



Platform Driven Finance Transformation

To accelerate sustainable and profitable growth


accenture

As enterprises have placed greater demands and responsibilities on the shoulders of chief financial officers (CFOs) and their finance functions, we have seen a steady rise in the importance, reach and influence of the CFO throughout the organization. According to Accenture's latest Global CFO Research, CFOs are taking on many roles as they address their cost and growth agendas, including that of an economic guardian, an architect of business value and catalyst of digital strategy.¹

Nearly three-quarters of CFOs surveyed as part of the Global CFO Research claim they now have the final say on the appropriate technology direction of the enterprise.²



With the catalyst of digital strategy role in mind, and with a focus on building a sustainable future for the enterprise, CFOs need to strengthen their organizations' technology to drive breakout value. This paper explores how a platform-driven finance transformation can help CFOs deliver on this critical responsibility.

As trusted advisors to the chief executive officer (CEO) and other members of the senior management team, CFOs are bringing enterprise value creation to the forefront of strategic CEO agendas. CFOs are transforming the finance organization to create a more digitally enabled, data-driven function to help evaluate different strategic options and uncover new sources of sustainable and profitable growth.

CFOs are leveraging new and powerful technology platforms—particularly large-scale enterprise resource planning (ERP) platforms—to drive transactional change and efficiencies and support what we call the “Intelligent Enterprise,” an organization capable of delivering great value under the most dynamic and demanding market circumstances.

To accomplish this, they are helping their own teams adapt to new realities, automating routine transactions and processes while providing the training, knowledge and education necessary for the acquisition of needed hard and soft skills. According to our latest CFO research, 60% of traditional finance tasks are already automated.³ The biggest value we see is in looking forward and adopting predictive technologies.



As the pace of change accelerates, CFOs are ideally positioned to pivot the organization to become an intelligent enterprise and work with chief information officers (CIOs) and business stakeholders to select and implement new technologies like cloud.

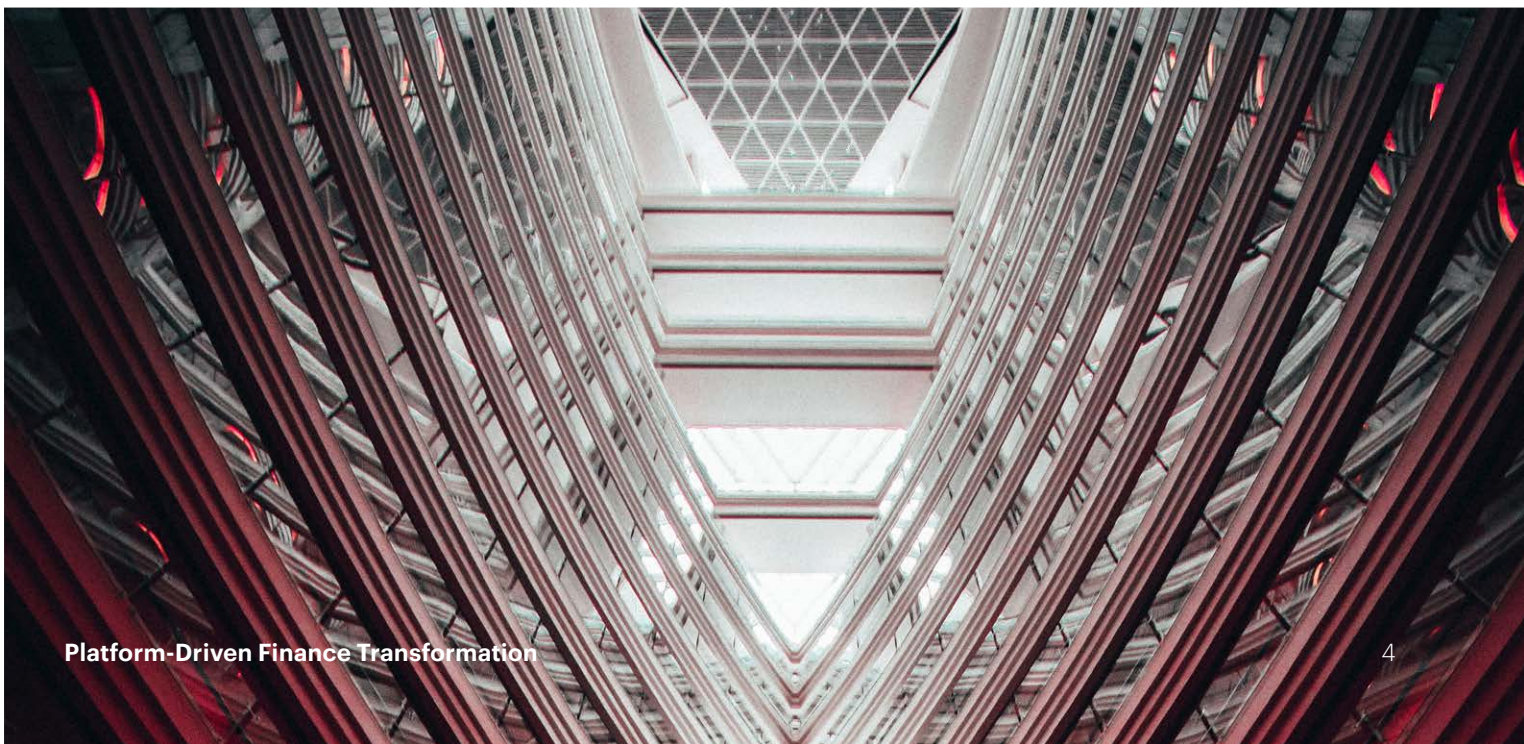
Change in the global business environment creates the need for fresh thinking and business transformation. Disruptive technologies and digital capabilities let CFOs and finance teams make better decisions more quickly and with greater confidence. Cloud, data, and analytics are maturing technologies and capabilities but still have great untapped potential for improving operations and for helping identify new areas of profitable growth.

Emerging technologies such as artificial intelligence (AI), machine learning (ML) and in-memory computing are now being used in areas ranging from risk management to cybersecurity to anti money-laundering (AML) to fraud prevention. For one global retailer, we helped them tap into the power of AI and ML to drive their planning, forecasting, reporting and analytics capabilities. This helped them increase their predictive capabilities while increasing the automation and efficiency of their financial planning and analysis (FP&A).

These technologies are helping finance better respond to the demands of the business and improve the “predictability” of the business, gain greater insight into what drives profitability and performance, and adapt to previously unanticipated new business dynamics and scenarios.

Nearly all finance functions face demands for greater speed, faster closing cycles, more immediate access to actionable information and the ability to anticipate and respond to market changes. At the same time, their stakeholders push hard for cost reductions, improved efficiencies and for the delivery of tangible value, forcing CFOs to make the right choices in where to invest to get the highest return. On the horizon—or closer—there are new and traditional competitors employing new operating models or collaborating with technology providers to create new value propositions and competitive positions.

Finance can benefit from the use of platforms and the powerful technologies on which they are built. However, while platforms are essential to a digital transformation and delivering improved efficiencies and decision making, they are not a standalone solution.





Getting Platforms Right

Platforms can play an important role in transformations, but a modern operating architecture is necessary to make the right investment decisions and deliver desired goals.

The concept of an operating architecture extends far beyond the replacement or upgrading of an existing ERP solution. When properly designed and implemented, the operating architecture should provide the basis for transforming the organization into an agile and intelligent enterprise. CFOs should use technology to automate, digitize, simplify, standardize and accelerate, thereby increasing control and improving compliance.



According to the Accenture Global CFO Research, 85% of respondents are enhancing their capabilities to produce real-time data and are investing in technology to automate core tasks.⁴

The foundation of such an architecture rests upon three main building blocks:



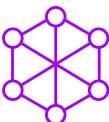
1. Systems of reference

Core ERP and processes focused on simplification and standardization, make it easier for core apps to access and use data. The goal is to turn dormant data into a useful asset while providing a framework for operating within the broader business environment. Cloud-based solutions make this effort easier.



2. Systems of intelligence

These are systems that fuel innovation, including technology levers such as AI, ML and the Internet of Things (IoT). Such systems create insights and drive actions for companies. For example, they can help in identifying and analyzing new channels for growth, automating manual processes, and spotting ways to strengthen profitability.



3. Systems of differentiation

Connected applications focus on specific areas of differentiation such as spend management or profitability management, addressing complexity with a flexible technology architecture to support changing customer demands.

Even with these building blocks as a starting point, it is difficult for many organizations to set priorities. One major problem is that traditional means of measuring value in finance (for instance, finance function costs as a percentage of revenue) may not capture what really needs to be done (which is to help the entire enterprise perform better).

Another barrier is that making tactical improvements—which are relatively easy and inexpensive to implement—may lead only to marginal gains. This can serve as a disincentive to undertaking strategic initiatives, which entail greater complexity but offer the promise of much more significant enterprise-wide benefits.

For a large global products company, they began their platform transformation journey by first addressing three fundamental questions: 1) What is our northstar for the future of finance?; 2) Why would we embark on this journey?; and 3) How do we get there? The answer to these questions resulted in the following key transformation assets: a vision statement to focus the company's effort; a value case to support more transparent decision making around the effort; and a roadmap to define goals and desired outcomes. These assets were instrumental in guiding the company's transformation journey, from gaining initial approval at the Board level, through quarterly updates on progress and value delivered to the C-suite, to monthly check points with the program Steering Committee. With every step of the journey focused on the program objectives and value being delivered.

The array of available technologies—from full-blown ERP solutions to relatively small-scale data and/or analytics tools—can be bewildering. Following and evaluating new offerings is enormously time-consuming, and CFOs juggling multiple demands and expectations are encouraged to partner with their CIO peers to address.

As enterprises embark on their digital transformation and to build momentum to keep the transformation on course, CFOs need a clear vision and focused strategy. They need to collaborate with the CEO and other members of senior management to assess what programs are within the scope of transformation efforts, and to establish effective governance for such efforts. They should review leading practices among peer and non-peer organizations and adopt new ways of thinking and working as appropriate. They need to identify the correct metrics for success, moving beyond narrow measurements of productivity improvement for the finance function. They need to bring the finance workforce on board for the transformation, and to develop the workforce skills needed for the new work environment.

While all these elements are important, a digitized platform—whether it is custom-built, designed by adding on to an existing solution, or bought “off the rack” from a vendor—is a key building block needed for real transformation. Introducing a new vision, strategy, and fresh thinking should not be underestimated. This can truly transform finance and provide the necessary focus on the value to be realized when deploying the platform for supporting the changing role of finance. In turn, the platform, once deployed, increases the speed and agility of the finance function, as well as its ability to access new sets of information and capabilities.

Elements of Transformation

There is a lot of talk about the “digital transformation of finance.” But what, exactly, is being transformed? In our experience, transformation initiatives focus on four main areas:



1. Digitizing finance and leading digital enterprise transformation

CFOs lead change by investing in technological capabilities that can digitize business and operational processes and enhance efficiency and agility. Transformation streamlines and accelerates financial reporting, fixes inefficient processes, and increases control and compliance.



2. Harnessing the power of data for real-time decision-making

The platform is built on a robust data architecture and deploys analytics tools to generate new and more advanced insights. Better scenario modeling supports rapid adaptation to changing circumstances.



3. Changing the role of finance

Digital transformation makes finance less insular and more focused on the success of the entire enterprise. Instead of focusing on what happened, finance concentrates on what should happen, and on how to effect desired change.



4. Bringing the finance workforce into the new era

As part of transformation, CFOs are encouraged to change hiring criteria to secure new, high-demand skills while upskilling existing workers to assume more value-added responsibilities so that finance can flourish in its expanded role.

The Benefits of Platform-Driven Transformation

Platform-driven transformation can deliver significant benefits on many fronts (see Figure 1). One core benefit is the simplification of basic financial activities such as reconciliation and closing.

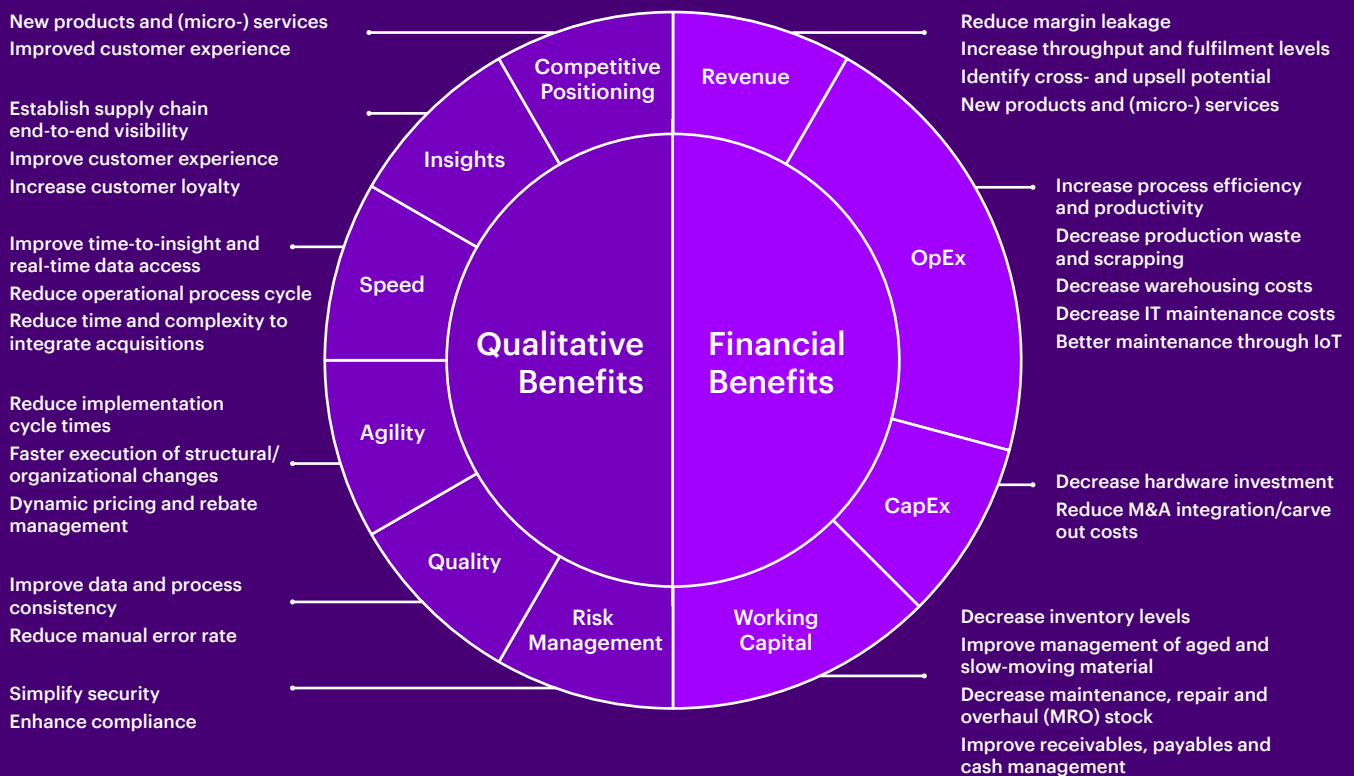
The platform provides a better grasp of data and brings finance closer to the coveted “single source of truth” in terms of business and financial information. This shortens the closing cycle but also frees up resources for activities that add value and support sustainable growth.

The tangible benefits that the CFO and finance function can realize from platform-driven transformation encompass areas including integrated business planning, profitability analysis, the value of products or services delivered versus their costs, and identification of the costs of complexity, poor planning,

and other shortfalls. Platform-driven transformation also simplifies the integration of mergers and acquisitions, making it easier to incorporate information from different sources and systems.

A major US-based consumer products company, for example, used platform-driven transformation to establish templates for data management and governance, streamlining its multiple acquisitions and bringing results to the bottom line more quickly and accurately.

Figure 1. Benefits of a Platform-Driven Transformation



Source: Accenture, April 2021



At a granular level, platform-driven transformation supports initiatives such as order-to-cash analytics and the use of ML to evaluate the credit profiles of customers. It allows better vendor management and more intelligent pricing.

Finance can work with the broader enterprise to extend these benefits to deliver:

Lower planning and logistics costs

The platform helps integrate planning and scheduling, which makes production forecasting more precise. With better analytics, the enterprise gains supply chain visibility and can monitor, estimate, and plan sales fulfillment more accurately.

Improved sales and customer service

The enterprise can establish a 360-degree view of its customers, leading to increased revenue streams and reduced customer churn. Platform-driven transformation helps analyze the profitability and creditworthiness of customers and identify the best payment options. Automated sales order processing allows customer teams to spend more time on building and expanding profitable relationships, while better planning supports higher product quality and greater customer satisfaction.

Better strategic decision-making

Platform-driven transformation helps the enterprise effectively address strategic priorities and develop and implement growth-oriented strategies. The enterprise becomes more adept at finding capital and managing debt. Finance provides useful insights into how best to deploy the workforce and how to get products to the market more quickly.

Better information technology (IT)

While transformation adds access to new data sources, it typically decreases the organization's data "footprint" and improves data quality. Greater flexibility and reduced maintenance help lower the total cost of ownership (TCO) for both IT and finance.

The Path to Transformation

The first step on the path to platform-driven transformation is the development of a desired end state. The CFO should work with company leadership to identify the key challenges facing the organization and how the transformation can address such challenges.

The next step is to deploy the best possible set of resources in making the transformation happen. The transformation team should examine and adopt leading practices in process automation, data, and analytics. The immediate goal is to establish trust in the completeness and integrity of data. Then, the team reviews candidates for automation and implements intelligent automation throughout finance.

Transformation also involves analysis and development of platform architecture. This entails implementation of a core ERP system, using cloud to enhance simplification and standardization. The system can be a purchased platform or can be custom built using add-ons. The key element is to realize an architecture which can be readily implemented—without disrupting the enterprise—while providing the foundation for post-transformation growth.

72%



of surveyed CFOs believe their company will need to completely rethink processes and operating models to be more resilient in the face of impending disruption.⁵

Accenture CXO Pulse Survey

A major global retailer has found that platform-driven transformation supports improved forecasting by better matching supply and demand factors. Machine learning reviews historic purchasing patterns and predicts what could happen in a variety of scenarios. The information is relayed immediately throughout the supply chain and to teams responsible for marketing and merchandising.

Finally, transformation calls for active engagement on the part of the finance workforce. Team members need to accustom themselves to look at the future rather than focus on the past. This means not only equipping finance with new skills and technologies but changing the nature of the work they do.

73%



of CFOs are retooling finance with the latest technology to maintain influence across the enterprise.⁶

Accenture CFO Research

The Importance of Transformation Now

Platform-driven transformation can help CFOs reimagine finance and create the opportunity for it to become a data-driven operation focused on driving more actionable value across the enterprise. With a better handle on internal and external data, finance can make better decisions and can help the organization differentiate itself from competitors and build sustainable growth.

The capability and insights delivered by platform-based transformation are especially important now, as the global economy deals with high levels of uncertainty and volatility. Therefore, deriving insights more quickly and being able to adapt and/or respond accordingly is essential for the continuity of the enterprise. Our experience indicates that organizations which have already taken steps to digitize finance and other key functions are in a better position to bounce back from difficult conditions and to take advantage of new opportunities as they appear.

Platforms are central to this effort and are an essential component for building greater organizational resiliency going forward. They can also help CFOs fulfill their role as economic guardians for the enterprise, architects of business value and catalysts of digital strategy.

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