

Elevating Finance: Episode 2

Digital acceleration – Digital delivered

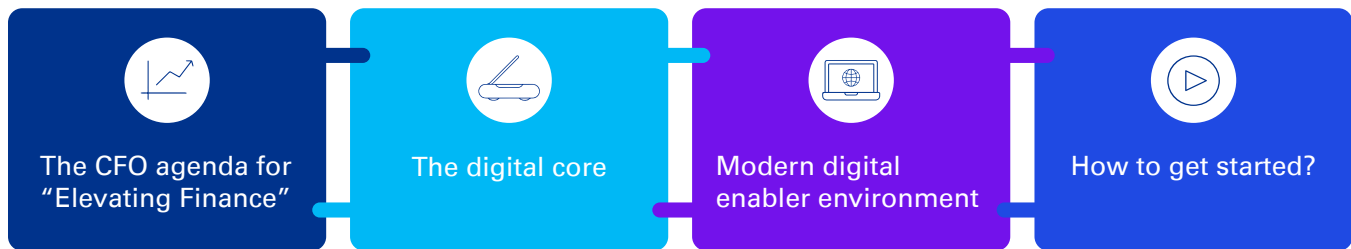
August 18, 2022

Webcast summary

With Finance transcending to a strategic business partner, technology and digital acceleration is key to the future-ready design, enabling value creation driven by information agility and dynamic insights.

The webcast highlighted how the digital technology landscape is enabling Finance and discussed the digital core and enabler environment supporting the transformation.

The panelists addressed the following topics:



The CFO agenda for “Elevating Finance”

Disruption is everywhere and occurring at unprecedented speed. The expectations for Finance are changing just as rapidly, from back-office support functions to becoming strategic advisers. Leading chief financial officers (CFOs) have an agenda that turns disruption into opportunity—leveraging technology, data, and people. This agenda is built around five pillars:

- **Strategy and innovation:** Creating value by enabling a culture of strategy and innovation and serving as an enterprise value integrator that helps mitigate risks, maintain compliance, and bolster stakeholder trust.
- **Modern workforce:** Restructuring talent strategies and recruiting new talent with modern skills and competencies to enable agile workforce capabilities.
- **Data intelligence:** Establishing a foundational data strategy and culture to drive and deliver desired business results.
- **Digital acceleration:** Investing in future-ready solutions and transforming everyday, transaction-oriented activities with automation and advanced analytics.
- **Dynamic risk management:** Risk management that supports, not hinders, innovation by leveraging advanced capabilities while maintaining compliance with the ever-changing regulatory environment.

Digital acceleration is a critical step in truly elevating the role of Finance. The digital ecosystem—the confluence of cloud applications, blockchain, robotic process automation (RPA), natural language processing, and more—is giving rise to all-new operating models, empowering Finance to respond quickly to the needs of the business and serve as a value multiplier across the enterprise.

The digital core

Digital acceleration is the convergence of business processes and task requirements with the underlying technology to enable the desired business outcomes. About 70 percent of the top-performing companies have already automated their everyday transactional processes. Chief executive officers are pursuing aggressive digital strategies and accelerating digital investments, enabling Finance to drive greater value and growth. The winners in Finance are reimagining and solidifying their digital core:

- **Business-led, technology-enabled**
 - Technology implementation alone is not enough. Digital investments must be business-led and technology-enabled at the core to extract full value from technology
 - Collaboration between the technology and business is crucial for future-ready Finance organizations so that they can get to the right use cases and ultimately create value
 - Technology enablement—whether implementing automation, enterprise resource planning (ERP) and cloud, RPA, or data and analytics—needs to be tied to an actual business function, such as core finance processes or service delivery models, to determine how to derive return on the digital investments.
- **Think like customer**
 - Companies are focusing on future-ready digital solutions without losing the human touch, removing any frictions for an optimized customer journey for both internal business partners and external stakeholders
 - Through digital acceleration, Finance can interpret customer DNA with actionable insights and establish effortless, on-demand customer engagement. Leaders are

reevaluating their existing business models with a clear digital strategy that has customer-centricity as its core tenet

- Predictive analytics can help harness customer data, generate dynamic insights that help keep pace with the shifting customer demands in the marketplace, and streamline planning and forecasting. About 71 percent of top performers who are following the “customer first” approach are experiencing a huge uptick in their revenue.

- **Culture**

- Culture is foundational and the key to driving any transformation across the enterprise, even before leveraging technology solutions. Leaders in this space are increasingly focusing on empowering their employees and building a corporate culture that appreciates contributions that create value and that can embrace fundamental changes. This includes how companies operate, understanding the impact automation has on the workforce, and the change management capabilities to address it.



- About 50 percent of the top performers offer digital fluency programs to elevate their workforce and 65 percent have designed robust talent strategies offering rotations, leadership development programs, and learning and development opportunities to attract and retain top talent.
- With digital acceleration, forward-looking Finance organizations are driving a change in the mindset—a Fail fast mindset—which embraces failure and is not afraid of it. The key to delivering value is to fail fast, learn quickly, and use those lessons learned in a productive way to drive more innovation, so that the next use case you adopt can come to fruition.
- Evolving requirements and ways of working are accelerating the need for modern skills, competencies, and roles in Finance. All leading organizations are actively seeking talent with computer science, artificial intelligence (AI) and machine learning, or data science background rather than just Finance and Accounting. The top desired competency is the ability to connect business outcomes to financial impact. In essence, this indicates an evolution in the culture of traditional Finance organizations. Leaders in this space are treating Finance as a business partner to the company, which promotes collaboration and blurs the distinction between Finance and other business functions.



Modern digital enabler environment

Finance teams can maximize their value contribution and impact by adopting an agile mindset and replacing traditional structures and behaviors, enabling proactive, insights-driven, and cross-functional decision support.

Modern digital enablers to establishing a holistic digital strategy:

- **Fit-for-purpose solutions:** Evolving systems of record, systems of engagement, and systems of intelligence are continuously changing the digital ecosystem. Digital enablers are supported by different technologies across different layers of the ecosystem, which facilitates business

partnership between teams and across the organization:

- **Data ingestion and management:** Ingesting master data from internal and external sources to centralized storage and data warehouses from where it can be accessed, used, and analyzed. Finance must make sense of new information sources and continue to refine existing data, to amplify discovery generation and elevate enterprise business partnering.
- **AI and intelligent automation:** Adaptive technologies such as application programming interfaces (APIs), blockchain, and cloud platforms use logic from computational learning to make real-time, fact-based decisions to accomplish advanced finance tasks.
- **Cloud ERP and Enterprise Performance Management:** Agile foundational solutions help enable process standardization, unconstrained scalability, and exceptional cost efficiencies.
- **Digital process enablement:** Transformative advancements in RPA can mechanize human labor and build the foundation for “digital labor” in the finance back office.
- **Visualization and advanced insights:** Forecasting, dashboard, and analytics help generate dynamic insights in real-time, empowering Finance to transcend its role as the historical scorekeeper to become a real-time, strategic interpreter.

It’s important to integrate all these layers together to align technology solutions with business strategy and desired outcomes. The pace of technology is changing. So, leveraging and embracing the leading practices and future-proofing the processes is essential to achieve success for the long haul. There is no “one size fits all” when it comes to technology. It is equally important to prioritize the purpose and validate if the solution is the right fit for achieving your goals.

- **DATA paves the way:** Having accessible, accurate, and actionable data-driven metrics is crucial for driving key decision-making. About 70 percent of top-performing organizations are increasing their spending on data-related activities in 2022 while 75 percent agree effective enterprise data use can radically change the business model. However, achieving valuable insights and outcomes is dependent on an organization’s ability to produce high-quality data.

Businesses need a coherent plan that's scalable to deal with the avalanche of data and translate it into value:

- **Create a data action plan:** Developing a comprehensive technology architecture plan that incorporates data requirements
 - **Addressing data structures:** Focusing on standardization, simplification, and ownership of data across systems and entities
 - **Establish data governance process:** Implementing internal controls and standardized processes to mitigate the risk of data quality issues
 - **Unlock human imagination and interaction:** Enabling machine learning and analytics to allow interactions across channels, increase efficiency, and elevate experiences
 - **Deliver on customer expectations:** Translating high volumes of siloed customer data to capture customer insights to drive value and profitable growth.
- **Future-ready processes:**
Digital acceleration starts with your digital strategy and considers not just where you want to be, but where you need to be as an organization. Then your organization can integrate digital solutions within the relevant Finance and Accounting business processes that will be essential to drive successful digital transformation. Establishing an end-to-end automated business value chain across Finance enables continuous improvement and monitoring to help organizations achieve an unbeatable competitive advantage. For example, this is what an extensive "Record to Report" process looks like starting from data ingestion and AI and cloud to digital process enablement and data visualization:
 - Data management solutions automatically enforce a global data model and common accounting string
 - Natural language generation helps build notes on the financials
 - Single, standard close process across all lines of business
 - Virtual close process mining detects quality and risks in accounting processes
 - Dashboard-enabled profit-and-loss flash reporting throughout close.

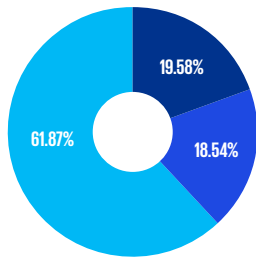
How to get started

- There are five key things that can help you understand your organization's objectives and mobilize for digital acceleration:
 - **Strategize:** Establishing an agile digital strategy will be imperative to address dynamic business outlook
 - **Understand:** Evaluating your use cases with respect to the current and aspirational digital landscape
 - **Evaluate:** Evaluating digital opportunities and determining the highest areas of return
 - **Reskill:** Having the roles and competencies to enable the digital strategy and focusing on developing existing talent with "enabling" skills that can adapt to the changing technological landscape
 - **Reimagine:** Defining incremental services that finance can provide digitally to support the evolving business.
- One of the most critical characteristics that distinguish high-performing organizations is that they do not optimize Finance processes in isolation. Instead, they design operating models that enable end-to-end processes that transcend functional silos and promote collaboration that blurs the distinction between Finance and other business functions, while having a strong focus on the customer.

Closing comments

- Traditional finance functions have evolved to play a larger and more strategic role in building the future growth story of an organization. The increasing use of digital technology—to increase process automation, drive quality, reduce risks, and reveal insights—is helping firms make proactive and effective business decisions. The fundamental building blocks underpinning all emerging technologies and digitization are infrastructure and data. Organizations need to ensure they have the expertise to store and analyze their databases and have adequate governance and controls in place.

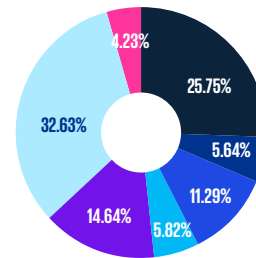
Which statement most closely aligns with Finance's role in your company's innovation?



577 responses

- Innovation leader
- Minimal involvement
- Supports innovation

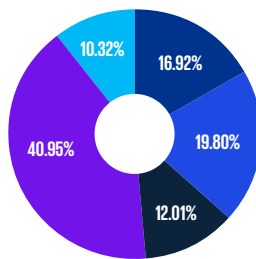
Are you actively seeking employees from a non-Finance/Accounting educational background? Select all that apply.



567 responses

- Computer/Data science
- Engineering
- Management
- Marketing/Communications
- Mathematics
- Not currently seeking non-Finance/Accounting backgrounds
- Supply chain

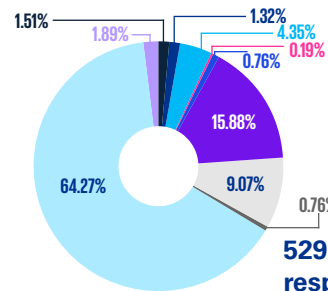
How do you instill a culture of innovation in your finance organization?



591 responses

- Allow employees to dedicate percentage of time to creating new solutions
- Established center of excellence (Innovation, Digital)
- Incentives/rewards tied to creativity, ideation, technical trainings, and certifications
- Innovation is celebrated (all hands, newsletters, intranet)
- We are not innovative

What are the technology solutions that your organization leverages today and is planning to in the next 2-3 years?



529 responses

- Advanced analytics
- API
- AI
- Augmented reality
- Blockchain
- Cloud
- Cybersecurity
- Physical technologies
- Process automation
- Quantum computing

Note: Percentages may not total 100 percent due to rounding.

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