OPENING DOORS TO BUSINESS GROWTH

Financial Planning and Analysis
Powering the CFO Agenda
THE CHANGING FACE OF FINANCE

The world of the Chief Financial Officer (CFO)—indeed, of the entire Finance function—is changing at high speed.

Accenture’s latest CFO research explores the transforming—and transformational—role of the CFO.1 Once considered number crunchers, CFOs became partners to the business. Today, they are assuming the role of strategic “facilitators” and the CEO’s most trusted advisor.

CFOs are also looking well beyond the finance function, with a majority of CFOs surveyed by Accenture targeting and identifying areas of new value across the enterprise.2 This is the most dramatic shift of the CFO agenda—from driving value to building the digital enterprise.

Among the key roles to be played by the CFO are:

DIGITAL VALUE STEWARD
Creating new value in a digital world
Effectively evaluate and prioritize the significant investments in digitization of the enterprise and provide measurable outcomes.

FINANCE LEADER
Leading an efficient and effective finance function
Improve efficiency, effectiveness, risk and compliance and in doing so become focused and agile, driving insights, decision-support, growth, and profitability.

BUSINESS PARTNER
Driving enterprise value
Diversify finance talent and capabilities to embrace a wider role in targeting and realizing new value, guiding transformation, and leading the operating agenda.

As CFOs continue to automate routine accounting, control and compliance tasks, increasing their emphasis on value creation, they have kept their focus on being a strong business partner through the Financial Planning and Analysis (FP&A) function. Development of a strong and robust FP&A team helps them digitize finance and harness the power of data. CFOs are doing this so that their people can:

Focus on providing insight and guidance to the rest of the business
Unleash their critical thinking and creativity
Help the enterprise realize the full power of data

In the sections that follow, we explore how adopting a holistic view of the FP&A function supported by a fresh approach to an FP&A operating model can benefit financial institutions. We will also examine how a focus on process and organization levers, the use of digital technologies, advanced analytics and artificial intelligence capabilities, as well as key skills, talent and solid data are critical to meeting the finance imperatives of the new digital era.
In this revolution of the finance function, FP&A is the front-line partner of the business and operates at the nucleus of the digital finance agenda. The typical role of the FP&A function in financial services revolves around developing financial plans that support the enterprise’s strategy, forecasting near-term and long-term financial outcomes, budgeting for estimated operating and capital expenditures, analyzing actual performance against forecasts, and reporting management results for the business units. The FP&A function often houses analytical skill sets and business knowledge to provide business divisions with key insights for informed decision making.

As illustrated in Figure 1 below, business unit finance is evolving into the future face of finance. It can influence business performance by providing real-time insight into current performance, predicting business outcomes and identifying opportunities to pursue future value.

There are, however, some challenges that the FP&A team should overcome if it is to support the expanded role of the CFO. For example, if the FP&A team lacks the right capabilities and tools, it can spend a significant amount of time on fixing data issues, creating reports (including target setting), undertaking strategic three-year and one-year planning, and explaining variances after the fact.

**Figure 1: Business Finance Focus**

**Influence business strategy through insights and using:**
- Multi-year scenarios; market or business fluctuations
- Product pricing and implications
- Scenario analysis of new products or channels to develop business strategy
- Forecasting and monitoring financial implications of business decisions

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**Key FP&A Capabilities**

- Standard Data Management
- Cross-functional Data Mining Systems
- Predictive Analytics
- Better Decision Making
- Process Standards
- Visualization Tools
- Talent

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Source: Accenture, February 2019
Typical Challenges Faced by FP&A

Many financial services organizations invest too much time in backward looking reporting and analytics cycles, rather than supporting high quality decision making, real-time analysis of investment and business planning.

In our work with financial firms across the globe and discussions with CFOs and their C-suite peers, we have come across numerous challenges compromising the effectiveness of FP&A teams. To illustrate a few:

• A CFO sharing with us that his team had to cobble together 10 to 20 different reports to get a comprehensive view of their business
• For another firm, they had over 500 individuals engaged in planning, reporting and analytics—all doing things differently—with the inconsistency creating redundancy, rework and shadow organizations
• Spending months creating and updating a plan using information from the previous year
• Not knowing which people within the organization are reading the reports generated

Other problems include lack of access to external data, data warehouses that do not include data from all required source systems and mobilizing large numbers of people to address ad hoc requests from management.

Making FP&A an Integrated Function

These shortcomings arise due to a combination of different factors ranging from inefficient processes, shadow organizations and inadequate tools, to lack of standardization, complex business structures and the struggle to find and retain the right talent with the required skills to become indispensable business partners.

We believe FP&A teams can overcome these challenges through a new operating model to transform their role and become the agile function operator that their businesses increasingly need.
Increased expectations as Boards, CEOs and enterprises overall expect and need more from CFOs.

Pace of change keeps accelerating.

Expanded control and compliance expectations driven by regulation and consumer demands.

Power of data and an explosion in the volume of data, requiring both focus and new capabilities.

Increased pressure to show growth and profits is constant.

Source: The CFO Reimagined: from driving value to building the digital enterprise, Accenture 2018
DESIGNING A NEW FP&A OPERATING MODEL

In the previous section, we spoke about the evolving role of the CFO and FP&A. In this section, we introduce the idea of transforming the FP&A operating model for greater agility and enhanced capabilities, essential to supporting the CFO and finance in their expanded roles. We also explore how the organization model, the separation of FP&A processes and sourcing strategy influence some of the operating model decisions that should be made.

As seen in Figure 2, designing an integrated FP&A operating model requires consideration of multiple key components that allow FP&A to

Figure 2: Key Components of an FP&A Operating Model

1. Strategy, Sponsorship and Leadership
   Aligned to vision and goals

2. Scope of Services and Process Model
   Executing the Core

3. Organization and Engagement Model
   Global Delivery, Local Expertise

4. Sourcing Strategy
   Make or Buy Services

5. Talent Management
   Right People, Right Place

6. Governance and Service Delivery
   Accountability, Transparency and Standardization

7. Agile Technology
   Promote efficiency and effectiveness through integrated planning technologies

8. Analytics and Artificial Intelligence (AI)
   Through Advanced Analytics and AI

9. Benefits Realization and Value Management
   Measuring Performance

What is our ambition, purpose and subsequent direction? How does it align to company goals?

What processes are critical for the FP&A function and what should they look like?

Who should be accountable for each group? How should the interactions and delivery model evolve?

Should the service be insourced or outsourced and using what location strategy?

How can business intelligence and insights be more real-time and predictive?

Source: Accenture, February 2019
support the group’s strategic imperatives. This is very crucial as CFOs wield the power of digital and pursue their organization’s growth objectives. Leadership should also understand that technology alone is not the answer.

FP&A should shift from its traditional backward-facing analysis to more predictive analysis in order to support desired future business outcomes. However, there is no one-size-fits-all operating model for FP&A organizations.

Financial services firms should evaluate their maturity, growth agenda, business complexity and technological capabilities to define and articulate their future FP&A operating model.

As seen in Figure 3 below, organizations should design the future operating model journey with respect to the key capabilities needed in the future state as well as their primary areas of focus.

### Figure 3: Capability Evolution of FP&A Operating Models

<table>
<thead>
<tr>
<th>Nature of Budgets and Forecasts</th>
<th>Traditional</th>
<th>Competitive</th>
<th>Leading</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual budgets based on unsupported assumptions and decentralized formula.</td>
<td>Annual budget replaced with driver-based rolling forecast; financial outcomes linked to key drivers of current and future value.</td>
<td>The concept of the budget is replaced by an advanced ecosystem of data-driven dynamic forecasting and strategic planning capabilities.</td>
<td></td>
</tr>
<tr>
<td>Iterative, bottom-up process with legal entity focus and central consolidation.</td>
<td>Business unit focused, aligned with central guidelines and schedules, and focused on drivers.</td>
<td>Company-wide, integrated and collaborative process focused on drivers and predictive forecasts leveraging broad sets of data.</td>
<td></td>
</tr>
<tr>
<td>Offline non-integrated tools with limited automation; manually sourced and manipulated data.</td>
<td>Integrated driver-based models with cloud-based planning systems; automated, integrated and consolidated data sourcing.</td>
<td>Analytical dynamic models make use of transactional data combined with economic measures sifted from external sources to provide real-time forecasting capabilities.</td>
<td></td>
</tr>
<tr>
<td>Accountants focused on slicing and dicing of results manually.</td>
<td>Business partners with focus on business scenarios and exceptions.</td>
<td>Business advisors working with data scientists to provide real-time decision support and analytical insights.</td>
<td></td>
</tr>
<tr>
<td>Detail-driven plans, forecasts and reports for every profit and loss (P&amp;L) item; only results forecasted.</td>
<td>Selective budgets for most material and volatile P&amp;L items; forecasts for business drivers and result measures.</td>
<td>Integrated business planning, business unit strategy and investment allocation with forecasts for key business drivers.</td>
<td></td>
</tr>
</tbody>
</table>

Source: Accenture, January 2019
Not every organization aims to reach the north star in every aspect. Industry dynamics, business complexity and the growth rate of the organization can help determine a phased, structured approach for transforming the operating model. Major considerations include:

**Defining the Scope of the Services and Process Model**

Defining the scope of services provided by FP&A is a critical step which should be taken early in the operating model design. Confirmation of the activities to be provided creates the foundation on which many of the other components can be built.

The scope of responsibilities owned by FP&A varies among organizations, and internally between functions. What may be defined as a core FP&A activity in one firm may be shared across finance functions in another. Aligning the organization-wide FP&A definitions can help in evaluating potential opportunities for consolidation and standardization.

Once the scope of FP&A services is verified, the key stakeholders should categorize these activities based on their level of importance. This evaluation should incorporate the views of the internal customers and/or service buyers as well.

Critical processes can then be prioritized so that the operating model is designed to effectively support their delivery. Each organization should then evaluate where these processes should be managed to best meet their business objectives, driven by three key dimensions:

1. The extent of influence of local market knowledge and regulations
2. The degree of interaction with business groups
3. The level of standardization in business processes

Figure 4 below illustrates the typical outcomes of an evaluation of financial services FP&A processes against the three key dimensions.

These categorizations may vary across organizations, depending on the market they operate in, the level of integrated planning they adopt, and their FP&A process maturity and complexity.

**Figure 4: Evaluation of FP&A Processes Against Key Dimensions**

<table>
<thead>
<tr>
<th>FP&amp;A Processes</th>
<th>Local Knowledge Requirement</th>
<th>Business Interaction Requirement</th>
<th>Level of Standardization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Planning</td>
<td>High</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Budgeting &amp; Forecasting</td>
<td>Medium</td>
<td>Medium</td>
<td>High</td>
</tr>
<tr>
<td>Decision Support &amp; Analysis</td>
<td>Medium</td>
<td>Medium</td>
<td>High</td>
</tr>
<tr>
<td>Business Metrics &amp; Tracking</td>
<td>Low</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Business Support</td>
<td>High</td>
<td>High</td>
<td>Low</td>
</tr>
</tbody>
</table>

Source: Accenture, January 2019
Structuring the Organization and Engagement Model

FP&A teams voice many questions about organizational models, such as: Which model provides the right balance of autonomy between business units and corporate? What are the main organizational design factors to be considered? What activities in FP&A are good candidates for shared services? What is an effective onshore versus offshore balance?

The key, in our view, is to define the core elements that should drive the appropriate organizational structure. These include the maturity of the markets in which a firm competes, the maturity and standardization of FP&A processes and systems, plans for business growth, and the operational complexity of the business. Each organization should understand what structure and engagement model can best facilitate the provision of the required service offerings to the business partners across each line of business and, where relevant, each geography.

There are multiple underlying factors to evaluate when designing the organizational model, including:

- Leveraging economies of scale, removing overlap of responsibilities and duplication of tasks
- Consolidating transactional low skilled activities, and increasing automation throughout the processes to reduce manual tasks such as collecting and reconciling data from multiple systems
- Reducing ‘peaks’ and ‘troughs’ in workload by distributing responsibilities and/or leveraging flexibility within the ownership of tasks, such as the potential use of a central pool of resources
- Identifying the requirements of core service recipients, and the scale of service to be provided, to better understand where consolidation of responsibilities might be beneficial
- Maintaining high service quality, the maturity and standardization of processes, the maturity and standardization of metrics, definitions, data structure hierarchies, transparency of data in the tools, and maturity and standardization of the tools themselves
- Focusing on business advisory skills and considering the talent segmentation of the FP&A aligned resources
- Evaluating the complexity of finance processes intertwined with other financial services organizational functions, such as reinsurance and investments, as well as the ability to offshore some regulatory reporting areas for financial services firms

To enhance standardization, reduce costs and boost revenue generation, many organizations implement a tiered structure (as seen in Figure 5) to balance the requirements of business proximity against efficiencies. The geographical spread of the business, volume of transactions and strategic and/or regulatory requirements play an important role in these decisions.
Figure 5: FP&A Organization – Tiered Structure

- Strategic and market sensitive
- Specialized local knowledge
- Extensive client interactions
- Legal restrictions
- Example: Strategic business partnership, local driver analysis and insight

- Operations and decision support
- Specialized regional business knowledge
- Regulatory language dependencies
- Significant stakeholder interactions
- Example: Target setting support, regional forecasting models and performance analysis

- Protocol investigations, analysis and responses
- Delivered enterprise-wide
- Remote interactions
- Example: Data extraction, reporting template population and historical trend analysis

Source: Accenture, February 2019
**Geographic Placement of Processes**

Once the evaluation of FP&A processes is completed, the next step is to look at the feasibility of splitting the processes into the three-tiered structure.

As seen in Figure 6 below, a tiered structure can allow the market-aligned FP&A function to have a more strategic relationship with the business, while the regional and global consolidation helps it operate efficiently at scale and using standardized processes through regional and global shared services models.

Figure 7 below shows an example of how activities can be divided in a regional and global model for budgeting and forecasting processes.

For an effective implementation of the discussed organization and process changes, the right technology and skilled resources are needed to help facilitate the operating model. In the next section we will review the talent, technology and data needs for the emerging FP&A function.

**Figure 6: High-level Split of FP&A Processes**

<table>
<thead>
<tr>
<th>FP&amp;A Processes</th>
<th>% Local</th>
<th>% Regional</th>
<th>% Global/Shared*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Planning</td>
<td>50% - 60%</td>
<td>40% - 50%</td>
<td>0% - 10%</td>
</tr>
<tr>
<td>Budgeting &amp; Forecasting</td>
<td>20% - 30%</td>
<td>10% - 20%</td>
<td>50% - 60%</td>
</tr>
<tr>
<td>Decision Support &amp; Analysis</td>
<td>20% - 30%</td>
<td>10% - 20%</td>
<td>50% - 60%</td>
</tr>
<tr>
<td>Business Metrics &amp; Tracking</td>
<td>15% - 20%</td>
<td>0% - 10%</td>
<td>80% - 85%</td>
</tr>
<tr>
<td>Business Support</td>
<td>50% - 60%</td>
<td>30% - 40%</td>
<td>10% - 20%</td>
</tr>
</tbody>
</table>

*Implies global operations via shared services
Source: Accenture, February 2019

**Figure 7: Example - Budgeting and Forecasting Process Split**

<table>
<thead>
<tr>
<th>Local – Finance Leads and BU Partners</th>
<th>Regional FP&amp;A Center of Excellence (CoE)</th>
<th>Global FP&amp;A Shared Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Strategy formulation and financial planning</td>
<td>• Assist in strategy formulation and planning</td>
<td>• Data collection and compilation from key systems</td>
</tr>
<tr>
<td>• Distribution of business targets</td>
<td>• Alignment with regional business leaders on forecasts and budgets</td>
<td>• Preparation of draft budgets and forecasts based on trends and assumptions</td>
</tr>
<tr>
<td>• Approval of forecasts and budgets, aligned with BUs</td>
<td>• Review and report variances</td>
<td>• Tracking actuals against forecasts</td>
</tr>
<tr>
<td>• Business support to meet forecasts and budgets</td>
<td>• Business support to meet forecasts and budgets</td>
<td>• Upload forecasts and budgets into financial systems</td>
</tr>
</tbody>
</table>

An example of a regional FP&A center is an Analytics CoE supporting local and global finance teams.

In today’s business environment, a global shared service team may work as an Intelligent Automation/Agile CoE.

Source: Accenture, February 2019
FP&A OPERATING MODEL: TALENT, TECHNOLOGY AND DATA

In addition to the organizational and process factors that permit the right FP&A model, the CFO’s role as a strategic digital leader is powered by the digital transformation of the FP&A function. This, in turn, depends on identifying and harnessing the skills and talent of the future.

Skills for the New FP&A Organization

As finance’s responsibilities stretch, so should the skills and knowledge of CFOs and their teams (see Figure 8). FP&A now provides a central business partnership function, so it needs highly skilled, knowledgeable and business-line-specific resources. Transactional tasks are being automated or re-located to shared services in offshore or lower cost locations to allow FP&A to focus on value add analysis for decision making.

As per Accenture research, 40% of banking finance teams are providing proactive analysis of future business scenarios while nearly half of the insurance finance executives are of the view that insight into and understanding of new technologies is essential for CFOs today. This pivot in the focus of finance mandates a shift in the skills required from the team.

Digital finance skills become essential as big data and predictive analytics enhance the role of CFO as a strategic business partner.

In addition to automation tools to facilitate real-time information, organizations need the skills and talent required for the agile workforce of the future. A rounded FP&A professional should not only have good finance and business partnering skills, but good analytical skills as well.

Figure 8: Shift in Finance Talent Profile

Source: The CFO Reimagined: from driving value to building the digital enterprise, Accenture 2018
The finance function should be preparing now for the analytical future. With a significant number of processes and functions now being automated, the current FP&A workforce should be reskilled, and trained in emerging new skills.

**Main Effects on the Existing FP&A Role**

As seen in Figure 9, current FP&A analysts should upskill and emphasize their efforts on in-market finance business partnering areas, increasing their focus on advanced predictive analytical skills and on teaming with the business to better understand and improve reports and analytics.

**Figure 9: New Skills for Existing FP&A Role**

<table>
<thead>
<tr>
<th>Existing Role</th>
<th>Existing Skills</th>
<th>New Skills and Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Analyst</td>
<td>Analyzing business results, reporting on variances</td>
<td>• Anticipating alternative scenarios, tracking their emergence by working with data scientists to identify triggers and source data</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Focus on specialized finance skills in the areas of business (e.g. pricing)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Predictive analysis and scenario tracking</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Impacting business performance while it is happening rather than after the fact reporting and variance analysis</td>
</tr>
</tbody>
</table>

FP&A skilled professionals in the financial services industry may also need knowledge of complicated financial products, such as investment related products, insurance products or offerings related to actuarial and reinsurance expertise.

Of CFOs surveyed expect to be providing real-time or near-real-time insight within three years.

Source: Seize the Advantage Point, Infographic, Accenture, 2018

Source: Accenture, February 2019
Emerging Skills and Requirements

The underlying strategic objectives and scope of services of the new operating model helps to better understand the new skills required within the FP&A function. Figure 10 outlines how these skills and capabilities are aligned to emerging roles.

It is also important to learn how to partner with the business without sacrificing the quality of core functions. The partnership can only grow and prosper if the insights delivered are accurate and timely.

Attracting and retaining the right talent may require a new talent strategy to support priorities including:

- Accelerating reskilling of people
- Redesigning work to unlock potential
- Strengthening the talent pipeline at its source or through a service provider

This transition is not necessarily easy, with many looking outside their organization for talent. According to a recent Accenture study, 23% of insurance finance executives say they are looking into acquisition as a way to source specialist talent.\(^5\)

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Figure 10: Emerging Roles and New Skills in FP&A

<table>
<thead>
<tr>
<th>Emerging Roles</th>
<th>Digital Technologies</th>
<th>New Skills and Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data Scientist</td>
<td>SQL language, “R” language/environment, Python™, Power BI™</td>
<td>• Ability to understand and manipulate massive volumes of data from internal and external sources</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Detailed business and industry knowledge to pose the right questions of the data</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Ability to combine financial, market, and operational data in a rich data set</td>
</tr>
<tr>
<td>Scenario Planner</td>
<td>Power BI™, Python™, TensorFlow™, Oracle®, Hyperion Planning, IBM® Cognos® Planning</td>
<td>• Ability to determine likely scenarios, the triggers for each scenario and the business impact</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Ability to model outcomes using statistical analysis to derive recommendations to the business</td>
</tr>
<tr>
<td>AI/Trend Strategist</td>
<td>TensorFlow™, AppZen, Inc., WolframAlpha®, IBM Watson®, IPsoft Inc.</td>
<td>• Ability to identify trends or indicators of customer and competitor behavior, and describe financial implications</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Analyze output from learning algorithms and to devise strategy and tactics</td>
</tr>
</tbody>
</table>

Source: Accenture, February 2019
Technology and Data for Efficient Execution

Digital technologies offer the opportunity to transform not just the FP&A function but also bring organization-wide transformation, helping it to become more agile and dynamic.

Seventy-four percent of banking CFOs are using some kind of digital technology to make the enterprise more efficient. Yet most financial services organizations feel they are trying to catch up with the rapidly changing technology marketplace. Managing data for financial services companies poses additional challenges due to the vast amount of transactional data and data efforts required for actuarial, reinsurance and investment functions. Automation is needed, not just to improve efficiency, but also to drive enterprise-wide transformation through disruptive technologies.

For FP&A to drive business value it should invest in the right tools and data constructs to drive real-time analytics for stronger insights and more informed business decisions. In considering the right tools, companies should consider the entire spectrum of the technology architecture, from data management to business intelligence and visualization to advanced analytical tools for taking meaningful business decisions and actions. Figure 11 below shows tools and technologies that are supporting innovation in the financial planning and analysis space.

Of finance leaders say automation will allow their teams to provide more and better insight to the rest of the business.

Source: Seize the Advantage Point, Infographic, Accenture, 2018

### Figure 11: New FP&A Tools and Technologies (Illustrative list)

<table>
<thead>
<tr>
<th>Foundational Systems</th>
<th>Planning and Reporting Engines</th>
<th>Visualization and Dashboarding</th>
<th>Advanced Analytics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workday, Inc.</td>
<td>Anaplan, Inc.</td>
<td>Qlik®</td>
<td>Google Analytics™ service</td>
</tr>
<tr>
<td>Oracle® PeopleSoft</td>
<td>Oracle® Hyperion</td>
<td>Adaptive Insights Inc.</td>
<td>Revolution Analytics (Microsoft Corporation)</td>
</tr>
<tr>
<td>SAP S/4Hana®</td>
<td>SAP® Business Planning and Consolidation</td>
<td>Power BI™ (Microsoft Corporation)</td>
<td>Pentaho® (Hitachi Vantara Corporation)</td>
</tr>
<tr>
<td></td>
<td>IBM® Cognos®</td>
<td>Tableau®</td>
<td>Host Analytics, Inc.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>AI Tools</th>
<th>Data Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>blueprism®</td>
<td>Alteryx, Inc.</td>
</tr>
<tr>
<td>Automation Anywhere®</td>
<td>SAS Institute Inc.</td>
</tr>
<tr>
<td>Quill™</td>
<td>Informatica LLC</td>
</tr>
<tr>
<td>Narratives for Power BI™</td>
<td>Cloudera, Inc.</td>
</tr>
</tbody>
</table>

Source: Accenture, February 2019
Although the technology ecosystem has many different components, there are some key elements:

1. Foundational Systems
   The traditional finance ERP systems of Oracle® and SAP® have been joined by a new player in Workday®. The key to these systems is integration; in many organizations these systems are the backbone for structuring data as well as being true digital platforms for transformation. These vendors have been making a strong push towards their clients adopting or upgrading to their cloud services.

2. Planning & Reporting Engines
   Integrated enterprise tools contain all features of planning, budgeting, forecasting and management reporting, leading to real-time alerts and 24/7 access to management information.

3. Visualization & Advanced Analytics
   Business intelligence and data visualization tools facilitate the processing of data into information in several dimensions, providing data rich analysis that allows organizations to identify and uncover opportunities and risks. Finance is a logical area for applying analytics to multidimensional data.

4. Data Management
   As data environments grow across all companies, the need for robust data management systems grows as well. These systems are used to aggregate big data from all source systems and to enrich, combine and structure it for consolidated reporting. Finance teams are reporting an increase in the demand for insights into a multitude of data sources. Finance, in our view, should be the ultimate authority over the organization’s data.

5. Cloud-based Computing
   Leading finance functions have already adopted hybrid cloud platforms to build a faster and more efficient function. Cloud platforms for planning, forecasting and budgeting, P&L management, consolidation and reporting deliver substantive benefits to finance, such as real-time drill down reporting and full access to data.

6. Artificial Intelligence
   Tools available in the marketplace can apply artificial intelligence to help structure and organize data as well as gain business insights. Examples of this include natural language generation and machine learning.

The transition to a digital finance environment can be undertaken in a phased manner with an agile approach, starting with a functional prototype that showcases the needed analytics. Once the end state output is determined, the firm should determine the right tools and technology along the spectrum to achieve these objectives. For acquiring and adopting new technology, firms can benefit from a roadmap that takes them on a path to a sustainable model supported by a more versatile, flexible technology environment.
As organizations examine various approaches to a new FP&A operating model, they should keep these key considerations in mind:

1. Operating model transformation for FP&A processes is not just about reduced costs; it is about how to be a better partner to the business. This means having access to accurate information at the right time, so the organization is better able to make strategic business decisions. Sustaining a revamped operating model is key to any FP&A transformation.

2. It is essential to empower the new FP&A organization with the right talent and technology capabilities. New and enhanced tools on their own may not be able to drive value if trapped within the old mindset and not used effectively through skilled resources.

3. A performance management model should be designed to reflect sound governance and interaction without hindering growth and flexibility. Governance, while it defines clear roles and responsibilities, should also foster an entrepreneurial mindset among the team to generate deep analytical insights and proactively uncover business risks.

4. One of the ways to build effective governance and interaction models is to use key performance indicators (KPIs) and service level agreements (SLAs). These measurement mechanisms should be utilized not only to impose service level penalties but to uncover the issues facing the new organization model.
The digital revolution has placed the CFO in an elevated position, serving as an innovator and a disruptor who can harness data to unleash new value. FP&A can serve as the catalyst to position the CFO to be the CEO’s chief business partner and help secure the organization’s growth objectives.

The current business environment—fluid, complex and highly dynamic—presents firms and their CFOs with many opportunities, but with significant challenges as well. To better confront these challenges, organizations need a highly effective FP&A function, one focused on strategic business partnering.

A compelling vision for the FP&A function, along with effective governance, the right organizational structure and other key elements can help organizations increase value through strategic alignment across functions, improve their ability to flex the organization in response to business demands, strengthen talent pools and build more effective budget processes. This kind of FP&A organization provides more than just control over transaction processing or streamlined reporting processes; with the right people, processes, technology and operating model alignment, FP&A can be a catalyst for value creation, opening doors to business growth.

Accenture can help
Accenture can guide financial institutions in designing an FP&A operating model to respond to the demands placed on the finance function. We help strengthen financial planning and analysis capabilities by enhancing methodologies, streamlining processes and onboarding the right tools. Accenture can also help financial institutions in the following areas:

- Developing an integrated driver-based forecasting model with both quarterly and rolling 24-month time horizon
- Assisting institutions in designing and building an FP&A COE to improve efficiencies
- Implementing a flexible planning tool offering a detailed reporting system and simplified data model
- Improving data quality by implementing robust controls
- Enhancing technology capabilities to address operational gaps and inconsistencies
- Automating monthly and long-term forecasts, reducing cycle times and leveraging big data insights to provide deeper analytics to support growth
- Helping develop future talent by conducting multidimensional talent assessment and building capabilities through learning platforms
References
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5. Ibid

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