

Finance 2020: Death by digital

The best thing that ever happened
to your finance organization

By David A.J. Axson

A large, solid red arrow pointing to the right, positioned behind the text "High performance. Delivered."

High performance. Delivered.

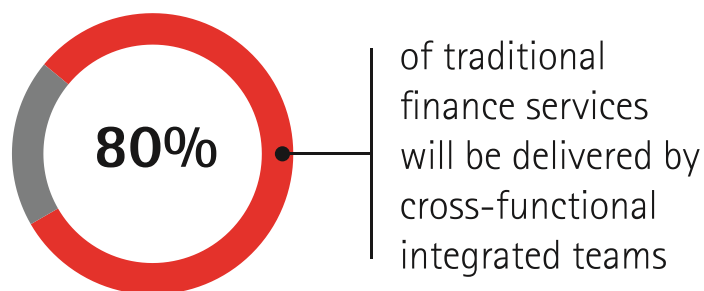
Digital is killing your finance organization as you know it. But there is no reason to mourn the loss. Accenture analysis shows that by 2020, cross-functional integrated teams will deliver 80 percent of traditional finance services. Staff productivity will increase by two to three times. As a bonus, costs will decline by 40 percent.¹

Welcome to Finance 2020

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.

Finance 2020—tomorrow's digital finance organization—is a radical departure from the status quo. It deals in analytics and forward-looking decisions to create value and manage risk. It shifts traditional accounting and processing to cross-functional integrated business services models that use robotic process automation. It trades reporting the past for predicting the future.

As this model takes hold, the role of the chief financial officer (CFO) will change. Already in recent years, CFOs have become more influential within the business. Seventy-three percent say that their engagement in strategic planning has increased in the last two years.² Digital finance will speed the CFO's evolution from cost authority to business value architect.



The Finance 2020 organization will be the go-to source for decision support, delivering analytic insight to drive strategy across economic, market, competitor and customer perspectives. Yet this future is impossible without big changes to the finance operating model, technology and people.

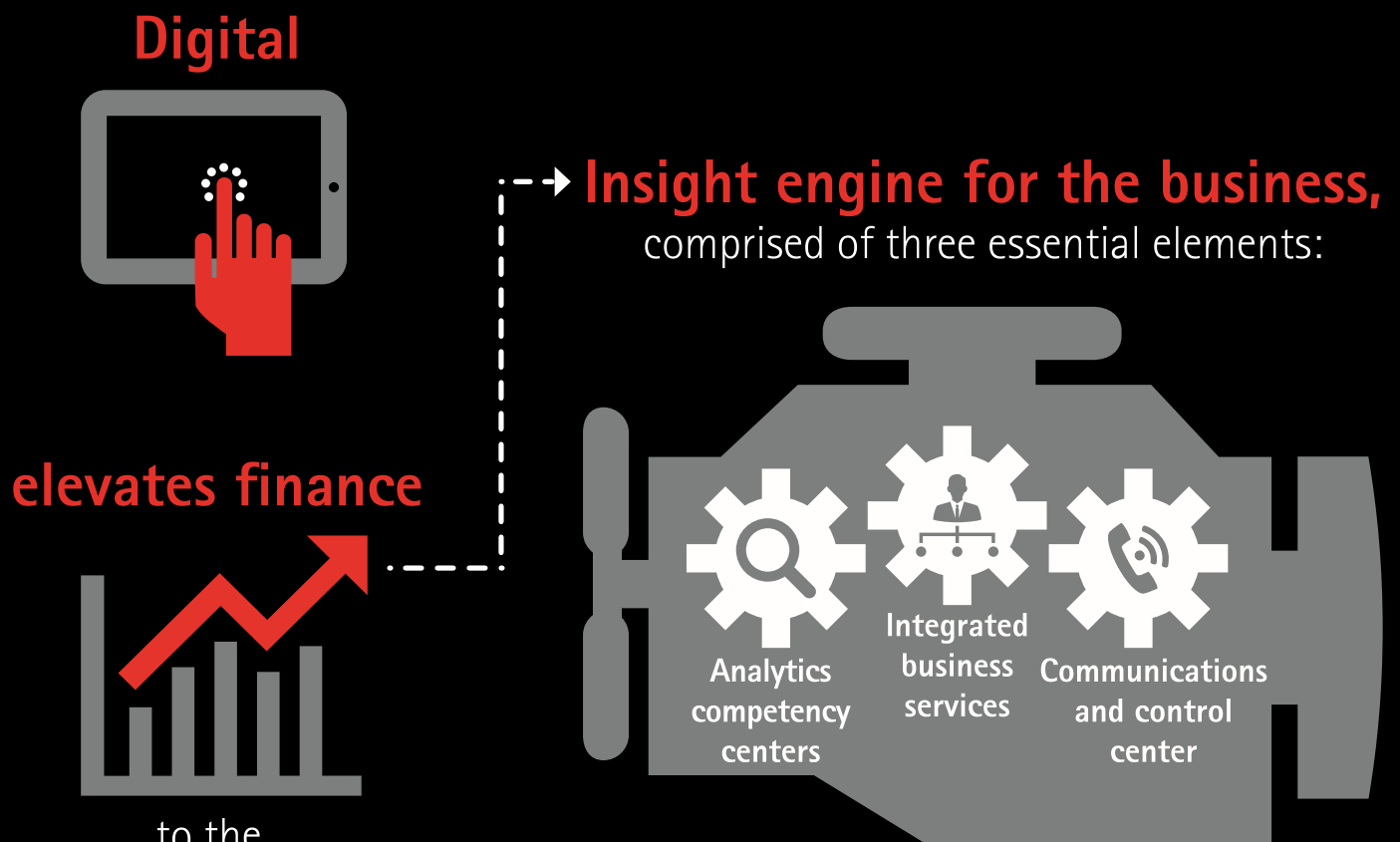
Your finance organization is exploding

Say goodbye to today's process-focused finance model. Digital is blowing it up. Traditional finance components—transaction processing; control and risk management; and reporting, analytics and forecasting—are getting reconfigured. This digital breakdown elevates finance to the insight engine for the business, comprised of three essential elements:

1. Analytics competency centers. Analytics "gurus" do more than analyze financials. They assess product, customer, expense and project trends. Employees use self-service to explore data "in the moment" to understand the financial impact of operational events and decisions. No more relying on finance to do it for them.

2. Integrated business services. These teams deliver complete services to employees, customers and suppliers across functions. They bundle accounting and transaction processing typically performed by finance with tasks from other business areas. By 2020, according to Accenture estimates, more than 80 percent of traditional finance services will be delivered by cross-functional teams.³

3. Communications and control center. These centers focus on control, compliance, communications and risk management. They consolidate the fundamentals of finance—statutory accounting, compliance, tax, treasury and investor relations. The centers are nimble, responsive and cost-effective, aligning specialized teams around streamlined work processes. One telecom provider is consolidating its fragmented income, property and sales tax organizations. A digital data warehouse automates most routine tax reporting and compliance. This way tax professionals can now focus on optimizing the tax structure of the organization to better support the business strategy.



Your complex legacy systems are gone

It is no surprise that the Finance 2020 organization depends on a digital technology backbone. But it is time to re-imagine the role and future of your enterprise resource planning (ERP) system. Time to move away from ERP's legacy historical focus as a largely passive system of record, where siloed data and batch processing delay decision making. This is welcome relief for senior finance executives who point to "complex legacy systems and environment" as their top challenge today.⁴

Cloud-based platforms will become the predominant technology for reporting, planning, forecasting and analytics in the finance organization of the future. Accenture research reveals that 85 percent of CFOs say they plan to increase their investment in the cloud—while over a third expect the investment to grow by more than 25 percent in the next two years.⁵

Next-generation digital capabilities and a cloud-based layer cut through complexity, augmenting the ERP to free finance from inefficiency. With rich, multi-dimensional data in one place, teams apply advanced analytic toolsets

to deliver sophisticated management reporting and business insights. No need to spend precious time with the pre-work of searching endlessly for data and creating spreadsheet models.

The use of off-the-shelf cloud solutions in two major consumer products companies is a bellwether of what's to come in the Finance 2020 organization. In 2013, both companies began using cloud-based planning solutions to support their emerging market businesses. The move was intended as a stopgap measure until investments could be made in a full-scale ERP-based solution.

In less than two years, something surprising happened. The value of these cloud-based products was so evident to the business that leadership abandoned the on-premise ERP solution in favor of the cloud for the entire enterprise. The result: reduced complexity, increased productivity and significant cost savings.



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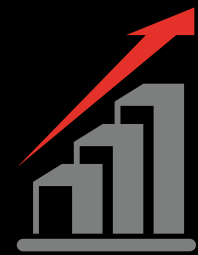
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Your next hires will shock you

Big changes to the finance operating model and enabling technologies require new—and unexpected—hires. By 2020, your most essential talent will not be “finance” talent at all. Leading companies will look beyond CPAs and MBAs to hire statisticians, data scientists, behavioral scientists, economists and even anthropologists. This brings new value to the finance profession as a whole, opening up exciting possibilities for what tomorrow’s finance career can be.

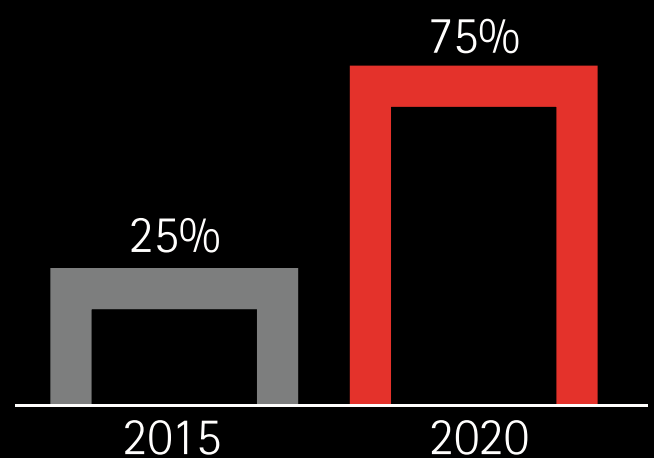
Transactional tasks will move to integrated business services solutions that use robotics, which will automate or eliminate up to 40 percent of transaction accounting work by 2020.⁶ This shift means that finance staff can spend more time—up from 25 percent to more than 75 percent—on decision support, predictive analytics and performance management.⁷

The opportunity to trade transactions for value-added tasks is not new—but the tasks that future finance teams will perform are. Consider how one of the world’s leading hospitality chains is redefining its finance team. By 2018, it is on course to be 45 percent smaller. What’s more, 80 percent of time will be dedicated to forward-looking planning and analytics using an advanced digital data platform.

Enabled by digital, the future finance organization provides predictive insight into how markets, competitors and consumers impact the business. Imagine that a retailer cuts the shelf space dedicated to a popular cereal brand in stores across the country. Tomorrow’s finance organization explores how this change impacts consumer preferences, purchasing, competitiveness and sales. A field dominated by left-brain thinkers now needs right-brain insight.

There are already signs of companies thinking differently about their finance hires. A leading African financial institution no longer hires accountants for its finance team. The firm seeks people who can relate to the market and the customer, bringing creative and disruptive points of view to traditional financial analysis to help move the business forward.

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Be a digital victor, not a digital victim

The demise of the finance organization as we know it is actually a good thing. As CFOs plan their digital futures, there are five key actions that they must take:

- 1. Define a value proposition.** Who are we—and what do we deliver? Articulate how the finance organization will add value to the business in 2020.
- 2. Develop your future vision.** What does a finance organization look like if it is not a transaction processor? There is no one-size-fits-all solution; every organization will have its own mix of new elements powered by a rich digital foundation.
- 3. Determine the core capabilities.** What capabilities are essential to deliver business value—and which can go? Do not be afraid to shed the capabilities that no longer fit with the new identity.

4. Create integrated service offerings. How can customer experiences be improved? The CFO should collaborate with other functional leaders to develop integrated services that can improve the value delivered—and the cost to serve.

5. Get the right people in the right place. None of these actions matter if the finance organization does not develop and update the finance talent strategy to ensure that recruiting and training focus on the acquiring and developing of the right skills.

The digital disruption of finance brings competitive advantages for companies that manage it well. At its core, the Finance 2020 organization will continue to protect the integrity of the enterprise and reduce costs. That will never change. What will change is that Finance 2020 will become the value creation center of tomorrow's digital business.

References

¹ Accenture estimates based on insights from market analysis.

² "Accenture 2014 High Performance Finance Study: The CFO as Architect of Business Value," 2014, <https://www.accenture.com/us-en/insight-high-performance-finance-study>.

³ Accenture estimates based on insights from market analysis.

⁴ "Accenture 2014 High Performance Finance Study: The CFO as Architect of Business Value," 2014, <https://www.accenture.com/us-en/insight-high-performance-finance-study>.

⁵ Ibid.

⁶ Accenture estimates based on insights from market analysis.

⁷ Accenture Benchmarking Solutions data.



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