



CFO Perspectives

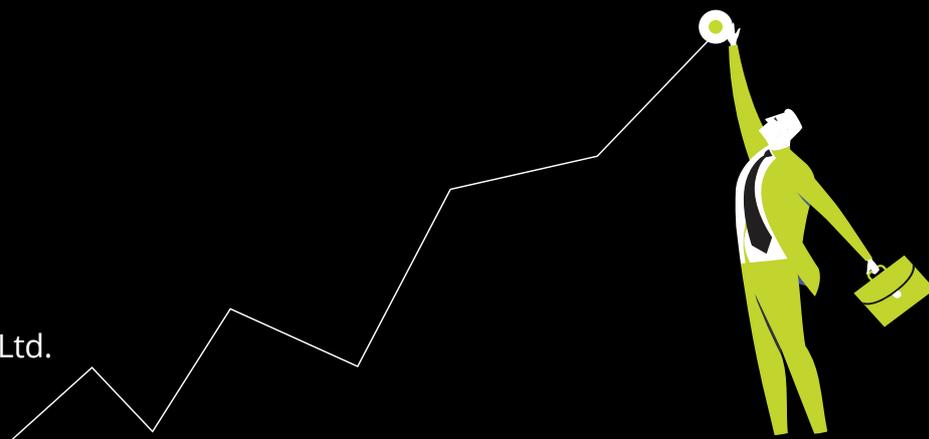
India | CFO Newsletter | December 2019

For private circulation only

CFO Speaks



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1. Automation and optimisation of industrial processes plays a significant role for companies to stay competitive in the market. How well you think Indian industry is placed in terms of industrial automation and what more is needed to keep them globally competitive?

India is taking swift and steady steps in industrial automation and digitalisation. This is because in an age of continuous technological disruption, staying ahead of the curve entails using automation and digitalization as a competitive advantage and for enhancing efficiencies. Deploying automation and digitalisation can enable Indian industries to leapfrog and bridge the skill and productivity gap, which has existed with especially the West. Industries like cement, steel, paints, pharmaceuticals are embracing automation and digitalisation like never before. This is because the significance of reducing human contact for quality and safety in segments like Food and Beverages entails using much higher automation digitalisation.

Likewise, the concept of autonomous carts for mines could have a lifesaving impact. The key difference is in the way industries in India are deploying these technologies – they are being used to upgrade shop-floor working, collaborate between millennials and mature workforce, and improve quality, productivity and safety of the workers.

2. How do you think your company is placed to take on the associated opportunities and challenges of Industrial automation market in India?

We are very well positioned internally and externally. We have been steering the organization in periods of challenging and mixed market growth. Challenges like mostly brownfield expansion have become opportunities with increased focus on process and value chain optimization, thus enhancing the role of automation and digitalization. While internally we have focused on making our operations smarter by converting and opening new smart factories, functions like finance have increased usage of bots, Machine Learning tools like Natural Language Generation (NLG), digitalized invoicing, etc. Much more than half our products and solutions come with embedded software.

For customers we have a model wherein post running familiarisation sessions for the technologies, we follow a collaborative ABB Ability™ Customer Experience (ACE) program. Customers can transform their ideas into digital solutions with design thinking, agile and lean start-up based methods along with highly-qualified specialists from many of ABB's businesses. This is where customers visit us, get to know about the range of technologies pertaining to their industries on offer. We then collaborate and co-create solutions for the customers. This has led to deployment of advanced digitalization and automation with AI&ML deployment

in sectors like forging, power distribution, iron ore and ladle movement in steel plants, etc.

3. We are in an era of significant digital disruptions across the industry sectors and business functions. What are the top three disruptive trends that you are witnessing and how do you believe they will specifically affect your business?

If I look at the external standpoint, the customer requirements are changing quite rapidly. They require faster and real-time information, faster servicing and absolutely fault-free servicing – in terms of offering full solution to the customer. From the internal standpoint the operations have to gear up with those particular requirements of the customer and to deliver to the requirements of the customer, they have to have some technologies which could enable them to do that.

So in that way, I think the three important disruptive technologies which are catching up are – artificial intelligence, machine learning and block chain. These could very well be applied in all financial applications that could support the business for better insights, faster decisions and accurate forecasting.

4. As per Deloitte's latest CFO survey, hiring and retaining talent is one of the key concern for the CFOs. Are you facing a similar challenge in your industry and what are the top two areas in finance that would need reskilling?

Today we are in the age of transformation in every parts of our life. So in that way, even the finance function has to transform itself – applying that to the real life scenario, I think the finance people are also acquiring new skill sets which would help them deliver their functions in a better way. Now if we look at from an ABB standpoint, we have clearly 3 pillars:

- First is the business partnering in finance which works very closely with business to enable them to make decisions faster and give them better inputs.
- We have the global business shared services, which is more transactional, which means they handle volumes of data, preciseness in handling that data, harmonization, standardization, and adopting robot applications.
- And we have the controlling CoE, which is more with respect to how they help the business analyse the data and write rules for how to conduct certain operations within the business and that's why it becomes more robust from internal control standpoint and also gives better insight and a platform from which one can share experiences across geographies.

I think this is something where the finance people have to adopt to move into these particular verticals and reskill themselves as per the particular needs. In ABB we make sure that the business finance person is able to know about transactions, controlling and planning analysis part of it, and so there is a skilling which is being done for each of these particular people. We run programs of six sigma for digital technologies. We also run programs for project management and project controlling, which helps the controllers acquire themselves a new skill set in the new era.

There is one more important change which is happening; gone are the days when people had to execute global roles sitting in a different location. Today is an era, where a global function or an operation including a business is done by a team who is situated in different parts of the world. So what helps them to connect? It is basically the technology which helps them to connect, provide faster decision making and also nearness to the customer which helps them communicate the decisions faster. So, in this changing world, I think it is important for the controllers and the finance people to be clear that technology will be an important enabler for them to do the function very effectively. I think running away from technology change is not going to be the way of life, the winner will be the one who adopts it first, adopts it faster, and keeps it agile and relevant will always have a longer shelf life in today's world.

5. As a CFO, how do you make sure that the strategic initiatives of the company are executed efficiently and add to growth of the company? How is your role getting transformed towards more of a strategist and catalyst?

In today's world, the CFO's key characteristic is to stay connected with the external market environment. Today the CFO is required to understand the market movement, how he could steer the process of growth with strategic initiatives in the organisation in a more sustained and controlled manner.

The challenges which are also opportunities for CFOs today, are rapid technological changes in the area of finance itself. Secondly people's ability of that function and how they cope with those changes. Third is the control system that they (CFOs) have to visualise and build before creating the business models. Once all these three are coordinated and complementary, it is not difficult to steer strategic initiatives. For example, mobility of data, systems and processes is going to be the future. Developing

business models around this piece and making the organization align with this change and environment is something which is very exciting for us to take forward as an initiative.

The key is that you need to keep inventing, even as a CFO. You need to invest to show that you are ahead of the curve, gain confidence that it can be done. Thinking and developing those models is important for the CFOs today.

6. What are your top three priorities as a CFO?

I think the top three things which come on my mind for a CFO in today's world are:

- First would be leading transformation projects
- Number two, reskilling and retaining the talent which is very important in today's world to lead the transformation topics
- Third of course, with so many changes happening governance is another very relevant and in-focus topic for the CFOs.



Expert views

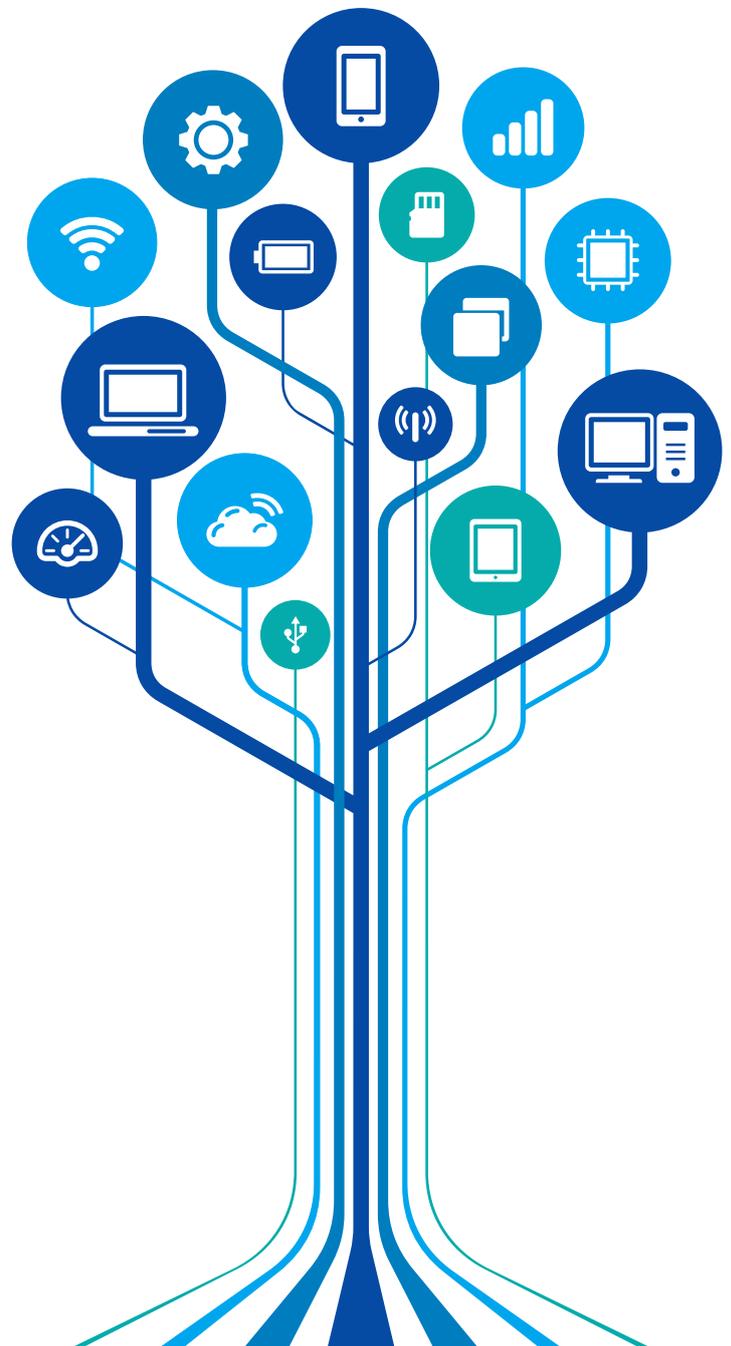
How many traits of digital DNA does your company have?

Given how frequently the words “digital” and “transformation” appear side by side, it’s easy to overlook the real distance between them. After all, digital technology—understanding it, as well as implementing it—represents just one of many challenges organizations need to conquer to orchestrate a full transformation. And achieving a digital transformation transcends any single technology implementation, whether it be artificial intelligence (AI), internet of things (IoT), or virtual reality (VR).

As more companies embark on the journey toward digital transformation, however, not all travel at the same pace. The extent to which an organization can weave its insight into digital capabilities throughout its culture—embedding it in every function and activity—is a measure of its digital maturity. And the most digitally mature companies are those that possess a common set of traits that determines how they organize, operate, and behave. Despite the inevitable missteps, digitally mature organizations stay focused on growing more agile while polishing skills such as continual innovation and intentional collaboration.

Dominant traits of digital DNA:

- **Changing mix of traditional/ non-traditional stakeholders.** In a team-based, networked environment, non-traditional stakeholders may exert a greater impact on outcomes. Rather than being ignored, which could be perilous, companies need to recognise and engage with them.
- **Changing nature and types of work.** Digital innovations invariably change what work is and how it gets done (e.g., robots, AI). Job descriptions, tasks, skills, and requirements often become highly fluid.
- **Constant disruption.** In the digital environment, some disruptions amount to mostly noise, while others are disintermediating. Organisations should learn how to work in an environment of ongoing disruption.
- **Constantly changing decision criteria.** Decision inputs and outputs multiply and shift dynamically with digital systems, as does the responsibility and time frame for making decisions.
- **Continuous ecosystem disruption.** Rapid evolution of how work gets done, where work gets done, and who does the work is disrupting traditional ecosystems and affecting interactions. A company’s ability to thrive nonetheless is a key differentiator in the digital era.



- **Continuous innovation.** New ideas and different applications of those ideas supply fuel for digital transformation. Companies need to continuously develop more effective solutions, including products, services, processes, technologies, and business models.
- **Customer centricity.** Organisations should focus on putting customers at the centre of their thinking and development around processes, products, and decisions.
- **Democratising information.** Digital systems tend to blur who has access to which data and from what sources.
- **Dynamic skill building.** In organisations characterised by constant innovation, training talent in the skills of adaptability and flexibility is paramount.
- **Failing forward, learning faster.** As organisations focus on speed, quickly trying out new and incomplete products/ services, teams need a process for reflecting on what they've learned, making rapid adjustments, and trying again.
- **Flattening and changing hierarchy.** In a digital environment, there is generally much less need for layers of structure.

- **Fluidity.** Digital organisations need to move from one solution or situation to the next, smoothly adjusting to shifts in such areas as resources and operating models.
- **Geography agnostic.** Technological advances, combined with trends in mobility, are blurring the meaning of "place" or "location."
- **Intentionally collaborative.** Beyond sharing, such deliberately cooperative behaviour needs to occur across teams, functions, business units, and even beyond the organisation.
- **Iterative.** Based on trial and error, analytic insights, and feedback from development teams, companies need to update and improve processes, policies, and products/services.
- **Modulating risk and security boundaries.** For digitised information to spread, it must be shared over multiple devices. As a result, cybersecurity requirements should be balanced with needs for access.
- **Morphing team structures.** In digitally maturing organisations, teams—which can be composed of employees, partners, and vendors, among others—should be able to form and disband as needed.
- **Multimodal management.** Digitally maturing companies should be able to function effectively in different modes of operation simultaneously (typically legacy systems and modern digital operating models).
- **Nimbleness.** Organisations need to develop the capabilities to adjust to rapid and/or unexpected change. Speed, skill, alignment, resourcefulness, and adaptability should be cultivated in employees, as well as in systems, policies, governance, and so on.
- **Productive mobility.** Mobile technologies are reshaping the workplace and require an effective strategy for productivity, including technology, and workspace considerations.
- **Real-time and on demand.** Customers, suppliers, partners, and employees now expect information and applications to be available in updated versions on demand, and available on a variety of platforms and devices.
- **Shifting decision rights and power.** As a consequence of new workflows and processes, decision rights change, meaning that input from employees and customers are in perpetual flux.
- **Synchronising ways of working.** The legacy organisation moves at a slower pace than emerging digital operations. To smooth over the unevenness, companies should rewire the infrastructure to synchronise the two.



There is more to this article. To read the full article please [click here](#).

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