Back from the Future: How Finance Leaders Can Drive Transformation
Introduction

For finance executives, the digital transformation isn’t coming. It’s already arrived.

Or they need to act as if it is, anyway. While their companies may still be working on prioritizing and procuring the necessary technology, CFOs need to make sure that the organization’s future shape can accommodate—and maximize—emerging technologies such as Artificial Intelligence and the Internet of Things. In their evolving role as strategists, they must prematurely visualize a reconfigured finance function, one that seamlessly aligns advances in technology with the acquisition of newly critical skills.

The task of rethinking the function, even in the face of fast-moving, high-impact technological changes, doesn’t require CFOs to abandon their methodological ways. They can’t begin to reconstruct the function without first laying the supporting groundwork.

How to go about doing so is discussed in the chapters that follow, which reflect the results of a survey conducted by CFO Research, in collaboration with Tata Consultancy Services, that explored many different aspects of digital maturity and leadership.

Even as they steer the finance function into the unfamiliar terrain of the future, CFOs must make sure that it can withstand the challenges. What finance leaders need to do includes: Modernizing the function to “Business 4.0,” making the shift to digital technology (Chapter 1); Adopting a Machine-First model, aligning human skills and technological advances to support digital growth (Chapter 2); Becoming catalysts for growth, actively adopting strategies, technologies, and agile business models (Chapter 3).

As their role shifts from record-keepers to emissaries from the digital future, senior finance executives will inevitably become both explorers and innovators.
Chapter One: Finance Chiefs Redefine the Art of Possible with Business 4.0

Business is poised to dive into an immersive digital future, powered by a convergence of innovative technologies—the cloud, mobile, robotics, and artificial intelligence (AI), among others—that will require finance executives to rethink every aspect of their businesses.
To thrive in this fast-changing era, companies will have to do more than retrofit existing processes to accommodate new technology; the challenge of Business 4.0 is to leverage the digital shift to transform and grow. Companies that cannot successfully integrate technology, embedding it throughout their business—from the supply chain to the customer experience to operational processes—risk quickly becoming commoditized.

No longer is it enough to acquire and implement advanced technological capabilities; in Business 4.0, the marketplace leaders will be those companies that identify how best to integrate new technologies to deliver added value. With the accelerating inflow of emerging technologies like Blockchain and the Internet of Things, maintaining a sustainable competitive advantage requires developing the capacity to continually drive digital capabilities. The goal: to produce visible benefits in both performance metrics and financial results.

No matter what industry they operate in, most companies have by now embarked on digital initiatives. But as they sort through the technical issues, they must also confront the managerial challenges of allowing and enabling digital innovation to scale: allocating resources, recruiting and incentivizing talent that will drive technical advances, as well as aligning functions such as marketing and product development. For finance leaders, the new digital mandate requires that they make strategically selective investments, balancing leading-edge technologies with those that are sufficiently mature and reliable to produce the desired benefits. No sooner have companies absorbed the cloud and cybersecurity into their infrastructures then they must immediately begin incubating newer arrivals.

Why the urgency? In its comparatively brief-but-memorable history, the phenomenon known as disruption has repeatedly rumbled through established industries and architectures, hollowing out legacy business models before established market leaders had time to react. By the time a brand-name company like Blockbuster recognized that it was being disrupted by Netflix, its market cap had utterly unwound.

The disruptors gain competitive advantage from crafting their business models around a vision of the future of digitization.”
For their companies to thrive in the digitized economy, **CFOs need to become scouts**, exploring future technologies and piecing together a vision of the end-state business model.

with the digital experiences they sought to deliver. Uber doesn’t own any cars but is the largest cab company in the world. Similarly, Amazon doesn’t hold any inventory but manages one of the world’s most successful online retail sites, connecting the consumer with the seller on a unique platform and configuring logistics to meet consumer needs while surpassing their pricing expectations.

For their companies to thrive in the digitized economy, CFOs need to become scouts, exploring future technologies and piecing together a vision of the end-state business model. With that blueprint as their guide, they then must help map out a route for how the company will arrive at the desired outcome. More than managers, CFOs must become leaders who can persuasively communicate the purpose of the digital shift and empower the company’s employees to contribute.

For starters, however, CFOs need to focus on evaluating their businesses around six specific capabilities, constructing the pillars of a digital strategy by addressing weaknesses and leveraging strengths.

**Analytics and Measurement:** Is the business gathering the information required to support timely decision-making? Are Big Data and Machine Learning tools, which add automation and improve the process of extracting insights from massive datasets, integrated into analytics processes? Does management have complete, real-time visibility into cash flow? Is the organization leveraging analytics to instantaneously negotiate pricing and deliver a superior customer experience?

**Agility and Efficiency:** Does the organization possess a nimble infrastructure, infused with agile methodologies, that enables it to adjust to market changes quickly and perform its functions cost-efficiently? Is the business using Robotic Process Automation and cognitive processing to extend the reach of automation?

**Business Architecture:** Is the organization reaping the benefits of digital ecosystems, having embarked on rethinking structures and processes from the ground up to position itself for growth? Is the business architecture streamlined and integrated—optimized to exploit the promise of digital transformation?

**Governance, Risk Management, and Compliance:** For CFOs, the migration to the cloud has created new concerns about the growing incidents of cyber-hacking. Are there additional steps the company should take to protect sensitive data and intellectual property? Is the organization doing enough to balance expansion and cost-reduction aims with maintaining compliance and mitigating risks associated with new regulations like GDPR (General Data Protection Regulation), and new standards like IFRS (International Financial Reporting Standards)?
**Shared Services/BPO:** The shared service landscape has been dominated by the low-risk and high-speed “lift & shift” method of moving existing processes to a centralized location. But as the finance function becomes better acquainted with ways to drive their own efficiency and effectiveness, CFOs need to consider whether the company should instead be applying digital capabilities to boost process efficiency. Conversely, is there any way for the organization to derive more value from its shared-service centers (SSCs)? Should the business broaden the scope and sophistication of the processes it moves to the SSCs? Can finance use some of what it has learned from its own experience with digital technology to apply those lessons to optimizing the performance of processes?

**Organizational Alignment:** Beyond the implementation of digital tools, achieving transformation requires the imposition of a collective mindset that emphasizes collaboration and communication. Depending on the company, the finance leader will have to identify a structure that best aligns business goals with digital strategy. Centralization? De-centralization? Hub & Spoke? The shape of the organization to come must be rewired to bypass traditional silos and unite the organization in a shared commitment to risk, innovation, and investigation.

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**The Survey: Aiming for a Speedy Recovery**

To see how far CFOs have come on this path, and where they are going next, CFO Research, in collaboration with Tata Consultancy Services (TCS), recently conducted an online survey of 689 senior finance executives in the U.S. and Europe. As part of the survey, senior finance executives rated their finance function’s current (see Figure 1) and future (within 12-18 months) performance on the six capabilities identified as key building blocks to adopting Business 4.0 – making the digital shift to transform and grow. (Respondents used a 5-point scale, with 1 as the lowest score.) The aggregate ranking shows an intent for modest improvement.

<table>
<thead>
<tr>
<th>Capability</th>
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<tr>
<td>Shared Services/BPO</td>
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**FIGURE 1: Respondent Rankings Across Six Capabilities that Underpin Digital Strategy**

- **Governance, Risk Management, and Compliance**
  - Defined as: Well controlled

- **Organizational Alignment**
  - Integrated/centralized

- **Analytics and Measurement**
  - BI and analytics, local GAAP, IFRS, Big Data, Machine Learning

- **Business Architecture**
  - Streamlined, Integrated

- **Agility and Efficiency**
  - Customer-centric, cost-optimized, RPA, cognitive processing

- **Shared Services/BPO**
  - Centralized, leveraging robotic processes
However, given that many respondents have already achieved strong competency in each of the areas, the analysis which follows isolates respondents who chose a lower-tier score (1 or 2) for their current state for each of the questions, to see where, when, and why key investments are likely to take place. Among those who assigned their finance functions lower rankings, a sizeable proportion—more than 40% and as many as 60%—declared their intention to raise themselves from those basement tiers within 12-18 months. On the digital battlefield, the speed at which companies differentiate, and keep differentiating, themselves is a potent weapon.

Finance executives have clearly gotten that message, perhaps from observing how quickly corporate titans can be toppled. Among respondents who ranked themselves in the lower tier related to Analytics and Measurement, 60% plan to move out of the lower tier within 12-18 months. In their responses, finance executives see clear value in leveraging business intelligence, IFRS, Big Data, and Machine Learning. High-level analytics, and the tools that enable it, are increasingly seen as required capabilities by CFOs.

Nearly as many respondents, 56%, who ranked themselves in the lower tier related to Agility and Efficiency plan to reach higher ground within 12-18 months. Respondents see clear value in being customer-centric and cost-optimized, and in leveraging RPA and cognitive processing. A finance function cannot be agile if it is not efficient, and those key tools, among others, drive efficiency.

A similar proportion, 55%, of respondents who ranked themselves in the lower tier related to Business Architecture plan to head north within 12-18 months. Respondents see clear value in having a streamlined, integrated architecture. An inefficient business architecture constrains the organization, limiting the value that it can deliver.

About half, 51%, of respondents who ranked themselves in the lower tier related to Governance, Risk Management and Compliance plan to vacate the lower tier within 12-18 months. Respondents see clear value in ensuring that these core responsibilities of finance and the CFO are well controlled. Lack of control in any
of these areas can cause profound problems for the enterprise, as CFOs are all too aware.

Slightly less than half, 48%, of respondents who ranked themselves in the lower tier related to Shared Services/BPO plan to depart that neighborhood within 12-18 months. Respondents see clear value in leveraging centralized, shared services and robotic processes. CFOs feel that they must ensure that both cost savings and efficiency are maximized in this area.

The smallest proportion of respondents, 44%, who issued lower-tier rankings but expect improvement in the next 12-18 months were those clustered around Organizational Alignment. Respondents see clear value in having an integrated/centralized organization. CFOs feel that a distributed organization leaves finance exposed to operational inefficiencies and susceptible to spending that is less visible, and therefore less disciplined, than it would be in a centralized organization.

The CFO: Willing—and Ready—to Assume a New Role

Understanding existing capabilities can be as important as having a vision for future capabilities. Such information helps in formalizing the execution plan for an integrated strategy. It is equally vital to know how effective the CFO is in emboldening the organization to pursue the less-than-linear path to digital transformation. Inaction is not an option.

As part of the survey, respondents addressed the issue of whether their finance function can effectively engage on digital topics, sponsor digital initiatives, and move the organization to the desired level of digital competency. A strong majority of respondents (86%) agree that their finance leadership can effectively display such skills, fostering company-wide adoption by leading the way.

However, in many organizations the structure, tools, and culture don't fully support the CFO as a catalyst for growth. In the respondent ranking of how well core elements of their finance organization effectively sup-

Inaction is not an option.”
port a Catalyst CFO, enterprise technology finished well down the list (#6). This points to a clear opportunity for improving how finance can support growth. If systems do not support growth, there will be no growth. (See Figure 2.)

**A Transformed Mindset**

CFOs understand that adopting Business 4.0, and making the digital shift, is essential to transforming and growing the organization. The drive toward digital transformation is reshaping their work along with everyone else’s. CFOs must juggle the twin challenges of keeping the existing business growing while simultaneously reinventing it.

By effectively adopting and combining technology in innovative ways, they can use the continuous supply of real-time insights to fuel the company’s competitive advantage. As they drive new efficiencies, CFOs must also keep mitigating the risks that accompany the growth of the digital economy and ensure compliance with changing regulations.

As they adjust to the view from their new perch in the company’s analytic engine room, finance executives need to develop the know-how to provide guidance regarding the emergence of new competitive threats, the existence of any impediments to business growth and finance effectiveness, and the hype-free definition of what it means to provide effective leadership in the era of digital transformation.

Mirroring the ongoing advancements in technology, the skillsets of finance leaders will continue to broaden and deepen. As they strive to master the digital landscape, the value that CFOs offer the business will also shift from their traditional role as record-keeping advisors to their emerging position as forward-thinking digital strategists.
Chapter 2: To Support Digital Growth, Finance Chiefs Adopt a Machine-First Model

As much as the oncoming wave of digital technology may increase the speed of corporate decision-making, senior finance executives can’t allow themselves to be rushed when formulating a clear and comprehensive strategy for building a more agile organization.
Digital transformation represents a new direction for the business, as well as a transition for the CFO, who must now help architect a cultural shift that focuses on enterprise-wide outcomes rather than narrow individual goals. In addition to tracking cost-effectiveness, senior finance executives must serve as proponents of cultural change, promoting an environment that supports real-time decision-making and collaboration with investments in technology that dissolve data silos and enable data sharing. It’s up to the CFO to align technology with culture, prioritizing investments that will serve to construct an ecosystem that can support the shift from a traditional structure to a fully digitized operation.

Amid the digital transformation, senior finance executives must straddle two worlds, keeping one foot planted in economic reality while the other is submerged in fast-rising pools of data, which must be mined for predictive insights that can form the foundation of an emerging strategy. While managing the ROI their companies are realizing from technology investments, CFOs need to identify and install the people and processes that will also help the business maximize the value it gets from embarking on an ambitious digital transformation. While senior finance executives don’t have the luxury of adopting a wait-and-see posture, they must carefully identify pockets where digital technology can produce revenue growth.

As tidy as the phrase may sound, “digital transformation” carries different meanings for different kinds of business. Initially, digitization efforts mostly applied to new marketing and distribution channels; next, digital products and services emerged; then came vast ecosystems, as embodied in companies such as Amazon. Now, as technologies like artificial intelligence and robotic process automation arrive in the marketplace, digitization can also be applied to processes, where human labor is combined with automation. By adopting a Machine-First Model for delivery, finance executives can seamlessly merge human and machine effort to sharpen business differentiation.

Depending on the sector, a company’s most viable path to transformation may be to prioritize a single area, such as the supply chain. While CFOs must act boldly, they needn’t start as broadly as possible. Not every business is destined to be the next Google or Amazon, creating heretofore unseen entities by shooting ripples of disruption across multiple industries. By applying a mix of
digital technology and matching talent to the company’s most persistent pain points, CFOs can uncover a payoff in the form of increased efficiency and agility.

Reaching that point, however, often requires that CFOs lead the business through the early stages of coming to terms with the magnitude of the digital revolution. At first there may be an institutional lack of willingness to confront the impact of the new technologies, despite a watchful acknowledgement of their existence. The next stage is characterized by confusion, brought on by the overwhelming multitude of investment opportunities and directions. With the growing awareness that digital technology will fundamentally change operations and rewire decision-making, CFOs must winnow the options down to a strategy that suits the company, aligning with the capabilities it either possesses or is well-positioned to acquire.

CFOs **drive value** by allocating resources that will contribute to organizational transformation and technology implementation.

**Models of Maturity**

The survey conducted by CFO Research, in collaboration with Tata Consultancy Services, set out to evaluate the maturity of an organization’s digital leadership. As a framework, the survey used a maturity assessment model that ranks leadership on its ability to accept accountability for digital initiatives, to enable the technology to saturate the business, and to achieve clearly defined goals.

Digital technology, if managed wisely, offers opportunities for companies to creatively re-invent themselves and their operating models. As finance executives rebalance their responsibilities—moving away from traditional finance activities and toward providing strategic leadership—the source of their value to the business also shifts. They apply their financial acumen to driving value by allocating resources that will contribute to organizational transformation and technology implementation.

In the survey, senior finance executives rated their function’s performance—both current and future—along four different dimensions of digital competency. (See Figure 1.) The four areas, which are vital to creating a finance function that supports growth in a digitized organization, are:

**Figure 1: 689 senior finance executives rated their firms across four areas of digital competency**

- **Digital Enablers**
  - Real-time integrated solutions, multi/omni-channel enabled

- **Digital Strategy**
  - Measurable objectives, funding allocated, innovation-based

- **Business Structures, Ecosystems, and Culture**
  - Collaborative processes, expanded partnerships

- **Digital Leadership**
  - Digital accountabilities, social activity/recognition

1 - Cautious Follower  2  3 - Competent User  4  5 - Industry Leader
**Digital Strategy:** As owners of the budgeting process, as well as decision-makers regarding any subsequent reallocation of resources, CFOs need to inject discipline into those areas, setting measurable objectives in terms of both funding and outcomes. *Without clear plans and targets, whether assessing return-on-investment or calculating revenue growth, a digital strategy can be reduced to nothing more than a passing hunch.*

**Digital Leadership:** By building accountability into the digital business strategy, as well as fostering and modeling a new focus on innovation and experimentation, finance executives can help transform the enterprise at its core, rather than plastering a digital façade on the existing enterprise. A digitally transformed enterprise requires leadership that is practiced and confident in the use of digital tools. Any gains derived from technology can be lost when the CFO is seen as a reluctant adopter or bystander.

**Business Structures, Ecosystems, and Culture:** Respondents are revealing their strong awareness of the central role collaborative eco-systems play in enhancing competitive advantage and weathering business-model disruptions. To thrive as digital enterprises, organizations must identify and provide the necessary support, implementing a consistent and relevant set of practices, from designing the right talent mix to continually tweaking the operating model.

**Digital Enablers:** For CFOs to become digital leaders, they must implement such integrated capabilities as data analytics to equip the business to explore the digital frontier. Just as they need to broaden their aptitude to accommodate their emerging role as business technologists—becoming fluent in everything from IT architecture to talent development—CFOs must align their function’s capabilities to suit the latest technology, a critical component of success in the digital age.

Many survey respondents ranked their companies as having already achieved strong competency in each of the areas, planning for incremental improvement in the future.

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<tr>
<td>Digital Enablers</td>
<td>3.444</td>
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(5-point scale, where 1=low and 5=high)

**Current Investments in Digital Transformation**

CFOs have already begun making resource allocation decisions that reflect their expanded role as business strategists intent on making decisions that will fuel digital success.

When it comes to directing spending toward digital transformation initiatives, the survey found that 60% of respondents are devoting at least 20% of their current finance budget to such plans. An additional 35% are devoting at least 30% of their current finance budget to digital transformation initiatives.

Senior finance executives are also well aware of the key role that employees play in accelerating digital transformation. In the survey, 56% of respondents are devoting at least 20% of current finance FTE time to digital transformation initiatives, and 32% are devoting at least 30% of current finance FTE time to digital transformation initiatives.

By following the core principles of the Machine-First Delivery Model, both employees and technology will continue to grow more digitally dexterous, uniting to drive the company toward making unparalleled gains in a multitude of areas.
Future Investments in Digital Transformation

Having embraced the potential of digital technology to reshape their businesses, finance executives are planning to continue driving the adoption of digital capabilities in the year ahead. (See Figure 2.)

Among survey respondents, 59% plan to increase their total spending on digital transformation initiatives by at least 5% in their budget next year. A third of respondents anticipate boosting their total spending on digital transformation initiatives by at least 10% in their next-year budget.

Interestingly, the high performers are committing to investing the most in digital transformation. More than three-quarters of industry leaders (scoring 4-5), 77%, plan to increase their total spending on digital transformation initiatives by at least 5% in their next-year budget. They are under no illusions that their hard-won place among the digital elite is secure.

Slightly more than half of respondents, 52%, say they plan to increase their total FTE time spent on digital transformation initiatives by at least 5% in the next 12 months. A smaller proportion, 29%, expect to increase their total FTE time spent on digital transformation initiatives by at least 10% in the next 12 months.

Once again, among the industry-leader segment, 71% plan to increase their total FTE time spent on digital transformation initiatives by at least 5% in the next 12 months.

Interestingly, it appears that digital technology sells itself; the more companies drink in digitization, the thirstier for it they seem to become. It appears that respondents who have embarked on transforming their businesses digitally feel validated in continuing to follow that path.

“High performers are committing to investing the most in digital transformation.”
The Imperative to Improve

By focusing on “Cautious Follower” respondents who selected a lower-tier score (1-2) for their company’s current status in each area of digital competency, the results provided unique insight into the urgency senior finance executives bring to extracting value from digital technologies and organizing their businesses to foster innovation.

Within each category, up to 42% of respondents who graded their companies on the lesser tiers expressed an urgency about making tangible improvements within the next 12-18 months. They clearly understand the dramatic benefits that can result from reshaping the finance operating model. They can also measure the path to reaching—and staying—at the top, as revealed by survey respondents.

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<th>Of respondents scoring 1-2</th>
<th>% Planning to Improve</th>
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Conclusion: Digital CFO as Masterful Problem-Solver

To conquer the digital domain, finance executives must take on much more than performing economic analysis. Not only do they need to become business strategists, but they also must develop into sophisticated problem-solvers who can span multiple technologies and figure out ways to scale delivery models to capture new opportunities.

Given the rate and breadth of technological innovation—in areas ranging from cybersecurity to DevOps—CFOs can’t hope to master every technical discipline. But they can cultivate an approach for applying new technological tools and addressing unfamiliar business challenges.

In the absence of developing such competencies, they risk having their companies fall behind in the pursuit of digital transformation. By making the right investments, finance executives can position themselves as sources of analytic insight, exploring how best to create value in a digitized economy. The challenge they face, after all, is not strictly about choosing a strategy to drive digital technology. They must be satisfied with nothing short of leading an enterprise-wide revolution.
Chapter 3: To Become Catalysts for Growth, Finance Chiefs Are Actively Adopting Strategies, Technologies, and Agile Business Models

As dazzling as digital technology can be, it can never serve as a substitute for solid business strategy. While brainy algorithms and meticulous data can be the raw materials from which senior finance executives will build a better competitive edge, such advances by no means guarantee the emergence of a sophisticated and triumphant digital business model.
The push such tools offer, however, can get the strategic ball rolling. Within the finance function, advances such as artificial intelligence and machine learning can shave time off rote tasks and ensure that employees are equipped with the necessary information to perform their jobs ultra-efficiently. As AI relieves their daily workflow of the time-consuming burden of searching for, transforming, and collating data, employees can allocate more of their efforts to creative—and customer-facing—activities. Put another way, automation can take over aspects of their work where humans offer little distinct proprietary advantage.

But such an arrangement must enable an overall re-imagining of the company's business model. As stewards of financial data, and business partners with the CEO, senior finance executives now play a unique role in conceiving and implementing business strategy. Their deep understanding of the business, combined with their technical ability to turn all kinds of data into actionable plans, positions them to help drive organizational behavior, spreading the company’s objectives throughout its constituent business units.

It’s up to senior finance executives to translate any new corporate strategy into metrics and performance indicators that every employee—whether part of an efficiency-focused operational team or a customer-oriented function fixated on sales-effectiveness—can grasp and embrace.

“Senior finance executives now play a unique role in conceiving and implementing business strategy.”

The New “Explainer-in-Chief”

The CFO’s part in the digital transformation represents the culmination of an ongoing overhaul in the role. Traditionally known for their adeptness at squeezing cost out of the function’s transactional activities—by championing such tactics as offshoring, centralizing, and re-engineering business processes—CFOs have now been elevated to act as advisors and coaches to top management.

Rather than simply allocating resources to new technology, the most proactive finance executives now apply a business-based perspective to assessing the potential of digital technology. Implementation must be grounded in achieving specific results and outcomes, from driving better-informed decisions to managing risk more effectively. By consistently drawing a clear connection between strategy and financial performance,
they keep the company in alignment. Like technology, the role of the CFO has expanded from being an enabler of growth to serving as a key component in a company’s success.

Fulfilling that role, at a time when business architectures are rapidly evolving, means becoming, to borrow a skill often ascribed to former U.S. President Bill Clinton, “explainer-in-chief.” It’s no longer enough for CFOs to capture the company’s condition by assembling traditional accounting metrics; they now need to explain changes in the customer base and marketplace. Backed up by data, they need to articulate the gap between how management currently sees the company and how it should be looking at the business.

Even on the most fundamental level—how the company does (and will) make money—the shifts are seismic. Legacy businesses that were built around the efficiencies of mass production or mass marketing are now shifting toward structures centered on massive data, relying on platforms that enable them to process and analyze information that can reduce their costs or improve the precision with which they target customers.

Even a traditional, old-line manufacturer, an automaker, may find the source of its future profits less in products and more in services. That depends, of course, on whether it defines itself as competing primarily with Tesla or Uber.

As a demonstration of how dramatically metrics have changed, it’s worth noting that Uber recently reported a quarterly profit for the first time since its founding in 2009. Tesla’s success is a function of its capability when it comes to owning customers. While CFOs previously characterized performance using producer-based metrics (ROI, ROA), the path to profits is now often mapped out using customer-oriented measures such as customer acquisition cost, churn rate, and lifetime value.

How can senior finance executives negotiate these monumental moves—and where do they find themselves most challenged? The survey findings reveal that, their efforts to grow into flexible and future-oriented finance leaders require them to overcome the inevitable growing pains.

**FIGURE 1:** What are the biggest challenges facing Finance leadership as it seeks to catalyze growth?

- Connecting new strategies with new revenues *(cited by 47%)*
- Securing Finance resources/talent *(45%)*
- Leveraging Cloud applications to support finance and enterprise applications *(39%)*
- Changing the perception of Finance/the CFO in the enterprise *(35%)*
- Engaging the customer *(33%)*
- Leveraging leading-edge analytics *(30%)*
- Identifying opportunities and leveraging Robotic Process Automation *(24%)*
Rising to the Challenges
The complexities senior finance executives say they are confronting reflect the exponential growth of transformative technologies—the cloud and robotics, to name just two—as well as the strategic pressure they feel to adapt to such changes ahead of their competitors.

When asked to rank the biggest challenges facing finance leadership as their organization seeks to catalyze growth, the most frequently chosen response is connecting new strategies with new revenues. (See Figure 1.) When we look closely at this list of challenges, however, it reads more like a list of goals that would define success as a “growth catalyst” CFO. These are the key tasks undertaken by the CFO of an agile enterprise.

A strong majority of respondents (88%) agree that their finance leadership can effectively sponsor digital initiatives that align the organization with its chosen growth path. Not surprisingly, they view C-level sponsorship as critical to their success. The CEO and CFO, along with the top leadership team, need to agree as to what success will ultimately look like. Achieving such alignment typically begins with presenting a well-articulated case for large-scale transformation, then implementing practices to track progress and benefits along the way.

CFOs as Catalysts
Strategic CFOs can take a broad range of actions to support growth. Unlike the compliance and control-oriented activities they focused on in the past, they now need to focus on implementing strategic, high-value components of a successful growth plan.

The most significant responsibilities they can assume in that regard include ensuring that data/analytics are being used strategically as well as getting involved in the development of next-generation business models (e.g., Business 4.0). As part of the survey, respondents ranked the most important actions that a CFO can take to become a catalyst for growth, and indeed ensuring that technology supports innovation is at the top of the list. (See Figure 2 for the full list of key enabling growth actions.)

As the list indicates, senior finance executives need to be looking beyond their own function and into the broader organization as well as the business environment at large. To develop effective strategic plans, they must monitor the horizon for emerging—and relevant—developments.

“Executives need to agree as to what success will ultimately look like.”

FIGURE 2: What are the most important actions that a CFO can take to be a catalyst for growth?

Ensure that all technology needed to support innovation is available and usable (cited by 48%)
Ensure that cross-business data and analytics are used strategically across the enterprise (47%)
Be extensively involved in the development of next-generation business models for the organization (44%)
Create a Finance culture that is supportive of, and integrated with, businesses across the organization (43%)
Be actively engaged in the risk-taking decisions of the business (e.g., pricing) (43%)
Expertise in Digital Tools

In the survey, senior finance executives also strongly confirm that they need to use advanced tools to support smarter decision-making and provide forward-looking models. Such tools are critical to sophisticated resource-management, budgeting and forecasting, and core functions. As part of the survey, respondents ranked the likelihood of using specific tools within the next 12 months to support growth. Big Data/Analytics headed the list (see Figure 3).

So it is clear from the survey that senior finance executives not only need to understand digital technology, but they also must cultivate an outlook on how emerging technologies will affect strategy, business models, and customers.

A Transformation of Their Own

The transformation to a digital economy puts CFOs in a pivotal position: in the crowded corridor between fast-developing new technologies and upstream business activities, such as operations or customer service. It’s up to finance to find, and spread, unique insights into how the business can keep improving.

Data-driven decisions will ultimately reshape organizations by pushing them to focus on customer-centric capabilities. The transition to an agile operating model—whether that means faster innovation or deeper cross-functional collaboration—will drive finance leaders to rethink business structures, separating core from non-core activities based on the capabilities that they’ve determined matter most. Equipped with the right combination of digital tools and know-how, companies will be able to make fast changes to accommodate shifts in customer behavior, competitive situations, or economic conditions. Evolving business structures will be less organized around functional tasks such as IT or sales and more about constructing a business platform that cuts across vertically siloed functions and facilitates the efficient use of customer-centric data.

Having reoriented their vision to take an end-to-end view of the enterprise, the CFO will grow skilled at identifying the kinds of data and insights that should help shape, and improve, corporate strategy. In addition to measuring the impact that digital transformation is having on the business, senior finance executives will be employing advanced tools to actively deliver strategic value. As they lead the transformation to digital technology, senior finance executives will be converted into catalysts for keeping the enterprise growing.
Conclusion

By applying laser-like commitment and focus to overcoming the challenges of fostering digital maturity, finance executives ensure that their companies don’t get sidetracked or lose sight of their organizational priorities. No sooner will their functions acquire new technologies then the company will see results in the form of better productivity or decision-making.

Rather than spending their time manipulating data on spreadsheets, finance executives will be developing improved insights and judgments, informed by sophisticated analytics tools. And they’ll keep pushing future-oriented initiatives, driving to align today’s finance function with the one they know will soon exist.