

# The CFO playbook: Unlocking the power of finance through technology in 2022

TECHNOLOGY

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CFOs and finance functions are now essential to more company-wide initiatives than ever before. For some, this can result in a daunting number of priorities and goals set out at the start of a year.

There are three areas that will be topical for the year ahead: ESG (environmental, social and governance) and its impact both socially and financially; XP&A (cross-functional planning, not just limited to finance) and its ability to truly connect the entire organisation; and AI and machine learning (technology, rather than you, spotting the trends and forecasting) finally being given real applications in finance.

A CFO has a significant impact on all three areas, so there's an increasing requirement to provide strategic leadership. This means putting these three areas into action and guiding the organisation so they don't just become buzz phrases and trendy topics. They need to be used to start enabling strategic advantage.

## The obstacles to strategic leadership

Many organisations have a knowledge gap around how to actually apply concepts such as ESG, XP&A and AI, and may not possess the tools needed to take the first step. Today's finance professionals are often buried in manual data processing and reporting. They spend their time on tasks such as cutting and pasting across different Excel spreadsheets, which doesn't allow teams to do the essential thinking needed to realise their true value.

With XP&A, CFOs often miss the opportunity to provide a unified view of key metrics due to numbers coming from a variety of places, rather than one source.

Another significant obstacle can be a lack of up-to-date knowledge of the technology available, which makes it incredibly difficult for finance professionals to understand what the right solution is for their business. In the meantime, the result is the finance function continuing to use manual and difficult-to-control spreadsheets and legacy systems.

The good news is, with a variety of low-code solutions now available on the market, a finance function can truly own the purchased technology solution and avoid a heavy reliance on IT.

## Bringing added value

We believe that finance should be seen as an enabler of growth. A CFO who is collecting, analysing and visualising data effectively will be able to explore different scenarios to identify risks and uncover new opportunities.

CFOs supported by digital technology will be able to treat new requirements around data and its application to ESG reporting, XP&A and AI as opportunities. Their focus as the leader of the finance function is to shift time away from doing towards thinking and analysing.

Finance teams will be able to find ways of boosting profitability through cost savings and more efficient operations. They will also have an enhanced ability to compare performance with previous years and begin to offer more detailed insights on opportunities that exist for their business, instead of focusing on a highly manual month end.

## Obstacles to transforming finance

Firstly, many of the problems we see originate from technology and transformation initiatives not being linked to wider business objectives. CFOs may try to solve a pressing issue by buying some new technology, but this can often overlook a missing link – where people fail to understand the real business reasons behind a transformation journey and instead paper over the cracks with various tools and quick fixes.

A second problem is a failure to develop the right team. CFOs need access to business-savvy finance professionals who are not afraid of data or technology. Building these skills and the confidence to use them can take time. But they are necessary if the finance team is to become the driving force behind change across the business.

Finally, a reluctance to take that first essential step can be very limiting. It's hard for a busy finance team to lift their heads up from a demanding budgeting cycle and allocate time towards a new technology implementation. However, that upfront investment in change management will pay dividends.

## Making digital transformation real

When working across our diverse range of clients, we find that taking the first step towards transformation is often the hardest part. The marketplace is crowded with technology and consulting organisations. We advise that any business, regardless of its size, should start by thinking about the organisation's strategic objectives and how any technology or transformation initiatives align with those objectives. It might be appealing to jump into buying new technology or "just get started" but the first step is critical and will provide a far more solid foundation for real digital transformation.

From there, it's about laying out and putting into action an incremental journey towards a compelling future state with strategic objectives in mind. This vision should be easy to communicate and comprehend; clearly highlight the benefits for everyone involved; incorporate quick wins; and provide a flexible roadmap for the organisation to follow.

We completely understand that taking this first step, or finding the time to do so, can be difficult in an ambitious business. Although everything we mention can be done in-house, our clients choose VantagePoint to ensure every initiative provides tangible business value. With us, businesses have a partner that helps them demystify the jargon-filled technology and transformation world.

## What makes the VantagePoint approach different?

Our key point of difference is the ability to walk our clients through the process, from concept to end solution. By way of an example, one of our clients tasked us with the following: "We're going on the M&A warpath: give us a finance function to support that." From this high-level objective, we gave the organisation a realistic view of their current state – the "Where are we today?" question. Next, we communicated a compelling and value-focused future state to the wider business, allowing everyone to join the journey and answer questions such as "How will change help us?". Finally, we provided an incremental list of change initiatives, which included a new system-selection process. This gave the client that important first step and broke down future projects into bite-sized chunks. All of this was done within 10 weeks, while their finance team maintained a hectic business-as-usual schedule.

Unlike larger, more traditional consulting options, at VantagePoint, we are fully focused on CFOs and the office of finance. We are experts in two things: how the finance function can be a strategic asset to the wider business and how the right mix of great people, processes and technology can enable this. Our experience allows us to assess, plan and implement solutions faster and more cost-effectively, enabling us to prove our value every step of the way.

A CFO's willingness to embrace the opportunities technology presents will have a huge bearing on how the role will change over the coming years. Finance professionals will have the option to spend more time thinking and less time doing, allowing them to be seen completely differently by their colleagues.

New technology, if deployed correctly around the focus points of XP&A, ESG and AI, will stop becoming overly hyped and start becoming areas where CFOs and their teams can really lead the charge.

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Digital Economy



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