



# Future Ready Finance Survey

**Learn what high-performing  
organizations are doing differently**

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# Don't gamble on the future. Act now.

Stephanie Terrill, Global Lead of Financial Management, KPMG International

**CFOs face a host of forces that have opened up opportunities for Finance to take a leadership role in the enterprise like never before. Factors such as rapid technological advancements, relentless regulatory changes, the rise of agile enterprise models, an explosion of data, and a heightened need for analytics have combined to place an abundance of new demands on the Finance function. While these demands can seem daunting, with the right operating model, tools and talent—Finance can rise to a strategic leadership role.**

KPMG's Future of Finance initiative was developed to identify how Finance must evolve to adapt to these forces and take a posture of enterprise leadership. As part of the initiative, KPMG professionals surveyed more than 850 senior Finance and management executives across industries and geographies on their priorities, challenges and capabilities. The data from the survey reveals how Finance organizations are coping with this rapidly changing business environment, and their progress in implementing agile operating models, new Cloud-based technologies, data and analytics, and extreme automation.

The survey results present a mixed picture of the current state of Finance. On the one hand, the majority of Finance organizations are well in tune with the requirements of the new reality, and have sought to balance maintaining their traditional responsibilities as a controller, such as risk management and controls, with developing new capabilities as an enterprise performance manager, such as dynamic capital allocation



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and planning and forecasting. The real challenge is not forming a strategy, but rather executing this strategy: the survey shows that nearly two-thirds of organizations have struggled to implement their most forward-thinking priorities.

Needless to say, the stakes have never been higher. Finance organizations that fail to adapt risk being left behind as their companies lose market share and confidence in finance’s ability to accurately report and forecast performance. This often results in shadow finance organizations within business units.

The good news is that success is achievable. Indeed, a small group of Finance functions at high-performing companies<sup>1</sup> have not only been able to adapt to this new environment, but to thrive in it. These organizations are far more successful in executing on their most important imperatives, employing next-generation automation and analytics technologies to provide critical insights to inform business decisions, and becoming a force for innovation within their enterprises.

**A number of capabilities distinguish these exemplar Finance functions from others:**

- > New ways of working with business partners, utilizing an agile operating model that promotes collaboration and blurs the distinction between Finance and other business functions.
- > An emphasis on predictive and prescriptive analysis and insights to guide forward-looking business decisions rather than simply measuring past performance.
- > Automation of data management, transactional processes and other activities of low strategic value, freeing Finance staff to focus on higher value-added activities.
- > Supporting, and in many cases leading, enterprise-wide innovation through dynamic capital allocation that balances investments in core areas with known technology with riskier, new-to-the-organization or sector technologies.
- > A relentless focus on talent, ensuring that the Finance organization has access to the high-level analytical, design thinking, and technology skills needed in the future.

While the forces of disruption are real, so is the opportunity. Finance organizations that can master these capabilities can expect to prosper in the new environment. ●

<sup>1</sup> High-performing organizations are defined as ranking in the top 16 percent on a combined measure of revenue and profitability growth

# Key findings

## Channeling change



**Forward-thinking Finance functions have begun to master the current environment of business disruption and technological change.**

**These organizations significantly outperform their peers** in driving revenue growth and profitability by combining agile service delivery models (SDM), extreme automation using Cloud and emerging technologies, and advanced analytics

to enable data-driven performance management and decision making.

**High-performing companies enjoy a success rate of 50 percent or more** on almost all initiatives, while the rest typically have a success rate of 25 percent or less.

## Pursuing priorities



**Most Finance functions, however, struggle to succeed at their most important, future-oriented initiatives.**

**Less than a third (28 percent) view their current initiatives as a “great success”** across a range of priorities.

**Finance especially struggles at using data and analytics (25 percent success rate)** and

extreme automation (22 percent success rate) to increase the quality of analysis it provides.

**Finance also falls short** at supporting their organizations in **responding to disruption and enabling innovation** (27 percent very strong support), **two of the most critical capabilities** for the Finance organization of the future.

## Extending the edge



**Finance at high-performing organizations leads rather than follows on key business priorities.**

At most organizations, **Finance overemphasizes operational and cost-reduction** focused initiatives relative to the priorities of executive management, at the expense of higher value-added activities that increase automation and agility.

**At high-performing organizations, the opposite is the case**, with Finance placing a higher priority than executive management on planning (36 percent vs. 18 percent) and insight generation (47 percent vs. 32 percent), though still maintaining a focus on cost of service.

## Dominating data



Dealing with the avalanche of data by solving the “basics” is the first step on the path to enhanced analytics.

**Data quality is the single greatest challenge to improving analytics capabilities at non high-performing companies** (43 percent), followed closely by difficulty integrating new analytics tools with legacy systems (38 percent).

These two items are critical prerequisites to providing enhanced analytics and predictive forecasting.

**High-performing finance functions** have this foundation in place, and **have now shifted their attention** to determining what business questions they should answer **to help their organization remain competitive and gain market share** (39 percent).

## Attaining automation



Extreme automation brings both promise and perils for talent.

While **the vast majority agree that automation will allow Finance to focus more on higher value-added activities** and less on transactional ones (78 percent), few have been able to adapt their skill bases to the realities of a more automated workplace.

And, while almost all agree automation will have a significant impact on their overall staffing levels (75 percent), there is no consensus on the direction or magnitude of this effect.

**High-performing organizations excel at both anticipating the impact of automation on their talent needs and at reskilling existing staff** with exception management and analytical skills so that humans and machines can effectively co-exist.

Accordingly, while high-performing organizations expect a much higher percent of their finance workforces to be impacted by automation (**45 percent expect more than one-fifth of their staff to be impacted** vs. 20 percent of others), they also expect to retrain and retain a much higher proportion of their staff (61 percent retention of 75 percent or more of impacted staff vs. 43 percent).

# Roadmap to a future ready finance function

## Establish a digitally-enabled service delivery model.



Do not optimize Finance processes in isolation. Instead, design operating models that enable end-to-end processes that transcend functional silos and promote self-service within the organization while ensuring a strong focus on the customer.

## Transcend Finance's role as a control function to become the enterprise focal point of enabling better business decision-making and driving enterprise performance.



First determine what questions the business most struggles with, then identify what data, analysis technologies, and skills are needed to answer them. Harmonize data sources and establish a single source of truth that can be relied upon for insight generation.

## Lead in driving the adoption of advanced analytics and automation technologies.



One of the most critical characteristics that distinguishes high-performing organizations from others is that Finance places an even higher priority than executive management on using automation and advanced analytics to increase the quality of analysis and insights needed to answer the most pressing business questions.

## Think like a venture capitalist.



Create an agile program funding mechanism separate from the annual budgeting process that balances investments in core areas with riskier ones, and relies upon forward-looking investment criteria that go beyond pure ROI.

## Take a comprehensive, flexible approach to talent.

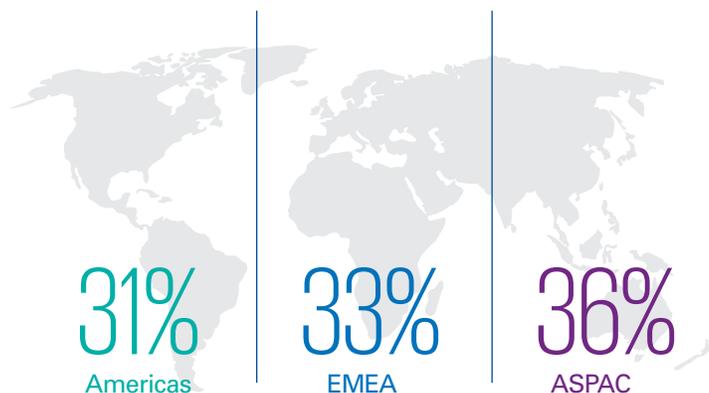


Given the scarcity of the most important skills sets needed in the next-generation, focus on developing staff with high-level "enabling" skills that can adapt to the changing technological landscape, and build, buy and borrow skills as needed.

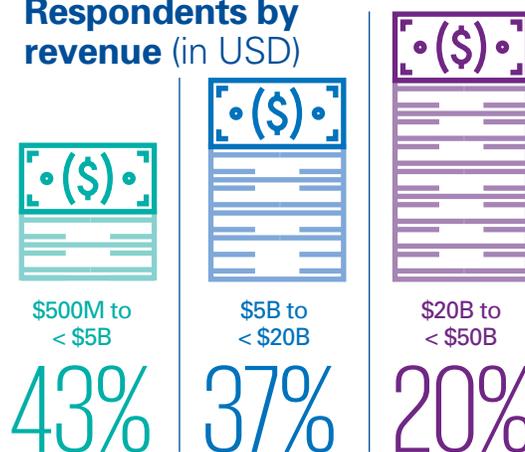
# About this survey

Total number of respondents: **859**

## Respondents by region



## Respondents by revenue (in USD)



## Respondents by title



## Respondents by industry



# Contact us

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