



# The lost art of "A"

How FP&A navigates the far-reaching impact of automation and AI



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# As much as any business function, the day-to-day imperatives of finance have been disrupted

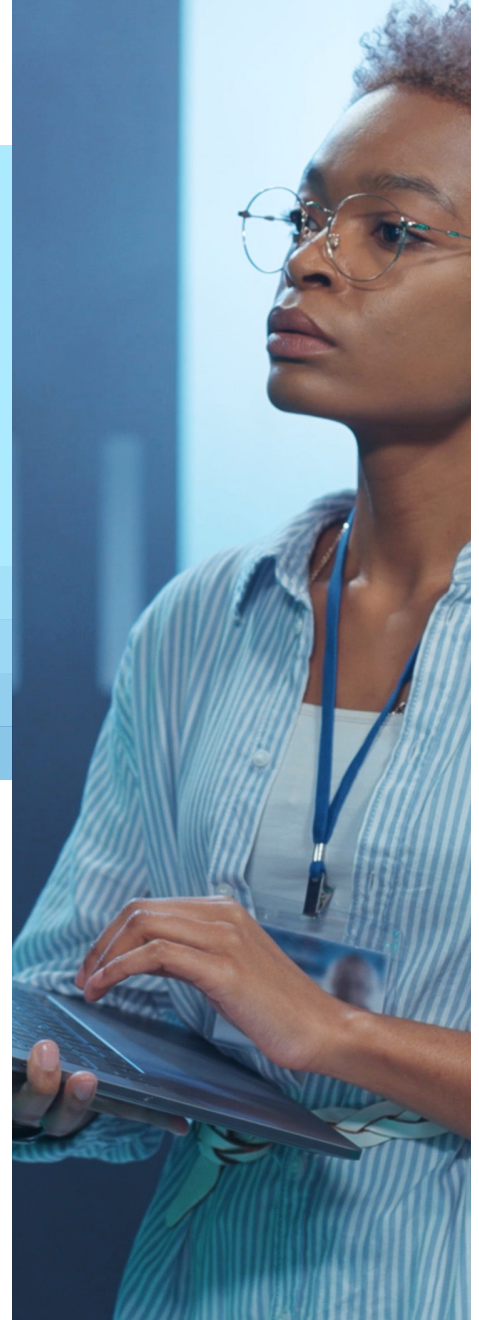
Organizations have long relied on the tenets of financial planning & analysis (FP&A) to measure their fiscal strength and predict performance for the coming year. Traditionally, much of this work focused on assembling spreadsheets, preparing presentations, and drafting reports. Today, as companies embrace automation, artificial intelligence (AI), machine learning, and other emerging cognitive technologies, we believe this will lead to significant reduction of that manual effort, enabling FP&A teams to focus on the “A.”

Although, as companies fully implement these technologies and tools, it has become clear that the analysis skillset is not as robust as CFOs and business leaders within companies need today. All the extra capacity notwithstanding, few can perform deeper, deliberate, creative analysis because they neither have the strong data science backgrounds nor the business acumen to produce the necessary insights.

## Why is this important and why now?

The increasing frequency and magnitude of economic volatility—inflation, interest rate changes, supply chain disruption, etc.—that we have witnessed during the past three years have increased the demands on FP&A teams. These professionals increasingly are asked to generate business insights more frequently than the traditional quarterly/annual refresh cycle, as well as incorporate scenario modeling into their plans and forecasts.

Vast amounts of information on products, customers, operations, and financials are being collected across the enterprise, which increases the size, complexity and importance of data. And the rise of automation and digital technologies is making it easier to extract this intelligence, derive relevant business insights, generate effective forecasts, and predict what the future might hold. As a result, FP&A teams should take the lead in leveraging internal data and infusing external market signals to provide an accurate forecast for the business and recognize potential business outcomes across various scenarios.





# Future of finance— Elevating the value of analysis



In today’s rapidly digitizing, postpandemic, hyper-connected global economy, finance—as much as any area of the business—has been forced to evolve rapidly to keep up with the pace of technological and cultural changes occurring across the business.

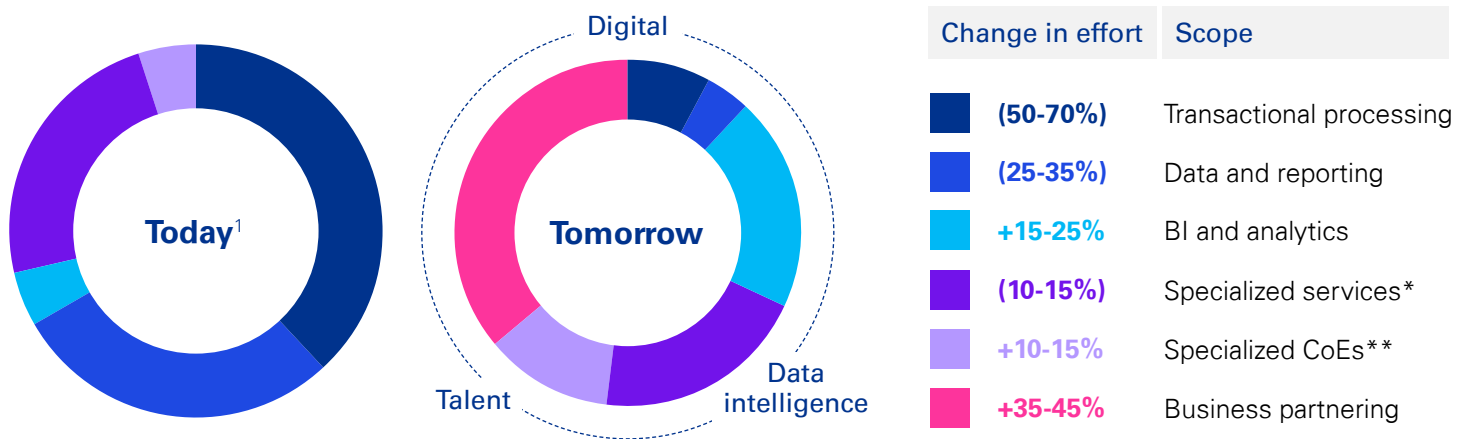
If we look at this topic through a future-of-finance lens, the bottom line is the need to elevate the services that FP&A professionals deliver. It’s about improving planning and budgeting processes, automating lower-value transactional and repetitive tasks, such as managing the general ledger, building reports, and expanding to higher-value strategic services,

such as forecasting, problem solving, and identifying growth initiatives.

With digital innovation, the distribution of work is also changing. Finance functions can now reduce time spent on transactional processing and reporting, and expand their scope to include additional value-added services, such as being a strategic partner to the business.

According to KPMG research, leading finance organizations are already taking steps to elevate their finance functions to meet the strategic needs of the business.<sup>2</sup>

## A shift from transactional tasks to higher-value, strategic business partnering is underway



<sup>1</sup> Source: KPMG 2021 CEO Outlook report

<sup>2</sup> Source: KPMG 2022 Elevating Finance Survey; Figures represent top performing organizations only

\*Includes: Task, risk, and compliance

\*\*Includes: Digital, transformation, data, and analytics innovation

Among  
finance  
leaders:

**>70%** are automating  
transactional  
processes and  
reporting

**2/3** are adopting ML  
and/or AI

**#1** desired competency  
is ability to connect  
outcomes to financial  
impact

Source: KPMG 2021 Data Imperative, KPMG 2021 CEO Outlook report

Unfortunately, analysis as a discipline is overshadowed today by the sheer amount of data with which practitioners must contend, and the time it takes to access, scrub, and examine that information before drawing an insightful conclusion. At the same time, extreme automation and advances in AI and machine learning are enabling this high-value work by significantly reducing the time needed to do it. Through automation and AI, firms can get the relevant data into the hands of analysts faster and in a much better form, so the majority of their time is devoted to dashboarding, visualization and higher-value analysis, rather than extraction and scrubbing.

The underlying components of the “A” in FP&A historically have been data and the tools needed to access and share information. However, in today’s ever-evolving business environment, finance professionals also need the data science skills to examine data more critically and an understanding of the business to extract relevant, actionable insights. The challenge is finding professionals who are equally well-versed in the processes of analysis, the new tools and technologies, and the priorities and objectives of the business.



# How can FP&A teams evolve to enhance agility and innovation in the enterprise?



The evolution of analysis as a finance function has a distinct talent component. Clearly, professionals with solid data backgrounds are key to informing the transition to a new digital operating model, but data scientists typically are not equipped to provide rapid, meaningful business analysis. And just as the data miners are not strategic business analysts, the report generators are not data miners.

So there is also a skill set gap in terms of understanding the business model. Analysis, from an accounting perspective, is a factual snapshot of a company's financial position. But what does the data reveal? What are the gray areas? What patterns are developing? Armed with that insight, companies must transition from descriptive to predictive, they must build models that explain not only what's happening in the business in the moment, but what it might mean going forward.

## Where are the data scientists?

Finance organizations will always need talent with strong finance and accounting skills, but we believe that, to accurately forecast and predict, there is a need for finance to invest in data scientists.

Data scientists and financial analysts have unique skillsets. Many are very technical practitioners in their

fields and, as a result, often lack broader skills and perspective. Combining these skillsets is fast becoming *de rigueur* at many firms, but finding individuals who bring both data science skills and business understanding is a challenge. For example, imagine a company with a consumption-based pricing model having the ability to reforecast their revenue frequently and accurately by analyzing historical customer usage patterns and building future projections. In that scenario, embedding data scientists within the finance organization would be an optimal approach.

As organizations recognize the need to optimize their finance workforce and enhance or replenish talent, they are also seeing the need for upskilling and reskilling, as well as recruiting new talent. Companies need to ensure they have the right talent focused on the right tasks at the right time, while creating an environment within the organization of continuous improvement and learning.

In addition to the appropriate underlying technical infrastructure, it's equally important to create the right cultural mindset within finance. This construct could inspire individuals who were previously aligned with vital, albeit narrow, mandates to assume more diverse, collaborative roles aimed at extracting insights and providing value-added support to the business.



# A burgeoning HR and talent development challenge



According to KPMG’s Elevating Finance Survey\*, evolving requirements and work approaches are accelerating the need for new skills, competencies, and roles in finance. Leading finance organizations are already taking steps for their new and existing talent by actively seeking candidates with data science and computer science backgrounds, implementing a robust talent leadership and development program, and upskilling their digital and data literacy.

## Skills and competencies

An effective talent management strategy requires clear articulation of skills and competencies across finance teams and roles.

### Foundational



- Finance and accounting knowledge
- Business and industry acumen
- Financial controls
- Problem solving
- Ability to collaborate

### Leadership



- Strategic thinking
- Impactful story telling
- Ability to challenge and influence
- Relationship building
- Ability to lead and motivate teams

### Emerging



- Digital fluency
- Data literacy and interpretation
- Data visualization
- Human-centered design
- Design thinking

### Top performer insights

**82%** actively seek candidates with data science and computer backgrounds

**65%** have robust talent strategy offering rotations, leadership development programs and Learnig and Development opportunities

**50%** offer digital fluency programs to elevate their workforce

\*Source: KPMG 2022 Elevating Finance Survey; Figures represent top performing organizations only

To expand FP&A team members' experience as a component of an organization's talent retention strategy—and to build a talent pipeline for future leaders—we believe finance would be well served by facilitating employee rotations to provide exposure to both the business and product and engineering teams. This will help mid-career professionals better understand the day-to-day operations, get closer to the end customer, and understand the decisions facing the business, all while developing partnerships with other functions across the business.

There will be a need for upskilling, reskilling, and likely discovery of completely new skillsets. For many finance professionals some of these skills exist already, but because of time constraints, they've been unable to explore those competencies. For example, on the data science side, creating integrated dashboards or writing SQL queries are needed. And on the finance side, the new FP&A function will need to focus on scenario planning, modeling, and pattern identification to help solve some of the organization's most complex challenges.

As for new talent, many university finance majors today are pairing that discipline with data science in anticipation of the necessary knowledge and skills. These students are learning about finance and accounting and investment theory, along with mathematics, statistics, and programming languages.

In conclusion, FP&A leaders need to shift from their long-standing role of financial stewardship to that of a business partner to shape, influence and realize the organization's strategic objectives. They play a key role in ensuring the right allocation of resources, speed of decision-making, operationalizing of the strategic plan, and generation of positive outcomes from the decisions made. We believe the time is right for CFOs to embrace digital and talent transformation and reshape their FP&A teams to focus on enabling growth, innovation, and competitive advantage for the business.





# Finding “A” — KPMG can help

Forward-looking finance organizations are developing agendas designed to enable FP&A leaders to partner with CFOs by leveraging their commercial and financial acumen combined with their understanding of data analytics and emerging technologies.

KPMG supports the growing responsibilities of the CFO. We work with our clients to integrate innovative strategies and deep knowledge geared toward delivering tangible results. Our approach, methodologies, and tools have been employed across various industries and are designed to add value to the finance function.

With a global network of Finance Transformation professionals, we help clients align their finance organizations with the needs and priorities of their businesses.

## Five steps to elevate the role of finance and transform the analysis function

- Envision how finance is more accretive to the enterprise strategy and can play a key role as a value integrator across the organization
- Align the finance function’s digital and data strategy with the enterprise’s business strategy
- Ensure Finance KPIs are connected to the firm’s overarching business strategy
- Identify skills and capabilities gaps and determine the ideal combination of the recruitment of new talent and development of existing talent
- Commit to the value case for analysis transformation by creating the vision and roadmap needed to achieve FP&A’s full potential





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