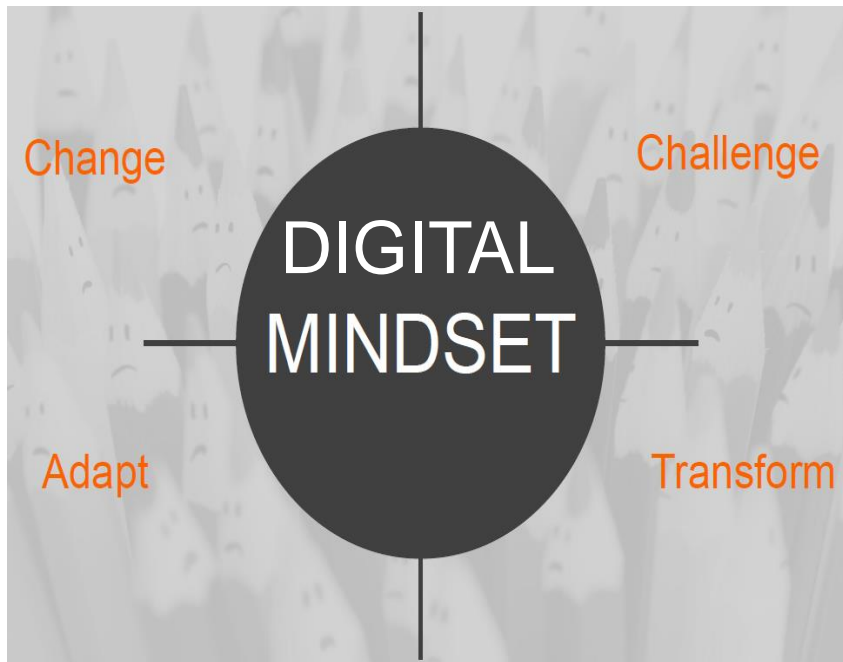


Reinventing the Finance Role in a Digital World

Leah Donti, CPA, CMA, MBA

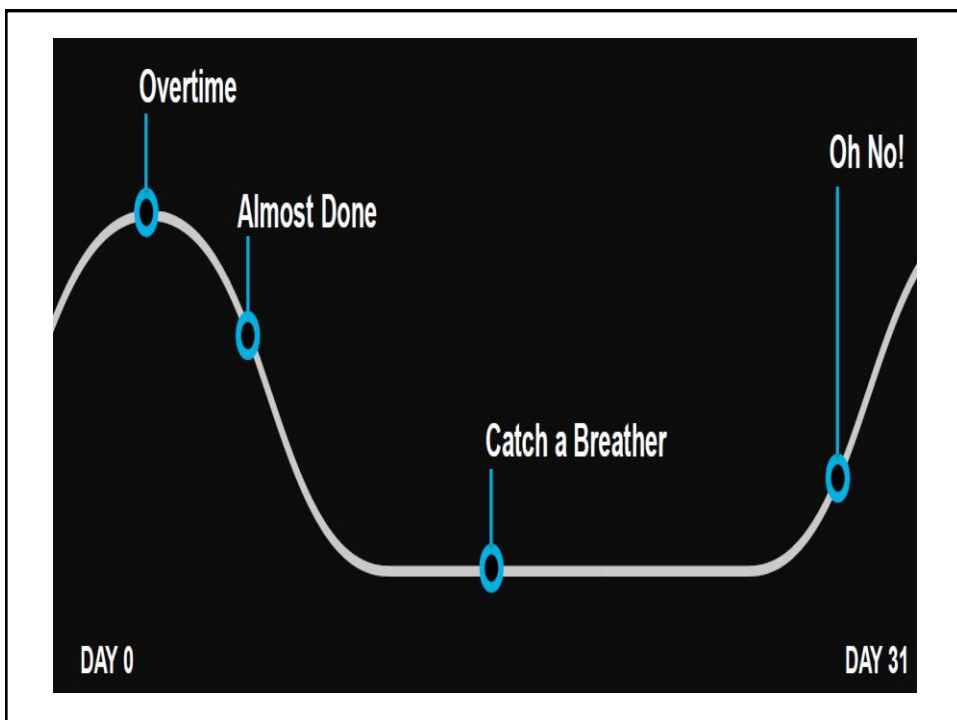
Nov. 15, 2022 1:45pm – 2:35pm

Welcome!



Gartner Oct. 21, 2019

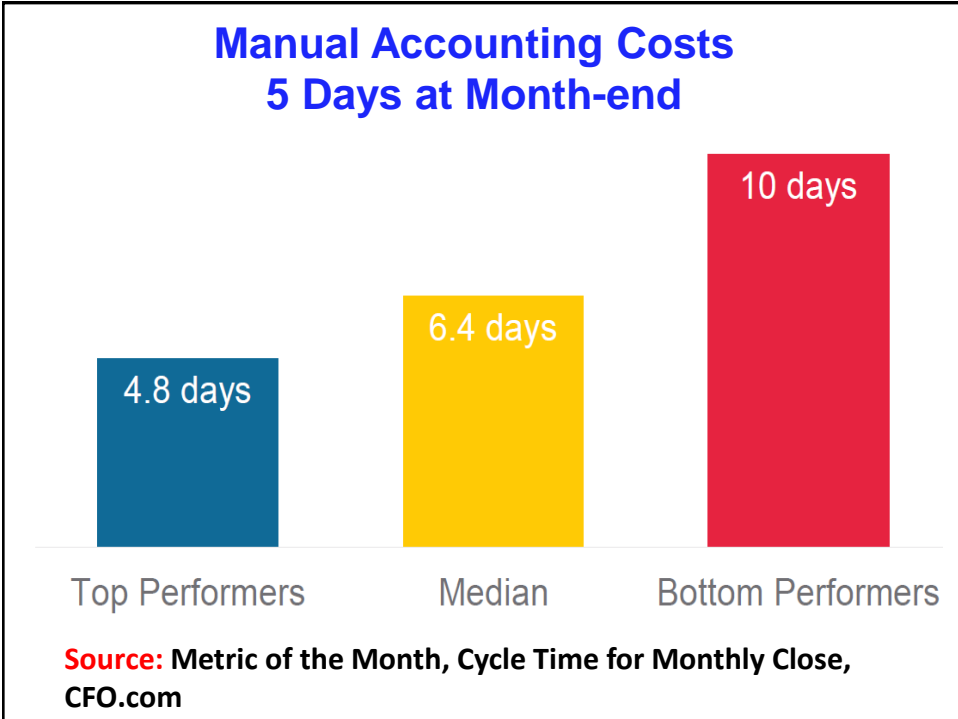
- ***“There is much room for improvement in the office of finance. In a typical organization, we still see deep penetration by Microsoft Excel for executing, monitoring and tracking financial processes”***



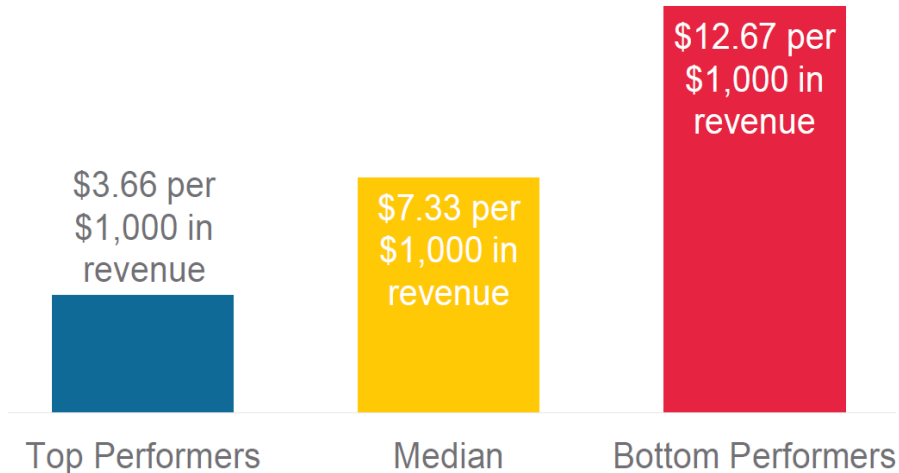
Traditional month-end accounting is chaos. On a deadline. Agree or Disagree



Manual Accounting Costs 5 Days at Month-end



Manual Accounting Costs 3X More to Run



Source: Metric of the Month, Cycle Time for Monthly Close, CFO.com

The PwC Finance Benchmarking Report 2019-20, Oct. 2019

- ▶ ***“30-40%+ of Time Can Be Reduced by Finance Automation and Behavior Change”***

In today's world, constant change and disruption is the **New normal and adaptation is a must to succeed**

- Volatile markets
- Diverse and distributed workforce
- Disruptive technologies and changing business models
- Increasing risk and compliance requirements
- Increasing globalization
- Innovation and rapid development in technology space
- Increasing mergers and acquisitions
- Talent shortage and retaining
- Complex processes and disintegrated systems
- Big data and less insights

The “new normal” is difficult to manage and stakeholders expect more from Finance as a business partner

Investors and analysts

Predictive and sustainable profitable growth

Customers and Vendors

Ease to do business at lower transaction cost

Regulators

Timely and effective compliance with changing regulations

Business Leaders

Influence strategy and business decisions & provide real time insights

Operation Leaders

Agile planning and budgeting cycle with predictive scenario based analytics

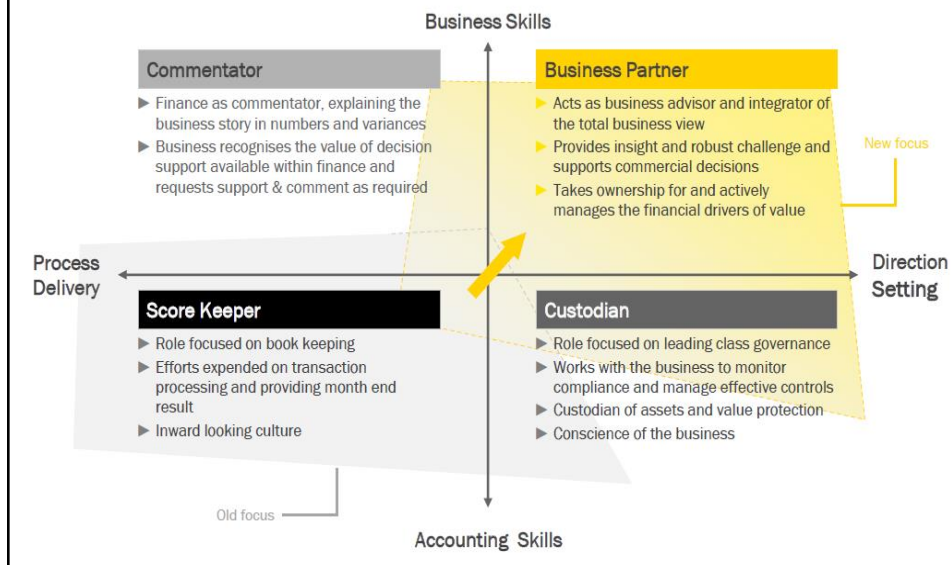
Employees

Better and inclusive environment that enables personal growth

Board

Lead, maximize shareholder value and minimize enterprise risks

The focus for Finance is moving towards direction setting and away from the traditional record-keeping



Expectations of the Finance role continue to evolve in response to disruptions in the market

The Finance role is under **intense pressure**

Ability to delegate

52% cannot focus on strategic priorities by delegating responsibilities because of lack of necessary skills in the finance team

Tension between old and new

56% cannot focus on strategic priorities because of time spent on compliance, controls and costs.

Role stretch

51% cannot focus on strategic priorities because of increasing operational responsibilities.

Concern over finance function

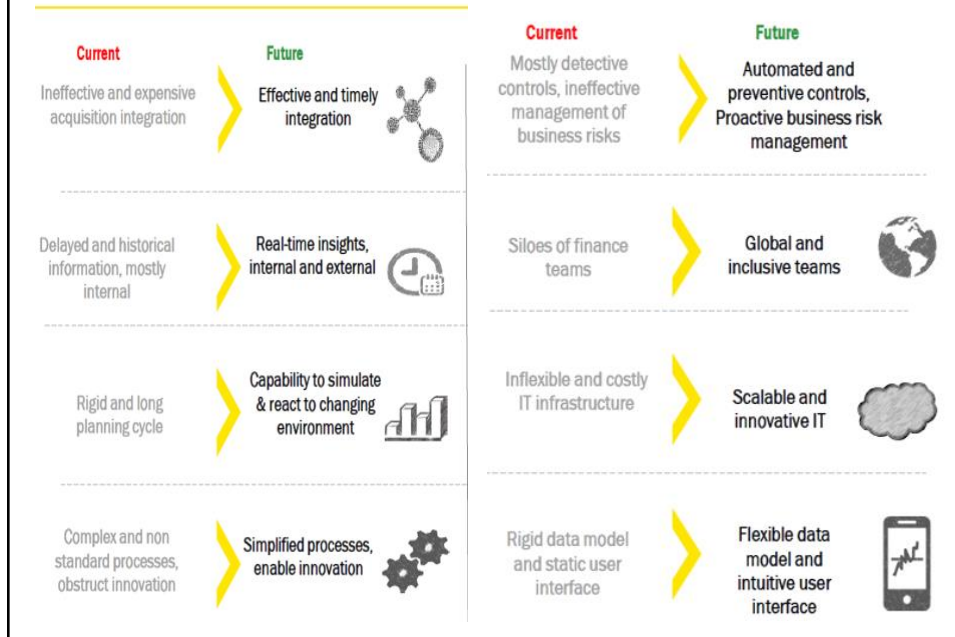
47% say their current finance function does not have the right mix of capabilities to meet the demands of future strategic priorities.

The traditional finance function is constrained by its current impediments to meet stakeholders needs



- Lead to lost business opportunities and higher costs of Finance

Transitioning to Agile Finance



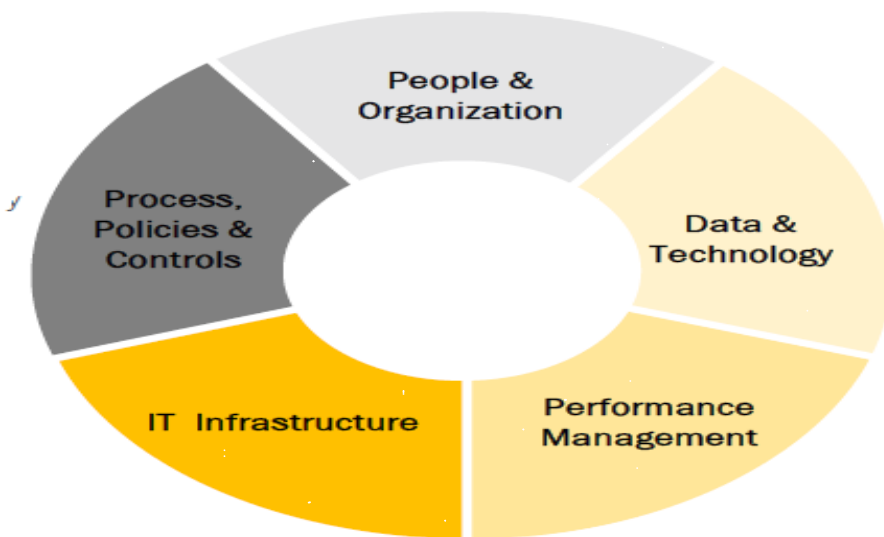
4 Macro Trends driving change and a need for Agile Finance

Disruption continues to be evident in Finance Technology, allowing finance to:

- Put more information in more places (Mobility)
- Disaggregate data and gain insight (Analytics)
- Transform business processes – robotics and simplified finance
- Allow the end user to have a focused and rich experience

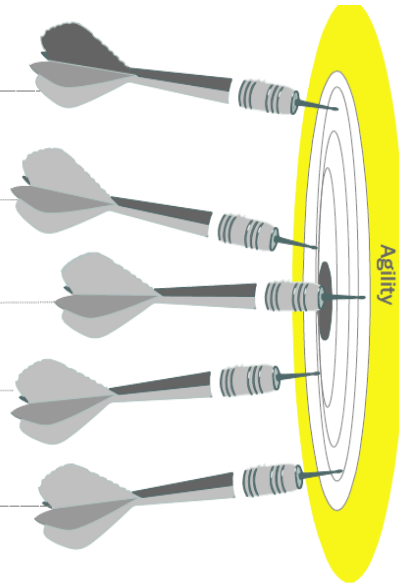
HANA (high-performance analytic appliance) is an application that uses in-memory database technology that allows the processing of massive amounts of real-time data in a short time.

Agile Finance requires additional capabilities across all elements of the Finance operating model



Agile Finance can help with 5 key challenges of the Finance Function

- 1 Reduce cost of Finance
- 2 Provide better business insights with improved reporting and analytics
- 3 Enable effective and quicker acquisition integration and divestitures
- 4 Improve risk management and compliance
- 5 Accelerate deployment of common processes and shared services



Key Attributes of Modern Finance & Accounting



Digitization of Procure to Pay

- Have vendors submit invoices in the **cloud**
- Transition EDI to **blockchain**
- Invoice approval done by PO and mobile approvals in the **cloud**
- Contract Management Systems drive compliance of direct and indirect spend confirming accurate application of discounts, payment terms
- Cognitive and Advanced Analytics perform continuous audits for fraud prevention, contract compliance and spend analysis
- Vendor inquiries may be handled via chatbot integrated **cloud** portals to reduce call volume to shared service centers

Procure to Pay

Receive Invoice

Approve Invoice

Release Invoice

Perform Vendor Reconciliations

Perform Spend Audit & Analysis

Managing Queries
(English Language)

Digitization of Order to Cash

- Optimize dispute resolution using customer portals in the **cloud**
- Adjust credit limits using **cognitive computing** and **advanced analytics**
- Focus investments in mobile optimized technologies in **cloud** to improve cash flow
- Automated invoicing using **process robotics**
- **RPA** and **cognitive computing** enables continuous cash application driving unapplied cash to zero

Order to Cash

Processing of Sales Orders

Credit Control

Debtors Management
(B2C)

Debtors Management
(B2B)

Collection Accounting

Digitization of Fixed Assets

- Digital technologies enable accurate tracking of fixed assets in the PPE portfolio
- Fixed assets are integrated with the Internet of Things to track physical location enabling **advanced analytics**
- Planning, work in process and in-service workflows are in the **cloud**
- Integrated platforms have **In-Memory** capabilities for modeling what-if analysis
- Regulations consistently maintained in a **Cloud** database ensuring continued compliance

Fixed Assets

Work Order Creation

Asset Movement

Asset Ageing Analysis

Dispose Assets (Accounting only)

IFRS Adjustments

Period-end Procedures

Digitization of Travel & Expenses

- T & E process optimized in the **cloud**
- **AI** to proactively audit transactions and ensure policy compliance
- Expense report approvals are **mobile**
- Cognitive Bots identify and traffic light expense compliance risks and interact with user via **natural language processing**
- T&E support staff are largely eliminated as self service and **cognitive bots** proactively handle T&E questions & support

Travel and Expenses

Expense Processing (General)

Expense Processing (Leadership)

T/E Auditing

Manage T/E Reporting

Digitization of Cash Management

- **In-memory computing** to manage cash application at the point of receipt reducing unapplied cash
- use **blockchain** to create seamless transactions with 3rd party payers and vendors
- **Cloud based** smartphone apps to govern petty cash and business advances to employees
- **Blockchain** serves as intermediaries to net AP and AR transactions in Realtime across semi-trusted trading partners
- **AI and Advanced Analytics** perform constant audits for fraud

Cash Management

Manage Business
Advances

Unapplied Cash
Management

AP AR Netting
Management

Petty Cash
Accounting

Digitization of General Accounting

- transition month end close to real time close
- Investments in cloud integrated ERP platforms enable close automation
- Multi-ERP environments will demand centralized intercompany hubs with **in-memory computing** and **blockchain** clear intercompany transactions in real time
- **RPA** and **cognitive computing** reconcile accounts and post J/Es to the local GL and update consolidated financials
- J/E approval by mobile in **cloud** linked to HR platforms for policy and thresholds
- **AI** and **Cognitive computing** drive initial drafts of commentary for regulatory reporting

General Accounting

Journal Entries

Financial statement
analysis

Trial balance
preparation, review

Financial and
regulatory reporting

Account
Reconciliation

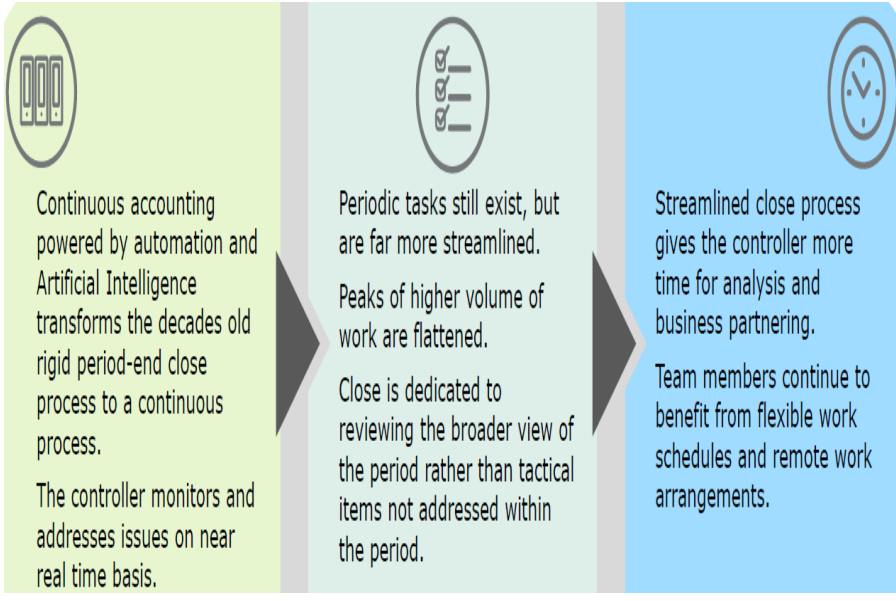
Statutory / GAAP
adjustments

Intercompany
accounting

Period End Close

A Day In the Life of A Controller

Q1 2030 Close



Controllershship in the Green

