



CONSUMER SPEAKS

Embrace the future: finance transformation

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Sam: Welcome to Consumer Speaks, a Deloitte podcast series where you'll hear industry specialists share their perspectives and insights on emerging topics impacting the consumer industry. I'm Sam Loughry, the leader of our Consumer Industry Audit & Assurance business of Deloitte & Touche LLP. Today I'm joined by Kirti Parakh, Controllershship Transformation-focused senior manager in Deloitte & Touche LLP's Audit & Assurance practice, and Diana Sweetwood and Shawn Frost, Consumer senior managers of Deloitte Consulting LLP. Today, we'll be discussing the trends

impacting the finance function and the shifts organizations in the consumer industry are making to embrace the future of finance—from enabling digital technologies to new operating models. Thank you all for joining us. Kirti, let me start with you. What do you see as some of the common challenges facing CFOs and finance executives today?

Kirti: Sam, finance is a world apart from what it was a generation ago. The exponential shift in new digital technologies like cloud, robotics, artificial intelligence, machine learning, and natural language

processing are accelerating the evolution of finance. And with the backdrop of the pandemic, we are seeing even greater pressure on the finance function to elevate its role as a strategic advisor, as organizations navigate uncertainty and disruptions. I'll share six traditional finance challenges that are becoming even more acute today. One is providing timely financial insights relevant to business decision makers across the organization, which is needed to drive data-driven, real-time business decisions oriented around shareholder value. The second,

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managing and integrating legacy and emerging technologies. As companies tap into emerging technologies, which are constantly evolving, legacy systems can't be swapped out overnight, which creates a need to manage the legacy systems while leveraging emerging technologies. The third, putting appropriate financial controls and practices in place across dynamic organizations, ensuring organizations have controls over the legacy systems while also creating policies and best practices with the emerging technologies. The fourth, developing appropriate financial models to meet changing business needs. As organizations become more dynamic, the finance function must adapt the way they look at the business as well. They can't continue analyzing their organizations as if they're siloed, because that is no longer the way organizations are delivering work. The fifth challenge we're seeing is creating innovation and interactions in a hybrid work environment. As organizations determine what their hybrid work models will look like moving forward, they may understand how to be productive in a remote environment, but one of the bigger challenges they face now is how to continue to innovate and interact across hybrid work models. And finally, the lack of appropriate skills and talent across functions. Agile and dynamic organizations require a different set of skills and often at a different level of depth than what is currently in place.

Sam: Shawn, let me turn to you. How will finance evolve to address these challenges?

Shawn: Well, the future of finance is happening now. We're seeing clients make major shifts in the work, workforce, and workplace to evolve finance into a more dynamic capability of the organization. From a work perspective, we're seeing greater simplification of processes, automation of the monthly close and forecasting, and other touchless transactions, improved predictive modeling, and self-service

reporting. All of these freeing up capacity for finance to provide strategic advice. From a workforce perspective, finance organizations will likely need to upskill talent, including more data scientists and design professionals within the finance organization, and recruiting candidates who are able to continuously learn, work cross-functionally, and progress. From a workplace perspective, we'll see smarter and frictionless working places to foster employee safety, health, and well-being, and more nimble and dynamic culture with an agile and mobile team structure. To address the challenges facing finance, organizations will need to embrace digitization and these shifts to successfully deliver and meet the needs and demands of the business.

Sam: Shawn, let me follow up there. Are there specific areas of finance that you're seeing embracing these changes at consumer companies?

Shawn: The spotlight on finance's role in providing timely financial insights has been truly amplified during the pandemic. The turbulence of the COVID-19 crisis put urgent pressure on financial planning and analysis, or FP&A teams, to move beyond the traditional finance cycles of monthly and quarterly planning, forecasting, and reporting. Business demand for fast, frequent scenario planning increased dramatically. This was especially true for consumer clients who were navigating supply chain disruptions and changing consumer demands. Deloitte [CFO Signals™](#) for the second quarter of 2021 found that nearly three-quarters of CFOs said their finance teams need to provide stronger decision support, while 31% indicated better operations support. So business leaders are seeking more data from, and insights into, their own on-the-ground operations, as well as suppliers' operations, market trends, customers' finances, and consumers' behavior. We're seeing more and more clients take advantage of digital

technologies to collect, aggregate, and normalize data across disparate platforms. Similarly, technologies for predictive analytics have benefited from advances in data science and machine learning. With these technologies, FP&A teams can be much more agile in providing timely, transparent, and meaningful insights, which can enable companies to see very-near-term improvements and returns.

Sam: Are there other areas that you are seeing consumer companies evolve to help recover from the pandemic?

Diana: Yes, we definitely have. As nearly everyone in finance had to work remotely for a period of time just recently with the pandemic, we're finding that long-standing views that certain finance staff must reside in-house as opposed to being co-located are actually being questioned. Clients are more actively looking at the right service delivery models to meet their organizational needs. There's a rising shift to leverage global, multifunctional, virtual, or even remote models for some of the world's largest organizations. This is especially driven by some of the even broader lessons learned from COVID-19. These organizations are starting to really look at prioritizing their areas of work across the workforce and workplace that will be successful in furthering the value that shared services and outsourcing models will bring. This will increase effectiveness and efficiency, reducing cost, and driving excellent business value. Apart from expanding the traditional functional scope, clients and organizations are looking at developing specialized capabilities, such as analytics, reporting, digital capabilities, and enhancing the overall customer experience. These shared services and global business services or GBS constructs create an environment where new capabilities can be rapidly adopted and position their customers for success. In addition, organizations are changing the way they even look

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at talent, incorporating diversity within their leadership, driving better employee experience and culture, and focusing on work/life balance and flexible practices are key strategies for retaining talent. Overall, what's clear is that shared service centers in GBS models are increasingly evolving and adapting effectively to rapidly change in geopolitical conditions. Of course, COVID is an example of that, but also Brexit, as they seek to provide more nimble and value-added service, better customer experience, and provide high-impact to the business outcomes. Now, Deloitte just recently published its [2021 Shared Services & Outsourcing survey](#) where we surveyed over 600 leaders, including 174 from the consumer industry that spanned across 45 different countries. We found that finance, HR, and IT remain the top three functions performed in shared service centers across industries and continue to grow "upstream" as they move beyond the back office and the more specialized industry areas. Global business services, or GBS, again, footprint for procurement and customer service along with call centers has increased the most over the past two years. GBS organizations are looking at implementing capabilities such as analytics, process excellence, program management, reporting, and robotics automation.

Sam: What are the considerations a consumer company needs to think about when they're looking to change their service delivery model?

Diana: To find opportunities to improve service delivery and prepare your company for the long-term success, we really want you to consider four issues. The first one is the nature of the work. Is this work inherently transactional, predictable, or does it require unique analysis and insights? Offshoring or outsourcing a core element of the business may not necessarily be ideal; however, a lot of consumer clients think more is core to their business than

reality. An example of this is pricing. In my experience, most consumer clients think that pricing methodology or models are off limits for outsourcing or even offshoring. However, the actual transactions associated with pricing changes, discounts, etc. can and have been offshored very successfully. Now the second consideration is relationship to the business. Is more or less of the same work product used across the company? If so, it can be standardized and delivered end-to-end from a central location. This creates a single ownership and economies of scale. Or does the process need to be customized for different functions or business units? The big thing we always tell our clients is, do not offshore bad processes or one that is so unique that it is difficult to train someone on all of the nuances. Let's take a retailer as an example that has different customer types that wants to outsource the order to cash processes. If the company does not overlay an umbrella technology that can enable standardized processes, each consumer type or customer type could require a different third-party system. There are challenges to train resources on multiple technologies and processes without having one-to-one resource to customer type model. Even in that scenario, it would be difficult to have a backup plan without having duplicate staffing models. All of these challenges could have been avoided potentially with synergies achieved if an umbrella solution had been implemented. Digital enhancement is the third consideration. Is the high-volume repetitive task a good candidate for robotic automation? Is there a benefit from artificial intelligence to create speed and scale that humans cannot match? Organizations are starting to automate in place of offshoring. We have a consumer products client that was looking to hire a third-party outsourcer and decided to create a captive shared service center with a small number of US-based resources and automated end-to-end processes. This took visible leadership support from the CEO down to accomplish.

They have been extremely successful. Delivery options are the final consideration. Can work be done virtually by workers outside of the company? Do you need work performed in the same time zone? For instance, organizations that track purchases from order placement through delivery to the consumer. If there is a question or issue that must be investigated immediately, that typically needs to be performed at least in the same time zone as the origination of the question or the issue. Now, as consumer organizations weigh their options, they need to think about people, capabilities, and investments needed to provide services in new ways, and also the time required for implementation. This could help organizations set priorities and evaluate needs holistically. But keep in mind, there is no one size fits all when it comes to service delivery structures, and whatever model you start out with is likely to evolve over time as your organization needs change. The important thing is to begin with the right foundation elements and then gradually build on your efforts.

Sam: Diana, thanks for those insights. Kirti, let me give you the last thought. What advice would you have for CFOs and finance executives as they navigate transforming the finance function?

Kirti: The capabilities of the finance organization are highly interrelated and dynamic. Changes to how the finance function works with the business and how its operating and service delivery models will change will require careful management of both the current and future talent models and the ways of working. Technology transformation means process transformation. As automation, artificial intelligence, and other new technologies are explored and implemented, humans will need to adapt and change their relationship with the technology and with each other in terms of how work gets done. As finance modernization brings

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new technologies to the table, it reflects what the business is aiming to achieve. Finance can play an increasingly strategic role in driving greater insight and agility rather than spending time turning numbers and reconciling data, demanding a new mindset that fuses business decisions with technology decisions. My advice to CFOs and finance executives is to be mindful of the interplay between business imperative, technology enablement, and workforce implications to truly realize the value of your transformation. With how dynamic our world is today, it really is a perfect time to reinvent finance, to take what was static

and make it dynamic, what was backward-looking and make it forward thinking, and what was supportive and make it leading.

Sam: Well, that's our time for today. I really want to thank you, Kirti, Diana, and Shawn for joining the discussion and sharing your perspectives around the future of finance and key opportunities and considerations that companies can explore. For more consumer insights, please visit our website at deloitte.com or email me sloughry@deloitte.com. Thank you for listening to Consumer Speaks, sponsored by Deloitte's Audit & Assurance business. Until next time, take care.

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