

TRANSFORMING FINANCE FOR TOMORROW

BUSINESS MODEL DISRUPTION FROM ADVANCING TECHNOLOGIES IS INEVITABLE, EXCITING, AND POTENTIALLY TERRIFYING FOR CHIEF FINANCIAL OFFICERS, WHO WILL SEE THEIR FINANCE ORGANIZATIONS AND THEIR OWN ROLES CHANGED DRAMATICALLY IN THE COMING YEARS. AND THE TRANSFORMATION HAS ALREADY BEGUN.

In a recent **Argyle/CFO webcast**, titled “Transforming Finance for Tomorrow,” expert panelists discussed how business disruptors and new technology are changing the work of CFOs and finance. The webcast included a presentation by Sanjay Sehgal, principal, advisory financial management, at KPMG LLP, the U.S. audit, tax and advisory firm. A panel discussion followed, moderated by Brett Brenner, managing director, advisory, at KPMG, discussing some organizational and technology changes already under way, as well as finance technology issues that CFOs are currently grappling with. The panelists were John Andrisen, assistant controller at Brown & Brown Insurance; Monalisa Chowdhury, vice president, finance, Primerica Inc.; Dominic Kellermann, director, financial product strategy, Workday; and Alisa Mosler, vice president of finance and global business intelligence at Shaklee Corp.

The webcast covered seven key areas:

- How large-company CEOs view evolving disruptive technologies
- How business model disruptors will have changed finance in 10 years
- The CFO’s agenda for dealing with disruption driven by new technologies
- The role of extreme automation in finance organizations of the future
- New skill sets for future finance staffs
- Key questions for CFOs to consider about business disruptors
- Panelists’ experience with technology-driven changes in finance organizations



Embracing Disruption

In a recent study by KPMG, 72% of large-company CEOs reported that they were actively disrupting their respective sectors, rather than waiting for their competitors. The surveyed CEOs also said that the greatest investments in technology over the next three years will be in data analytics, cognitive technologies, and the Internet of Things. The study, “A View of Disruption from the Top,” surveyed nearly 400 U.S. CEOs from companies with at least \$500 million in annual revenue.

According to the surveyed CEOs, their top strategic priorities over the next five years will be greater speed to

market, digitization of their businesses, becoming more data-driven, building public trust, and implementing disruptive technology.

Thanks to business model disruptors, finance will undergo a radical change over the next 10 years, Sehgal said. Among the changes predicted, finance will proactively lead enterprise performance, employ 70% less labor due to robotics, and increase the speed of insight through “Alexa-like” responses to information requests. Also, finance’s forecasting accuracy will improve as artificial intelligence processes big data, and finance will develop new skills and talent as its professionals take on more of a strategic role.

Planning for Disruption

Sehgal said that leading finance groups and their CFOs are developing agendas to deal with disruption that focuses on five areas: leading strategy and capital allocation, extreme automation, insights and analysis, organizational simplification, and skills and talent.

To lead strategy and capital allocation, “sensory-driven” CFOs will scan signals to understand the economics of disruptions and changing demands. They will also have to balance ongoing core investments with riskier investments in disruption.

Extreme automation will push finance technology to evolve and become more integrated. Finance will lead

data strategy, using new sources of data to drive more prescriptive insights. Blockchain will speed up transaction recognition, improve security, and shorten delivery cycles. Cloud technologies will enable finance to select best-in-class solutions, access real-time data, and explore business partner opportunities. Robotics will drive extreme automation, opening opportunities for value-added activities. Machine learning will radically change the work of finance. Cognitive technologies will infer trends and patterns from structured and unstructured data. Natural language processing will provide finance with real-time information, not just numbers. Finance will deliver real-time insights via new mobile interfaces, speeding decision-making.

Insight and analytical capabilities will become automated, shifting them from descriptive—the traditional finance function—to prescriptive. Finance will deliver faster transactions, faster analysis of why things happened, predictive analytics of what will happen in the future,



and prescriptions of what should be done about those future events—using artificial intelligence and cognitive big data analytics to generate hypotheses and advanced customer and market analysis.

Organizationally, extreme automation will change finance work to higher-value tasks, allow for a more flexible and contingent workforce and for more partnerships and collaboration, allow for work globally with few local requirements, dispense with language barriers, and combine front-, middle-, and back-office structures into single-office structures. From a skills and talent perspective, CFOs will have to determine in a rapidly changing environment what new work must be done and what skill sets they will require.

Panelists Weigh In

During the panel discussion, Workday’s Kellerman said that the finance and accounting executives that he speaks with seem to evaluate technology to run their businesses based on three categories of priorities. They are: managing the “avalanche of information that is bombarding the CFO,” transitioning the CFO’s office into a strategic advising role, and dealing with an “unprecedented pace” of change.

He also talked about the finance function evolving as it adopts the technology available today:

“Things like in-memory systems mean businesses can assess where they are at any time in a period versus having to wait until month-end to execute batch processes and move a bunch of data to business intelligence architectures. Nowadays, depending upon the function, you start exploring deep learning algorithms and machine learning for areas like transaction matching and predictive or prescriptive suggestions.

“The concept of things

like distributed ledgers and blockchain are being explored for settlement or smart contracts and other areas of finance and supply chain. The adoption of these technologies will depend upon a number of factors, such as, for example, a vendor's ability to deliver them as an organic part of their platform, and whether or not a business has internal domain expertise familiar enough to help roll out these new capabilities. And finally, you have to ask, what's the appetite for adoption and trust in the outcomes? That's going to determine which technologies are adopted and when."

Transformations

Also during the panel discussion, Chowdhury talked about a recent technology transformation at Primerica, a financial services company.

"We were focused on choosing the right technology, though not necessarily the best technology out there; not necessarily the most popular technology out there. We were focused on finding the right fit for



our organization and for our needs.

"You have to figure out what your need is. What is it that you're trying to do? Then, figure out which technology fits that. Technology was not the starting point. We wanted our new organization to look a certain way, to function in a certain way, and we figured out what's the technology that works best. Technology, it is a tool to make your processes more efficient and effective. And it is only as good as your users, so having the right people in the right places and having the user buy in to make the most of your technology investment is the key to having a good or a successful transformation initiative, or to a successful technology implementation.

"We also brought in a lot of the technological ownership back into finance. We have a finance tech team that sits within finance that's in charge of all of our finance technology, and in charge of maintaining, and upgrading, and changing all our finance technology and the data structure, which has worked very well for us."

Shaklee's Mosler described organizational changes at her company that included adding her position—vice president of finance and global business intelligence—and having her report to the CFO. Before, as vice president of analytics, she reported to the chief marketing officer. The company also moved its IT department under the CFO.

"What we've really been focused on is automation and becoming a more data-driven culture. At

Shaklee, finance has definitely taken the reins on this. There used to be a lot of data – a lot of different metrics – floating around the organization. And we really took the lead at spearheading – OK, these are our key performance indicators; these are the things that we are going to measure, daily, weekly, monthly – to make sure everybody’s talking about the same thing, especially in a global business where every country is doing it differently.

“And we’ve be re-architecting our data into a global system that’s going to allow us to automate most of our current accounting and financial

reporting. That was taking a ton of time. Spreadsheets were flying around the organization from all the different countries and then being aggregated together to form a global point of view. We’re automating all of that. We’re socializing these KPIs, and really holding the business accountable to achieve their KPI goals, and to achieve a return on investment, and implementing a standardized approach for both reporting and also for forecasting.”

Brown & Brown’s Andrisen spoke about the new skill sets that finance staff will need as technology advances:

“Now, technology is at a place where things are a

lot easier than they used to be in regard to getting the data and reporting on the data. It’s kind of a prerequisite that you can crunch the numbers, but that’s much faster than it used to be. So, I definitely see things moving toward more ‘people persons’ in our finance folks who can have a business conversation with the leaders. And I’ve started to see it, and I think we’ll see it more and more: our finance people transitioning into business leaders in areas outside of finance as they’re able to get things faster and able to present it better. They’re just in front of executive leadership a lot more than they ever were.”

CONCLUSION

As CFOs consider how business disruptors will affect their finance organizations, they should determine what disruptors are impacting them the most and anticipate how to address them. They also need to decide how much of an appetite their organization has for extreme automation, what their data and analytics strategy is, and how their delivery model and locations may be affected. Another key consideration is how their current workforce will be affected, and the skills they will need in the future, as well as the talent management strategy. Business disruption from advancing technology is inevitable, and CFOs need to start planning for it now.

ABOUT WORKDAY

Workday is a leading provider of enterprise cloud applications for finance and human resources. Founded in 2005, Workday delivers financial management, human capital management, and analytics applications designed for the world's largest companies, educational institutions, and government agencies. Organizations ranging from medium-sized businesses to Fortune 50 enterprises, have selected Workday.



ABOUT KPMG

Driving business value for clients is at the core of the KPMG and Workday strategic relationship. As a leading provider of Financial Management and Human Capital Management services, KPMG helps companies transform their business operations to become more efficient and effective through their implementation of the Workday solution. For more information, visit kpmg.com/us/workday.

