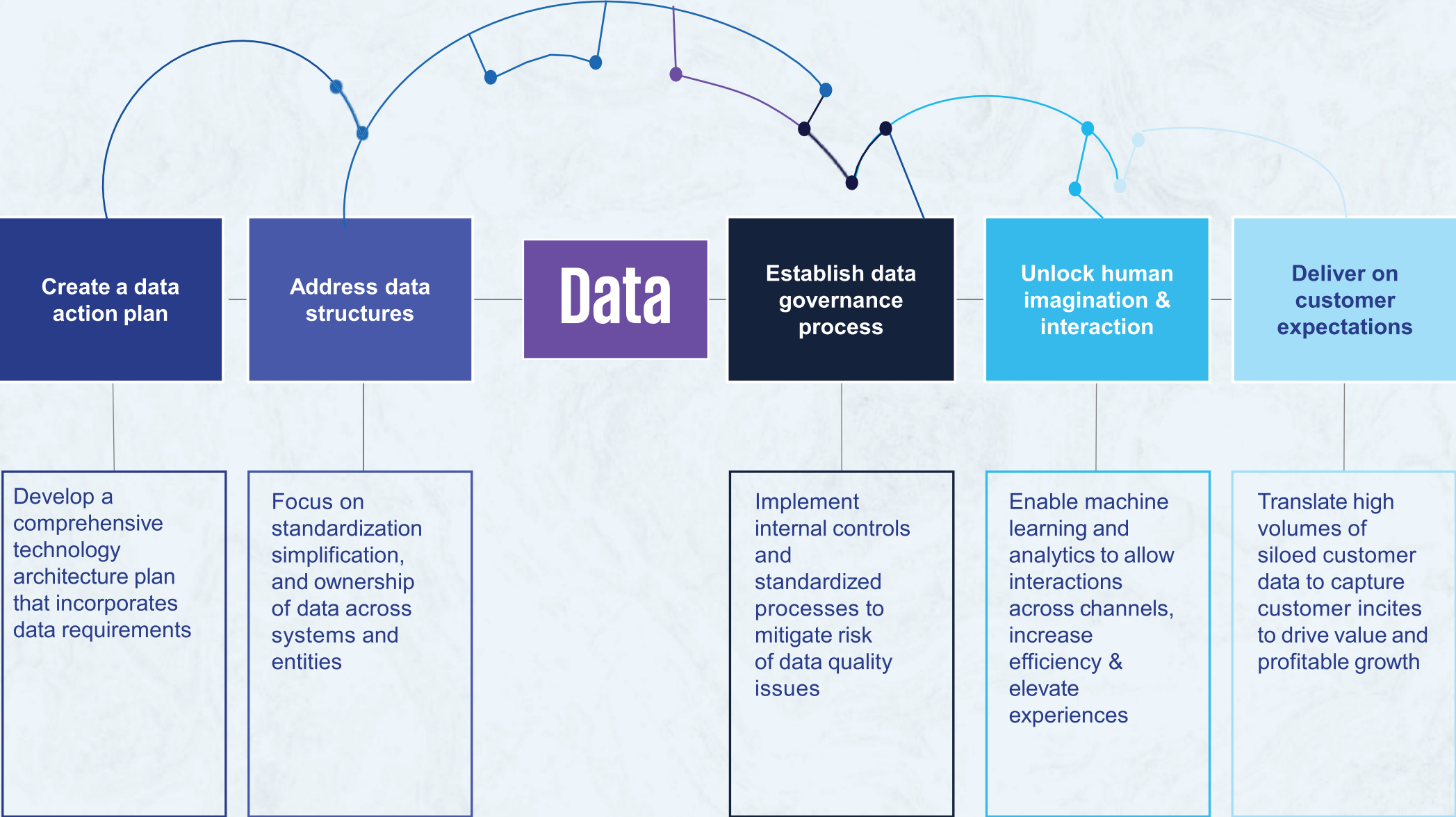
Artificial intelligence (AI) and machine learning (ML): Cloud-based, adaptive technologies use logic from computational learning to make real-time, fact-based decisions for advanced finance tasks.

05

Visualization and advanced insights: Dynamic insights in real time can help finance transcend its role as the historical scorekeeper to become a real-time, strategic interpreter.



Data paves the way



Future ready processes

Digital acceleration starts with your strategy and considers not just where you want to be, but where you need to be as an organization. Then your organization can effectively integrate finance and accounting processes such as the following to drive successful digital transformation:

- **Source to pay:** Use digital technology to facilitate end-to-end supply chain traceability and transparency. Leverage programmable, smart contracts to provide a publicly verifiable method of embedding governance.
- **Project to result:** Use automation to help with project efficiencies while reducing manual efforts. Bring non-standard data to the forefront, helping to support project success.
- **Acquire to retire:** Use digital technology to reduce manual efforts through the asset lifecycle—from simplifying the vendor-creation process to tracking assets from purchase to retirement.
- **Order to cash:** Introduce intelligent collections to bring efficiency to AR operations and decrease bad-debt write offs. Leverage bank, vendor, and merchant service APIs to automate transaction matching and GL or bank reconciliations.
- **Record to report:** Use predictive analytics to identify problem areas in period-end close before you even know the problem exists, while also reducing manual journal entries. Streamline data integration from multiple sources to increase completeness and accuracy.
- **Plan to perform:** Leverage predictive analytics and intelligent forecasting to achieve effective and insightful financial planning at reduced cost. Generate predictive insights via business-specific drivers and data sources.



04

Modern workforce

Leverage new talent management strategies for today's finance workforce



Modern finance workforce needs a CFO to serve not only as a business partner but also as a “copilot” for the organization. This new role involves leveraging digital enablement capabilities to optimize service delivery while finding better ways to attract, train, and retain talent.

How can the new CFOs and their teams develop and implement an effective, employee-centric, talent management strategy to help ensure the finance workforce has the right skills and competencies to meet current and future demands?



Focus on the employee experience

An effective talent strategy is based on the unique journey of each employee. Employees feel, expect, and need different things depending on factors such as their role, tenure, and demographics. By focusing on the employee experience, finance can pinpoint the moments of maximum impact on the employee journey, helping to effectively target investments and priorities in talent management.



Finance leaders can consider four Ds to develop a strategy for talent management:

1

Discover talent needs for the future by first understanding your business strategy and the aspirations you have as an organization. Assess where you are today and identify specific gaps in the skills and capabilities you need to help achieve your strategic aspirations.

2

Define your employee value proposition (EVP)—the set of associations and offerings provided by an organization in return for employee performance and contributions—to advance your talent agenda. Understand the desired, future-state employee experience and the brand promise of your EVP.

3

Design a customized employee learning- and-development experience with an accompanying roadmap. Articulate how finance competencies are linked to career paths within and outside the function. At the same time, finance leaders need to determine the path to reskill employees to develop future competencies. From there, craft a learning path that lays out the competencies and how they are linked to career trajectory. That foundation then feeds a customized learning and development experience.

4

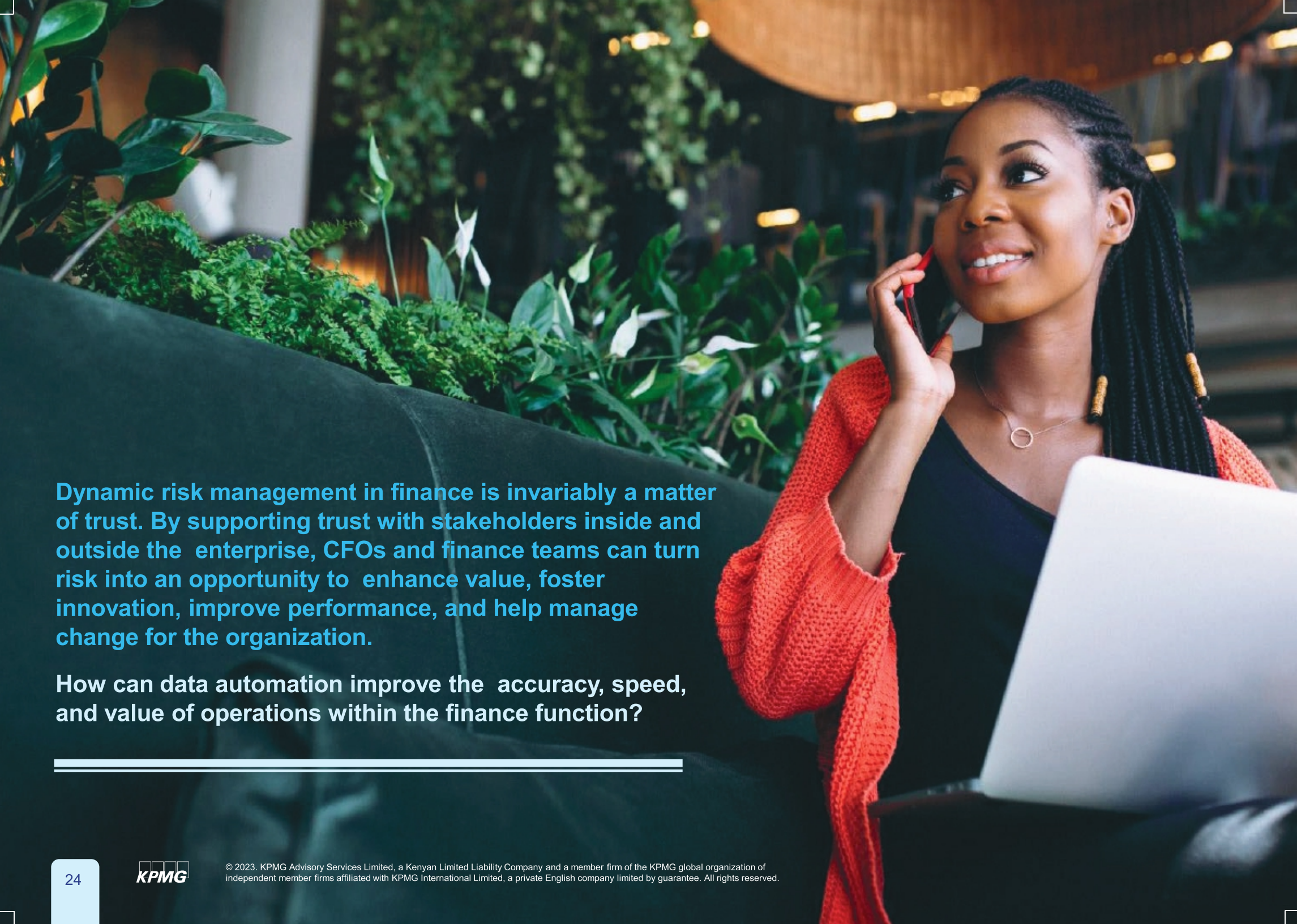
Deploy a leadership-led, employee-driven solution. This includes developing learning assets and delivering training for employees to build skills for the future. Keep in mind that a finance talent strategy is not “one size fits all.” It is important to review your existing talent strategy and assess the maturity of your processes to evaluate finance’s preparedness for the future of work. Understand how your employees feel about their jobs by gathering qualitative and quantitative data points. These sentiments will help shape the data into distinct personas so you can customize your talent strategy to target critical groups

05

Dynamic Risk Management

Turning risk into opportunity with data automation





Dynamic risk management in finance is invariably a matter of trust. By supporting trust with stakeholders inside and outside the enterprise, CFOs and finance teams can turn risk into an opportunity to enhance value, foster innovation, improve performance, and help manage change for the organization.

How can data automation improve the accuracy, speed, and value of operations within the finance function?

Automate where it matters the most

Effective risk management in finance begins with leveraging enterprise data along with external signals to gain real-time insights into risk factors. Automation harnesses customer data and signals to help finance better predict risk and determine appropriate actions while continuing to monitor and assess risk factors across the enterprise. Finance can accelerate digital automation to proactively mitigate risk and improve accuracy, speed, trust, and the customer experience.

Digital technologies and applications can deliver solid benefits in three key areas:

Data ingestion and management

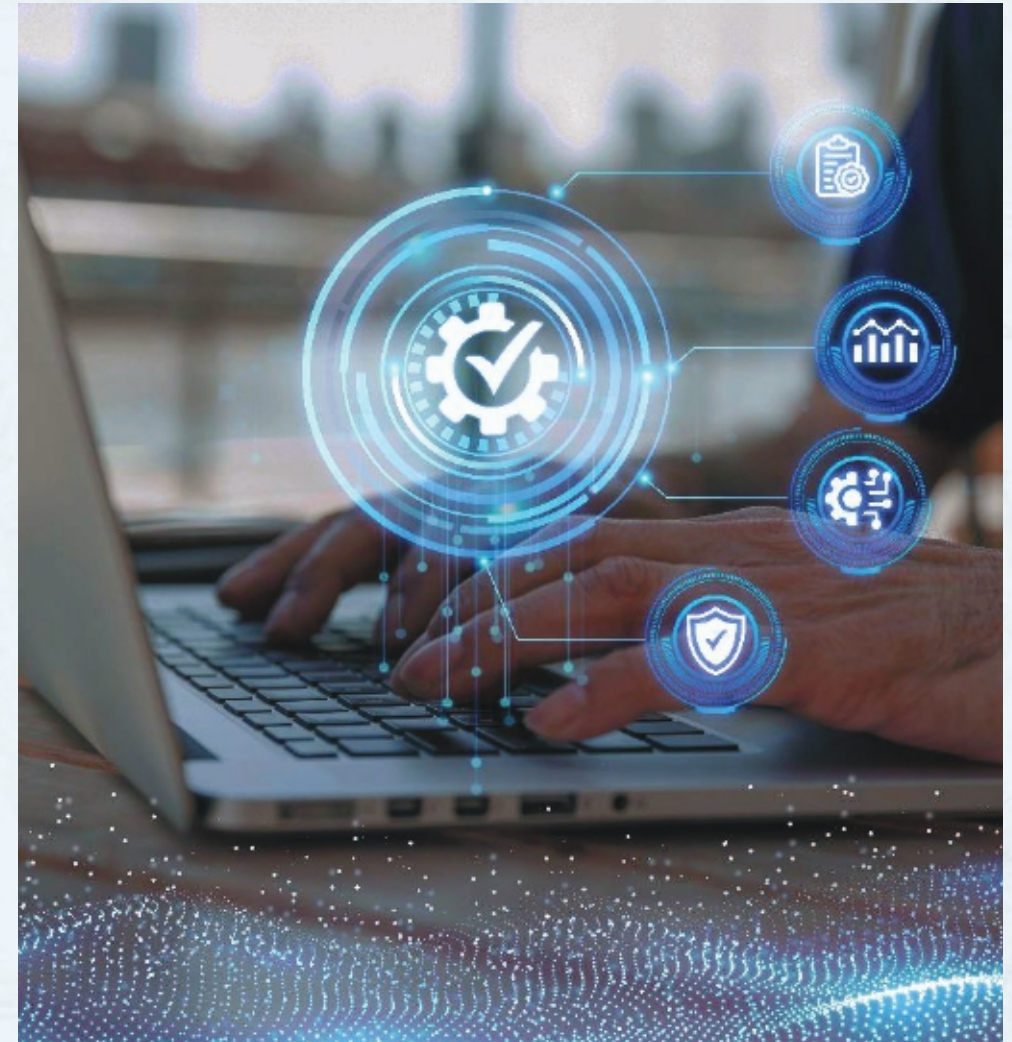
- Anomaly detection tools that proactively manage risks before an event occurs
- Machine learning that helps to reduce accidents, limit fraud, and accelerate reaction time
- Blockchain technology designed to ensure data integrity and prevent fraud

Business processes

- Robotic process automation (RPA) designed to reduce manual execution and eliminate repetitive, rules-based processes
- Cognitive technology that makes risk identification, decision making, and mitigation faster and more accurate
- Technology that can free up finance professionals for higher-level analysis and proactive functions

Policies and controls

- Automated controls that can improve risk reaction time and enhance compliance
- Cyber security designed to improve protection of customer and enterprise data in virtual environments
- Dynamic risk assessment that can accelerate adaptation in changing risk environments



Disruption is everywhere.....

.....and finance is at the center of it all.

New and converging business models

Big, intuitive, insightful data

Self-service as the norm

Speed of innovation

ESG transparency

Experience centricity

Geopolitical instability

Workforce dynamics

Environmental, social, governance scrutiny

Increased regulatory reporting and tax requirements

Global supply chain disruption

Commodity price volatility

Competitive pressures

Cybersecurity threats

Margin pressure

Cost optimization

Consumer behaviors

Rapid inflation surges

Partnerships and alliances

Macroeconomic headwinds



Contact us

We would like to speak with you about the evolving finance landscape.

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