

The CFO agenda: Digital delivered

Consumer and retail



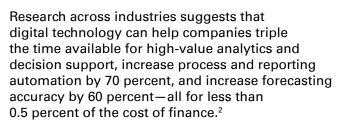
Across the consumer and retail industry, CFOs are facing rapidly evolving consumer expectations, increased pressures to optimize margins supply chain restructurings, and the need to support new business models for both online and brick-and-mortar operations.

In addition, the industry faces major, long-term disruptors such as sustainability and environment, social, and governmental (ESG) policy requirements that influence how retailers do business and maintain relationships with their stakeholders and the society at large.

To address these challenges, CFOs need a strategic agenda for finance that can elevate their value proposition and unlock new opportunities. Key to this agenda is a combination of modern digital solutions and innovations that we feel are particularly relevant to the consumer and retail industry.

Measurable benefits with digital

According to a recent poll,¹ consumer and retail companies are among the biggest spenders on digital technology, when measured as a percentage of their overall budgets. They also are more likely than most organizations to have reaped positive rewards from it, including greater profits and performance.



For finance in particular, digital technology can support real-time visibility into actuals, forecasts, risks, and opportunities while providing near-touchless, artificial intelligence (AI) – enabled transaction processing, planning, and analytics. This technology can also include flexible, self-service dashboards with Al-generated insights for financial decision-making.

As leaders evaluate where to make their strategic investments, we believe that companies can benefit from integrating their data platforms, incorporating Al-enabled intelligent forecasting to their processes, leaning into new and emerging capabilities such as generative Al, and getting smarter and faster pricing analytics.

The KPMG modern data platform

KPMG Modern Data Platform integrates existing and new digital finance solutions across the finance lifecycle. It provides frictionless, modern, cloud-native, enterprise-grade data extraction, integration, transformation, and end-user consumption capabilities.

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¹ Source: "Consumer and retail insights," KPMG U.S. Technology Survey Report, 2022

² Source: "KPMG 2023 Elevating Finance Survey" and "KPMG 2021 EPM Survey." Figures from surveys represent companies in the top quartile of responses.

The platform is designed to simplify and streamline an organization's data infrastructure and accelerate your advanced data analytics initiatives. It integrates and harmonizes disparate data from across your entire data ecosystem into a common data model, regardless of the complexity or diversity of the underlying environment. The platform is designed around four essential pillars:



Cloud-native architecture:

The platform is a curated, cloud-native technology stack with automated Infrastructure as Code (IaC) blueprints, software installation, and code deployment. It includes an extensive cloud services catalog and a range of configurations, all designed to meet the need for cloud modernization and contemporary data accessibility.



Self-service ecosystem: The

platform's frictionless, self-service data discovery and analysis capabilities connect data producers directly to data customers, empowering users from business analysts to data scientists to collaborate and innovate with autonomy.



Data as a product: The platform can help organizations establish agile data management, elevated data quality, and a DataOps foundation. It enables federated data ownership and data models optimized for specific domains and lines of business.



Intelligent forecasting

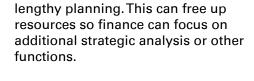
Intelligent forecasting with AI is a customizable planning capability based on advanced predictive techniques, high-quality demand signals, customized forecasts, and continuous learning and evolution.

Benefits for finance include:



Accuracy: Increased forecast accuracy supports improved shareholder value and an ability to reallocate revenue or cost savings to other growth initiatives.





Cost: Less effort is required for



Speed: Earlier visibility to initial results means making key resource, operations, or investment decisions sooner.



Insight: Organizations can gain additional understanding of internal and external drivers of business results, including scenario planning or flash reports.

Intelligent forecasting can help leaders identify accurate drivers of performance, enable more dynamic forecasting, and provide near real-time forecast updates. Potential applications include the analysis of operating income by service line, base-level profit margin forecasts, and forecasts for short-term or long-term cash flow.



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Generative AI for finance

Generative AI is a branch of deep learning that involves unsupervised and semisupervised algorithms that enable the generation of new content and data. It combines IT systems, tools, and methodologies designed to help machines sense, comprehend, act, and learn on their own or with minimal human augmentation.

Generative AI can be leveraged by consumer and retail organizations in a number of ways, including data entry and summarization, fraud detection, market intelligence and actionable insights, and financial commentary generation.

Keeping cost-conscious consumers happy

Today's consumers are more conscious than ever about how they spend and where. Pricing systems augmented with AI can track consumer preferences, including how customers look at items, and price according to these and other factors such as promotions, store locations, or how competitors price the same item.

Competitive pricing can also be supported by operational efficiencies and savings along the supply chain. Lightweight and "smart" supply chain platforms that leverage Al and other innovations can connect retailers to top suppliers to help them balance competitive pricing with margin preservation.

Client story: Predictive risk monitoring ³

Challenge

A leading US retailer wanted to proactively identify, quantify, and respond to risks to its business, such as employee theft, litigation, counterfeit products and more, before costly incidents occurred instead of reacting to them after the fact.

Solution

KPMG helped design and deploy a predictive risk monitoring solution that uses advanced AI technologies including natural language processing (NLP) and several machine learning techniques to analyze vast amounts of publicly available data, including product reviews, descriptions, and other related data to track and quantify more than a dozen key risks to the retailer.

Results

With our team of experienced AI and NLP technology professionals, our leading AI and NLP tools and accelerators, and our extensive background in risk management, KPMG was able to build and deploy the first release of the solution in just four weeks.

³ Source: KPMG website, https://advisory-marketing.us.kpmg.com/speed/cs-retail.html

Steps for CFOs to consider

To help leverage the potential of digital technology in the consumer and retail sector, CFOs can consider the following steps:

- Evaluate advanced digital capabilities and automation opportunities across traditional brick-and-mortar and e-commerce channels
- Develop a dynamic working capital management process that integrates financial and operations information to better manage supply chain disruptors
- Use intelligent forecasting to better understand true business drivers and predict variables such as commodity pricing and inflation
- Develop the right architecture or modern data platform strategies to enhance how information is ingested, transformed, and used
- Support new roles, skills, and competencies needed and their impact on the current workforce
- Measure and track nonfinancial environmental, social, and governance (ESG) metrics.

The CFO agenda for elevating finance

Consumer and retail is just one of a number of industries where KPMG professionals are helping CFOs and other business leaders create new opportunities for increased growth, enhanced decision-making, improved cost efficiency, and greater support for stakeholders. The CFO agenda is supported by the following five pillars of foundational competencies:





Strategy and innovation: Developing sustainable, profitable growth by creating, integrating, and realizing enterprise value

Digital acceleration: Driving a cultural shift to enable accelerated development of fit-for-purpose solutions that deliver business objectives, enhance the human experience, and enable organizational agility

Data intelligence: Establishing





finance as the value multiplier and integrator, while enabling enterprise data and reporting strategies, proper governance, and effective decision support across the enterprise

Modern workforce: Driving digital fluency across the finance workforce and adopting new delivery models, ways of working, and talent strategies to increase the scope and value of services delivered

Dynamic risk management:

Maintaining trust across stakeholders through the adoption of proactive risk management strategies that strike a balance between value preservation and innovation.



Talk with KPMG

Consumer and retail companies and their CFOs need modern digital tools and innovations to keep pace with a rapidly changing business world. Talk to your KPMG representative to learn more about solutions designed to support enhanced data infrastructures, improved analytics, intelligent forecasting, generative AI, and increased cost efficiencies.

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