

## M&A Views



### Deloitte M&A Views podcast: Future of Finance 2025

**Greg:** Welcome to Deloitte M&A Views, a Deloitte podcast series exploring the latest trends and topics in mergers and acquisitions. I'm Greg Jarrett. Today we'll discuss current events and M&A as a catalyst for finance transformation in a rapidly evolving environment. Today, we're joined by Eric Capron, principal with Deloitte Consulting LLP, and Justin Sullivan, senior manager with Deloitte Consulting LLP. Last time, we touched on some of the increasingly complex requirements recent deals have included as executives seek to deliver on their integration goals and value commitments.

Eric, as executives think about transforming finance to deliver value or enable new capabilities, what are some of the most interesting or disruptive changes under consideration?

**Eric:** From phone apps, to home automation, to cashless commerce, and beyond, digital disruption is increasingly the new normal. It's changing what we do and how we get things done in countless ways. When we look at business, robots are working alongside human beings to build cars, deliver packages, design computers, and even make electricity, and we're using things like blockchain to track supplies of diamonds, monitoring construction equipment, and smart machines are taking up residence in hospitals, shipping containers, drugstores, and more.

So, what does this have to do with the future of finance? Well, everything. We're seeing it make its way throughout the finance function in all kinds of people, process, and technology. In these next five years, the same technologies will be coming to your organization with the promise of making finance better, faster, and probably less expensive. The work we do in finance and how we do it is up for grabs, and we're already seeing countless examples being put into practice where automated, predictive machine learning forecasts, for example, are already generating faster and more accurate outcomes than their human-centered equivalents.

These shifts to a more digitally enabled finance function is allowing for increased flexibility when responding to unforeseen changes, and COVID is an extreme example of that change, and many organizations are working to respond to that today. What we've seen recently is organizations that are further along in their digital transformation journey are better equipped to deal with the disruption we're seeing across finance. Take, for example, those who can spontaneously generate a new machine learning financial forecast as new external drivers come in. Those types of organizations have been able to react more quickly and effectively to changes in the external marketplace and will soon become the default expectation from any finance function going forward.

**Greg:** Justin, as those efforts come to fruition, what can we expect for finance, say, five years from now? What will these changes enable?

**Justin:** We see the role of finance evolving or modernizing. With operations largely automated, finance will look to double down on value-driven services like analytics or decision support, and in turn, the skills or capabilities required by finance

professionals to be successful are going to change. In addition, COVID-19 has now proven finance can deliver those value-added services from anywhere. This has opened up new ways of engaging with the business and has provided access to entirely new pools of talent given lack of proximity requirements. In many ways, it's accelerated the modernization or evolution of the finance operating or service delivery model.

In the next five years, new service delivery models will continue to emerge as automation and algorithms join a more diverse workforce. Think about integration of gig workers, freelancers, and crowds. With virtual or remote delivery, we believe companies will continue to pursue new or continue to mature existing delivery centers both onshore and offshore. For core finance processes, we see finance continuing to become more real time. Periodic reporting will continue to fade and will no longer drive operations and decision making. This is definitely a continuation or an acceleration of a trend from the past couple of years.

Self-service reporting for business leaders will likely become the new norm. This will make finance leaders pretty uneasy not having the grasp on all of the data, or the reports, or the narrative. For finance-enabling technology, finance applications and ERP systems will continue to enable digital transformation modernization. Transactions will be more touchless as robotic or cognitive automation and blockchain reach deeper into core finance operations, and the proliferation of APIs or application interfaces will drive data standardization, but it won't be enough. Companies are still going to struggle to govern and maintain clean data.

**Greg:** You know, it's a tenet of success that you don't look at a problem as a problem. You look at it as an opportunity and, Eric, clearly, M&A activity presents an excellent opportunity to evaluate finance transformation initiatives, but just what should executives considering a transaction do to position their finance organizations to take advantage of all these coming changes we're hearing about?

**Eric:** There are a number of things that would be good to consider as you execute on or prepare for a transaction. These would include, number one, investing ahead of the transaction in building digital transformation and digital finance skills into your existing finance talent model. Like Justin talked about, the talent you're going to need going forward is going to be different, or enhanced, and if your finance talent that you have today isn't up to speed or even aware of the digital finance enablers that are out there, the importance or the increasing importance of data science and analytics, for example, it's not likely they're going to be able to factor that into their vision for how to integrate an acquired company, for example.

So, making sure that you're starting to pivot your talent and incorporating some of that additional learnings and capabilities is going to be super important. The next one is to also start thinking about how to explore transformed capabilities, whether it's robotic automations, data standards that Justin was talking about, across your finance organization now ahead of any M&A, either via pilots or selected rollouts that would allow you to start getting some of those capabilities built up in your organization today, in safe, sort of logical phasings and deployments, such that when you do come across an M&A environment, you've got a target source to integrate into that has some of those new capabilities readily available.

And then, next, as you're going through the actual process of M&A itself, whether it's diligence or integration planning, think about where you could use some of that experience to build capabilities around some new transformed initiatives as well. This might include things like using natural language, contract readers to systematically complete due diligence on thousands of customer contracts. That technology and capability exists today. It's something that your team could leverage as they're doing M&A, and the benefits of getting up to speed on that is you could easily then translate that experience into your day-to-day operations in order to cash, to help automate some of the billing and invoicing that your accounting teams are having to do by automating, getting some of that information out of thousands and thousands of contracts that your sales teams are generating.

And lastly, as you're doing all this and thinking about transformation ahead of or in context of M&A, simply having that vision and road map for what your transformation will look like is increasingly important. Especially when you're thinking about how investments in your new ERP technologies will need to be factored in. This is all critical so that decisions on how you're integrating or divesting your business in an M&A context can be informed by that decision and enabling catalyzed transformation rather than complicating it. This type of preparation can drive the dual benefit of helping effectively execute a transaction while also building new transformative capabilities, and put your finance organization into a position to further accelerate things like the financial close and reporting, or in an M&A context, get off of TSAs faster or uncovering incremental synergy opportunities along the way.

Of course, none of us know for certain what the future is going to hold, but we need to be thinking about and anticipate what's going to happen next and make sure we're doing some of the foundation building and preparation in our people, our processes and technologies, with that transformative thinking that's going to be required. For finance executives, that means making sure we're starting to build the right people now, thinking about how we're going to be investing in technology, and being prepared for the inevitable disruption ahead, but of course, as I said, without a vision, without a strategy for doing that, you're going to be solving this without a clear plan. And so now's the time to make sure you've got a road map towards the future that's clear, that helps you start thinking about where you're going to need to make investments in your people and processes and finance technology, and you're considering that and factoring that into everything that you're doing as part of a transaction.

**Greg:** Thanks, Eric, and thank you, Justin. As usual, you've given us a lot to think about with current events and M&A as a catalyst for finance transformation in a rapidly evolving environment. I'm Greg Jarrett, and thanks for listening to Deloitte M&A Views, sponsored by Deloitte's M&A Institute. This podcast contains general information only, and Deloitte is not by means of this publication rendering accounting, business, financial, legal, tax, or other professional advisory services. This podcast is not a substitute for such professional advisor service, nor should it be used as a basis for any decision or action that may affect your business.

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