

Future of Finance

An outside-in perspective on what lays ahead in Finance

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EY

Building a better
working world

Panellists



David Ngata

Group Director Finance
, Equity Group



Tom Imbo

General Manager
Finance and Strategy,
Ketraco



Philemon Kipkemoi

Head of Finance, BAT East Africa



Anthony Muthusi

Consulting Leader – East Africa

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James Gachihi

Partner, Consulting East Africa

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Presenter Profile



David Ngata

Group Director Finance, Equity
Group

- David holds a Bachelor of Commerce degree from the University of Nairobi. He is a Certified Public Accountant and a member of Institute of Certified Public Accountants of Kenya.
- He has over 20 year's global working experience in the financial services industry.
- Prior to joining Equity Bank in 2018, he previously worked at American Express, where he held various roles including leading the global internal audit data analytics practice. He has also specialized in the audit of banking institutions, leasing companies, investment banks and broker dealers with KPMG in New York and Kenya.

Presenter Profile



Tom Imbo

General Manager,
Finance and Strategy,
Ketraco

- Tom is a senior Financial Management leader with over 14 years' experience in both public and private sectors.
- At KETRACO, he has supervised and reported on donor funding for transmission infrastructure projects funded by, African Development Bank (AfDB), French Agency for Development (ADB) , European Investment Bank (EIB), China Exim Bank, JICA , India Exim Bank, KBC Belgium and the Government of Kenya.
- He has extensive experience leading departmental and divisional finance and administrative functions.
- His core competencies include; preparation of financial statements, grant administration and management, project Accounting, financial system administration, financial policy implementation, deployment of ICT infrastructure and corporate strategy implementation.

Presenter Profile



Philemon Kipkemoi

Head of Finance, BAT East Africa

- Philemon has been with BAT Group for 13 years. He joined BAT Kenya in 2007 from PricewaterhouseCoopers (PwC), as Internal Audit Manager.
- He has subsequently held various senior Finance Management roles within the Group, including, Finance Controller BAT Uganda, Finance Controller BAT East & Central Africa, Head of Operations Finance BAT East & Central Africa and most recently Head of Finance for BAT Horn of Africa & Indian Ocean Islands.

Presenter



Anthony Muthusi

Consulting Leader – East Africa

Email: anthony.muthusi@ke.ey.com

Anthony leads EY Consulting in East Africa and is based in the Nairobi office.

He has over 20 years corporate finance experience, seven of which he obtained in a leading corporate finance practice in London.

Anthony has an MBA from the Warwick Business School, United Kingdom and he is a Certified Public Accountant of Kenya.

Anthony also serves in the board of Endeavour, a company which supports early stage entrepreneurs and companies in the scale up phase. He also serves as a board member in the British Chamber of Commerce in Kenya.

Anthony is very passionate about transforming businesses through the power of people, technology and innovation.

Presenter Profile



James Gachihi

Partner, Consulting East Africa

Email: james.Gachihi@ke.ey.com

- James leads the Business Transformation Services at EY Consulting and focuses on Consumer Industries Group in East Africa.
- James is a business model innovation expert. Over his 18-year career, he has successfully supported private companies and public organisations in the East and Central Africa as well as the United Kingdom in reviewing their strategies, developing and implementing innovative business and organisational models.
- James is passionate about the improvement of productivity and efficiency for organisations across East Africa
- He holds a Masters Degree in International Finance and Economic Development from the University of Kent at Canterbury and is a Fellow of the Royal Statistical Society of London

0 | Future of Finance

	Agenda		Time	Presenter(s)
1.	The Warm-up	► Why we need think about the Future of Finance	4.30 PM- 4.45 PM	Anthony Muthusi
2.	Vision	► How will the Finance Function look like in future	4.45 PM- 5.00 PM	James Gachihi
3.	CFO Speak	► What is your experience so far?	5.00 PM- 5.45 PM	David Ngata Tom Imbo Philemon Kipkemoi
4.	Call to Action	► What next from here?	5.45 PM- 5.55 PM	Anthony Muthusi
5.	Q&A	► Questions	5.55 PM- 6.00 PM	All

Your Expectations

Menti.com

**In 5 words or less,
what do you expect
from this session?**



1

The Warm-up

2

Vision

3

CFO Speak

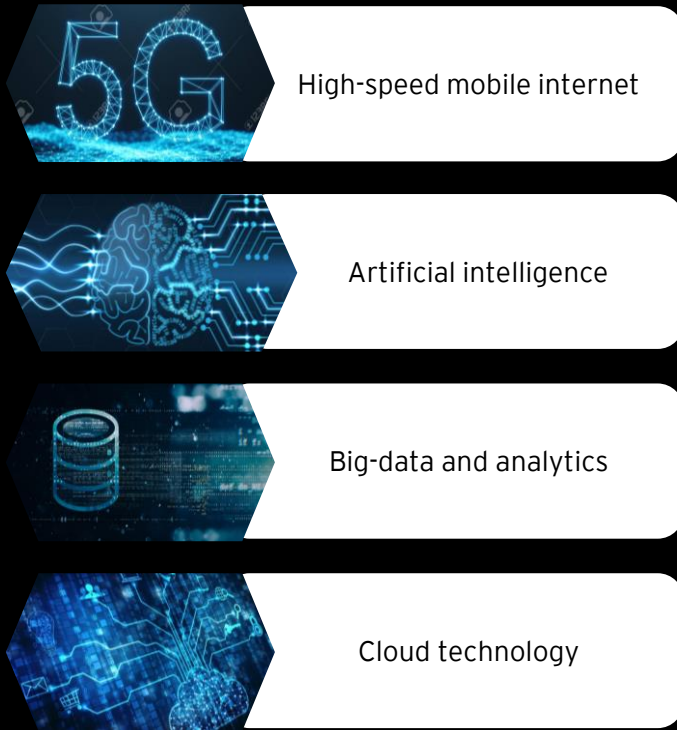
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Call to Action

In the 4th industrial revolution the following factors need to be considered as they are all affecting the Finance function

Drivers of change

Dominating technology trends in the 2018–2022 expecting to positively affect business growth..



Accelerated technology adoption

85%

of respondents are likely or very likely to expand their adoption of emerging technologies e.g. big data analytics, internet of things and app- and web-enabled markets, and to make extensive use of cloud computing.

Changing employment types

50%

of companies expect that automation will lead to some reduction in their full-time workforce by 2022, based on the job profiles of their employee base today.

Value chain composition

59%

expect that they will have significantly modified how they produce and distribute by changing the composition of their value chain and nearly half expect to have modified their geographical base of operations.

A new human-machine frontier

42%

Of tasks are expected to be performed by machines by 2022 compared to 2018, when the average of total task hours performed by machines was 29% today.

Reskilling imperative

54%

54% of all employees will require significant re- and upskilling. Of these, about 35% are expected to require additional training of up to six months, 9% will require reskilling lasting six to 12 months, while 10% will require additional skills training of more than a year.

COVID 19 has further complicated the environment and will impact the role of Finance

NOW

What is happening?



- Priority is to understand the impact of COVID-19 on existing forecasted financials
- Forecast 'Model' is simply a consolidation of the latest forecasts
- Daily or hourly refresh to manage the dynamic environment
- Focus on liquidity and short-term operational options
- Lean toward immediate actions
- Little or no analysis of options, alternatives or trade-offs
- Unsustainable pressure on manual labor to develop forecast and make decisions with limited analysis

NEXT

What if?



- Priority is to navigate the 3-18 month term and optimize reactions to the crisis
- Forecast 'Model' sits at center of the decision making process as an options quantification tool
- Better understanding of the macro environment and relationship with the key business drivers
- Initial application of predictive analytics and machine learning
- Still requires daily or weekly refresh
- Focus on broader but still limited set of financial and operational metrics
- Lean toward more tactical options

BEYOND

What opportunities?



- Priority is to proactively capitalize on the opportunities that accompany market upheaval
- Forecast 'Model' is dynamic
- Predictive analytics fully utilized
- Market / competitor landscape fully developed, strategic portfolio opportunities can be analyzed and evaluated
- Refresh is automated, personnel focus on analysis
- Full set of financial and operational metrics analyzed
- Used for both tactical and strategic planning

Engage and protect



Expand and grow

...as shown by a recent EY Survey

Surveys highlight **Top CFO issues** which have been exacerbated by Covid-19

1. 65% of African CFO's expect a **10% decline in revenues** this year
2. 85% are implementing **cost containment measures** or deferring Capex
3. 62% will take **3 months or more** before returning to **Business as Usual**
4. 64% are changing **contractual terms for suppliers**
5. 60% believe **remote working is here to stay** for some roles

CFO Insights

25% are able to assemble and analyse data on customer sentiment

33% have quality metrics for business processes

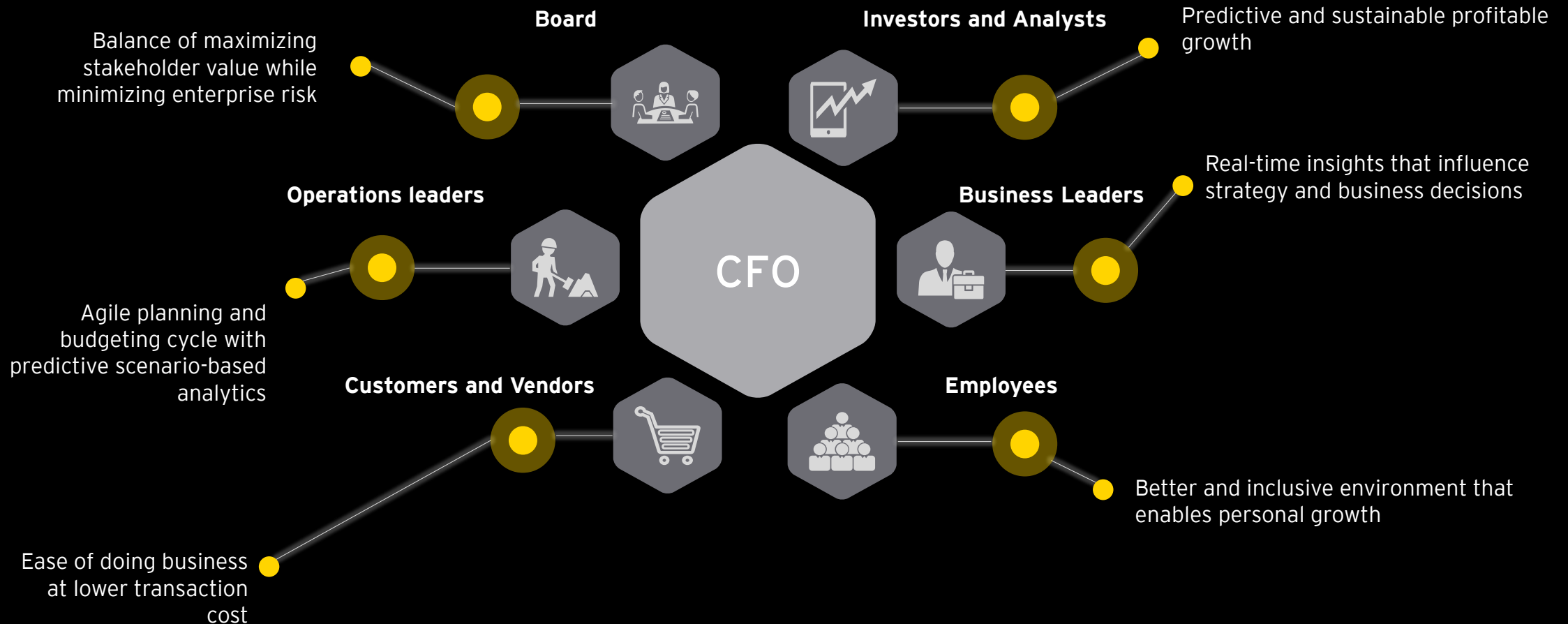
20% can access data revealing the impact of their brand

Only 50% of CFOs see the shift to digital as a high priority for their organisation despite increasing demands to move in this direction.

EY's recent survey on CFO



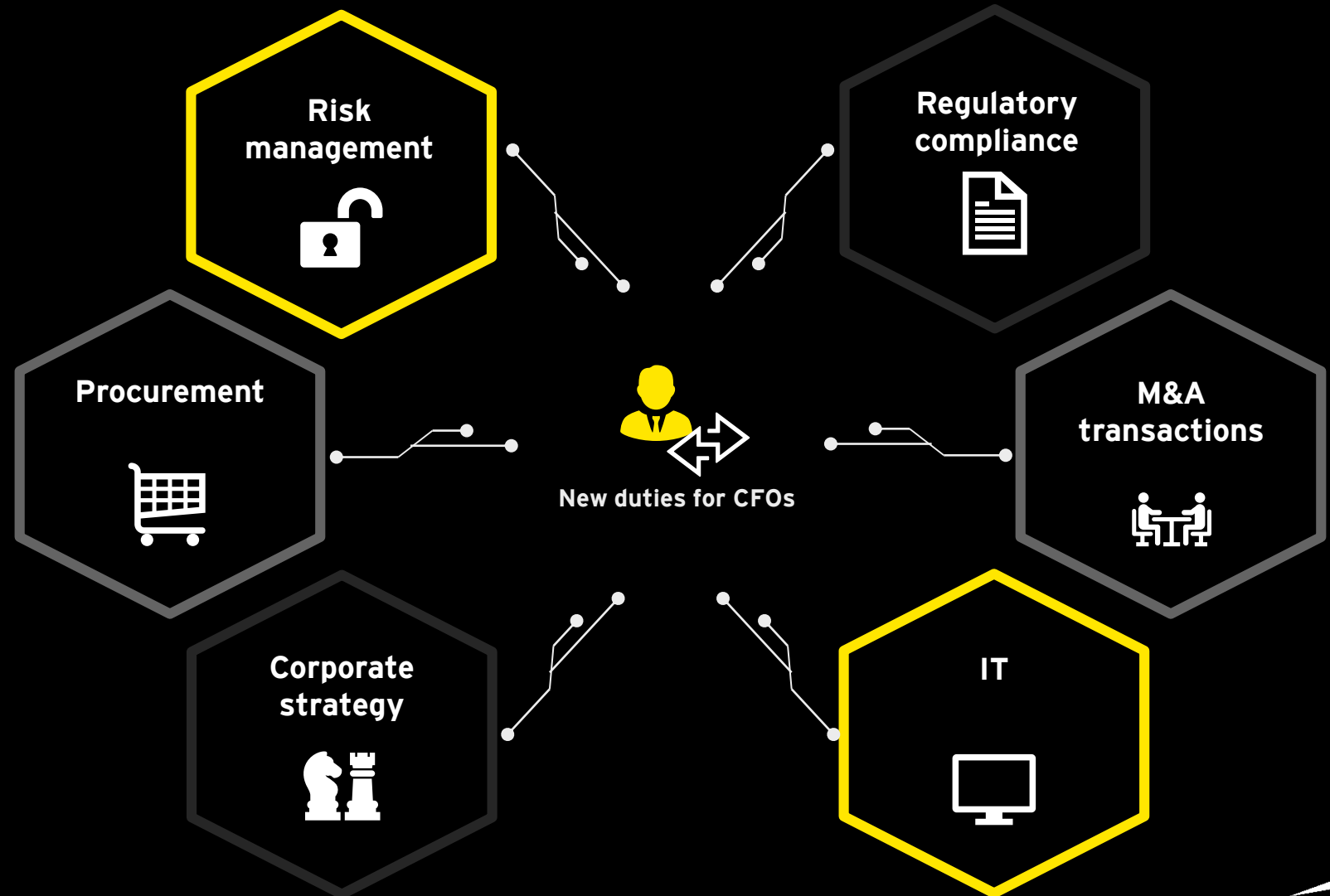
Due to this increase in complexity of the external environment, internal and external stakeholders will raise more questions to the CFO and the finance function



The role of the CFO is continuously changing but the perceptions remain the same

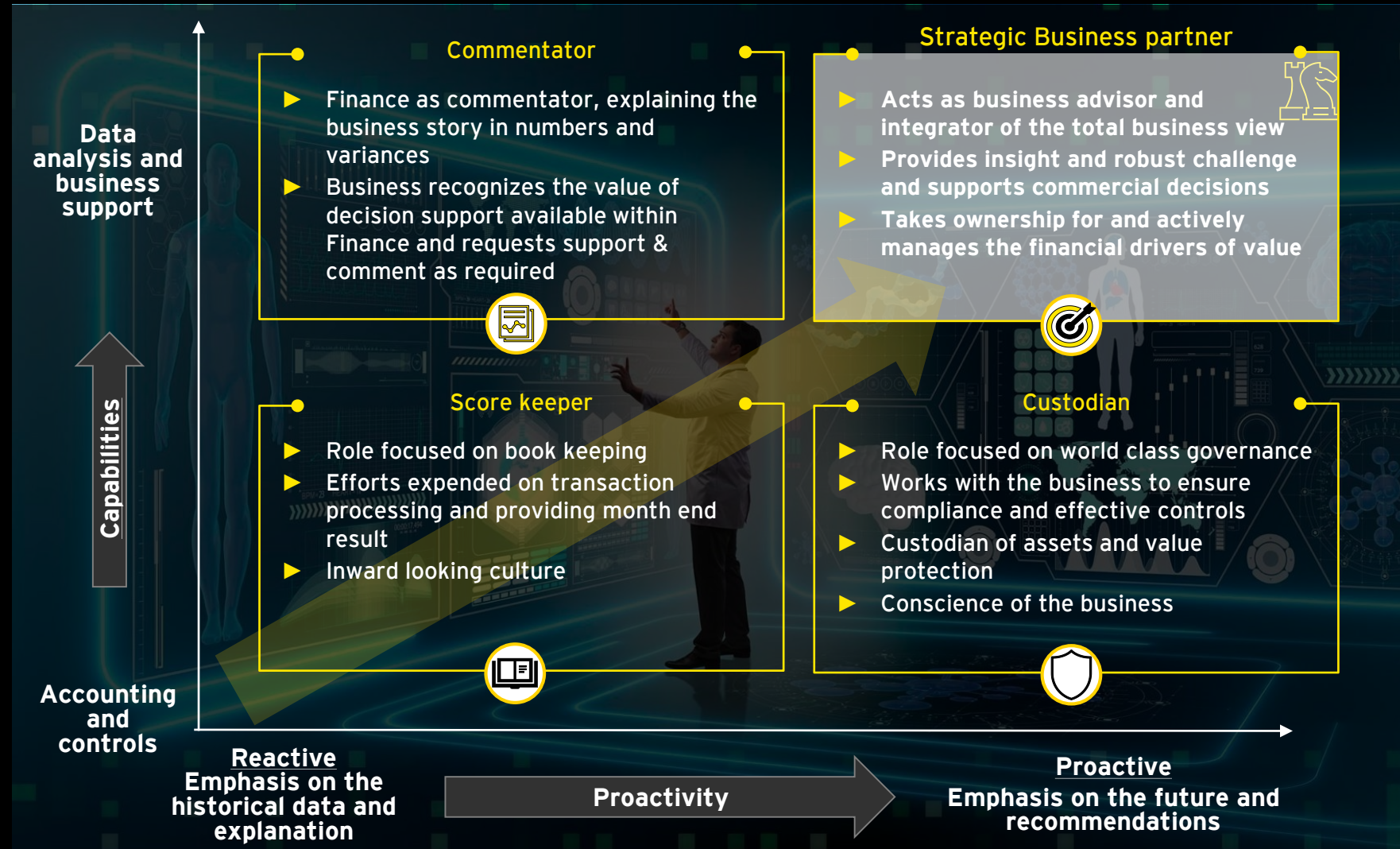
The new CFO mandate

- The number of functional areas reporting to the CFO increased from 4.5 in 2016 to 6.2 today
- The CFO has been actively involved in developing the transformation strategy
- CFOs face increased workloads and expectations, but also face increased opportunities to substantially grow as change leaders and leading the change toward digitization and automation
- CFOs are well positioned to lead the C-suite agenda



Therefore, the finance function should now leverage from technology and further evolve to truly become a strategic business partner

To become a strategic business partner, Finance needs to fulfill its other roles as Commentator, Score keeper and Custodian



Interestingly CFOs believe they create value as strategic partners, however the perception from their peers is not aligned with them.

Although this model has been present for many years, proves how this is still relevant.





1

The Warm-up

2

Vision

3

CFO Speak

4

Call to action

The background of the image is a glowing blue circuit board, possibly a microchip or a complex electronic component. It features a dense network of fine lines and larger rectangular blocks, all illuminated with a bright blue light. In the center of the image, there is a prominent, dark, circular feature that appears to be a lens or a deep well in the circuitry. The overall aesthetic is high-tech and futuristic.

**Now, Please imagine you wake-up
somewhere in the future.....**

The beginning: Disruption What happened to the finance function?



Industry convergence and realignment



Margin scrutiny increases the cost of doing business



Activist investors demand higher returns



More efficient and cost effective service delivery models



Digital business models prepare organization to act quickly



Ways of working expanded including contingent, remote and robot



New skills and competencies outside of traditional finance are available within finance



More frequent and insightful communication



Use of big data to improve performance



Tensions challenge financial forecasting



Increased regulatory scrutiny, evolving standards on technology use

Globalization and geopolitical uncertainty

Increasing risk & compliance requirements

2 | Future of finance The vision

The finance function was reborn and the following are the new resulting rules of the game



1. **Financial measures** are widely available across the organization to deliver and optimize on its core capabilities: **anywhere, anytime, anyone**



2. **Self-service** and instant **real-time feedback** have become hygiene

3. **Mobile devices, wearables** provide nearly every piece of information at your fingertips

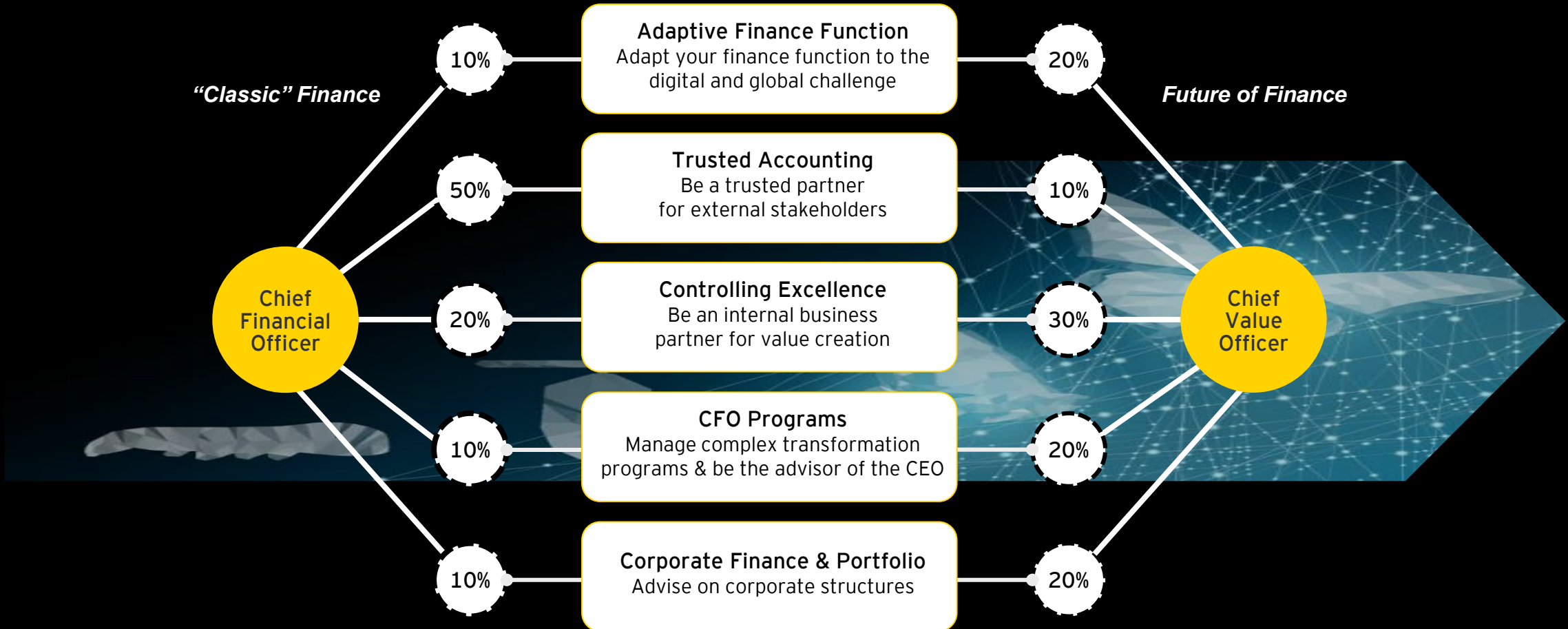
4. The **decision makers** in the field are extremely **well equipped** to understand what is going on; the value drivers, the options available and the risks connected

5. The finance middleman is replaced by **superb ecosystems of data and partners** connected by **smart technology**

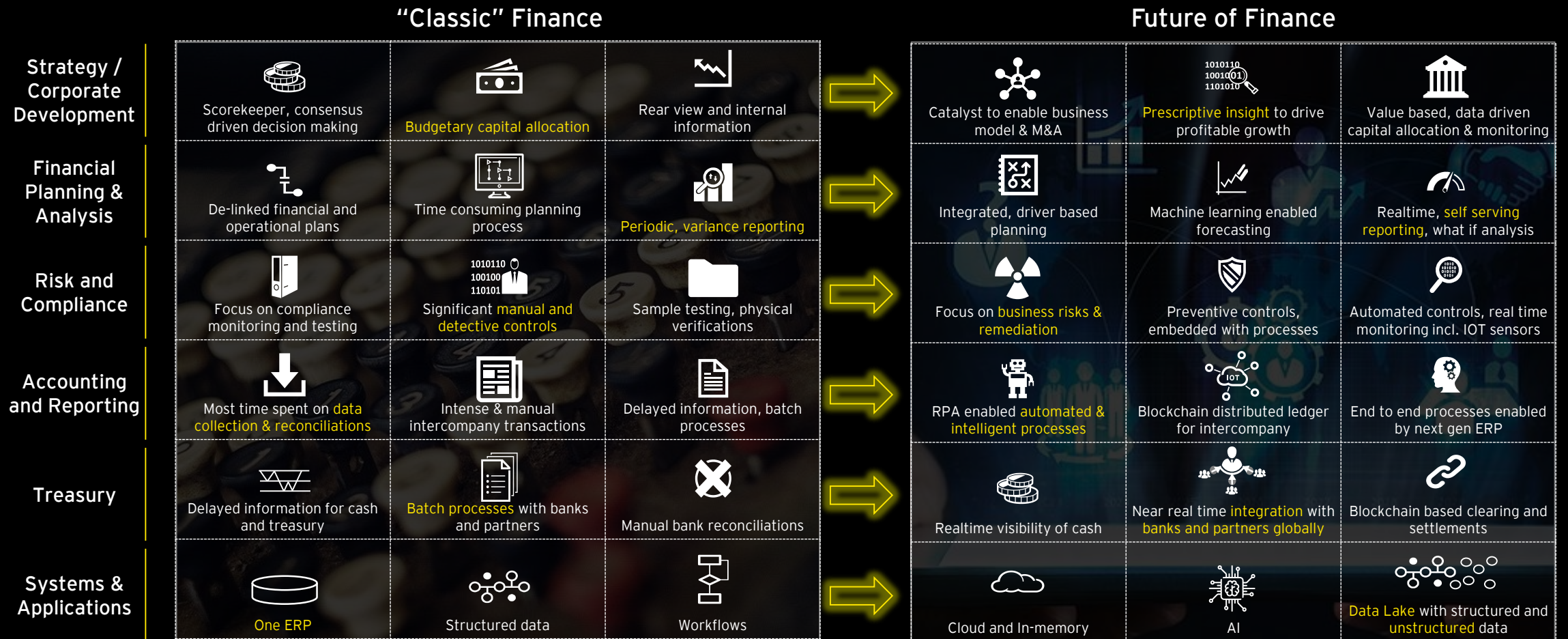


6. Organizations are fully connected and the peer-to-peer activities are automatically accounted for in the **cloud** while the integrity is guaranteed through **blockchain** technology

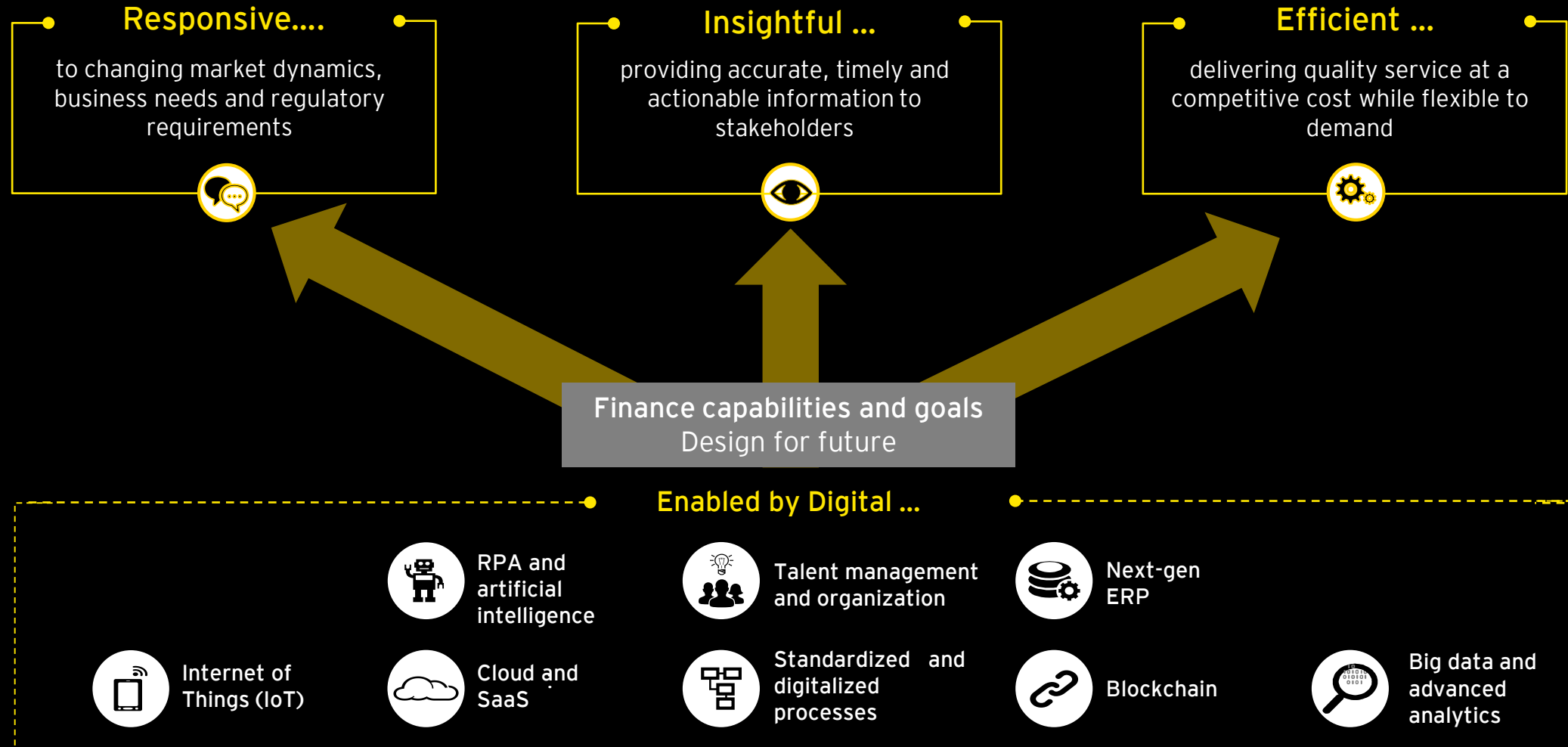
The current CFO role will be enriched with more complex tasks, while more current responsibilities will be automated



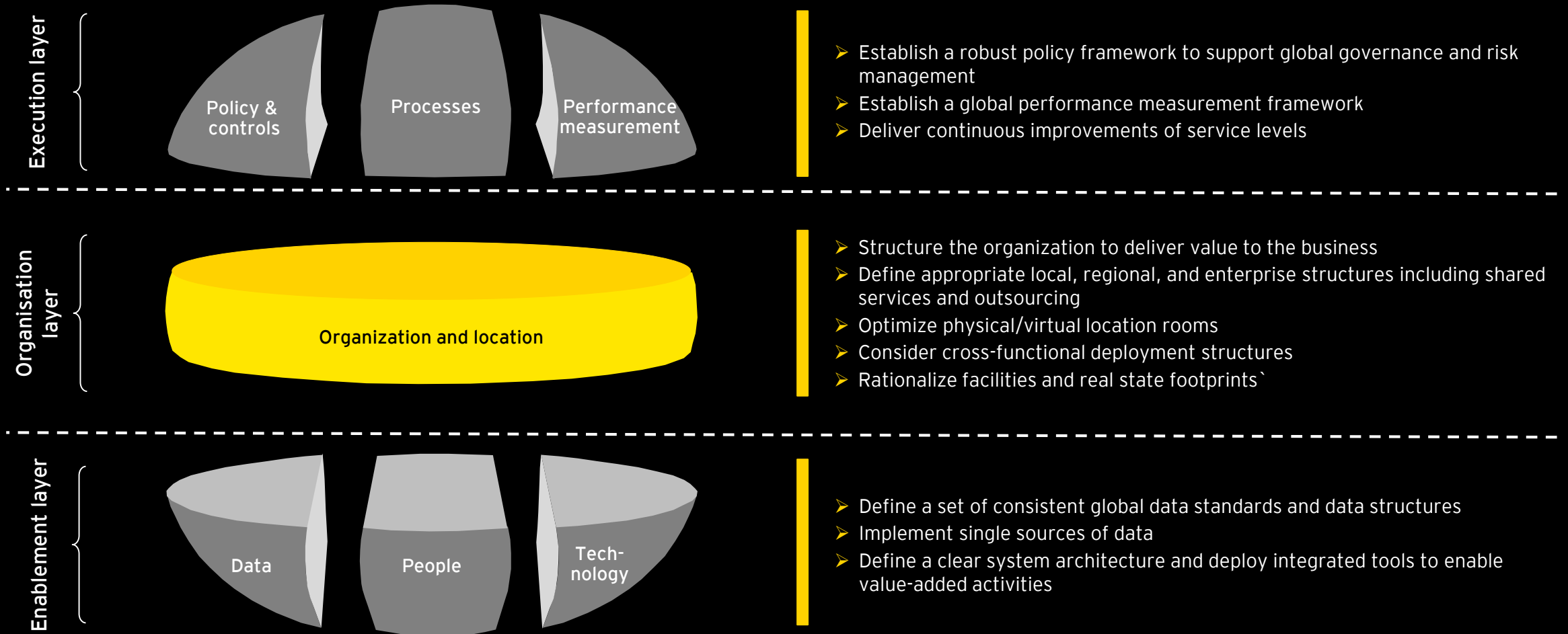
These changes directly impacted the leader of the finance function and the CFO space in all Finance areas



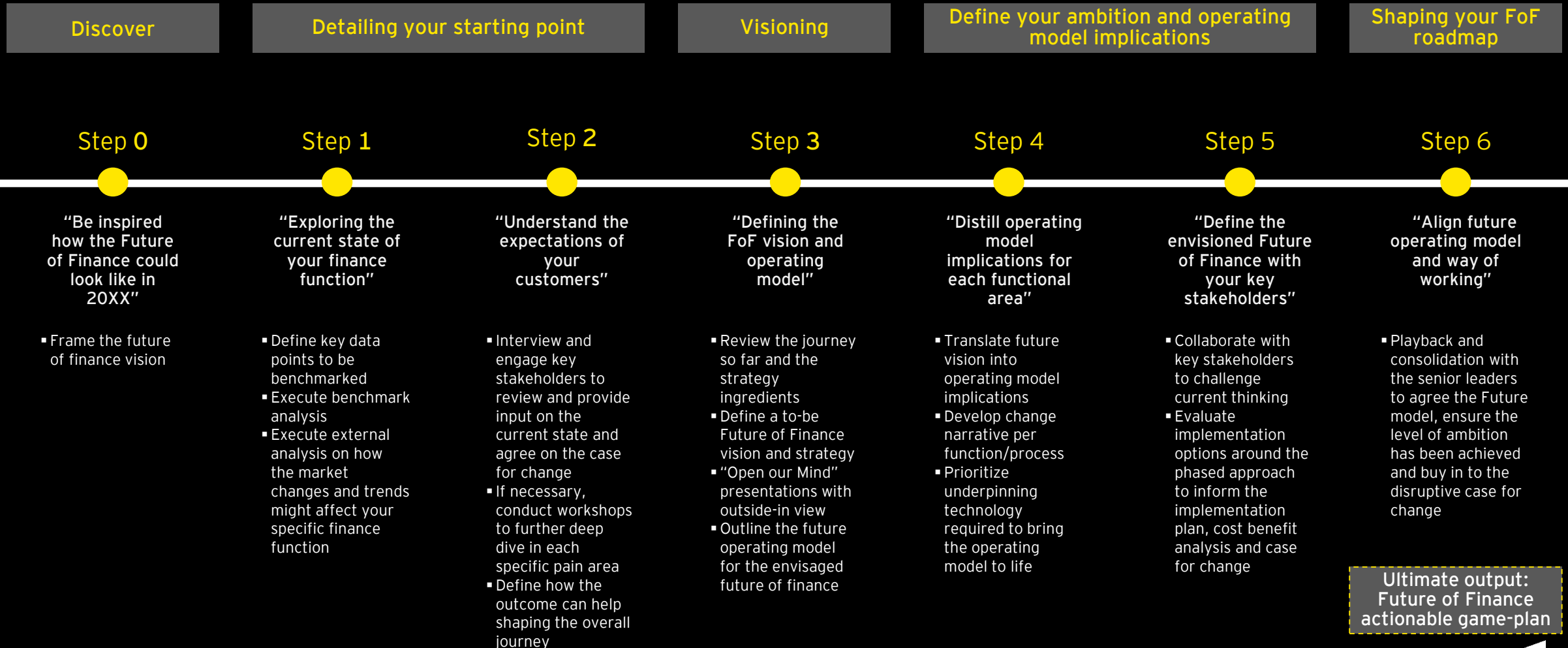
The Finance function learned from its mistakes and evolved as it required to become **AGILE** to survive and thrive in the new normal



Rethink the finance target operating model



As CFOs, you will need to develop your game plan to get to this future



Polling Questions



- ▶ What are some of the initiatives your company is undertaking related to the future of Finance?
- ▶ Has your company budgeted for these initiatives? If yes, what is the budget?
 - ▶ Less than Kshs 10 M
 - ▶ Between Kshs 10M- Kshs 100M
 - ▶ Above Kshs 100M

- ▶ Do you think you have the right skills in the finance function to drive it to the future?
- ▶ Which skills do you lack?

- ▶ Is investment in technology within Finance a key priority in your current strategy?
- ▶ If yes, what Technology do you plan in investing in- in the next 3 years?

- ▶ Which processes in your finance function are most optimised for the Future ?
- ▶ What processes do you plan to optimise in the next 3 years?



1

The Warm-up

2

Vision

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CFOs View

4

Call to action

CFO Stories





1

The Warm-up

2

Vision

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CFOs View

4

Call to action


Call to Action

- The **synthesis of technology and people** will be critical for the future finance function.
- Tomorrow's finance function will only succeed if it has **people who can lead the technology debate** and who are **willing to innovate** in finance's risk-averse culture.
- The function's team members will only be able to focus on **higher-value tasks**, such as **analytics** and **forecasting**, if the **technology** is in place both to take care of transactional processes and to provide the data needed for the generation of **strategic insight**

"To build tomorrow's digitally enabled and talent-rich finance function, we suggest three priorities for CFOs:

- 1 A **clear vision** for the future finance function, aligned with the organization's overall purpose
- 2 Build **systems and tools** that enable teams to share information and make connected **data driven decisions**
- 3 Find the new **skills and capabilities** required to exploit new **technologies** and increasing volumes of data.

In this
transformative
age, the role of
the finance
function is
evolving and new
thinking is
required!



"Act first fast,
apologize
later"

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