Digital transformation to empower CFOs
Most CFOs consider their function as already mature. However, they tend to focus mainly on transactional processes with a ROI driven approach.

This is the major insight revealed by our survey “CFOs in the Digital Transformation” where we asked CFOs to give us their point of view on:

- Digital technologies as a key enabler of performance
- The digitization of the finance function

Based on this insight, we developed a CFO Digital Journey which shows that digitization of transactional processes is only the first step towards digital maturity:

1. Of course, Digital technology is a key enabler for CFO-Efficient Service Providers to increase productivity of transactional processes (Order-to-Cash, Purchase-to-Pay, Record-to-Report and Cash management), specially when shared-services centers are implemented.

2. But then, using Digital Performance Management tools like digital dashboards and real-time data, CFO Digital Business Partner are able to provide more powerful insights to the business field.

3. Finally, by mastering Big Data and Analytics, CFO Digital Master can now provide predictive analyses to support business decision-making processes. By doing so, they increase their strategic position within the organization.

Our analysis is based on a survey conducted in 2014 by Capgemini Consulting among more than 100 CFOs and financial leaders of major companies in France and other European countries. This survey puts forward the CFO perception on digital technologies as a key performance driver in their companies and in shedding some insights on the digital maturity of Finance Departments.

Top Finance leaders from all the industries have participated

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>61%</td>
<td>of publicly-listed companies</td>
</tr>
<tr>
<td>66%</td>
<td>have &gt; 500M€ turnover</td>
</tr>
<tr>
<td>58%</td>
<td>have &gt; 5,000 employees</td>
</tr>
</tbody>
</table>

Representative of all industries

- Public Sector: 9%
- Financial services: 46%
- Service: 33%
- Industry: 12%
When digital becomes a key enabler to “boost” the Finance Function performance

Capgemini Consulting CFO Digital Journey

Capgemini Consulting has developed a “Digital journey” model to help CFOs assess their maturity and progress towards the digitization of their Finance Departments.

The chart below presents the 3 steps of the CFO Digital Journey: the Efficient Service provider, the Business Partner and the Digital Master.

For each step, we detailed the ambitions for leveraging Digital technologies:

**CFO Finance Data Provider**
- Ambitions:
  - Ensure compliancy with regulatory principles
  - Provide timely, secured and reliable financial information

**CFO Efficient Service Provider**
- Ambitions:
  - Increase transactional processes productivity thanks to digital technology implementation
  - Rationalize IT Landscape

**CFO Digital Business Partner**
- Ambitions:
  - Improve value added to Business thanks to efficient Performance Management digital tools
  - Optimize financial processes thanks to extended digital tools implementation

**CFO Digital Master**
- Ambitions:
  - Leverage on Big Data and Analytics capabilities to support predictive analysis and decision-making process
  - Lead cross-function data initiatives

Performance & Process efficiency
Even though CFOs see their functions as mature, they tend to focus mainly on transactional processes.

Based on our survey, financial processes are globally mature, both in terms of digital maturity and process efficiency.

Exhibit 1 below points out that all key financial processes have reached a good level of digital maturity: the use of digital technologies is well leveraged on these processes.

The survey also shows that digital maturity is directly linked to a great level of efficiency: digitizing finance processes helps delivering better service quality, in shorter times and at better costs.

However, our study reveals areas of improvement for CFOs.

According to our survey, CFOs mainly focus on transactional processes (Order-to-Cash, Purchase-to-Payment, Record-to-Report & Cash Management). 80% of interviewees expect their digital investments will drive significant productivity.

Finance should partner with other departments to achieve the vision.

It is high time finance executives become proactive in their roles. As a business partner, they should bring more value to the Business.

We believe that digital can provide interesting improvements, especially in terms of productivity and data quality.

In the meantime, performance management (i.e. forecasting & dashboarding) has been the hot button in Finance Departments lately. Indeed, this finance process can effectively be addressed with digital technologies to help CFOs get real-time data with a higher level of analysis to enhance decision-making processes and value-to-Business.
Even if transactional processes are felt already mature, there is still room for improvement.

44% of CFOs want to launch a digital project in the coming years. Indeed, four End-to-End Business processes can benefit from digital technologies:

**Order-to-Cash (O2C)**
Process digitization benefits are particularly obvious when it comes to invoice dematerialization and credit risk management.

**Purchase-to-Pay (P2P)**
For P2P process also, main benefits come from e-Invoicing, Electronic approval and e-Payment.

**Cash Management (CM)**
Opportunities for Treasurers are articulated around 3 major drivers: Communication security/simplification, integration/data quality and forecasting.

**Record-to-Report (R2R)**
Opportunities occurred on 2 critical phases:
- Fast closing process;
- Consistency between legal & management reporting.

---

**Exhibit 2 – Transactional Processes and corresponding digital technologies**

**Order-to-Cash**
- Client Credit
- Management of client database
- Order management
- Billing
- Accounts Receivable
- Recovery & reminder
- Cash

**Digital Technologies**

**Purchase-to-Pay**
- Selection of suppliers
- Purchase
- Control and registration of bills
- Payment of suppliers
- Payment

**Digital Technologies**

**Cash Management**
- Cash flow
- Payment and collection processes
- Cash forecast
- Bank reconciliation
- Bank conditions control
- Bank account swiping
- Funding and financing decision
- Self service portal
- Financial control
- Self service portal

**Digital Technologies**

**Record-to-Report**
- Fixed assets accounting
- Inventory accounting
- Travel & Expenses
- Accounting and closing
- Financial control
- Report

**Digital Technologies**

---

**Extracts of client case studies**

- **Major retail company:** digitization strategy definition, New organization design, dematerialization projects, benchmark
- **Leading energy industry:** digitization strategy definition and technical solutions benchmark
- **Major Telco company:** Credit risk management centralization and optimization
- **Other leading companies in their industries:** Process optimization through digitization (integration with other processes, workflow and cockpit implementation…)

---
Beyond transactional processes, CFOs can deliver value with digital performance management

One of CFOs’ top priorities is to have an accurate vision on company’s performance. Their mission is to support decision-making analyses and to improve business performance almost in real time with greater efficiency.

One key success factor is the way this information is provided to business in order to speed up and ease the decision-making process.

Digital solutions have changed drastically during recent years in order to help CFOs manage data and ease reporting analysis. However in the digital market it is not always easy to identify the right solution.

Digital solutions evolve continuously to best solve these challenges and help CFOs in this data production and communication process.

New Digital Performance Management tools are available on Mobile and Tablets. They are easy to use, flexible and efficient (interactive pie charts and graphs, granular visibility and comprehensive multidimensional drill down analyses are just a fraction of what can be used). In addition, they provide the capacity of performing data analyzes and what if analyses essential for decision-making. Finally these tools enable CFOs to monitor decisions through key performance indicators that are refreshed on a real time basis.
Beyond transactional processes, CFOs can deliver value with digital performance management

Exhibit 3 – Digital technologies related to Performance Management have improved drastically in order to help the CFO become a CFO Digital Business Partner

<table>
<thead>
<tr>
<th>Classical “offers” of digital performance management</th>
<th>… have reached a functional maturity …</th>
<th>… and editors have developed innovative functions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reporting and analysis</td>
<td>• Production and diffusion of reporting and analysis</td>
<td>• Quick data refresh (real time)</td>
</tr>
<tr>
<td></td>
<td>• Business intelligence Mobile (access and applications)</td>
<td>• Easiness of tools use and visual attractiveness</td>
</tr>
<tr>
<td>Dashboards and visualization</td>
<td>• Dashboard of company performances</td>
<td>• Personalized data access and diffusion</td>
</tr>
<tr>
<td></td>
<td>• Analysis of trends and market evolution</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Diffusion of dashboard and analysis</td>
<td></td>
</tr>
<tr>
<td>Planning, Budgeting and Forecasting</td>
<td>• Planning</td>
<td>• Data access security (by profile and shared workspaces)</td>
</tr>
<tr>
<td></td>
<td>• Help in the budget and Forecast process</td>
<td>• Collaborative platform (real time sharing and social networks)</td>
</tr>
<tr>
<td>Profitability and cost management</td>
<td>• Help in cost and revenues allocations (Business, products, clients, projects…)</td>
<td>• Compatibility with other IT Tools</td>
</tr>
<tr>
<td></td>
<td>• Analysis of projection to measure a change impact on profitability</td>
<td>• “What If” analysis</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Best case and worst case scenarios</td>
</tr>
</tbody>
</table>

Extracts of client case studies

- **Global pharmaceutical company:** Group Executive Dashboard and automation of a personalized cockpit for each business function

- **Leading energy company:** Definition of one common referential, common Finance and Performance Management tool, and budget and forecast preparation tool

- **Major banking company:** Dashboard implementation for COMEX members in order to better manage performance and improve decision-making process

- **Internet company:** Integration of reporting process and customization of management cockpit
CFO Digital Master leverages on Big Data and Analytics capabilities to support predictive analysis.

Finally, CFOs key challenge for the next years is to manage tremendous and increasing volumes of structured and unstructured data to better predict future business trends.

External devices provide more and more data with a greater variety. All of these types of data need to be restructured while velocity of data analysis become a critical issue. Analytics allow CFOs to better analyze data to predict Business evolutions thanks to adapted solutions.

Big Data architecture contains usually two main components:

- Data integration and optimization thanks to new technologies allowing data processing based on cloud computing technology
- Analytics capabilities and Data visualization that allow quicker and personalized access to information

Based on our study, Big Data & Analytics for the finance function is still a new frontier to be explored.

Exhibit 4 – Big Data & Analytics technologies allow the evolution from simple reporting based on historical data to forecasting and predictive modeling capabilities.
CFO Digital Master leverages on Big Data and Analytics capabilities to support predictive analysis

Based on the market study, we defined 3 use cases applicable in the finance area: mid-term planning / modeling initiatives, analytical insights & reports, end-to-end financial processes & cash management optimization

### Finance use cases

<table>
<thead>
<tr>
<th>Use Case</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mid-term Planning / Modeling</td>
<td>• Strengthen top-down modeling for each Business Unit in the strategic planning process (sales, commodities costs, etc.)&lt;br&gt;• “What if analysis”, best case / worst case scenarios</td>
</tr>
<tr>
<td>Analytical insights &amp; reports</td>
<td>• Provide a common vision on the revenue and margins, based on statistical analysis, building on multiple data sources: client, product, market benchmark…</td>
</tr>
<tr>
<td>End to end financial processes</td>
<td>• Analyze the “Order to Cash” process in order to optimize the cashflow&lt;br&gt;• Optimize the “Source to payment” process</td>
</tr>
<tr>
<td>Other case studies</td>
<td>• Example: M&amp;A — Accelerate business and data analysis processes (multiple sources) during due diligence phases&lt;br&gt;• Accelerate closing deadline by providing accrual estimations based on analytics</td>
</tr>
</tbody>
</table>

### Extracts of client case studies

- **Major manufacturing company**: Predictive modeling for sales planning and forecasting to challenge Business-Units budget and planning
- **Global oilfield services company**: Product margin improvement and identification of cost savings opportunities
- **Major European agribusiness company**: Optimization of the cash outflow and the DPO, streamlining of the budget process and faster global integration
- **Major Consumer Goods company**: Identification of clear actions for improving DSO and inventory turnover optimization
- **Several international companies**: Analytics and BI Shared Services vision and BI factory implementation
Where are you on your Digital Journey?

<table>
<thead>
<tr>
<th>Business support</th>
<th>CFO Efficient Service Provider</th>
<th>CFO Digital Business Partner</th>
<th>CFO Digital Master</th>
</tr>
</thead>
<tbody>
<tr>
<td>Predictive Analysis</td>
<td>Several BI solutions Still some manual data crunching</td>
<td>Simplification of BI solutions Analysis of trends and market evolution</td>
<td>Big Data and Analytics solutions</td>
</tr>
<tr>
<td>Performance Management</td>
<td>Production and diffusion of reporting and analysis Offline budget process</td>
<td>DashBoard of company performance Help in the Budget and Forecast process Diffusion of Dashboard and analysis</td>
<td>Personalized data access and diffusion Mobile BI and Real time data Continuous budget process</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Transactional efficiency</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Order-to-Cash</td>
<td>Multiple client data Bases Manual billing</td>
<td>Client portal EDI / e-invoicing Digital reminder (ex: sms, mails)</td>
<td>Client Global account visibility Global Credit Insurance E-invoicing</td>
</tr>
<tr>
<td>Purchase-to-Pay</td>
<td>Manual process except for document scanning</td>
<td>Supplier portal Fiscal dematerialization</td>
<td>Online payment solutions Integration in a global supply chain finance</td>
</tr>
<tr>
<td>Cash Management</td>
<td>Heterogeneous payment processes Manual forecast building processes</td>
<td>Centralized payment and collection processes Automated cash forecast</td>
<td>Multibank cash-pooling Global Treasury Management System</td>
</tr>
<tr>
<td>Record-to-Report</td>
<td>Manual data entry Legal reporting only</td>
<td>Automatic interface between Business system and Finance</td>
<td>Closing cockpit Digital Reporting tools</td>
</tr>
</tbody>
</table>
Capgemini Consulting is the strategy and transformation consulting brand of Capgemini Group. The information contained in this document is proprietary.

© 2015 Capgemini. All rights reserved.