



Microsoft

Follow the proven path to finance transformation.

Take six steps to success.

KPMG Powered Finance enabled by Microsoft Dynamics 365

2020

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Don't compromise on your purpose

Driving long-term business value in the digital age

CFOs have played a key role in spearheading long-term growth and driving decisions with hard data. Now, those responsibilities are taking a new form: creating business value and generating insights through digital transformation.

Yet the prospect of transformation in the finance function can be daunting. Many CFOs struggle to get a clear vision of how their department will work after a technology implementation. Previous projects may have failed to reap the benefits they promised, leaving leaders with a fragmented solution.

In this eBook, you'll see how today's finance professionals can take the direct route to an optimum operating model. You'll see how to digitize in a way that can not only create fast, predictable value from the transformation itself, but also help you focus on driving long-term business value through real-time insights. Ultimately, this route can create an agile finance function, one that evolves with leading practice and remains uncompromisingly fit for purpose.

Tomorrow's finance function, today

Microsoft Dynamics 365 brings you the finance applications of the future ahead of time. KPMG designs a target operating model for all six key layers of your finance function, incorporating functional and technical leading practices into your transformation and putting you on track to embrace future use cases. It's how KPMG Powered Finance enabled by Microsoft Dynamics 365 gets you straight to the forefront of business finance practices – and keeps you there.

Why we need to rethink optimization

Many organizations customize finance platforms to fit their current processes and structures. Traditionally, this was the only way to optimize. But all too often, it prevents businesses from realizing the value they expect from transformation.

Transformation creates business value precisely by changing processes and structures, moving them towards leading practice. When customizing a platform, businesses can be left with a compromise that only perpetuates old ways of working, causing enough discontinuity to frustrate users yet failing to change the practices that are most important for ongoing value.

The result?

- Business benefits are not realized
- Projects are time-consuming, high risk, and high cost
- Every part of the business works differently
- Bigger visions or strategies never come to life
- Structure and governance issues are overlooked
- The whole process needs to be repeated a few years later

Customization also compromises the potential benefits of new cloud platforms. Every time these platforms are upgraded and improved, businesses need to adjust and test a customized solution. This leads to increased maintenance costs and makes the quality of outputs uncertain.

Unlocking value with a new approach

Agility is the new currency of business. With market forces moving faster than ever, you need to bring people, processes, technology, service delivery models, performance insights and governance together. Since a change in any one of these areas affects every other, optimizing across the interdependent layers is the key to getting the most from investments.



To unlock that value, new platforms alone aren't enough. Instead, these platforms need to support and enable transformation in both culture and the way finance functions operate. That means minimizing customization and using technology to enable new ways of working by building leading practice into every layer of your finance function.

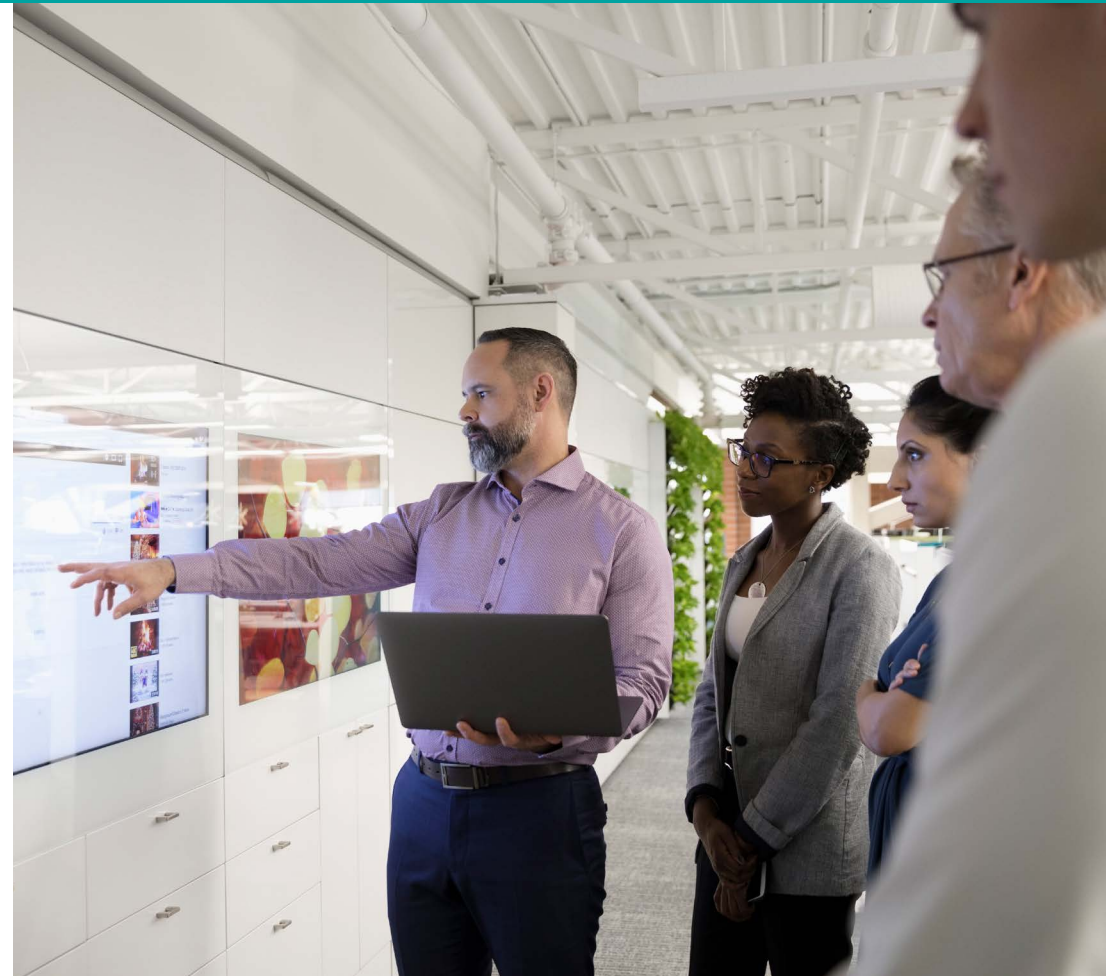
Target tried-and-tested transformation

Your finance function might need to replace technology that's coming up for retirement, prepare for regulatory changes, get ready for a divestment or set up for a merger. Whatever your immediate requirements, you can target proven long-term outcomes with your transformation.

Uncompromisingly fit for purpose

Instead of starting with business-as-usual, successful transformations start with a tried-and-tested target operating model. A model which defines the optimum way businesses can work in the future and sets out the potential consequences of decisions made along the way. This model must give a clear picture of what leading practice looks like across:

- **Process** – How everything in your finance function is framed. The methods and procedures you use.
- **People** – Who does what. Reporting lines, required skill sets, roles and responsibilities.
- **Service delivery model** – What gets done and where. The capabilities you need to deliver and how you deliver them.
- **Technology** – How you will enable and automate process. The way your environments, applications and integrations will work.
- **Performance insights and data** – What will be reported and how. The information requirements, KPI framework, structure and master data governance that will help you drive business insights and optimize decision making.
- **Governance** – How everything will be overseen. Your internal controls, your policies and how duties are segregated.



Changing the game for finance

Uncompromising standards across all of these layers is the key to successful transformation. It's how KPMG Powered Finance enabled by Microsoft Dynamics 365 delivers reliable efficiencies. By taking the direct route to KPMG's target operating model and the Powered Enterprise approach to transformation in the cloud, businesses have seen:

45% cut in general accounting costs

20% saving in budgeting and forecasting expenses

15% improvement in working capital

50% reduction in manual reconciliations¹

¹ <https://home.kpmg/xx/en/home/insights/2019/07/powered-enterprise-finance.html>

Taking everyone on the journey

With a target operating model, you know exactly which configuration and business structure can deliver the greatest return on your investment. Next, you need to get there – with as little disruption as possible.

That means getting every stakeholder ready, ahead of time. It means working with teams to make sure they're not only prepared for, but excited about, the ways in which their roles will evolve. And it means understanding exactly how your finance function will look before you press the button, including the processes that will take place outside of your new platform.

All of which takes:

- Experience in how to execute successful finance transformation across businesses in different sectors, from around the world.
- A preconfigured solution and optimized platform based on leading practices.
- A proven roadmap to prepare for the target operating model.
- Change management expertise.
- The right mindset and approach to embrace future applications as they become available.

Six sure steps to successful finance transformation

You've seen the theory. Now, how can you make it happen in practice? Which key steps separate tried-and-tested implementations from the traditional approach?



1

Know, and agree, where you're heading

Take aim at leading practice and set your sights on future-ready agility in every area of your finance function. Work out where you are now in each – from technology to service and delivery and from governance to data. Find the cost of operating your finance function, down to the process level. And know exactly what you could achieve with any given change.

How we do it

The broad experience of KPMG firms helps define some of the best leading finance processes and functions. We show you where your finance function differs from them. Then, we map these ideal ways of working to pre-built Microsoft Dynamics 365 Finance models, creating a target operating model for you to review. We validate this model against your organizational needs and vision.

2

Get to a working solution faster

Once you've agreed a target operating model, make sure you see a working version of the solution. Know which roles your people will have, and which processes they'll perform. Find out which KPIs and reports you'll use. Even get sight of the controls which are embedded in the system, as well as which processes are automatic, and which are manual.

How we do it

You see the approach in action before you commit to change. On day one, you can view a detailed, better practice target operating model on the Microsoft Dynamics 365 platform. Not only do you see exactly how things are set up, but you also see operational demonstrations. It's this preconfigured model which gets you to an effective solution faster.

3

Get users on board with the changes early on

Make sure stakeholders at every level are engaged from the very beginning, keeping them involved in your vision. And when you've agreed a design, make sure each user knows what the changes may mean for them. Demonstrate everything in action, talking them through exactly what to do when – both in and out of the technology platform.

How we do it

KPMG professionals infuse change management into the approach from our very first contact with your business. As the process progresses, we run sessions to show employees exactly how things work after transformation. The users who define the success of your project can be ready for change, having already seen for themselves the benefits of every new process or automation application.

4

Go live with business-enhanced finance functions, not business-change disruption

Aim straight for leading practices and sidestep remediation cycles as much as possible. If you manage this, you could start seeing cost reductions, time savings and employee satisfaction as soon as you push the button, with a smooth transition to new ways of working.

How we do it

After you go live, you shouldn't need to adapt the system, manage frustrated users or roll back to old processes. With the right change management and training in place, you could jump straight into digital maturity without the disruption.



5

Rely on experts who have both technology and finance expertise

Get support from complementary skillsets, with both functional finance and technology specialists. Make sure you have access to finance leading-practice expertise, as well as the technological knowledge to make it count.

How we do it

Your KPMG team includes finance transformation consultants and Microsoft technology specialists, alongside program managers, change managers and more. If you need them, you'll also have integration specialists, data and analytics specialists and data migration specialists.

6

Make this new direction a lasting one

Stay at the forefront of leading practice without transforming again. Work with a cloud platform provider that offers future functionality out of the box, not as a series of expensive add-ons. And augment your target operating model to take advantage of future releases, so you can realize as much value as possible from each advance.

How we do it

Microsoft Dynamics 365 draws on technology from across Microsoft, offering everything from robotic process automation to AI chatbots which ease pressure on finance teams. KPMG firms get advance notice of upcoming releases, so we can review your operating model to keep pace with every advance.





Where the experts you need meet

Creating business value is all about bringing people, processes and technology together. Which is why KPMG and Microsoft have joined forces. It's part of the strong network of alliances that KPMG has built with some of the world's leading technology, data and services companies.

Take the short-cut to proven power

You get straight to the most innovative releases on the market. Microsoft started ahead when it comes to cloud business applications, working from years of experience in on-premise software. As a hyperscale cloud provider, it enriches Microsoft Dynamics 365 with developments from across its data analytics, AI and machine learning research.

Have a direct line to the cutting edge

You get the inside track on the latest releases from Microsoft when you work with KPMG. Your consultants help you make the most of any new applications, updating your operating model ahead of time. Plus, as a member of the Microsoft Partner Advisory Council, we share our experiences and our clients' feedback to help shape the finance technology of the future.

Take the direct route

We hope you've enjoyed this eBook. When it comes to finance transformation, you're looking for results without the risks. To find out how you can be confident of delivering immediate and lasting value for your organization through KPMG Powered Finance and Microsoft Dynamics 365, check out these other assets.

The podcast 'Inside successful finance transformation' brings together CFOs from Microsoft and healthcare provider ECH with a business transformation expert from KPMG.

Listen to the recording and learn from their tips.

/// Really understanding what your problem is, what your current state is before you head down the solution path; that's really at the heart of any good continuous improvement methodology. ///

— Hannah Murphy, General Manager of Corporate Services at ECH



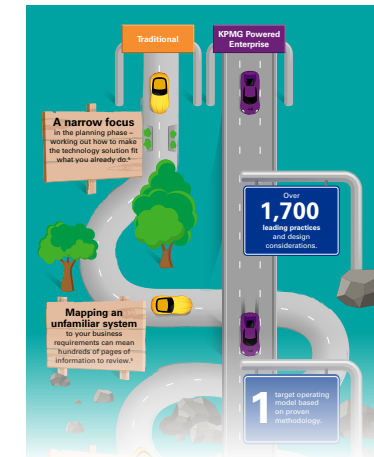
Frank Chow, Finance Operating Model — Global Architect at KPMG, asks:

“Are you really ready for finance transformation success?”

See why most finance transformations fail in this point-of view paper.

Want the short story?

‘Take the proven path to lasting finance transformation’ in this infographic.



To download these assets and find out more, visit: **home.kpmg/taketheprovenpath**



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