



Emerging Developments in Tax Reporting and Financial Analysis

The impact of the latest technologies including data & analytics and digital labor

Part IV – Technology innovation webcast series

December 1, 2016



Notices

The following information is not intended to be “written advice concerning one or more Federal tax matters” subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230.

The information contained herein is of a general nature and based on authorities that are subject to change. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

Today's presenters



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Administrative matters for today's call



CPE regulations require that online participants take part in online questions

- Must respond to a minimum of three questions per 50 minutes
- Polling questions will appear on your media player
- Results will be reviewed in the aggregate; no responses will be tracked back to any individual or organization



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Webcast agenda



Welcome
and recap
of prior
sessions



The impact
of D&A to
Tax reporting
and analysis



What is
Digital Labor
and why is it
important?



Learnings



Q&A



Series recap and takeaways

Insights from our webcasts thus far

Given the explosion of data and the digitization of today's business environment, organizations must digitally enable their workforce to remain relevant. Specifically, organizations must embrace the use of advanced technologies, including data and analytics, robotics, automation, and cognitive intelligence, to manage processes, identify risks and anomalies, inform decision making and provide deeper insights into the plethora of data available in today's environment.

Part 1: How data and analytics is transforming corporate finance and the CFO's agenda

- CEOs have high expectations that their CFOs are leading the D&A initiatives within their organizations
- CFOs can enable data democratization
- CFO partnering with CIO to invest in nimble technology layers that enable analytics on top of the ERP backbone



Insights from our webcasts thus far

Part 2: Transforming the auditor and client interaction

- Business insights and benefits from a D&A-enabled internal or external audit
- D&A integration across the audit cycle
- Developing trust in data & analytics
- Challenges we face in the 21st century audit
- Addressing the skills gap of the next generation assurance professional

Part 3: The Impact of cognitive technology on business and financial reporting

- Align your technology solution to the business challenge
- Cognitive applications typically have longer investment cycles and higher resource requirements
- Acquiring digital data is the most important step in embarking on the use of cognitive technology
- Visual data continues to be a challenge for cognitive tools to process
- Digital capabilities may help drive quality, provide an enhanced user experience and unleash deeper insights into the data available in today's digital world

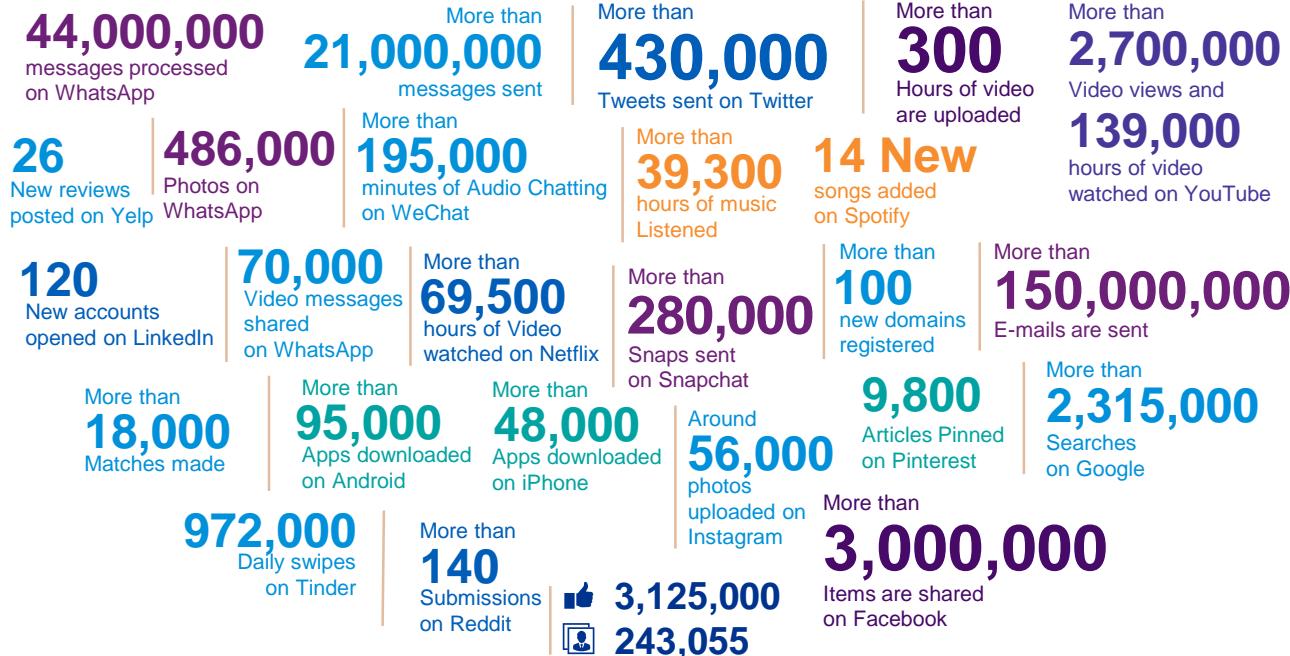




The impact of D&A to tax reporting and financial analysis

How do you derive decision-relevant information from today's explosion of data?

We generate more data in 60 seconds than we used to create in a lifetime*



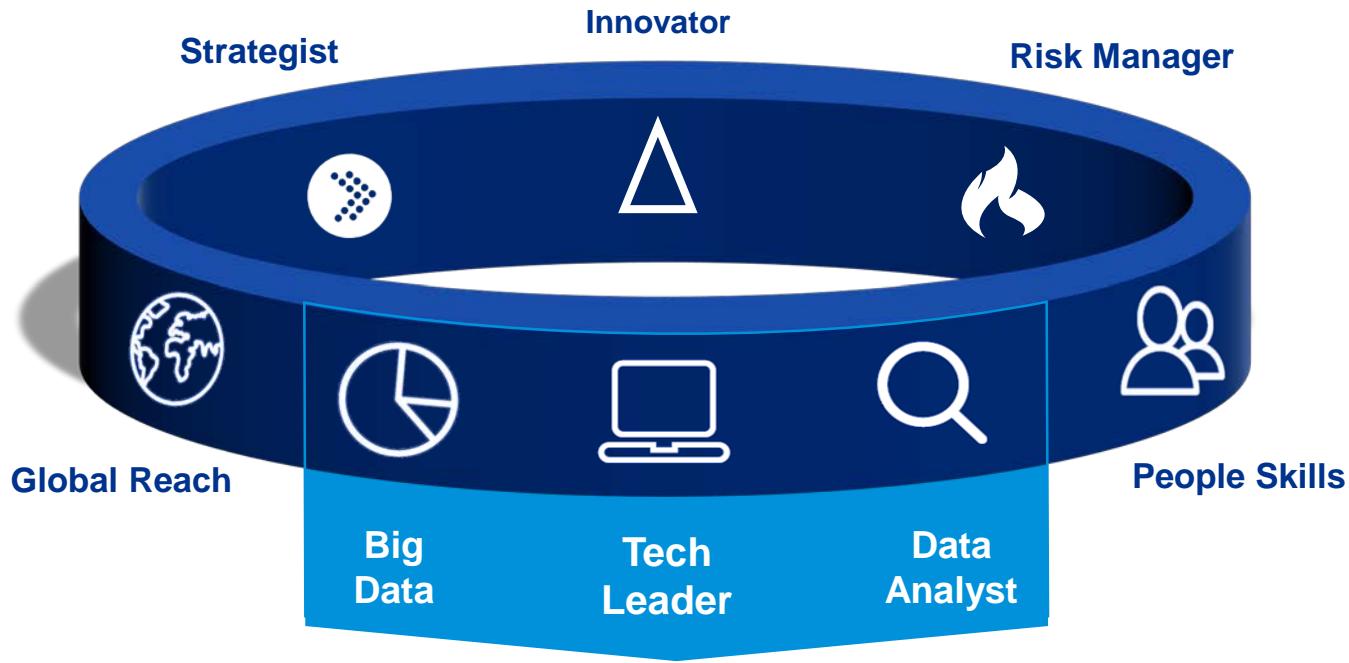
The Answer:

- Digital tools
- Automation
- Robotics
- Data & Analytics
- Cognitive computing

CEOs - stepping up to the challenge

What CEOs expect of their CFOs

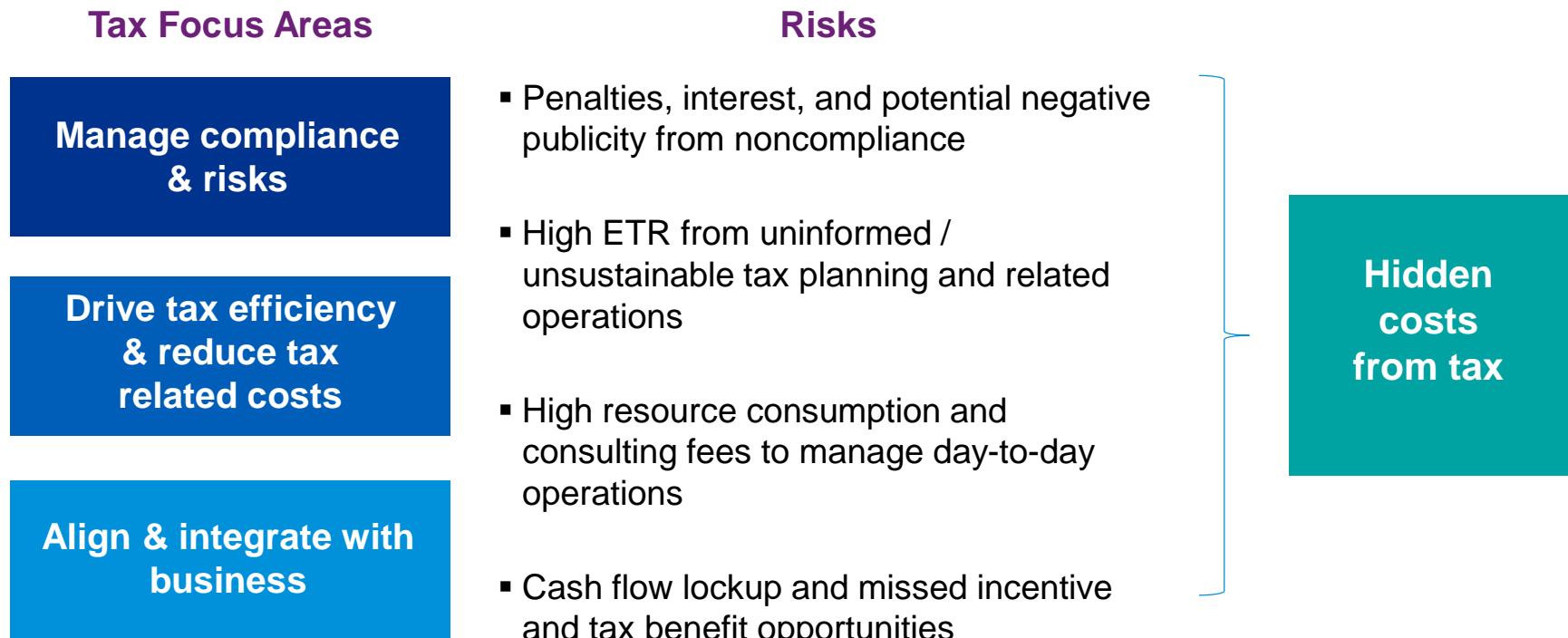
Forbes
INSIGHTS



- 85 percent of CEOs say **applying financial data to achieve profitable growth is the greatest strategic value** a CFO can bring to an organization.
- CEOs expect their CFOs to take the initiative to apply financial data **analysis to explore new products**, markets, and channels.

Source: Forbes Insights and KPMG International CEO November 2015 survey: *The View from the Top* offers insights into how CEOs see a powerful future for the CFO and whether CFOs ready for the challenge. Findings based on a survey of 371 executives in North America, Europe, South America, Middle East and Africa conducted in July of 2015 and 178 executives from Asia and Australia in September of 2014.

Challenges for tax in the big data era



Tax department evaluation framework



Polling question #1

Is there alignment of views between the Chief Tax Officer and the Board/CEO/CFO on how your company's tax function supports your business strategy?

A. Yes

B. No

C. Don't know

D. Not applicable

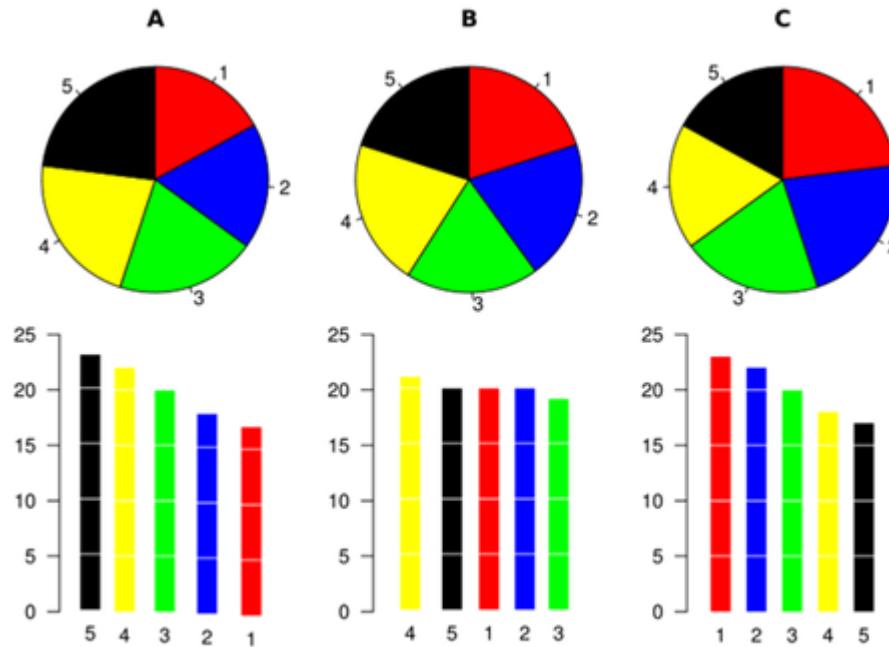


Framing the objective and requirements of an analytic project

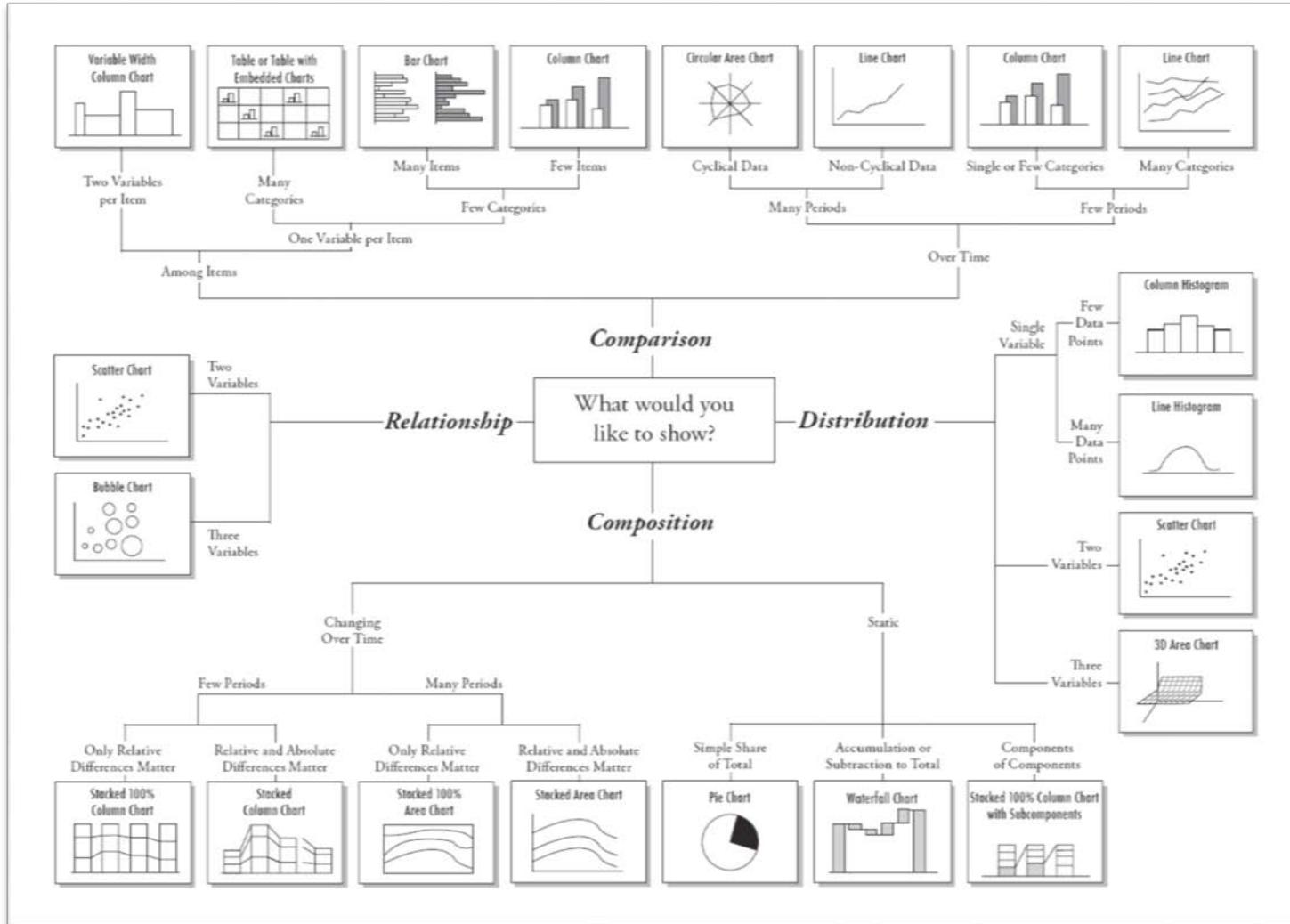


Designing the visualization

Find the biggest slice (1-5) in each scenario (A-C)
Reinforce the message



Today's visualizations: hazard of choice



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Polling question #2

Is there alignment of views between the Chief Tax Officer and the Board/CEO/CFO on your company's tax risk profile?

A. Yes

B. No

C. Don't know

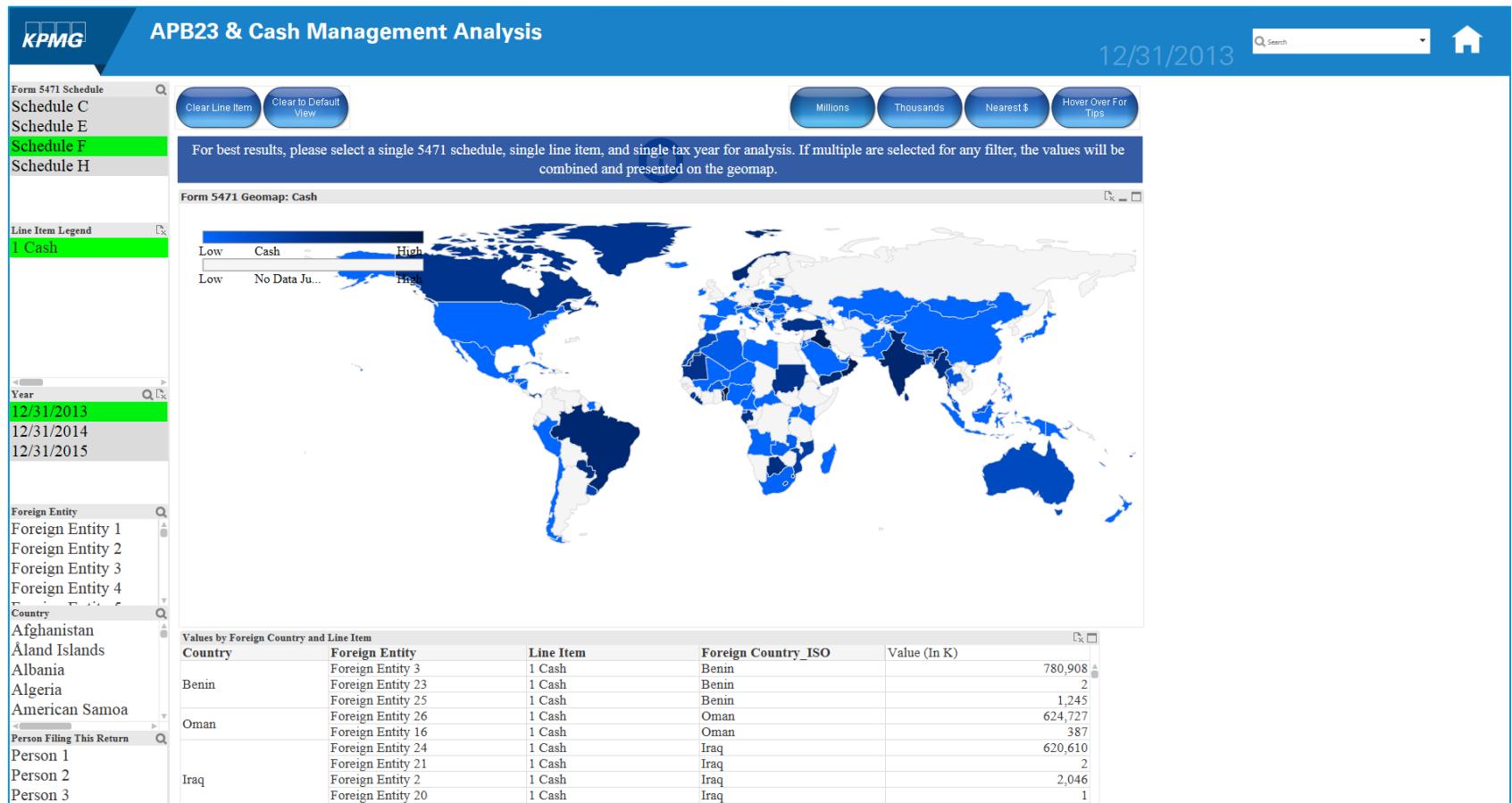
D. Not applicable



D&A for the tax function

Financial Statements	General Ledger Detail	Purchase & Sales Invoices	Tax Adjustment Schedules	Tax Rates, Rulings and Applicable Guidance
Cash Management Analysis	Fixed Asset Tracking	Inventory Management	Country by Country Tax Detail	Pre & Post-Reorg Data
Returns and Workpapers	Transfer Pricing Detail	Compensation & Benefits	Audit, Adjustment and Amended Return History	Customer and Purchase Exemption Certificates
Tax Schedule	Payment and Credit History	Company Business Activities Documentation	KPIs & Reports	Trends and Benchmarking

Cash management analysis



Polling question #3

Do you believe D&A will drive value for your tax function?

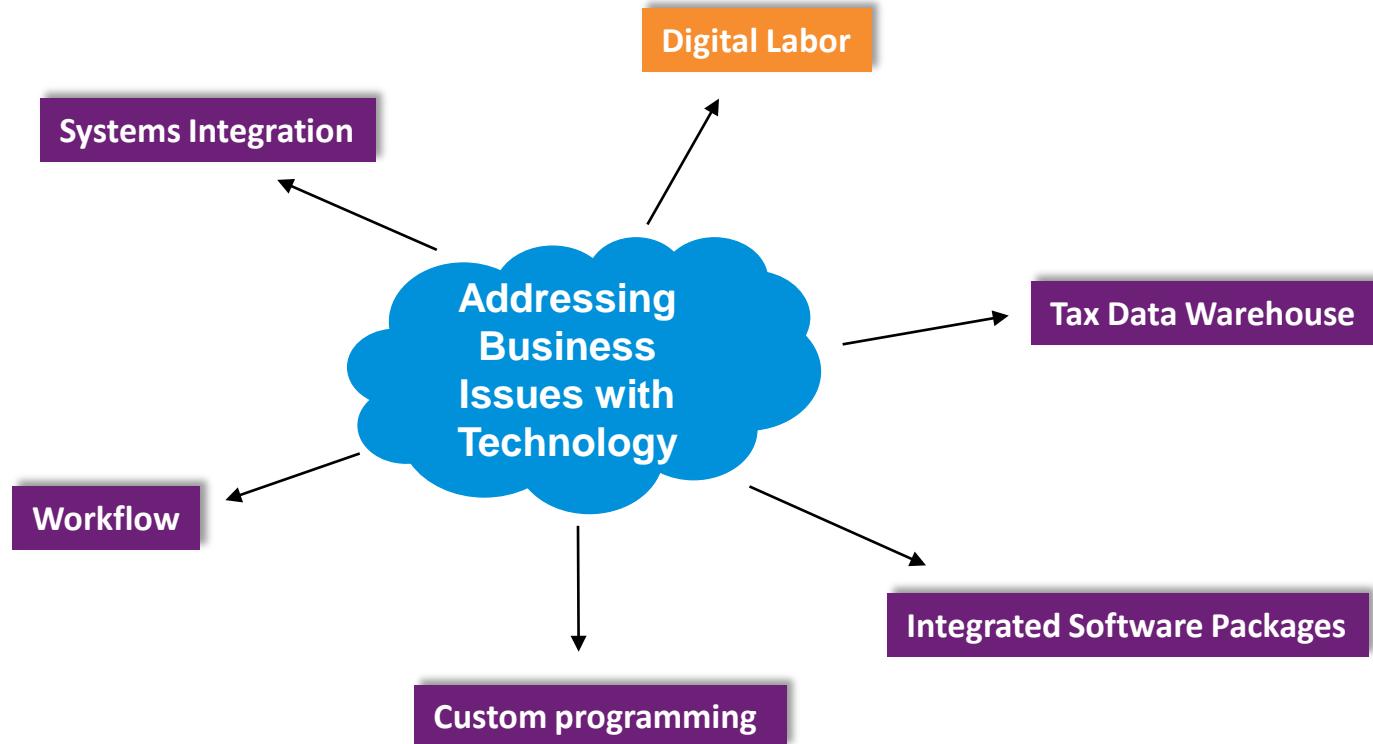
- A. Yes
- B. No
- C. Don't know
- D. Not applicable



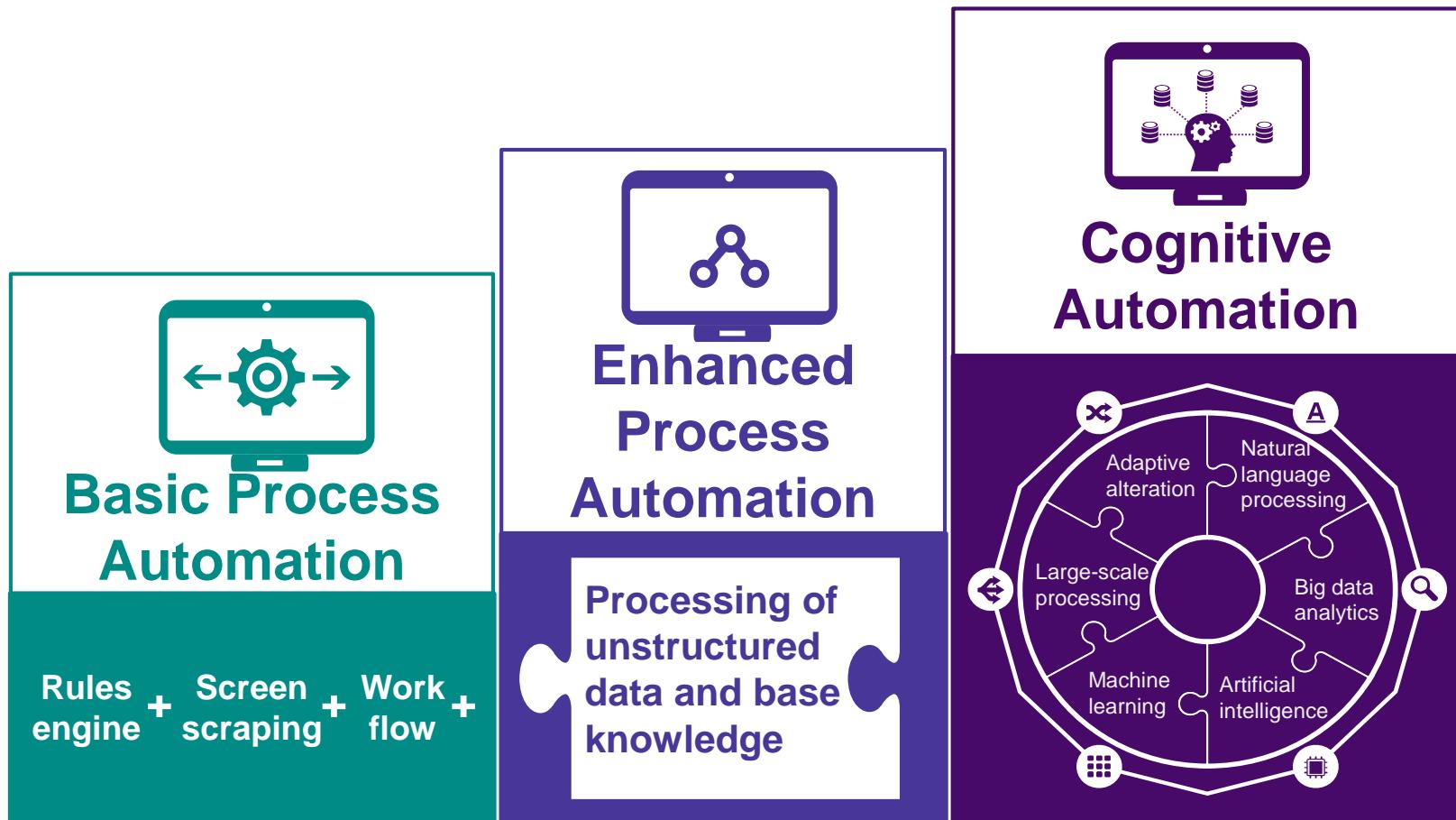


What is digital labor
and why is it
important?

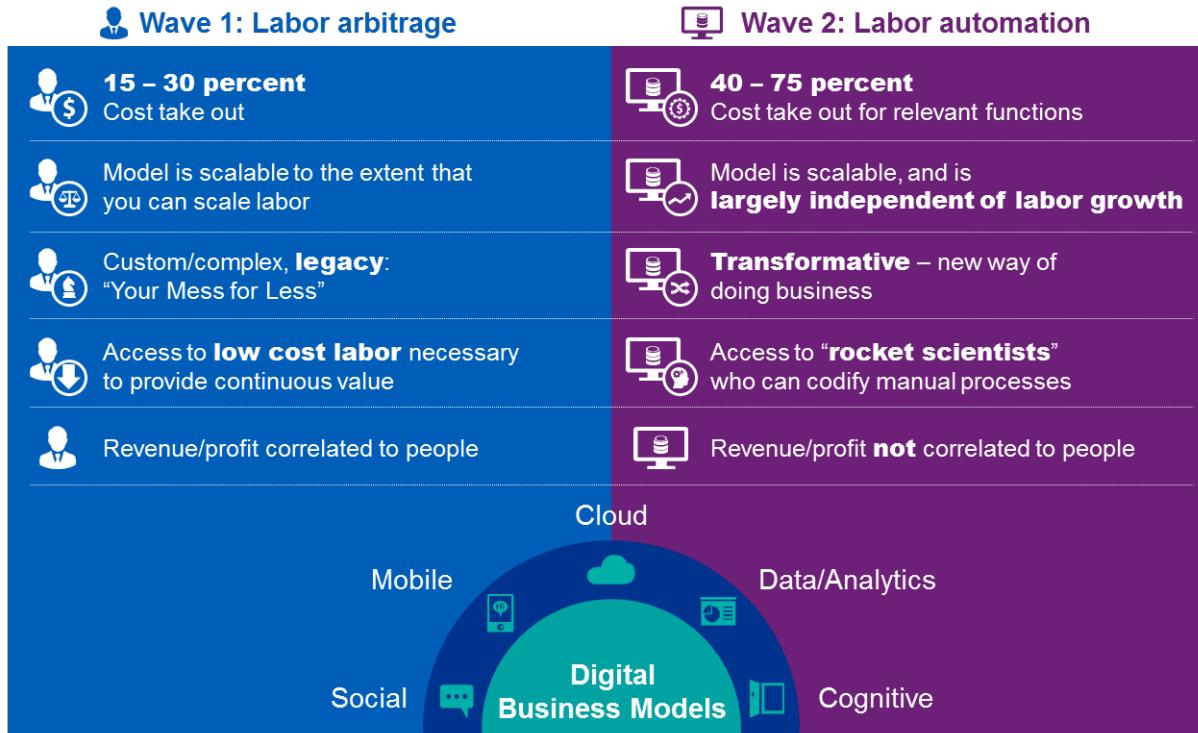
Approaches to technology automation



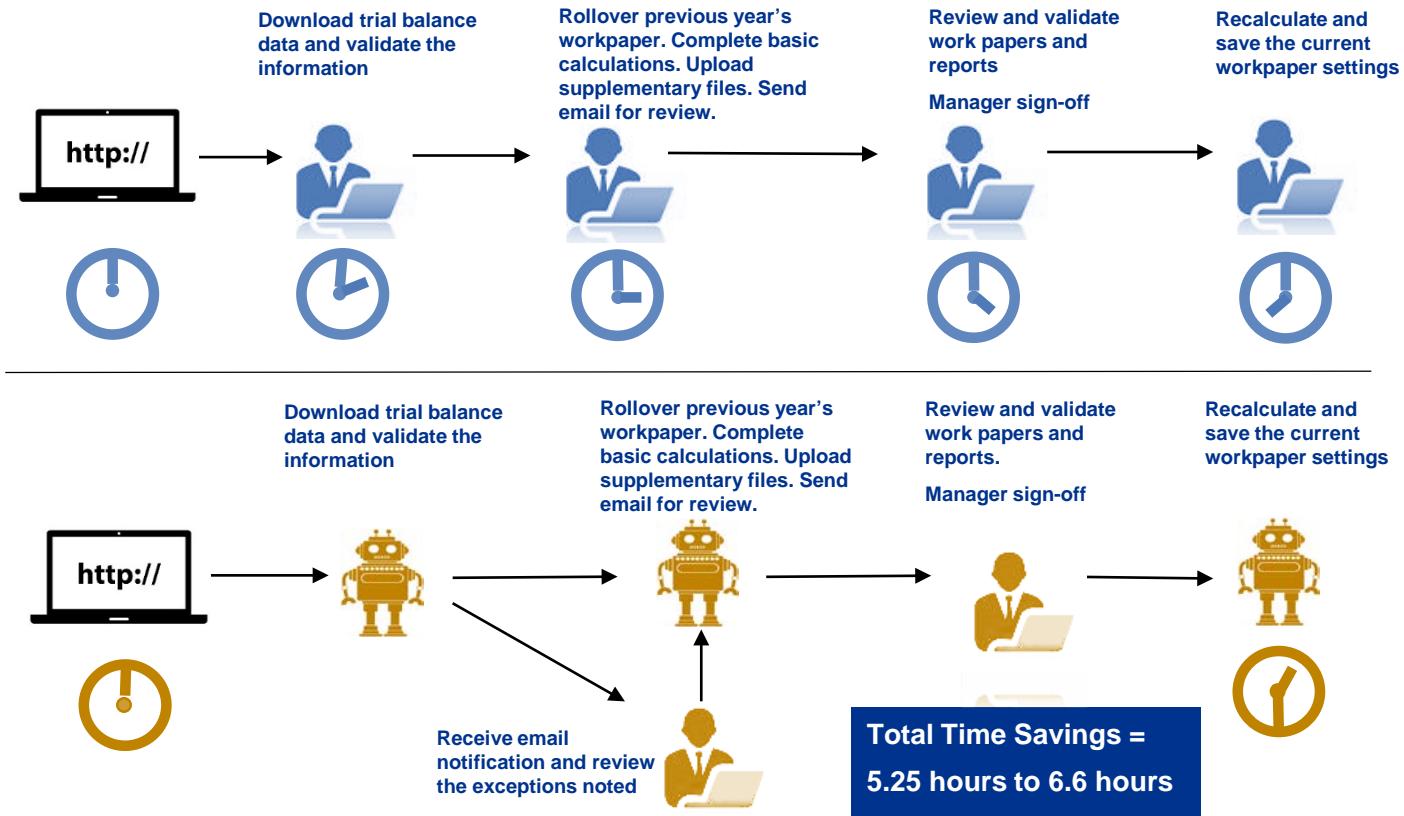
The digital labor capability spectrum



The benefits of a digital labor force



Sample process automation



Impact on digital labor



The human element of digital labor

Individual skills

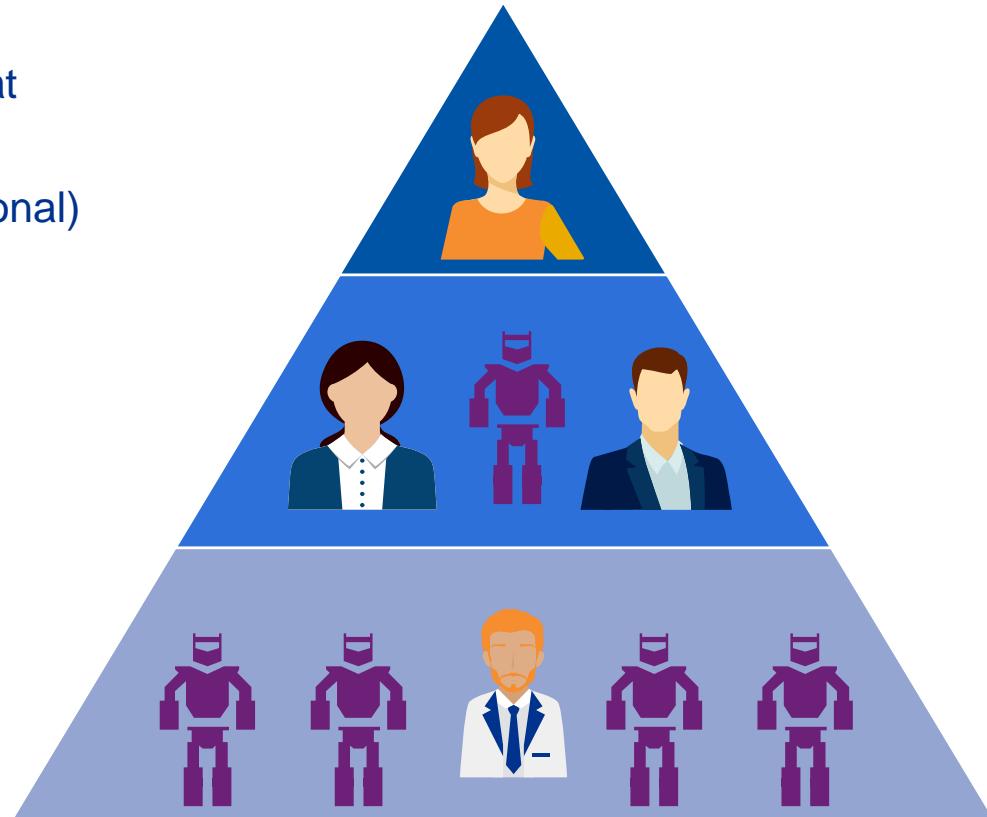
- The more we use digital labor, what skills do humans need?
- Different kinds of skills (non-traditional)

Human interaction skills

- Social sensitivity, empathy, etc.
- Teams will matter more than ever
- Group skills – Team IQ

My team might look different

- Impact to the pyramid
- Role of the millennial
- Personnel that can innovate and create will be at a premium



Polling question #4

Do you believe Process Automation tools will offer value to your tax function?

A. Yes

B. No

C. Not applicable





Learnings

Insights from our journey to date

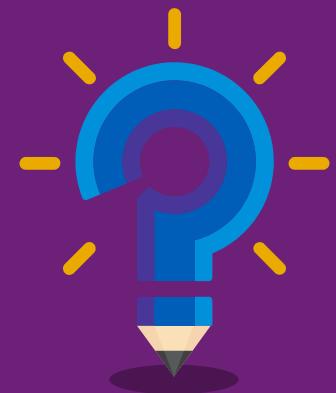
- Re-examine your resource sourcing strategy
 - consider your shared services center for opportunities for process automation
- Pay attention to your human resource development
- Align your technology solution (automation, robotics, cognitive) to the business challenge
- Use visualizations to analyze the current tax and reporting situation
- Understand the importance of change management related to the digital labor journey
- Digital capabilities can help drive quality, provide an enhanced user experience, and unleash deeper insights into the data available in today's digital world

Don't wait . . .

You should consider embarking on your journey now because your customers, your businesses, and your people are all making decisions based on their “user experience.”



Questions?



For more information

Ongoing regulatory change appears inevitable. And keeping an eye on those changes that might affect your business can feel overwhelming. That's where the technical accounting professionals with KPMG's Financial Reporting Network (FRN) can help. We not only keep a close watch on the latest regulatory and other developments, we report on them and interpret what they might mean for you.

From technical publications like *Defining Issues* and *Issues In-Depth* to timely live Webcasts and the CPE credits they provide, our FRN website should be the first place to look for up-to-the- minute financial reporting changes.

Visit us at kpmg.com/us/whats-happening

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- **Tax Governance Institute** <http://www.kpmg-institutes.com/institutes/tax-governance-institute.html>
- **KPMG TaxWatch** <http://www.kpmg-institutes.com/institutes/taxwatch.html>
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Feel free to complete this survey and click the Submit button.**

Please send any questions to us-taxwatch@kpmg.com



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