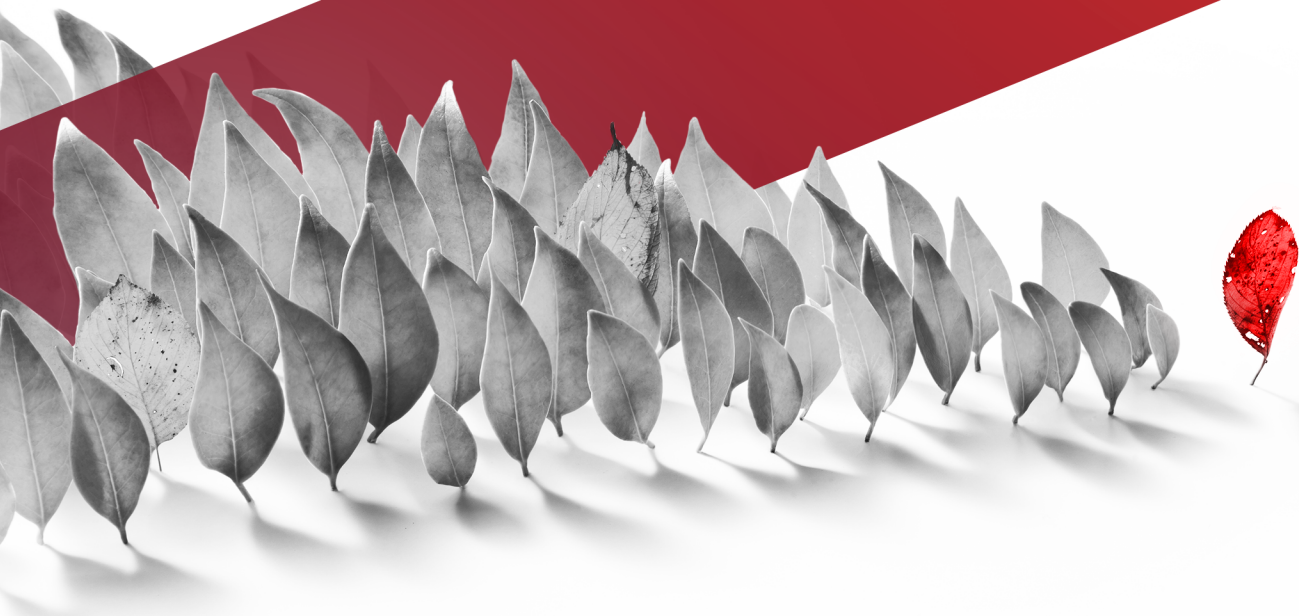


CFOs ARE THE NEW DIGITAL APOSTLES

By David A.J. Axson



THE C-SUITE SKEPTIC IS NOW A DIGITAL CONVERT.

CFOs, typically a “show me” lot, are now embracing digital so openly it is (almost) equivalent to a virtual hug.

As one senior financial executive told *CFO Magazine*: “Finance is IT. They are no longer separate items. Without IT, you can’t do finance.”¹

Few in the C-suite would have predicted that CFOs would become the digital evangelists of modern-day corporations. But, as this skeptical group has witnessed greater than expected returns on investment (ROIs) across the board for digital initiatives, the trailblazers are moving beyond piecemeal scalable apps and single-point technologies to enterprise-wide digital deployment.

Digital is inching its way to the top of the CFO agenda. And CFOs are bringing digital to the organization at large, wreaking transformational change.

TAKING THE RUDDER

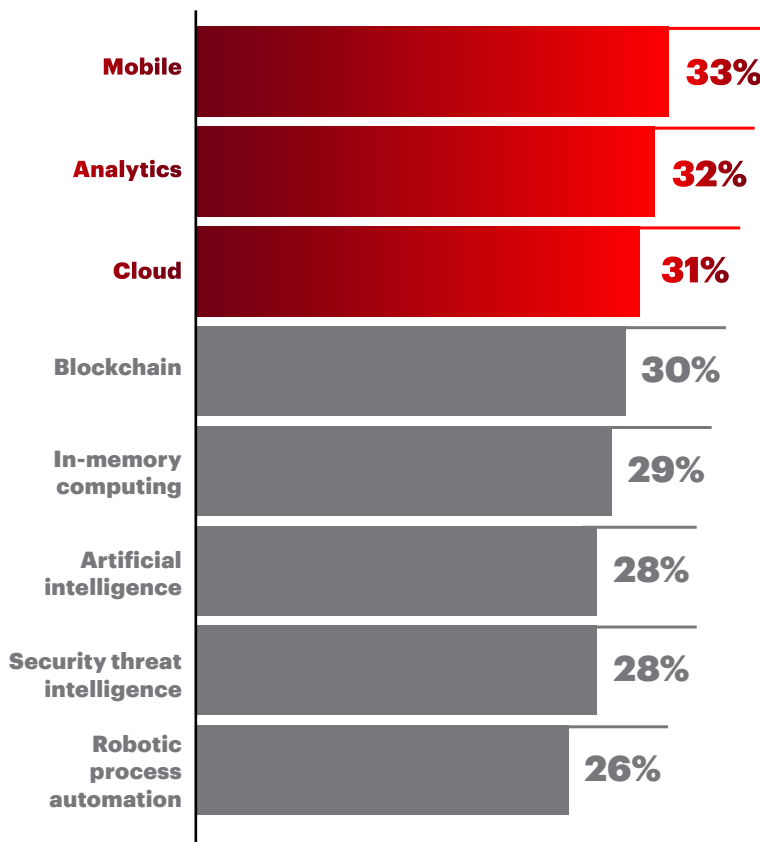
CFOs are no longer content to allow their more technical counterparts to drive digital adoption. With a premium placed on shareholder value, they cannot afford to take a secondary role—business insight and digital are inextricably tied. The CFO of the future is not a technical architect, but rather a leader in linking digital technologies to ROI—spearheading digital finance.

In addition, newer digital technologies have moved more directly into the CFO's wheelhouse. According to an Accenture Strategy survey, blockchain adoption sits at 30 percent, with other finance-related technologies such as robotic process automation following closely (see Figure 1).²

In an era where rearview mirrors are of little use, digital puts real-time decision making in a CFO's hands like nothing else before it. Agility is the name of the game, as shareholders and the media react almost instantaneously to financial performance. Spot-on predictive analysis, possible only through digital means, has become a competitive weapon of choice. Digital could soon make monthly and quarterly management reports a quaint relic of a bygone time.

If Harvard University's Clayton Christensen is correct in saying today's average S&P 500 company will drop off the list in 18 years, 75 percent of the current S&P 500 will not be featured by 2027.³ It is highly likely that the 25 percent who remain will be digital leaders. Now that's a sense of urgency.

Figure 1
Adoption of digital technologies in finance is on the rise



To what extent has your finance organization adopted these digital technologies?

Source: Accenture Strategy Digital Adoption in Finance Survey, September 2016.

HOW

CFOs ARE USING THE TOP DIGITAL TECHNOLOGIES TO REINVENT THEIR ORGANIZATIONS

BLOCKCHAIN—Organizations now have the benefit of secure, near-instantaneous transaction processing.

ARTIFICIAL INTELLIGENCE (AI)—Companies can now reduce fraud through the use of natural language processing to monitor electronic communications.

AUGMENTED REALITY—Finance team members have the advantage of real-world situation models via augmented reality, allowing them to develop more credible plans and forecasts.

ROBOTICS—Financial firms use mini-bots to monitor accounts receivable data to isolate potential credit and customer risk, covering far more than human monitoring alone could do.

DRONES—Manufacturers now can reduce unplanned maintenance through remote plant monitoring, providing preventive maintenance schedules based on real data, or when parts near the boundaries of normal tolerances.

3D PRINTING—On-demand 3D printing allows manufacturers to make any location a plant, reducing working capital through more efficient use of raw materials and physical space.

CLOUD COMPUTING—Many organizations are deploying scalable, global applications at speed in the cloud.

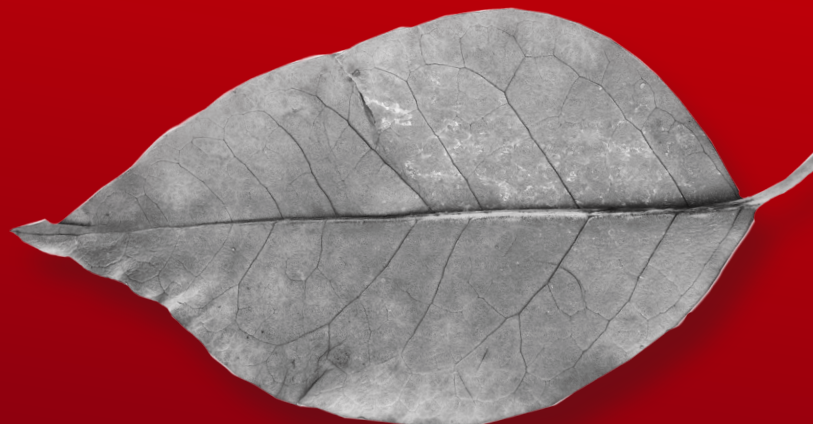
CASE IN POINT: Tideway, an independent subsidiary of Thames Water, embarked on a project to build a 25-kilometer tunnel to manage the flow of 39 million tons of sewage overflows into the Thames. It required a finance solution suitable not just for the design portion of the project, but also the build and construction phase. Tideway implemented a state-of-the-art, cloud-based NetSuite finance solution to help make its vision reality.

THE INTERNET OF THINGS (IOT)—Intelligent devices provide increasingly rich data to drive predictive analytics.

CASE IN POINT: Hyundai Heavy Industries, a shipbuilder, is using a network of sensors that will be built into new vessels, to capture voyage information including location, weather and ocean current data, as well as on-board equipment and cargo status data. By applying real-time analytics to new and historical fleet data and using data visualization technology to present the insights, ship owners will be able to monitor their vessel's status and condition in real time to make data-driven decisions that support more efficient operations.⁴

ADVANCED ANALYTICS—Leaders tap market, operational and financial data to automatically generate updated revenue forecasts, as well as better identify untapped revenue opportunity.

CASE IN POINT: With beer losing market share to other alcohol categories, a large brewing company needed to develop better insights from its data to maintain competitiveness and boost sales. Accenture worked closely with the senior executive team to define the analytics strategy and a new operating model to govern analytics more effectively, and to map out a multiyear journey aimed at differentiating the company in the beer marketplace, identifying \$150 million in potential benefits from analytics.⁵



THE NUMBERS DON'T LIE: CFOs PUSHING DIGITAL ARE SEEING TRANSFORMATIONAL EFFECT

Nearly one-third of the CFOs surveyed by Accenture Strategy reported that digital finance investments are having an impact beyond their immediate purview, transforming the business at large. And a whopping 82 percent are seeing measurable business ROI from digital finance investments.⁶

For instance, Visa built a connected car prototype to revolutionize payments on wheels. Order groceries via your connected vehicle, pay for them through the car's dashboard and then pick them up curbside. Similar conveniences come with the territory—from paying for parking at a single touch to prepaying for gas.

While not all companies have achieved the status of digital leaders, many seem to be on their way. Nearly one-quarter of our survey respondents reported seeing better than expected returns, while 28 percent are seeing investments deliver per expectations.⁷

Beyond those broad parameters, however, senior finance executives are seeing the needle move in crucial targeted areas (see Figure 2). From improved forecast accuracy to better managing risk, digital will continue to change the way finance operates going forward.

For your organization, what effect have digital technologies had on the following elements of finance activity?

Figure 2

Digital impacts on finance organizations



86% can better manage risk



67% have improved their forecast accuracy



66% report better decision making



61% say finance teams are dedicating more time to high-value work

Source: Accenture Strategy Digital Adoption in Finance Survey, September 2016.

IGNORE SUPPORT SYSTEMS AT YOUR PERIL

Technology alone is not the answer. True digital transformation occurs when the right support systems are in place, from the optimal talent mix to the appropriate operating model. A full 82 percent of our survey leaders said the finance operating model must change to realize digital's full value.⁸

The leaders have created a coherent digital strategy. Not every organization has a use for every digital technology, but they pick and choose based on their specific needs. They also orchestrate those technologies, embedding them in the operating model and the mindset of their people.

Finance leaders now require new skills, such as data science, mathematics and sociology. It will become more common to find finance professionals who specialize in interpreting the likely impact of changes in customer behavior due to technology; manipulating spreadsheets no longer spells success. The advent of digital brings an unprecedented change in talent set. (For more on the Finance 2020 workforce, see Accenture's point of view: ["From reporting the past to architecting the future: Meet the Finance 2020 workforce."](#))

AS YOU GATHER YOUR ORGANIZATION INTO THE DIGITAL FOLD

Evangelizing for digital can be daunting, particularly for CFOs who have traditionally shied away from IT-related matters. We offer a few suggestions to help you during the transition:

MOVE BEYOND DIGITAL LITE. Digital is more than social, mobile, analytics and cloud. If your organization is not addressing blockchain, artificial intelligence, security intelligence and robotic process automation—at a minimum—you are already behind. The leaders have moved beyond isolated pilots of all of the above into scalable strategic adoption of multiple digital tools.

REMOVE YOUR COST AND PRODUCTIVITY LENS. Think total investment value. Align digital finance strategy with business strategy. To maximize business performance and create real value, finance teams should engage with business leaders in a near continuous process of analysis, interpretation and decision making.

MAKE DECISIONS DIFFERENTLY. Digital is not an overlay. It changes the way your business operates—and the way your teams must make decisions. Put the right talent in place and allow them to utilize digital as a bedrock of the business to deliver maximum results.

JOIN THE CONVERSATION



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⁶ Accenture Strategy Digital Adoption in Finance Survey, September 2016.

⁷ Ibid.

⁸ Ibid.

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