VALUE ARCHITECTS:
DIGITALLY TRANSFORMING FINANCE FOR THE INTELLIGENT ENTERPRISE

accentureconsulting
There’s a transformational shift taking place in finance functions. They’re moving from recording and reporting on results to driving and delivering business value themselves. Chief Financial Officers (CFOs) recognize this transformational imperative as they become strategic value-creation partners with the business. Accenture’s ongoing research into the transforming role of the CFO shows how the face of finance is changing:

81% of CFOs are focused on identifying and targeting areas of new value across the business as one of their key responsibilities.

77% of CFOs believe it is in their remit to drive business-wide operational transformation.

70% of CFOs believe the traditional finance talent profile needs to change quickly and drastically—many of these capabilities are entirely new.
While finance transformations have traditionally focused only on the cost of finance, a shift is taking place to develop competitive business advantage through finance capabilities. Digital enables organizations to harness the power of information—and finance is the one place where all the information comes together. Finance has a unique opportunity to unleash the power of digital to the enterprise and align on one integrated set of facts that drive very significant business outcomes.

We know that there’s a 70 percent correlation between digitizing finance and overall finance effectiveness. And crucially, how digitization happens makes a big difference. Our review of five finance processes—record to report, accounts payable, order to cash, tax, and financial planning and analysis (FP&A)—shows that organizations digitizing the most in FP&A achieve the most effectiveness gains. Their financial effectiveness is 50 percent higher than peers that only digitize accounting and finance operations.

To capture effectiveness gains like these, finance leaders must focus on three imperatives: build a digital finance core to automate transactional activities and eliminate manual interventions, become an analytics powerhouse and transform the finance workforce.
1 **BUILD A DIGITAL FINANCE CORE**

Improve the speed and reliability of financial statements with a new core finance platform. As well as delivering between 10-20 percent efficiency savings by reducing manual processing, digitization and automation can accelerate financial reporting, and enable touchless finance with transactions triggered only by business events handled by technologies like transactional robotics. Standardizing processes and technology can enable finance to close their books in one day, automate their reconciliation processes and support the business through increased agility and effectiveness.

**Example:** One Fortune-500 manufacturing business wanted to bring together its disparate and complex finance systems into one core finance platform. With a single finance platform now in place, the company has global visibility into all finance information and the ability to implement automation and advanced analytics to support the business with timely, strategic insights.

2 **BECOME AN ANALYTICS POWERHOUSE**

Drive real-time decision-making and self-service reporting, as well as realizing 20-30 percent efficiency savings. With a strong digital core, finance functions can unlock new strategic insights by identifying and answering new questions.

As an analytics powerhouse, finance can move from backward-looking reporting to intelligent forecasting, providing competitive advantages and identifying risks and opportunities for business growth with actionable visibility into trends and simulations of new business models.

**Example:** Accenture’s payables optimizer application transforms how an Accounts Payable (AP) organization functions. Once there is a fully automated invoice management process in the digital core, the application provides two major capabilities: 1) monitoring and analyzing spend and 2) directly managing invoices and payables with a working capital mindset, instead of a transactional approach.

How does it work? AP managers can instantly and continuously see current open payables, compliance with purchase orders and the working capital impact historically and going forward. Payables optimizer predicts the early payment probability based on open invoices and vendor payment terms and allows AP managers to simulate the profit and loss (P&L) impact by paying (or not paying) certain invoices in the predicted timeframe.

Instead of focusing on transactional processing, coding and correcting invoices, AP staff can see which open payables have the biggest working capital impact and act accordingly.

Analytics provides unprecedented transparency into vendor relationships and their compliance with negotiated payment terms to support better negotiations.
Create more powerful finance performance by transforming talent and organization. By harnessing analytics and artificial intelligence (AI), the finance workforce can move from today’s focus on accounting and controlling to supporting the business as key advisors. Embedded in business operations, they will support planning and advise on investments and how to drive ROI. With these changes, finance’s productivity can increase by up to 50 percent. This increase in productivity gives the enterprise flexibility in how it manages the finance organization, delivering cost reductions and much faster reporting.

As the role of finance evolves from accounting services to strategic business co-pilot, enabled by digital, process, technology, data and talent converge to give finance specialists the opportunity to focus on planning, analyzing and advising.

**Example:** A global organization has transformed its finance function through digital technologies, process innovation and analytics to achieve a holistic view of the business, enable new governance processes and create a new user experience across finance and accounting.

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**3 TRANSFORM THE FINANCE WORKFORCE INTO VALUE ARCHITECTS**

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**1 DIGITIZE THE CORE**

**Digital Finance Core**
Eliminate up to 100 percent of manual processing through digitization and automation.

**Touchless Finance**
Build on the digital finance foundation, extending transactional robotics and machine learning.

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**2 POWER REAL-TIME DECISION MAKING**

**Analytics Powerhouse**
Move from backward-looking reporting to intelligent forecasting and harness the power of data as an asset, creating a predictive and analytical culture in which analysis drives real-time decision making and anticipates future business decisions.

**New Business Strategies**
Increase organizational agility by applying insights in real time to pursue new approaches and strategies.

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**3 REIMAGINING THE FINANCE WORKFORCE**

**Unleash Finance Talent**
Work with leadership to develop a clear vision and map the enterprise’s journey to a digital workforce. Reorient the capabilities of the finance organization to align with this vision by pairing AI with people to infuse an evolutionary mindset.

**Evolve the Organization**
Transform the operating model to an intelligent back office with a core control tower to enable accounting accuracy and drive continuous improvement through an innovation office.
Accenture analysis shows that by 2020, cross-functional business teams will deliver 80 percent of traditional finance services.\(^4\) Finance productivity will increase two- or threefold. And thanks to the implementation of new intelligent tools and technologies, costs could decline by as much as 40 percent. These savings can be reinvested to fund the holistic digitization of finance that have been shown to deliver above-median finance effectiveness and drive revenue growth.\(^5\)

The world’s fastest-growing businesses\(^6\) are already transforming finance’s role. At these businesses, CFOs spend more time looking into the future than they do checking the rear-view mirror.

Accenture research shows that CFOs of high-growth businesses are, across the board, more likely than their counterparts to spend time:\(^7\)

**Identifying and targeting** new areas of business value;

**Exploring** how disruptive technologies could benefit their enterprise; and

**Leading** efforts to make the whole business more efficient through the adoption of digital technology.

Those are all activities that only an intelligent finance function can support in a business environment that’s moving faster than ever, subject to constant disruption and seeing the rules being radically rewritten.

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**The journey to a digital finance organization begins with an intelligent platform**

Finance’s evolution from backward-looking reporting to strategic business partner and value architect is well underway. Eighty-four percent of CFOs say that they expect to be providing their business with real-time or near real-time insights within the next three years.\(^8\) Take the example of one leading consumer technology business—it’s now using the finance function’s prowess in predictive analytics to understand what devices customers buy, when they might upgrade and add services and what can be done to influence their behavior. That’s a far cry from capturing data to report on historical performance.
We’re seeing more and more verticalized capabilities that are designed to enable intelligent finance operations. But to realize their enormous potential for innovation, finance organizations need to take advantage of an integrated platform-based landscape, with vertical functionalities and a data-centric approach.

As well as supporting and powering finance’s digital transformation, an intelligent platform provides the capabilities, agility, speed and customization needed for finance to boost its effectiveness and become a true strategic business partner. Digital technologies from the Internet of Things (IoT) to machine learning and AI to blockchain, will form the basis of that platform—or digital core.

A digital core integrated with smart machines and robotics can help finance functions eradicate manual transactions and deploy machine learning to manage complex accounting processes. Smart financial reporting supports self-service analytics on real-time data that is available anywhere and at any time, on any device. Proactive planning and forecasting harnesses AI to anticipate the value of business decisions and predict and simulate financial outcomes. And accelerated closing enables daily period-end processes, a real-time view of P&L and hence the ability to dramatically accelerate and improve decision-making.
A number of intelligent platform capabilities digitally transform finance. These include:

**A focus on higher-value activities**
The improved automation capabilities that an intelligent platform provides in nearly all areas remove transactional tasks, so talent is focused on higher-value work.

**Accelerated closing**
Period-end processes run daily, enabling a real-time view of P&L, providing early visibility of trends and opportunities to take prompt remedial action.

**Mobilization**
Simplification of solutions based on a personalized user interface, delivered on multiple devices (e.g.: smartphones, tablets, wearables) improves productivity and employee experience.

**Smart financial reporting**
New reporting and analytics capabilities for all, with self-service access to real-time data allow instant insight-to-action, anytime and anywhere.

**Touchless processing**
An intelligent platform uses in-memory functionality to move processing, reconciliations and allocations in real-time, improving working capital efficiency and reducing operational cost while maintaining global regulatory compliance and risk assessment.

**Rapid planning and forecasting**
Generate business value through data insight and intelligence, leveraging predictive analytics to simulate and immediately assess new business models.
Getting started: time for a different approach

Navigating the digital finance transformation journey powered by an intelligent platform is a multi-stage process. It can’t happen overnight. And every company will have its own unique requirements, contexts and goals. Finance organizations will want to work with a provider that offers a suite of tools and methodologies that can accelerate an intelligent platform implementation while connecting it to the business strategy, new operating model and business processes. They will want a solution that continuously measures business value, provides new insights for improvements and innovation and enhances the roadmap.

Important characteristics include:

**Comprehensive**—extending from vision to delivery and right through to ongoing support.

**Standardized and innovative**—incorporating preconfigured solutions, continuously refreshed with the latest technology to ensure data security and regulatory compliance.

**Value-focused**—bringing leading thinking in finance function effectiveness.

Working with their provider, organizations should begin by developing a clear vision that links from best practice to an executable roadmap with measurable and predictive outcomes. The roadmap needs to provide a guided approach for a holistic transformation, moving the finance function through the process with predefined deliverables and outcomes.

For those finance organizations that have yet to get started, there’s no time to lose.

The entire process should be immersive, intelligent, data-driven, insight-led and interactive. And crucially, the solution needs to be fit for purpose, meeting the finance function wherever it is along its domain, industry and technology journey.