



# Finance transformation— from the bottom line up

Changing the objective of Finance from preservation  
to progression to unleash new business value.

accenture

 Microsoft



# In the current climate, an effective Finance function can be the difference between sinking or swimming.

Unprecedented times create unprecedented challenges. As the global pandemic continues to disrupt customer behavior, supply chains and traditional revenue streams, businesses are relying heavily on the Finance function to help them ride out uncertainty—not just through protecting the bottom line, but also by helping them understand the implications of fast-moving strategic decisions.

**What we are seeing now is an acceleration of a general trend in Finance transformation: the movement beyond just bookkeeping and reporting towards strategic insights, innovation and growth.**

Cloud solutions have been a key component of widespread Finance transformation. Both Accenture and Microsoft have harnessed cloud for their own platform transformation journeys to give them flexibility, agility, scalability and economic benefits across Finance. However these personal journeys have also highlighted that Finance transformation is not just about technology and process change—it's also a cultural shift.

In this paper we'll share our experience of how we've turned Finance from passive controller to proactive strategist and how technology can be used to help grow the value it brings to the business.



# From preservation to progression.



Finance has borne the brunt of pandemic pressure by helping businesses pull the right financial levers to stay afloat. In this way it has always been an essential facet of the business. This is because Finance largely concerns the operational business: the processing of revenue, the reporting of performance, and the management of budgets and working capital.

But this role has been largely based on past, present and immediate strategy, and although businesses have introduced new technology to improve Finance—process automation, legacy system modernization and new cloud solutions—this is usually based around improving the efficiency of existing processes, rather than the pursuit of change.

**Just 21% of CFOs use operational data to identify new value.<sup>1</sup>**

To unleash the full potential of technology transformation, CFOs must focus on growing the strategic value of Finance.

- They need to **step back from traditional siloes.**
- They need to **identify where data can be shared to save costs and derive new insights.**
- They need to **work more proactively** with the wider business **to optimize operational cashflow.**
- They need to change **the role of Finance from 'custodian' to 'advisor'.**

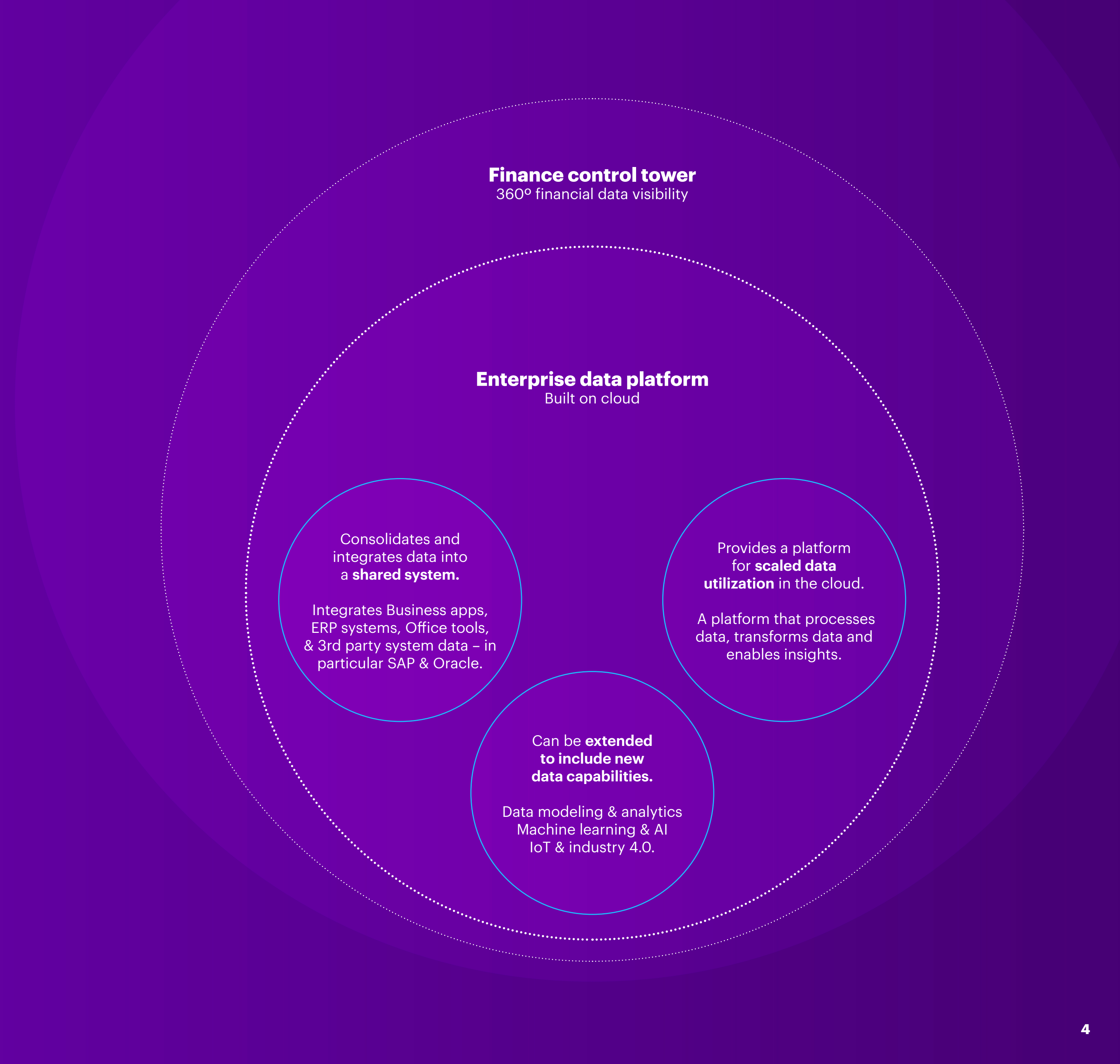
By doing these things, Finance has the power to help the business improve its agility in the face of unprecedented external events, helping business leaders to take better, faster decisions that will help it thrive in uncertain times.

# Technology can lift Finance to a more strategic level.

Before they can consider strategy, CFOs must lay the groundwork for a more agile, data-driven and efficient finance function. Finance transformation can only be achieved by improving how the organization consolidates, integrates and utilizes financial data. They can do this by establishing an **enterprise data platform**—a cloud-based system that can consolidate, integrate and transform data across the business.

This system centralizes business data in a common system and is cloud-based, making it infinitely scalable: its capabilities can be extended to not just integrate data analytics, but also automation tools, machine learning and custom business apps.

A centralized platform also enables the introduction of **financial control towers** that provide a 360° view of working capital across the business. This allows Finance better visibility (and better control) over how cash moves around the business.







# A 360° view allows for proactive action.

## With greater visibility comes greater power to spot opportunity.

In the first instance, it gives Finance the opportunity to optimize finance across the business.

- It can **reduce variance in estimations** from different departments, shrinking the size of reserved cash buffers to free up working capital.
- It can **shorten reporting times and speed up time-to-value** through faster and optimized automated workflows.
- It can **prevent duplication of reporting** to reduce time and resources spent.
- It can also **use data to improve financial aspects** (such as profitability and levels of investment) in other areas of the business, for example in procurement or sales.

Once the optimization piece has helped to satisfy the traditional role of Finance, Finance can turn its attention to using financial data for more forward-looking activities, such as financial planning and forecasting.

This might include modeling and evaluating the impact of internal and external events on cash flow, driving portfolio cash investments and initiatives to maximize profitability or supporting the business in prioritizing, approving and managing capex investments in an agile way.





## To grow their value **Finance staff must become trusted business advisors.**

It's important to realize that turning Finance into a strategic function can't be done through technology alone. 60% of traditional Finance tasks are now automated.<sup>2</sup> This is largely due to its stringent need for process, control and accuracy: all things that computers love. But this used to be the responsibility of trusted people within the function. When a computer is out to take their job, resistance to change can appear as an act of self-preservation.

**The top skills being actively introduced into Finance are data exploration and analysis (41%), followed by scenario planning and horizon scanning (38%), innovation (37%) and storytelling (34%).<sup>3</sup>**

Transforming Finance means moving away from the traditional mindset; businesses must also address Finance transformation at the cultural level to achieve results. Finance staff need to understand how they can add value in new ways, usually moving into more of a 'service' capacity and using their data analysis skills to assist business leaders in making strategic decisions.

This can be tough for the traditionally introverted personality types favoured by Finance. Being strategic means being more adept at collaborating with and servicing other parts of the business. If Finance is too difficult to do business with, it can't adequately add value, so for Finance leaders, this means being as bold as to implement internal Customer Effort Scoring as a key performance metric.

This doesn't mean that Finance should support every single request for data (much of this can be managed by self-service tools) rather, supporting the high-value strategy decisions and customer interactions—and offering creative suggestions for finance architecture—that will help the business achieve its desired outcomes.

**Helping Finance staff to understand the value they bring to the organization—and the potential they have to create new value—is key to accelerating transformation efforts.**



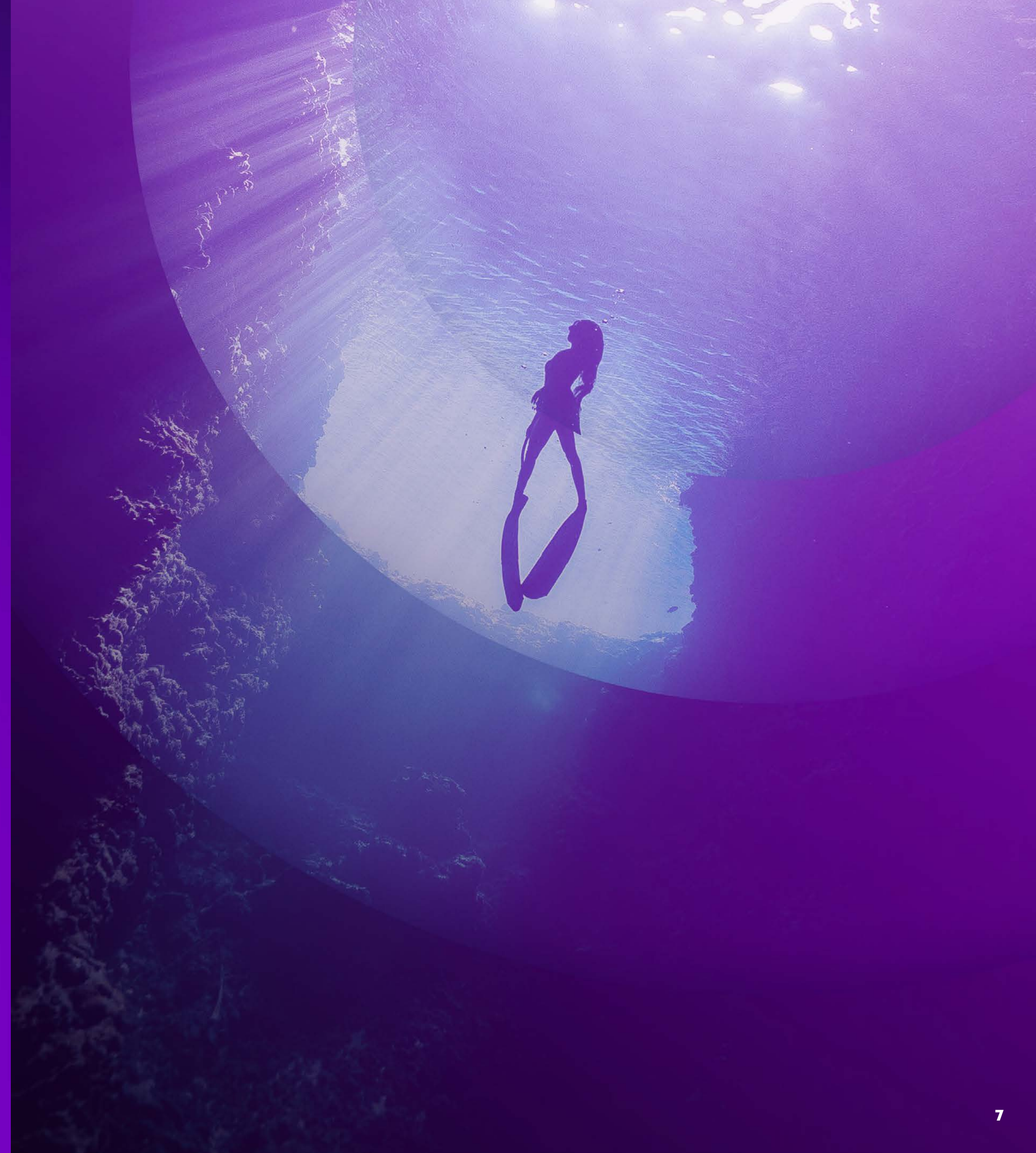
# How Microsoft are encouraging more strategic Finance behaviors.

**75% of CFOs believe their company is on a course to redesign how people work and reinvent their culture to support new behaviors and mindsets.<sup>4</sup>**

As a huge global organization, Microsoft battles an incredibly high level of Finance complexity. As part of its own Modern Finance journey, Microsoft has worked on simplifying this complexity, breaking down internal siloes and taking a more strategic approach to Finance across its business.

Despite expertise in technology, Microsoft has taken a holistic approach to its Finance transformation—investing not just in the technology to help staff take better, more confident action, but also in skills training to cultivate the behaviors it needs its Finance team to exhibit to position Finance as a strategic advisor. This includes building ‘soft skills’—their ability to present to stakeholders or tell effective stories with data to support those who are less familiar with the numbers.

Microsoft has also focused heavily on collaboration within the organization to break down siloed working. As part of Finance performance reviews, staff must demonstrate both what they have shared with the business, and what they have used from it to encourage cross-organizational projects. This also creates a need to unify data fields so that data sets can be more commonly shared.





# Microsoft has coupled new Finance skills with new automation and controls to build an optimized Modern Finance function.

Another aspect that Microsoft has addressed well is the introduction of new Azure (cloud-based) technology to satisfy the business need for efficient operational process and control. This hasn't been used to simply make processes that already existed better; it has been used to reshape, consolidate and share Finance efforts across the business to identify new areas of value.

This has included introducing data aggregation platforms to reduce the time spent on compiling and validating data by 20%; incorporating machine learning to improve revenue forecasting capabilities (cutting forecast variance by 50%); and introducing business automation (such as chatbot services and automated contract setup) to create cost savings.

It has also harnessed automation to more proactively manage risk—reducing review time by 52% by automating transaction analytics to minimize errors for sensitive disclosures and increasing the speed and accuracy of audits.

All of these activities have incremental savings or efficiencies which add significant value to the business, allowing for better cost and cash management, better use of capital investment and better certainty over key financial decisions.





# Accenture has taken a use-case-first approach to focus on value.

As an advisor, it has been in Accenture's nature to take an outcome-based approach to Finance transformation which looks at wider business goals. This is because the most significant value is created by scaling intelligent Finance practices across the entire business.

**In Accenture's CFO Now research 'Ensuring Liquidity and Managing Cash Flow' was listed as a top priority in response to the economic shock of the pandemic for 31% of CFOs.<sup>5</sup>**

In response to this, Accenture has used **liquidity control towers** as a key component of its own Finance transformation approach. This construct establishes Finance governance and 360° oversight across the whole business early on in the journey to identify areas to improve liquidity performance. When combined with an enterprise data platform, it can be quickly used to solve the balance sheet squeeze by applying automation or operational process improvements.

Accenture has used this approach to identify areas across the business where cash management, working capital and trade finance can be optimized and has created a **liquidity centre of excellence** for ongoing liquidity improvement. The business can then use this construct to support and activate more strategic business planning and forecasting efforts.





# Thinking beyond liquidity.

The real beauty of this approach is that once the governance, control and enterprise data platform are in place, it can be used to address other use cases throughout the business, such as improving payment terms for customers, assessing the resilience of the business' supply chain or even optimizing capital expenditure for large investments.

Enhanced data and analytics tools, machine learning and AI can be introduced, developed or trained to perform more complex activities related to business growth— exposing new, never-before-seen financial data that opens up new opportunities to pivot. These use cases all look beyond the traditional 'preservation' role of Finance to place it firmly in the driving seat.

## Finance transformation use cases

- **Global cash visibility and funding**
- **Optimized working capital**
- **Insight driven procurement**
- **Vendor sustainability**
- **Supply chain stress testing and modeling**
- **New CapEx governance**

Of course, the technology does also matter. Accenture has chosen Microsoft Azure as the foundation for its Finance transformation due to its openness, scalability and versatility, allowing the use of best available Finance technology, and the platform's own tools and capabilities to build its best-fit Finance architecture for the use cases it needs to solve.

Accenture has also used Power BI to provide an intuitive and user-friendly reporting layer. Its global user community and user favorability have suited Accenture's Finance Transformation objectives on both a cultural and technical level.





# **Our joint recommendations for Finance transformation.**

Businesses are looking to the CFO to secure and strengthen existing revenue sources and safeguard the business during this unprecedented time. At the same time, businesses know that they must improve their predictive and analytical capabilities in order to compete.

**With the right mix of technology, governance and approach, it is possible to do both and transform Finance into a strategic driver of business value.**



# Our joint recommendations for Finance transformation.

## Address immediate needs

- Establish centralized control and governance to start addressing Finance needs and improving EBITDA, including a **liquidity control tower** to gain 360° visibility of financial operations across your business to identify immediate use cases for transformation. This should include any processes that are time and resource-heavy, areas where speed is at a premium, or financial data and reporting needs aren't being met.

## Build your technical foundation

- Quickly establish the **Data Pathway** that identifies and prioritises the data that will be used to deliver the low-hanging immediate needs.
- Establish a scalable **enterprise data platform** to create a common data repository across all systems, process it and introduce new cloud-based analytics and automation tools.
- **Use intelligent automation to free up costs and resources.** For example, across payment processing, invoice validation, logistics processing, account onboarding, workflow remediation, account reconciliation and invoice fraud and error detection.

## Enable cultural change

- Take a **use-case first approach** to drive business needs and establish Finance as a strategic function. Optimize existing processes to solve challenges such as improving global cash flow, optimizing working capital and enabling insight-driven procurement.
- **Upskill Finance staff** to become trusted advisors and be more extroverted in the way they work with the business. Focus on soft skills training, introduce internal customer effort scoring and align performance reviews with desired behaviors.
- Encourage Finance staff to move **Excel-based models onto the enterprise data platform** so they can be scaled and shared.

## Keep building strategic value

- Create an **automation Centre of Excellence** and upskill Finance personnel to train RPA tools.
- **Free up resources** by introducing AI-driven intelligent Finance agents, automated enterprise reporting, self-service data and analytics tools, and intelligent business apps to free up staff to support higher-value strategic business engagements (e.g. bespoke customer modeling).
- **Build enhanced data analytics, machine learning and AI capabilities in the cloud** to undertake supply chain stress testing and modeling, create new capex analysis and governance, and introduce cloud FinOps.
- **Further blend Strategy teams with Finance** to help Finance staff become agitators of EBITDA.



# Transforming Finance into the architect of business value.

Finance transformation is not as easy as automating a few key processes. To unlock its value, CFOs must change the role of Finance within the business—from transactional custodian to trusted strategic advisor. This change is ultimately a move to open up the function: to break down its siloes, to democratize the data it holds and to get its staff working more openly and proactively with the wider business to create new value.

To do this takes a combination of both hard and soft skills. You must use the expertise of your experienced staff and apply it to new areas of your business. You must get these staff to understand how and where they add value, help them to be more extroverted and turn them into advocates for intelligent Finance throughout your organization.

**For businesses who get it right, the rewards can be exponential.**





# Start transforming your Finance function from the bottom line up.

Speak to us at [MSFTmodernfinance@avanade.com](mailto:MSFTmodernfinance@avanade.com) to find out how you can optimize the combination of Finance and Microsoft Azure Data & AI to power your journey to becoming an intelligent enterprise.

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