



Making finance the predictive powerhouse

How to create an agile finance function

Contents

01	Forecasting the future of finance	03
02	Data: The right data, the right way	10
03	Technology: Strengthen the foundation	16
04	Talent: One team, many skills	21
05	Processes: Truly agile, always improving	26



01

Forecasting the future of finance

Today's uncertainty has dialed up the pressure on chief financial officers (CFOs) and their finance planning and analysis (FP&A) teams as the function helps the business prepare for what's next.



Prepare for what's next with better planning

At a time when 62% of CFOs are seeing more demand for insight from financial data, 53% worry that finance is too reactive.¹ This gap between the demand for insights and finance's ability to deliver them suggests that planning teams are struggling to give the business what it needs quickly.

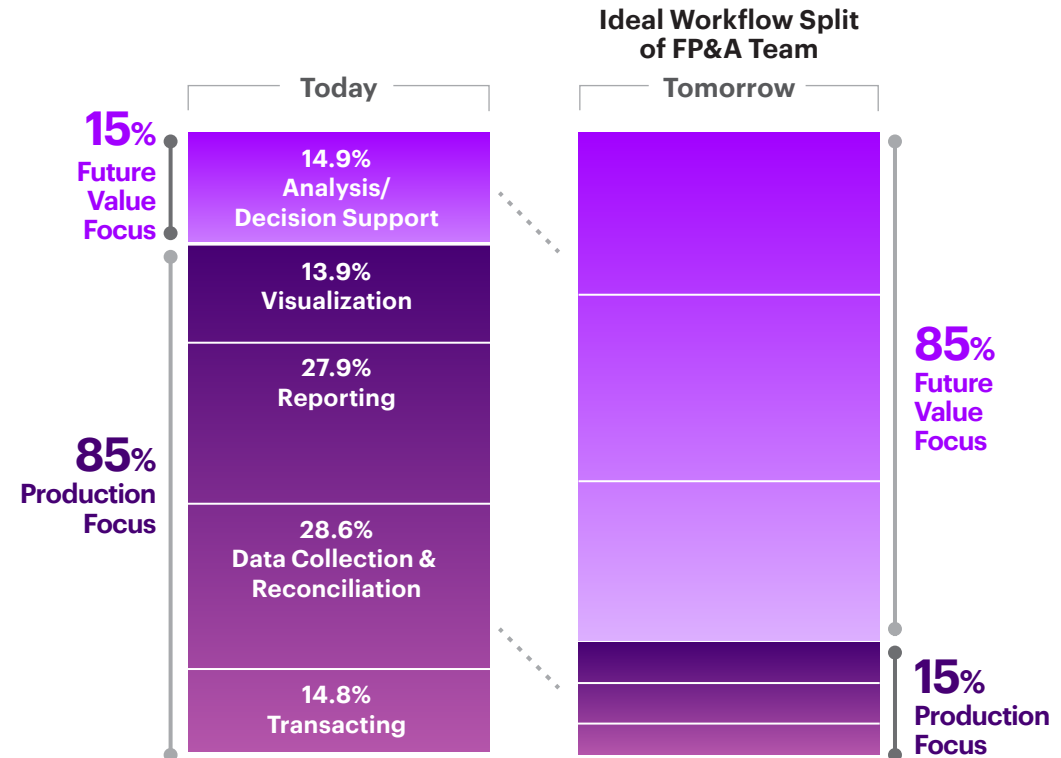
To understand this dynamic, we surveyed 550 CFOs and finance leaders from companies with over \$1 billion in revenue. We discovered that in most cases, **the FP&A function lacks the agility to provide the business with the insights they need to manage growing uncertainty.** So much so that some leaders question the proportionate value that FP&A delivers to the business versus the cost.



Forecasting the future of finance

Why aren't most finance teams as agile as they need to be? The answer comes down to how they are spending their time. Our survey reveals that FP&A teams spend 85% of their time on tactical and labor-intensive production tasks to prepare data and just 15% of their time on generating insights (Figure 1).

Figure 1.
FP&A teams spend more time preparing data than generating insights from it

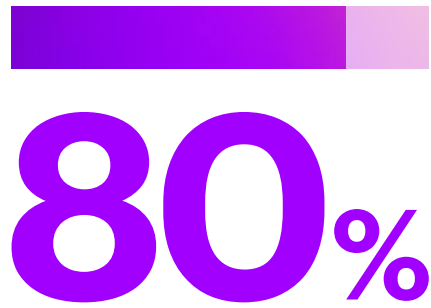


Source: Accenture State of FP&A Pulse Survey, January 2022, Total Sample N=550

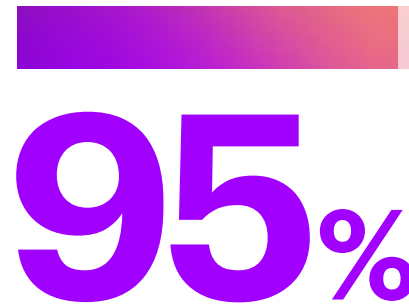
Mired in time-consuming, transactional work, the FP&A team often loses sight of the strategic work the business so desperately needs. This hinders the CFO's ability to support decisions in everything from perfecting cash flow to managing inventory. But it doesn't have to be this way.

Forecasting the future of finance

Our own insights reveal that FP&A teams that flip the 85% and the 15%—spending most of their time generating insights rather than preparing data—can become more agile and realize significant business benefits including:



Reduce planning time efficiency by 80%



Improve forecasting accuracy by up to 95%



Free up to 12 hours of employee time each week to focus on more interesting work

How to get from here to there

To bring more agility to finance planning, it's essential to address the four areas that impact planning processes and ultimately operations maturity: **data, technology, talent** and **processes**.

The goal: Being more agile, efficient, proactive and resilient.





02

Data:

The right data, the right way

What's happening

Most financial planning teams lack a single source of data and have limited access to external diverse data. This creates an insight gap: 57% of finance executives say a lack of availability and access to data is keeping their function from achieving real-time, continuous accounting (includes real-time insights).² This capability is key because it aligns with the always-on way businesses run.

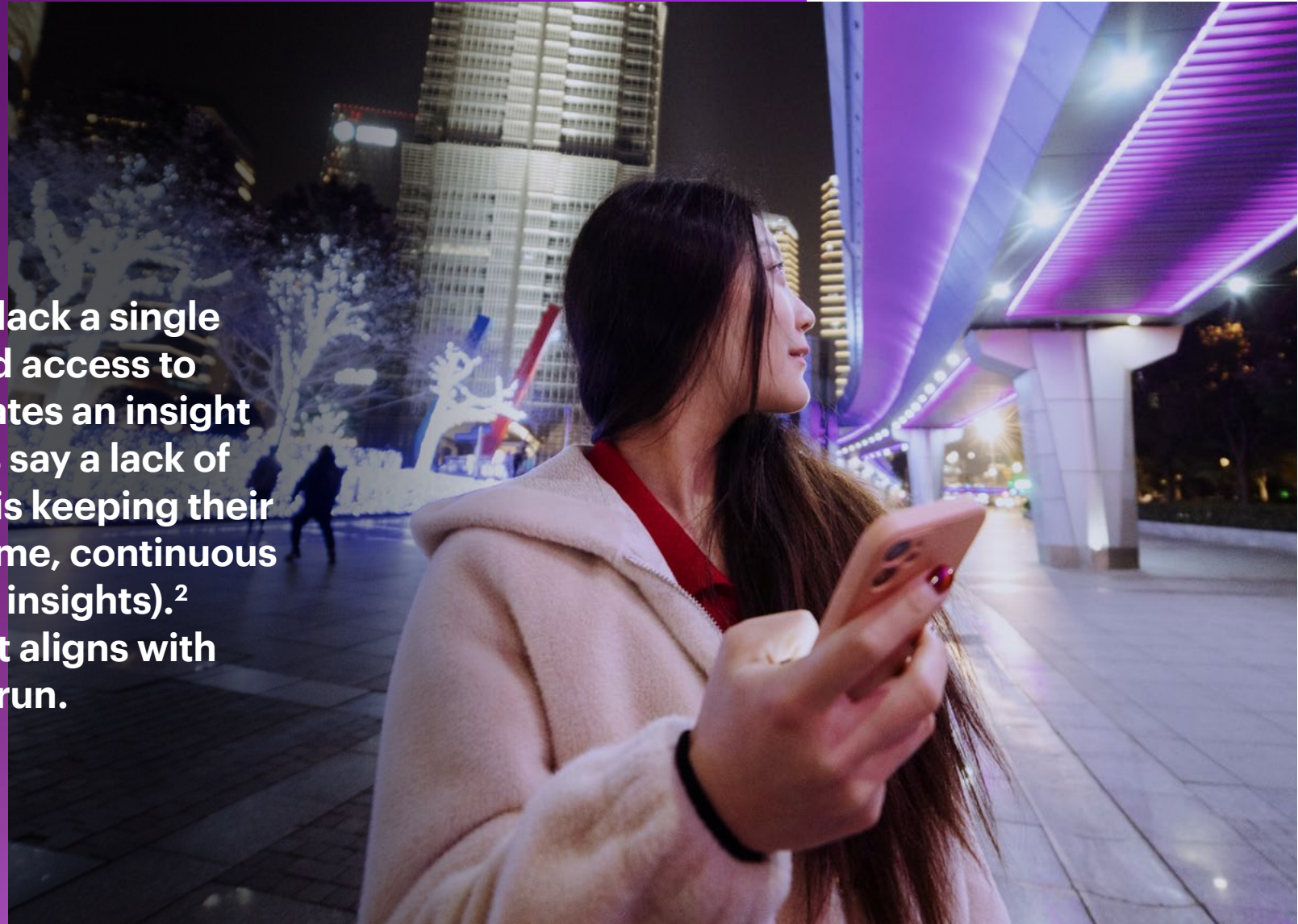
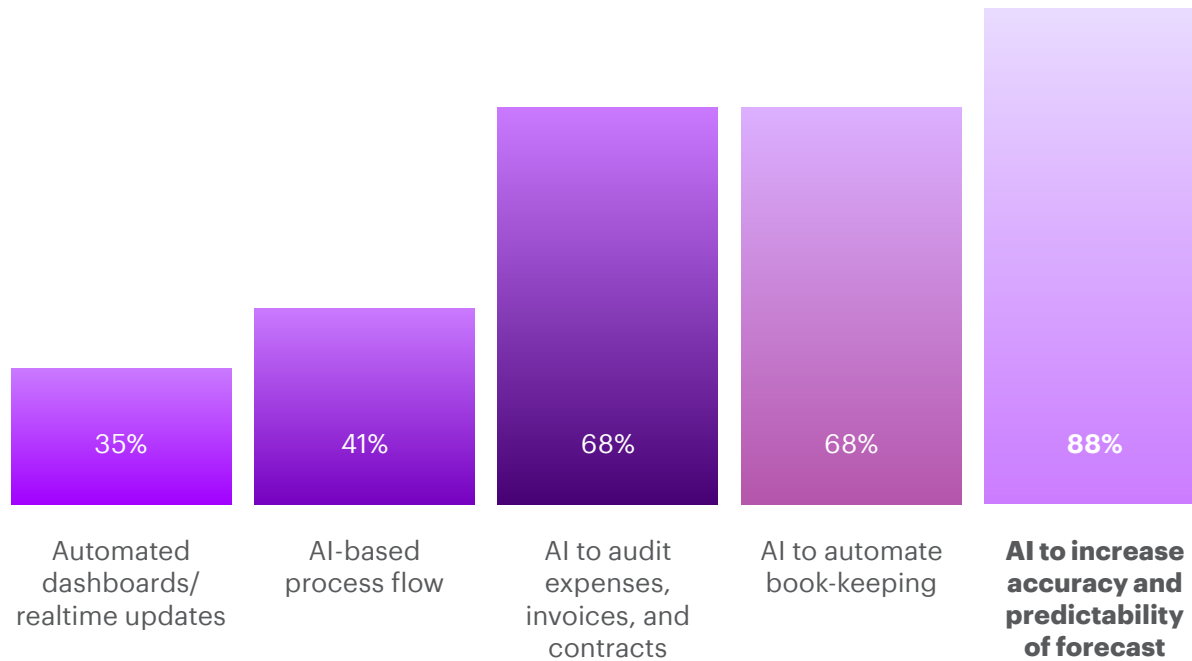


Figure 2.
88% of CFOs believe artificial intelligence will increase the accuracy and predictability of forecasts



Source: Accenture State of FP&A Pulse Survey, January 2022, Total Sample N=550

The fact that FP&A teams spend so much time on tactical and labor-intensive production tasks is another reason that continuous accounting is a critical enabler. It takes so long to reconcile data and then prepare it for analysis that it's often outdated before any analysis begins. And the more delays there are, the more the value of insights deteriorates.

Just 4% of finance teams use machine learning or artificial intelligence (AI) to get more value from data, but 88% of finance executives believe that AI will help increase the accuracy and predictability of forecasts (Figure 2). However, they face significant adoption roadblocks: belief that automation has risk, lack of funding, and reliance on legacy IT and spreadsheets.³

Fear is also holding FP&A teams back from adopting AI—fear of the unknown, fear that the numbers cannot be easily manipulated and fear that AI will replace humans, instead of augmenting them.

What agility looks like

FP&A teams that are ready for what's coming next have their data house in order. After all, data is the currency of finance. Planning teams have improved their use of data in several ways, transforming data, AI and technology through total enterprise reinvention.

Taking a stakeholder-first approach

Instead of thinking about how many days it will take to clean the data, analyze it and create an output, agile FP&A teams think backward from the specific output needed. They have a stakeholder-first lens. Who are they serving? What insights do they need—when and in what format? This approach anchors outcomes to what stakeholders want and presents information in ways that they can consume it.

Creating a stronger data foundation

More agile FP&A teams focus on diverse data. Data sharing agreements with customers, business partners, external data exchanges and macroeconomic trend data give them the full picture of the business environment. And they put structures in place to manage and govern data. Their architecture also creates consistency across all key performance indicators, regions and functions. Thanks to data harmonization and master data consistency, the same source of data powers business intelligence (BI), reporting, AI, operational analytics and spreadsheet-based exploratory analysis.

This flexible and adaptable data foundation makes it possible for finance to manage data in “layers”. The first layer, such as business intelligent (BI), must be structured, standardized and available on demand, with no exceptions. The next data layer, which is more flexible, enables organizations to unleash insights through forecasting or scenario planning. This requires human judgment, analytics, data science and AI. By making this data widely available and supporting self-service, the finance organization democratizes data and supports data-driven operations.

At every turn, planning teams with agility collaborate with IT on data strategy. They work together to develop a strategic approach for prioritized use cases and create an inventory of data sources and the type of data in the organization. Doing this makes it possible to assign the right level of ownership and accountability across all the teams that interact with data.

Harnessing artificial intelligence

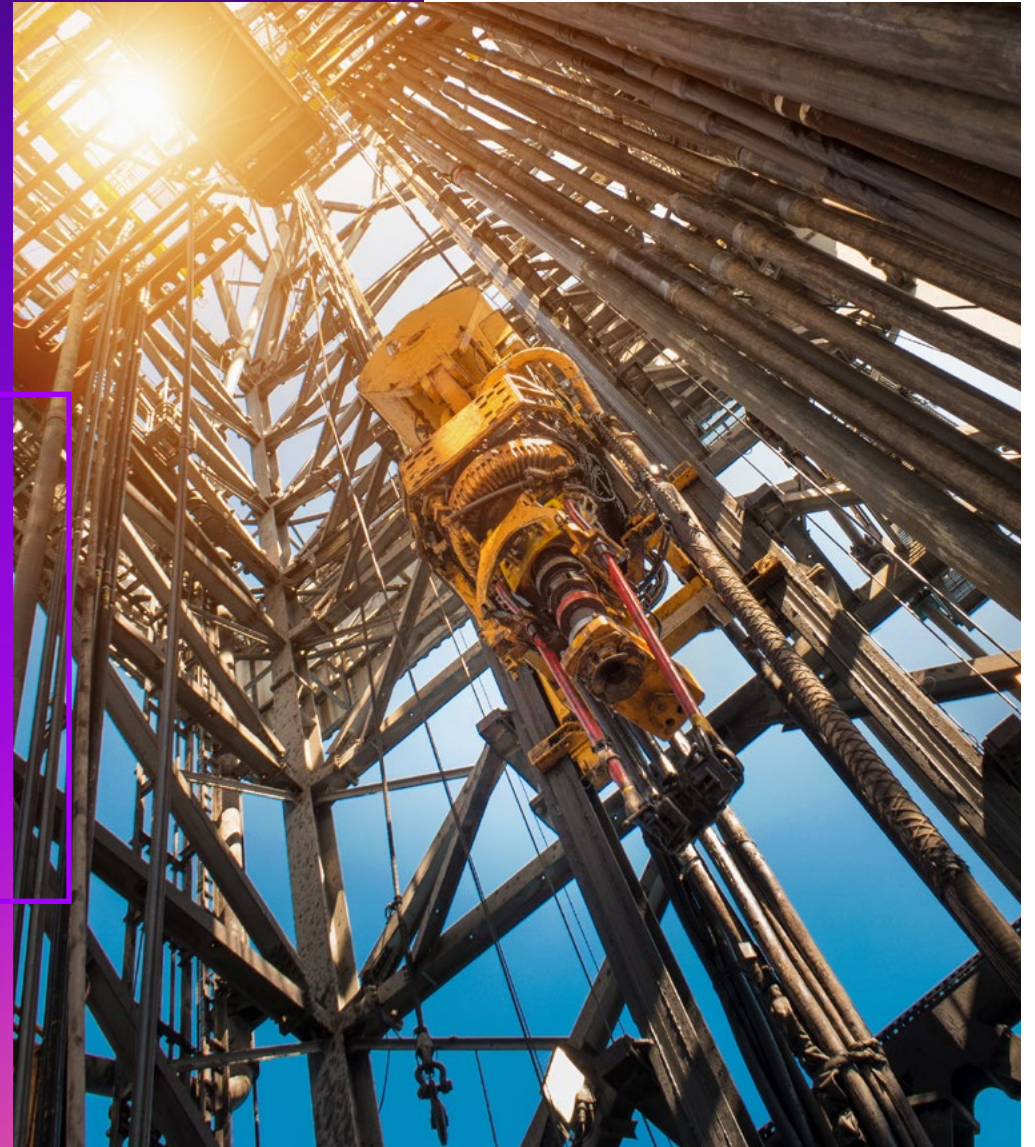
With AI, agile FP&A teams can uncover hidden patterns from structured and unstructured data and augment finance managers with new insights. This augmentation increases the speed and accuracy of forecasting and financial planning. As AI augments finance personnel, it helps them become more productive and frees up time to focus on knowledge and domain-specific activities that deliver new value.

Conducting scenario planning

Scenario planning became a key requirement for CFOs during the pandemic and has increased in importance. With more quality, diverse data—and the power of AI—FP&A teams can perform what-if scenario analyses on business models and macro factors. These insights are key for understanding the impact on future business outcomes and where they can make changes to achieve optimal outcomes. Enterprise digital twins are an emerging capability in this area. They make it possible for FP&A teams to model complex interdependencies that current scenario planning solutions don’t address.

Where it's working

A **global oil and gas exploration and production company** created a model that delivered more than 85% accuracy for year-end projections with reduced fluctuations. They did it using an AI-powered financial insights generator to combine multiple data sources. Standardized reporting and easy-to-access dashboards provide a new level of data visibility. The tool also makes it possible to build predictive models and simulation features for rolling forecasts.



A man in a white shirt and glasses is shown in profile, interacting with a large digital display. The scene is dimly lit with blue and red ambient lighting, suggesting a high-tech or data center environment. The man's hands are positioned as if he is touching or pointing at the screen. The background is dark with some blurred lights, including a prominent green light source.

03

Technology:

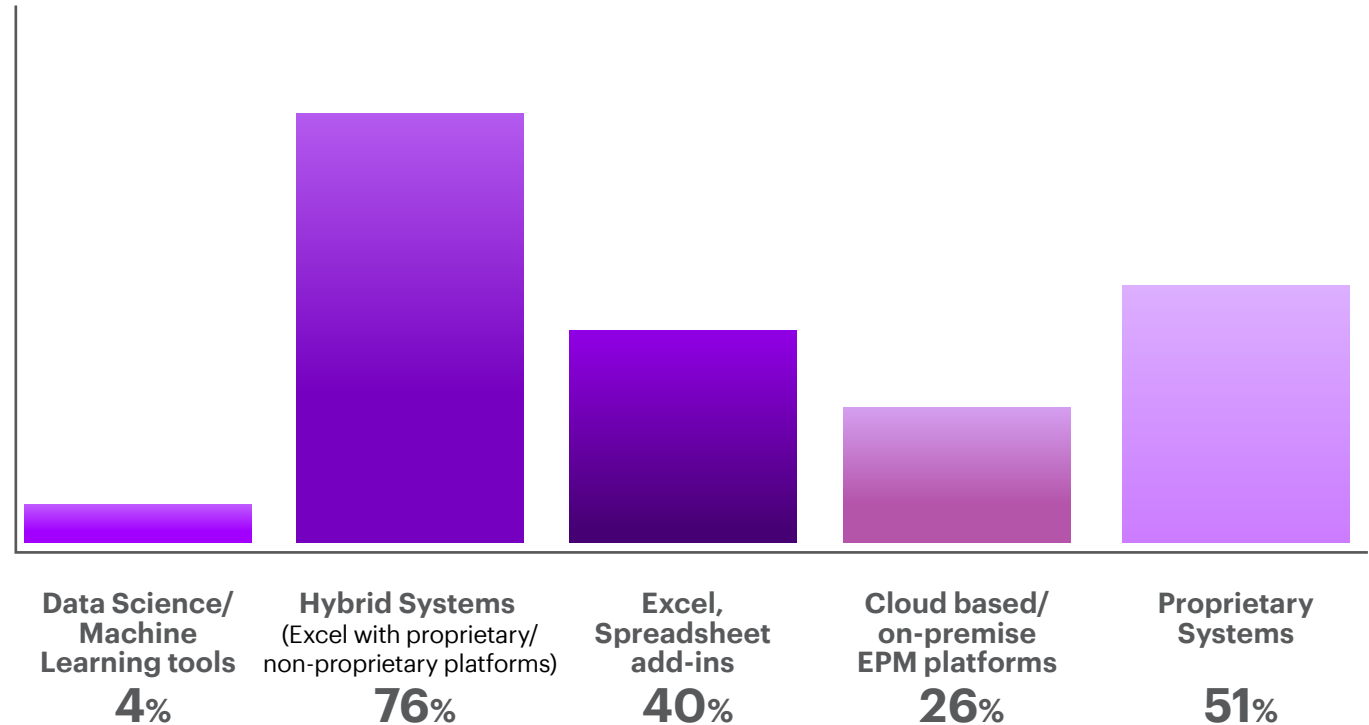
Strengthen the foundation

What's happening

Technology continues to rapidly open new possibilities for how finance works and collaborates with the business and other stakeholders. Yet 54% of finance executives are concerned about the lack of technical tools and resources.

When FP&A teams analyze data for reports and dashboards, most (76%) depend on hybrid systems, which are spreadsheet-based (Figure 3). Just 26% use cloud-based or on-premise enterprise performance management solutions and only 4% use data science or machine learning tools. While spreadsheets will have a place in planning for the foreseeable future, these findings suggest an overreliance on them given the efficiency and speed of today's advanced technologies and automation.

Figure 3. Hybrid, spreadsheet-based systems are most commonly used to create reports and dashboards



Source: Accenture State of FP&A Pulse Survey, January 2022, Total Sample N=550

What agility looks like

Agile FP&A organizations understand that technology is essential to providing the connective tissue that drives insights between finance and other parts of the business. But they know the answer isn't continually investing in more technology.

These organizations maximize their existing technology investments to strengthen the stack so that it serves multiple use cases. In other words, they get the best out of their cloud infrastructure, ecosystem partners and data layer.

Creating a resilient tech foundation

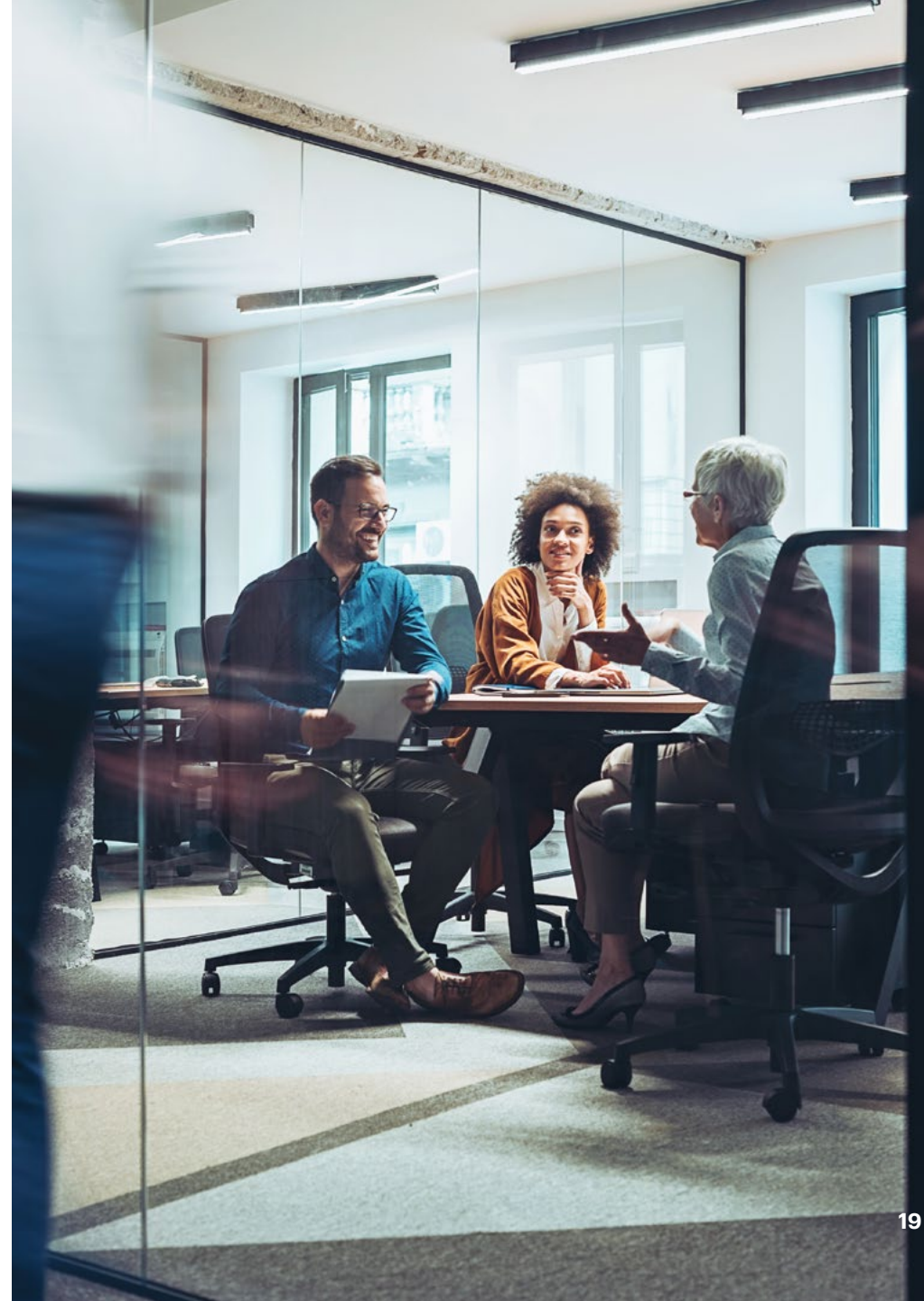
Simply put, FP&A teams with agility work with a resilient technology stack. This starts with a view of the full business technology and data landscape to understand integration needs across core applications and data sources as well as finance-specific platforms. It also means understanding what's needed across visualization and advanced tools to provide complex event-processing, natural language generation, natural language query and other capabilities. These teams use the right technology for the right task, creating a seamless connection across tools and always focusing on the user experience—for finance and the business.

Unleashing the power of the cloud

The cloud is a key foundation for finance to operate at speed and scale. That enables teams to scenario plan and forecast in minutes rather than days. FP&A teams can also bring together and analyze complex data sets and forward-looking analysis with cloud-based predictive analytics and AI-based models. The cloud is also essential in supporting the democratization of data across the enterprise.

Getting the most out of spreadsheets

Microsoft Excel has an active user base. While spreadsheets are being used by planning teams, they should be moving toward automation. For those still using spreadsheets, they can serve a specific purpose. Spreadsheets democratize exploratory analysis, not just in finance but among business stakeholders. Also, many of today's FP&A solutions that overcome the deficiencies of spreadsheet-based processes work well with Excel as the user interface. Regardless of how FP&A teams use spreadsheets, they must be powered by a single source of truth.



Where it's working

As part of its effort to build a more agile finance operation, **Stanley Black & Decker** adopted digital technologies like automation and AI for transactional tasks. This freed up the team for strategic work including advanced financial modeling to forecast future risk or predict demand. Putting data, technology and the right infrastructure at the heart of finance operations made a difference during COVID-19.⁴





04

Talent:

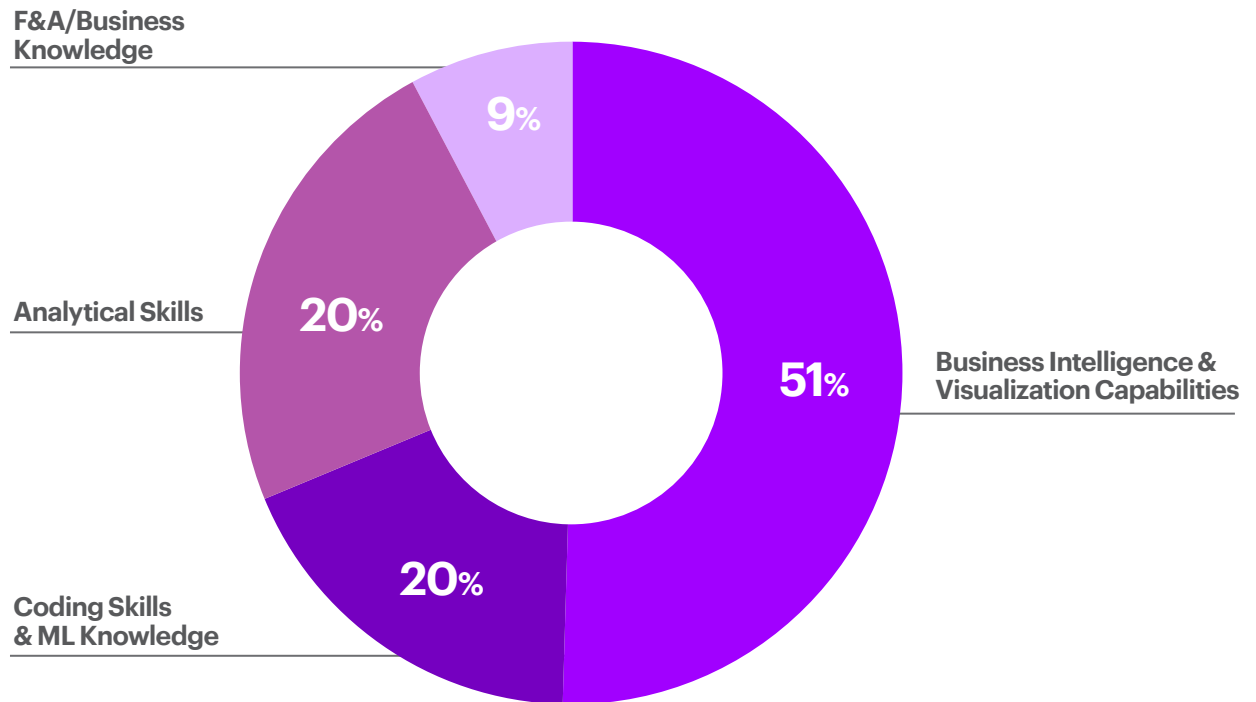
One team, many skills

What's happening

The ongoing expansion and evolution of the CFO's role is driving a need for broad-based talent in the planning teams they manage. FP&A teams now need data scientists, critical thinkers, automation experts, scenario planners and storytellers.

This dramatic shift in skills has leaders scrambling to upskill and augment their people amid a massive race for talent. As such, 56% of finance executives say access to talent is a challenge. This group is most in need of business intelligence and visualization capabilities, coding skills, machine learning knowledge and analytical skills (Figure 4). Despite these skills gaps, only 39% of finance leaders report that their organization would consider partnering with a managed services provider to a large or very large extent. As such, they are missing out on a potential competitive advantage of tapping into readily-available skilled resources.

Figure 4. Finance executives struggling with access to talent are most in need of business intelligence and visualization capabilities



Source: Accenture State of FP&A Pulse Survey, January 2022, Total Sample N=550

What agility looks like

FP&A teams with agility are set apart because they focus on diverse skills rather than a singular skill. They recognize the need to strike the right balance between traditional quantitative skills and qualitative skills.

Making data storytelling a priority

Think of agile FP&A teams as the data storytellers of the business. They do this by becoming the bridge between the business and AI and analytics tools. For example, finance professionals can work with business leads to understand their goals and then determine how best to use AI and analytics in scenario planning to support those goals. But this way of working isn't scalable unless data literacy is strong, widespread and constantly refreshed in FP&A and across finance.

CFOs know that becoming a data-driven finance organization means investing in data literacy across all levels. After all, data is embedded in every process, decision and interaction. It underpins business outcomes and stakeholder experiences.

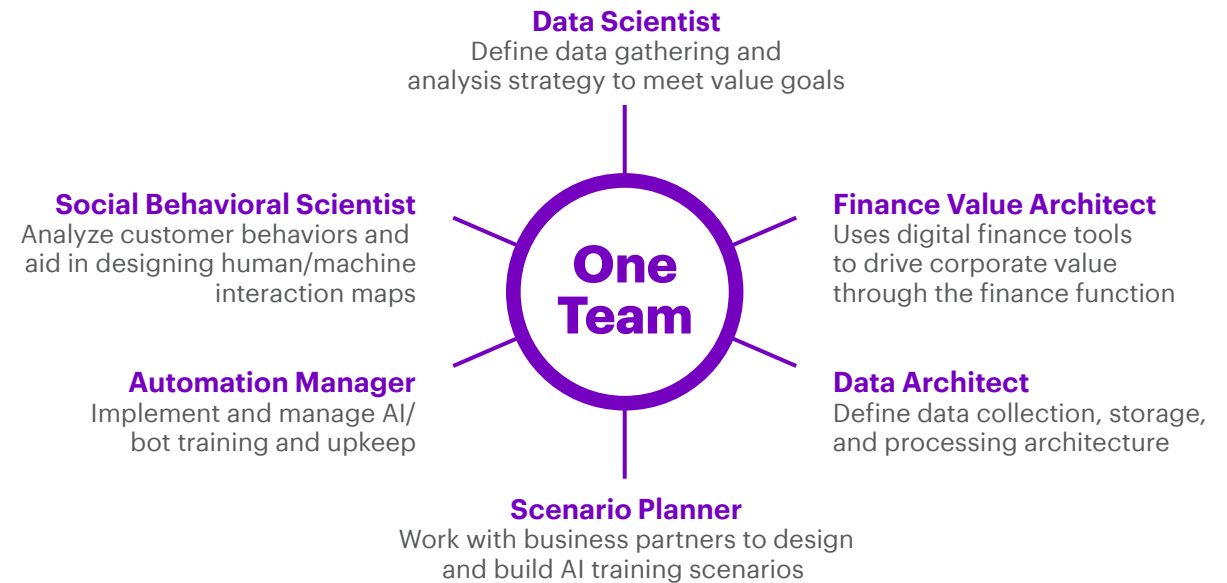
Working as one team

Diverse talent operating seamlessly as one team is the invisible force behind agile finance organizations. Think of it as a cross-functional team that operates as a “pod,” working together to solve business problems while constantly adapting to change. These pods, which become a key capability, include finance architects, data scientists, automation managers and scenario planners. They come together to solve business challenges of today—and help their organizations quickly adapt to address tomorrow’s challenges (Figure 5).

Partnering to fill the gaps

Strategic managed services providers are an excellent resource for FP&A teams to tap into proven talent that is ready to work. In addition to this ready access to top talent, planning teams also benefit from providers’ relationships with leading technology companies and ecosystem partners with finance-specific solutions and knowledge. There are many ways to work with strategic managed services providers. Teams focused on the future find the collaboration model that works for their organization—from classic business process outsourcing models to build-operate-transfer models.

Figure 5.
FP&A teams with agility have a variety of distinct, yet complementary skills



Source: Accenture AI in Finance Pulse Survey, January 2022, Total Sample N=550

Where it's working

As part of reimagining our finance strategy, **Accenture** is focusing on reskilling and a mindset shift for our people. We have developed a finance Reimagined Learning Program that supports our people in becoming business advisors. In addition to finance fundamentals, the curriculum has programs to help them to build skills in areas such as problem solving, design thinking and collaboration and cross-cultural teaming.⁵ We're also using new learning formats and digital technologies to make learning more interactive and experiential.⁶





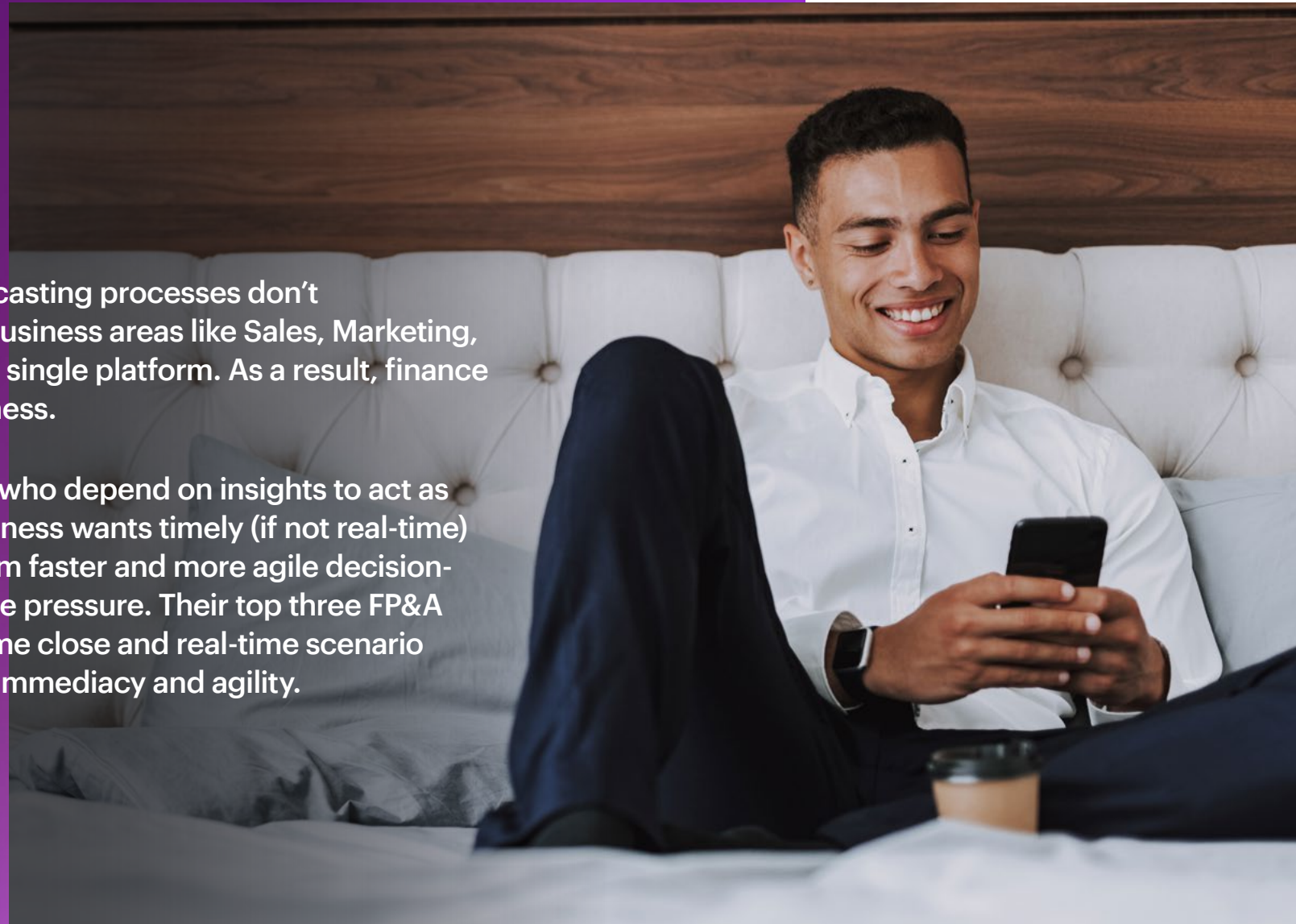
05 Processes:

Truly agile,
always improving

What's happening

In many organizations, planning and forecasting processes don't systematically connect finance to other business areas like Sales, Marketing, Human Resources and Supply Chain on a single platform. As a result, finance lacks a true 360-degree view of the business.

This lack of visibility is a liability for CFOs who depend on insights to act as trusted advisors to the business. The business wants timely (if not real-time) insights into capital and cashflow to inform faster and more agile decision-making. Finance executives are feeling the pressure. Their top three FP&A priorities—real/right-time insights, real-time close and real-time scenario planning—align with this expectation for immediacy and agility.



What agility looks like

FP&A teams that have agility can deliver on these priorities because they have adopted intelligent processes. The more intelligent the processes, the easier it is to access and integrate massive data sets from across the business—and the more real-time FP&A can become.

Streamlining processes

These teams redesign and automate FP&A processes so that people can shift their efforts from the transactional to the strategic and work more efficiently. They eliminate inefficiencies through data-based analysis of operational processes. Beyond efficiency, the real power of more agile FP&A processes is in delivering proactive, personalized insights and making data-driven decisions a natural way of working.

With an “intelligent” foundation in place, agile FP&A teams operate in a truly data-driven way. They make it a priority to support tighter connections across functional areas through process design and stronger links between financial, operational and workflow planning.

Also, they use workflows to connect functions and create a holistic view of planning. But FP&A teams that develop agility don't stop there. Intelligent processes are not stagnant. A circle of continuous improvement helps them to refine processes—and create value for the business.

Where it's working

A global hospitality company transformed finance from a transactional service to a strategic asset by moving to intelligent finance operations. Finance leaders can now predict trends and make more informed decisions—helping the business improve performance and grow value profitably and sustainably.

The company now had the visibility and efficiency to quickly process more than US \$4.5 billion in payments during the pandemic without disrupting operations.

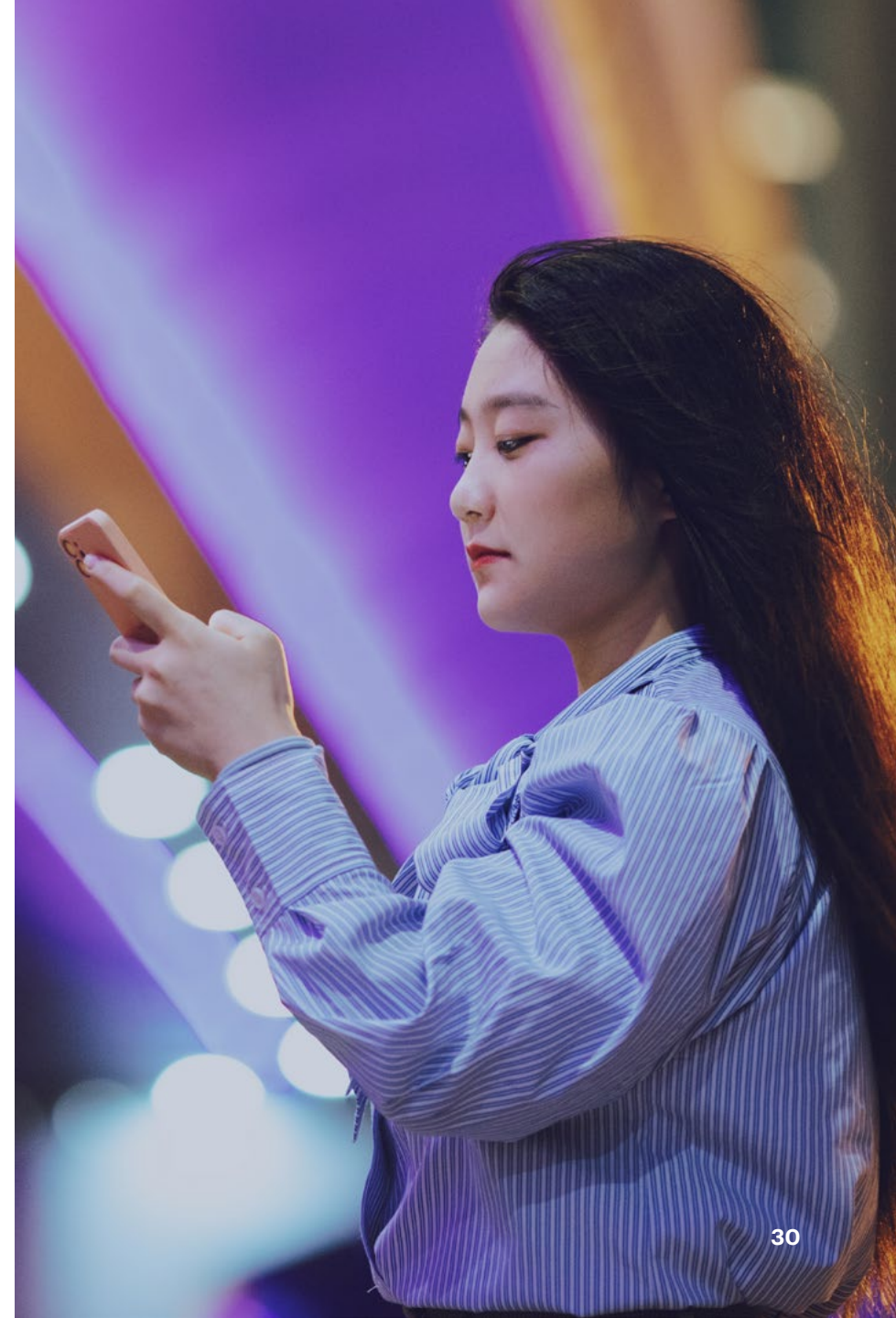


When uncertainty isn't so daunting

CFOs and their planning teams have been moving from history and hindsight to intelligence and foresight for years. Today they face an urgent imperative to make faster, more radical changes to how they work and support the business. While many FP&A teams are implementing new technologies and process improvements, few are truly re-inventing their business partnering and decision support capabilities.

FP&A teams that are able to spend most of their time generating insights rather than preparing the data can realize significant benefits, such as reducing planning time efficiency by 80%, improving forecasting accuracy by up to 95% and freeing up to 12 hours of employee time each week to focus on more interesting work.

To get started today, FP&A teams need to make sure that they are addressing **data, technology, talent and processes** across their finance function. CFOs that get it right can help the business cut through uncertainty, deliver predictive insights to solve for today's challenges and adopt to respond to tomorrow's unknowns.



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About the research

Accenture Research surveyed 550 finance executives of companies with over US \$1B in revenue in Australia, France, Germany, Japan, the United Kingdom and the United States to gain insights into how their finance organizations are using data, technology and talent to make better, predictive and more informed business decisions—and ultimately, drive towards intelligent finance operations.

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Accenture Research shapes trends and creates data-driven insights about the most pressing issues global organizations face. Combining the power of innovative research techniques with a deep understanding of our clients' industries, our team of 300 researchers and analysts spans 20 countries. It publishes hundreds of reports, articles, and points of view every year. Our thought-provoking research—supported by proprietary data and partnerships with leading organizations, such as MIT and Harvard—guides our innovations and allows us to transform theories and fresh ideas into real-world solutions for our clients.

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Contribution

The authors would like to thank the following contributors from the Accenture Research team: Laurie A. Henneborn, Hema Santosh, Bridget Connelly, and Tomasz Sloniewski and Accenture Marketing: Victoria Pieper and Stacey Guarino.

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