Deloitte CFO Webinar
Thriving in a COVID-19 world | Virtual Finance Operations
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Virtual Finance Operations Presentation

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Working remotely: A nightmare for CFOs and Controllers

The need to work remotely during COVID-19 pandemic is giving nightmares to CFOs and Controllers in the following areas:

**Risk assessment**
Assess finance risk, quantify the impact from pandemic, revise forecasts

**Cost control**
Driven down costs (eliminating non-essential and reducing core)

**Cash flow management**
Manage AR/AP, optimize cash flow to stay afloat

**Financial reporting**
Update regularly on financial performance, stay compliant
Culprit: Hybrid Digital / Analog Operation

While some processes and data have been moved online/automated, the majority still kept offline/ manual. Such a hybrid state creates inefficiencies and challenges to work remotely.

Limited mobility
Over 40% cannot work remotely

Lack of analytical capabilities
Over 60% find gaps in business and data analytical skill

Labour & time intensive
61% still manually do finance work offline

Low morale
42% manipulate and validate work than doing actual analysis

Higher risk of error
Over 50% not completely confident with the accuracy

Source: Surveys conducted by Deloitte across the world
Solution: Virtual Finance Operation

Rethinking finance operations from the ground via 4 steps to empower teams work from anywhere, collaborate in real-time and minimise tedious, manual processes.

1) GO PAPERLESS
- Encourage suppliers to issue electronic invoices
- Establish central portal for uploading and matching
- Utilise e-payments to perform transactions

2) GO MOBILE
- Replace desktops with laptops
- Enable invoices, receipts and expense claims to be captured electronically and processed on-the-go via mobile devices with expense management apps embedding approval workflows integrated with the ERP

3) GO AUTOMATION
- Embrace Optical Character Recognition (OCR) and Natural Language Processing (NLP) technology to automate the data capture of physical documents
- Leverage Robotics Process Automation (RPA) technology to automate repetitive, rule-based accounting activities

4) GO CLOUD
- Move to cloud-based ERP systems
- Implement a cloud-based financial close platform
- Utilise cloud-based analytics and reporting solutions
Today's accounting and finance process

- **PLAN**
  - Planning

- **RECORD**
  - ERP

- **CLOSE & CONSOLIDATE**
  - Financial Close / EPM

- **ANALYZE**
  - BI Tools + Office/Manual

- **REPORT**
  - Office/Manual

**Internal and External Stakeholders**
- Board
- Shareholders
- Auditors
- Management
- CEO
- Regulators
Example of automated record

Case 1: Supplier invoices

**Before Automation**

**After Automation**

**Process Robotics**

**Effect of working time reduction**

**Annual: 100,000 h ⇒ 1,000 h  △90%**
Example of automated record

Case 2: Collection process

Before Automation
- Receive cash from customers
- Format data and upload bank statement into ERP
- Format data and upload unapplied bank statement into web ordering
- Format data and upload pay-in slip and payment details into ERP
- Match data between AR and bank detail
- Record AR settlement in ERP

After Automation
- Banks send statements to FTP
- Format data, download invoice details from ERP, perform data matching
- Match & Recon transactions with AR
- Record AR settlement in ERP

Prepare / Review / Approve Workflow built-in
- Auto Certification of Reconciliation
- Handling of high volume transactions
- User configurable business rules

: Processed by human
: Processed by Automation

- Balance Sheet Substantiation
- User only focus on outliers vs all the accounts, increasing efficiency
- Automated Journals
Example of automated record

Case 3: Employee reimbursement process

Before Cloud Solution

- Invoice or Receipt
- Manually prepare Expense Report in paper form or Excel
- Print out and attached original invoice/receipt and submit for approval
- Several levels of signed approvals before reaching the Finance Team
- Finance Team tasks:
  - Prepare cheque to employee
  - Manually record transactions in accounting system

Issues before implementation

- Lost of expense report from paper based process
- Time consuming for approval
- Report cannot be 100% checked in terms of policy compliance
- Human error
- High cost for keeping and tracking of historical records

After Cloud Solution

- Invoice or Receipt
- *Use "OCR" Technology to take the photo of Invoice/Receipt and read data
- *Cloud Application help to create expense report using data from OCR technology
- *Cloud Application auto-check with company’s policy
- *Approval flow can be done via application or mobile anytime
- Cloud Application auto-interface with;
  - Payroll system for payments
  - Accounting system for recording transactions

Benefits from Cloud application

- Paperless process by Cloud application
- Less time spent on approval process via Mobile App
- 100% policy compliance checked by the Cloud Solution
- Accuracy and completeness without human touch
- Reduce cost by keeping everything on Cloud
Example of automated close process

Case 4: Bank reconciliation

Before Automation
- Download bank statement
- Format data
- Download bank transactions from SAP
- Format data
- vLookup
- Analyse unmatched transactions
- Prepare Bank Reconciliation

After Automation
- Banks send statements to FTP
- Format data, download from SAP, perform data matching, Auto Reconciliation and Certification
- Analyse unmatched transactions
- Prepare Bank Reconciliation & Substantiate

Annual: 250h ⇒ <2h
Effect of working time reduction

Before Automation
1. Time consuming for bank reconciliation preparation due to different bank statements and tremendous manual work
2. Inaccurate matching as task is performed manually and hence not free from human error
3. Inconsistent work standards across finance members who are familiar vs unfamiliar with the process

After Automation
1. **Reduce workload** by allowing robot download bank statements and do the matching work
2. **Improve accuracy** of AR matching based on certain rule
3. **Secure, stable operations** where **robot work takes over 24hours/365 days**.
Example of automated analysis

Case 5: Analytics tools on Cloud Solution for sales & gross profit

Before Cloud Solution

- Generate many sales and cost data from the database
- Find relationship between the data e.g. product, geography, customer name etc.
- Analyse data using pivot, graph separately for the highlighted relationship
- Prepare presentation using data and graph in the analysed file (Excel)

After Cloud Solution

- Cloud Solution get sales and cost data from database via SFTP
- Analytics tools can highlight the relationship between the data to create the data model. Data will be automatically updated in schedule
- Prepare presentation using data and graph in the analysed file (Excel)
- Restart from step 1. for the next period or any significant change in database occurred

Benefits from analytics tools on Cloud Solution

- **Reduce** manual work to export data or to build data model
- **Unlimited** number of data size processing and analysing
- Data always link to the source and **up-to-date**
- **Utilise machine learning** to build the highlight relationship and appropriate dashboard
- **Utilise AI Bot with NLP/NLG** to respond quickly to questions and draw insights within a few seconds

*Analytics tools create the appropriate dashboard for presentation
*People can design and customise dashboard for their presentation by real-time
*Analytics tools can use National Language Processing and Generation (NLP / NLG) for a shorter turnaround time to questions and draw insights
Example of automated analysis

Case 6: Timely monitoring tool for an insurance company to track actual vs. budget performance

Before Analytics

- **Time consuming**
  The team needed to dedicate two full-time personnel with one week of work to compare actual performance by agent against the budget.

- **Prone to human errors**
  With manual update required monthly basis, time and resources were wasted on manual checks for data accuracy. Even so, the likelihood of errors was still high.

- **Limited usability**
  Users were limited with Excel capabilities and lack drill through functionalities. Data was not easily accessible and understandable to inexperienced users.

After Analytics by Power BI

- **Automated process**
  Reduced time required for monthly routine update (from one week to 30 minutes) and reduced errors by minimising manual touch points through automatic updates.

- **Expanded usability**
  From 5 personnel using the analysis in the HQ, it is now widely used by the business users (>200) to track their agent’s performance through iPhone, iPad, etc.

- **Enhanced functionality**
  Purposeful designed dashboard allows unit leaders to identify targeted agents for quick wins.

Key success factors

- **Operational expertise**
  Our multi-disciplinary experience and deep knowledge enables us to analyse the business well, which brought about significant value-add to the project.

- **Solving one problem at a time**
  We are able to right-size the project to meet the most specific business needs and effectively solving one business problem at a time.

- **Speed of delivery**
  The project was delivered within 3 weeks when it would have taken the organisation months to complete.

Analytics transform your **data** and **instincts** into business insights

- **Instincts**
  Decisions driven by accumulated practical and technical experience

- **Insights**
  Decisions driven by data, facts and trends obtained through analytics

Driving value

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Case 7: Before Connected Reporting Process

### Source data

**Structured Systems**
- ERP
- Consolidation, Reconciliation & Planning

**Other Structured Systems**
- HR
- CRM
- Data Warehouses
- Marketing, Procurement

**Unstructured Data**
- Divisional Entities
- EHS
- Narratives
- Tax Provisioning
- Capital Lease

### Data assembly

Access, Excel®, SQL Database, Sharepoint, Shared Drives, etc., Excel (LARGE Excel)

### Internal / External reports

- Financial Reporting
- Management & Performance Reports
- Investor Relations
- Stress Testing & Capital Planning
- Global Statutory Reporting

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Example of automated report

Case 7: **After** Connected Reporting Process

### Source Data

#### Structured Systems
- ERP
- Consolidation, Reconciliation, Planning

#### Other Structured Systems
- HR
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- Data Warehouses
- Marketing, Procurement

#### Unstructured Data
- Divisional Entities
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- Narratives
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### Automated Reporting Process

- **Report Preparation & Real-Time Update**
  - Source System Connections, Integration, Additional Mapping/Grouping

- **Data Assembly & Consolidation Time**

- **Spreadsheets**

- **Financial Reporting**

- **Management & Performance Reports**

- **Investor Relations**

- **Stress Testing/Capital Planning**

- **Global Statutory Reporting**
Panel Discussion
Panels Discussion

**Moderator**

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**Panelists**

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1. Trends and observations on the transformation landscape

2. Finance transformation case studies

3. Challenges faced by finance leaders during the transformation journey and practical tips to overcome these challenges in volatile times
1) What does your current Accounting and Finance processes look like?

- Substantially manual: 76%
- Partially manual with some automation: 11%
- Substantially automated: 13%

2) In the next 12 months, your investments in information technologies for virtual and automated business operations will:

- Substantially increase: 18%
- Increase: 5%
- Remain about the same: 23%
- Decrease: 0%
- Substantially decrease: 0%
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