

Future of Finance

Transforming the Finance
function to enable value
creation

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The better question. The better answer.
The better the world works.



Presenter



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Denis leads EY's Financial Accounting Advisory Services (FAAS) in East Africa and is based in the Nairobi office.

He has over 18 years of audit and accounting advisory experience. Denis recently returned to EY East Africa after spending 14 years with EY in the Americas, with the last 7 years leading EY's asset management practice in Dallas, Texas.

Denis has an MBA from the Manchester Business School, United Kingdom and he is a Certified Public Accountant in Texas.

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

Agenda

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1. ▶ The changing role of the Finance Function
 2. ▶ The Future of Finance
 3. ▶ CFO stories
 4. ▶ Questions



1

The changing
role of the
Finance function

2

The Future of
Finance

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CFO Stories

4

Questions

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%

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.

...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

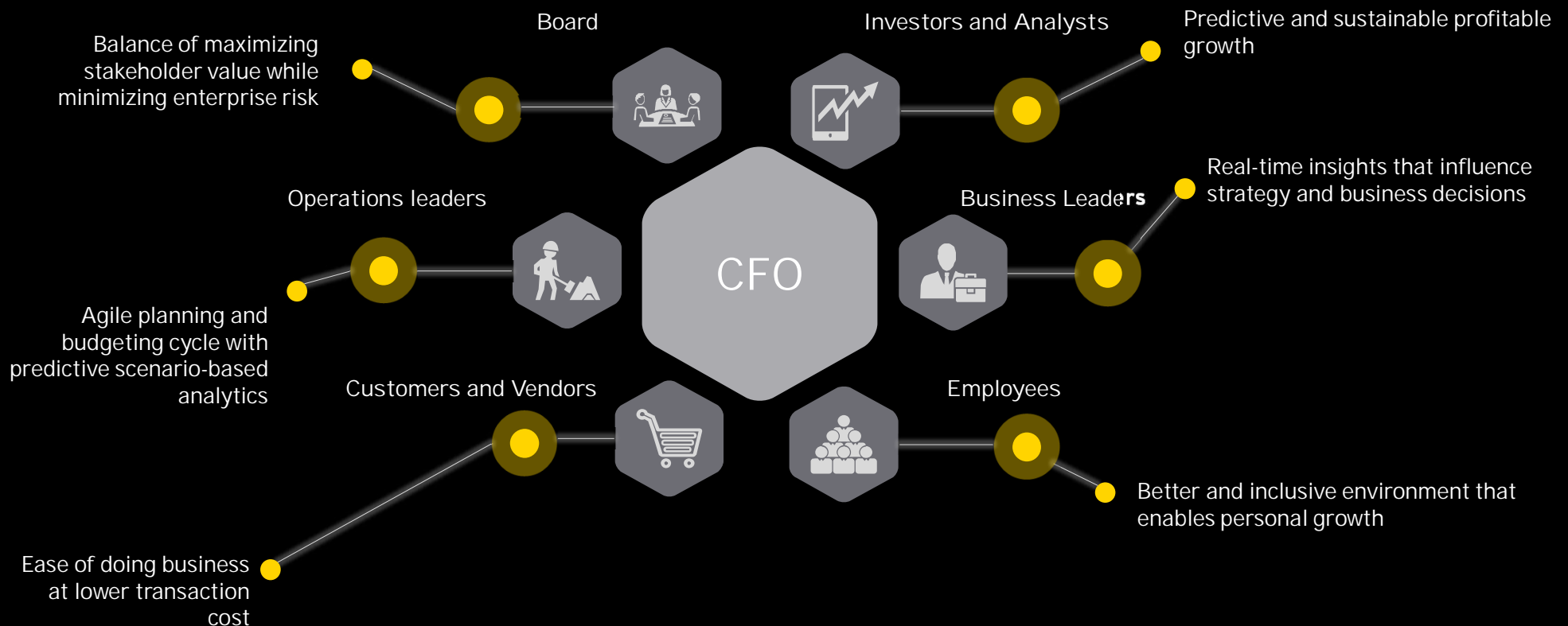
20% can access data revealing the impact of their brand

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



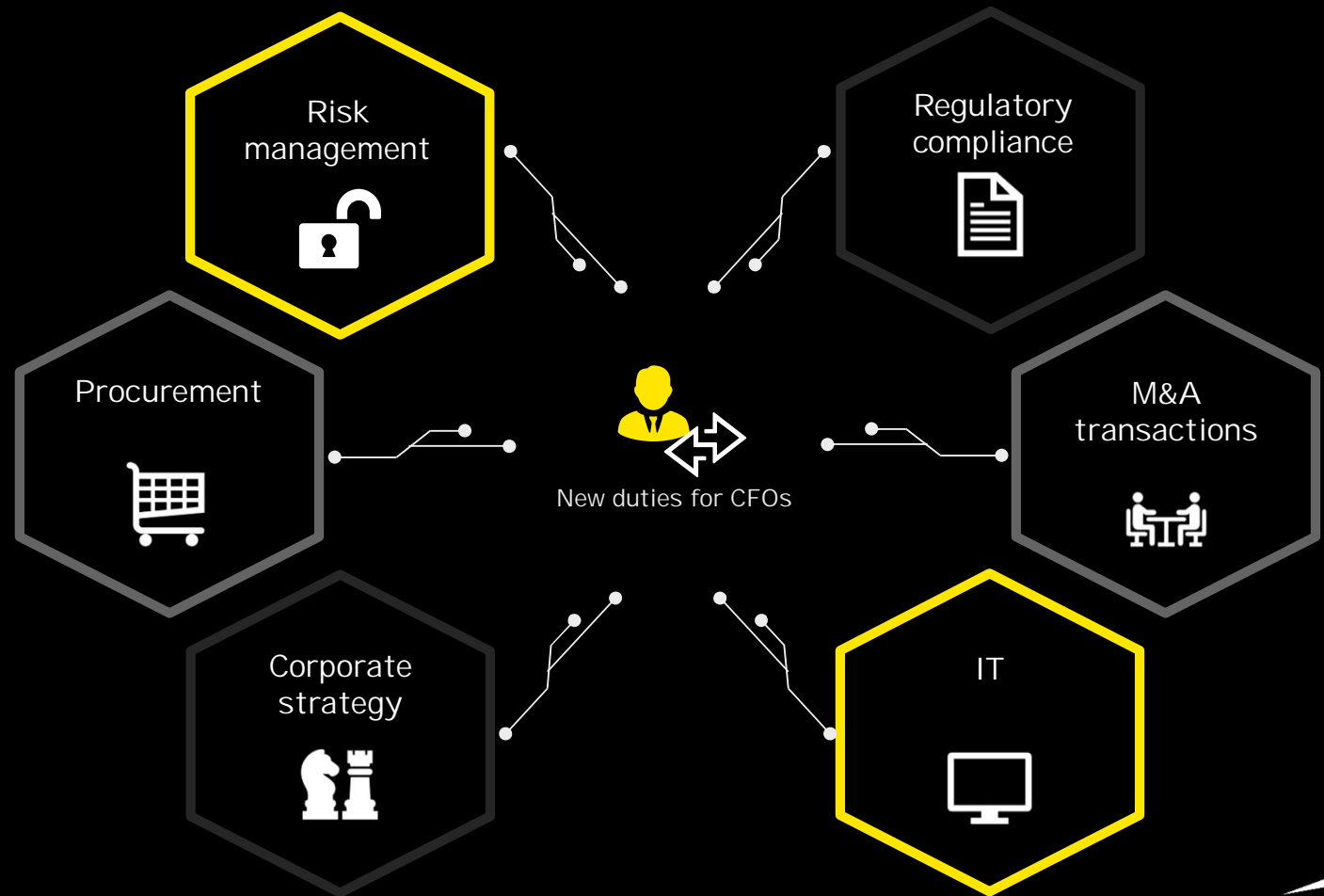
Due to this increase in complexity of the external environment, internal and external stakeholders will raise more questions to the CFO and the finance function



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

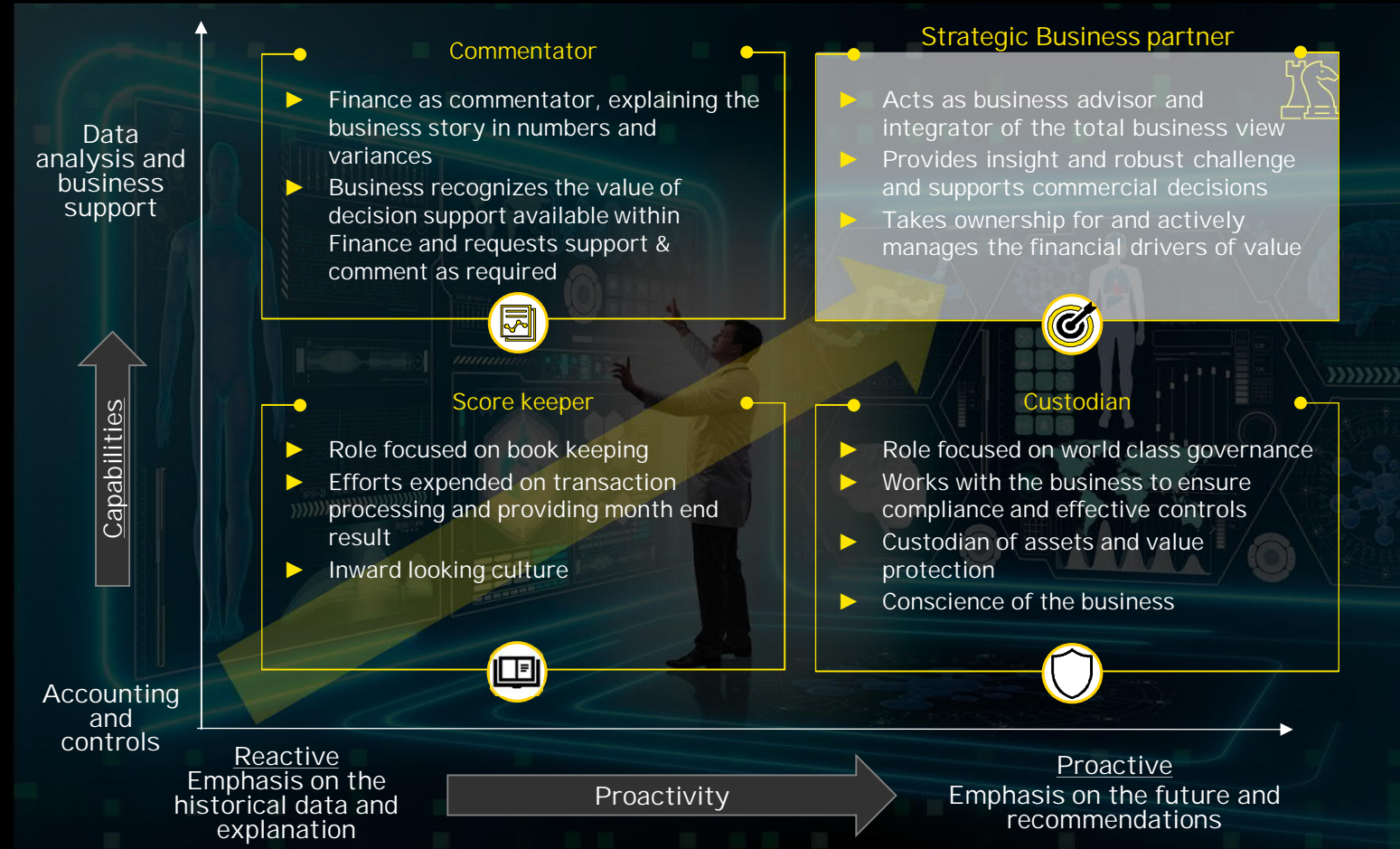
The new CFO mandate

- 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



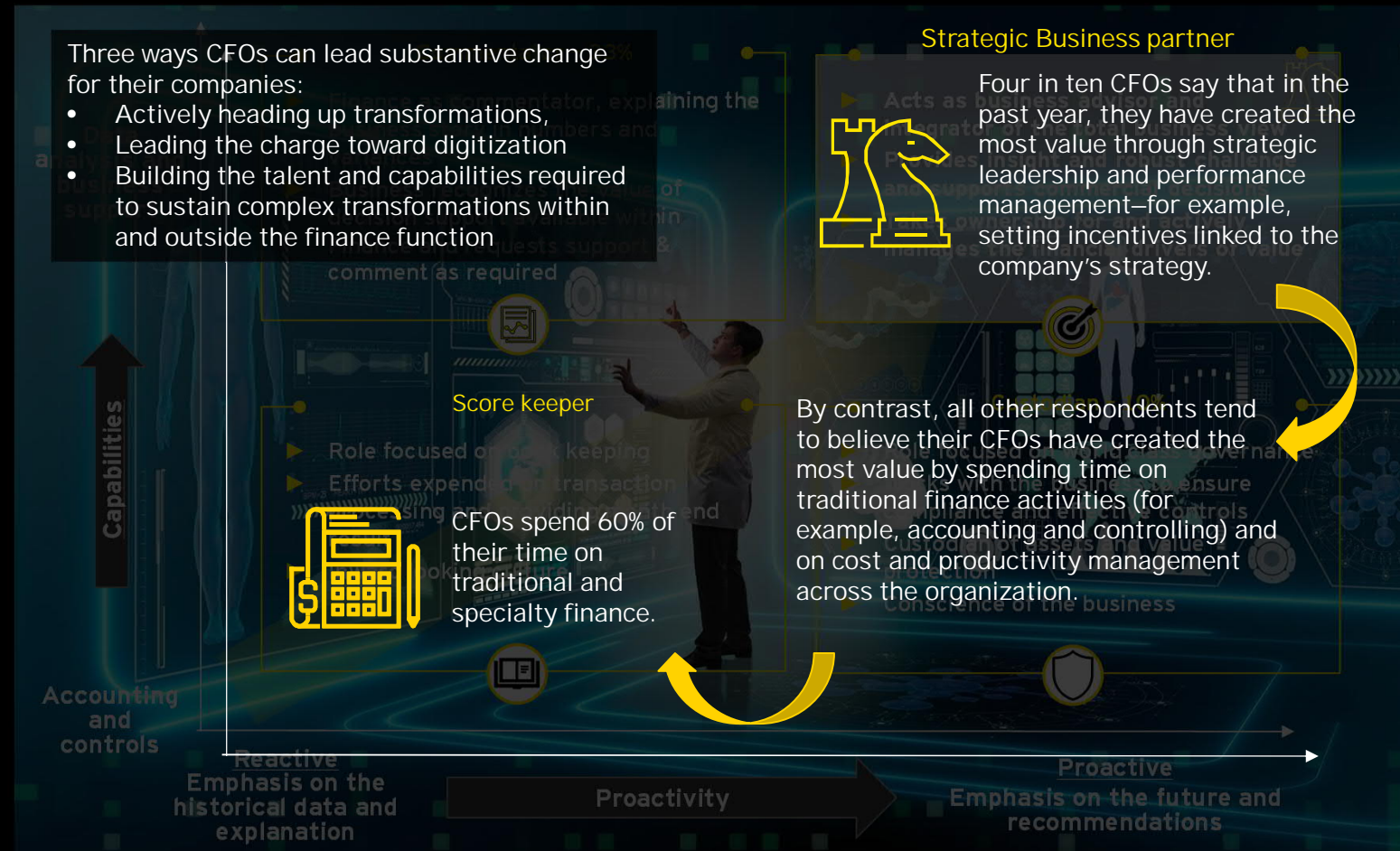
Therefore, the finance function should now leverage from technology and further evolve to truly become a strategic business partner

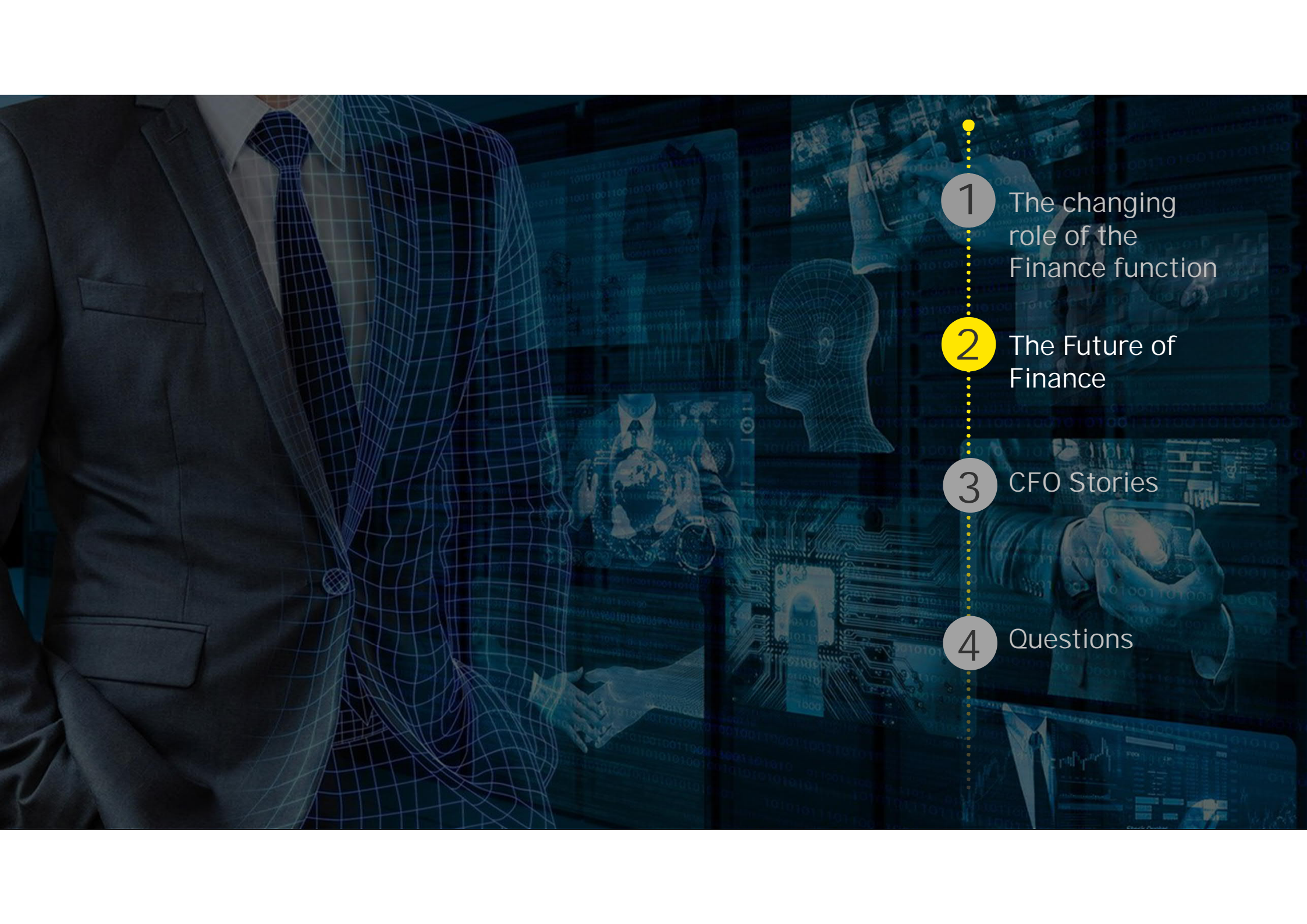
To become a strategic business partner, Finance needs to fulfill its other roles as Commentator, Score keeper and Custodian



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.





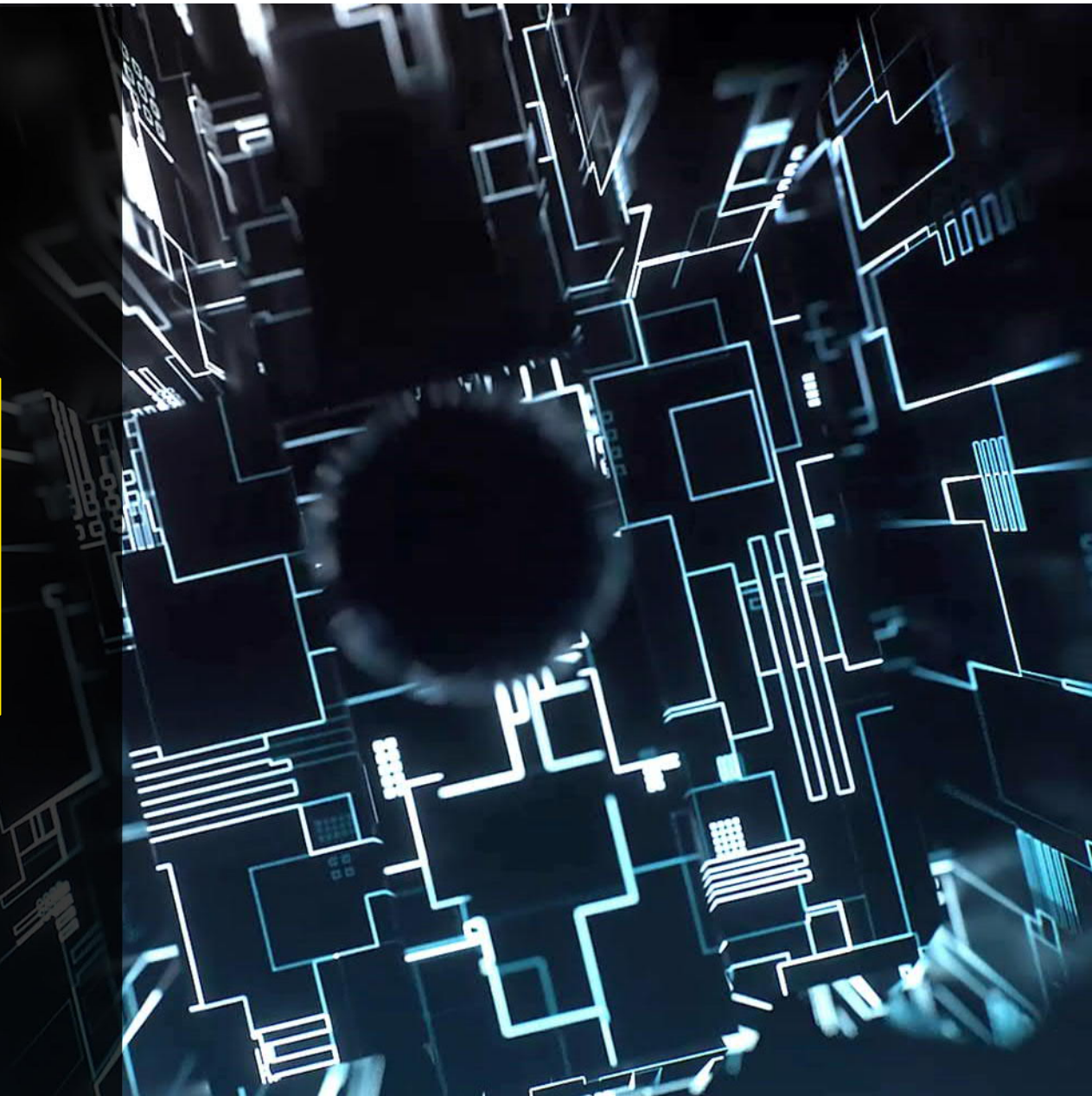
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Now, Please imagine you wake-up
somewhere in the future, let me guide
you through this new world.



The beginning: Disruption What happened to the finance function?



Industry
convergence and
realignment

Disruptive
technologies

Evolving
workforce

Increased data
volumes and
complexity

Globalization
and
geopolitical
uncertainty

Increasing
risk &
compliance
requirements



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

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

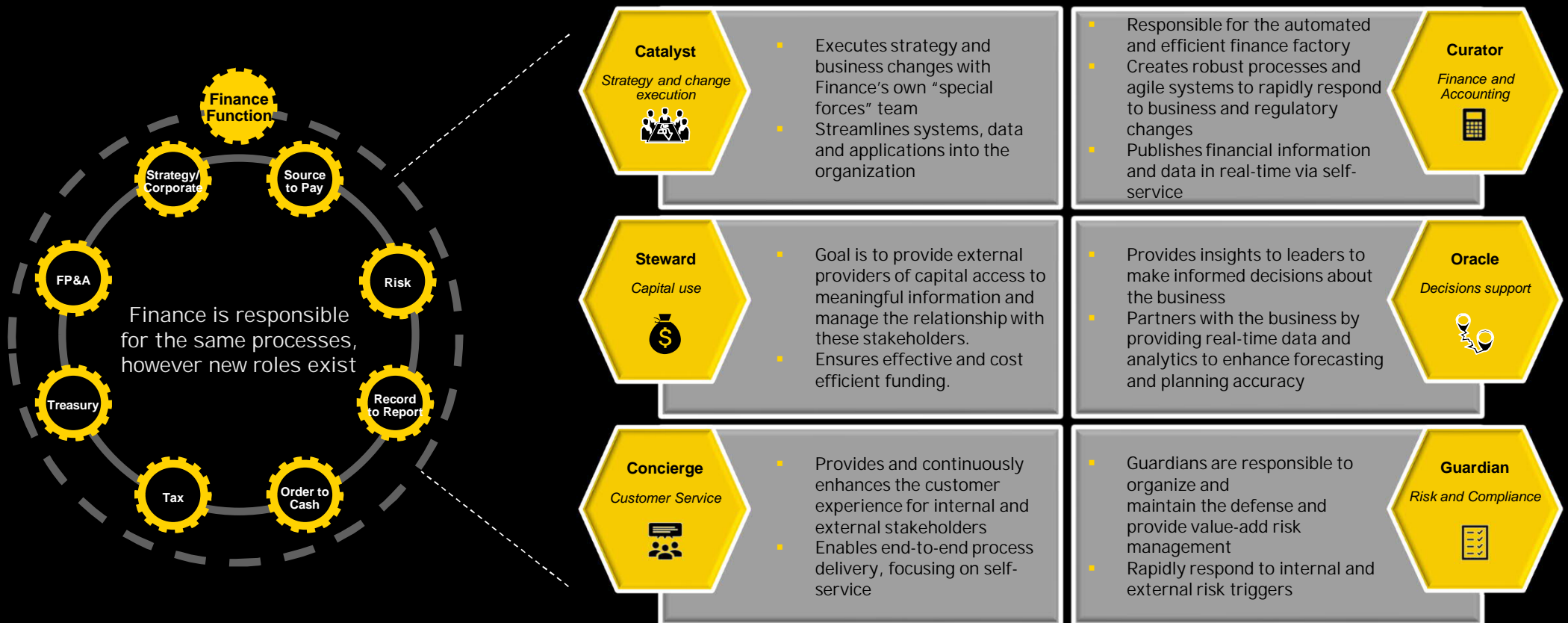


2 Future of Finance The vision

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



New roles are created within finance to realize the best service for the business



Highlights

- 15 % of the Finance organization will remain
- 95% out of the 50% of the finance staff working on transactional processing and accounting will be automated.
- Self-service and the perfect tools will reduce FP&A and Finance in the Business from 33% to 3%.
- Control is about 10% today. Due to new technology 1/5 is needed in the future. 2% Controllers as compliance Guardians
- Special Forces and Catalysts are doubling/tripling in size

The People Picture - Change has never been more personal in Finance

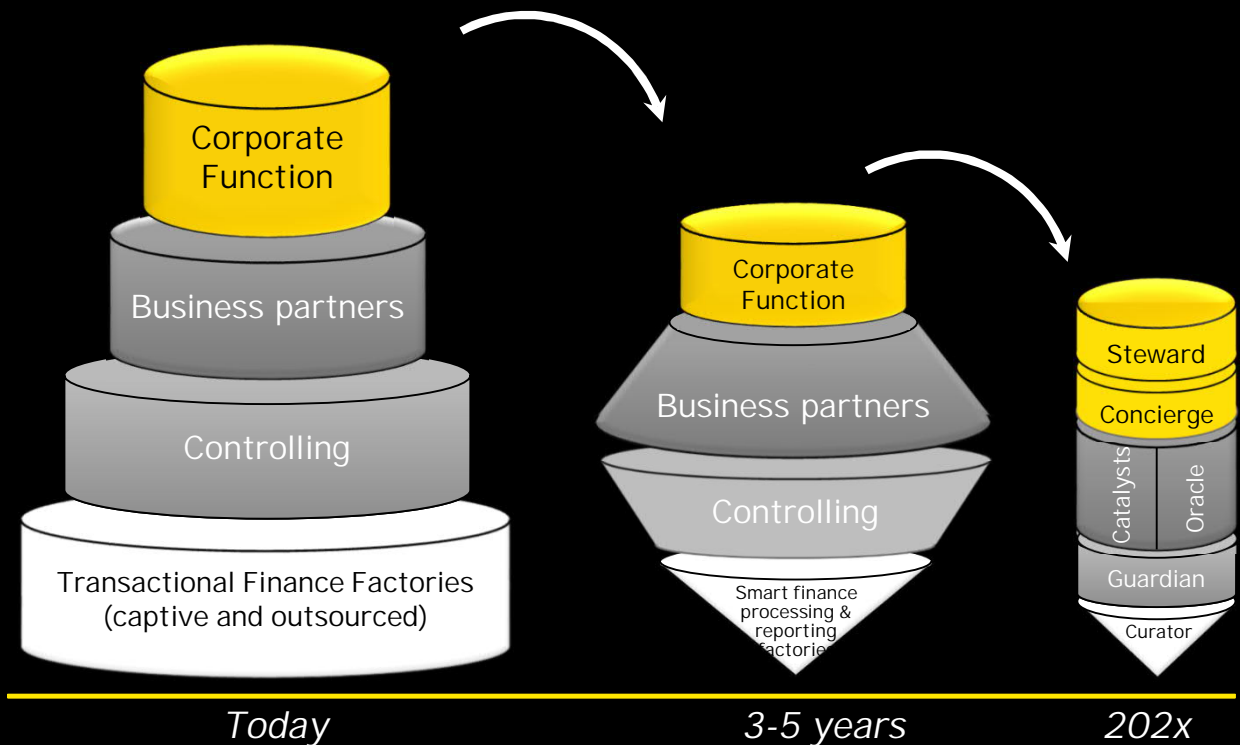


only 15%
to
remain?

The finance function will be able to focus more on value add activities due to technological enablers

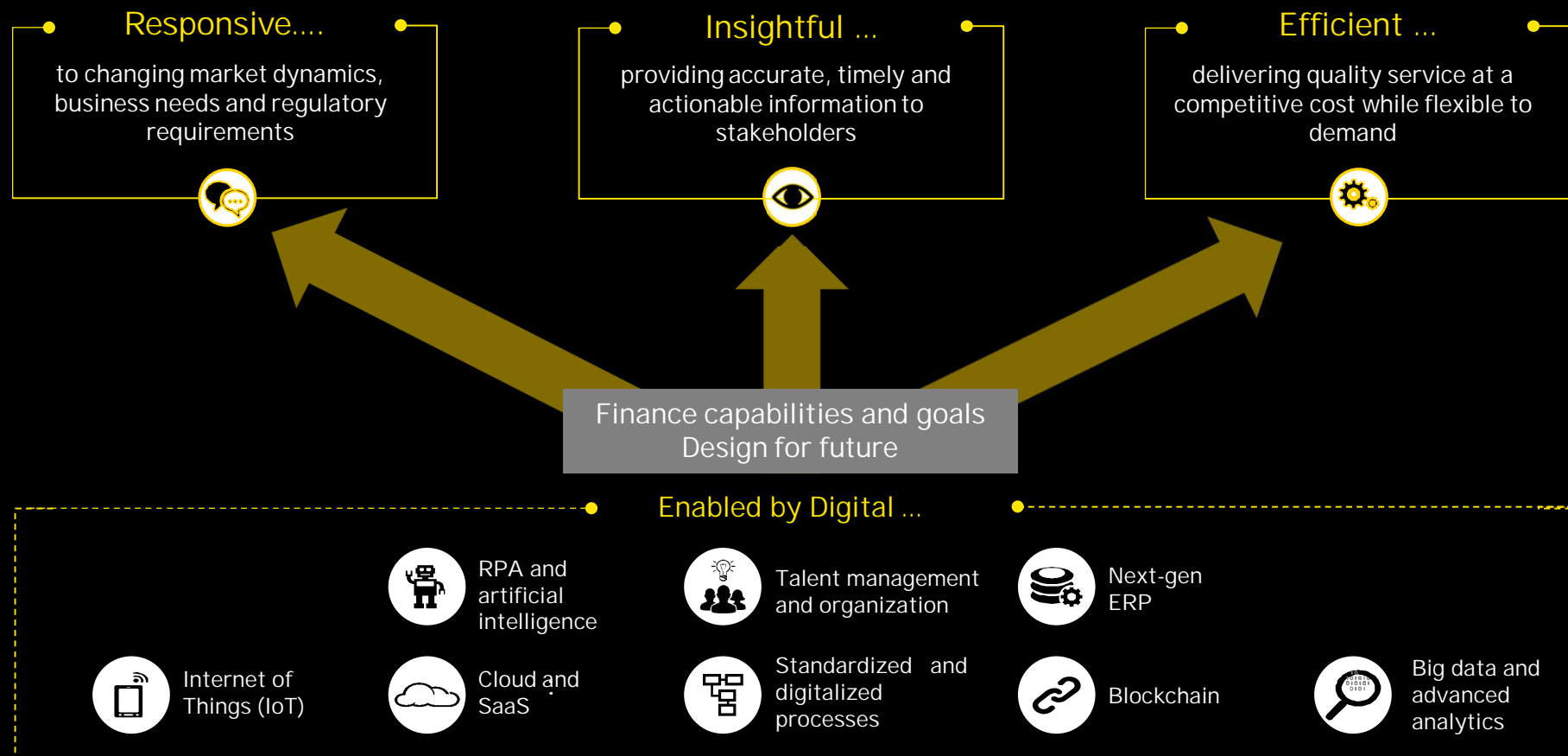
The future finance organisation


- A bundle of specific change drivers will lead to the transformation of the classical pyramid towards the future diamond model
- The new model will drive efficiency, flexibility and profitability
- Special forces and Business partners as core element with strong connections to internal and external stakeholders; at the same time strong specialization within the other layers
- New purpose statements should reflect the need for flexibility, E2E process enablement as well as the need for closer business collaboration



2 | Future of Finance The vision

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





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CFO Stories



CFO Stories

" A priority for me is to explore the future of the business. We are doing business in China and I need to make sure that everything here is legal and complies with both the company's policies and the country's laws. But, on the other hand, I think the most important thing for a senior executive of this company – the CEO and myself – is to explore: 'What is the future for the business? Where do we want the company to be in five years' time?' Part of our job as an agency is to find creative ideas. So we need to know what the future is. I recently had a discussion about virtual reality. In another meeting we were talking about mobility. These are the things a CFO needs to look at and discuss."

" Technology is changing the way businesses are run. But if you look at most of the large companies, their internal financial systems are lagging the technology trend. It is important that internal financial processes adopt the latest technology like mobility, AI and digital experience, to ensure straight through processing, predictive controls and analytics for timely decision making. CFOs need to be aware of the technological changes that are happening and understand how they can leverage them for their own internal financial processes."

CFO Stories

" I think wherever we can be supported by technology, we should try to do that. I think that financial engineering will become more and more important, which means looking for better ways to take out risk, for example, by hedging, by insurance policies and also by markets. Turning data into information will become more and more crucial too. If you have a situation where the data is available within the company, there is, for sure, a person who knows the answer to a question that the CFO has."


" Building rapport with people is absolutely critical today, and will probably become more critical, particularly if you think about the diversity of where we go and who we deal with. Thinking through how we give those skills to people is critical. I'm concerned that today we don't necessarily have those skills at the mid-level of our finance organization. I'm not writing that level off, but in terms of what we need in the next 10 to 15 years, we probably need to focus on building better people skills with the younger people, right at the outset of their careers."

CFO Stories

" From a skill-set perspective, we are constantly looking to slowly shift the organization to automate manual processes. Analytics are key, so we are growing our base of skills and positions that do more analytics for our business partners than we are spending time processing invoices or expense reports."

"Your business impact or success is the product of the technical quality of what you do multiplied by the acceptance you get in the organization. Success = quality x acceptance. We, the finance professionals, tend to focus a lot on the technical quality of what we do and too little time on acceptance. We make the world's best reports and spreadsheets that will win the European excel award for technical sophistication and use of macros, but we spend no time explaining how they work, what the content is, or how it can drive business decisions. If it's so complicated that you can't explain it, and your line manager doesn't understand it, then acceptance is zero, meaning success equals zero. So focus on acceptance and increase your business impact."

" The vision that we've created is called 'SMART Finance.' This means the need to think Strategically, and Mine data for insights. With an understanding beyond numbers, we are then in a better position to Analyze and Advise our business partners in terms of their performance and their utilization of Resources. This way, we can help to facilitate the formulation and refinement of the business strategies of the bank, and optimize the allocation of resources to these strategies. Most importantly, we need to groom Talent to make all these SMART things – strategy, mining data, analysis and resource allocation – happen."



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What are some of the initiatives your company is undertaking related to the future of Finance?

Do you think you have the right skills for the finance function to drive it to the future?

Is investment in technology within Finance a key priority in your current strategy?

Which processes in your finance function have been automated/ optimised for the Future ?

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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Questions?

