



HFS

To harness data throughout your business,
transition finance from the classic back office
to the OneOffice

Reflections from the HFS F&A Leadership Roundtable, Stockholm

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Defining Future Business Operations

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In October 2019, HFS held a Capgemini-supported executive roundtable in Stockholm's Grand Hotel. It brought finance and accounting leaders across multiple industries in the Nordic region, HFS analysts, and Capgemini together to discuss their progress and challenges on the journey to the finance OneOffice.



Enterprises can no longer confine finance to the back office. It needs to be a part of the HFS OneOffice framework, unifying the front and back offices and helping enterprises create a compelling customer, partner, and employee experience (Exhibit 1).

“To drive profitability and growth, finance professionals need to allocate their time towards prospective analysis and strategy rather than retrospective fact assembly and reporting.”

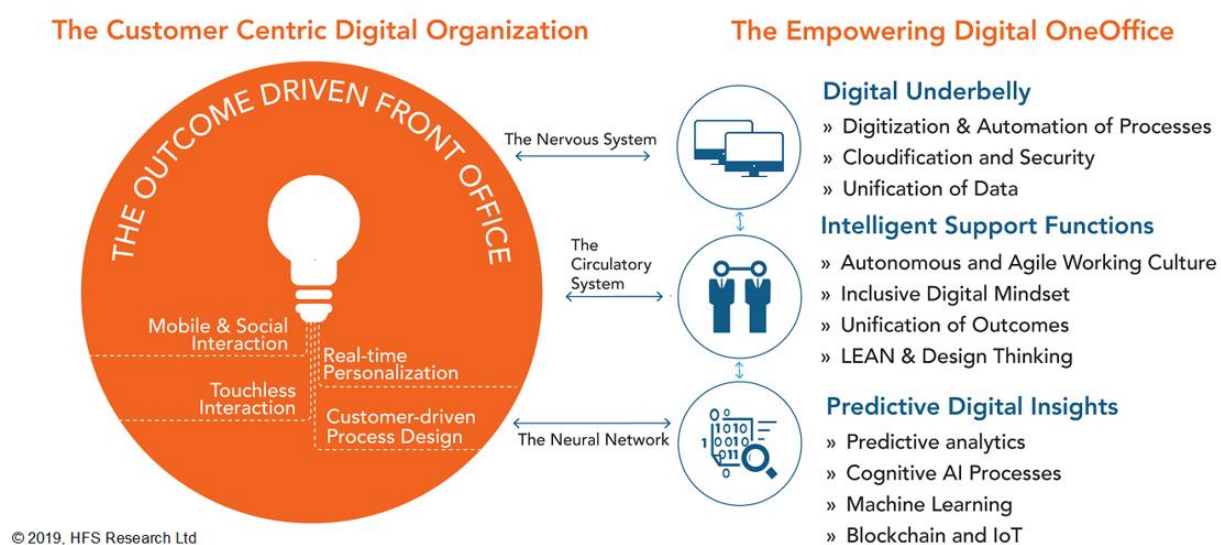
—Carl Svensson,
CFO, Securitas Sverige AB

Finance is a natural aggregation point for critical data in the enterprise

Many processes haven't changed in decades, and the reality is that transformation is not easy; it requires a big change in attitude, culture, and direction. Finance is at the heart of this change, but many of its executives need a focused, strategic plan for stepping up and taking the lead. When data crosses multiple functions in organizations, it becomes a shared asset. Because the finance function sits at the center of the enterprise, it could be the data arbiter moving forward, catalyzing decision making. With global responsibilities, finance can provide an objective assessment of what's going well and what's not. The technology to harness this data is available. Does the finance function want this responsibility? If not finance, who else should take on this role?

With the exponential growth of data and the strengthening alliance between humans and machines, the CFO's ability to orchestrate presents a great opportunity. The role of the CFO should be less about rules-based administration and more about leveraging smart analytics and AI to improve data-driven decision making and end-to-end operational excellence.

Exhibit 1: The HFS OneOffice Framework seeks to eliminate silos for better data flows across functional areas



HFS' published research on the [10 critical success factors to drive the Finance OneOffice](#) underpinned the discussions at the roundtable. HFS views the desired end state as *an F&A function where accounting transactions run like water and finance professionals focus on driving strategic objectives*.

In preparation for the roundtable, HFS asked attendees: On a scale from 1 to 10, how would you rate your finance organization in terms of achieving the "finance OneOffice"? The responses averaged 4.5, and 65% rated below 4. Clearly, we have a long way to go!

Exhibit 2 summarizes participants' ranking of the 10 factors.

Exhibit 2: Participants' rankings of HFS' 10 critical success factors of the finance OneOffice show that hyper-automation and integrated technology architectures are top of mind

<p>1. Hyper-automation of transactional F&A powered by the Triple-A Trifecta</p> <p>80%</p>	<p>2. End-to-end data management to sense, comprehend, adapt, and recommend</p> <p>40%</p>	<p>3. Creative and specialized finance talent focused on adding value not processing transactions</p> <p>40%</p>	<p>4. Convergence of F&A with supply chain to create the "OneOffice"</p> <p>20%</p>	<p>5. Integrated technology architecture that replaces the patchwork of technologies</p> <p>50%</p>
<p>6. Ecosystem driven solutions because no one can be everything to anyone</p> <p>10%</p>	<p>7. Success defined by digital change management, not digital adoption</p> <p>30%</p>	<p>8. Incentivizing outcomes, not effort</p> <p>10%</p>	<p>9. Adapting to ongoing technology disruption</p> <p>20%</p>	<p>10. Proactive stakeholder experience across end-clients, suppliers, partners, and employees</p> <p>10%</p>

Source: Inputs from HFS F&A Roundtable participants, October 2019

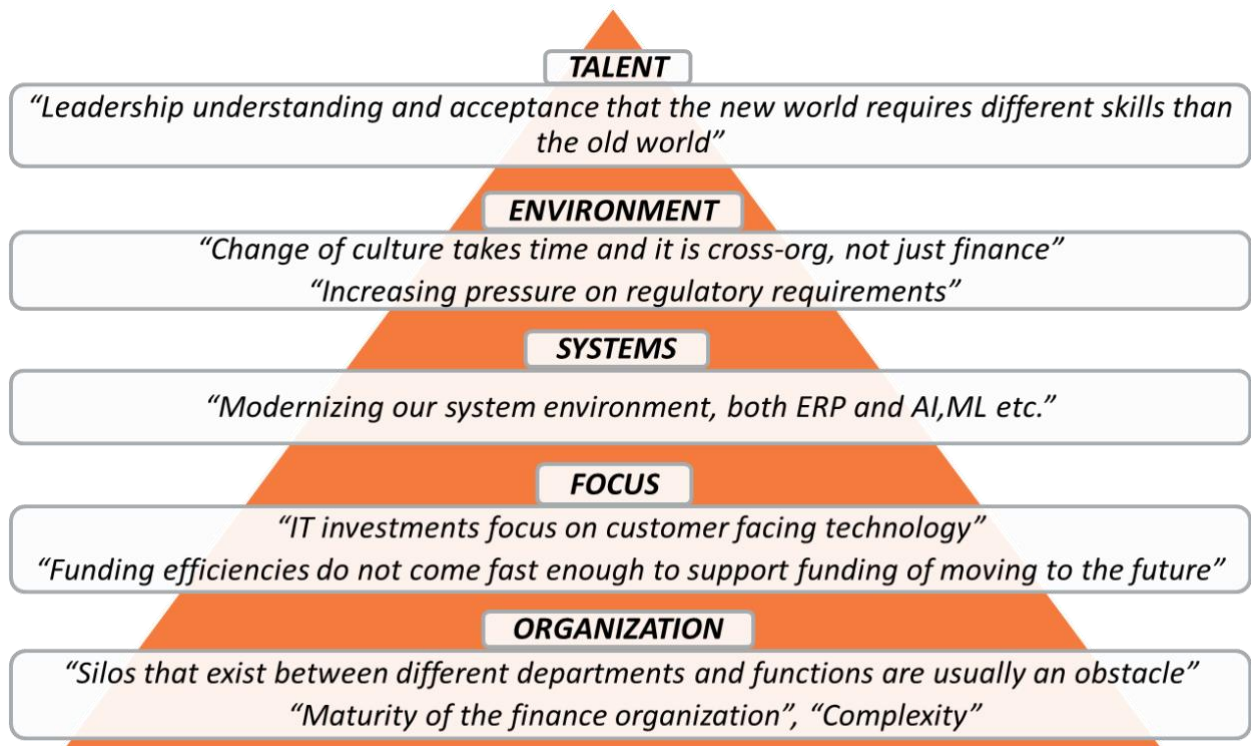
Survive and thrive in a world that is volatile, uncertain, complex, and ambiguous (VUCA)

Several conclusions emerged throughout the day:

- Purpose, sustainability, and trust are the new goals.** Unsustainable business models will not endure. Transactional revenues are insufficient, recurring revenues are preferable, and broader environmental and climate sustainability matters, too. The customer life cycle and longer-term metrics such as customer lifetime value (CLV) take increased importance. Securing the trust of customers is key; an organization's purpose is important to both millennials and Gen Zers.
- Organizational change is the biggest challenge.** In one of the most notable deviations from previous HFS F&A Roundtables, the Stockholm delegates unanimously held that the biggest challenge is the organization itself, while talent and legacy IT were called out in force in London and New York. HFS interprets this as

a comparatively mature assessment resulting from Scandinavian participants' more advanced journey progress. The habitual practice of engaging toward consensus is there, but the organization is blocking further progress. Exhibit 3 shows that focus, systems, environment, and talent follow in importance.

Exhibit 3. Organizational silos and complexity are keeping F&A from reaching the Finance OneOffice goals



Source: Inputs from HFS F&A Roundtable participants, October 2019

"I grew up as an accountant, finance is in my bones, and I believe finance has a critical role to play in the enterprise performance management."

—Carole Murphy,
EVP Business Services, Capgemini

- **Finance has an important role to play in enterprise performance management.** The CFO role is one of stewarding the organization and driving enterprises' performance management.
- **Data is abundant, but insight is still a challenge.** Data is plentiful with the current regulatory load, but to get good insight, you need a single source of truth combined with a good understanding of the business.
- **Data is critical for developing the finance OneOffice.** Enterprises must assimilate accurate data and turn it into valuable insight. The challenge here is to go beyond being reactive to being proactive.
- **Data governance and management issues are still not solved.** Enterprises must adopt coherent data strategies to force ambiguity to give way to clarity. Who owns the data operating model? IT, Finance, CIO, CDO?
- **Work toward business outcomes, find the baseline, set continuous improvement in motion.** Use metrics that matter going forward —the ones relating to global business operations, not localized F&A metrics.
- **Globalization brings additional impetus to standardize data.** Change the perception of data; set the data model first, create a single data dictionary, then look to reporting requirements. Do not let the tail wag the dog.
- **Consolidation is necessary for data-driven architectures.** The cleaner the underlying systems landscape, the better the resulting data flows, which is especially important for ERP (enterprise resource planning) systems. Combining multiple instances of ERP into a single instance is painful—but necessary—to enable the next level of data-driven operations.
- **More dramatic changes are possible in F&A.** Account close still typically takes days; could it be a constant and persistent operation today? Digital changes everything; time-to-order through cash is often only seconds.

The Bottom Line: Enormous changes are required in the back office to transform into the finance OneOffice. If silos persist, then there is more work to be done to improve data flows and enterprise performance.

Organizations are striving toward becoming truly data-driven, letting data take the lead and tell its own story, highlighting previously unknown problems and opportunities. This will undoubtedly happen as enterprises feed data into machine learning algorithms and the resulting patterns lead to insights that can be trusted and acted on.

A useful navigation tool on this journey to data-driven organizations is Capgemini's "Five Senses of Intelligent Automation": watch (monitor), listen/talk (interactions), act (service), think (analyze), remember (knowledge). The five senses combine to form automation solutions and deliver artificial intelligence, driving the journey to data-driven organizations. Some of the outcomes achieved with clients using this approach include: request handling timeframe reduction from 3-4 days per request to 2-3 hours, disputes resolution time reduced by 4.6 days, and quality improvement from 87.7% to 99.5%.

The finance function must become the arbiter of real-time data to support key decisions around the competitive strategy of the firm, where divisions between departments cease to exist and finance staff are measured on the same metrics—usually improved customer experience, improved profitability, and quality of data. Finance plays a pivotal role in managing enterprise performance data, but is it ready to take on the added responsibility?



Miriam Deasy | Research Director

Miriam's focus is on Integrated Automation across the Triple-A Trifecta (automation, AI, and analytics) from a people, process, and technology lens and her key areas of expertise include IT services contracts and market evaluation. Miriam also has considerable experience in systems implementation, systems integration, business analysis, technical analysis, consultancy, and strategic marketing. Miriam brings 12+ years of analyst and relevant experience at the intersection of technology and business. Prior to joining HFS, she was the Principal Analyst at Ovum where she focused on AI, RPA, and IT services for the last 3 years, and worked at EDS (now DXC), Amdocs, and NATS prior to that. She holds a bachelor's degree in business and legal studies from University College Dublin, Ireland.



Saurabh Gupta | Chief Research Officer

Saurabh oversees HFS' global research function managing the global team of analysts across US, Europe, and Asia-Pac. He sets the strategic research focus and agenda for HFS Research, understanding and predicting the needs of the industry and ensuring that HFS maintains its position as the strongest impact thought leader for business operations and services research.

As an analyst, Saurabh leads our coverage for horizon 3 change agents such as blockchain, business services (such as finance and accounting and supply chain), and industry services including healthcare and life sciences. Saurabh also analyses overarching and cross-cutting themes under the OneOffice concept like digital change management.

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About HFS Research: Defining future business operations

The HFS mission is to provide visionary insight into major innovations impacting business operations, including: automation, artificial intelligence, blockchain, Internet of things, digital business models, and smart analytics.

HFS defines and visualizes the future of business operations across key industries with our Digital OneOffice™ Framework.

HFS influences the strategies of enterprise customers to help them develop OneOffice backbones to be competitive and to partner with capable services providers, technology suppliers, and third-party advisors.

Read more about HFS and our initiatives on www.HFSresearch.com or follow @HFSResearch.

