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**Crunch time, too.**

CFOs talk off the record about  
Finance in a digital world.


This follow-up report provides a unique glimpse into what CFOs themselves are thinking about finance and what it means to make the digital journey. We use the term “CFO” to refer to all of the executives we interviewed.

When our organization does research with CFOs, we often uncover gold mines of insights. That happened recently when we interviewed 30 finance executives about digital finance transformation in their global businesses. Our initial analysis of those conversations focused on specific digital technologies, as reported in *Crunch time: Finance in a digital world*.

“Everyone says they’re a strategic CFO these days.”

This follow-up report provides another glimpse of what these finance executives had to say, this time focused on a broader discussion of finance and what it means to make the digital journey.

If you’d like to join this conversation about finance in a digital world, it’s easy to do.



**Digital is moving  
finance to be a  
strategic partner  
in all senses of  
the word.**

# CFOs talk digital

## **Just about everything we do nowadays is digital.**

Direct data links between different business systems are how we assemble our financial packages, our external reporting, our budgets, our internal reporting. So I would say, you know, we have become a much more digitally focused function internally.

## **Digital is an overused shorthand.**

Digital is an overused shorthand, and that overuse means people don't necessarily get to the level of really understanding some of the issues raised. That's my gut reaction.

## **It's showing up everywhere.**

We use a real-time digital boardroom so we can dive deep into areas of our business based on live queries, not predefined ones. We simulate performance volatilities across our different business models using a digital format as well.

## **Digital is about analytics.**

Now, what path we take in the digital genre, if you want to call it, I can't tell you yet, but it will be around analytics.

# CFOs talk data

## **In some cases, there is more data-gathering going on than actual analytics.**

A lot of that is a function of upstream processes that have been put in place without adequate supervision of what the end result is expected to be.

## **It's like hieroglyphics.**

I'm getting down to the weeds, but just to point out the difficulty, are you measuring in centimeters or feet and inches tall? Does something weigh pounds or kilograms? What about conversions between Centigrade and Fahrenheit? You can get to a point where you wind up ingesting what turns out to be gibberish because it was compiled differently. And then there are all these software techniques. And language. What language is the text written in? Is it written in French or some rare dialect of some Asian language that has hundreds of iterations?

So you go through some real-world challenges there that can be a little esoteric at times,...but they're there and they're real.

## **There's more value locked up in there than you or I could dream about.**

These are huge datasets. The problem is, the hard part is, extrapolating valuable learnings, collaborations, information from that data for use by commercial enterprises who have need for that information. That's very valuable to those who have the ability to pay for it.



**I always laugh  
when people  
complain about  
data.**



**Finance has to  
be a step ahead.**



# CFOs talk business models

## **We have to be much more nimble in how we serve our businesses.**

We've seen changes in business models, changes in revenue recognition, and changes in control environments that the finance team has had to not only keep up with, but hopefully has been a step ahead of where we're going.

## **And then the question is what does that mean for finance?**

For us, the biggest aspect of digital is how it's changing our consumer base, how it's changing the behavior of consumers, and how it's changing the business model of our customers.

## **Predict and simulate.**

Because we need better transparency and visibility into the performance of our business models, we've invested a lot in solutions that allow us to predict and simulate our business performance across the different constituents of our business—and do it in real-time, interactive format.

## **Working upfront with customers and suppliers as they're putting their systems in place is going to be critical as we move forward.**

What's changed over the past few years is, with the whole digital and smart phones and everything else being paramount, the way we communicate within the company and then also even within our customers and suppliers has evolved pretty significantly.


# CFOs talk analytics

## **We can't afford to have resources replicated.**

When it comes to data scientists, we can't afford to have resources replicated in many different geographies. So our approach is to place those resources in a center or in a small number of centers of expertise. That way, we're able to leverage the power through a whole series of business partners who can translate business needs into the analytical solution that is required.

## **It's a challenge for finance to bridge the gap.**

If you leave it to the data scientists and the analysts, they lack the domain knowledge and they don't know the right questions to ask. If you leave it to the businesses on their own, they don't necessarily see the potential and power of analytics. So it's a challenge for finance here to be able to bridge the gap.



**Allocating  
resources into  
some form of  
“analytics tower”  
is the right way  
to go.**



**I'd rather have the  
analytical skills.**

# CFOs talk talent

## **There weren't nearly enough people who knew how to deal with this big data.**

I could see there weren't nearly enough people who knew how to deal with this big data and what to do with it, and I still think that's going to be so important going forward. We needed those people not only in IT and in e-commerce. But also in internal audit. We need them in FP&A. That's a skill set that I think is lacking. It's going to be very important in the next five years.

## **The changes we're looking for are not being driven by reporting teams.**

Digital finance presents an interesting challenge in terms of future sourcing of people. The people who do it right now are not necessarily the smartest ones. They're the creative ones. It's often what I call "non-classical accountants" who demonstrate the ability to jump into this stuff. Our strongest classically trained accountants, people who think like classical accountants, tend to wind up in our reporting groups. But the changes we're looking for are not being driven by reporting teams. They're being driven by people doing transactions, people who are on the analysis side.

## **We know there are people who won't get there.**

We have a big focus this year on our people and their skill sets. We're going to every single person and identifying their strengths. That will help us understand what we need to do to get each of them where they need to be. But we know there are people who won't get there. We're just going to have to manage that.

## **Finance is going to have to train a broader segment of people to be more analytical.**

We have to give them the opportunity to exercise skills they may already have but just have never really had a chance to exercise. Typically people who are working in accounting and finance are kind of analytical to begin with. And so you give them a chance to practice it and work on those skills in a real-time environment where they can blossom, you know.

## **We've blurred that line.**

What we've found is that, even within our accounting function, people are capable of actually becoming business support personnel. Before, it used to be the business finance people do just the business support and just throw everything over the wall for the accounting team to do the accounting. Anyway, we've blurred that line. Now we've trained even our finance people to be aware of the accounting and tax consequences and vice versa.

# CFOs talk real time

## **People want to know during the day how we're doing on a certain product.**

I can remember the CEO dancing around on one foot outside my door when we were closing the books at the end of the month. Today, people want to know during the day how we're doing on a certain product and how does it compare to the same day last year. With offers on the web and new solutions within the product, we have to be able to give them data at least daily, and in some cases intra-day. And secondly, we have to be able to explain the implications. Our business leaders don't expect us to have all the answers, but they at least expect us to have some of the questions.

## **The idea is to give the information to people who need it when they need it.**


We're working to facilitate what we call real-time business and real-time decisions. The idea is to give the information to the people who need it when they need it. We're increasing the use of self-service, which gives management the possibility of having information at hand using a cloud-based infrastructure. On their pads, on their phones, on their laptops. Our people need to have easier access.

## **All the upstream data needs to be synced up.**

The need for real-time data has required us to provide real-time financial management support. But in order for us to have the data readily available and for us to appropriately analyze it and provide it to our business partners, all the upstream data needs to be synced up.



**There's a  
yearning for  
real-time data.**



**Every company-wide innovation has a finance person on it, but I can think of only one that a finance person led.**



# CFOs talk business partnering

## **So then we moved to finance business partners.**

We used to have what we called commercial managers that would do also finance, buying, supply chain. Then it became more specialized in terms of finance managers. Finance managers were very skilled but seen as slightly detached from the business. So then we moved to finance business partners.

## **The finance team can't do it on their own.**

It's amazing how much data comes on every day. But it's unstructured. It's not easy to synthesize and make it real information that people can use to make decisions. In most cases, just the finance team can't do it on their own. We have to get business involvement and business support.

## **The CFO is the person who should do that.**

I had to be the one to make sure that our CEO understood how to make the decisions on what to spend and what not to spend on and when to spend it. The CIO just was inundated in what wasn't their background. Their background was putting systems in and understanding the technologies. Knowing which ones are going to give you the returns and which ones make sense—the CFO is the person who should do that.

## **We have climbed the ladder of value creation.**

As a finance function over the course of the past 10 or 15 years, we have climbed the ladder of value creation—from being a pure steward to being a business partner. I think now the two steps that are about to be taken by finance organizations are to also become transformation agents and data scientists.


# CFOs talk apps

## **We're looking for information that pops up on your screen every morning.**


It tells you the highlights for the day. Then it highlights the next six months. And then it reminds you of the three things that are going to hit you a year or two years from now.

## **We're off to a good start.**

We have a finance app in place that is used by people in finance and by top leadership. For finance, it's a very easy way of looking at one year compared to prior years and also compared to budget. But if you give that app to a person who's not used to looking at the world through a finance lens, they have a hard time. If we want others to use it, we have to set it up in another way.



**I wouldn't call  
this a model  
management  
tool yet.**



**In the past, life was  
relatively simple  
for finance.**

# CFOs talk agility

## **We're going through a period where things are changing fast.**

It used to be that our business model was well-understood. But now we're going through a period where things are changing fast. The way we advertise to consumers is shifting from big, intense campaigns to digital content creation. Finance has to understand in detail how that environment works so we can help a business leader make better decisions to allocate resources.

## **You have to stay flexible.**

There's definitely an opportunity to come up with a playbook, if you will, for a lot of this stuff. But it is a very dynamic world and you have to stay flexible. The regulatory world we live under is going to make it such that we are going to continuously have large projects that we're going to have to manage along the way.

## **A fast-running business is like a fast-running car.**

The primary objective of finance is to help management make decisions based on our understanding of how the future might look. That includes helping to accelerate the decision-making process. A fast-running business is like a fast-running car. You can't brake too late, and you can't brake too early.

# CFOs talk transformation

## **We have a full-time group that's called the Finance Transformation Office.**

It's 100 percent focused on driving automation for finance. So far, we've done everything from process automation, like reconciling accounts, which is the most basic thing any accounting and finance organization does, right? We're also automating the whole sub-ledger reconciliation, all these steps that used to be done manually by hundreds of people across the organization in all different entities around the world.

## **Transformation for us is about getting from 1,000 people in finance down to 600 people.**


And those 600 will spend more time in advisory roles and less time gathering data.

## **We're at 6 on a 10-point scale.**


In our transformation journey, we're at 6 on a 10-point scale. Getting here was relatively easy and quick. Getting to 7 is going to be a lot harder, and 8 will be even more difficult.

## **It's about creating a better process for our sales people and our customers.**

One of the biggest opportunities for us is to try to drive touchless transactions all the way from the quoting process. Once a sales person identifies an opportunity, we want to eliminate human intervention in the process. They present a quote to the customer, and the customer can review it, modify it, accept it, and actually purchase without having to print anything or sign anything. That's something we're working very hard on.



**We look at digital transformation as an end-to-end process that affects all parts of the company, including finance.**



**Don't get too attached to whatever tool you're using because there will be something better coming soon.**



# CFOs talk technology

## **We knew it would be big, but we didn't know it would change the world.**

We had no clue what was going to happen. Social and mobile and cloud—those were words with different meanings. Cloud was earth in the sky and social was what you did in the evening and mobile was a gas station. I mean we knew it would be big, but we didn't know it would change the world.

## **It's embarrassing how few people use the tools.**

We've invested a ton in financial self-service tools in the past five years, and it's embarrassing how few people use them. We can see who logs in and how much time they spend there. So one of the big initiatives we're working on now is how do we get people into the tools. People still prefer to have a conversation as opposed to figuring it out on their own.

## **This is not light-duty work.**

You don't just say, "Computers, sort this stuff out and give me lots of information." You've got to have hypotheses, algorithms to test. You've got to slice and dice it a dozen different ways and come out with the same answer using different paths to prove your thesis.

## **You've got to have a pretty solid environment to work in.**

I think in order to use some of these robotics or more advanced analytic tools, you've got to have a pretty solid environment to work in. Meaning systems are in, they're working well, they're well-integrated, and the controls are in place. And if that's the case, I think you have the opportunity to do more if you're in a finance or accounting function. But if you don't, you spend a lot of your time just trying to keep the wheels turning.

# CFOs talk risk

**Our company is a bit careful, maybe too careful, about taking risks.**

We over-scope new projects, and then the barrier is too high. Instead, we should be testing ideas by limiting their scope. Then failing would be much more acceptable.

**You can never do enough.**

You can never be 100 percent sure, and it's a constantly escalating battlefield. You can never do enough. Today there are buildings full of kids in sweatshirts and blue jeans working 12 hours a day six days a week paid by governments and

others to do nothing but hack and attack and create mischief for anything from economic gain to harassment to political embarrassment to disruption to just, you know, a modern version of vandalism.

**The easy thing to do is go and try to get an A+ for all our risk controls.**

And then, you know, spend yourself into oblivion.



**We should be  
testing ideas by  
limiting their scope.**

# Options for action

There's no single prescription for how a CFO should respond to changes being caused by all things digital. But that doesn't mean there's no agreement about the opportunities ahead.

1. CFOs should be deepening their understanding of digital technology and its potential applications for the finance function. The entire finance leadership team should be involved.
2. Take a close look at process automation as a way to serve the business more efficiently. Also, get your data act together. That's a prerequisite for being able to analyze and interpret information more quickly and accurately.
3. Reexamine your finance talent model to make sure you're prepared to meet growing expectations for business partnering.
4. Walk the walk. Show the rest of the company you're doing your part to reduce costs while freeing up time for more valuable work.

Whether you're focused on talent, technology, analytics, or any other topic covered in this book, the overall end game is often the same. Business leaders expect finance to deliver better insights faster, so they can make smarter decisions with less risk. Finance transformation in a digital world is all about meeting those expectations quickly and efficiently.

# Keep talking

Digital disruption isn't going away. On the contrary, it's going mainstream, affecting almost every aspect of every business we see—including finance. One way to stay abreast of new developments is to join in focused conversations with other finance leaders across multiple industries and geographies.

We're committed to keeping those conversations going, and we welcome your participation. To find out more please visit [www.deloitte.com/us/crunchtime](http://www.deloitte.com/us/crunchtime).

If you'd like to find out more about what other companies are doing in digital finance, you can also contact Steven Ehrenhalt at [hehrenhalt@deloitte.com](mailto:hehrenhalt@deloitte.com).

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