



Reimagining the Finance Function in a Digital World.

Ash Noah, CPA, CGMA
VP of CGMA External Relations
Association of International Certified Professional Accountants

Working together to advance the profession



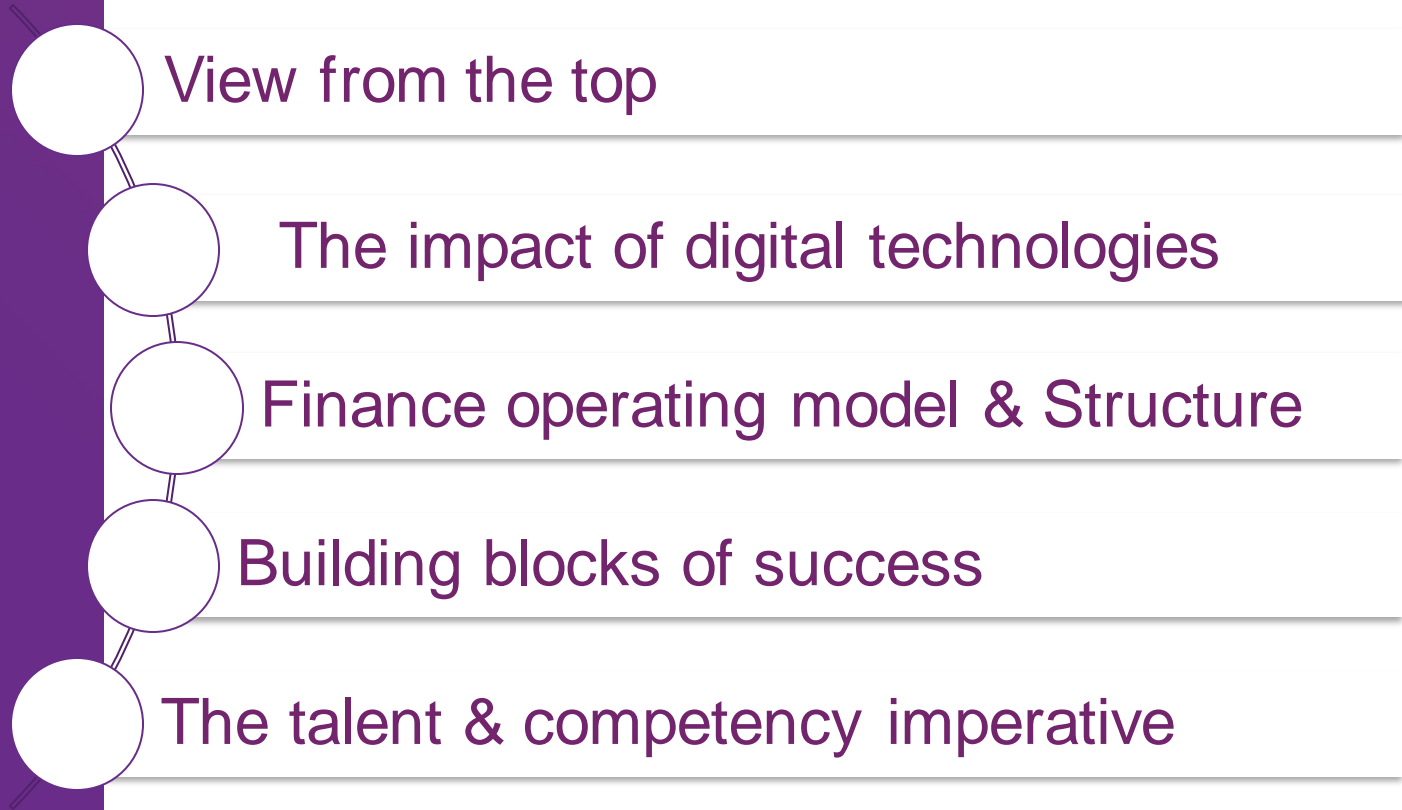
The unified voice of AICPA and CIMA



We have joined forces to **drive innovation globally.**

We represent 650,000 members and students in public and management accounting.

The Association advances the reputation, employability and quality of CPA's, CGMA designation holders and accounting and finance professionals globally.



View from the top

The impact of digital technologies

Finance operating model & Structure

Building blocks of success

The talent & competency imperative

The CFO role is under intense pressure.



Ability to delegate
52%

cannot focus on strategic priorities by delegating responsibilities because of lack of necessary skills in the finance team.



GREATER GUIDANCE



MORE GOVERNANCE

costs.



Concern over finance function
47%

current finance function does not have the right mix of capabilities to meet the demands of future strategic priorities.

There are four forces disrupting the CFO role

Digital

58%

of finance leaders say that a deep understanding of digital, smart tools and sophisticated data analytics.

ENABLES GUIDANCE

They believe that the delivery of data and analytics will be a critical capability for tomorrow's finance function.



Risk and uncertainty

57%

of finance leaders say that a deep understanding of risk and uncertainty will be a critical capability for tomorrow's finance function.

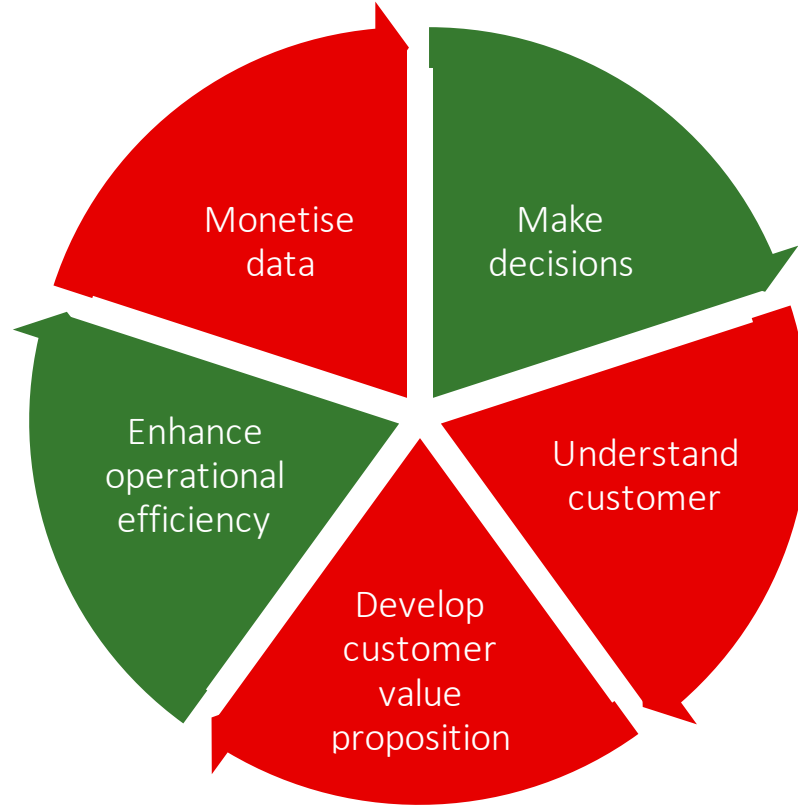
MORE GOVERNANCE

They believe that a deep understanding of risk and uncertainty they will increasingly be expected to lead to a more robust set of ethics of decision-making in line with their organization's purpose.



5

Key ways of getting value from data

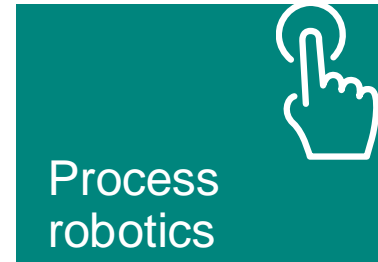
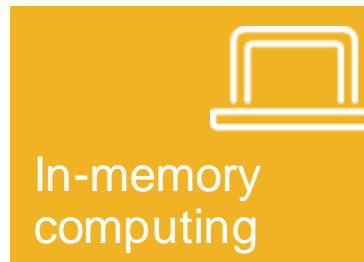


Within finance comfort zone



Outside finance comfort zone

The enabling technologies



Assemble

Advise



Information



Insight



Influence



Impact



Analyse

Execute

Reporting

Questioning

Developing Solutions

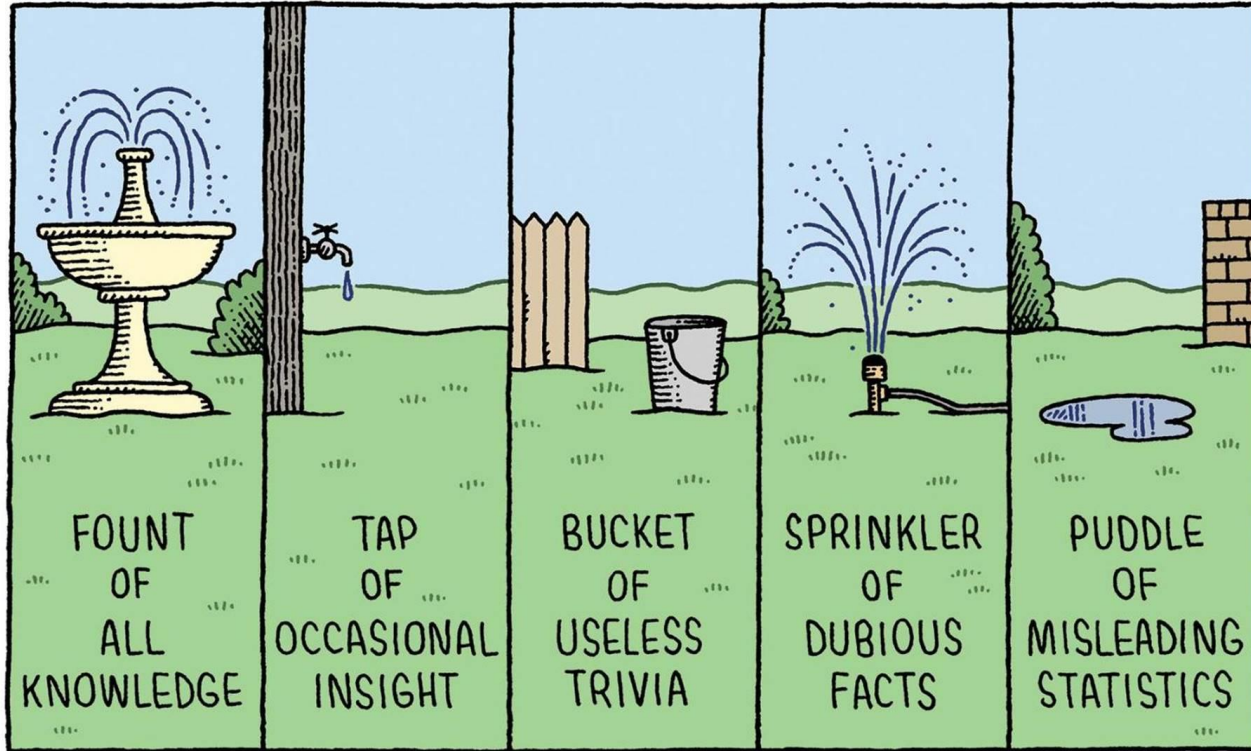
Deploying Solutions

Governance **Guidance**

How are we perceived?

TOM GAULD

NewScientist



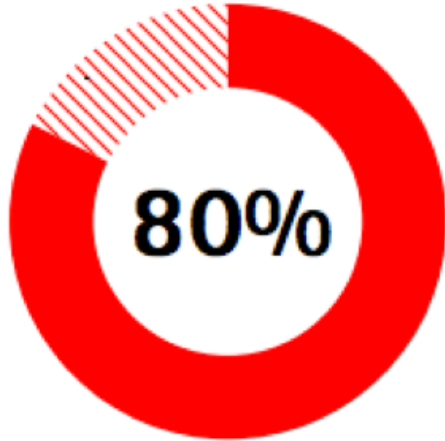
Is Finance ready for the future?



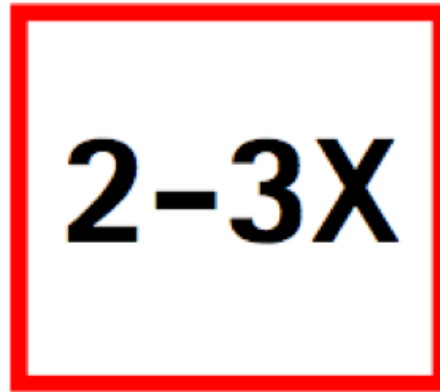
Future Ready?

Is your finance function
ready for the future?

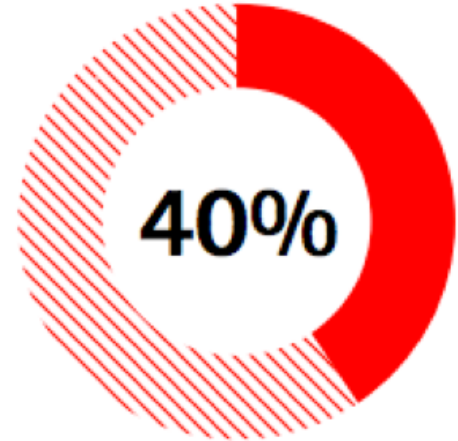
Finance 2020: Death by Digital



Traditional finance services delivered by x functional integrated teams

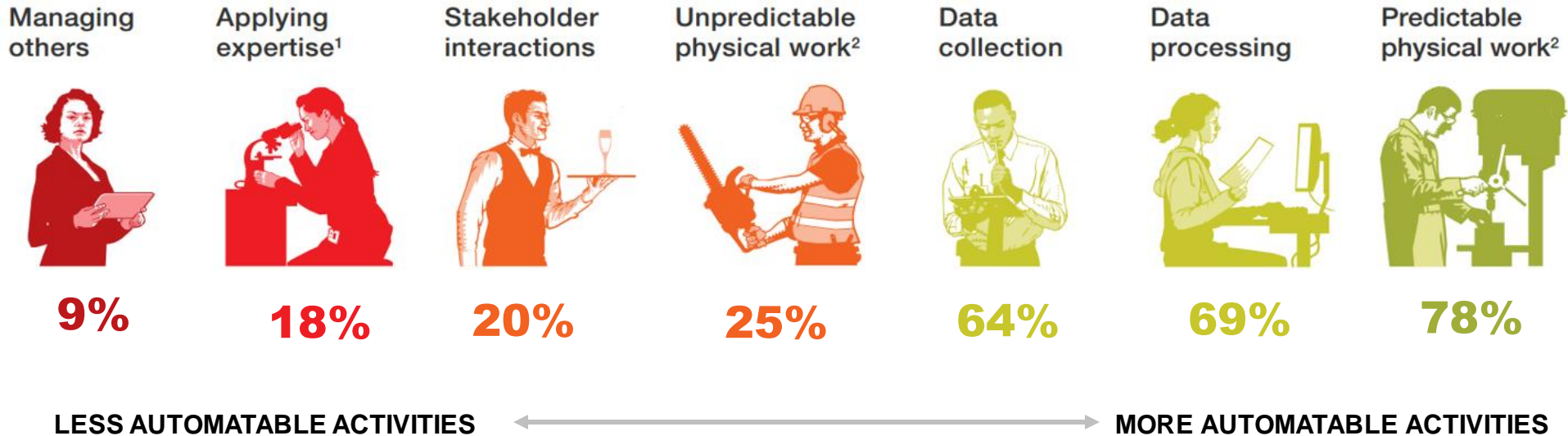


Staff productivity will rise



Costs will decline by 40%

Work activities at risk from automation



Source: McKinsey, *Where machines could replace humans – and where they can't (yet)*

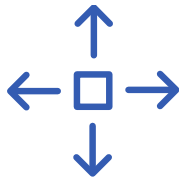
The CFOs are at the cross-roads



Concern over finance function

47%

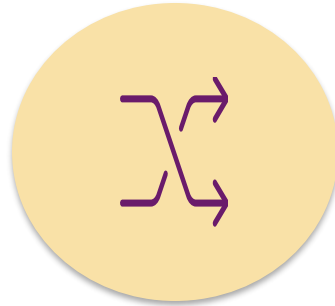
current finance function does not have the right mix of capabilities to meet the demands of future strategic priorities.



Tension between old and new

56%

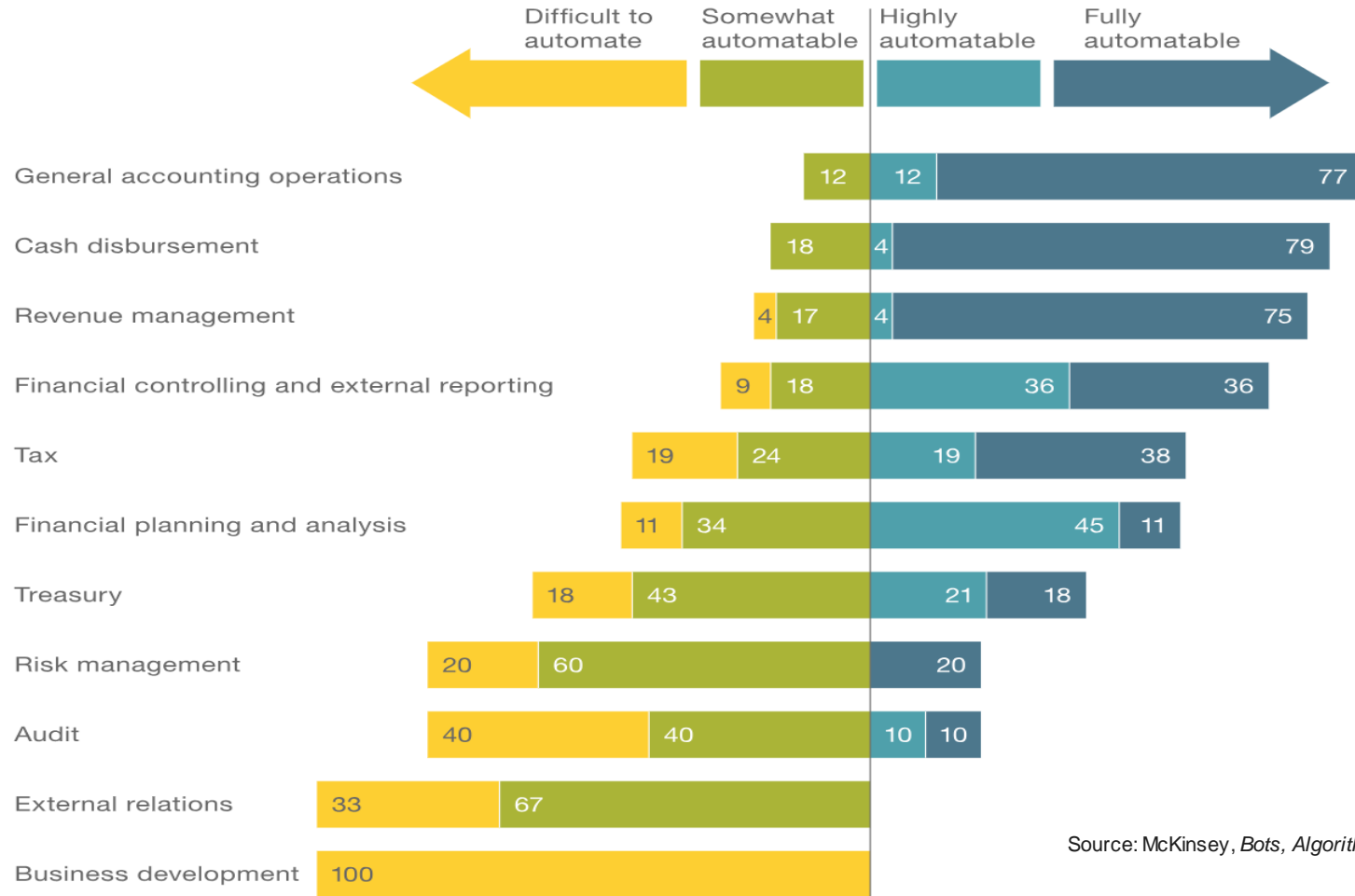
cannot focus on strategic priorities because of time spent on compliance, controls and costs.



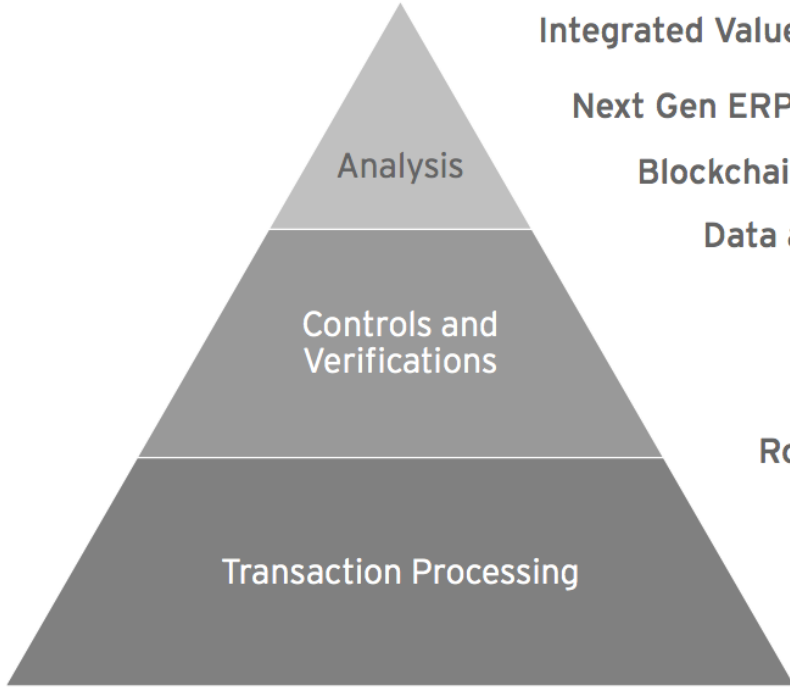
New Model that expands the function's strategic role

Reduce footprint as analytics migrates

Activities that can be automated



Focus on efficiency and compliance



Traditional Current State
Measured by cost metrics

Integrated Value Chain

Next Gen ERP - SAP S4

Blockchain

Data and Analytics



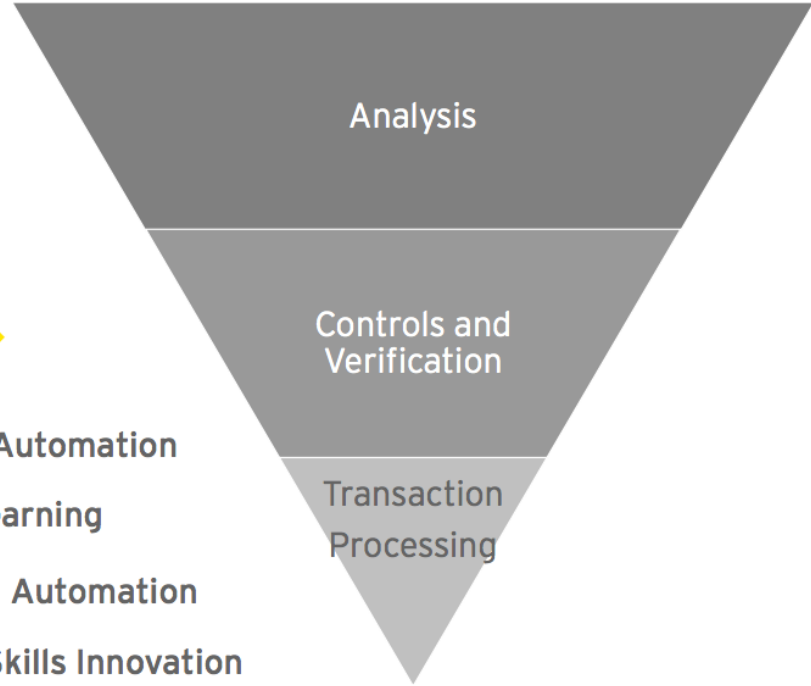
Robotics Process Automation

Machine Learning

Process Automation

Skills Innovation

**Focus on being responsive,
insightful and efficient**



Agile Finance State
Measured by value metrics







-IW-12

RH
BUMPER

SEAT
SECURE

SEAT
SECURE

EXIT

LH
BUMPER

325 MDR



Our research reached out to ...



Over 5500 finance professionals



From over 2000 organizations



In over 150 Countries

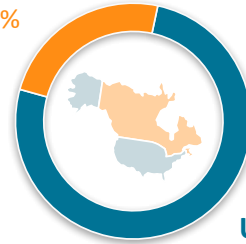
AGILE FINANCE REVEALED

The New Operating Model for Modern Finance



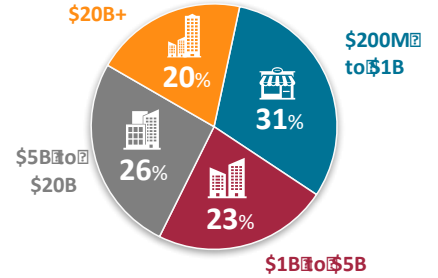
~500 Finance Professionals across North America

Canada 24%



USA 76%

Organization Size



\$200M to \$1B

\$1B to \$5B

The ongoing CFO's Transformation agenda



Information



Insight



Influence



Impact

Reporting

Questioning

**Developing
Solutions**

**Deploying
Solutions**

Conformance

Performance

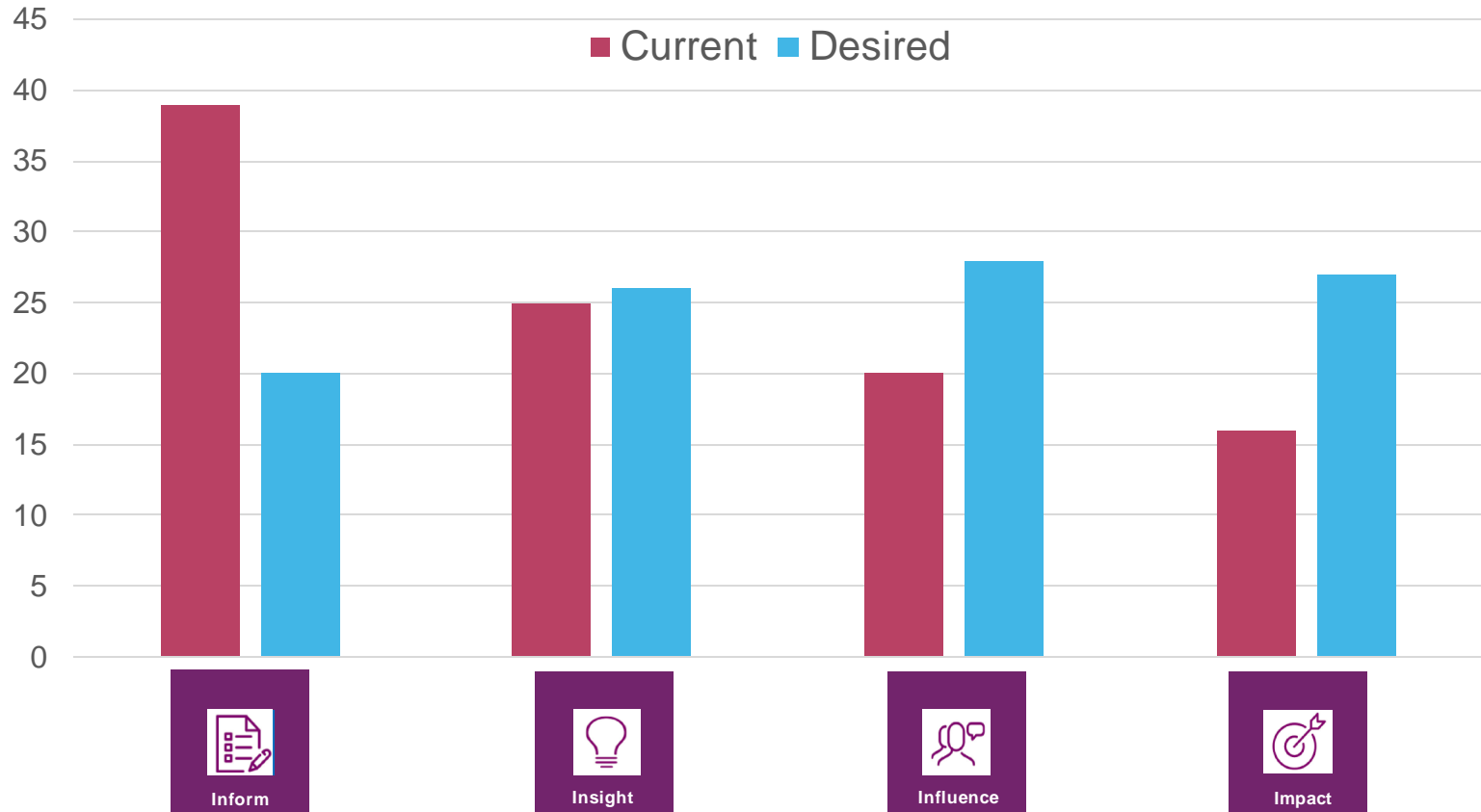


Governance or Guidance

How much finance effort
is spent as a proportion
on Guidance?

Primary activities of finance

Time currently spent on them vs time desired to spend on them

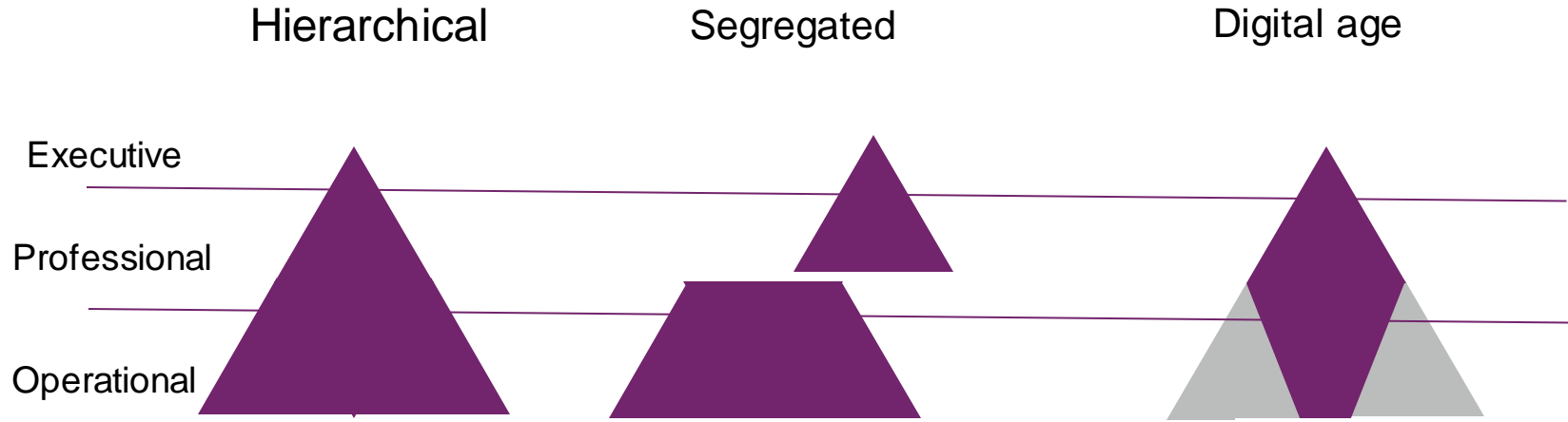


“

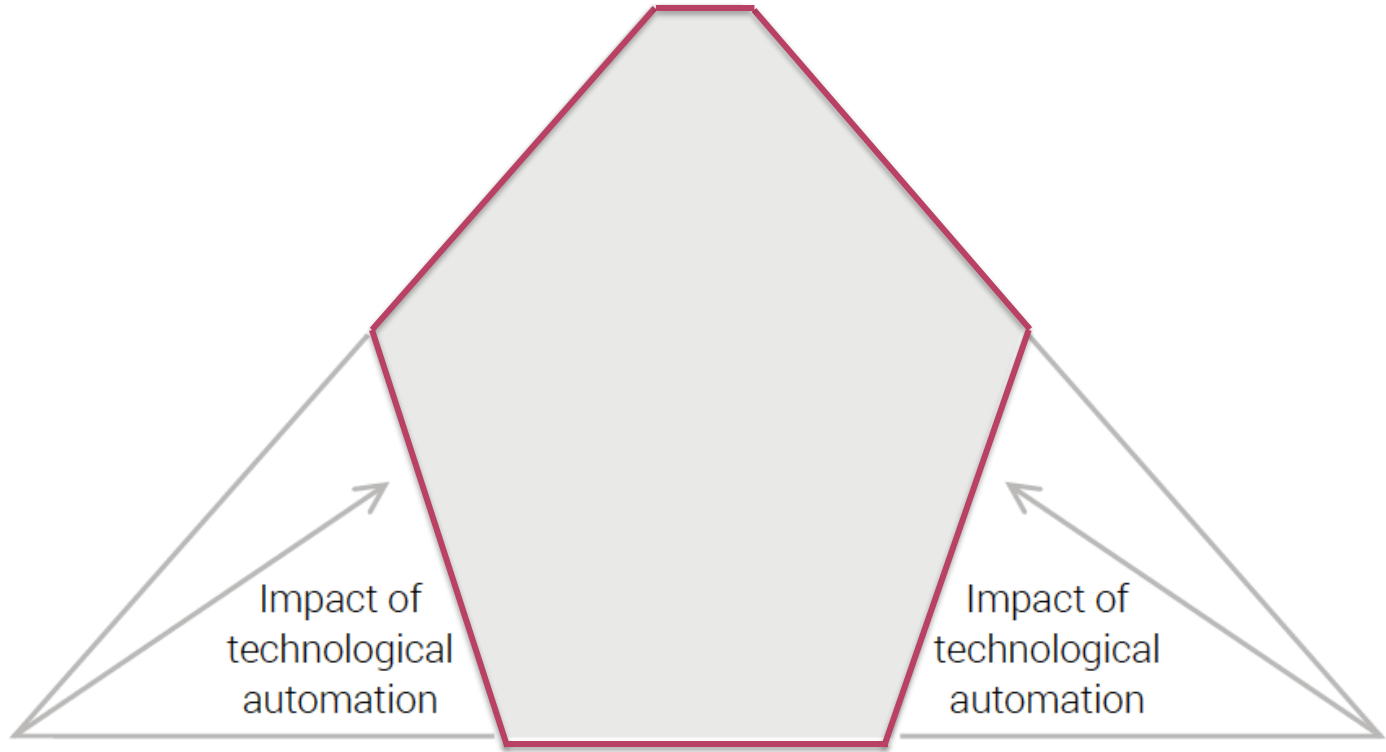
The future of finance is
already here but it is
unevenly distributed

”

Evolving shape of the function



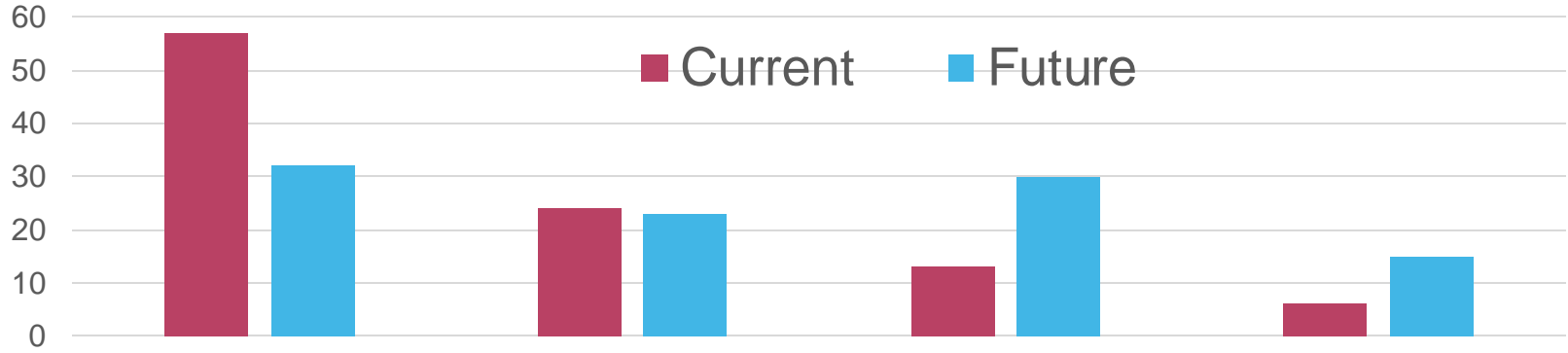
Evolving shape of finance



Hierarchical

Segregated

Digital age



The new operating model for modern finance



MANAGEMENT & DEVELOPMENT



SUBJECT MATTER EXPERTISE



FP&A ANALYTICS BI (SELF SERVICE)



DECISION SUPPORT & PERFORMANCE MANAGEMENT



ACCOUNTING OPERATIONS

PROCESS MANAGEMENT, STANDARD REPORTS, MANAGEMENT INFORMATION & ANALYSIS,
END-TO-END PROCESSES SPANNING DISCIPLINES

The new operating model for modern finance



MANAGEMENT & DEVELOPMENT



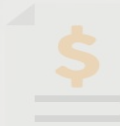
**SUBJECT MATTER
EXPERTISE**



FP&A ANALYTICS
BI (SELF SERVICE)



**DECISION SUPPORT
& PERFORMANCE MANAGEMENT**

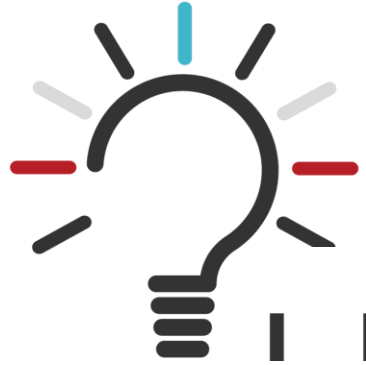


ACCOUNTING OPERATIONS

PROCUREMENT, STANDARD REPORTS, MANAGEMENT INFORMATION SYSTEMS,
END-TO-END PROCESSES SPANNING DISCIPLINES

Impact of
technological
automation

Impact of
technological
automation



The displacement of tasks should not necessarily lead to the displacement of people if people are given new and relevant skills and competencies to do different things that add value to the firm.

Evolving shape of finance



The building blocks for the new operating model

Tech & Automation

Competency



Information



Insight



Influence



Impact

Finance works in isolation

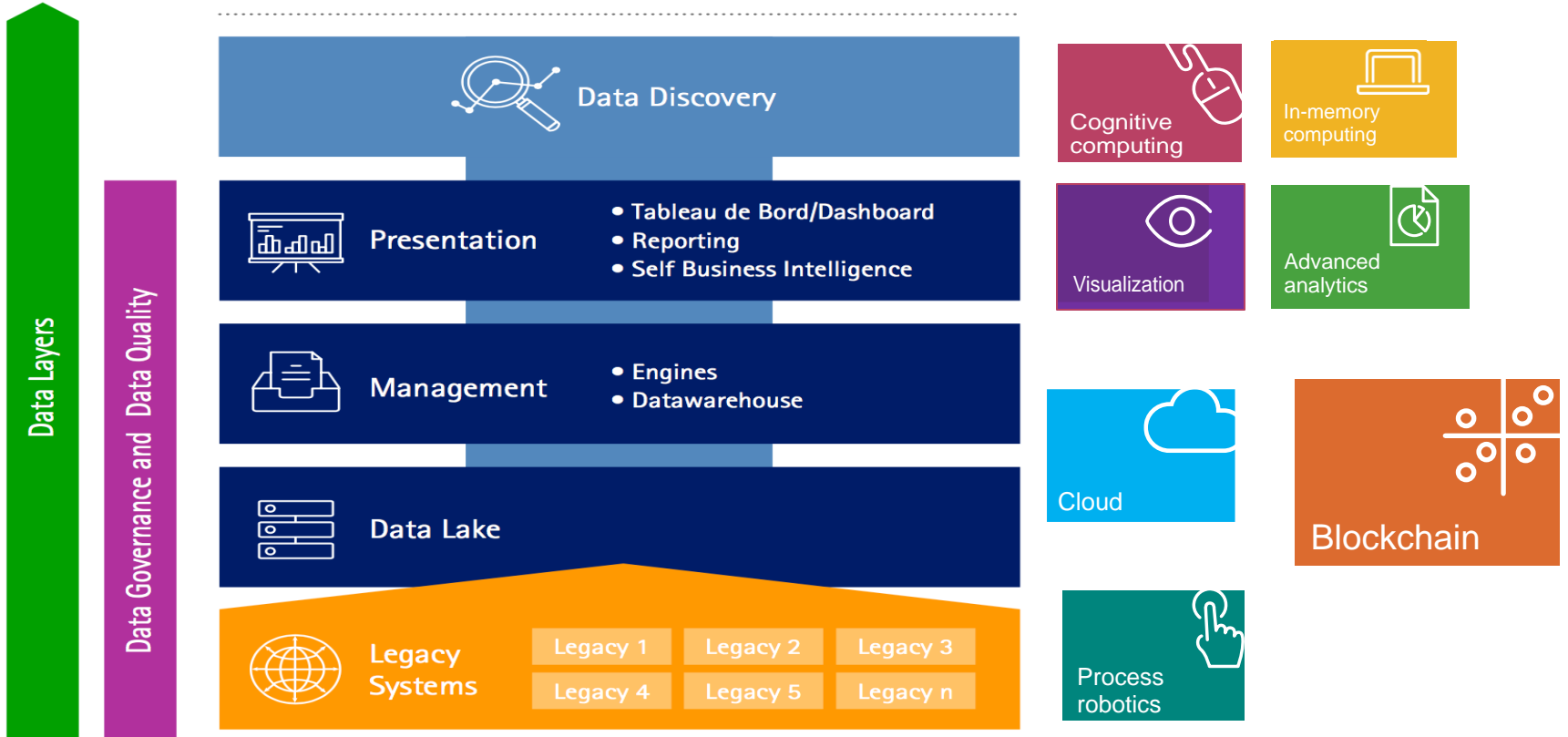
Finance works with others

Digital

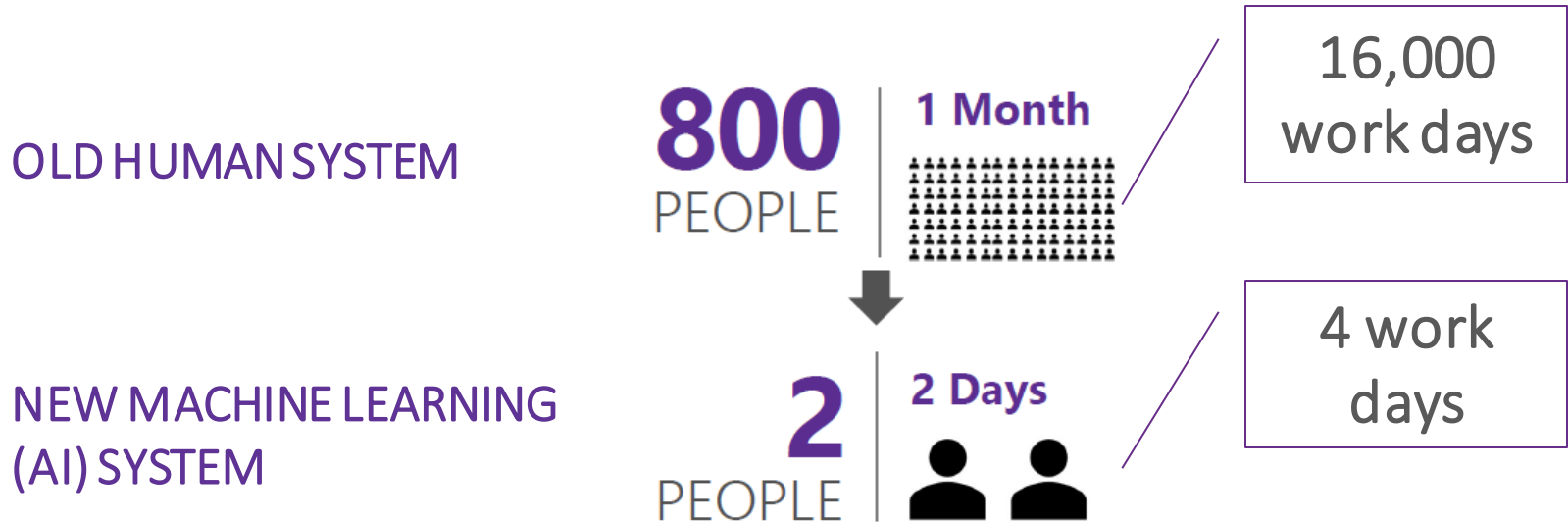
What technologies should
the finance function be
adopting?

Technology enabled Finance

Digital tools designed to deliver new and different capabilities to Finance



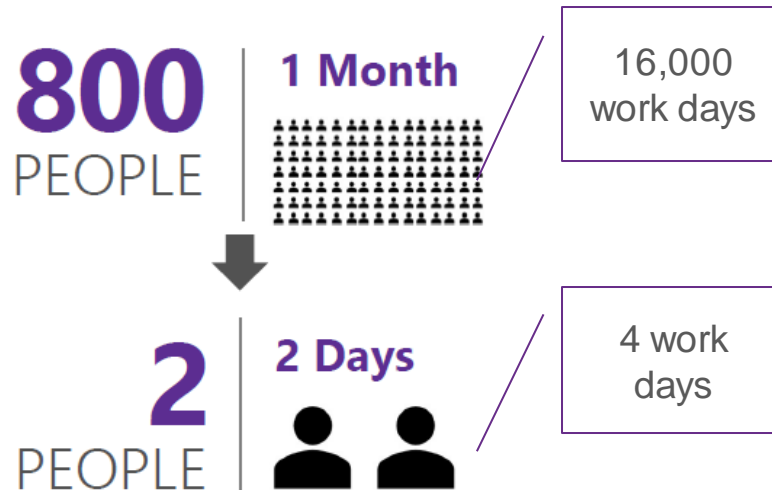
Improving forecasting system in a multinational firm



Machine learning improved forecast accuracy significantly but reduced human input from **16,000 work days** in a year to **4 work days** in a year.

Lessons from a multinational firm

Machine Learning	CFO Forecast (VTF %)	ML Outlook VT ML %
FY16 Q2	3.5%	-0.5%
FY16 Q3	-3.3%	3.3%
FY16 Q4	1.2%	0.8%
Average	2.7%	1.5%



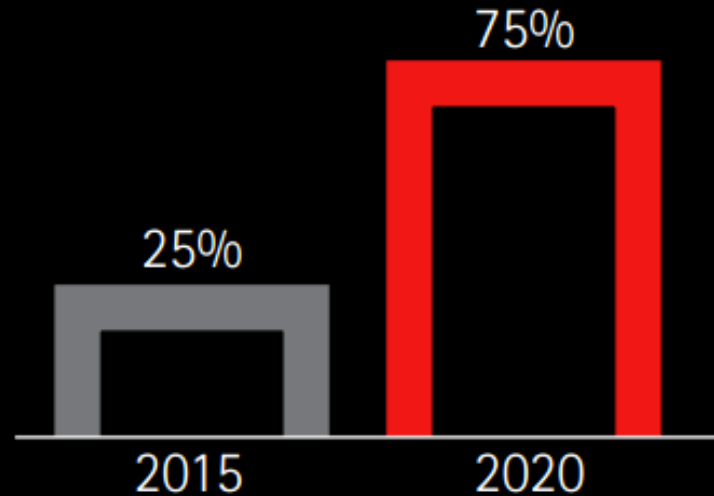
Automation that eliminates a human from a task does not necessarily eliminate them from a job

Future Skills

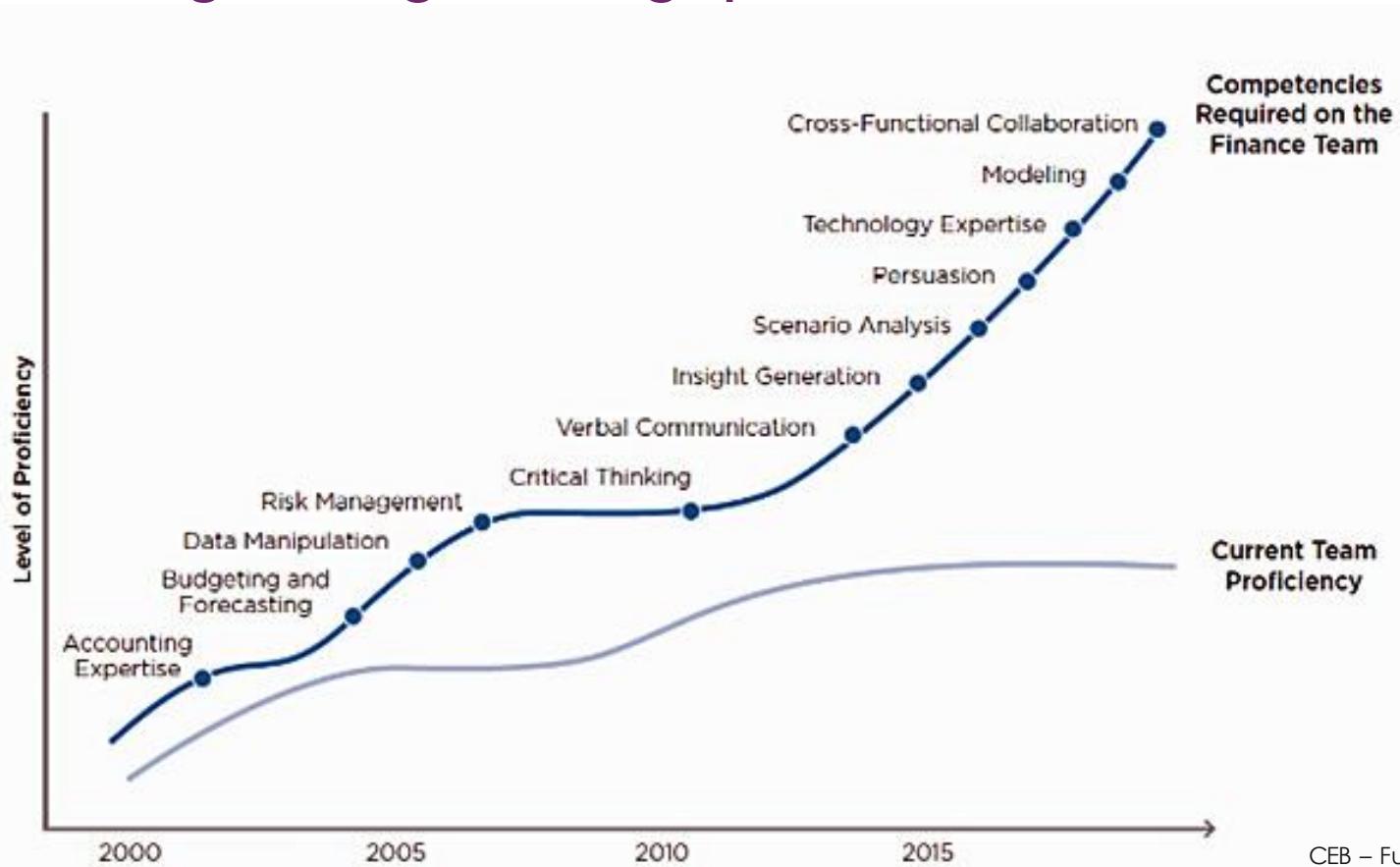
What are the skills that will be essential for the future finance professional?

Focus must shift to execution

By 2020, finance staff spend more time—up from 25% to 75%—on **decision support, predictive analytics and performance management.**



The growing skills gap



Reporting

Technical skills

Questioning

Business skills
Analytics

Developing Solutions

Strategic Skills
Expert Technical Skills
Problem-solving skills

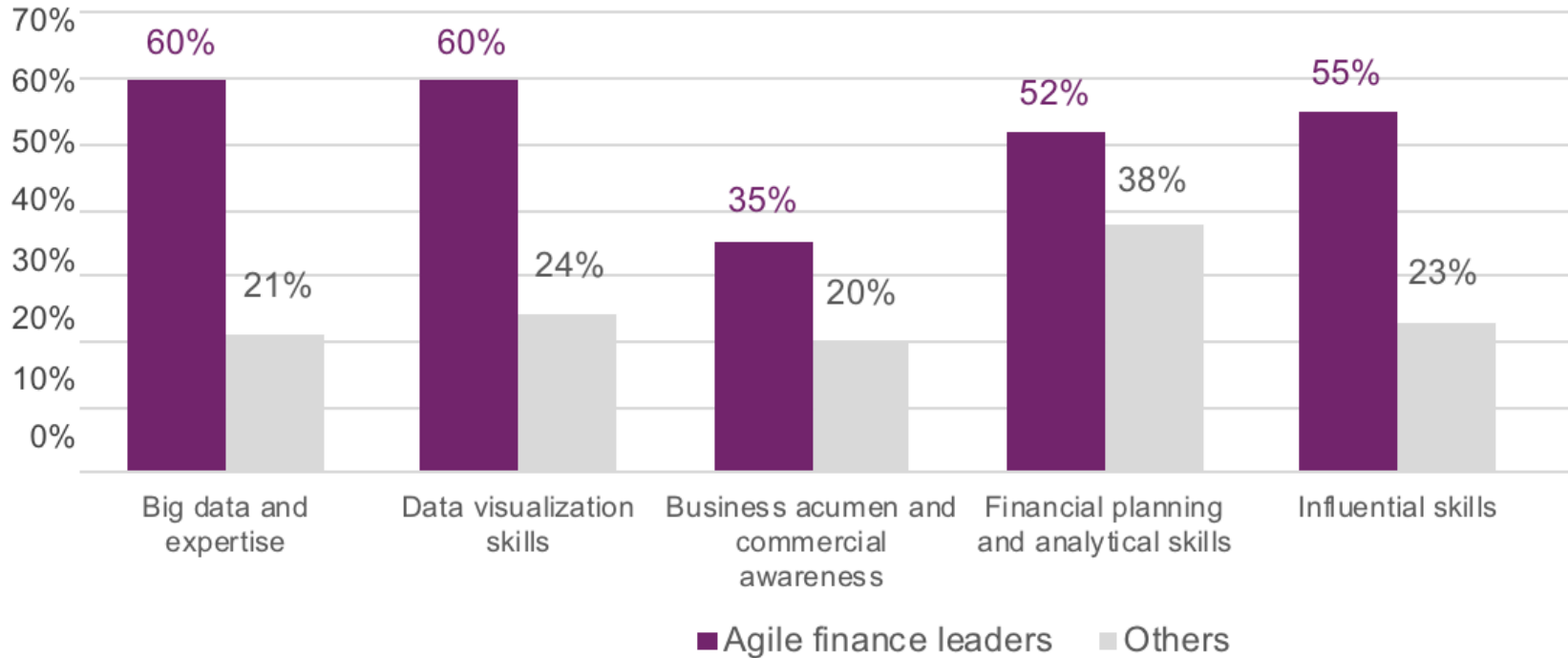
Deploying Solutions

Change Management
Negotiation
Communication
Influencing

Governance

Guidance

Agile Finance Leaders – Excellence in Key Skills








Retooling Talent






The new finance function will require bold leaders with diverse skills.

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Technical skills

-  Reporting software
-  Data analysis skills
-  Testing
-  SQL querying
-  Data modeling

Business skills

-  Macro-perspective
-  Business knowledge
-  Business commentary
-  Soft skills
-  Negotiation



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The building blocks for the new operating model

Tech & Automation

Competency



Information



Insight



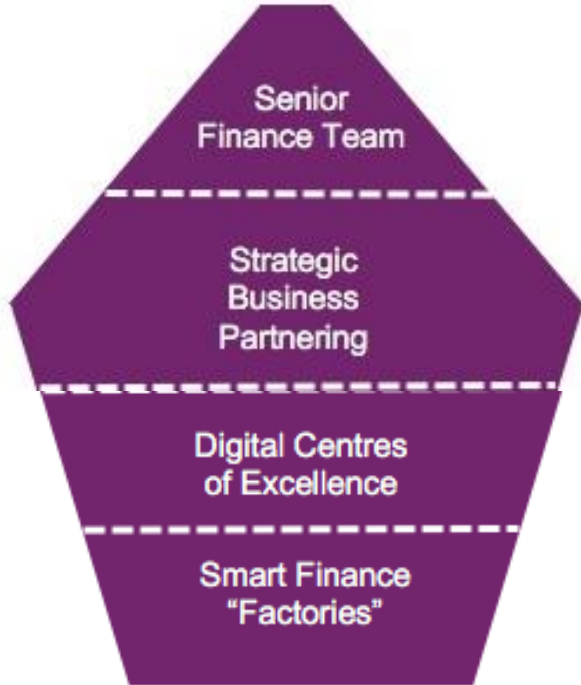
Influence



Impact

Finance works in isolation

Finance works with others



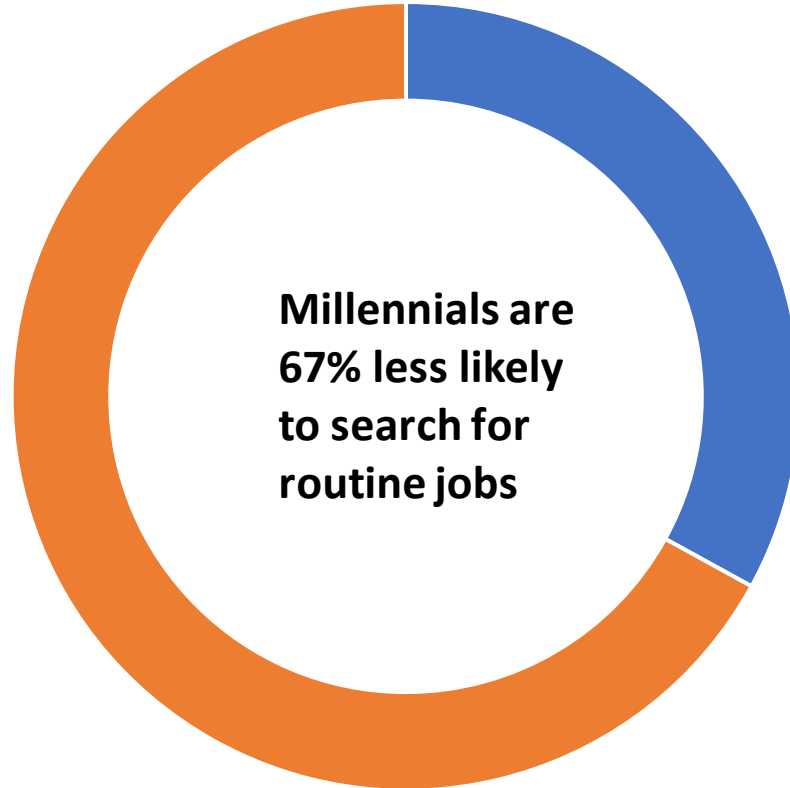
Talent Management & Development

97%

CEOs that say “Talent Management is the most or equally important factor in improving the finance function”

Younger job seekers are less interested in automation-prone occupations

Share of clicks to routine job postings, by generation (September 2016–March 2017)



MILLENNIALS ARE THE LEAST ENGAGED GENERATION AT WORK

Engaged

MILLENNIALS

29%

GEN XERS

32%

BABY BOOMERS

33%

TRADITIONALISTS

45%

Not Engaged

MILLENNIALS

55%

GEN XERS

50%

BABY BOOMERS

48%

TRADITIONALISTS

41%

Actively Disengaged

MILLENNIALS

16%

GEN XERS

18%

BABY BOOMERS

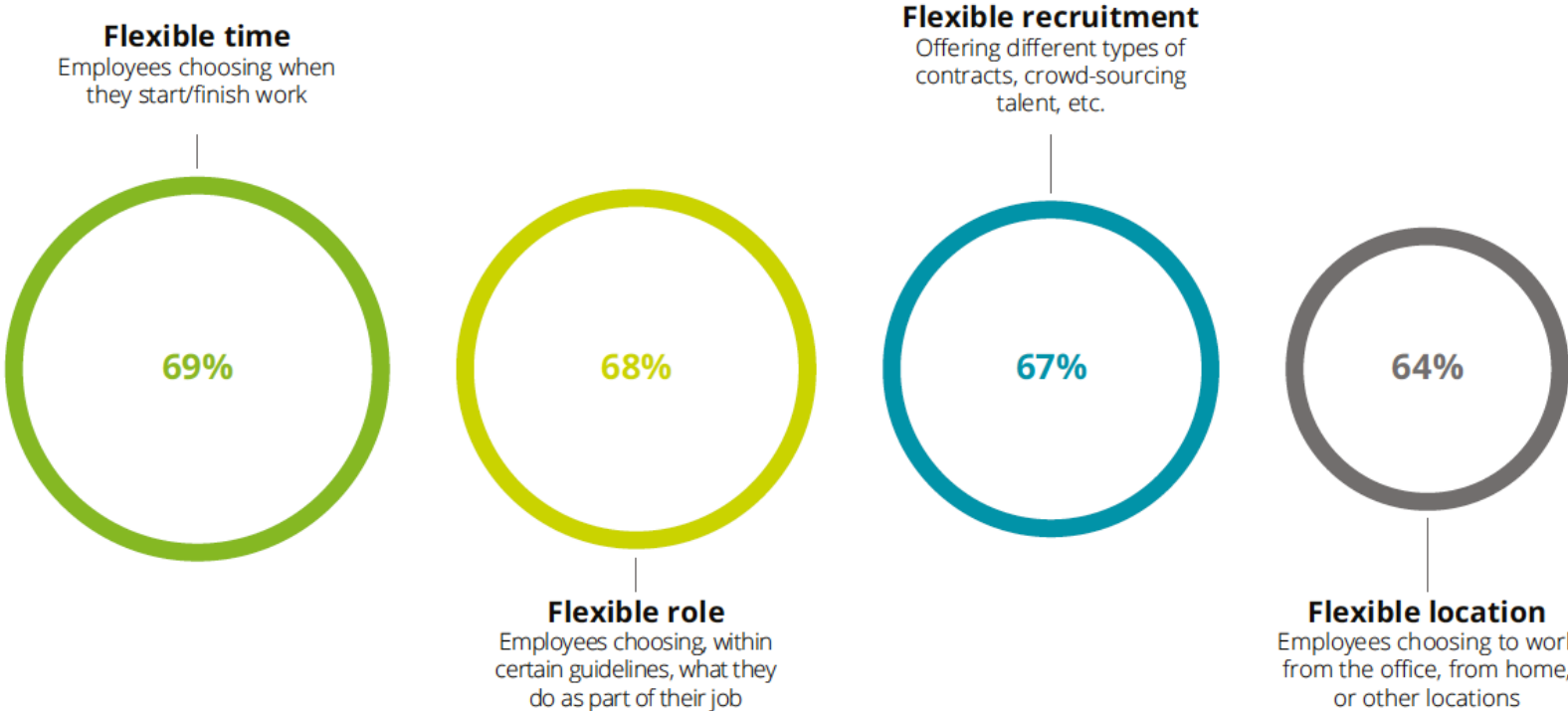
19%

TRADITIONALISTS

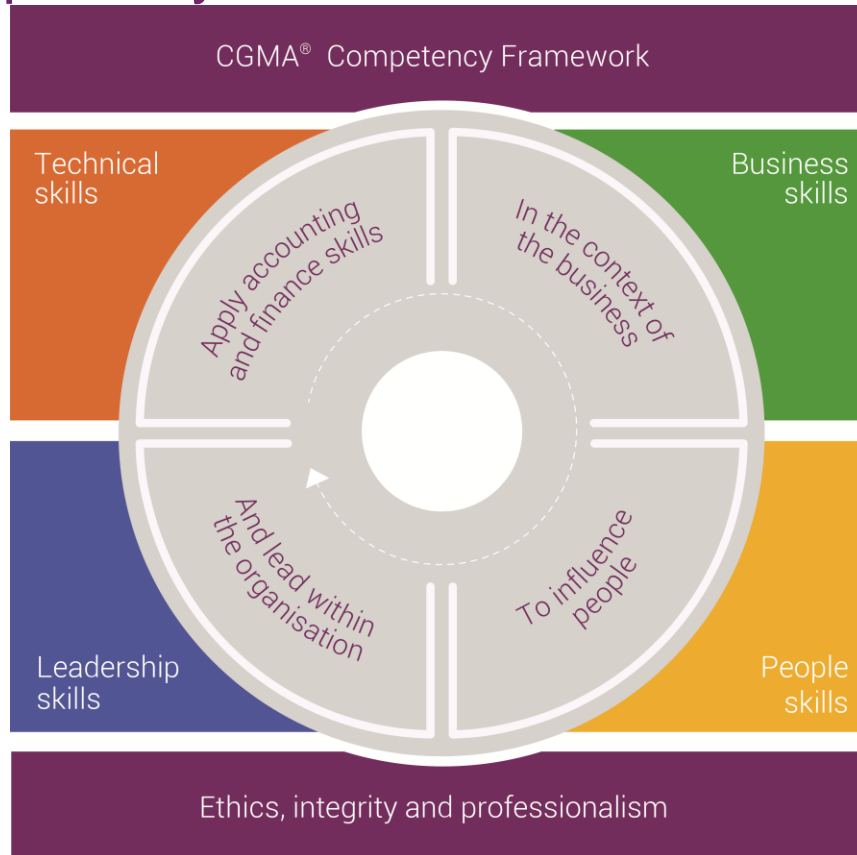
14%

GALLUP

Figure 15. Globally, two-thirds of millennials say their employers have adopted flexible arrangements.



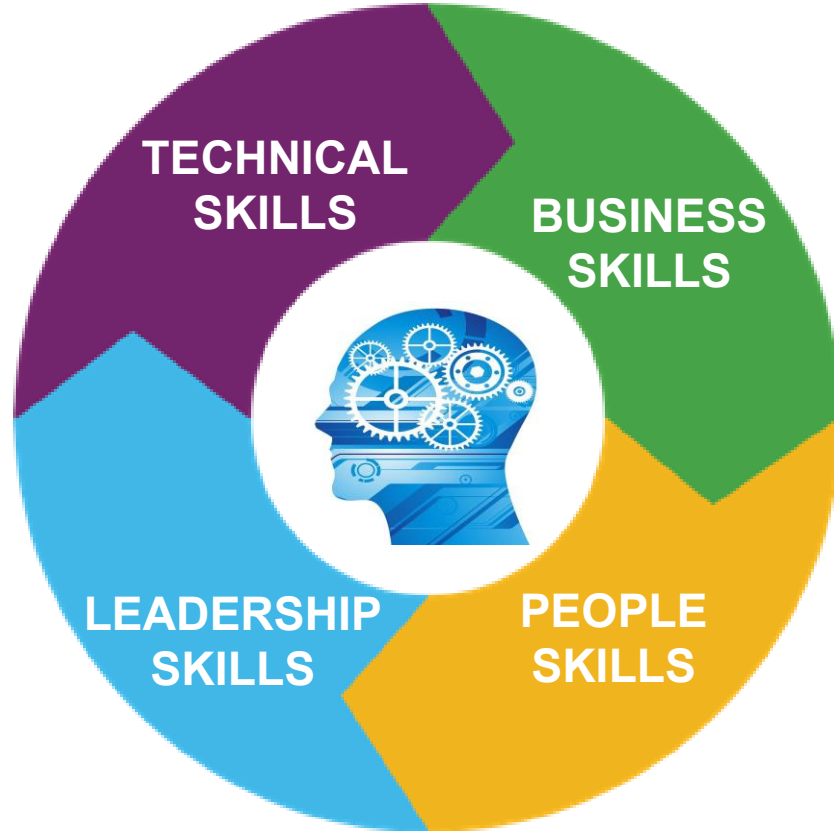
CGMA Competency Framework: Addressing the Gap



CGMA competencies in a digital world



CGMA competencies in a digital world



ETHICS, INTEGRITY & PROFESSIONALISM

Digital skills and mind set

BASIC DIGITAL LITERACY

To work in a digital environment

- Information treatment
 - Digital communication
 - Digital content creation
 - Safety
 - Problem solving
-

TECHNOLOGY KNOW-HOW

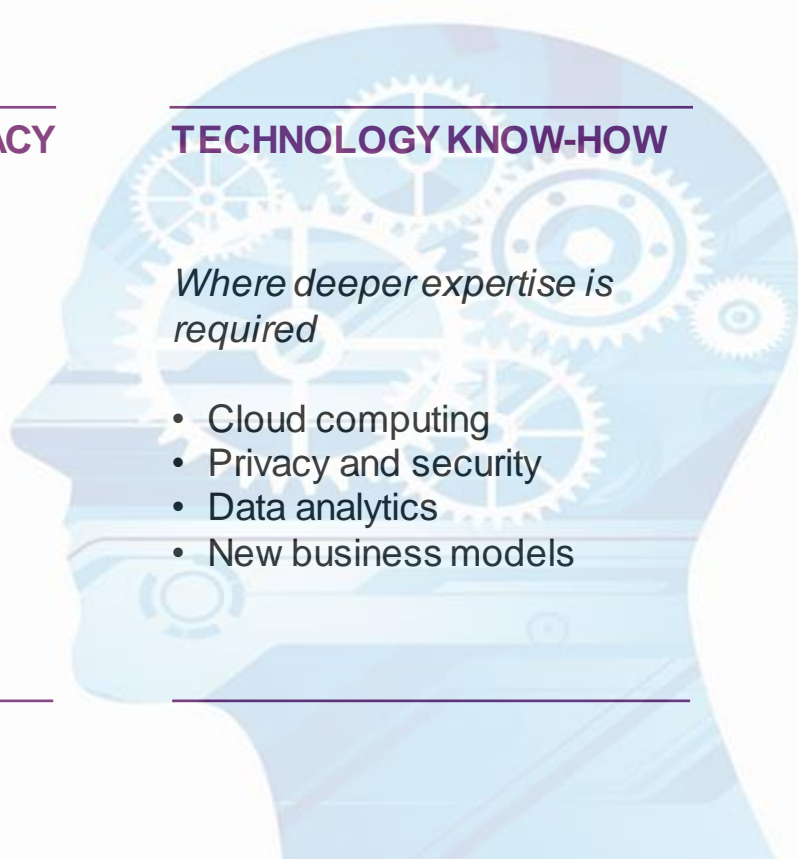
Where deeper expertise is required

- Cloud computing
 - Privacy and security
 - Data analytics
 - New business models
-

MINDSETS AND BEHAVIOURS

To succeed in a digital environment

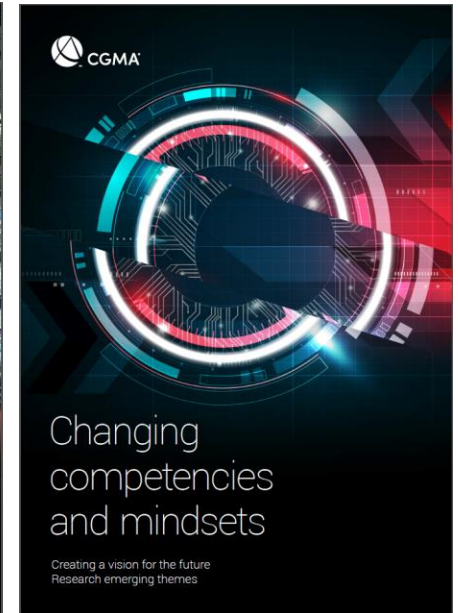
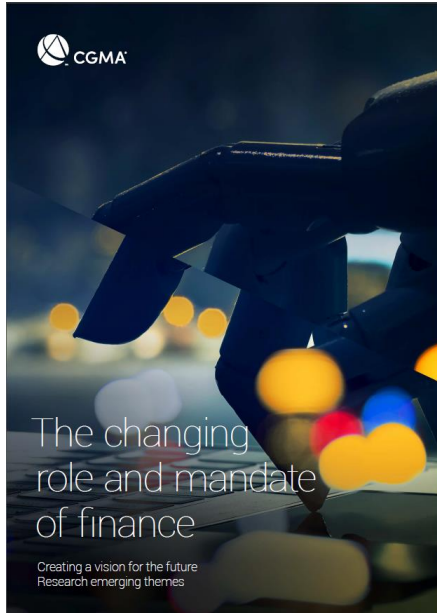
- Dealing with complexity
 - Working in an agile way
 - Creativity
 - Lifelong learning (learn, unlearn and relearn)
-



Key Areas of Focus in the CGMA Syllabus



Creating a vision for the future





Thank You

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