

Future of Finance

Today's CFO - shaping tomorrow, today

Point of View - Read version - July 2023





Future of Finance



01

**Why change and
what is the future
of Finance?**



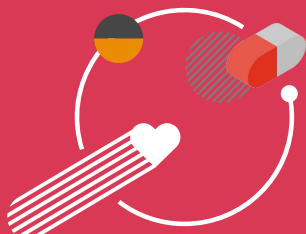
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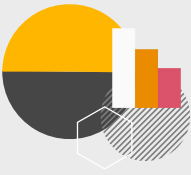
**How can Finance
respond and
transform?**



03

**How can we get
started?**

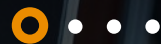




1

Why change and what is
the future of Finance?





Why transform now?

Businesses are experiencing unprecedented levels of disruption and impact from a number of global trends. It is becoming clear that a core capability for any business is its ability to respond effectively to disruption.

Finance needs to support the business to **balance the need to protect short term margin and drive long term growth.**

Key disruptors are transforming the world of work...



The pace of business transformation has accelerated as a result of changing customer demands, growing concerns about the environment, and technological advancements that have transformed industries at a rapid pace. This has forced organisations to respond with agility in order to remain competitive.



Global megatrends such as inflation, macroeconomic volatility, climate change, demographic shifts, a fracturing world and social instability are influencing what people want from businesses



Generative AI creating another productivity lever impacting the types of roles available and the shape of the future Finance workforce



Emerging technologies and technological disruption is redefining business models, how we interact with the workplace and each other



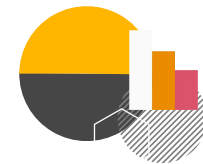
The **changing demographics** of the workforce are demanding more focus on wellbeing, and ethics



Talent shortage accelerates the pace of adopting the new ways of working and increasing investment in automation and upskilling

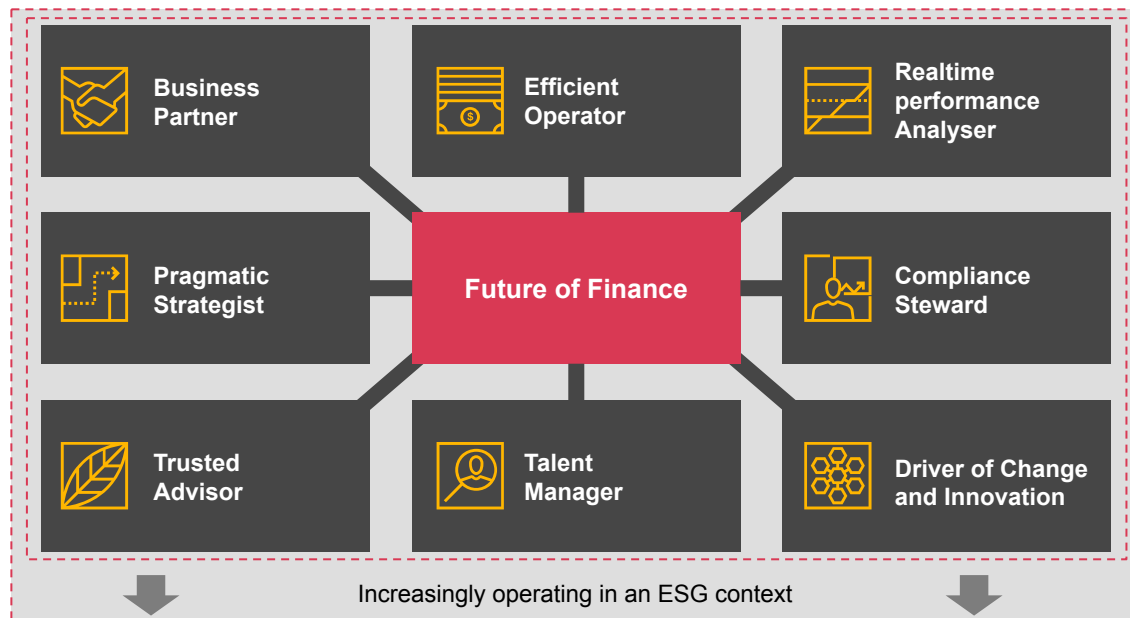
This disruption has also **accelerated the change in Finance**, with the need to rapidly evaluate multiple scenarios, support business agility and act fast. This has **reinforced the need to transform and adapt to the new world where new skills, behaviours and ways of working are required to be a leading Finance function.**

Finance needs to double down on real time business performance and process insights



Modern Finance functions are continuing to drive change across the people, process and performance pillars to increase efficiency and effectiveness. However the macroeconomic volatility requires Finance to pivot to insight and drive the strategic business outcomes with greater agility and pace.

Finance needs to accelerate its transformation to drive strategic value



The role of Finance is being re-defined to include ESG

82%

of investors think companies should embed sustainability directly into their corporate strategy¹,

86%

of employees prefer to support or work for companies that care about the same issues as they do², and

83%

of consumers think companies should be actively shaping sustainability best practices².

[1] PwC's Global Investor Survey, 2021

[2] PwC's Consumer Intelligence Series survey on ESG, 2021

Why CFOs need to play a key role in the ESG context

Regulatory changes

Changes locally and abroad will continue to require CFOs to remain current.



Data (continues to) reigning

Auditable and regulatory-grade sustainability data will be key for investors and shareholders going forward.



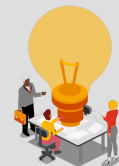
View from the top

The link between enterprise value and financial value stands with CFOs.



A skill set like no-other

CFOs in-depth knowledge of sustainability strategies are critical to balance the inter relationships between financial and sustainability measures.



A driving force

CFOs can drive better business outcomes and better capital allocation by bringing sustainability into their decision-making process.

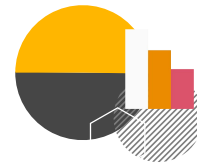


A genuine and purposeful sustainability story

A credible ESG story is essential for capital raising and engaging with the market; CFOs are critical to ensuring this.

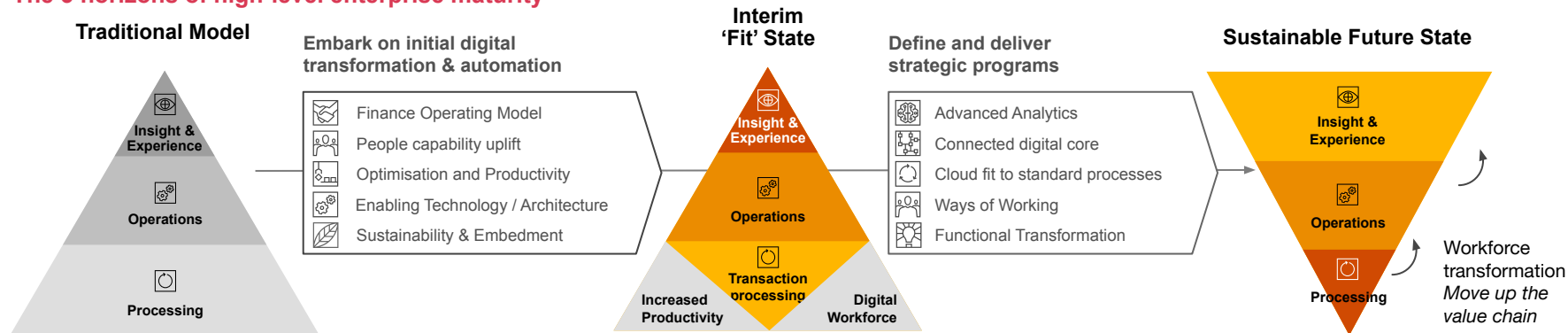


Finance must lead from the front in driving efficiency and effectiveness and drive to value creation



In transforming and adopting a very different way of operating, the Finance function will become **significantly more efficient** and have the opportunity to actively contribute to business performance and drive real **value creation**.

The 3 horizons of high-level enterprise maturity



Improved end-to-end process management and service delivery model

Traditional

- Offshore, outsource
- Process efficiency
- Consolidate/centralise
- Span of control optimisation

Modernise

- New productivity levers through automation, AI and real time process diagnostics
- Modern Workforce & Workplace/New ways of working
- Upskilling
- Point cloud solutions
- Integrated data lakes/ data platform & advanced analytics of (non) financial data

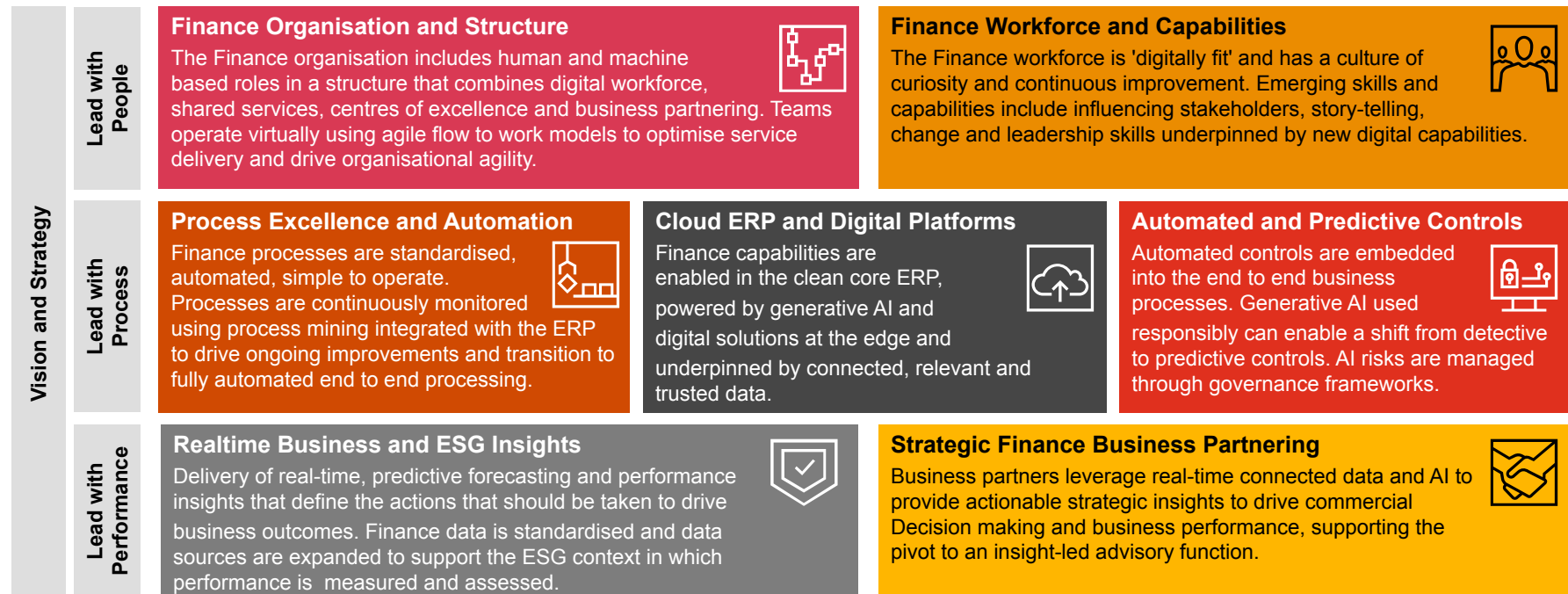
Sustain

- Big Automation
- System Upgrades
- Enterprise Systems Consolidation
- Process optimisation
- Agile Transformation

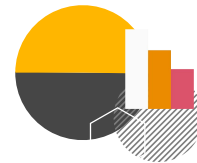
PwC future of Finance framework



Finance modernisation is a strategic shift in the Finance operating model enabled by continuous digital transformation across **People, Process, and Performance**. The framework below outlines the 7 levers of the Future of Finance - you can start anywhere but **true value is achieved when these are successfully orchestrated through transformation**.



What we are seeing in leading organisations



Lead with People The war for talent will continue to accelerate particularly as Finance business partners look to add more value and leverage investments in technology.



Lead with Processes need to be more standardised and easier to execute. Clarity of ownership for outcomes will remain critical, particularly as the workforce of the future and sourcing models continue to evolve.



Lead with Performance Cloud, robotic process automation, big data and data discovery are all here today. Organisations are heavily leveraging these capabilities which will continue to evolve as machine learning and cognitive tools mature.

Finance Workforce and Capabilities

Finance is seen as a catalyst for change, potentially in non traditional roles requiring key skills such as curiosity, capability to hypothesize and influence and technological know-how. The Finance workforce has a digital mindset and transformation is people led and enabled via access to low / no code technologies.



Process Excellence and Automation

Leverage global scale of BPO/SSCs and COEs through GBS models to ensure work is performed in the right location with a move to no-shoring, enabled through process automation. Flow to work models are utilised in centres of excellence to increase the agility of Finance.



Cloud ERP and Digital Platforms

Rapid implementation of standardised, automated and integrated best practice processes enabled by a digital core improves productivity (and effectiveness of core processes). Data is democratized and accessed using low-code and no-code tools. Generative AI can transform mountains of data into actionable information and knowledge to drive competitive advantage.



Realtime Business and ESG Insights

Joined up planning, budgeting and forecasting cycle which creates cross functional alignment and collaboration to support effective and efficient decision making driving improvements in customer satisfaction and sustainable business performance.



Strategic Finance Business Partnering

Finance business partners that add real value and drive business performance. The business partners use tools including predictive analytics to distill big data into more valuable information, and present an opportunity for competitive advantage.





2

**How can Finance respond
and transform?**



Lead with people to drive transformation

Leaders see talent shortages accelerating the pace of adopting the new ways of working and increasing investment in automation and upskilling.

1st

CEOs have made investment into upskilling their number one priority¹

74%

of workers are ready to learn new skills or re-train to remain employable in the future²

72%

of companies in the PwC survey sample are offering hybrid work options for employees³

77%

of leaders believe the ability to hire and retain talent is their most critical growth driver in 2022³

(1) PwC's 26th Annual Global CEO Survey

(2) PwC's Workforce of the future

(3) PwC's 2022 Pulse Survey



- 'What capabilities do we need?'
- 'What will some of the emerging and new Finance roles look like?'
- 'How do we re-skill our workforce?'
- 'How do we create meaningful career paths?'
- 'How can we design our workplaces to drive engagement, collaboration, and retention?'



Emerging people trends are shaping the future of work and transforming organisational priorities

Finance Organisation and Structure



1

Roles and operating models are fundamentally changing with the advent of AI, automation and mixed reality driving the need for improving productivity by adopting emerging technologies, enhancing fundamental human skills and prioritising meaningful employee experiences

2

Organisations creating and maintaining a competitive advantage are those leveraging **Learning & Development** to create a learning organisation that fosters growth and creativity, while building on human skills for a digital future

Finance Workforce and Capabilities



3

Employees expect more from their **leaders**. They must be able to communicate an inspiring vision, navigate complex challenges and be representative of the wider community

4

Leading organisations are investing in optimal **work and living environments** that are conducive to employee wellbeing, productivity, collaboration, flexibility and brand

5

Talent know their value, are hard to find and harder to keep as they look beyond pay checks in search of purpose, experiences, growth and alignment with the organisation's story

6

Boards, executives and leaders are shifting their focus to being intentional with their **culture** due to the recognised significant impact on customer perceptions and overall health of the organisation

7

Retention will become increasingly challenging. Organisations who successfully build emotional commitment from employees and provide a holistic **value proposition** take a leading market position

8

A recognition that employee **wellbeing and inclusion** are no longer 'nice to haves' but critical to the sustainability of organisations

9

Agile methodologies have been adopted in a wide range of industries and business to help organisations to be more responsive, collaborative, customer-focused, and efficient



This requires Finance to rethink the workforce and the roles and capabilities required to thrive in a digital world



Key Opportunities and actions



Finance Organisation & Structure

1. **How do I structure my Finance function to ensure effectiveness, cost optimisation and minimal disruption in a hybrid model?**
 - Re-evaluate the operating model including allocation of onshore, offshore and no-shore activity
 - Identify opportunities to establish centres of excellence across key service areas using flow to work models to provide greater agility
 - Identify the new roles needed and what current roles need to be refined in light of automation?
1. **What roles and required skills are required for my future Finance organisation?**
 - What capabilities do we need?
 - What will some of the emerging and new Finance roles look like?
 - How do we re-skill our workforce?



Finance Workforce & Capabilities

1. **What new skills and capabilities are needed in my workforce to meet immediate and emerging business challenges?**
 - Identify the new roles and capabilities needed in the future Finance operating model
 - Review your workforce strategy and identify immediate gaps and priorities
 - Update the talent processes to provide the right workforce to meet immediate and emerging business challenges?



The future Finance organisation will focus on **value oriented** tasks



Finance will operate very differently and be significantly more efficient with an increased **focus on value oriented tasks**.

New roles will be created and existing ones augmented, with a **different blend of skills**.



Finance Operations

Today



Tomorrow

- SSCs for escalation management
- Outsourcing to leverage scale/bot management
- Small physical hubs with network of connected virtual teams and a digital workforce

Roles:

Workforce and
Talent Lead

Process
Exception Handler

Digital Workforce
Lead

Global Process
Owner

Corporate Centre

Today



Tomorrow

- Focused on strategy including M&A and Investor Relations
- Enterprise wide performance management
- Enterprise risk management

Roles:

Finance
Transform
Lead

Predictive
Compliance
and Risk Mgr

Regulatory
Architect

Centres of Excellence

Today



Tomorrow

- Scope increasing and parts outsourced
- Expanding footprint of virtual and smaller connected CoEs
- CoEs operate using flow to work' models to deliver value outcomes

Roles:

Systems & Data
Architect

Analytics &
Decision
Science Lead

Agile Continuous
Improvement Team
Member

Global Business
Services Lead

Business-located Finance

Today



Tomorrow

- Enhanced Business Partner—mix of Commercial and Finance
- Embedded in the business functions
- Local compliance activity outsourced
- Levels of service vary based on size/complexity

Roles:

Business
Outcomes
Partner

Deals Architect



A different blend of skills and personalities will be required for the future



The problem solver

structured thinker, business and commercial acumen, collaborator



The technogeek

technologist, integrator (tech-process), architect, technology incubator



The treasure hunter

data miner, value/insight creator, integrator (data-value), algorithm writer



The dreamer

creative, visualizer, innovator, artistic explorer, experimenter and boundary pusher



The controller

financial advisor, scorekeeper, value preserver, detail-oriented

With a shift of the focus from transaction processing to Insight and action:

Today

Technical skills

Creation of plans, Budgets and forecasts
Treasury and cash management
Liquidity and capital management
Financial accounting and reporting
Management report production and analysis
Planning and compliance
Transactional processing (OtC, PtP and RtR)

Insight and
action



Reporting and
compliance



Transaction
processing



Soft skills

Management
Communicating facts
Team working
Leadership

Tomorrow

Technical skills

Functional technical skills as today, plus:

Advanced data analysis
Data science
Understanding of generative AI
Transformation and change management
Risk management
Virtual workforce management
Business and commercial acumen
Innovation
Strategic thinking and problem solving

Insight and
action



Reporting and
compliance



Transaction
processing



Soft skills

Influencing
Communicating and storytelling
Agility
Leading through change
Engaging and relationship building
Resilience

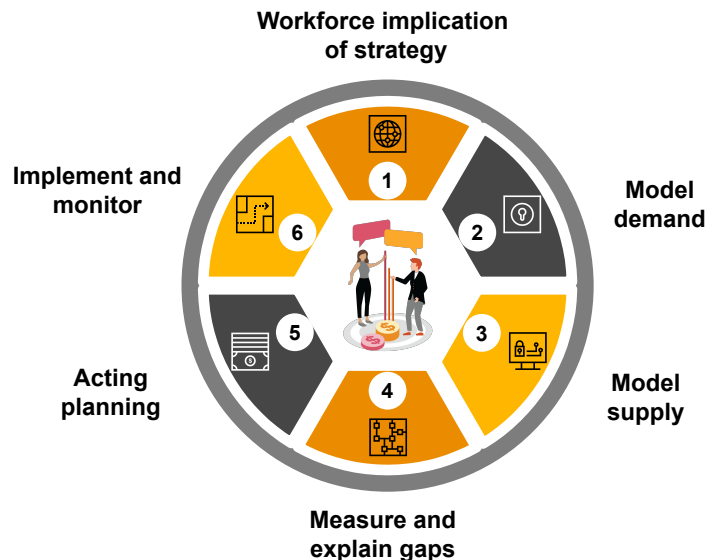


A workforce plan and talent strategy needs to upskill the Finance workforce to be future ready

Workforce Plan and Talent Strategy

Organisations are transforming their workforces to drive productivity, innovation and growth. **Upskilling is key.** It's about anticipating the **right skills for the future**, laying the **cultural foundation**, and delivering **modern people led upskilling programmes** to meet the needs of the digital world and enable citizen led innovation.

- It extends far beyond skills and learning and development and **influences culture and ways of working**. Put simply, digital curiosity must become part of the Finance function DNA
- Must have a **long term view** with interim milestones and success measures (and communicate progress early and often)
- Need to **link digital curiosity to critical business imperatives** to help employees understand the urgency and the upside of digital upskilling
- **Gamify** and **recognise innovative behaviours** to make innovation fun and motivating
- **Define digital behaviours** and **embed them across talent programmes** (in hiring, performance management, promotion)
- Understand and determine your location strategy to **expand the potential talent pool**

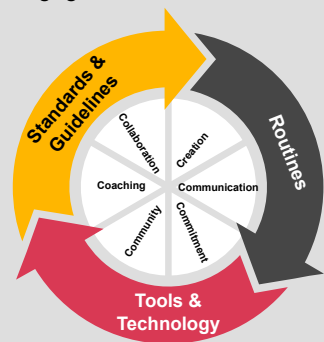


Focusing on the workforce experience will optimise talent retention

Finance leaders must continue to deliver results and identify new opportunities, while also answering a deeper and more fundamental question for their people: **how can you help me thrive?** As virtual work increases, each dimension of “ways of working” need to be redefined

Collaboration

Leveraging technology and evolving mindsets to further support real time engagement and teamwork



Communication

Exchanging in transparent information-sharing and exploring human impact of actions wherever possible

Community

Socialising with team members, expanding the notion of “what is my team,” building community, nurturing relationships



Rewards & Recognition

- **Performance tracking** is an essential topic for manager/staff touchpoints
- **Distributing rewards and providing recognition** increases employee productivity
- High performers can be rewarded in both **monetary and non-monetary ways**

Creation

Identifying “out of the box” opportunities to create new and dynamic approaches to work

Coaching

Leading and guiding teams, motivating others, developing team members, re-thinking who is in your network

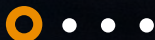
Commitment

Agreeing to actions, inspiring others to act, modelling inclusive behaviours



Operating in a virtual world

Hybrid working supported by technology advancement, evolving business models and a diverse workforce have **shifted the Finance workplace paradigm...**



Driving success in a new workplace environment requires a number of elements



Develop a clear workforce technology strategy: An increase in flexible work practices and automation have workforce implication which in turn drive decisions about physical space and its purpose making the right mix of enabling technologies critical to delivering a world class experience



Define the right set of KPIs: Performance management and KPIs that track both productivity (in terms of output) and effectiveness. This will drive focus and accountability within the team, but also well-being and collaboration



Create a connected team: A hybrid way of working will demand frequent touch points create opportunities to discuss performance, well-being, priorities, and any issues at hand, as well as to celebrate successes



Develop the role of leaders: The ability to foster a sense of community, and the employment of digital skills that maximize the use of technology will be critical. Leaders will need to endorse teams to take ownership of their work and of their preferred working style when they are away from the office.



Use structure to deflect distractions: Building clear structure into team schedules — such as short daily catch-ups, focused time for specific activities, and breaks — helps support the focus of a dispersed team



How others are establishing a future-proof Finance workforce



Organisations are undertaking steps to ensure their **workforce and workplace** have the **right capabilities** to deliver a thriving, insightful and agile Finance function that is future-fit.



Global confectionery manufacturer



Modern Finance Job Families

- The organisation developed a comprehensive **multi-platform training curriculum** to train 450 cross territory Finance employees on the **new Digital Finance Operating Model** as well as the **technical capability build** for the new job families.
- This has led to **improved business partnerships**, increased **quality of information** and **tech focused Finance capabilities**.

Enterprise software company



The Adaptive Operating Model

- By combining an **agile performance improvement** process with **customer segmentation** and **process optimisation**, this organisation was able to adapt their operating model to **focus teams on customers** at the highest risk of churn and non payment.
- This resulted in a **76% increase in customers contact** per hour, **10% increase in proportion of cash collected** and **46% increase in upsell revenue run rate**

Professional services firm



The Cloud Enabled Workplace

- By adopting a **Cloud based suite of integrated business applications**, this has empowered this organisation to **reinvent the way that it works**.
- Staff across the front and back office have **x-platform access** to **tools** that enable them to **share and collaborate** in a **controlled, real time and any time environment**

Lead with process to drive transformation



of time spent on management reporting, tax accounting and compliance can be automated within the Finance function¹



of CFOs are investing in digital transformation over the next 12 months, including in technologies like cloud and analytics²



of CFOs have been focusing on automation to help offset the loss of institutional knowledge when people separate from their companies²



of CEOs have automation or digitisation goals included in the company's long-term corporate strategy³

(1) PwC's 2021 Finance Effectiveness Benchmark Study

(2) PwC's 2022 Pulse Survey

(3) PwC's 25th Annual Global CEO Survey



We often hear from our clients a desire to constantly innovate processes

- 'How do we substantiate the business case to upgrade our Finance systems?'
- 'What are the benefits of next generation cloud systems and what's the role of Finance in leading this agenda?'
- 'How do we enable citizen led process innovation?'
- 'What are the benefits of global process ownership?'
- 'How do we continue to assess and measure the efficiency and effectiveness of our processes to identify value opportunities?'
- 'How can we embed compliance and controls into our processes and workflow?'



Finance process excellence and technology advancement go hand in hand



The move to **cloud systems** and effectively utilising **digital tools**, coupled with **citizen led optimisation** is pushing the boundaries of the Finance processes of the future...



Process Excellence & Automation

1. How do I drive more value from my processes?

- Establish global end to end process ownership
- Standardise and automate transactional processes leveraging the core cloud ERP technology and lean principles - and consider cloud technologies for the “edge” to deliver the insights
- Assess the opportunity to utilise intelligent automation tools and citizen led continuous optimisation rollouts



Cloud ERP & Digital Platforms

1. How can I move to cloud technology to drive efficiency and improve reliability?

- Build the business case for cloud based on agility, lower operating costs, improved data quality to accelerate the speed to insight
- Sequence activities to deliver incremental business benefits, and build momentum to justify the cost of a technology upgrade

1. Is my data good enough for me to use it to evaluate and predict future outcomes?

- Leverage the heightened importance of access to 'one source of the truth' data to move towards a consistent data model
- Focus on data quality and readiness ahead of the move to cloud ERP
- Assess the ability to leverage additional digital platforms surrounding the digital core 'ERP spine' to further innovate core Finance processes



Automated & Predictive Controls

1. How do I embed process controls to drive efficiency and early flagging of issues?

- Build the business case for the shift from monitoring to a predictive control environment, in line with process standardisation and automation
- Combine ML and AI to define and detect inconsistencies to raise alerts for corrective action before problems occur

Generative AI is not a panacea; it will drive new tools, ways of working and competitive challenges

Artificial Intelligence

Artificial Intelligence

the field of computer science that seeks to create intelligent machines that can replicate or exceed human intelligence.

Machine Learning

Machine Learning

subset of AI that enables machines to learn from existing data and improve upon that data to make decisions or predictions.

Deep Learning

Deep Learning

a machine learning technique in which layers of neural networks are used to process data and make decisions.

Generative AI

Generative AI

a capability of using prompts to create, improve, and interact with text, images, video, and sound using large trained models

▶▶ Driving continuous value



Increase profits



Drive efficiency & reduce costs



Create & scale new revenue streams



Mitigate risk



Enhance client & customer experiences



Future proof business models



We are seeing an increase in the use of Data and AI across a number of Finance process use cases

Data & AI is applied to improve financial operations, streamline processes, enhance data accuracy, improve compliance and enhance decision-making

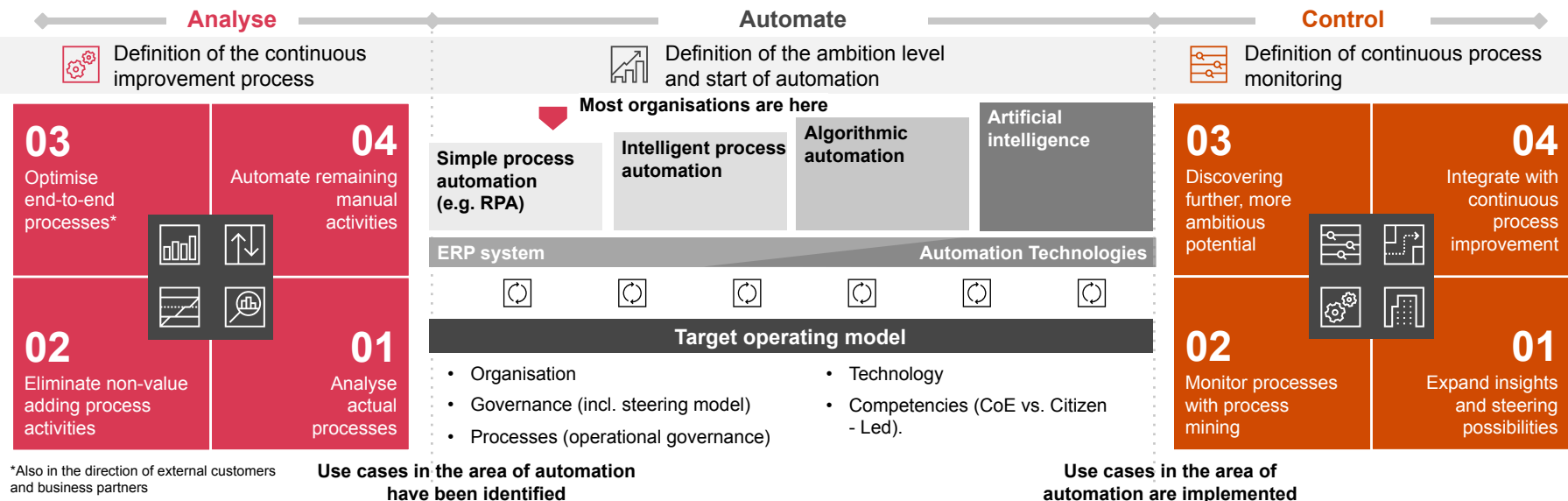
Use Case Examples for AI/ML			Use Case Examples for Generative AI			
Financial Planning & Analysis	Revenue Recognition	Cash Flow Optimisation	Synthesise Information	Generate Insights	Recommend Actions	Automate Tasks
Automation and optimisation of financial planning processes.	Automation and optimisation of revenue recognition processes.	Analyse historical cash flow data, payment platforms and market trends.	Summarise meeting transcripts e.g. monthly close and performance review meetings to capture key points and assign actions.	Draft monthly performance reports and write analytical comments and insights.	Analyse financial close variances e.g. YoY, PoP and recommend areas to investigate variances.	Review projects and contracts to ensure compliance with policy and reduce human error.
Analysing historical data, market trends and business objectives.	Analysing contracts, identifying revenue patterns and applying accounting standards.	Optimise cash flow management.	Flag important items from customer contracts relating to payment, pricing and discounts.	Analyse financial close variances and recommending areas of the business for improvement	Guide users in the preparation of budgets and forecasts.	Accelerate requests for approvals by automation of the checks and controls against policies.
Improvement of budgeting forecasting, scenario modelling and accurate financial projection generation.	Supports accurate and timely revenue recognition, reduced manual errors and improved compliance.	Predicts cash flow fluctuations, optimise working capital and improve liquidity management.	Synthesise complex documents to highlight commonalities.	Produce market sentiment analysis using transcripts from corporate earnings calls, analyst briefings.	Recommend adherence to procedures within workflows e.g. approvals of capital spend.	

AI augmented work in Finance uses all types of data from ledgers, invoices, contracts, ERP systems, broader enterprise systems, partner data, market data, open data and external factors to generate predictive insights.

This underpins a finance team's ability to provide proactive and holistic decision support and business partner activity.



Global process owners (GPOs) and Centres of Excellence (CoEs) can accelerate process improvement



*Also in the direction of external customers and business partners



Processes excellence can be achieved using the key steps in our ESODA framework

Processes should be streamlined and automated to capture, analyze and present results by eliminating waste and focusing on control, accountability and accuracy

Eliminate

Eliminate unnecessary processes and process steps. Redundant and duplicated effort, driving cost and inefficiency. Utilise latest core functionality in the ERP to eliminate configuration and unnecessary process steps.

Standardise

Benchmark processes and use process templates to define standard processes. Standardise processes by utilising "out of the box" ERP functionality.

Benchmarking app

01

02

05

04

03



Automate

Automate processes across the entire Finance function value chain by utilising robotic process automation (RPA), low code automation, OCR tools and NLP.

Digitise

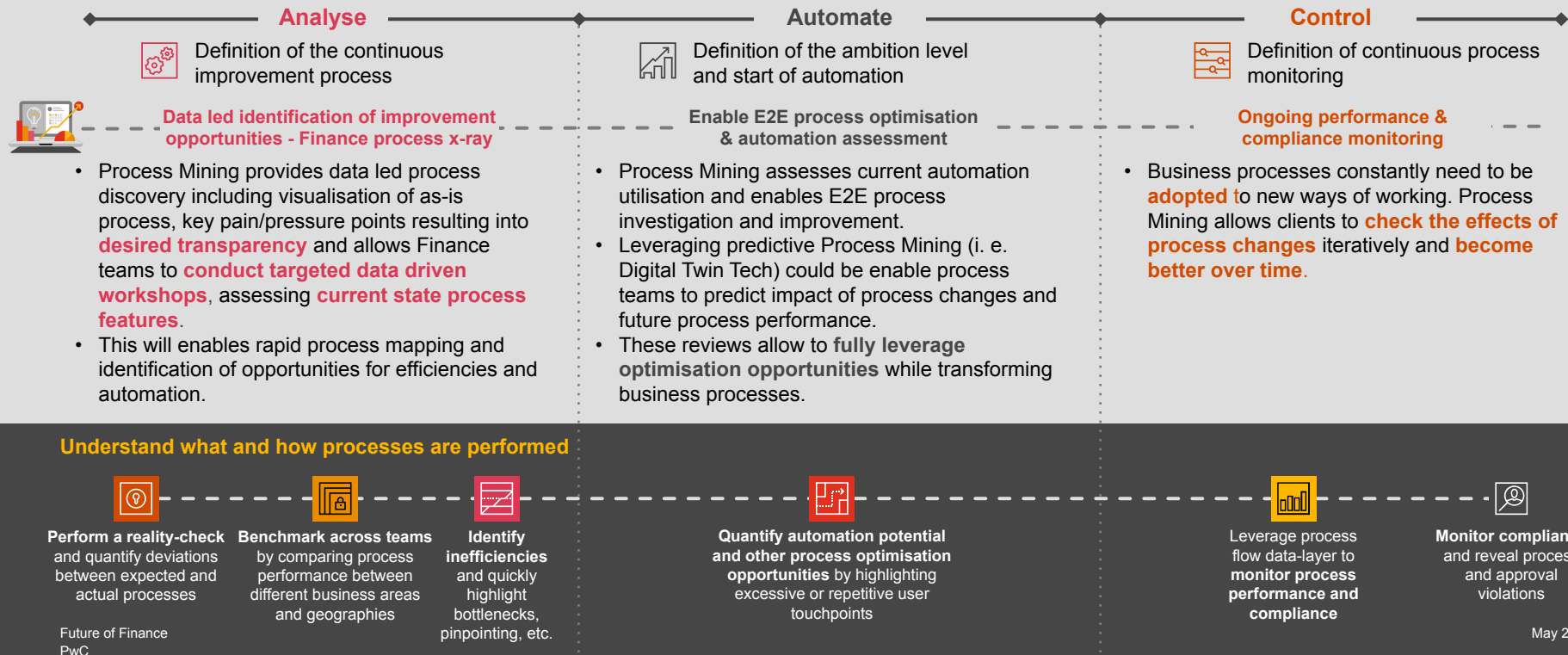
Digitise processes, to allow for process and business data to be used to drive business value. Apps such as ServiceNow and PowerBI can help digitise processes. Digitisation enables automation.

Optimise

Optimise and streamline processes by using process data and process benchmarks to design best in class processes. Monitor processes to discover digitisation and automation opportunities.



Process intelligence and mining are integral to achieving process excellence



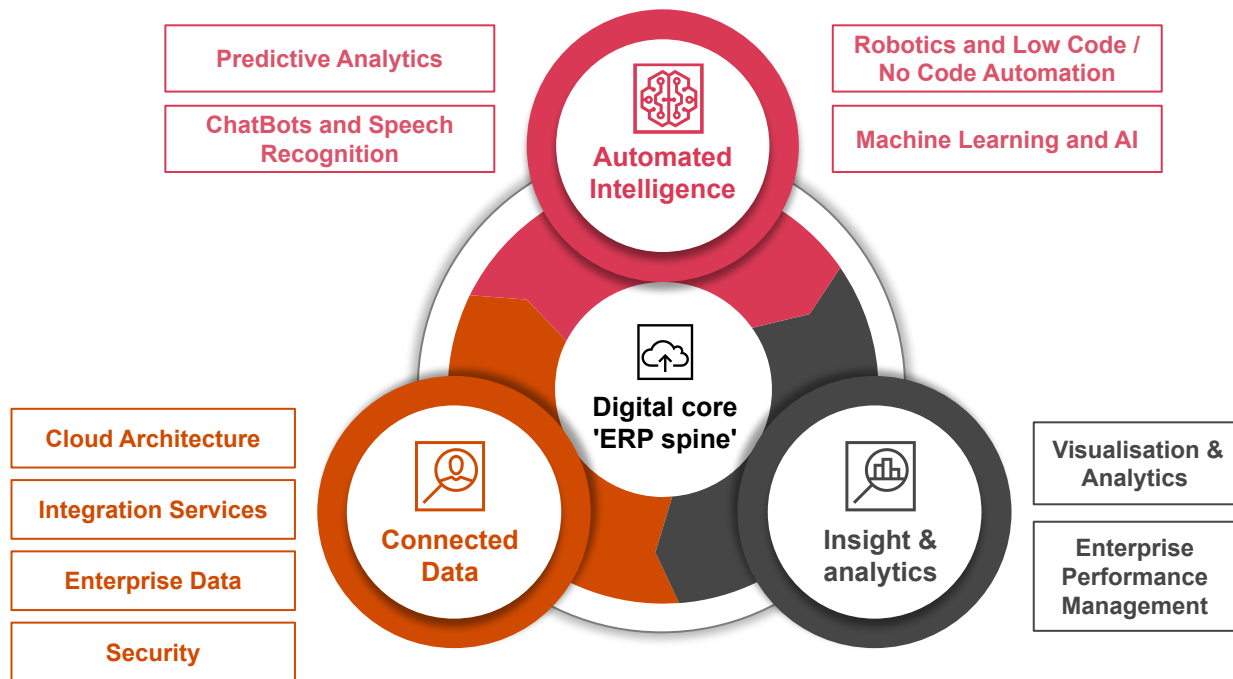


The transformation to a strategic Finance function requires a focus on connected data, automated intelligence and a strategic insights and analytics capability.

The **Digital Finance systems strategy** needs to combine all elements across **People, Process and Performance** enabled by a **Digital Core**.

In the current economic climate, there is an ever growing need to consider a phased approach to implementing a **Digital Finance systems platform** with a **focus on delivering early value outcomes**. This approach delivers a more **flexible and agile transformation**, enabled by **technology and citizen led automation**.

Cloud ERP and digital platforms are a key enabler for Finance to deliver strategic value

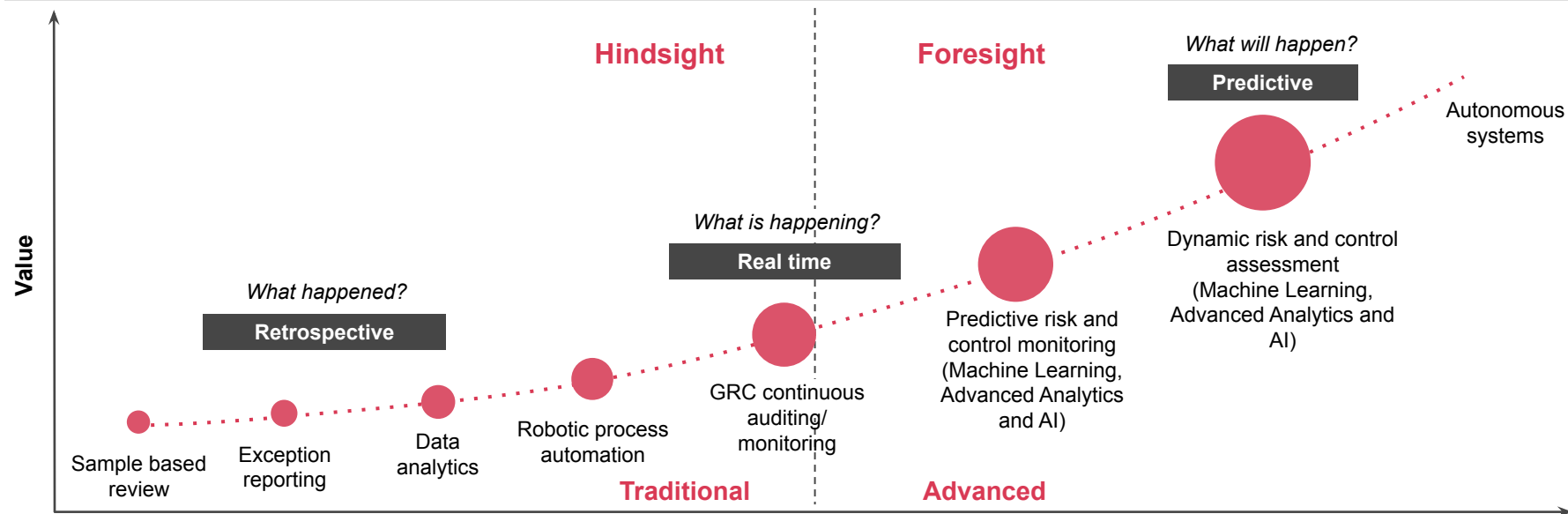




Automating controls through technology can optimise efficiency and risk management

Technology changes the way trust and value from controls is achieved. Value increases with a shift from manual and periodic controls, towards **continuous monitoring and predictive controls**.

An **enhanced, digitised control environment** also assists in maintaining the benefits of any Finance transformation initiatives - maintaining efficiency and making it more difficult for people to revert to old ways of workings.





How others are driving process excellence



Process Excellence will unlock capacity and **allow Finance to fundamentally rebalance** where resource is focused and effort is spent.



Industrial products



Self Service Reporting & Machine Learning in action

- Process Excellence has been achieved by making reporting self service across all of Finance.
- **Automation has further enhanced the process by using machine learning** to create the commentary within the month end reports. Commentary is then refined by the Finance FP&A team and based upon the changes made the machine continues to learn and adapt.

FMCG



Cloud ERP increasing process efficiency

- Using next generation Cloud ERP and through a “Show not Tell” approach, this global business adopted a **‘fit to standard’ approach to standardise and simplify end to end processes**.
- The ERP deployment established the foundation for future digital solutions and improved efficiency of transactional Finance processes, resulting in a 20% cost reduction.

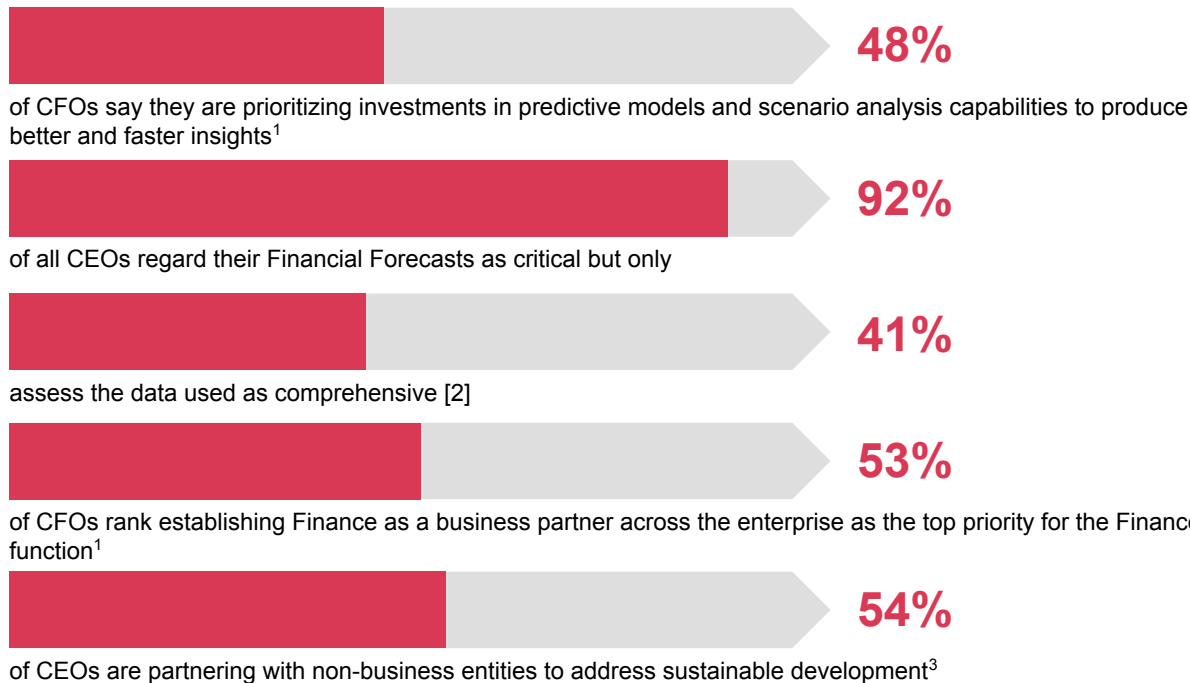
Professional services firm



Cloud ERP simplifies end to end processes

- Through the implementation of a global Cloud ERP, 10 legacy systems were integrated, a strategic data governance solution was implemented and process elimination and standardisation was achieved.
- A new Finance Target Operating model and a ‘People-centred’ approach to Change Management was also rolled out to >1,000 people. 25% capacity was able to be released from the Shared Service Centre.

Lead with performance for transformation



(1) PwC's 2022 Pulse Survey

(2) PwC's 22nd Annual Global CEO Survey

(3) PwC's 26th Annual Global CEO Survey



We often hear from our clients a desire to add value to the business through forward looking insights

- “How can we improve our data quality?”
- “Can we integrate our systems and data sources?”
- “How do we reduce the number of reports and spreadsheets and move to self service reporting?”
- “How do we start using more consistent and relevant metrics that are aligned to strategy?”
- “How do we create forward looking insights leveraging advanced analytics, Machine Learning and AI?”
- “What's the role of a Finance CoE when it comes to data, analytics and decision support?”



Finance must pivot to insight and become a valuable and trusted business partner



Key Opportunities and actions



Advanced Analytics, Insights & Action

1. **How can I prepare predictive and forward looking insights supported by Machine Learning and data science / AI capability?**
 - Review current planning, budgeting and forecasting practices
 - Accelerate the process with state of the art processes and technologies (i.e. Machine Learning / AI) based on predictive analytics
 - Combine internal data with external market signals to improve forecasting accuracy
1. **How can I build scenario modelling capabilities to guide the business through continued disruption and uncertainty?**
 - Increase frequency and ability to forecast and to scenario plan
 - Develop early warning forecasting indicators to predict and communicate market / environmental issues early
 - Identify opportunities to enhance model assumptions
1. **How should we integrate ESG metrics into our performance management?**
 - What is the business case for ESG?
 - How do we get better access to non-financial ESG data for reporting and performance management (KPIs)?



Strategic Finance Business Partnering

1. **How can I create a connected, data, insight and analytics capability to facilitate visibility into the key drivers of performance?**
 - Rationalise the current reporting and KPIs
 - Identify opportunities to improve insights into the business drivers of performance
 - Build persona based operational metrics to facilitate visibility and insights into the evolving business
1. **How can I ensure that Business Partners have the right tools and capabilities to support commercial and strategic decision making?**
 - Understand how the business perceives Finance
 - Identify opportunities to improve value added by Finance
 - Understand tools and capabilities required to upskill Finance Business Partners



This requires collection, storage and generation of insights from huge volumes of data across multiple systems

Key considerations for effective performance management

Connected, Self-Service Data

Finance data lake augments and cleanses the data needs of Finance. Creating data quality and a single version of the truth across disparate systems and unstructured data with real time self-service reporting.



Real-Time Performance Management

In memory computing and machine learning moves monthly close to real time virtual close and performance insight. As a result, Finance effort pivots to a forward looking performance management agenda.



Machine Learning Assisted Insights

Machine learning within next generation ERP creates performance storyboards whereby driver tree insights, data and performance anomalies and predictive baseline forecasts are automated.



Visualisation & Mobile Deployment

Embedded visualisation creates ability to interpret complex performance issues . Available anytime on any device and self service makes Performance Management pervasive.





Supported by forecasting with advanced analytics leveraging statistics to avoid human bias

Traditional Forecasting

Developed to recast the annual budget into a current view that would take into consideration the performance to date.

Challenges



Time lag in Forecasting leads to late provision of forecast information (2/3 companies +6 WDs⁽¹⁾)



Inaccurate due to human bias and manipulations (>50% of forecasts deviate > +/-5% of actuals⁽¹⁾)



Lack of actionable information (only 41% of CEOs regard forecasting data as comprehensive⁽²⁾)



Often forecast horizon is focused on fiscal year period (3+9, 6+6, 9+3) limiting planning horizon

Forecasting with Advanced Analytics

Leveraging advanced analytics to generate statistic forecasts and accelerate the planning and forecasting process.

Benefits



Efficiency/Automation: developed technically with the push of a button for high process efficiency and timely provision (run time <1 day)



Quality/Excellence: time-series comparison proofs accuracy of approx. 98% compared to actuals³



Frequency: more frequently recurring and shorter cycle times for forecasts (4-10 times more frequent)



Value-Add: provides actionable information for better business partnering with data-driven fact base

(1) PwC Realizing the value of budgeting and forecasting

(2) PwC's 22nd Annual Global CEO Survey

(3) PwC project experience



And dynamic scenario modelling to navigate through times of uncertainty and volatility

Approach to Advanced Analytics and Scenario Modelling

01	02	03	04
Define new Insight requirements	Create Visualisation and Scenario Modelling	Manage Data	Drive insight via analytics
- Align insights to growth priorities - Identify new external environment sensors e.g. consumer market access, economic activity levels 	- Create more comprehensive, user friendly and accessible formats - Establish and maintain multiple scenarios 	- Collect, consolidate and clean structured / unstructured data - New data points or linkages may be needed 	- Apply intelligent techniques to uncover insight from data - Leverage predictive analytics to inform decision making 

...to re-point the business to growth

Spot and validate new / different growth opportunities with comprehensive, externally-sensitive forecasts based on scenarios



Provide senior leaders with real-time data to inform key strategic and commercial decision making



Re-balance the performance focus of the business to increase the importance of cash vs. profit





The role of a Finance business partner continuously evolves towards challenger and co-pilot of the business

The “anatomy” of the business partner

Strong understanding of the core business and management model



Communicates with departments at eye level



Supports the management of the operative business



Acts as an active consultant and challenges the core business



Deals professionally with disruptive technologies and innovations



Forms the interface to Shared Services/ Operations



The Finance Function has long been claiming to be a true business partner with a distinct focus on analysis and insight. It now has to live up to this claim.

“Toolkit” of the business partner

Business Partner Attitude

„Established partner of the management and the responsible persons from the departments“

Data Analysis & business insight providing for decision making

„The right analysis/ business insight for the right recipient to support decision making“

Focused portfolio of tasks and services

„Adjustment of the portfolio of tasks and services (start, stop, consolidate, continue)“

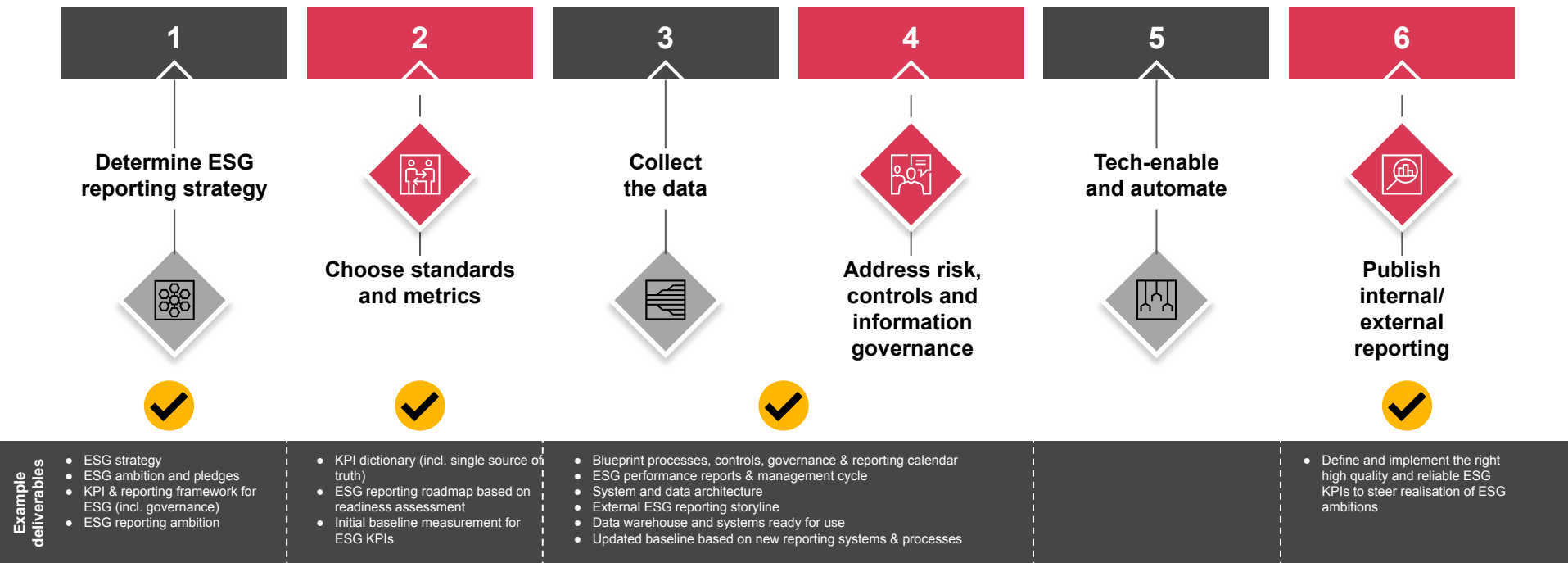
Needs-based IT tools

„Flexible use and secure handling of available and new IT tools“





It needs to include ESG in performance management as a key driver of value





How others are leading with enterprise performance management



The Performance Excellence capabilities of Finance **will need to vary for each part of the Finance organisation** to add value.



Global Technology Company



New age forecasting using Machine Learning

- This global technology company underwent a Digital Transformation by **standardising data and then building business intelligence and advanced analytics capability** to drive actionable insights.
- Using Machine Learning, the company was able to produce a **highly accurate statistical baseline forecast** in a fraction of the time (30 mins) which enabled the CFO to react to market changes in real time.

FMCG Conglomerate



State of the art Forecasting

- This organisation transformed its forecasting process by creating **fully automated and adaptive financial forecasting solution** using PwC's Forecast Engine. As part of this, automatic and tailor-made selection of simple to **advanced statistical models and machine-learning algorithms** was made.
- **Forecast creation time was reduced to less than 24 hours** and **high (95-99%) forecast accuracy** was achieved.

Manufacturing Conglomerate



Cloud based planning, budgeting and reporting

- Using a Cloud planning and budgeting solution this organisation has achieved a **single source of truth** for budget and actuals reporting.
- Manual intervention has been reduced with **ad hoc data retrievals and what if analysis enabled**. There is **complete visibility of reporting** at every stage enabled by **multiple platform and location access**.



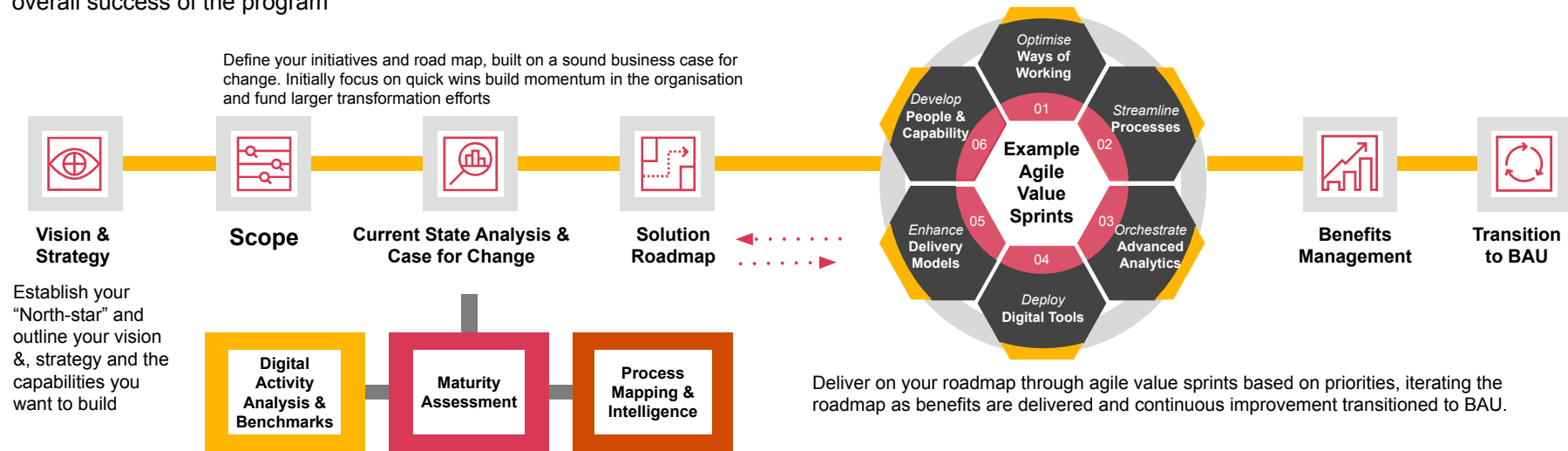
3

How can we get started?

Our approach, preparing for the journey



Finance leadership team involvement in creating a shared vision on the Finance transformation goals and objectives are critical to buy-in and the overall success of the program



Key Success Factors



Bring your people on the journey with you



Balance innovation and fast adoption



Invest in capabilities, not initiatives



Embed continuous innovation and digitisation



We can show you the future of Finance

Over a 10 week programme we use our 'Future of Finance Experience Centre Events' to accelerate designing the future of Finance.



Week 1

- ✓ Understanding the aspiration
- ✓ Understanding opportunities

- ✓ Agreeing the Vision and design principles

- ✓ Service delivery model

- ✓ Finance Systems Strategy

- ✓ Workforce Strategy

Week 10

- ✓ Business case

- ✓ Transformation Roadmap

- ✓ Change Strategy

Finance and Business Stakeholder Reviews

Process, Data, Technology, Automation & Workforce Capability & Maturity Assessment, Top-Down Benchmarking



Future of Finance Experience Centre Event

Strategy, Core High Level Design Roadmap, Transition States and

Bottom Up Benchmarking & Building the Benefits and Business Case



Implementation alignment event



Assets

Roadmaps



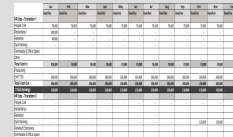
Maturity profiles



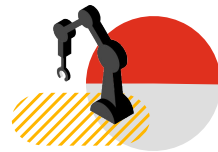
Benchmark



Business case



Connect with a member of our PwC Australia team to get started...



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Thank you

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