



CONSUMER SPEAKS

Digital controllership and the future of finance

- Guests:**
- Rich Paul, Host, Audit & Assurance Partner and Consumer industry leader
 - Scott Szalony, Audit & Assurance Partner and Digital Controllershship leader
 - Nikki Etherington, Audit & Assurance Partner and Digital Controllershship leader

Rich Paul (Rich): Welcome everybody. This is Rich Paul, Deloitte's Consumer Audit leader. Welcome to our Consumer Speaks podcast series, where you'll hear from industry leaders as they share their perspective and insights on emerging topics impacting financial reporting in the Consumer industry. Today, I have with me Scott Szalony and Nikki Etherington, who will be helping to illuminate the topic of digital controllership, discussing the future of finance, how companies can prepare, and the latest technologies digitizing the financial function. Scott is a Deloitte & Touche Audit and Assurance partner and our Digital Controllershship leader. Scott has worked with our clients to streamline their finance function using robotics processing automation, as well as utilizing analytics for better decision making and insights. Nikki is also a Deloitte & Touche

Audit Assurance partner. She's in our Las Vegas office, primarily focused on the hospitality industry and also advises on topics such as digital controllerships to our clients. Scott, let's start with you. How would you describe the future of finance?

Scott Szalony (Scott): The finance function plays a critical role in every organization, you know, finance typically is the gatekeeper of financial data and does this with relatively limited resources, and CFOs need to fill the needs of growing demands from their businesses and the constituents within their organizations. The way finance meets these needs is they're elevating their roles, making it more successful for companies to power the harnessing of technology. The good news is that technology, as we see on the

forefront, is allowing finance organizations to transform the way they do business and innovate now. In our finance 2025 publication, Deloitte has unveiled eight predictions about the future of the finance organization, based on a survey of about 200 financial executives and other finance professionals in over 10 sectors and in 30 countries. Two of those eight predictions that stood out to us most were that 84 percent of executives either strongly agreed or somewhat agreed that transactions are going to become touchless in nature and highly automated. Technologies such as blockchain will reach deeper into their organizations. For example, processing routine transactions like sales and purchases will largely become automated. This has started through the shared service center organization, which has been a trend that's happened over a period of time, but we're seeing further automation within those constructs to further automate those capabilities and think about it in terms of how digital workforce is being utilized. The second component of it or the second observation that we had that was relevant was that the automation of finance would essentially free up their people to do other things, such as insights and services, such as looking at data and analyzing it in different ways. So, once finance has unburdened itself from the daily transactional work, it can devote time and resources toward creating insights through data analytics. We say success is not assured because the companies need the right talent and skill set in-house to be successful. The future of finance includes a shift in the work, workforce, and the workplace. Finance must accelerate the pace of digitization to successfully deliver and meet the needs and the demands of the businesses.

Rich: Nikki, over to you, in your experience, which technologies are at the forefront of digitizing finance?

Nikki Etherington (Nikki): So, with our experience, and based on interactions with our clients, the journey that many companies are embarking on is to explore technologies that actually currently exist. And the focus has really been on processes, such as their financial reporting process, robotic process automation, which is also known as RPA or a lot of times we refer to as bots, and advanced analytics are really at the forefront of this transformation. And while the concepts of this automation and data visualization have been around for a while, it really has been within the past few years that the evolution of these technologies have emerged, are much more mature, resilient, and scalable, reliable software platforms, which many companies are seeing as really the starting point to begin their transformation. There's also other advancing technologies, such as cognitive automation, artificial intelligence, and blockchain, which are evolving quickly along this digital spectrum. Cognitive tools, machine learning, and artificial intelligence are really the logical next steps after bots and advanced analytics. And keep in mind that these tools are very data reliant, which really will be easier to implement

as companies continue to evolve in their ability to capture, maintain, and access their data. The other thing to keep in mind is that these technologies are not mutually exclusive, but rather the combination of these can really transform the finance function. In fact, over the past year or so, we've really seen an intensifying interest in RPA and advanced analytics, to the point that early adopters have seen such positive benefits that it's really been the starting point, and we're seeing rapid increase within these companies that are trying to further leverage these two technologies. An example, of course, which is always important so you can be able to really understand, is that when you think about processing customer invoices, managing the asset master data file, or even the monthly and quarterly close process, these are all prime candidates for digital transformation. When you think about the close process, a lot of times companies are still spending a large amount of time and resources to manually compile and aggregate high volumes of data to really prepare their financial statements. But with the use of bots, companies can focus less on compiling the information and spend a lot more time analyzing the information, understanding key insights that can really shape their business strategy, and responding more specifically to questions from investors and analysts. An example of the use of advanced analytics would be, if a retailer wants to better understand revenue drivers, it can consider creating a geographical dispersion map, which basically would identify clusters of store locations that have behaved in a particular manner. For example, like comparing actual revenues that are really below forecasted revenues, and they can take this information from the technology and really focus on identifying what are the reasons for those variations and can change their strategy accordingly. This also allows the user to better understand fluctuations in retail store revenues and can actually help isolate the variabilities that they see from these variances. The other thing when we talk about RPA or bots and advanced analytics is that they can be really easy to implement and are actually low-cost solutions for performing a digital transformation.

Rich: Scott, in addition to the benefits Nikki just outlined, what are some other benefits companies are seeing with a successful digital transformation?

Scott: Digital transformation is helping companies streamline processes, improve speed and accuracy, and glean insights for better decision making, all while, quite frankly, generating cost savings. So, when it comes to robotic process automation, companies have benefited from it and realized automation can vary depending on the processes and complexities. The benefits are significant. Companies see nonstop, 24-hour performance from bots. They don't take the days off, while reducing human error and, quite frankly, the processing time. So, some of the paybacks on that, you know, are relatively high, and typically we're looking at for a payback period on

the investment and costs of, you know, one to two years for RPAs or bots that have low-to-medium complexity in their processes. When it comes to analytics and data visualizations, increasing the value of data has highlighted the importance of analytics. Such benefits include the ability to seamlessly combine information from multiple data sources; generate user-friendly, dynamic dashboards to gain insights; gain access to real-time information; improve the speed and flexibility of decision making; and improve the organizational performance and uncover hidden growth opportunities.

Companies are taking an enterprise-wide approach to digital transformation, including strategic changes to leadership and talent, as well as funding, and realizing many of the benefits from successful implementations.

Rich: Nikki, where do you see challenges in managing financial reporting data when readying it for an automated or digital process?

Nikki: Yeah, there are basically three main challenges that we're seeing, and they are data governance, consistency of data, and data quality. So, these are the areas that the companies really need to consider and overcome to implement a successful digital process. And as I previously mentioned, advanced technologies are highly reliant on data, which means companies must be comfortable that the data is reliable. Companies will need to have adequate governance structures and controls around the data being used by bots and other analytic tools. Also, if a company has inconsistent data in multiple formats, it can add a level of complexity that becomes a challenge to automating a process. If the data are maintained in unstructured formats, robotic process automation and analytical tools may not be able to recognize or compile or interpret the information. So really companies should evaluate and understand the sources of their financial reporting data and solve for any inconsistencies or unstructured formats within their processes. But that being said, we are seeing a declining level of effort required to go from unstructured to structured data within these technologies, such as optical character recognition, also known as OCR, which is continuing to rapidly evolve and improve, and these will likely become a significant enabler for existing digital solutions. Companies also need to be aware of how these technologies affect their internal control environment. So, while automation may reduce unintentional or intentional human errors, the implementation of these tools can actually create new risks that businesses need to understand and address. Failure to adequately assess, identify, and manage these new risks may erode or limit the value created by the automation process. And as companies prepare for this implementation, it will really be helpful for them to refer to their Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework for any changes that could impact their system of internal controls. And as part of that monitoring process, companies should make sure to

have established an appropriate governance framework that will be applicable and necessary throughout the automation life cycle.

Rich: Scott, it seems like challenges seasoned financial executives face compared to financial executives just taking the reins would be different. Can you share what you feel new financial executives will need to think about to prepare for the amount of technological change that will likely impact the financial process?

Scott: That's a great question, and we talk about it quite a bit. So, you know, new financial executives and organizations as a whole need to take a proactive stance to evaluate the *what*, so automation; the *who*, the open talent continuum; and the *where*, so what does the workplace and location of this augmented workforce look like, which is a lot of things that we're talking about with our organizations and how they structure their talent model. Many new financial executives have grown up in a digital age, so they're comfortable with the technology and because of this reason are more connected and comfortable with technology than their predecessors. And one of the challenges that new financial executives face is the evolving talent model and potentially the talent gaps that do not keep pace with the technological changes. New financial executives will need to understand the changing landscape of the talent model and the driving forces behind it. Two forces that appear to be contributing to the fundamental shifts in the way people work are the growing adoption of automation and artificial intelligence in the workplace and the expansion in the workforce to include alternative talent options along with an open talent continuum. The rapid evolution of emerging technologies occurring today, controllership and finance functions, must continually evolve to avoid talent gaps. And quite frankly, this is an opportunity for companies to reimagine their talent model, organizational practices, and business models to be successful in today's digital age.

Rich: So, Nikki, how will the nature of work change over the next five, ten, fifteen years and which skill sets will be beneficial to younger generations entering the workforce?

Nikki: Ah, yes and one of the things that I continue to talk to my children about. One thing that I've learned through talking with many of my clients is that there is a widely held sentiment that jobs in the accounting and finance fields will be automated in the near future. Obviously, the concern that humans will be replaced by machines is understandable, but I personally have a more optimistic outlook. I don't see a future where our jobs are really, fully automated, rather I would argue that many accounting and finance tasks will be automated over the next five to ten years. And as a result, the nature of our jobs will change. A recent example that comes to mind is when you think of the role of the financial advisor. Many early

predictors suggested that robo advisors would nearly eliminate the need for financial advisors; however, the impact of automation has not really unfolded as everyone initially predicted. Automation tools are doing wonders for data gathering, data synthesis, and monitoring of financial portfolios. But, now what we're seeing more than ever is that human investment advisors are needed to interpret trends and articulate these trends and trading strategies to clients. So as machines continue to enter the accounting and finance workforce, humans will be forced to adapt the nature of their jobs and really learn how to work alongside machines. Because of this, there will definitely be a premium on individuals who not only possess an accounting and finance background, but who also have some sort of technology skill set. Accountants that can code automations, create visualization dashboards, or even build statistical models will be highly sought after. Many of the jobs that we are familiar with today really did not even exist ten or fifteen years ago, and prime examples would be social media managers, data scientists, and content creators. So as automation continues to evolve in the accounting and finance functions, companies and young professionals should be really asking themselves what will accountants be doing with their extra time in the future. Will they spend more time on complex accounting issues, more time curating financial information to make business decisions? You know, I don't really have a good answer to the question, but there is a chance that the accountants of the future will be spending their extra time on tasks that they aren't really doing or what presently exist.

Rich: Scott, last question for you. What are the potential consequences faced by the finance function if it does not keep pace with the technological evolution?

Scott: Yeah, we often talk with clients about the price of inaction. So, the demands on the finance function are greater than ever before and have always had a high degree of demand. Whether it is new accounting standards, increased responsibility with monitoring fraud, you know, the list is probably never going to end. Good businesses are going to find a way to adapt to these challenges.

The questions facing finance organizations is whether they will be a part of this solution. Imagining two hypothetical scenarios, on one hand we have the finance organization that misses the opportunity to invest and fails to set a vision for the future. It will get overrun by digitalization and struggle to keep up with the growing demands. The lead on FP&A might transition to operations while sales and marketing takes the lead on data and analytics. As ERP evolves, the close process becomes more and more IT focused. In the end, finance and accounting has shrunk and may comprise a small group of specialists focused on special topics around complex transactions. In the second hypothetical scenario, we have a finance organization that decides to embrace the digital era. Finance becomes the organization's center for analytics, combining data from multiple facets of the business for real-time planning and forecasting. Key processes are automated and finance leaders gain time and capacity and consider meaningful analytical questions facing the business, allowing the finance organization to emerge as a strategic business partner to the rest of the company. Obviously, these scenarios are the extremes on the spectrum, but they help illustrate the price of inaction. Accounting and finance functions are at risk of losing relevance if they don't adapt, but I think the way I would look at it is that the finance functions can help solve business challenges beyond just accounting and reporting.

Rich: Scott and Nikki, I really appreciate your time and your insights discussing the digital transformation of the finance function, key considerations, and practical steps companies can take. If you have any questions about today's topic, please feel free to contact me, Rich Paul, at rpaul@deloitte.com; Scott Szalony at sszalony@deloitte.com; or Nikki Etherington at netherington@deloitte.com.

Thanks and talk to you next time.

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