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INNOVATION

# A perspective for Manufacturing CFOs and VPs of Finance

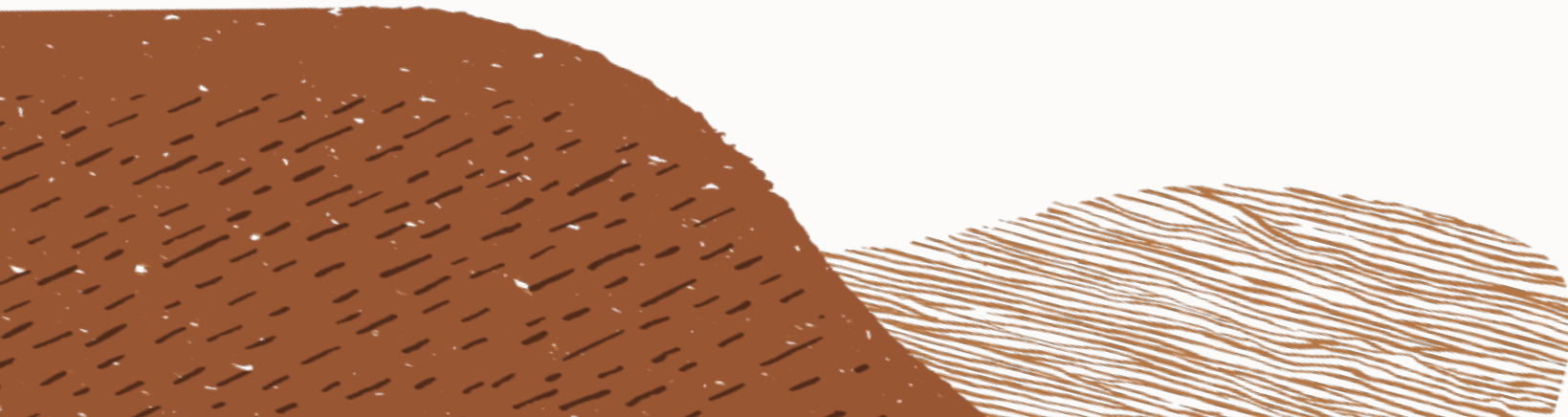




# Table of contents

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<b>Future-proof your business through resilience and innovation</b>	<b>3</b>
<b>Enable continuous innovation with real-time insights</b>	<b>4</b>
<b>Challenges that limit innovation</b>	<b>5</b>
<b>What are your opportunities for innovation?</b>	<b>6</b>
<b>Get started</b>	<b>8</b>





# Future-proof your business through resilience and innovation

History shows that companies who adapt their business models, listen to customers, adjust their offerings and innovate to drive a strong top-line, are the ones that succeed. It's a fine balance being able to serve customers better, being agile whilst having leaner operations and remaining resilient. To accomplish this, CFOs need to determine if they have the right budget for the technology and the teams to deliver. Manufacturers have always examined their supply chains, but this has become more critical. When asked to list their top-three priorities, CFOs cited changes to better understand their suppliers' financials, operational health and a need to develop additional and alternative sourcing options to tackle next waves of disruption.<sup>1</sup>

Traditional, on-premises business systems weren't designed to manage and stay current with the complexities of launching and scaling global products and services, or to support the speed and number of today's customer demands. This limits your ability to leverage the data to drive innovation. Oracle Cloud deploys a unified data model so customers can continuously innovate and move faster across the entire product lifecycle. Oracle Cloud solutions are integrated with customer user feedback, IoT-enabled product usage analysis and automated machine learning capabilities, which leads your enterprise to continuous innovation.

Companies that invest in innovation during a crisis outperform the competition on market capitalization by

**10%**

Investing in innovation after a crisis gives them an advantage by<sup>2</sup>

**30%**

<sup>1</sup> PwC, [US CFO Pulse Survey Findings](#), June 2020.

<sup>2</sup> McKinsey & Company, [Modern CPG Product Development calls for a new kind of product manager](#), October 2020



## Customer insight

“We have over 500 million users on our global collaboration platform across the world in over 180 countries. We're now on Oracle Financials, Procurement, and Planning. What we're trying to do is bring everything into the Oracle ecosystem so we can keep standardizing, growing, scaling, and taking advantage of new innovations.”

– **Tim Regan**, Chief Accounting Office, Dropbox



## Your opportunity

Let's shift our customer's mindset to a more effective model for innovation that enables them to transform their disconnected, engineering-centric methods into a connected, customer-centric approach. Creating a continuous “digital thread” can help improve collaboration and produce a unified, lifecycle-controlled version of the product record across the business.



# Enable continuous innovation with real-time insights

“We always think five to ten years ahead, if you want to grow, you need a finance function able to cope.”<sup>1</sup>

– **Mark Williams**, CFO at Moneypenny



## Financial leaders are driving transformation and innovation

CFOs are responsible for driving transformation around profitability, cash and growth. A fundamental part of the role is creating a shared understanding of all functional areas, data, analytics and technology relating to these areas. Actively looking for new investments and returns while optimizing spend and return on existing investments is key.

The CFO's role is transitioning beyond traditional reporting of financial data and controlling costs to an active role in strategy and execution. “One of the core jobs of a CFO is to make strategic planning a simple, natural part of the operating cadence of management. The CFO should leverage the financial management processes that the finance function owns to drive strategic planning and make it part of the DNA and operating rhythms of the company.”<sup>2</sup>

Nearly one-third of CFOs (32%) are looking at tech investments and services to drive growth as they reinvent their businesses. CFOs are looking at multiple paths to growth; 63% of CFOs plan changes to products and services, and 41% look at altering pricing, among other revenue strategies.<sup>3</sup>

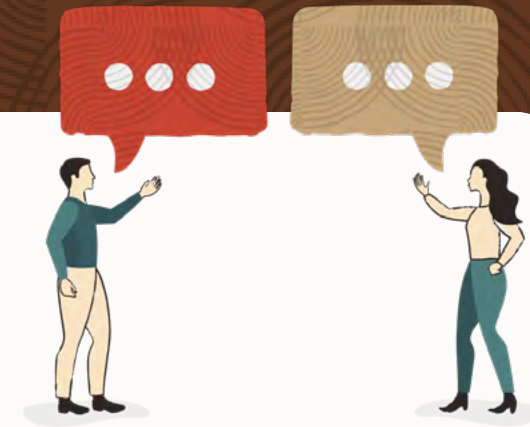
CFOs work collaboratively with their C-level colleagues, integrating quantitative KPIs into every area of the business. CFOs are redefining metrics to track strategic priorities such as marketplace penetration and customer service quality. Clear goals and key performance indicators [KPIs] to measure these areas are set around accountable innovation drivers, i.e. new products, features, and services launched; revenues; and the number of innovation sprints and development programs delivered annually. Successful CFOs rely on accurate and real-time data to illustrate the company's financial performance, create real shareholder value and drive transformation.

<sup>1</sup> Raconteur, “[The Future CFO](#)”, September 2020

<sup>2</sup> Strategic Finance, “[CFO to CFO: Innovation during the pandemic](#)”, December 2020

<sup>3</sup> PwC, [US CFO Pulse Survey Findings](#), June 2020

## Challenges that limit innovation



The link between shareholder value and supply chain performance points to a growing role for the CFO in supply chain leadership, optimization and management. In the hyperconnected global supply chain, manufacturing supply chains are exposed to unexpected risks and uncertainty on many fronts, such as the US/China trade war, Brexit, the pandemic, and the economic slowdown in China. CFOs need to examine these geopolitical risk factors and their impact on the supply chain and take action to prepare for short-term impact and assess long-term risks. <sup>1</sup>

Many established organizations find the demands of their supply chains are increasing while IT budgets are being cut. Too much money is spent on maintenance and upgrades to keep the lights on and making them shine brighter, rather than driving innovation. In a recent survey of manufacturing organizations, more than 78% anticipate the pandemic will have a (negative) financial impact on their businesses. <sup>2</sup>

Visibility is essential for managing risk, reducing costs and ensuring profitability. Without complete, accurate, real-time visibility, almost every business area can be affected, from product design and production costs to quality, compliance, and customer satisfaction. A lack of integration between numerous systems and siloed information makes this kind of visibility challenging.

Ultimately, the goal of collaboration is to increase visibility throughout the value chain. Linking systems and integrating business processes and organizational structures (product development, R&D, sales, finance, etc.) is only part of the challenge. With the right tools, processes, and organizational structure, collaboration provides key people throughout the value chain with accurate and timely information needed to make business-critical decisions with the best available information.

<sup>1</sup> Forbes, "[6 Ways CFOs Can Manage Risk And Create Supply-Chain-Driven Value](#)", 16 April, 2020

<sup>2</sup> National Association of Manufacturers (NAM), [Coronavirus Outbreak Special Survey](#), February/March 2020



# What are your opportunities for innovation?

## Innovative levers in the supply chain

CFOs need to be better positioned to manage risk, reduce waste, and remain profitable, CFOs need to actively review inventory levels, identify exposure, and reduce costs—all while improving customer products and services.

## Increase visibility, collaboration, efficiency and insight

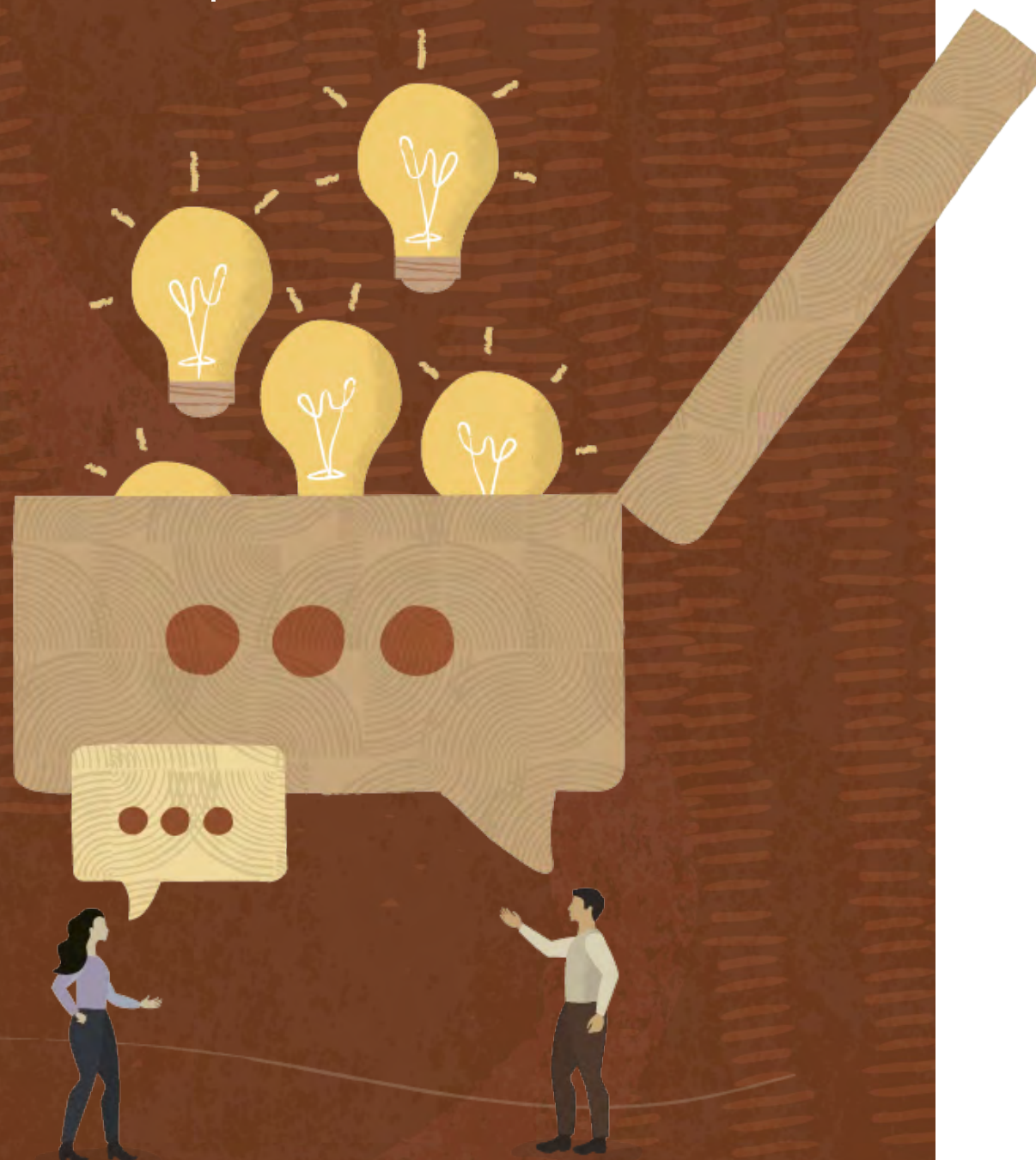
As product complexity and customer expectations for more personalized products increase and margins diminish, manufacturers must enhance their agility, improve their decision-making, and achieve more with fewer resources. Visibility and collaboration across the innovation cycle and supply chain network are foundational to success.

Manufacturers need to leverage capabilities such as the Internet of Things (IoT), artificial intelligence, and robotic process automation (RPA) to tie together customer, product, and factory feedback across the value chain to maximize efficiency. To realize more return on investment (ROI) from innovation efforts, organizations need to break down silos and create processes that involve multiple stakeholders. An integrated, data-driven platform can enable the CFO to seamlessly collaborate and manage the end-to-end business cycle.

## Enable multi-tier transparency, visibility and data sharing

The health crisis exposed the need for greater transparency across multiple tiers of the supply chain. A lack of visibility into the real-time status of outstanding orders proved challenging for many organizations with whom they didn't work directly. CFOs need to understand where and what the financial risk is in the supply chain. When orders can't be fulfilled, revenue from sales is delayed or lost. The ability to track every item down to its point of origin helps organizations gauge the potential effects of disruption.

An integrated, data-sharing, cloud-based platform creates that digital thread of data, communication, and collaboration across the supply chain. Identify potential risk before it happens by monitoring the status of partners and orders in real-time. Gain online visibility of on hand inventory, forecast commitments, open orders, and shipments across multiple supply chain tiers.





# What are your opportunities for innovation? (cont.)

## Leverage the supply chain to increase shareholder value

For many companies, the supply chain is central to value creation. In manufacturing organizations, the supply chain can be used as a catalyst to counter disappointing cash flow and economic profit. Driving down working capital and improving cash flow and moving funds out of working capital to increase economic profit can deliver significant benefits to suppliers and customers for years.<sup>1</sup> With a digital supply chain, the CFO can drive greater visibility and deeper insights, unleashing economic value and greater performance while generating more cash for all participants in an end-to-end ecosystem.

## Build a greener, more sustainable supply chain

CFOs want to be good stewards of business assets and pay closer attention to their supply chains from a cost and sustainability point of view.<sup>2</sup> CFOs will need to be front-and-center to assess climate change initiatives related to packaging, material handling, transportation, and logistics. Changes in these areas tend to have widespread impact.

As more companies start reshaping strategy in response to climate change risk, CFO/supply chain alignment will become more critical to achieving business and environmental goals. These decisions require collaboration and ongoing discussion between finance and supply chain leaders to meet business requirements successfully. Cloud applications and other advanced technologies make it easier to conduct real-time analysis and identify upstream and downstream impacts from business decisions made in line with strategic imperatives, like sustainability.

<sup>1</sup> Forbes, "6 Ways CFOs Can Manage Risk And Create Supply-Chain-Driven Value", 16 April, 2020

<sup>2</sup> Oracle blog, [Supply Chain Heroes: How CFOs can help save the world](#), March 2020



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