

# Transforming the finance function

A Meet the Boss ebook, in partnership with Oracle



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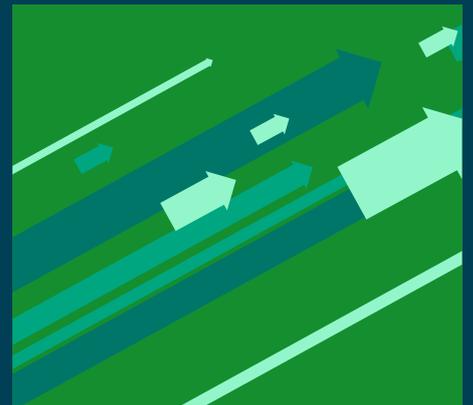
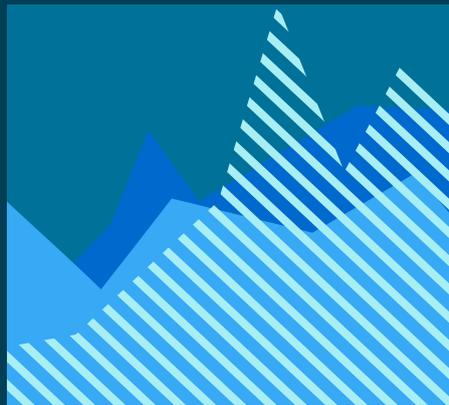
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# INTRODUCTION

Like many other functions within the organisation, technology is proving something of a game-changer for finance. Whether it's greater use of cloud, data analytics, robotics process automation or any of the niche applications that are proving invaluable to today's finance teams, digital tools are improving the efficiency of standard finance tasks such as transactional processing, accounting and reporting.

But more importantly, they're also starting to enable finance teams to add real value to the business in the form of better decision-making and insight.

Indeed, with unfettered access to critical financial and operational data, and a bird's eye view of both the business and its position in the wider marketplace, the modern CFO should be perfectly placed to help navigate change and orchestrate transformation.

But with legacy systems, disconnected data sets and entrenched organisational thinking to contend with, transformation remains a tough proposition for many. Identifying strategies to optimise your finance structure, processes, people and technology to increase efficiency and effectiveness remains a key priority.



So what does it take to evolve finance into an agile, flexible and value-adding function? How does finance harness digital tools and data to become a better business partner? And where do the pitfalls lie? Learning from those who've already taken those first steps is an important starting point. Which is where this ebook comes in.

Meet the Boss and Oracle recently hosted a series of roundtables with senior executives from some of the world's leading brands to ask them about how they are approaching finance transformation at their respective firms. Each roundtable represented a 90-minute deep dive into the challenges they face and the opportunities they see, led by the executives themselves and independently moderated by Meet the Boss.

This ebook gathers the highlights, challenges and learning from those discussions: over six hours of conversation with 20 senior executives on the impact of, and drivers for, finance transformation. What does business really think? It's all here.

**BEN THOMPSON, HEAD OF CONTENT, MEET THE BOSS**



## CHAPTER 1

# Challenges and drivers for change

Finance wants to be a trusted business partner, and a key driver of improved performance. But first, it needs to transform.

The finance function is changing. The need to do more with the same (or in some cases, fewer) resources remains a significant challenge. The requirement to respond more quickly to rapidly shifting demands or market conditions has increased. And the demand from management and external stakeholders for faster and more detailed information to support better decision-making is growing by the day.

For modern CFOs and their teams, the need to transform is critical.

Yet change is easier said than done. A significant number of organisations

are hampered in their efforts to deliver the necessary speed, agility and insight by a combination of cultural resistance to change, and a reliance on legacy systems and infrastructures.

“Existing finance systems are not well placed to cope with future demands,” complains Giuseppe Malanga, Director of Finance and Business Operations at pharma giant Roche. Werner Hoffmann, CFO for the APAC region at multinational lighting firm Osram, agrees. “As it stands we lack the flexibility in our systems to adjust to the new business models that are coming,” he says.



It's a common concern. "We're dealing with a myriad of different systems that have been implemented over time," explains Sondra Curtis, CFO for APAC at financial service firm Westpac. "Trying to consolidate those to create uniform, streamlined, efficient reporting is a real challenge."

So how do you effectively deal with what you've inherited from the past? "We are trying to eradicate legacy systems as much as possible,"

says Brigitte Lawler Head of the Finance Transformation Program at SGS. "But some of them are intricately woven into the fabric of the business, so the implications can be quite scary. It takes time to unravel some of the things that have become part of our way of operating."

And if that sounds like your organisation, take heart: you are not alone.

"Irrespective of the industry, 95 percent of the challenges finance teams face are the

same," suggests Daryl Szebesta, VP for Cloud Transformation at Oracle. "How do I address this huge amount of data? How do I take value out of it? How do I drive insight rather than looking over my shoulder at historic trends? And how do I move quickly and do it in a world where we've all grown up with lots of fragmentation, customisation, etc? Those are the key challenges for today's CFO."

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DARYL SZEBESTA, VP FOR CLOUD TRANSFORMATION, ORACLE

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Indeed, making sense of the vast swathes of data companies are collecting is fast becoming the number one concern for organisations across every industry vertical. And the problem is only going to intensify. Experts are predicting a 4300 percent increase in annual data production by 2020, while systems sprawl, increased complexity of the environment and a lack of standardisation are only adding to the data management challenge.

For finance teams, as for other functions, the chief challenge is translating that information into actionable insight.

"I don't think we're

short on data, but what we're not so good at as a finance function is taking that data, pulling out key insights and driving actions," admits Claire Binmore, Chief Performance Officer at Aviva.

"We need to manage our data better," adds Bill Low, VP Finance at Oakwood Asia Pacific. "As a CFO, if we see a trend or movement in the market, we can't wait until the end of the month to report on it. We should be prompting the board to act in real-time, and for that to happen we need information."



4300%

increase in annual data production by 2020

More specifically, you need joined-up information. The Holy Grail for most firms is having a single source of the truth – but the reality is often very different. “The real challenge is when you have to start incorporating data that sits outside the finance organisation,” suggests Femi Adebayo, Director of Commercial Finance at 9mobile, formerly known as Etisalat Nigeria. “It might be sat in siloes. You might not even really know that data exists.” Sameer Altaf, CFO at Batelco, agrees. “If you don’t manage and have discipline around the flow of information, then it can take you in the wrong direction,” he says. “You need one version of the truth.”

And therein lies the key driver for change: becoming a true business partner that adds real value and insight into areas for improvement, emerging trends and competitive threats. Facilitating closer finance and operations alignment – getting operational plans, models and KPIs aligned to financial goals and measurements, with clearer trigger points for action – is a common driver behind many organisations’ finance modernisation efforts. And being able to drive performance, rather than merely report on it, is now a key finance goal.

“The real challenge is when you have to start incorporating data that sits outside the finance organisation.”

FEMI ADEBAYO, DIRECTOR OF COMMERCIAL FINANCE, 9MOBILE



Enis Yazirilioglu, Head of Business Model Transformation at mobile operator Turkcell, sees transformation as the logical response to a world that is rapidly changing. "Our revenue models, our profitability measures are changing," he says. "Our customers want to reach content. They want to be socialised. They want to be engaged on different platforms. So our business models and finance systems are transforming together."

9mobile's Adebayo sees a similar shift. "Customer behaviour is changing fast. And technology is also changing fast. We have to be able to get the information from operations as quickly as possible into our database, and to be able to use that to make informed business decisions."

The challenge, says Szebesta, is how you use that massive amount of data to derive insight for the business. "It's a massive opportunity," he says. "Finding the right tools is essential."



## CHAPTER 2

# Implementation and opportunities for success

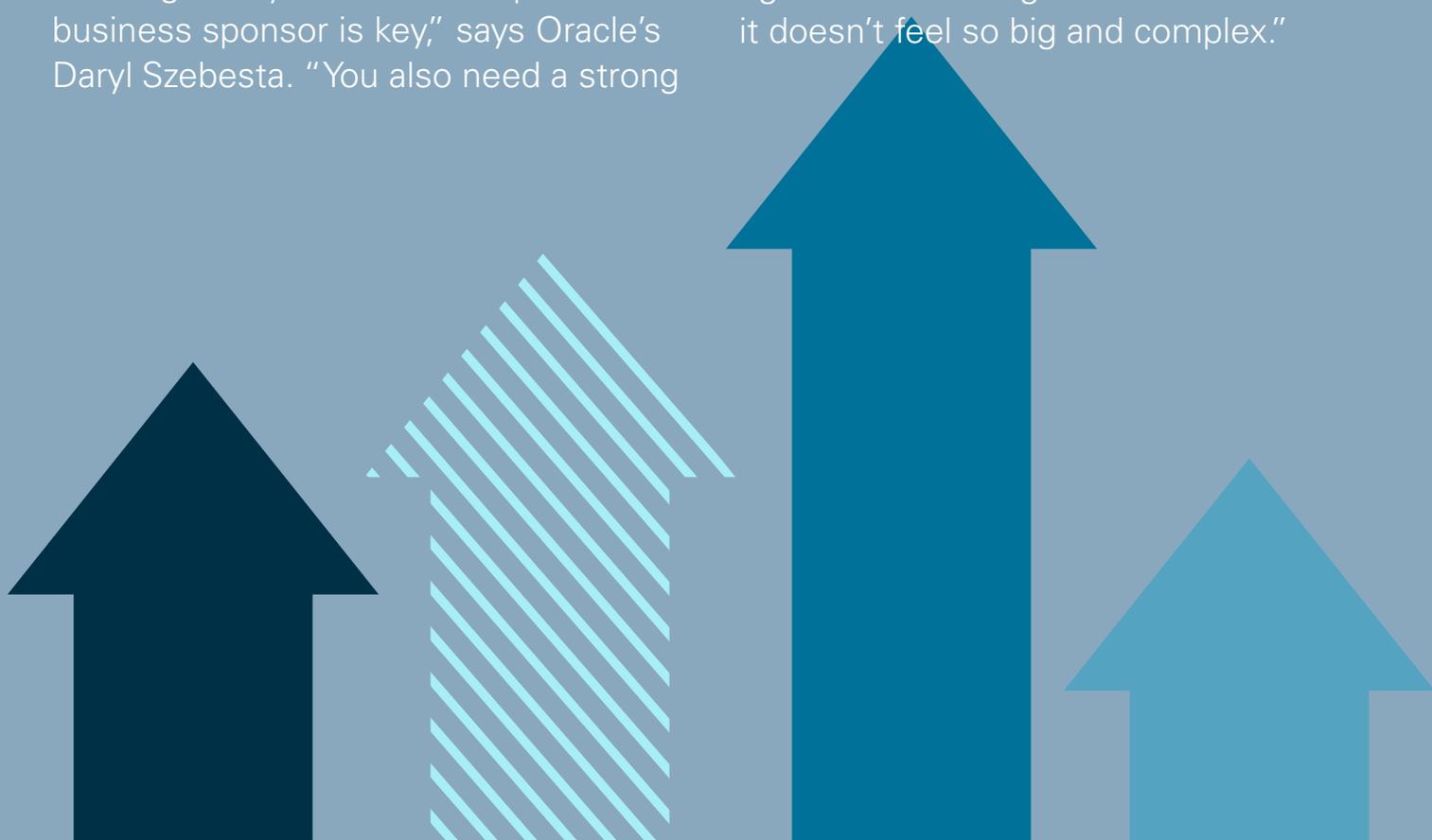
Change is coming. So how are some of the world's leading organisations approaching their own transformation journeys?

Without doubt, expectations on the finance organisation are changing. Finance is moving away from a pure reporting role, towards more decision support, predictive analysis, and greater responsibility for managing the overall performance of the organisation. And successfully navigating that change journey is critical to the long-term health of the business.

As ever, the first step for any transformation project is getting buy-in. "Having a very active and empowered business sponsor is key," says Oracle's Daryl Szebista. "You also need a strong

partnership between the CFO and CIO, where you prioritise based on business needs."

Christian Baltzer, Group CFO at Tryg Insurance, agrees – but also highlights the importance of having the right organisational structures in place. "With the right structure and the right focus from leadership, you can do this on a large scale," he says. "Saying 'Oh, we're big and complex, we can't do it,' is just an excuse. If you're big and complex you need to figure out how to get a better structure so it doesn't feel so big and complex."



Indeed, taking a wider organisational view is a critical part of any finance transformation initiative, given how central the function is to much of the rest of the business. "It really requires cross-functional collaboration, because much of the data that we use in finance does not originate there," says Tom Bloemers, Head of Finance Transformation at Philips. "For instance, an invoice is not, in most

cases, initiated from finance. Finance is a touchpoint for it and has some responsibility. But it originates somewhere else. That's why board-level buy-in is key."

Once you have the sponsorship, it's time to get your priorities straight with regards to what you want to tackle first, and which solutions can potentially help.

"Every investment you make, there has to be a return," maintains Manikantan Thyagarajan, SVP for Finance Operations at Mphasis. "Whenever you go for a new solution, you look at the cost benefit analysis. You need to have both the CIO and finance function discussing it together."

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TOM BLOEMERS, HEAD OF FINANCE TRANSFORMATION, PHILIPS

**PHILIPS**



“It’s absolutely about prioritisation and cost allocation and value for money,” agrees Sondra Curtis, CFO at Westpac. “Often, upgrading the finance systems isn’t the number one priority on the investment list when there are sexier projects the business wants to pursue. It’s about finding a balance between getting sufficient insight, without spending a lot of money on something that is quickly redundant in a rapidly changing technology space.”

For Szebesta, avoiding such an outcome is about identifying the key business challenge you’re trying to solve. “You need to define what it is you’re trying to do as a business before you spend any money on technology or use any resources, because you could quite easily end up with what you have now but in a shinier box,” he says. “You might spend a lot of money to achieve not a lot of change.”



That prioritisation also has to extend to the data, too. “The user has got to understand what data is useful to them,” argues Bill Low, VP of Finance at Oakwood Asia Pacific. More importantly, the ability to draw meaningful conclusions from that information is essential. “Figures are useless if you don’t analyse, you don’t compare, you don’t show a trend,” he continues. “To me, a figure is only useful when it can tell you a story. If you are unable to tell a story I think it’s a waste of time.”

And this is where advanced analytics comes in. Going beyond typical spreadsheet reporting to embrace emerging technologies such as machine learning, natural language processing, optimisation and predictive analysis provides CFOs with a suite of tools that can broaden their view and help them guide strategic business decision-making – and tell that story more effectively.

“Analytics allows you to look into the data you have and really explore further opportunities,” explains Bloemers. What’s more, such tools are freeing up finance teams to add real business value. “I think we are now starting to see finance people who act more like financial scientists. On the one hand they are financial analysts, with a good financial grounding; but at the same time they are also data experts who can provide combined technology data and finance insights.”

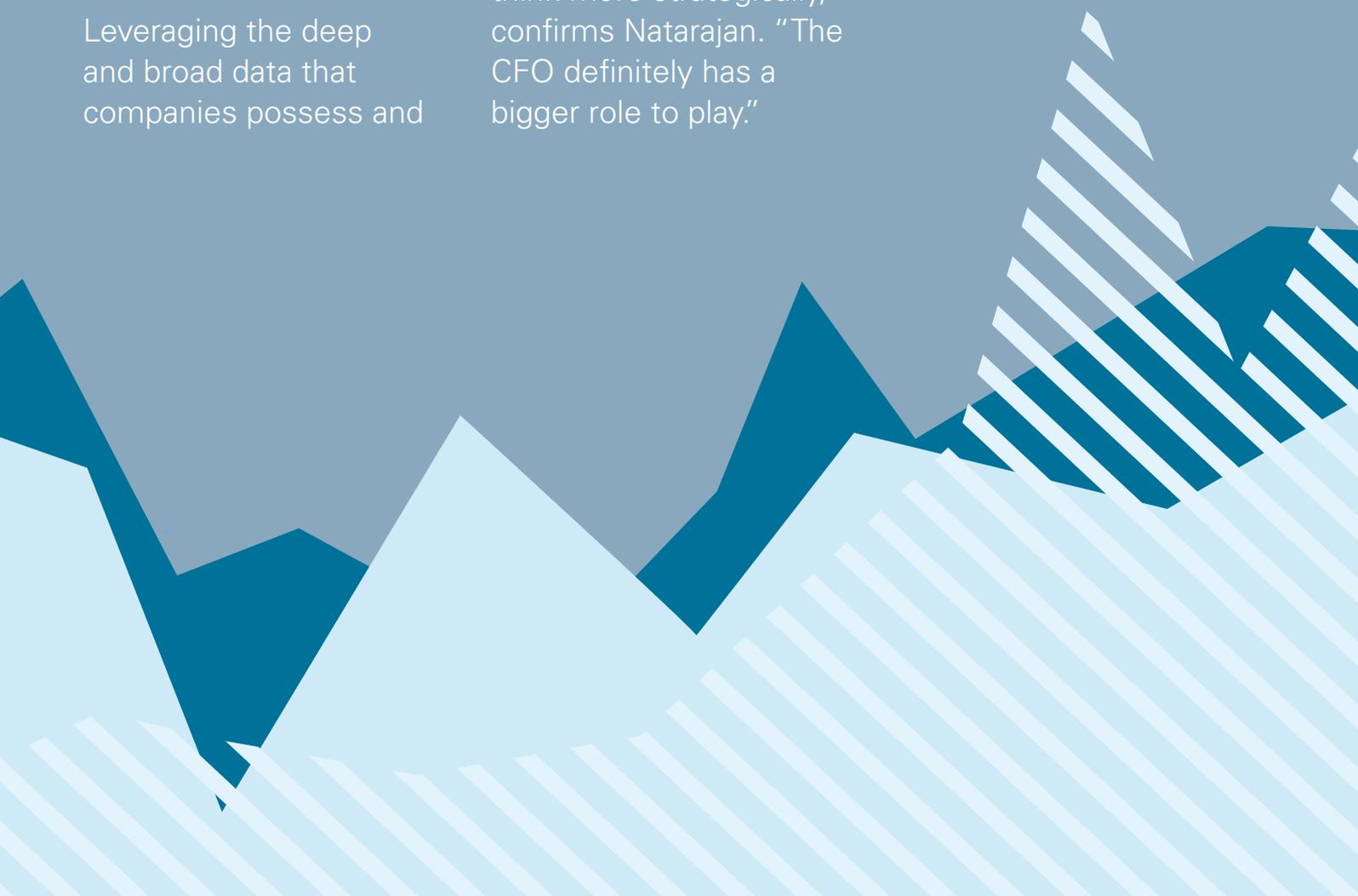


And for that to be successful, examining your entire approach to data management is critical. As Mahadevan Natarajan, Senior Director for ERP & EPM at Oracle, puts it: “The trend I see now is to move away from creating islands of data. Instead, leading firms are looking at how to create a unified data model that can interoperate depending on the business outcome you’re driving towards. How can I solve planning and budgeting? How can I solve my profitability? How can I solve my financial consolidation?”

Leveraging the deep and broad data that companies possess and

turning it into actionable intelligence is the key to driving a host of different business outcomes, such as better customer engagement, improved experiences, and increased revenue for the enterprise. And finance organisations are often the custodians of much of that data.

“You still need to do the mundane tasks like reporting, analysis, and closing, etc. But that is where technology can help you in automating those repetitive tasks, giving additional time for you and your team to think more strategically,” confirms Natarajan. “The CFO definitely has a bigger role to play.”



## CHAPTER 3

# Towards a modern finance function

In the face of digital disruption, emerging competition and shifting markets, finance is changing too. So what does that mean for the CFO role?

As technology continues to impact the speed at which business operates, the ability to respond to the rapid pace of change has become a critical organisational characteristic. Agility, flexibility, speed – all are essential in order to react to emerging competitive threats, new technology trends and shifting customer demands.

And as the business transforms, so must the CFO. Recent Oracle research found that nearly 40% of finance leaders see the finance department becoming more accountable for the success of the business, while 45% admit they are under increased pressure to raise productivity. Perhaps the biggest surprise there is that those numbers aren't higher.

Osram's Werner Hoffman agrees that the nature of the finance role has shifted from merely reporting what has happened to defining what might come next. "The CFO is not just about the numbers; it's about how we drive the transformation process," he explains. "It's no longer just about explaining the past, it's more about shaping the future. What kind of business model should we adopt? How should we change the company? What about culture and values? It's about finding our role in the transformation process, and giving the organisation the right financial perspective on how to transform."



For Agnes Lim, CFO at Jones Lang Lasalle, that transformational element is key. “It requires you to be a strong change agent in changing the way the business works, as well as a finance person able to measure how things are being done efficiently or return on capital,” she says. “You need the ability to tell a story, be good with figures and use technology. It’s a skillset that is not commonly found.”

As such, developing strong relationships with other departments – particularly IT – will be critical. In that same Oracle study, 73% of finance leaders said that closer

CIO/CFO alignment has become critical to achieving finance transformation. And for many, it is finance, rather than IT, that needs to take the lead.

“IT is the custodian of what is already there, and as such is not really in the best place to drive technological evolution,” explains Mirko Dierks, CFO at Zuellig. “It’s now the role of the CFO to question business models, checking where we make money, where we don’t make money, and what technology is out there to help us to drive the business forward.”



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of finance leaders said that closer CIO/CFO alignment has become critical to achieving finance transformation.

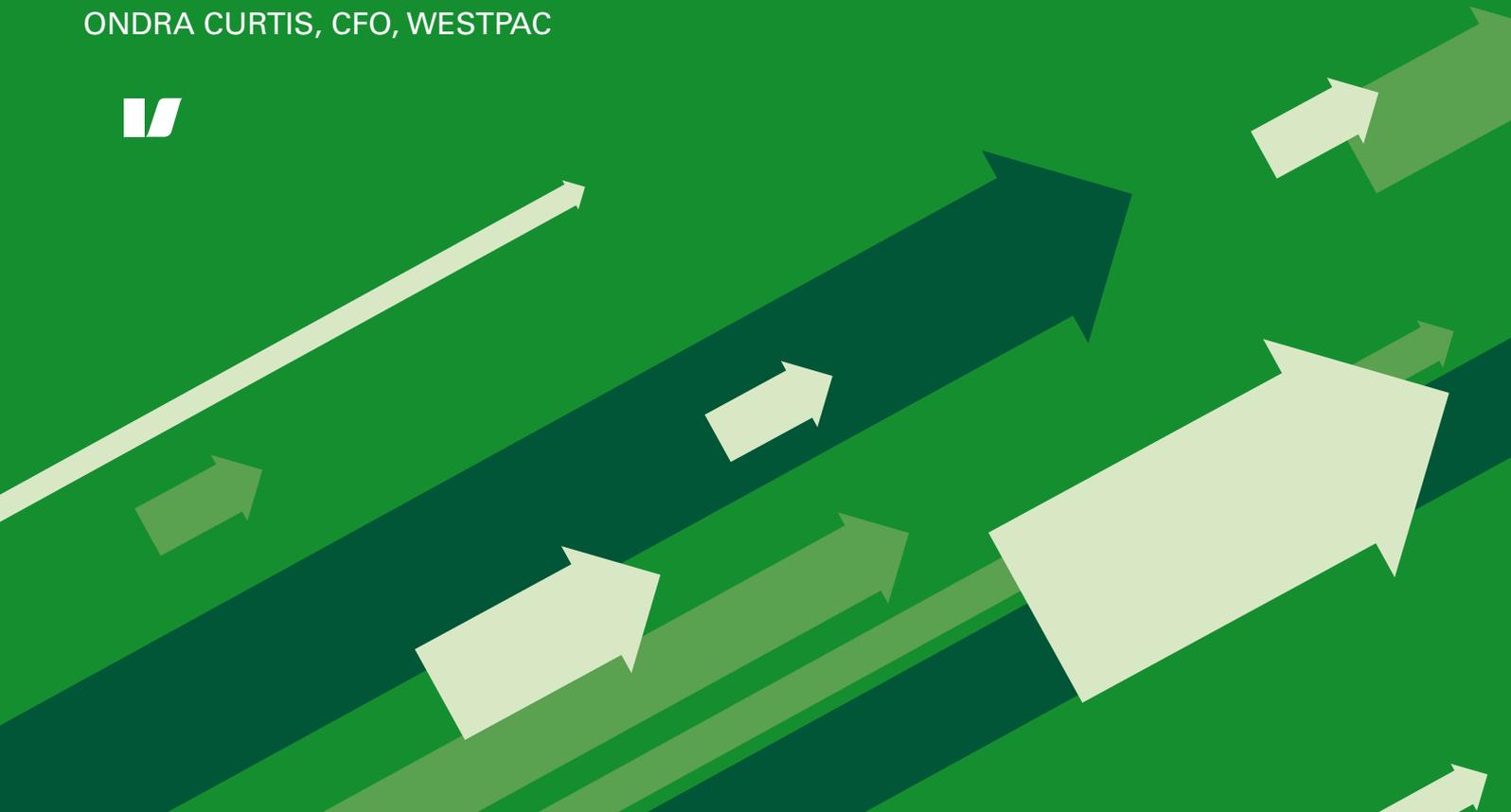


Oracle's Maha Natarajan takes a similar view. "I see the CFO role as more of a strategic thinker role, bringing the CIO and the CHRO into the room to discuss the systems and processes and skillsets that will be needed going forward," he says. "Where is our competition moving? Will our systems and processes and skillsets have to change? And how do we go about that transformation journey and ensure that all these pieces are knitted together? This is where I see CFOs taking a much more active, leadership role."

And with CFOs increasingly accountable for the performance of the business, having that insight and analytical ability will be key. "It comes down to the pace of change, whether it's volatility in your marketplace, whether it's disrupters entering your industry, or something else," says Westpac CFO Sondra Curtis. "We've got to be reacting and responding so much more quickly than we have done in the past."

"We've got to be reacting and responding so much more quickly than we have done in the past."

ONDRA CURTIS, CFO, WESTPAC



Finance transformation – like any change journey – is hard work. And with many organisations having experienced mixed success with transformation in the past, how you sell the concept in to the business is critical to the ultimate success of your project. Perceptions matter.

“There’s a lot of legacy and a degree of negativity around the word ‘transformation’ because we’ve tried it multiple times before and it tended to fail,” admits Clare Binmore, Chief Performance Officer at Aviva. “Our transformation journey is as much about cultural change for our people as it is for finance processing systems.”

For Oracle’s Daryl Szebesta, success is about providing value to the finance community at the earliest stage possible. “We limit the amount of time we spend on any single part of the transformation, in order to avoid transformation fatigue,” he explains. “The biggest challenge is convincing everyone who has been very comfortable with the way they’ve done things in the past that they need to change – whether that’s the business, the IT department, finance or whoever. The technology aspects are relatively simple to solve.”



But despite the hurdles and the challenges, transformation remains an essential next step for any firm looking to succeed long-term. “For me, it goes beyond a business case,” argues Hoffmann. “Sometimes you just know what direction you need to take. You can do all the calculations, but you will come back to one fact: you need to change your business model in order to be able to react to the market, to compete. If competitors have these kinds of data models and you’re still relying on Excel models with very limited options, you will fall behind. Transformation is about survival.”

# “Transformation is about survival.”

WERNER HOFFMANN, CFO ASIA PACIFIC REGION, OSRAM

## OSRAM

Analyst, storyteller, advisor, technologist, change agent, leader: as demands and expectations on the finance function continue to rise, the modern CFO must wear many different hats and develop a range of new skills. Ensuring business performance is now a finance imperative. And for that, transformation is essential.



# What have we learned?

Oracle's Daryl Szebesta offers his top tips for finance transformation success.



## FIND THE BUY-IN

From top to bottom, getting the organisation on-board with change is critical. Win friends – but make sure you dictate the pace. “There’s often a lot of cultural resistance, and you can spend a lot of time trying to persuade people. It needs to be a collaborative endeavour. But ultimately you need to get the CFO to enforce change.”



## DEFINE PRIORITIES

Transformation is essential, but what does it mean for your business, specifically? Know what you want to achieve, and plan accordingly. “There are two aspects to transformation,” says Szebesta. “Does it have business value, and does it have employee value? Both of those things need to be stakes in the ground to control the priorities.”



## BECOME DATA-DRIVEN

Forget the past; historical reporting is so last decade. Instead, think about how your data can predict trends, mitigate risk and inform your future direction. “The challenge is how to use the massive amount of data that’s generated to derive insight for the business. Thanks to the tools that are now available, that is also a massive opportunity.”

## FORGE PARTNERSHIPS



Remember: you are not alone. Think of it not as finance transformation, but business transformation – and collaborate with your peers. “The challenge for any individual in a business is their ability to link to the overall imperative. IT is an enabler of business performance – so the relationship between the CFO and the CIO is fundamental.”

## CONSIDER THE CLOUD



“The advent of cloud and what it offers in terms of the ability to be simple, standardised and agile really helps in terms of speed of business and speed of transformation,” says Szebesta. Cloud won’t solve all your business challenges – but it will help you roll things out much quicker, and respond faster to shifts in the environment.

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