

OVERCOMING COMMON ROADBLOCKS TO AGILE FINANCE



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Today's business environment is defined by constant change.

Organizations must quickly adapt to ever-increasing customer expectations, the rapid pace of digital innovation, and turbulent market conditions.

As demands on organizations increase, so do demands on finance leaders. No longer just the numbers specialists, finance leaders are being empowered to transition finance toward an agile operating model that is dynamic, resilient, responsive, predictive, and serves as a strategic partner with business.

Rather than simply reacting to the digital transformation that's occurring in the business, an agile finance leader embraces change as an opportunity to transform the business and make it fit for digital-age success.

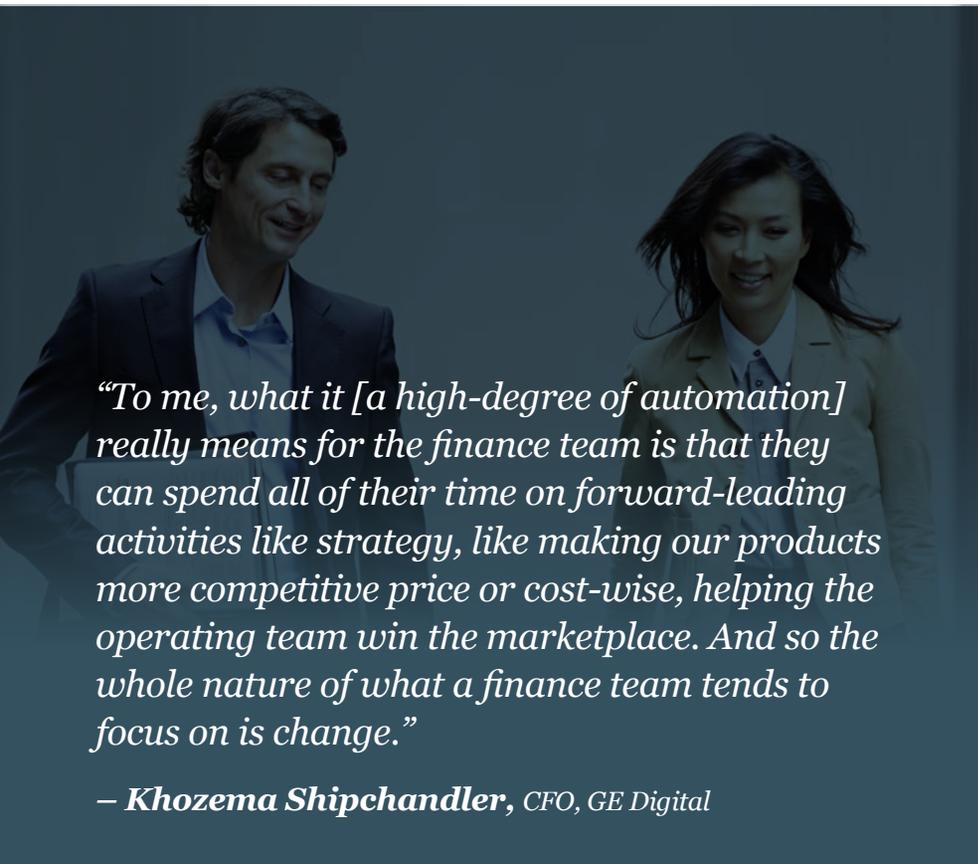
Oracle and the American Institute of CPAs (AICPA) conducted surveys and interviews with almost 500 senior finance executives to determine the key attributes that are critical to a transformation to a dynamic, modern operating model that drives greater business agility.¹ In the following sections, you'll learn more about the common roadblocks facing finance leaders on the path to digital transformation. Even more importantly, you'll discover the steps finance leaders can take to create an agile finance function by improving organizational collaboration, leveraging cloud and digital technologies, and broadening the skill set of the finance team.

¹ Oracle and AICPA, *Agile Finance Revealed: The New Operating Model for Modern Finance*.



INTRODUCING AGILE FINANCE

An agile finance function provides organizations with a competitive edge. An organization with an agile finance team outperforms its peers in strategy formulation, implementation, and performance management. In addition, an agile finance function can lead digital transformations, creating new ways of working to support digital business models.



According to *Agile Finance Revealed: The New Operating Model for Modern Finance*, an agile finance organization:

- ✓ Makes informed decisions quickly about how to adapt to rapid and constant change.
- ✓ Implements new strategies with accelerated speed to market and supports innovation.
- ✓ Monitors performance constantly and makes changes to take advantage of opportunities or ROI.
- ✓ Remains strategically alert.
- ✓ Analyzes opportunities to mitigate risk.
- ✓ Leads the business on measuring and understanding intangible drivers of value.
- ✓ Delivers forward-looking analysis on new revenue growth opportunities.
- ✓ Re-deploys resources quickly in response to strategy and market changes.
- ✓ Achieves greater efficiency with cross-functional, integrated teams that share unique, non-traditional finance skill sets.
- ✓ Relies on shared service centers (SSC) or centers of excellence, cloud technologies, and digital accelerators, such as artificial intelligence and robotics.

ROADBLOCKS TO AGILE FINANCE

Many finance leaders are empowered to create an agile finance function, but struggle to make the transformation to this innovative operating model. According to the AICPA/Oracle report, more than 80% of finance leaders believe that the finance function has a leading role to play in driving business agility, but only 30% agree or strongly agree that their financial function is providing agile support to the business.



“With so much data at their disposal, CFOs must embrace a new operating model for modern finance. This means they must effectively use cloud and digital technologies, as well as ensure that their finance staff develops a broader skill set that includes strong analytical and business partnering skills.”

— **John Windle**, FCMA, CGMA, CFO at Association of International Certified Professional Accountants

The study uncovered three main roadblocks that finance leaders face in transforming to an agile operating model:

1 ORGANIZATIONAL BARRIERS

2 TECHNOLOGY BARRIERS

3 SKILLS GAPS

The next sections highlight research findings about these three categories of roadblocks, and suggest strategies for turning these roadblocks into organizational opportunities.

ROADBLOCK 1

ORGANIZATIONAL BARRIERS & SOLUTIONS

BARRIER

Finance leaders highlight **two main organizational roadblocks** to achieving an agile operating model:

- 1 The organizational structure is too complex and data is held in silos: **33%**
- 2 The finance function has difficulty getting the information it needs in a timely fashion: **26%**



“Business leaders... are asking us to come up with recommendations tailored to their business issues, so it’s critical that business partners understand the strategy of the business, what metrics are most significant, what the competitive landscape looks like, and then advise leaders accordingly.”

— **Ivgen Guner**, Senior Vice President
of Global Business Finance, Oracle

SOLUTION

An agile operating model builds upon the work many finance functions have done to drive down cost and drive up efficiency. It uses new technologies such as machine learning, artificial intelligence, and robotic process automation to eliminate all manual intervention, freeing up finance to focus on growth, speed, adaptability, and analysis, and relies on collaboration with the business.

To set the stage for transformation to a new operating model, finance leaders need to first determine the role of finance in an agile organization. Leaders should then perform a gap analysis that highlights where the finance function is today and where it should be tomorrow. Once the analysis is complete, leaders can create a transformation roadmap to agility that includes milestones and performance measurement benchmarks.

Next, leaders can identify the resources and capabilities needed to enact the changes, paying particular attention to the organization’s culture and propensity to accept change.

Since creating an agile organization requires cooperation and buy-in from all levels of the organization, finance leaders should articulate the vision for the new operating model, being clear as to how the changes will impact employees and the business.

Lastly, finance must partner with the business and create cross-functional teams that will break down former silos and facilitate information-sharing.

ROADBLOCK 2

TECHNOLOGY BARRIERS & SOLUTIONS

BARRIER

When asked to name the **top two technology roadblocks** to achieving an agile operating model, respondents selected:

- 1 Outdated or complex IT systems: **33%**
- 2 Processes too customized and/or complex: **32%**



“Moving to the cloud was essentially part of our new technology strategy. While it started as a program to increase control and transparency around our costs, it’s also enabled us to respond to changes in the regulatory environment. We couldn’t have responded to that regulation as quickly as we’ve been able to do if we’d gone with an on-premises solution.”

— **Joanna Fielding**, FCMA, CGMA, CFO
HSBC Global Services Limited

SOLUTION

Innovative technologies and process automation can help organizations make the transformation to an agile finance function that is not only more responsive to the business, but also more efficient.

Processes that are manual, non-standardized, or siloed throughout the organization are a drag on agility. Shared service centers (SSC) or centers of excellence powered by cloud and digital technologies can automate transactional processes, standardize systems, and accelerate finance modernization. Migrating end-to-end processes, such as procure-to-pay or hire-to-fire, to SSCs can streamline and automate these processes and reduce costs.

Big data and advanced analytics allow finance to be more predictive. The finance function can use big data to improve products and services, automate routine decisions, enable better ad hoc decision-making, and generate new insights that drive better performance. A dashboard highlighting this intelligence can deliver these insights to the business in a user-friendly manner.

Digital accelerators, including artificial intelligence and machine learning, can improve process efficiency, and strengthen risk management and compliance. Robotic process automation (RPA) can automate high-volume, repetitive tasks, including tasks in which information is selected from one system and re-entered in another.

ROADBLOCK 3

SKILLS GAP BARRIERS & SOLUTIONS

BARRIER

Finance leaders clearly state that an existing gap in skills makes it more challenging to achieve an agile operating model:

- 1 More analytic skills needed to deliver more forward-thinking analysis: **42%**
- 2 Current finance function skill set is too narrow: **36%**
- 3 Finance is not recognized as having the business skills needed: **23%**

Organizations that have transformed to an agile organization are more likely to rate the following non-traditional financial skills of their team members as “excellent” compared with leaders of non-agile organizations:

- 4 Data visualization: **60% vs. 24% of others**
- 5 Big data expertise: **60% vs. 21% of others**
- 6 Influencing skills: **55% vs. 23% of others**



“Having a strong understanding of IT in the CFO seat was viewed as critical and fundamental to our transformation success. There’s not one function that gets done within the medical center that doesn’t have an element of IT wrapped around it.”

– **Chad A. Eckes**, Executive Vice President of Corporate Services and CFO, Wake Forest Baptist Medical Center

SOLUTION

Moving to an agile finance function requires that staff develop non-traditional finance skills, such as business partnering and influencing skills, to support fast-paced decision-making and innovative performance management models.

Since few finance professionals currently have the range of skills needed for an agile operating model — and the cost of hiring new staff is expensive — organizations must work with the finance team to upskill their staff. The first step is to identify the skills required and then create a structured approach to close that skills gap.

One of the best ways to develop these skills is to create a comprehensive finance learning program. Including rotations as part of the program to enhance skill sets can also be beneficial. For example, rotating finance staff into IT roles where they can gain a deeper knowledge of the role of technology in operations and how to manage IT more effectively for competitive advantage. Finance staff could also join cross-functional teams to broaden their business skills.

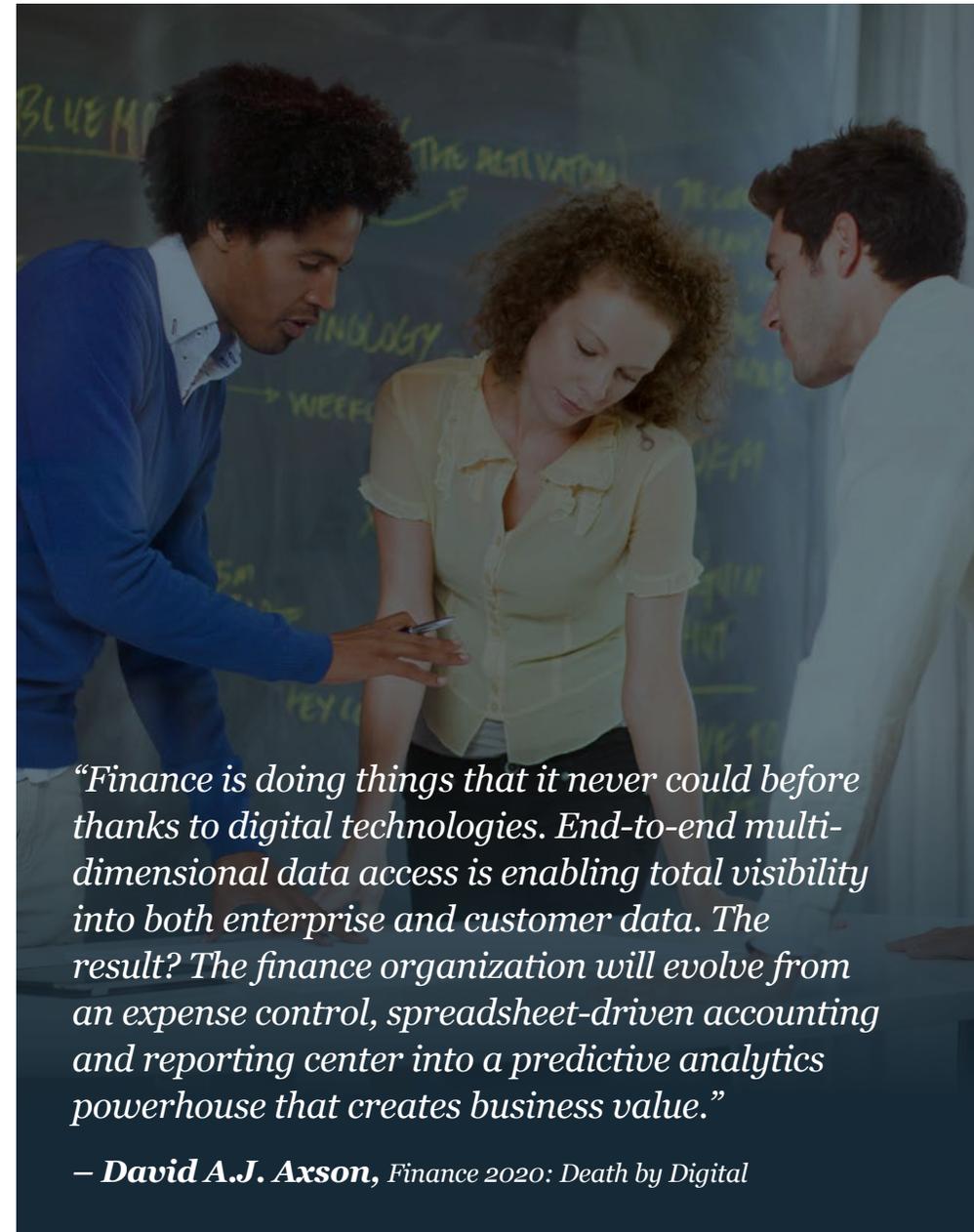
Another way to expand the skillset of the finance function is to create a personalized continuing professional education (CPE) plan for each finance professional, using both internal and external resources. For example, the American Institute of CPAs offers the [Chartered Global Management Accountant](#) (CGMA) learning program and designation. This program develops and recognizes finance professionals with the technical, business, leadership and people skills critical to help organizations achieve sustainable success.

CONCLUSION

Business leaders are no longer looking to finance leaders to simply deliver reports with numbers; instead, they want to work with a finance partner who can analyze those numbers and make strategic recommendations on what is best for the business.

By unleashing the power in cloud computing, big data, advanced analytics, and artificial intelligence, an agile operating model can generate the insights businesses need to develop innovative strategies and fresh solutions to business challenges, turning finance from a support function into a powerhouse.

Call [1.800.633.0723](tel:18006330723) to talk to an Oracle applications specialist or visit oracle.com/agile-finance-revealed to learn more.



“Finance is doing things that it never could before thanks to digital technologies. End-to-end multi-dimensional data access is enabling total visibility into both enterprise and customer data. The result? The finance organization will evolve from an expense control, spreadsheet-driven accounting and reporting center into a predictive analytics powerhouse that creates business value.”

– David A.J. Axson, Finance 2020: Death by Digital

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Integrated Cloud Applications & Platform Services

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