

# Deep Dive into the Future of Finance

Key Priorities, New Use Cases & the Digital Roadmap for the Future CFO

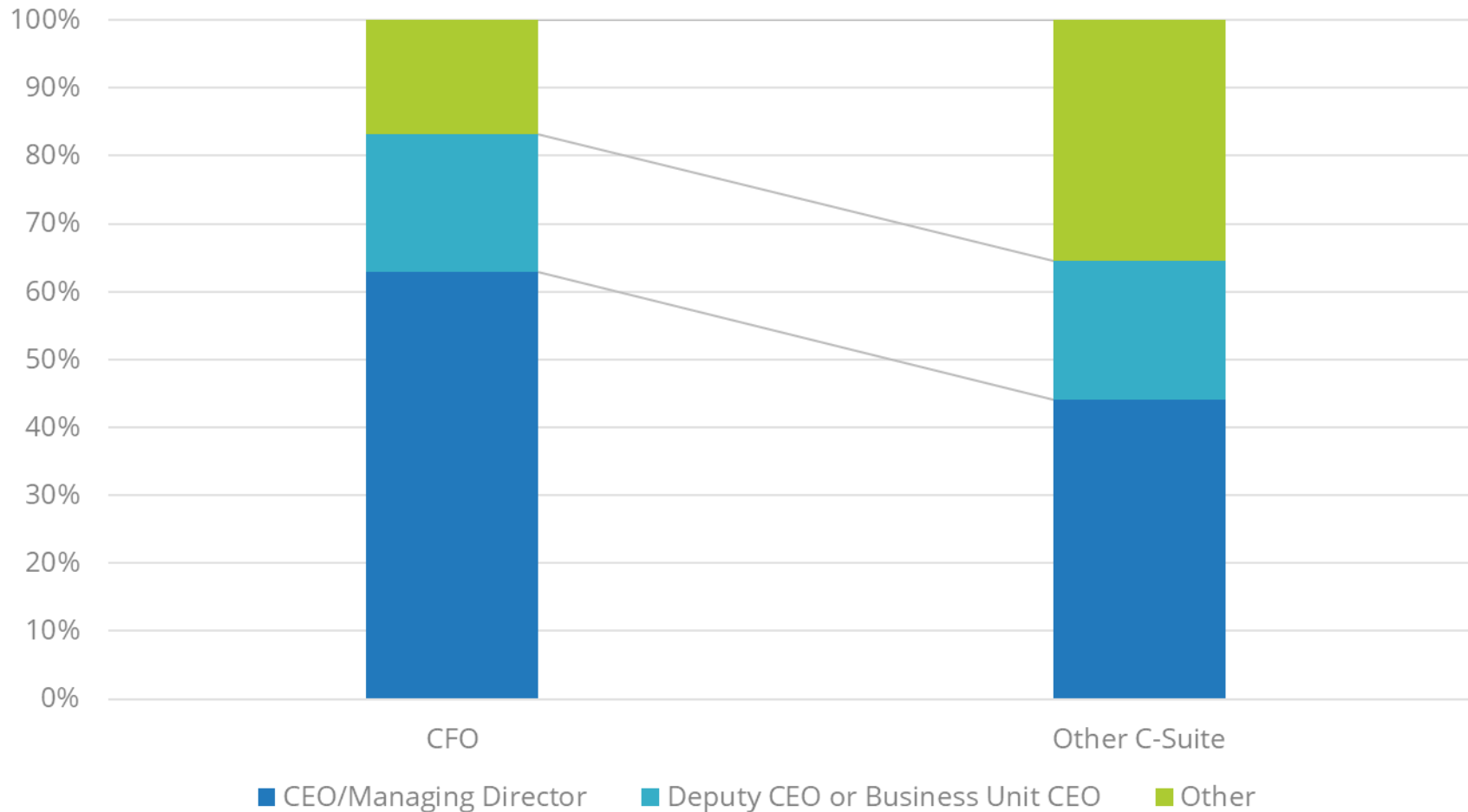
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# Background & Agenda

- This report draws on in-depth C-Suite survey data based on more than 100 interviews with Finance Executives across North America, Europe and Asia/Pacific conducted in 2021
- It focuses on:
  - The evolving role of the CFO – past, present and future
  - Business priorities, tech investments and key metrics for the finance function
  - Emerging use cases for the finance function in terms data-driven decision-making, dynamic planning and digital value realization
  - Recommendations for Finance Executives to thrive in a Digital-First World.

# CFO Reporting Lines

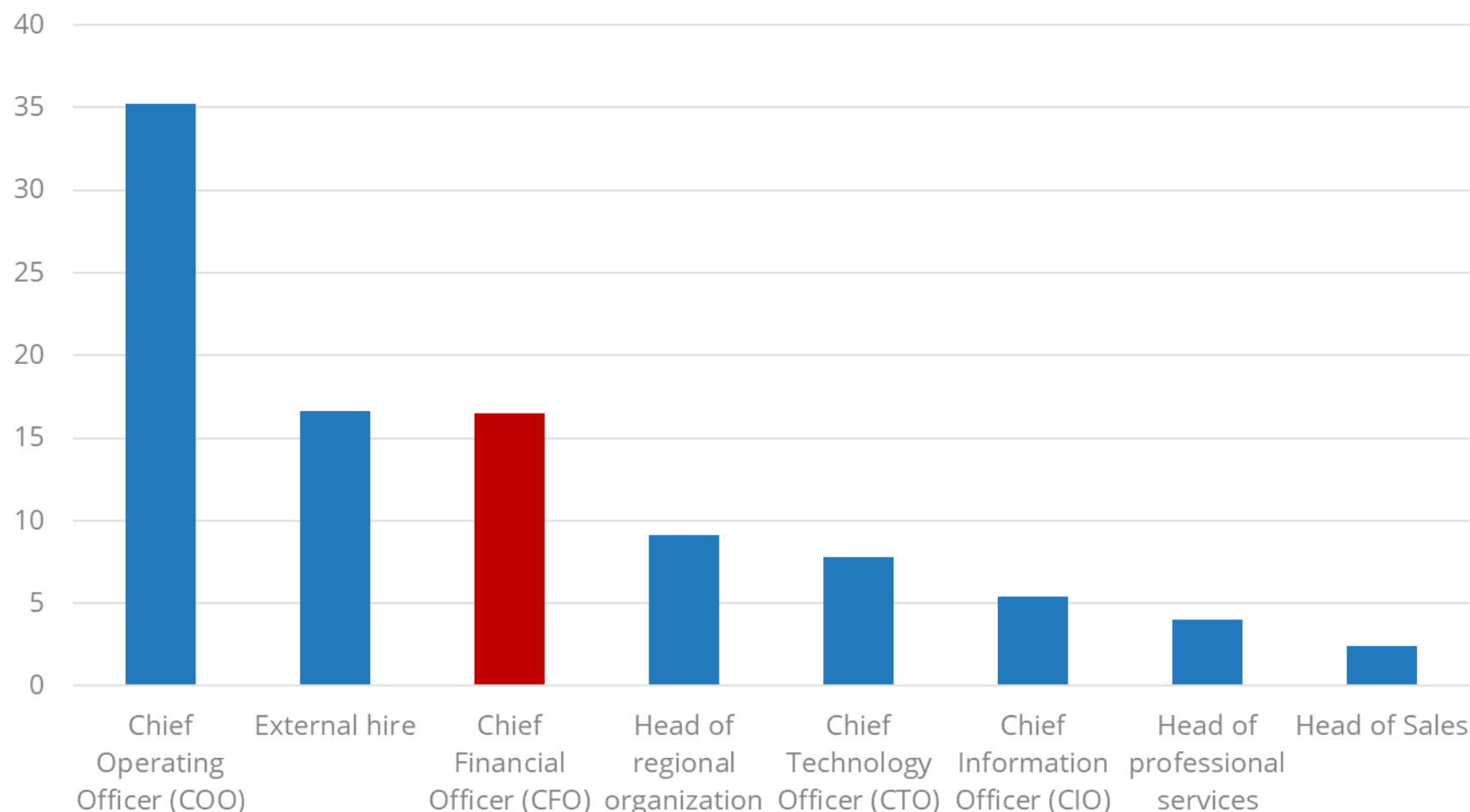
## Which of the following is your direct manager?



- Currently 83% of CFOs report into either the CEO or Deputy CEO/Business Unit CEO
- This proportion represents the highest across the C-Suite (compared to 8 other C-Suite roles)
- This number is higher in Western Europe (92%), but slightly lower in Asia (80%) and on par in North America

# Probability of CFO Becoming the Next CEO

## Q. Which role in your organization is most likely to become the next CEO?



- IDC's C-Suite research shows that the CFO is currently 3rd in line to becoming the next CEO in their respective organizations
- Generally, most CFOs target the COO role as a stepping-stone to the top job
- It is noticeable that technology leaders (CIO & CTOs) feature a lot higher on this list than they would have in the past
- However, there are significant regional differences with this data. For example, in Western Europe the external hire tops the list (by some distance)

# The CFO: Past, Present & Future

CFO: Past



Reducing costs

Managing Risk

Optimizing Business Process

CFO: Present



Enabling the Business

Business agility and insight

New Product/Service Enablement

CFO: Future



Driving Business Strategy

Business Model Transformation

Delivering New Revenue Streams

# The Finance Leader as Part of the Digital Dream Team



## What's Different?

- Every Function is a **Technology Function**
- **Technology leadership** has a seat at the table
- The CEO is personally engaged – **ensuring that this is a group of equals** in a **Digital Tug of Value** (VS Tug of War)

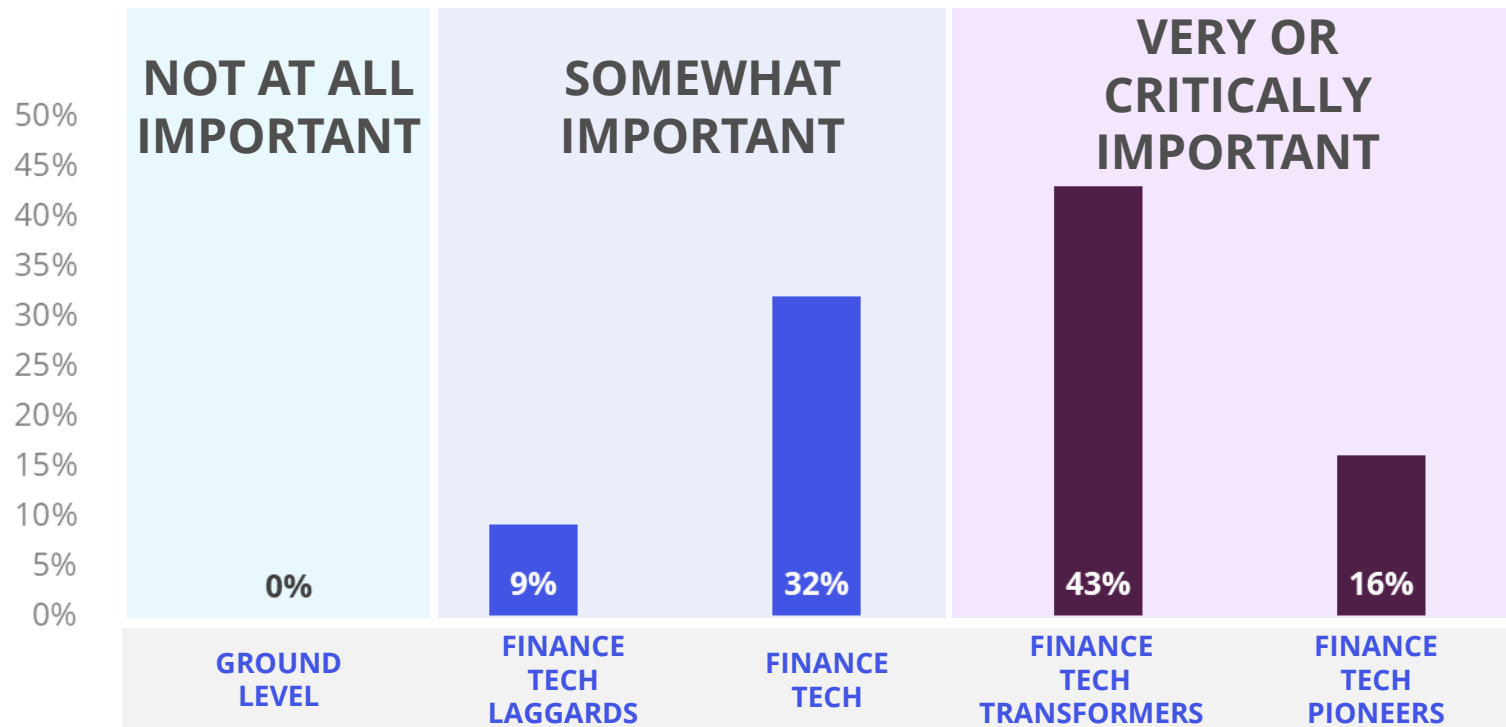
**80% of Finance Executives plan to increase or sustain Finance tech budgets in 2021**

## What's New?

- **Business outcomes** prioritized over technology features
- Demand for **quicker time to value**
- **Use Cases** are the language with measurable **KPIs** behind

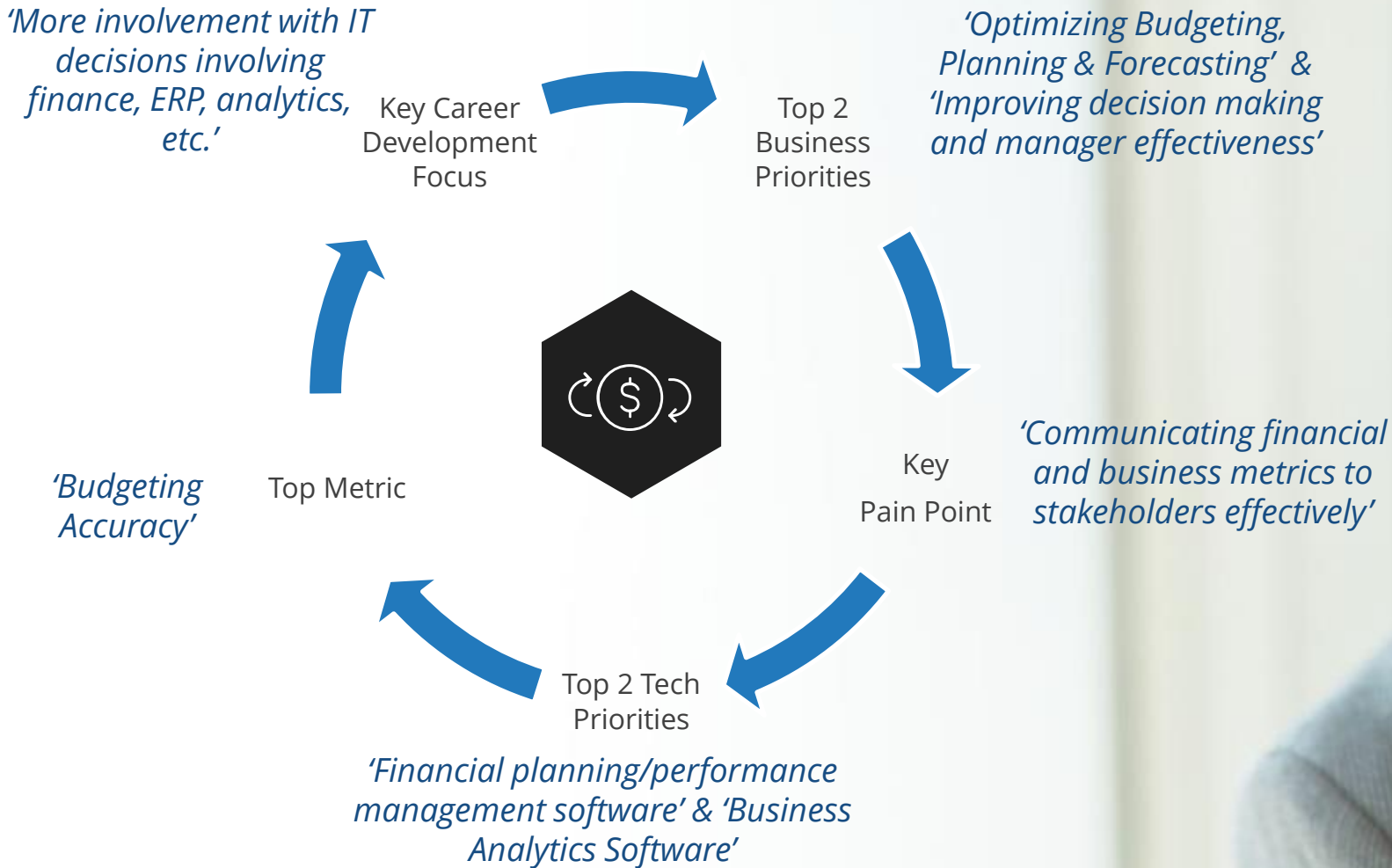
# 59% of Finance C-Suite Executives Believe that Finance will need to Transform in their Respective Organizations Leveraging Technology

**Q: Please indicate the extent to which Finance will need to transform in 2021 leveraging technology.**



- IDC believes that in order for the CFO to become the business enabler for the CEO and deliver strategic guidance for the business, he or she will need to invest more proactively in technology to improve decision-making and deliver real-time visibility on critical financial metrics to the business.
- Finance Function will need to leverage new technologies to become more:
  - Data-driven
  - Highly Automated
  - Analytically Savvy
  - Responsive to Changing Market Dynamics

# Key Business/Tech Priorities, Pain Points & Metrics for C-Suite Finance Executives





# Key Business/Tech Priorities, Pain Points & Metrics for C-Suite Finance Executives

- It is clear from the survey results that the Future of Finance will be tied to improved data management, analytics, planning and performance management. These technologies will be critical to helping the CFO to become the business enabler of the Future Enterprise.
- However, given the turmoil in the market at the moment, it is critical to build a new digital roadmap with prioritized use cases that align to the business priorities of the finance function.
- Obviously, every digital roadmap for finance will look somewhat different, and the use case journey will be organization dependent. But it is critical for the CFOs to drive alignment internally within the finance function, but also externally across the broader business leveraging this roadmap



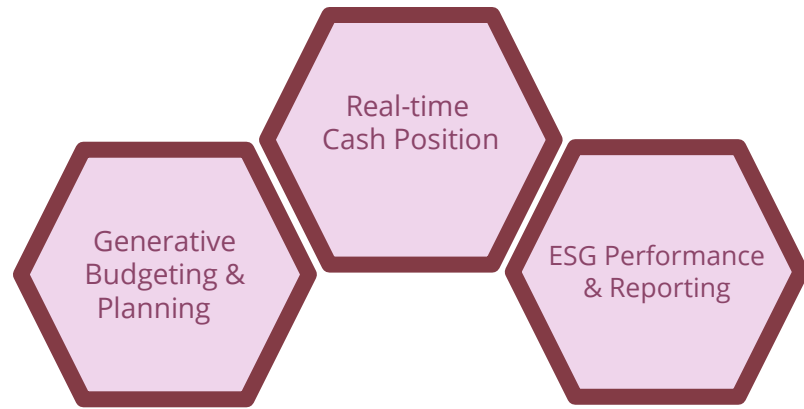
# Building a Digital Roadmap for the Finance Function



Source: IDC Digital Transformation Use Case Taxonomy for Finance (For more details see: <https://www.idc-dxusecases.com/function/finance/>)

# The Use Case Journey for the Finance Executive

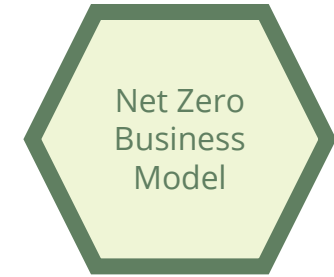
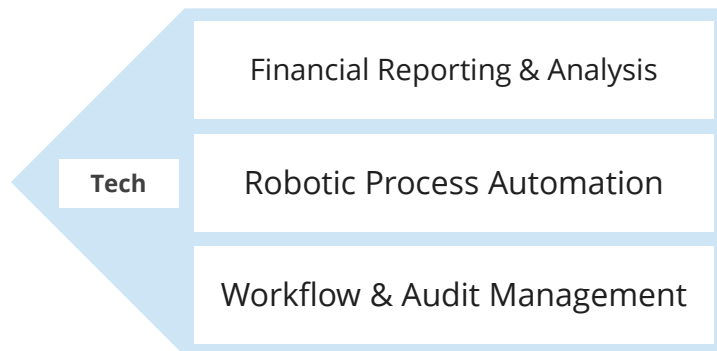
## The Importance of Metrics



**Key Metrics:**  
**Budgeting Accuracy**  
**Liquidity Ratios**  
**Cash Flow Levels**



**Key Metric:**  
**# Time to deliver the Financial Close (Reconciliation & Reporting)**



**Key Metric:**  
**Carbon Adjusted Earnings per Share**



# A Prime Automation Target

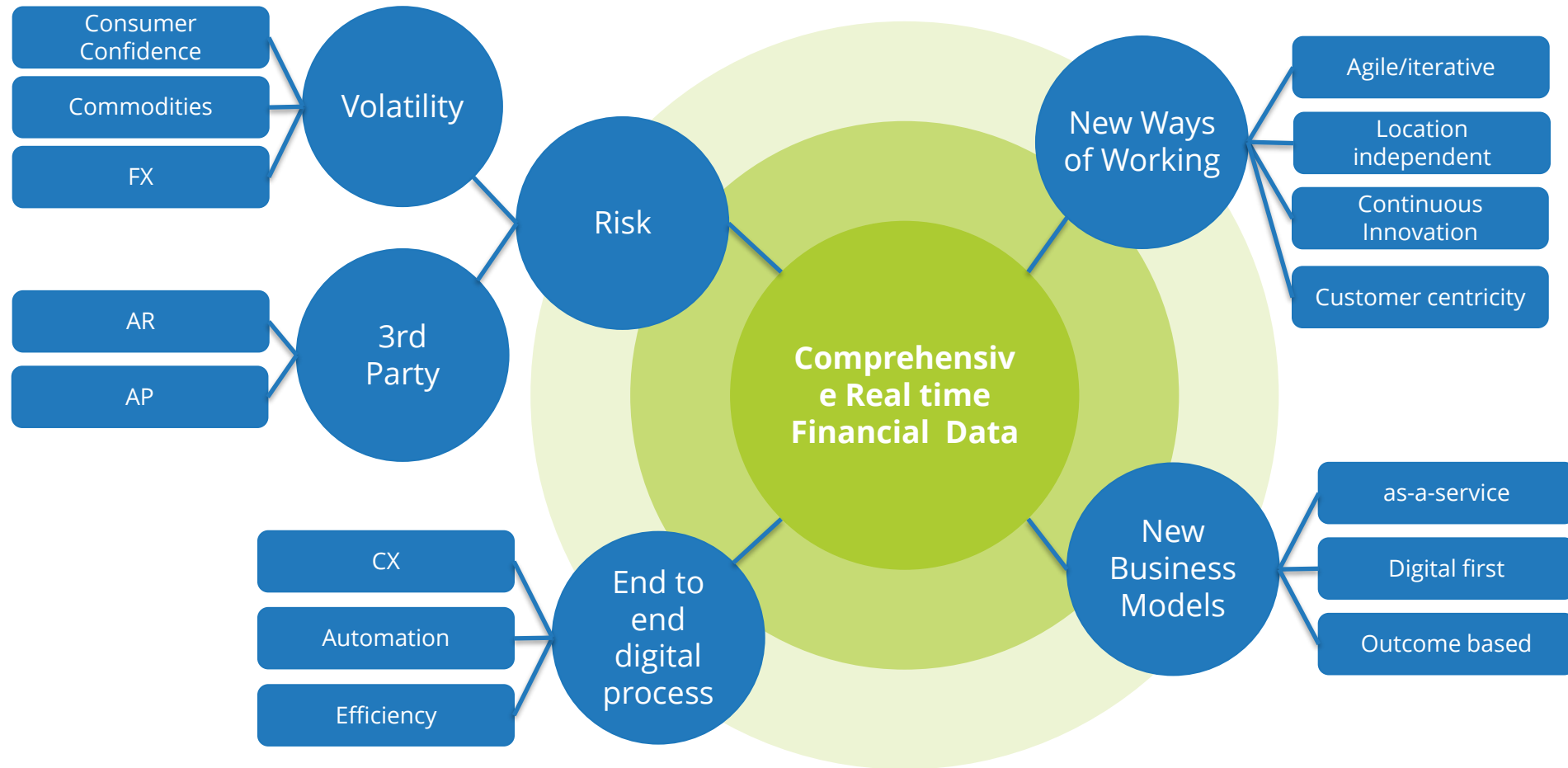
## Finance is a prime candidate to benefit from advanced automation:

- Repetitive processes
- A focus on **speed and efficiency**
- Accuracy and error reduction
- Large datasets to support machine learning
- Pressure to digitize from multiple stakeholders
- Humans are freed to focus on higher value tasks such as analysis and making recommendations

## The finance function Can choose from four routes to automation

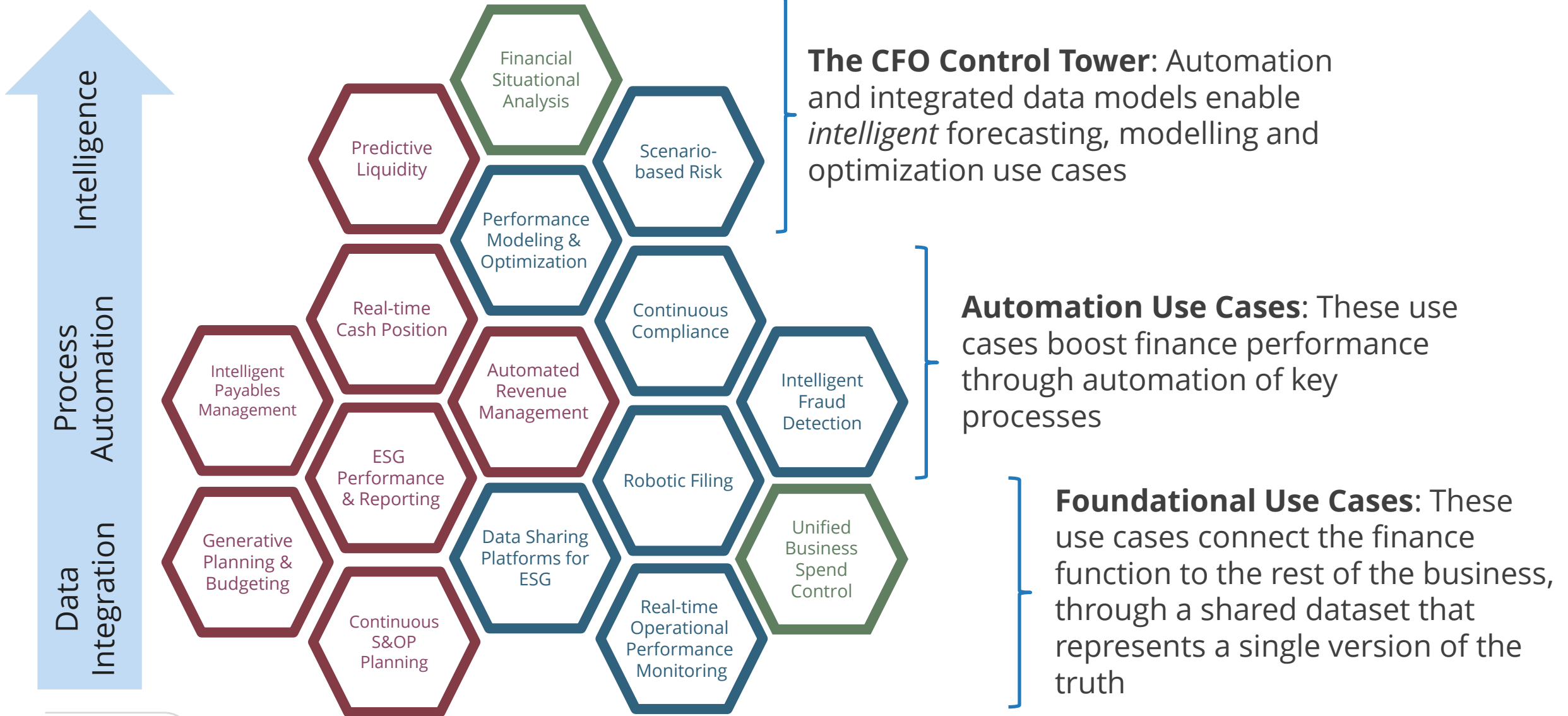
	<b>Automation Applications</b>	<b>Enterprise Applications</b>	<b>BPO Services</b>	<b>Task Apps</b>
	<ul style="list-style-type: none"><li>• Universal automation such as RPA</li><li>• Chat bots</li></ul>	<ul style="list-style-type: none"><li>• Automation embedded within workflows</li></ul>	<ul style="list-style-type: none"><li>• Typically a blend of software and services</li><li>• Executed by a service provider</li></ul>	<ul style="list-style-type: none"><li>• Mini task specific applications to automate repetitive tasks</li></ul>
<b>Limitations</b>	Not finance specific and requires skills to implement	Accessing advanced automation may require a major upgrade	Only applicable to processes suitable for outsourcing	Limited to a particular use case and may require integration

# The Demand for Real Time Data



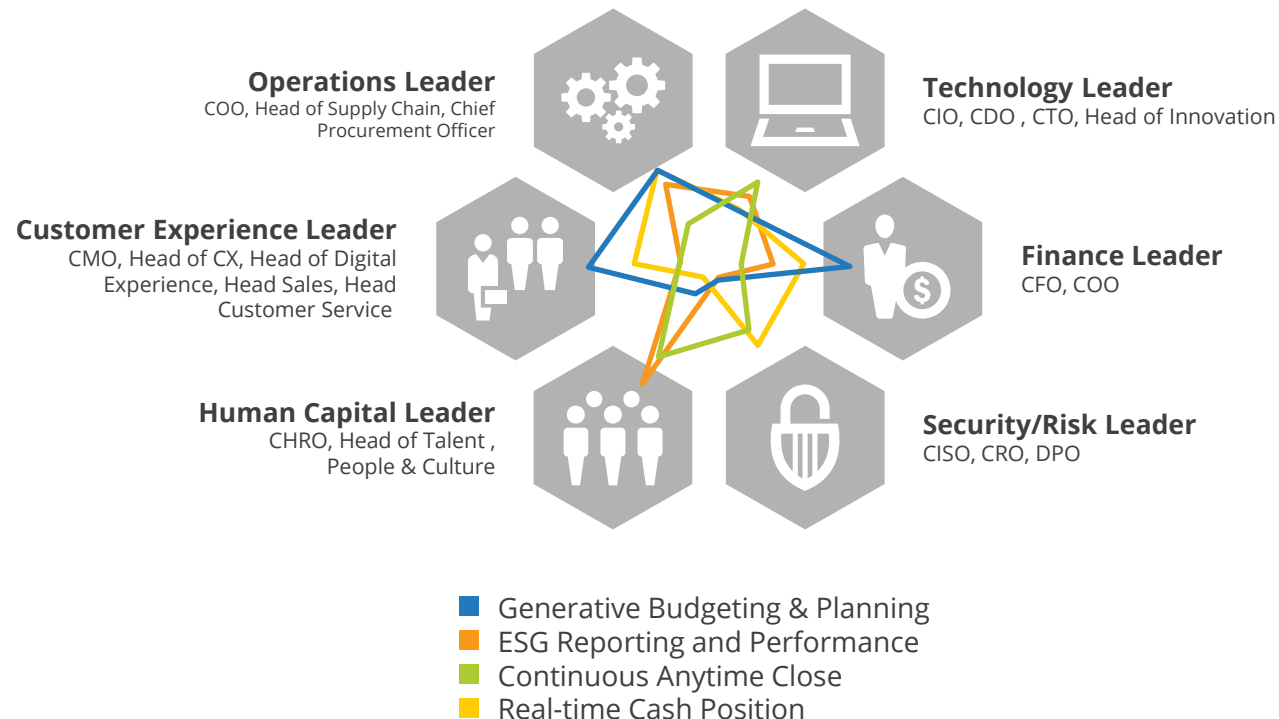
**A multitude of business pressures and uncertainties point towards a need for a comprehensive and real time view of financial status**

# Foundational Use Cases Support and Intelligent Apex



# Recommendations to Deliver the Future of Finance

## Delivering New Digital Value Across the Digital Dream Team



- Think C-Suite Orchestration, not LoB Results – Accelerate the Digital Tug of Value
- Develop that a new digital roadmap for the finance function with prioritized use cases with metrics agreed upon by the Digital Dream Team
- Identify key technologies and partners that will provide improved financial visibility and real-time decision making

# Related Research

Document Title	Document Number	Publication Date
The C-Suite Tech Agenda for 2021: What's Top of Mind for Finance Executives?	IDC #US48179621	July 2021
How Should C-Suite Executives Address Hurdles to Digital Transformation and Close the Digital ROI Gap?	IDC #EUR147768421	May 2021
Perspectives on the Future Finance Function: The Evolving Role of the Finance Function, the CFO, and Supporting Technologies	IDC #EUR147723820	May 2021
What is the Top Business Objective for Finance in 2021?	IDC #US47063821	April 2021
The C-Suite Tech Agenda for 2021: Business Priorities, Hurdles, and Tech Investments	IDC #EUR147497321	March 2021
C-Suite Tech Dynamics in 2021: New Budgets, Roles, and Use Cases	IDC #EUR147723820	March 2021





## For Additional Information

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