



**Finance of the Future:**

# Being a Resilient Digital CFO





# Table of contents

<b>1</b>	<b>Foreword</b>	<b>02</b>		<b>4</b>	<b>Call to Action</b>	<b>26</b>
1.1	• Acknowledgement	06		4.1	• CFO as a co-pilot to the business model transformation and aligning cost structure	27
1.2	• Methodology	07		4.2	• Focus on dynamic planning tool for analysis purposes	30
<b>2</b>	<b>Executive Summary</b>	<b>08</b>		4.3	• The CFO as a Chief Data Steward	32
<b>3</b>	<b>Key Observations</b>	<b>14</b>		4.4	• Double Down on System Insights – Telling a story and supporting decision making	33
3.1	• Pandemic impact to the CFO – Efficient cashflow and virtual close should be the baseline for tomorrow	15		4.5	• Simplify Finance System of Record	39
3.2	• Achieving strategy development and changing business model remains a key focus	19		4.6	• Pertinent Upskilling required by the Modern Workforce	41
3.3	• Deeper Analytical Insights is key, but Data Management is a key hurdle	20		<b>5</b>	<b>Key Next Steps</b>	<b>46</b>
3.4	• CFOs expected to be more involved in digital transformation in the next five years	22		<b>6</b>	<b>Appendix</b>	<b>50</b>
3.5	• Evolution from Teardrop to Kite Organisation	25				



# Foreword





# Foreword

In our previous thought-leadership KPMG-ACCA-INSEAD EMI jointly produced “Navigating the digital terrain: Five skillsets for Chief Financial Officers (CFOs) to lead and thrive in a digital organisation”. The paper presented three possible scenarios for finance leaders that will materialise based on the competencies (Fig 1.0)

**Figure 1.0: Three possible scenarios by 2025**



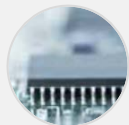
**Scenario 1**

CFO roles cease to exist; replaced by CxOs or Robots



**Scenario 2**

CFO-as-a-service



**Scenario 3**

CFO are relevant and influential using augment intelligence

We concluded then that whatever the shape of the future business environment, finance leaders must exhibit flexibility and adaptability. The five competency levers discussed then serve as a guide for finance leaders as they lead their organisations through digital disruption. These critical levers were:

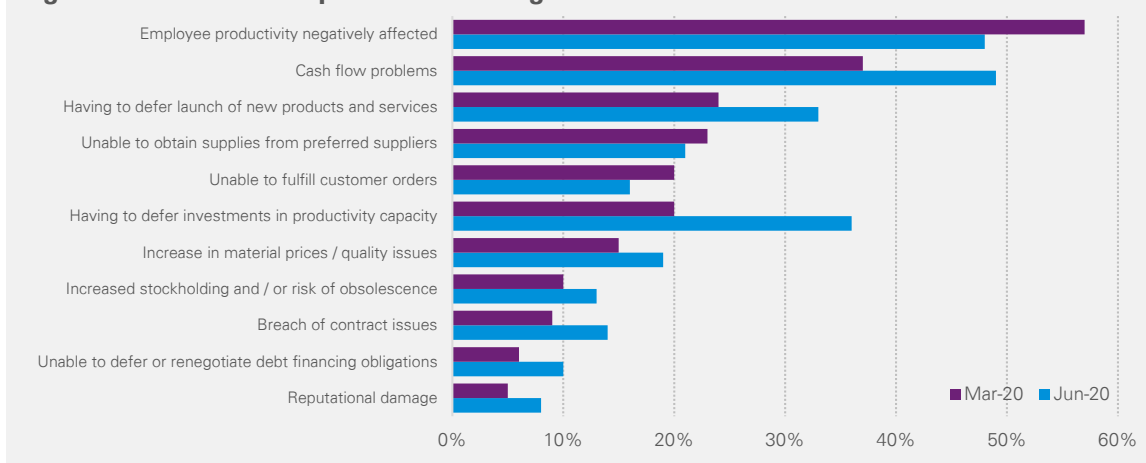
- Creating value from data;
- Leading strategically;
- Leveraging on digital labour;
- Collaborating with internal and external stakeholders; and
- Embedding cybersecurity in the organisation.

To be even more relevant than before, finance leaders will need to ensure they have the right proficiency for each lever. Since that report, the constant ebb and flow of disruption is now a norm for many businesses.

The COVID-19 crisis highlighted the need and speed for digitalisation, cementing new ways of working amid a rapidly changing market condition. This warranted significant adjustments to many business models on top of the rapid technological and unyielding regulatory changes pre-COVID-19, as highlighted in the recent report COVID-19 Global Survey: Inside Business Impacts and Responses by ACCA (Fig 1.1), which juxtaposed business impact when the pandemic first struck in March and 3 months later in June. As evident by both March (Purple bar) and June (Blue bar) data, almost 50% of respondents cited reductions in employee productivity as the foremost concern of the crisis<sup>1</sup>.



**Figure 1.1 – Business impacts faced owing to the outbreak of COVID-19 <sup>1,2</sup>**



<sup>1</sup>COVID-19 Global Survey: Inside Business Impacts and Responses, April 2020. [https://www.accaglobal.com/content/dam/ACCA\\_Global/professional-insights/COVID19/Covid19.JamieLyon.pdf](https://www.accaglobal.com/content/dam/ACCA_Global/professional-insights/COVID19/Covid19.JamieLyon.pdf)

<sup>2</sup> COVID-19 Global Survey: Road to Recovery, June 2020 [https://www.accaglobal.com/sg/en/professional-insights/global-economics/Covid-19\\_Road\\_to\\_recovery.html](https://www.accaglobal.com/sg/en/professional-insights/global-economics/Covid-19_Road_to_recovery.html)

The impact extends beyond workforce productivity, financing and the need for cost reduction. Many organisations are compromised by the inability of quick financial reforecasting and plagued with poor data utility, surfacing the cracks in organisations’ digital capabilities that existed pre-COVID-19.

While data continues to be a challenge for most businesses, the increasing access to a plethora of

new data sources and datasets has reinforced the need for analytics to start leveraging on data insights and making sense of today’s fast, dire and ever-changing climate. Within this storm of challenges, the Finance function needs to evolve holistically and embrace innovation, not only pertaining to technology and data but also softer aspects such as people, culture and structure.

Leaders of Finance have experimented with technological innovation both in-house or in tandem with top providers, only to conclude that technology is far from being the heart of the matter. The COVID-19 crisis redirected focus onto organization’s digital capabilities and forced businesses to take a hard look at just how digitally ready they are to survive and adapt to tomorrow’s working environment.

Difficulties in digitalisation seem to revolve around identifying the right use cases that brings the greatest benefit and then incorporating technology to work on the future operating model involving people, process, data and technology. In a COVID-19 response world, these use cases are often shorter, requiring cloud-based strategy and a robust, organization wide, data governance structure that serves as the precursors to navigate to the agile world.

Digital readiness within the Finance function continues to grow, while the inertia to change and difficulty in comprehensively adopting to an agile environment remains high. Moreover, data quality and digital infrastructure are often inadequate in both quantity and quality, yet these are sometimes employed as reasons to avoid tackling the real issues.



Being the custodian of data related to the company's performance and growth trajectory, the Finance function is critical in any organization. Within the next decade, Finance will be teeming with Cloud applications and proliferating with intelligent automation, the bulk of manual processing would have been standardised and removed. The focus of Finance in the future would be a continuous cycle of straight-through actuals and advanced analytics, better balance sheet optimization, stress testing, data management, policy-making, checking for report consistency, business forecasting and review.

Within this new digital landscape, the need for Chief Financial Officers (CFO) to adopt the hat of a Chief Data Officer (CDO) would be more important than ever, as it supports business decisions that improve performance. To become valuable business partners, finance leaders must build a self-developing function based upon a single organizational wide data model while forging an open and agile culture to get the most out of new and emerging technologies.

This study presents a varied picture in relation to transformation. While some CFOs are relatively comfortable with digital transformation, others seem to be struggling to anticipate and keep up with the broader agenda expected of them – one that is transformative within the organisation, strategic and a 'right-hand' to the CEO in many instances. From the implementation of agile operating models, new Cloud technologies, and using data for fresh insights to automation, finance functions are moving at a different pace. While this is expected since organisations have different strengths, what does this mean for the finance function? What can CFOs do to expedite their digitalisation progress?

We hope this report will be useful to CFOs as they traverse the transformational journey of Finance going into the next decade.

#### **Juvanus Tjandra**

Partner  
Advisory  
KPMG in Singapore

#### **James Lee**

Chairman, ACCA Singapore Smart Finance Sub-Committee,  
Director of Finance, Sofitel

#### **Dr Vinika D. Rao**

Executive Director, INSEAD Emerging Markets Institute & Gender Initiative  
Director, Hoffman Global Institute for Business & Society, Asia



# 1.1 Acknowledgement

We would like to thank the following executives for sharing their time and providing their insights:

**Alex Phua**

Group CFO & Country Head (Singapore)  
Zouk Group

**Amos Ng**

CFO, Straco Corporation Limited

**Cherie Sim**

Group Financial Controller,  
Owndays Singapore Pte Ltd

**David Leow**

Thaler Global Pte Ltd, Managing Director

**Deborah Plaku**

Head of Finance, Technology Services,  
Standard Chartered Bank

**Goh Lai Kuen**

VP, Finance Emerging Markets, GSK

**Gabriel Low**

Founder / CEO - Breakwater Advisors Pte Ltd

**Haier Group Corporation, China****Ivan Mitranga, FCCA**

World Wide CFO Displays, Partner Software &  
Client Peripherals, Dell EMC

**James Lee**

Director of Finance, Sofitel, Singapore

**Jason Ang**

Director, Global Finance, DFS Group Limited

**Joseph Alfred**

Head of Policy, ACCA Singapore

**Justin Mullany**

Chief Financial Officer, Asia Pacific,  
ABN AMRO Bank NV

**Ken Ong**

Finance Director, Eastern 9 Investment Pte Ltd

**Leou Jie Dong**

Strategic Planning and Finance,  
Toteboard Singapore

**Liaw Chun Huan**

CFO, KTC Group

**Malini Sundaram**

CFO Pharma & CCFO Japan, Novartis

**Matthew Cheng**

Corporate Vice President, Tencent

**Phua Sian Chin**

Chief Financial Officer, TEHO International Inc Ltd

**Rajendra Tiwari**

Finance Director, Bayer Radiology, Asia Pacific

**Richard McLean**

Regional Chief Financial Officer, SAP Asia Pte Ltd

**Shankha Sen**

Vice President, Global Finance, Red Hat

**Sondra Cortis**

Deputy Chief Financial Officer, Westpac  
International

**Srinivasan Venkita Padmanabhan (Venkat)**

President and Global Head of Finance, (Corporate),  
Olam International

**Tania O'Brien**

Chief Financial Officer, Singapore and  
South Asia, ANZ

**Wong Kang Wei**

Financial Controller, MND

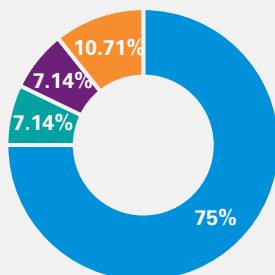
## 1.2 Methodology

This study is anchored on eight key areas around Finance Operation Excellence, Strategy of Managing Innovation, Organization Structure, Data Management, Depth of Analytics, Planning, Budgeting and Forecasting, Governance, Regulations & Compliance and Skills & Capabilities.

Findings from this report considered pre and post pandemic responses. This included 859 participants of the KPMG Future Ready Finance Survey, 30 responses from a digital finance maturity survey conducted in February 2020, 10 interviews with executive level finance specialists,

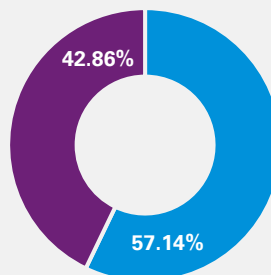
as well as 2 CFO Roundtable discussions, with the most recent one conducted in October 2020.

### Participants of the Digital Finance Maturity Survey



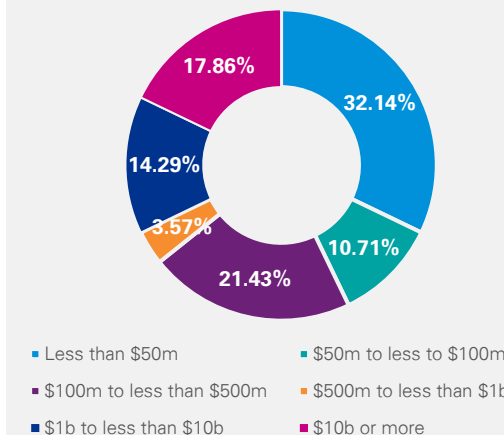
Participants of the digital finance maturity survey comprises mostly of **CFOs (75.00%)**, followed by **Finance Controllers (7.14%)**, **Executive Vice President/Managing Directors (7.14%)** and **other top finance leadership including deputy CFOs and Finance Managers (10.71%)**.

### Headquarters of companies surveyed



Majority of organisations surveyed are headquartered in **Singapore (57.14%)** with the remainder hailing from **Australia (35.71%)**, **USA, Germany, France, Canada, Holland, Japan and Switzerland (7.14%)**.

### Revenue in the FY 2019 (US Dollars)



The survey covered a good mix of organisations ranging from companies raking in less than USD \$50 million to those earning over USD \$10 billion in FY2019.





# Executive Summary





# Executive Summary

**“It is not the strongest or the most intelligent who will survive but those who can best manage change.”** This quotation famously summarised the primary tenet of the theory of evolution by Charles Darwin.

2020 was not the year any expected, how the curtain landed for the last decade took the world by storm. COVID-19 radically transformed the fabrics of society, governments geared into red alert, whole continents on lockdown, international travel turned into a non-possibility, businesses

faltered and teeters on the brink of failure, corporations credit downgrade aplenty, it would not be a far cry to say that the globalising world ground to a halt, with no end in sight.

## Disruptions we expected at the start of 2020

1. **AI and Automation**
2. **Climate Change**
3. **Trade Wars**
4. Tech Giant monopoly
5. Data assets
6. “Unicorn” Startups

## Disruptions we received at the end of 2020

1. **COVID-19 Global Pandemic**
2. **Global lockdown**
3. **Social distancing**
4. **Zoom calls**
5. **Work from home**
6. Digital Networking
7. Online Webinars
8. Closing of schools/businesses
9. Overwhelmed healthcare systems
10. Panic hoarding of consumer essentials

## Disruptions yet to come in the future?

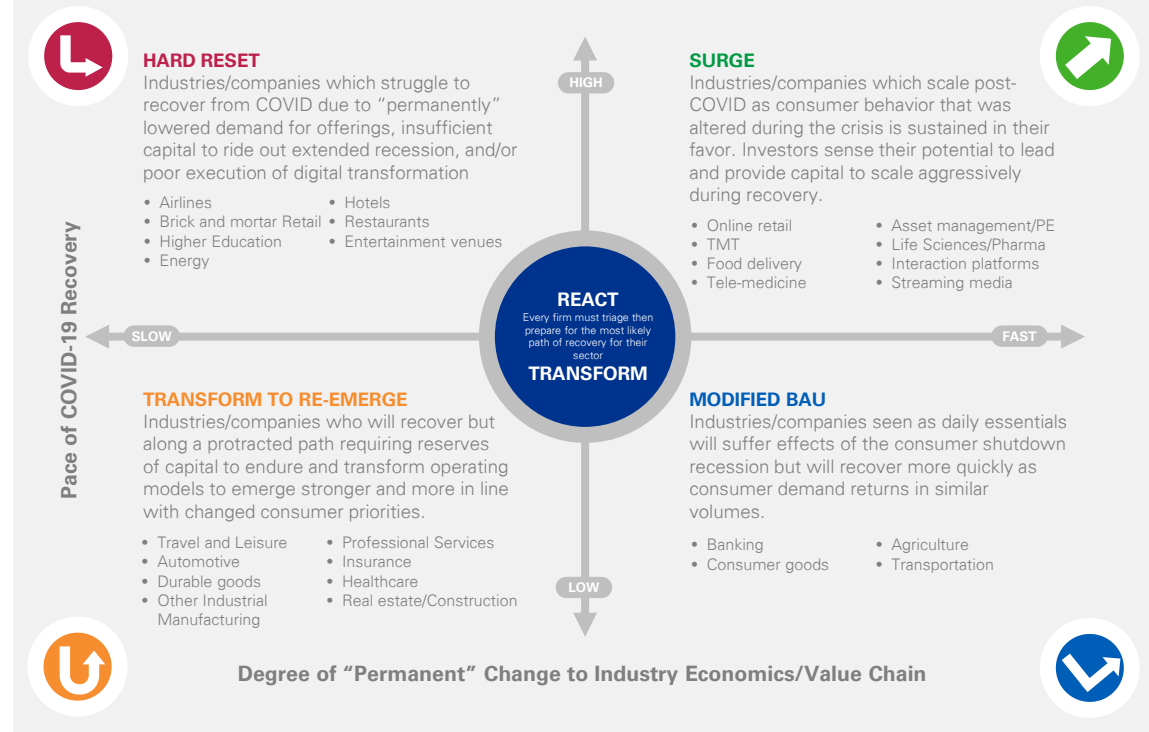
1. **Decoupling of US-China**
2. **Counter measures to impending recessions**
3. **New norms of working**
4. **Expedited digitalization**
5. **COVID-19 relapse**
6. Supply chains disruption
7. Longer term restructuring
8. Increased demand for Digitally Managed Solutions
9. Increased focus on non-financial risks (e.g. ESG, supply chain, employee benefits)

**As the pandemic ravages on, varying degrees of risk exposure to COVID-19 driven shifts will result in different patterns of recovery strategies for the different sectors involved.**

Dependent on both the economic recovery of the market as well as the recovery strategy adopted by corporations, we envision corporations pouring out into the post-COVID world with significantly different set of digital readiness to adopt to the new set of expectations in the market. The illustration on the right depicts the impact of COVID 19 in each sector. There is a common message across the different sectors in the diagram that is they must react and transform to re-emerge stronger post COVID era.

During COVID-19, most finance staff are working and probably will be working home for the foreseeable future. The expectation from Finance function is more than pre-COVID period. CFOs and finance functions are expected to do the same finance business partnering, solve day to day operational issues and still ensure revenue are collected and expenses are paid.

**Figure 1.2 – React or Transform**



“ In the long history of humankind those who learned to collaborate and improvise most effectively have prevailed. ”

**Charles Darwin**



### **CFOs must be a Co-Pilot with the CXOs to lead business model and cost structure transformation**

The effect brought by the COVID-19 fallout has left CFOs facing unprecedented challenges operationally and in managing the overall business, CFOs are cognizant of the priority to maximise cost efficiency. Cashflow management and achieving virtual close surface as two key areas that should have adjusted within the “new normal”.

Rising towards the “next normal”, resilient CFOs are looking at how to best leverage digital solutions to transform operations, save cost and find new ways of revenue generation. Cost management practices and approaches have grown increasingly sophisticated over time, with digital cost solutions — although still maturing — now representing the most advanced form of cost management. Furthermore, organisations need to pivot towards new business models to stretch the top line growth. To this end, CFOs are exploring the assimilation of digital technology to grow out of legacy ways of working.

### **CFOs expect to be more involved in digital transformation in the next five years, increased use of emerging technologies is needed to help Finance manage the change in business model**

CFOs expect to get themselves heavily and directly involved with CIOs in digitalisation in the next five years to come. CFOs acknowledge that they need support in terms of the digitalisation of their function, these support come in both the form of leading practices of transformation as well as financial.

At present, only 13% of CFOs surveyed in our study are actively involved with CIOs to fuel digitalisation within a company. This is set to change as 93% of CFOs expect themselves to be actively involved in the next five years, either directly leading digitalisation projects (33%) or partnering with CIOs (60%). This will require full support from a two-pronged angle – understanding the strategic priorities in a post COVID-19 environment and adopting the right emerging technologies and tools to achieve them.

Currently, only 53% of organisations utilise data analytics in their finance function and 83% of respondents aspire to strengthen data analytics capabilities in the next five years, of which predictive analytics, rather than descriptive is the key. Robotic process automation remains to be a very viable option with 77% expecting the utility of this technology to increase going forward. About 67% percent expressed keen interest in using automation tools to reduce their reliance on legacy systems.

### **Achieving strategy development and commercial analyses remains important, CFOs need to adopt the hat of a Chief Data Steward to co-pilot these responsibilities with data insights**

Optimizing the value of future data is a key aspect of the CFO. Data available as a single source of truth is paramount for organizations to derive insightful commercial analyses which in turn can then facilitate strategical decisions and development. Data analytics is the most common tool that organisations both currently use and aspire to utilise in the next five years.



The Finance function is in a unique position to own all data within the organization. CFOs can lead the charge by establishing a data governance framework for how common data such as invoices or expense reports are entered and collected across the business. To this end, the gelling of financial and operational systems to create an integrated digital ecosystem should be the ultimate goal in mind. Continuing to envision Finance transformation in silo is a risky notion in an ever-interconnected digital environment.

**Deeper Analytical Insights is key, yet Data Management is the present hurdle, doubling down on system insights help derive suitable, accurate and timely information for decision making**

A data driven strategy forms only half the solution. Building a framework of checks to validate trust in the data is pivotal. Ideally, data should be collected and formatted in a way that can be mixed and matched easily across the organization to cater to the need of modern data analysis.

Acknowledging that most business processes we complete daily could be automated by a digital tool is a frightening notion that correlates with

professional irrelevance, yet at the same time this is the reality we must embrace. The transition from today's descriptive and diagnostic based Excel/BI analysis to tomorrow's Predictive and Prescriptive based Machine Learning applications is a journey long overdue.

**Aligning business and organisation model via simplification of records**

Disruptive technologies are the largest drivers of change in business today. Finance organizations will need to transform their Function by adopting a new operating model that is agile and technologies which will help guide the creation of the finance of the future.

**Replace entrenched legacy systems and transitioning to a "kite-shaped" organization with cost-cutting use of digital technologies and relevant upskilling is key**

Legacy systems breed legacy mindsets fostered by perceived threat of change, lack of time and lack of alignment between management and employees. There is a real need to address this shift in mentality end-to-end in order to attain a sustainable digitalisation journey.

In the next five years, the traditional 'tear drop' structure will shift towards a 'kite' shaped structure as manual, repetitive junior level tasks are replaced by robotics process automation (RPA), tighter spans of control become mainstream and centralised processes come together with a connected enterprise across front, middle and back office will emerge.

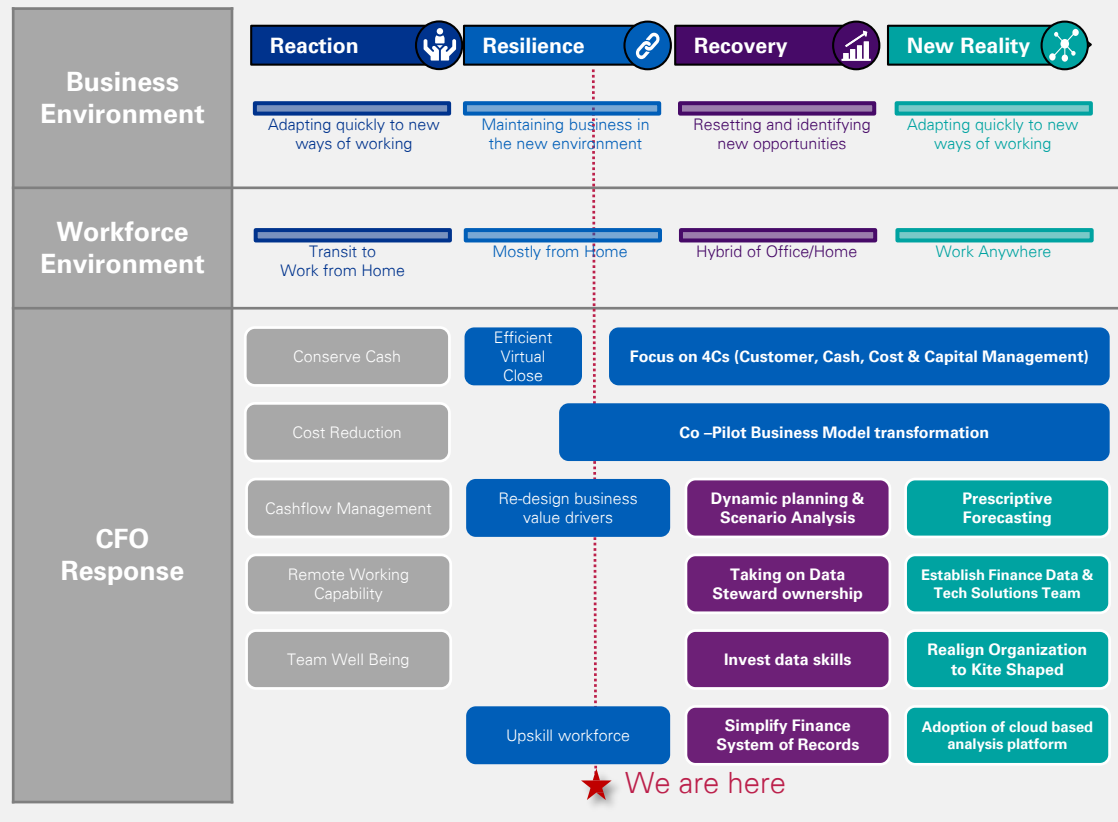
At the same time, the workforce should be equipped with relevant digital and management skills, recognise the value of digitalisation and align the mindset to retool, reskill and relearn from the bottom-up.

**Amidst the many responses to the pandemic, we outline the key call to actions in Figure 1.3, which depicts a four phase roadmap to the new reality as well as the actions that resilient CFOs must be digitally attuned with and prioritise.**



# A 4 stage response to the pandemic impact is expected, the need to plan for CFO's and the finance function's value is key

Figure 1.3 – 4Rs: Roadmap to the next normal



### In response to COVID-19, during the Resilience phase, CFOs must be able to:

1. Performing efficient virtual close (today lots of manual excel flying everywhere)
2. Manage the 4Cs
3. Co-Pilot the business

### During the recovery phase, CFOs must be able to:

4. Redefine value drivers and dynamic planning
5. Take on data stewardship role
6. Invest in data talent

### Finally in the new reality, CFOs must be able to:

7. Simplify system of records and adopt cloud based finance analysis platform
8. Perform forecasting and decision-making with predictive capability
9. Reshape the traditional tear-drop shaped organisation to a new kite-shaped organisation with finance data solution as an area of investment

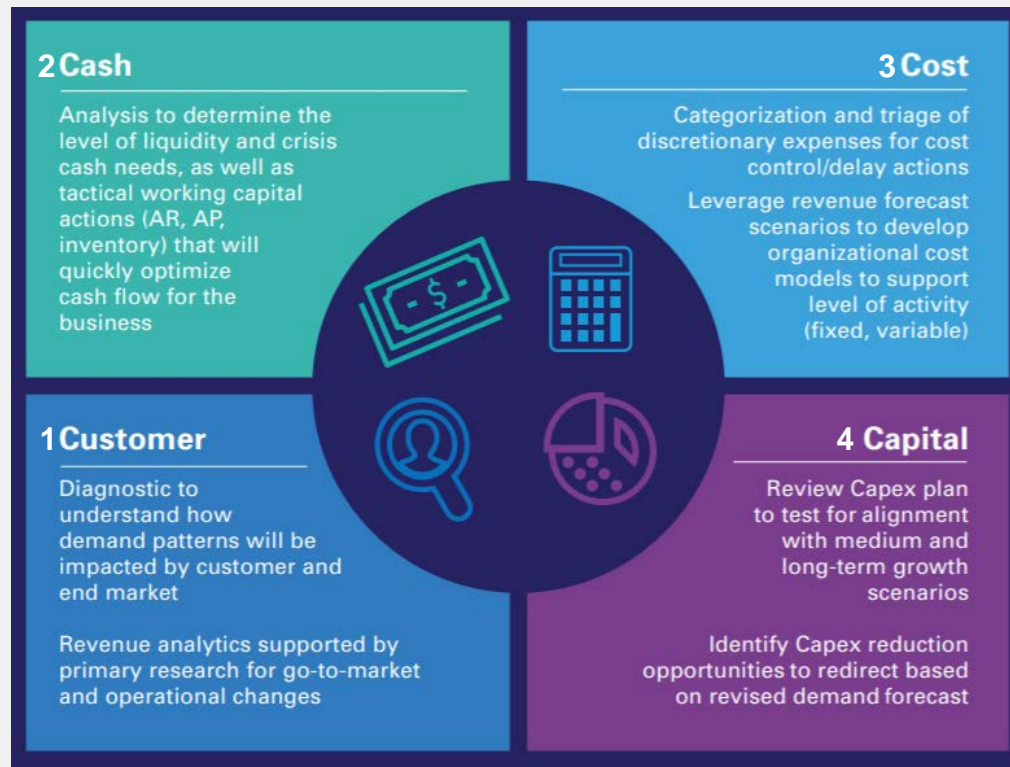


# Key Observations



# 3.1 Pandemic impact to the CFO - Efficient cashflow and virtual close should be the baseline for tomorrow

Figure 3.0 – Managing the 4Cs amidst the pandemic



## Managing efficient cashflow with the 4Cs

During the pandemic, CFOs need to exemplify empathetic and strong leadership to help ease transition from a “new normal” to the “next normal”.

The pace of recovery will be volatile going forward so it is important the CFO and its function being able to master the management of 4Cs:

1. **Customer** - Understanding the Customer demand patterns
2. **Cash** - Analyse level of Cash required
3. **Cost** - Applying Cost control measures
4. **Capital** - Reviewing the organisation’s CAPEX plan

This is illustrated in Figure 3.0 on the left.

Firstly, managing cashflow begins with understanding the demand patterns of your customers. Insightful revenue analytics can spur new revenue lines and go-to-market strategies.

Secondly, having a thorough understanding of what the customer demands in the “next normal” then allow Finance to analyse the level of cash or liquidity required to optimise the cashflow of the business.





Concurrently, CFOs should be working to free cash from working capital by reviewing the opportunities to extend payables, paring inventories where possible, and working closely with customers to understand how their payment plans are being impacted.

By reviewing financial covenants and potential penalties for late or missed payments, analysing supplier contract terms for opportunities to conserve cash, and maintaining contact with lenders and rating agencies to update them on how the business is being impacted by the economic decline, CFOs can then have a better handle on cost control.

Finally, an efficient management of cashflow in the new environment will grant a clearer picture of where potential Capex reduction opportunities are. A review of the organisation's Capex plan can then be done to align with the new medium to long term plan.

## 2. Maintaining an efficient virtual (remote) close

Twelve months into the pandemic, organizations should transitioned to completing upcoming month-end close with a remote workforce. The process

requires CFOs to work with other finance and accounting leaders quickly to identify any gaps that could impact the close process. 5 key considerations of a virtual close are highlighted in table 3.1.

To support process efficiency, the team must align with the organization's internal auditors on key materiality and journal entry thresholds.

Concurrently, CFOs should oversee the development of a remote-close scorecard focused on monitoring key metrics around liquidity, efficiency, cycle times, the quality and accuracy of data, coordination and timing issues, business and IT controls, and the removal of complexity from the close process. How to optimise the virtual close with relevant key activities is illustrated in Appendix 6.2.

Once this is completed, CFOs should monitor the close process on an ongoing basis to ensure stability in services and quality.



“ If you can do everything remotely, you’d better be finding a way to be adding value to the equation, because there’s a good chance no one will miss you if you’re not there anymore.

That is a real call for Finance professionals to try to add value to their organisations. COVID-19 taught us a few lessons and the important thing is that we didn’t think we could get away without offices, we didn’t think we’d be able to do sales functions using Zoom calls and COVID-19 taught us that we can do both. So Finance really needs to reassess where we are adding value to the whole equation.”

**David Leow,**  
Managing Director,  
Thaler Global Pte Ltd

### 3. From cost savings to creating revenue opportunities

12 months into the pandemic, it is our observation that organisations have implemented some of the 4Cs measures. In parallel whilst the 4Cs are being implemented, it is important for CFO and its function to think of ways of to pivot towards increasing their top line.

With new disruption comes new opportunities and the pandemic is no different. CFO should support the business to evaluate current and new business model, support onboarding new services digitally, exploring online sales channel or even revamping the core offering of the business should the need arise. This revenue generation is critical as the value of the CFO and its function will be challenged during this pandemic as remote working will be the norm going forward. How do CFOs and its function demonstrate value effectively in the new regime?

**Figure 3.1 – Top five considerations for a “virtual close”**

Without any warning, your Finance team is working in a different world

**1****Virtual calendar**

Realign close calendar and establish new cadence to complete tasks based on virtual availability of resources

**2****Strengthen organization**

Deploy a “Buddy” system for key resources and a “Pitcher / Catcher” model for schedule continuity

**3****Technology**

Identify and mitigate critical points of technology failure – system access, system availability, collaboration tools, extra monitor, etc.

**4****Remote etiquette**

Video on always, no need for formality, instant messaging in place, phone off, test audio/video prior to calls, no multi-tasking, use agenda, be on time

**5****Close tasks monitoring**

Central dashboard to monitor and track; Install a PMO to track the close.

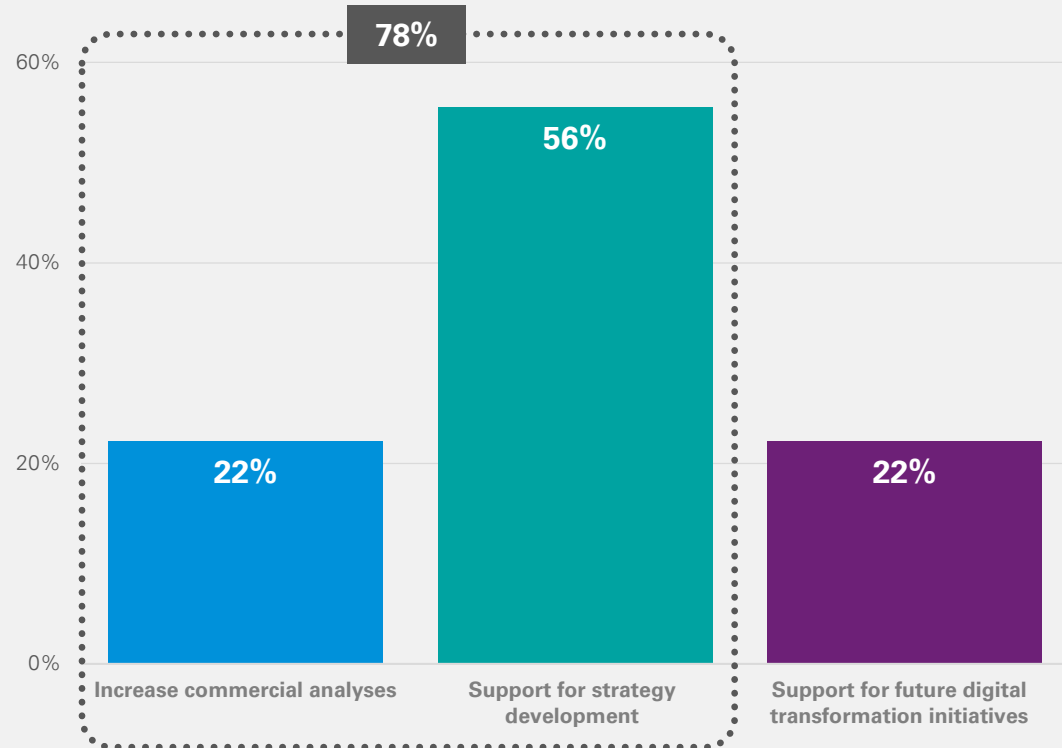


## 3.2 Achieving strategy development and changing business model remains a key focus

In Figure 3.2, 78% of CFOs who attended the roundtable discussion indicated support for strategy development and increasing commercial analyses as the key roles that finance leaders should focus on. These key enablers in turn also fuels digital transformation.

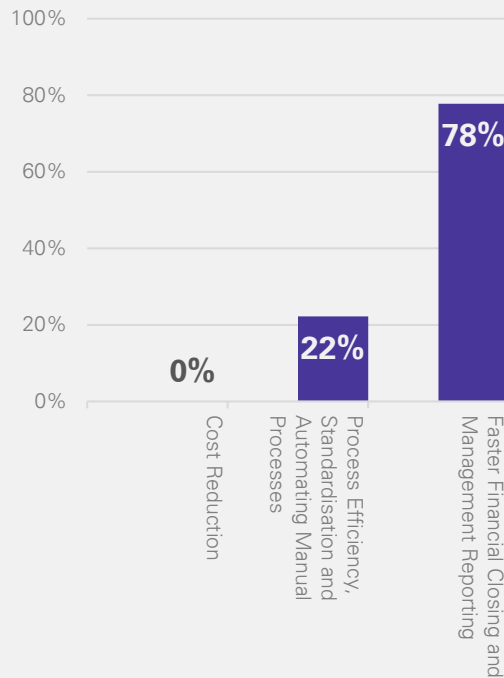
Many companies have major capital expenditure and technology or platform investments that were made in a different time and different context. Resilient CFOs should have an approach to investment portfolio management to determine mission-critical initiative that should continue, those that are more discretionary, and others where the ROI must be reevaluated given the current environment.

**Figure 3.2 – What do you see as the new role/scope of finance leaders after digitalisation takes place?**

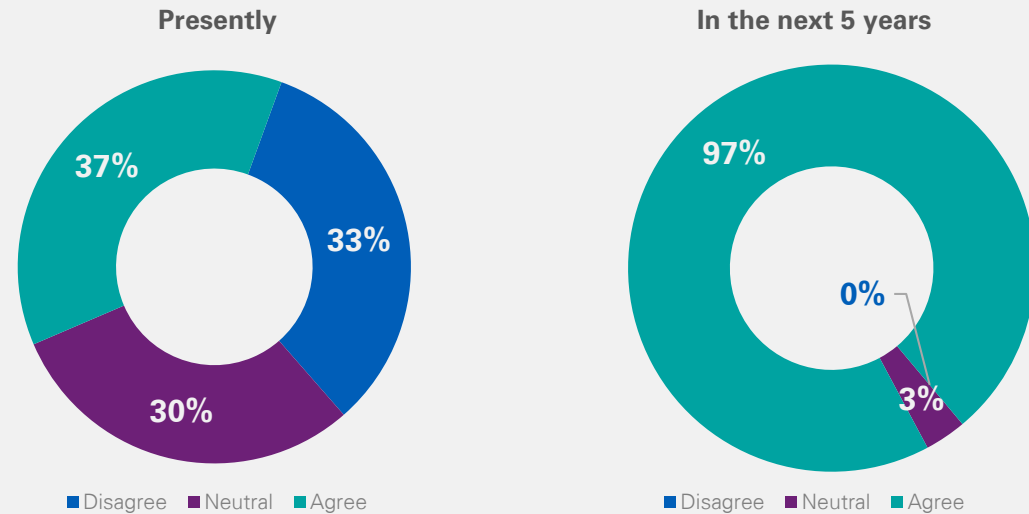


## 3.3 Deeper Analytical Insights is key, but Data Management is a key hurdle

**Figure 3.3 – What is the most important business objective/outcome that constitutes your financial transformation initiative(s)?**



**Figure 3.4 – The organisation invests in digital capabilities to facilitate compatibility amongst data utility and recognizes the importance of integrating data to provide a Single Source of Truth.**





“ Finance is not a backroom operation. We need to move out from the concept that we are a bookkeeping department.

In fact, I find that digitalisation has to be driven from finance department, we need to take a pro-active approach mainly because Finance consumes a lot of data.

And data has to be accurate and timely for us to reflect the true financial status of the company. Because we need data, we personally have to drive other department's adoption of data soonest possible.”

**Liaw Chun Haw,**  
CFO, KTC Group

In Figure 3.3, 78% of CFOs who attended the roundtable discussion indicated deeper analytical insights and better business partnering as the most important objective of financial transformation initiatives, while the other 22% chose process efficiency, standardisation and automating manual processes as the key driver of digitalisation.

In Figure 3.4, at present, only 37% of respondents agreed with the above sentence that it is important to ensure compatibility of data utility. 63% have not considered data management as a key priority now. This is in spite of In the next five years, 97% CFOs agreed that this is an important notion, of which 70% strongly agreed. The results indicated an unanimous agreement that data management is a key area of improvement in the future, yet only slightly more than a third of current CFOs have taken measures in working towards better data utility.

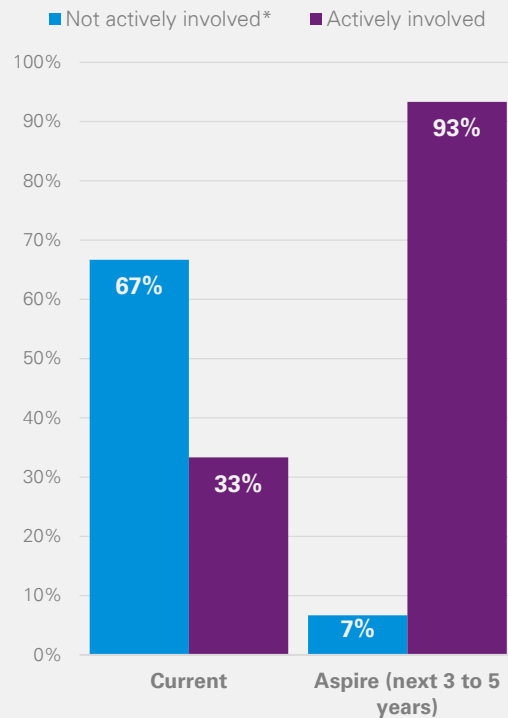
Data utility refers to the value of a given data as an analytical resource. Data utility comprises the data's analytical completeness and validity, of which compatibility of data across the business plays a pivotal role. Ideally, data should be collected and formatted in a way that can be mixed

and matches easily across the organization to cater to the requirements for modern data analytics.

The above observations reinforce the importance of timeliness of data availability in today's digital climate. Organisations not only require data to be available on the fly but also require them to be flexible in nature to be adopted for the dynamic and rigorous nature of finance processes. Especially when the scope of the CFO is expected to widen and encompass strategic decision-making and commercial analyses. Conquering this key hurdle of data management can then allow data to truly flow seamlessly throughout the organisation, providing insights at the fingertips of the leadership.

# 3.4 CFOs expected to be more involved in digital transformation in the next five years

**Figure 3.5 – Level of involvement of Finance Function with digitalisation**



\*includes not involved, mildly and moderately involved

Digital transformation is forcing positive changes. Assessment survey on COVID-19 considered the potential of digital transformation as part of a response to COVID-19, expecting demand to pick up during the pandemic.

The priority for digital transformation are on cost reduction, efficiency and cybersecurity. Technology is no longer in the domain of IT departments. End-users and clients now have a greater understanding and appreciation of the capabilities and limitations of technology.

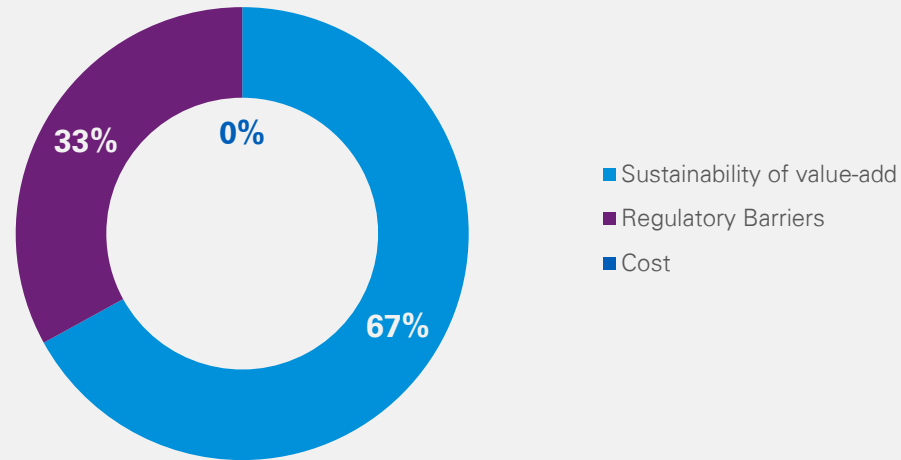
As evident from our findings in Figure 3.5, pre-pandemic showed 67 percent of finance leaders are not actively involved in digitalization. In the near future, 93 percent of leaders aspire to be an active part of digitalization especially during this pandemic era .

In the past, CFOs did not typically lead transformation efforts. However, as custodians to data reflecting the performance of their organizations, CFOs are taking the opportunity to better leverage data to make better decision making. This is further compounded by the pressure to keep the cost of their finance function low.

“If you look at any organisation or MNC today, there is not a role or designation that has “accountant” in it. I believe the current form of accounting will disappear. As today’s accounting standards are redefined, the accounting is taken over by the digitalisation and low cost outsourcing, the role evolve and businesses will be looking for business partners. (co-pilot)”

**Srinivasan Venkita Padmanabhan,**  
President and Global Head of Finance,  
Olam International

**Figure 3.6 – A potential misconception in terms of long-term value brought by Cloud is the prime concern impeding implementation - Key impediments to Cloud Adoption**



The finance organization of the future will be measured on its ability to respond to market disruption and drive innovation both within Finance and across the enterprise. The adoption of cloud solution to replace legacy financial and analytic systems will be key and are gaining momentum. Going forward, Cloud technology is fundamentally a requirement to integrate and centralise information, data and processes to facilitate better analysis for decision making purposes

As seen in Figure 3.6, during our roundtable discussion, we asked CFOs on the key impediment for cloud technologies adoption, 67% of CFOs mentioned that they are not clear on the value-add for adopting cloud technology, with the remaining 33% citing regulatory barriers as the factor of deterrence. Cost is not a foremost concern as CFOs feel that there is generally sufficient funding budgeted for the providence of IT.





This misconception coupled with the lack of leading practices in the market to follow, limited manpower and difficulty in procuring the right talents mean that some companies may choose to adopt the “wait and see” approach to avoid unnecessary opportunity costs, blanketing the market with an incumbent, reactive approach to digitalisation.

Arguably one of the biggest obstacles to change is that existing systems are so complex that any talk of change is dismissed or procrastinated over. Organisations need to find a way to introduce the most innovative capabilities into an environment filled with legacy systems, in a fast and cost-effective way, while keeping business-as-usual (BAU) running.

This fear of disrupting BAU has led to short-term fixes such as ‘stitching’ new software onto old software, using solutions such as point-to-point integrations, or even leveraging legacy middleware.

Organisations end up spending money on the wrong things, due to timeline pressures or not understanding new technologies enough. For large complex organisations, silos and shadow IT serve

to add more technical debt with no accountability for paying it down<sup>4</sup>. These continue to slow down the transformation process within the enterprise. Overcoming inefficiencies of old methodologies is the core of any innovation, thus entrenched legacy systems represent one of the, if not largest, hurdle to overcome to reap maximum benefits offered by digitalisation.

Technology advances creates newer tools, but onboarding a digitally open culture is what powers and sustains meaningful change

Organisation needs to recognised that successful digital transformation is to have a digitally open culture. Digitally open culture is an “inside-out” process to bring employees on board with digital change. It involves getting employee to participate and to examine their unique contributions to the organisation, and “then to connect those strengths to parts of the digital transformation process - which they will then take charge of, if at all possible.

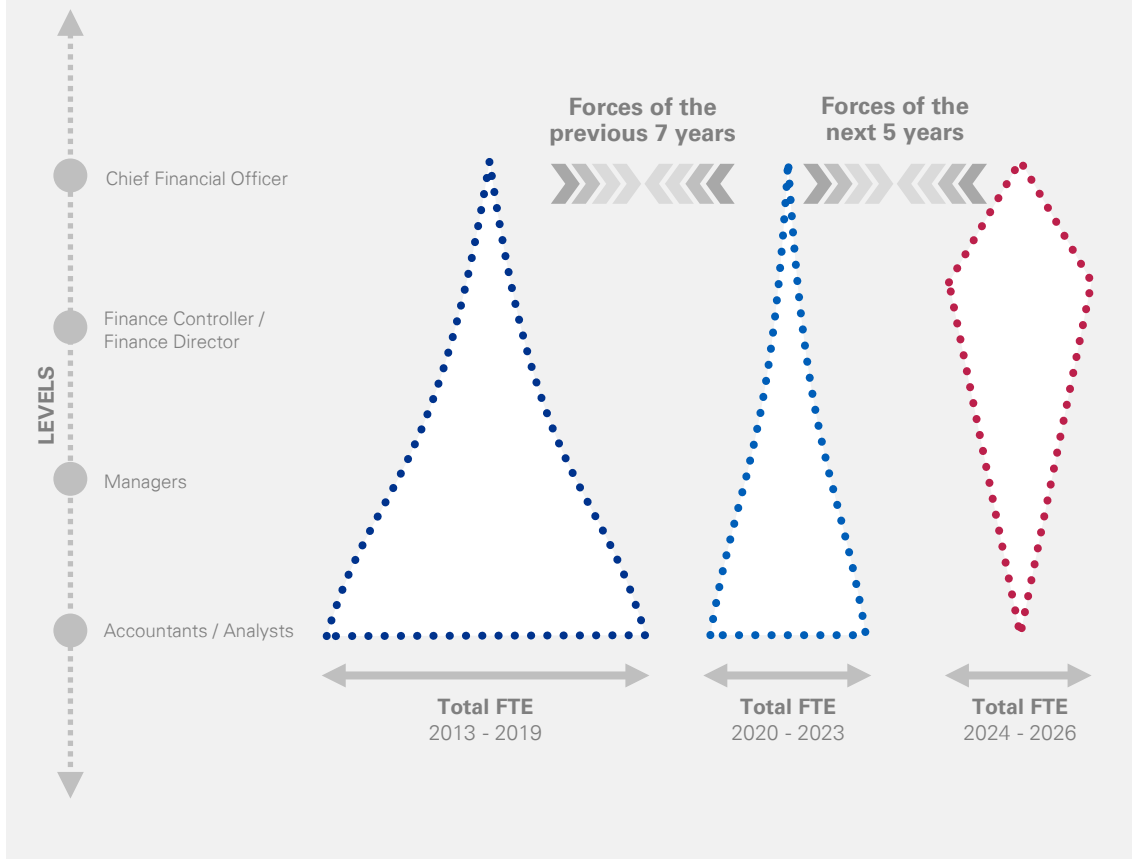
This process would alleviate employees’ perception that digital transformation could threaten their jobs, where they may thus consciously or unconsciously resist the changes.

“ The government is slowly and gradually implementing Cloud services. We have been mimicking the MNCs model and have centralised shared systems and shared services. So, Cloud will come in naturally, it’s just now a matter of time, schedule and money. But I think we will be fully Cloud-enabled in a few years’ time.”

**Leou Jie Dong, Director,**  
Strategic Planning and Finance,  
Toteboard Singapore

## 3.5 Evolution from Teardrop to Kite Organisation

**Figure 3.7 – Evolution of best practice organisational shape 2013 – 2026**



In the last decade, the shape of Finance functions has evolved towards a more bottom-heavy and pronounced 'tear drop'. This shift is due to the increased adoption of centralised and functionalised organisational structures and adoption of Finance Shared Services Centres (FSSC).

As evident in Figure 3.7, in the next 5 years, the traditional 'tear drop' structure will shift towards a 'kite' shaped structure as tighter spans of control become mainstream, centralised processes come together with a connected enterprise, merging across front, middle and back office.



# Call to Action: Being a Resilient Digital CFO



# 4.1 CFO as a co-pilot to the business model transformation and aligning cost structure

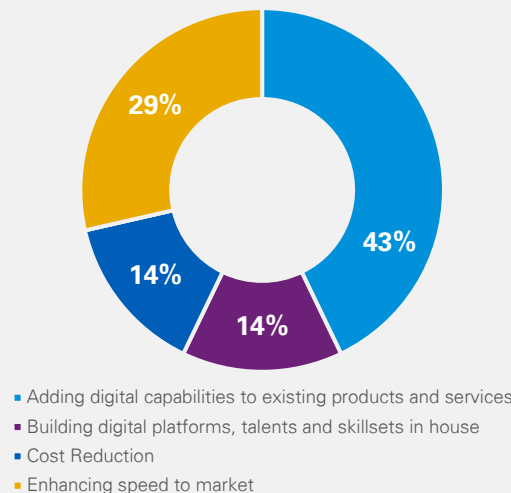
## 1. Co-piloting business model and CFO value transformation

With the first 12 months of the pandemic behind us, the majority of cashflow management and cost measures adjustments should have been completed. The focus now is on how do you sustain the business and pivot to a new business model and adding value whilst working remotely. To redefine the value of CFO and its function, they must start to become CEO and CXOs Co-pilot to chart the way forward as their organisation transform during the pandemic era.

In the second roundtable (see Figure 4.0 right), CFOs key priorities have shifted to supporting the business to become more efficient by considering digital capabilities in their existing offerings. Furthermore, CFOs are expected to be co – pilot enhancing organisation speed to market either by entering new business area, sunseting existing products and services, and thinking through new alliances or inorganic. Please see Case Study: Zouk Group for further illustration.

Most CFOs also agreed that while a myopic focus on cost reduction should not be the main priority however tight cashflow is a paramount hurdle in the current climate for any business model transformation.

**Figure 4.0 – What is the top strategic priority in a post COVID-19 environment?**



“ We need to be co-pilots and be very business driven, I see finance partners or finance directors in the future sitting alongside the GM/business leader and regarded as an important member having a voice on the table.

More than ten years ago, we asked our business partner a question: “If there’s a fire in your house who will you bring to safety first?” Finance function was not the first on the list. Feedback given was I will take someone who was critical to the business. That was ten, twelve years ago. This feedback helped us shape the way finance supports the business. We are not just number crunchers... We developed a finance operating model which ensured that our finance processes were efficient and freed up time for finance partners to support the business. We are still on that journey and happy to say that feedback on support we are giving to the business have changed since.”

**Goh Lai Kuen,**  
VP, Finance Emerging Markets  
GSK

# Case study: Zouk Group



## The impact of COVID-19 germinates the perfect storm for strategic restructuring and a change in business model

“ The focus (strategic) shifted before the Circuit Breaker lockdown in Singapore, there’s only so much that we can do to manage cost. Our key focus should be to generate new revenue streams, that was when I gathered all my GMs and directors and that was when the thought processes began.”

**Alex Phua,**  
Group CFO & Country Head (Singapore)  
Zouk Group



Zouk’s CFO co-piloted an ideation process with CEO and General Managers to establish new business ideas

### As a result, Zouk now offers five new distinct services



1. Food & Beverages



2. Spin Classes



3. Cinemas



4. E-Commerce Distribution



5. Media Live Streaming

Pre-Covid-19, Zouk Group was actively focused on expanding its footprint outside Singapore like in the US, and growing profitability towards an eventual IPO. The global lifestyle business prided itself in providing world-class clubbing experience and it was a key revenue generator pre-COVID-19 era.

During COVID, business was badly affected since nightclubs cannot operate. Up till the date of this publication, Zouk’s nightclubs remained closed. COVID disruption to cashflow resulted in the need to explore new and alternate revenue streams. Prior to the circuit breaker lockdown period. The CFO – Alex Phua co-piloted an ideation process with the CEO and General Managers to establish new business ideas.

As a result, Zouk took the pandemic as an opportunity to restructure internally, transitioning from nightclub into five new distinct service offerings – Food & Beverages, Fitness Classes, Cinema, E-Commerce and Livestreaming services.

These new ventures were the fruits of labour of countless hours of brainstorming sessions not just from the leadership but also from the operational staff, taking inputs ranging from staff crew to managers to the senior leadership – Ideas generation was a collaborative organisation-wide effort.

As the CFO – Alex’s role changed into execution mode quickly, turning ideas into new reality, managing the operations, liaising with many regulatory authorities, procuring several necessary licenses and professional training to provide the operational knowhows to operate the new business models, this led to the inadvertent benefit of bringing open changes with an agile mindset permeating across Zouk Group.

His leadership outside the traditional CFO’s role and function during the pandemic allows the organisation to be able to pivot flexibly and navigate the uncharted waters of uncertainty brought about by COVID-19 and into the new normal.

## 2. Managing efficient cashflow with the 4Cs

Coming out of COVID-19, the CFO is expected to be directly involved in reviewing the business, save cost and transforming the business model. The next element of Resilience is reevaluating current cost base and investment portfolio.

For more detailed information refer to Appendix 6.1.

## 3. Maintaining an efficient virtual (remote) close

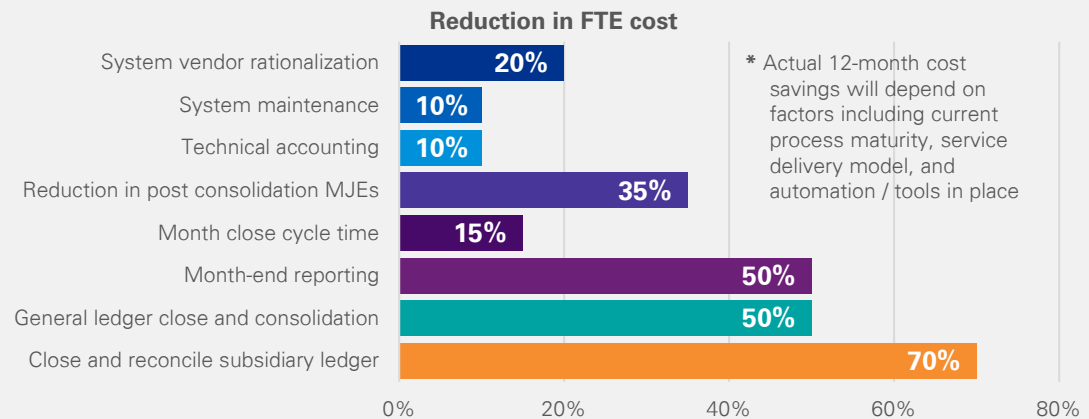
Companies have begun to enact their business continuity response plans, including the sudden migration of their teams to a 100 percent remote workforce. Finance and Accounting teams have been impacted by this shift, across the six dimensions that comprise the financial close and reporting (FCR) process.

As Finance and Accounting leaders adapt to the realities of a remote workforce and an improved close process, companies that are able to embrace process standardization and automation will achieve material benefits in regard to cost savings and productivity. Trintech and Blackline are some tools specialised to help with closing, for more detailed information refer to Appendix 6.2.

**Figure 4.1 – Benefits of FCR Automation post COVID-19**

### Automation will drive benefits after the crisis

Directional cost and productivity outcomes driven by close process automation\*



The Bottom Line: As Finance and Accounting teams mobilize to respond to the sudden, forced reality of 100 percent remote workforce, leaders must urgently:

1. evaluate the financial close process,
2. develop an immediate remediation plan (including staff augmentation) to survive the upcoming monthly and quarterly close, and
3. prioritize automation projects to drive down labor costs and improve process effectiveness.

Organizations that do so effectively will benefit from identifying – and then side-stepping – potential landmines that might otherwise jeopardize the close in the near-term, while setting themselves up for long-term success.

# 4.2 Focus on dynamic planning tool for analysis purposes

## What is the top strategic priority in a post COVID-19 environment?

Finance leaders covered in this study aim to increase the value provided by the Finance function by enabling better business decision-making.

As seen in Figure 4.2 below, the survey indicates that slightly over half of finance leaders surveyed currently utilise Data Analytical tools (53%), followed by Cloud-based services (50%), and

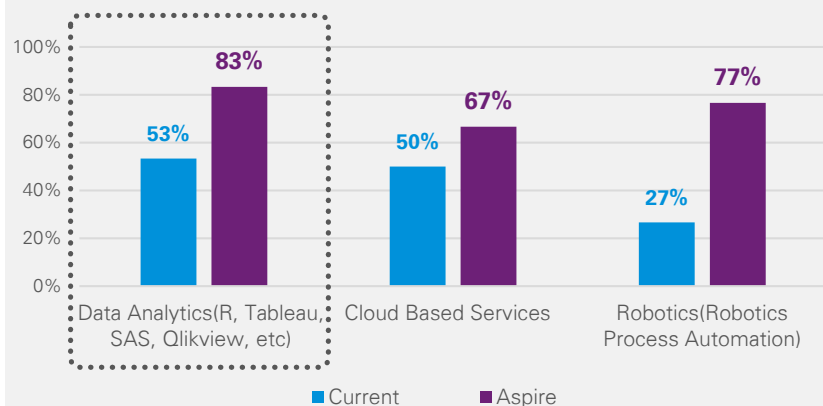
Robotic Process Automation (27%).

Most respondents placed an emphasis on initiatives that utilise Data Analytics and Cloud to increase the quality of insights, improve planning and accuracy of forecasting.

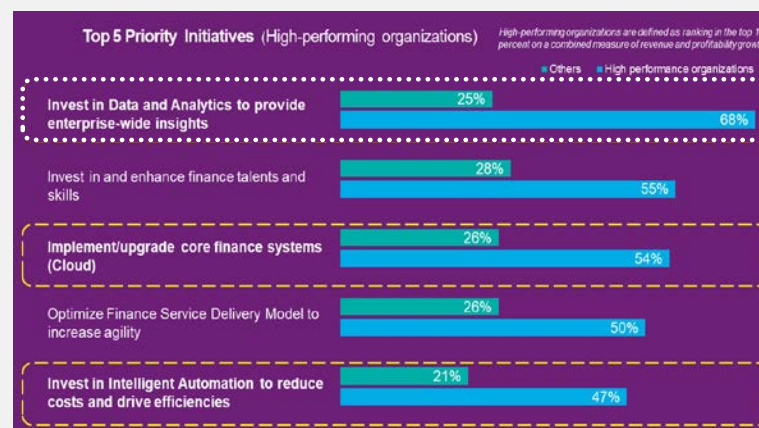
As the pace of recovery will be patchy during COVID-19, CFO and its function needs information on their hand to provide business partnering advise to the Business or to illustrate different scenario

analysis for planning purposes. Hence the ability for CFO and its function to be able to provide dynamic planning with the Business will become critical. CFO function needs to be able to do zero based budgeting, adopt agile scenario / forecasting process to value add to the business.

**Figure 4.2 – What Digital Tools or Platforms does your Finance Function currently utilise and aspire to use in the next 3 to 5 years?**



**Figure 4.3 – High-performing organizations have prioritized their strategic investments in Data Analytics for predictive forecasting, Cloud-Based Service for financial management and RPA for cost reduction and organizational optimization**





Many organisations have not invested fully in the potential of data analytics and other corresponding tools as the results show a stark contrast when queried on the digital tools that CFOs aspire to use in the next five years. With reference to Figure 4.2, in the near future, majority of finance leaders are expecting to utilise data analytics (83%), Robotic Process Automation (77%), Cloud-based services (67%), the biggest jump in utilisation in the near future is Robotic Process Automation (increased by 50%).

While digital finance tools shift towards Data Analytics in the future, the majority of present Analytics capability tools are mostly in the

Finance leaders need to be the catalyst for growth and advocates for a culture of lifelong learning throughout the organisation. The onus is therefore on them to show the way. [ACCA's The digital accountant: Digital skills in a transformed world, March 2020](#) is another useful report which offers ten steps on how to guide the way.

incorporation stage and have yet to be embedded within operational models to confer substantial benefits. Moving forward, organisations will have to significantly invest in training and workplace skillsets to prepare the workforce for well-integrated analytical BAU processes. The upskilling and turbo-charging of the financial planning and analysis process, or FP&A is also critical. This is in many ways the decision cockpit not just finance, but that of the entire company, and this is a unique time for FP&A to provide visibility across a handful of key metrics that can orient the senior team and the Board.

“ We need to do more than just training when it comes to job design. We need to think ahead and look at the right skillsets for jobs that need to be transformed.”

**Leou Jie Dong,**  
Director, Strategic Planning and Finance,  
Toteboard Singapore





## 4.3 The CFO as a Chief Data Steward

As data becoming the critical in navigating post COVID recovery and to facilitate remote working, it is important organisation to have the right data governance and management strategy. Otherwise information that comes up from the analysis will not be trusted by the Business. In this regards given that CFO and finance function has been one of the largest consumption of data for financial and management reporting. CFO and finance function has a key role in transforming the organisation as a data driven organisation as a Chief Data Steward.

### **CFO as a Chief Data Steward - Setting data governance framework and master data management**

Opportunities come with the speed of information—and die at the speed of decision-making. Garbage in, garbage out. What CFOs need most is information — accurate, credible, up-to-date, detailed data to support swift, confident and critical decision-making. This begins with a well-designed data policy and is sustained with a credible master data management. Accurate and correct master data provide the foundation to create actionable insights with analytics.

CFOs can lead the charge by establishing a data governance framework for how common data such as invoices or expense reports are entered and collected across the business.

### **Standardizing Chart of Account**

In order for CFOs to make best use of data, they need to ensure a well defined, standardized Chart of Accounts (COA) is in place. Following are the benefits of a standardized COA:

- One single version of truth and a common financial language improves business decisions
- Consistency in reporting, better transparency and understanding financial data increases time available to drive action
- Faster close and reporting cycle leading to faster information and fewer reporting errors
- Improvements in quality, speed and scope of planning, forecasting and performance management

To achieve these benefits, COA should be flexible to support current and future growth, support reporting requirements (both management and regulatory) and enhance controls and governance.

“ Given that data is going to be important for enterprise going forward where everyone is working remotely and analysis purposes.

The role of a CFO is becoming critical in terms of having these data on-demand, anytime, anywhere. I see the role of the CFO as being the architect of where you should put all these enterprise data for management and operational decisions.”

**Jvanus Tjandra,**  
Partner,  
KPMG Singapore

## 4.4 Double Down on System Insights – Telling a story and supporting decision making

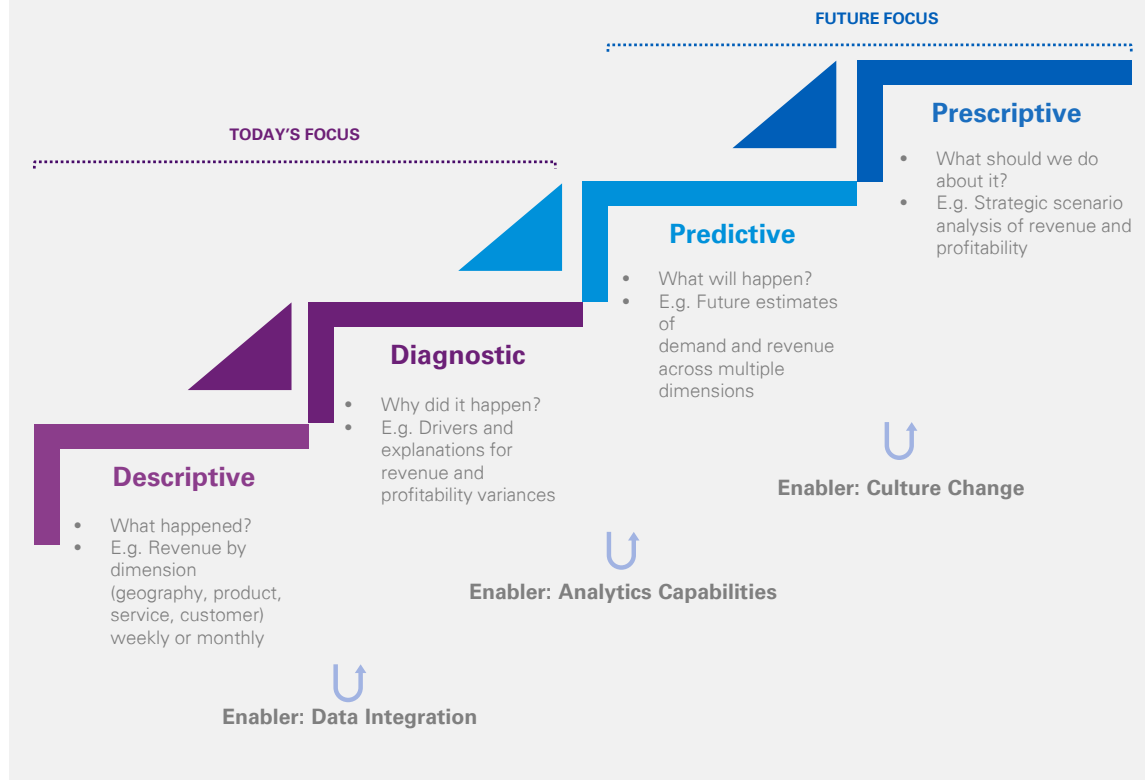
There is an innate need to transit from today's focus on descriptive and diagnostic reporting to the predictive and prescriptive focus of the future. This is key in providing insights to support decision making. Adopting predictive data analysis can improve various business areas as follows:

- Efficiency, including inventory forecasting
- Customer Service, which helps organisations to better understand who their customers are and what are they looking for
- Fraud detection and prevention
- Risk reduction

Taking it a notch higher, the core benefits of adopting prescriptive data analysis are as follows:

- Creating a repeatable and scalable process that builds trust for decision making
- Near-time decision-making as opposed to traditional decision-making that could take weeks or months later, where market conditions may have changed
- Cost efficiencies with in-house capabilities, ability to prescribe the best way to synergise with existing internal departments to maximise data value

**Figure 4.4 – With the ability to transform data into insights, the role of the future finance professional is shifting from reporting financials to advising on strategy**



### Transitioning away from today's focus on Excel to the future focus on Machine Learning

In today's world where most if not all companies and industries are talking about how digitalisation brings new opportunities and is transforming their business model, one must wonder why not much has changed in Finance yet. The simple answer is – Excel. And the reason for this is twofold.

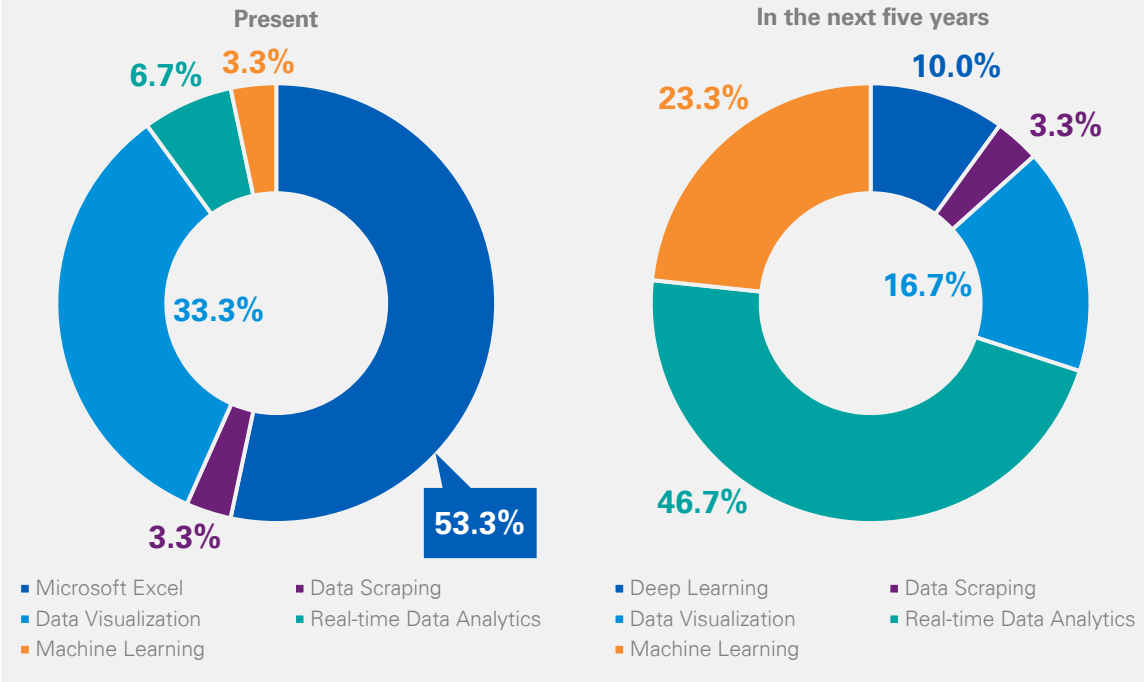
As the panacea that can solve most issues encountered by a finance professional, Excel represents something we're all accustomed to and most do not like to step out of their comfort zone. Many finance professionals continue to work primarily on Excel every day and this is not due to the lack of alternatives in the market.

Microsoft Power BI is a good example of a tool that connects directly to a database without Excel as an intermediary. Another reason for this is the sense of ownership that Excel confers, we feel that, when we perform tasks on Excel, we are the owners of the effort, despite the additional steps as opposed to other digital tools, and we continue to do most of the steps as this keep ourselves occupied and in turn "productive".

Acknowledging that most business processes we complete daily could be automated by a digital tool is a frightening notion that correlates with professional irrelevance, yet at the same time this is the reality we must embrace. The transition from

today's descriptive and diagnostic based Excel/BI analysis to tomorrow's Predictive and Prescriptive based Machine Learning applications is a journey long overdue.

**Figure 4.5 – The most value-adding method of data analysis utilised for the Finance Function is:**



As evident from the Digital Finance Maturity Survey in Figure 4.5, 53.3% of organisations indicate that Microsoft Excel is the most value-adding tool for data analysis at present. Yet no respondents perceived Excel as the go-to tool for

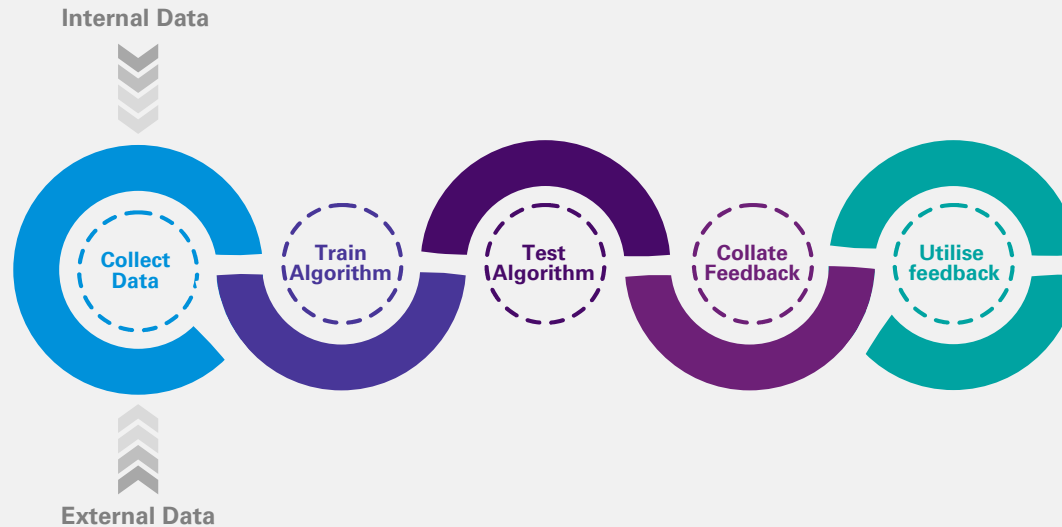
analysis in the next five years. This further reinforces the notion that organisations are aware of the value of advanced data analytical tools but for other reasons, likely relating to comfort, are still moderately reliant on Excel at present.

The silver lining to this is that 46.7% of finance leaders are aware and recognise real-time data analytics tools to be the answer for the future, with others favoring Machine Learning, Data Visualization and Deep Learning technologies. Machine Learning in particular, is expected to take up a bigger part of deriving value from system insights. This is evident from its biggest delta between present utility and in the next five years, increasing from 3.3% to 23.3%.

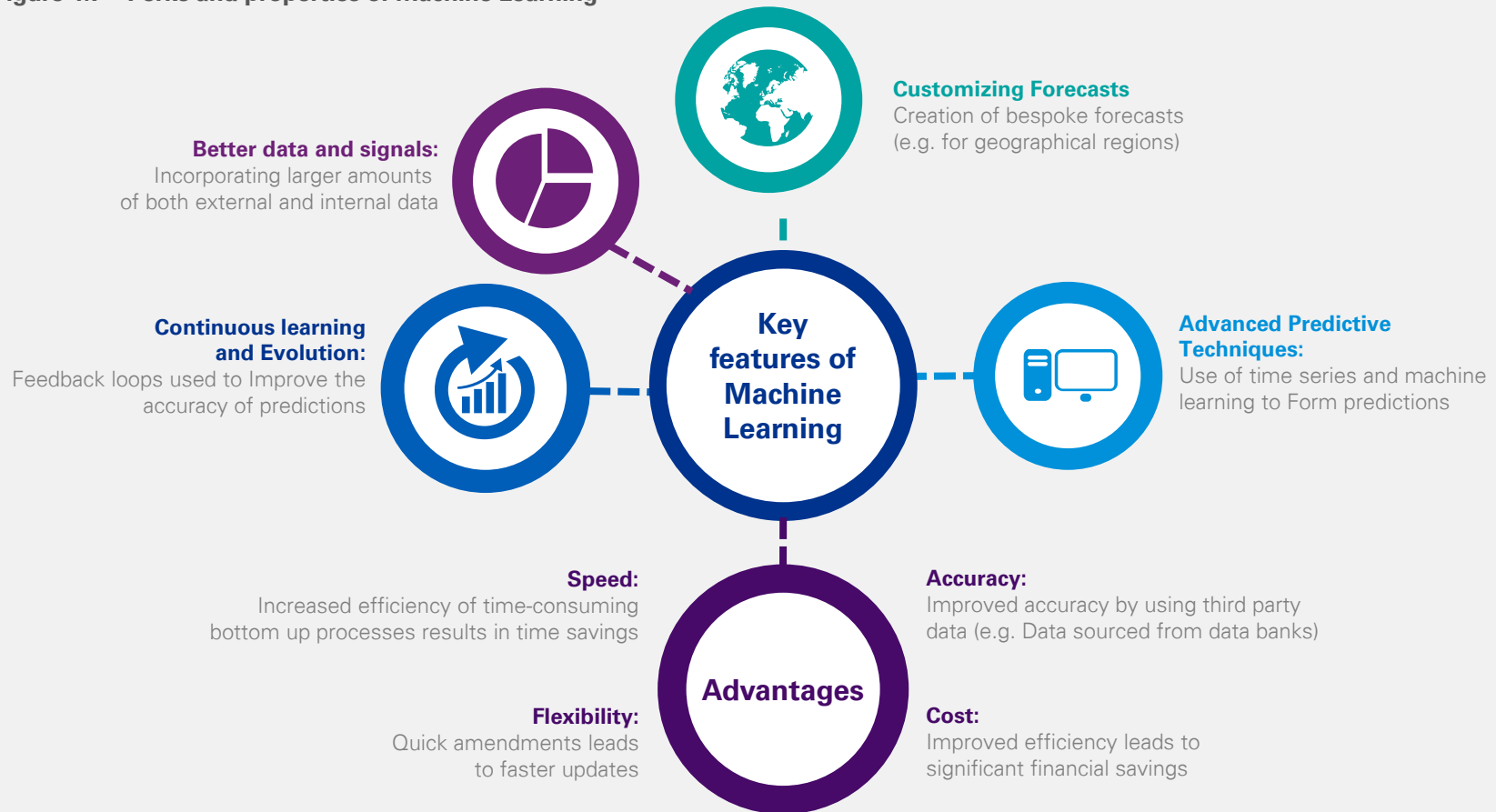
AI powered forecasting caters highly accurate and forward-looking estimates, empowered by iterative nature of machine learning where financial data and relevant information are continually fed into the system. The combination of both internal and external (past and new) data results in the production of highly reliable predictions.

**Figure 4.6 – Enabling forecasting at ten times the speed and just one-tenth the cost with machine learning**

#### Machine learning forecasting in finance



**Figure 4.7 – Perks and properties of Machine Learning**





## Case Study: Major Bank

### Context / Client challenge

1. A major bank was attempting to develop a forecasting product for clients in response to the existing inaccuracy of their in-house model.
2. KPMG built a prototype Minimum Viable Product (MVP), as well as provided support and recommendations during the model implementation.

### Our Approach

1. The solution was developed by KPMG in the US. The development of the automated analytics pipeline helped the client to scale several products and enhance forecasting.
2. Scalability was provided relating to: data cleansing, exploratory data analysis, model evaluation, and forecast generation. Additionally, various time series models were created and compared, and the most effective one was selected to produce the forecast for a given time horizon.
3. KPMG also analyzed relevant external signals to uncover further forecasting opportunities.

### Results Delivered

1. KPMG produced a robust, intelligent forecast with a **high average accuracy of approximately 90%** (30-day horizon) and **96%** (7-day horizon).
2. In addition, KPMG demonstrated how external signals can be valuable when forecasting over mid–long term time horizons. Models utilizing the KPMG Signals Repository demonstrated improved accuracy by approximately 4+ % points at 30 days and 8+ % points in 12 months compared with models that did not use the platform.



## Case Study: KPMG Signals Repository

### Context / Client challenge

1. Being a globally connected partnership firm, data and resources were often stuck in silo across each region.
2. KPMG faced the need to create and centralise an internal database that can be accessed and updated in real-time and on the go.
3. Why visit 500+ sources when we can visit one curated source for all of our data needs

### Our Approach

1. The repository houses a collection of data and leverages machine learning techniques in order to interpret the impact of internal and external signals on a company.
2. The repository continually gathers data from internal sources, historical records, and external sources (e.g. regulations, social media, weather and climate, economic factors).
3. These structured and unstructured forms of data are converted into signals and fed into the decision engine. Here, machine learning techniques are applied in order to produce new, unmined, real-time insights to support our clients to enable meaningful decision-making.

### Results Delivered

1. Real-time insights: Continuously collecting and processing data to provide insights faster than ever before and enable faster decision-making
2. New data: Providing access to new sources and quantities of data, enabling data scientists to uncover new dynamics never known before
3. Robust forecasting: Improved accuracy of predictions due to increased quantity of data informing them
4. Breadth of application: Data being collected from a huge variety of sources can be used to support insights across the entire business
5. Better insights from 95% of customer volume prediction
6. 30% – 40% of time savings due to early warnings forecast



## 4.5 Simplify Finance System of Record

To address the plateauing of return on investment in the current digital era, organisations are preparing to manage the disruption and the role of the finance function is moving away from just closing books to become a strategic business partner. In order to be prepared to manage the disruptions and being more agile, organisations have to ensure their system of record ERP able to support these disruptions.

The key best practice adopted by many organisations is to simplify finance process then subsequently simplify the system of records by adopting cloud based ERP system.

Before embarking on a technology transformation, organisations need to ensure their operating model is scalable and aligned to the technology foot-print to fully reap the benefit of moving to the latest technology.

One of the key reasons why Finance transformation project fails is that it's focused only on specific segment of the operating model, e.g. focus on automation without considering what skills the resources should have to use these technologies or lack of alignment between leadership vision and operation team or not

paying attention to the data layer that needs to be standardised to ensure timely insights are available to support decision making.

In order to guide clients on the ERP Transformation journey, KPMG has built the Powered Enterprise solution is an outcome driven functional transformation approach that combines deep functional knowledge, proven delivery capability, and cloud technologies to drive sustainable change, increased performance and lasting value. Our Powered Enterprise framework defines a **Target Operating Model (TOM)** that leverages industry-specific insights, leading business practices inherent in the Cloud technology.

**Our Powered Enterprise implementation framework and validation-based approach will enable us to accelerate the ERP Implementation program. Specifically:**

The holistic approach to the TOM across the six layers of Functional Process, People, Service Delivery Model, Technology, Performance Insights & Data and Governance control has "the business in mind", will "optimise" People and Culture and Finance and provide "clear roles and responsibilities" across the organisation;

- The pre-defined assets incorporating integrated standard and leading practices and depend on "standard policies" and definitions being enforced to gain the benefit;
- The iterative prototype design and build approach will facilitate "decision-making at the appropriate level" and improve adoption as key stakeholders – be they academic or professional staff – will see the solution early to visualise the change;
- The Powered assets are based on cloud technology-enabled changes and designed for a "digital future". These accelerators will support your drive for "optimal return on investment" as the approach focuses on the unique adoption aspects of your organization that need to be addressed, not adaptation.



# Supporting evolution into the future: KPMG Powered Enterprise

Our approach combines deep functional knowledge, proven delivery capability and cloud technologies with automation to drive sustainable change, rising performance and lasting value.

## Key success factors in simplification of finance system of records and cloud adoption

Powered Enterprise provides the following components built on experience & insights



### Business Transformation

Global leading practices for Finance, Supply Chain, and the HR ecosystem as well as Organizational Change Management



### Technology

Tier 1 ERP cloud configurations and methods based on experience and lessons learned



### Industry Expertise

Latest trends and practices within the Industry

## KPMG Powered Enterprise

### 1. Leading Practice Target Operating Model



Service Delivery Model

Technology



People



Performance Insights & Data



Functional Process



Governance

Reports & KPIs

Change Management



### 2. Unique Business Needs



Project Management



Deliverable Management



Communication Management



Technical Management



Scope Management



### 3. Change Management

1. Vision & Plan

"Make it clear"

2. Validate & Architect

"Make it known"

3. Construct & Configure

"Make it real"

4. Deploy

"Make it happen"

5. Optimize & Evolve

"Make it stick"

# 4.6 Pertinent Upskilling required by the Modern Workforce

**Figure 4.8 – Aligning future roles with changing capabilities**

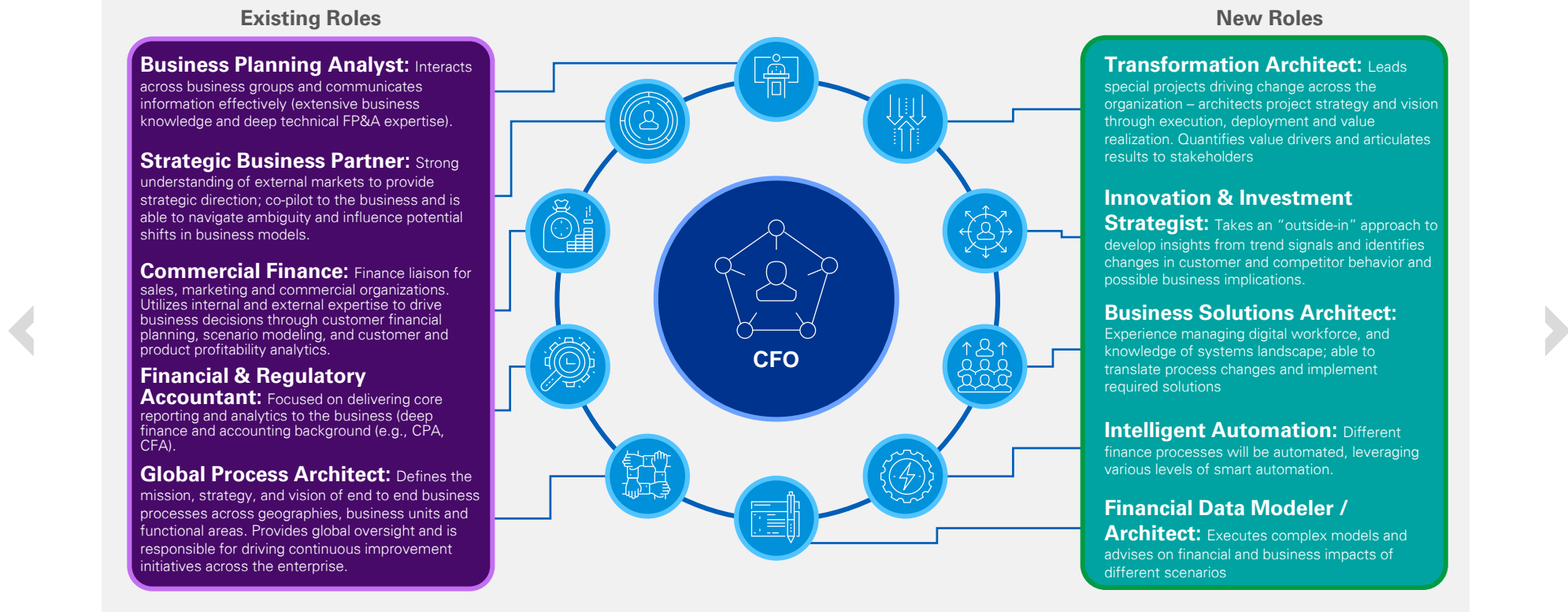


Figure 4.8 depicts the changing capabilities of new roles expected in the future. Familiar roles in Finance today needs to upskill and equip themselves with new digital proficiencies. The

reality of a digital workplace meant that new roles focused on digital technologies such as Intelligent Automation or Financial Data Modeler/Architect are a matter of time. And in time to come, we can

expect these set of technically-critical roles to be a new pillar within the Finance Function – Finance Data & Technology Solutions. This is further explored in Figure 4.9.

**Figure 4.9 – The new finance Organizational Structure**

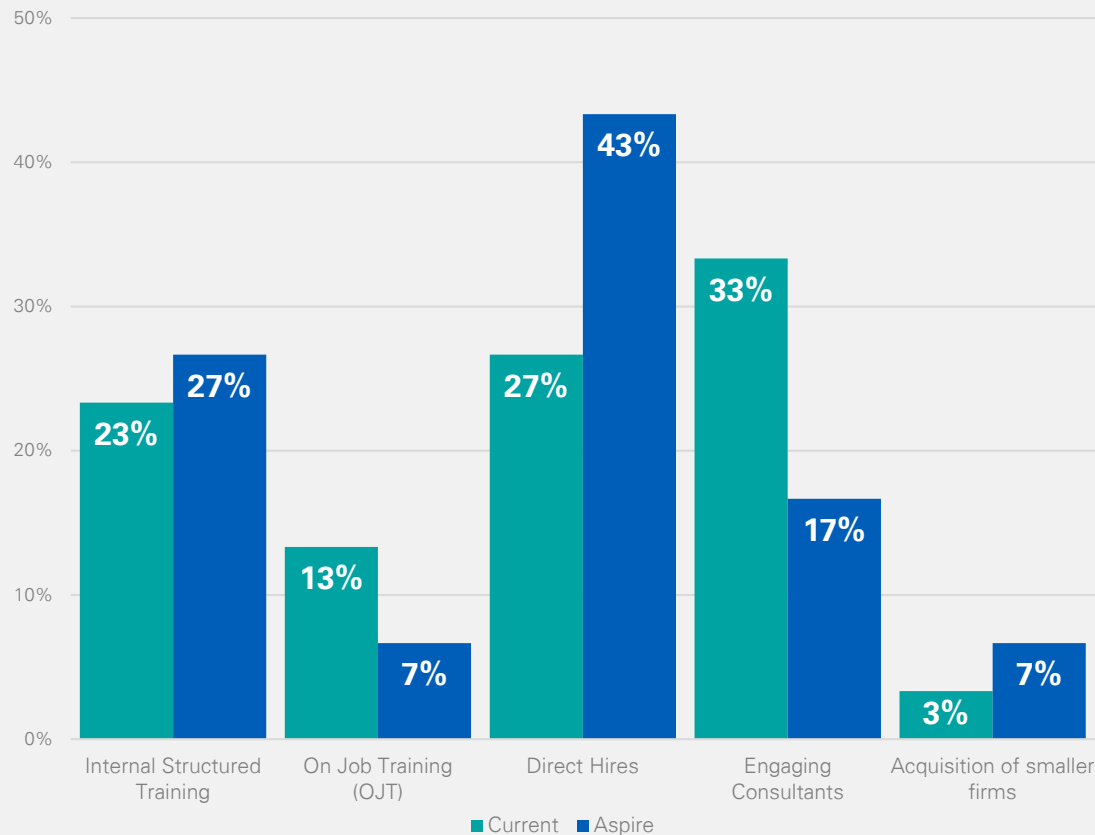
Figure 4.9 depicts the future of new finance organisation and how the new roles fit in the finance organisation structure. It is significant to note that in the future CFO will need to invest in finance data & technology solutions team who will work with other finance division to provide further insights and digitalization perspective.

From skill perspective finance organisation will need to need to invest in soft skills such as influencing, innovation and storytelling skills.

From technical skills apart from technical accounting skills the finance organisation will need to invest in data governance & analytics , intelligent automation and 3<sup>rd</sup> party management (vendors and consultants).

“ Data analytics is more a capability or skillset to me. The function will need someone who can, in simple terms, connect the dots. Someone who is curious, detail-oriented and yet able to see the big picture. Those are the type of team players we will need in our teams going forward.”

**Malini Sundaram,**  
CFO Pharma & CCFO Japan, Novartis

**Figure 4.10 – Most value-adding method of acquiring digital talents**

“ You see a pencil: it doesn't just write. The new joiner should be able to visualise multiple use of a single set of data/ where this thing could be, instead of where it is now, thinking out of the box, of what it can be rather than what it currently is. ”

**Cherie Sim,**  
Group Financial Controller,  
Owndays Singapore Pte Ltd

As evident from Figure 4.10, when queried on what is the most value-adding method of acquiring digital talents, senior finance leaders currently prefer to do so via recruitment of consultants (33%) but see direct hires (43%) as the most value-adding method of acquiring digital talents in the next five years. Internal structured training programs are also expected to have a stronger focus, increasing from 23 percent to 27 percent, while on job training is expected to decrease going forward, dropping from 13 percent to 7 percent.



## Case Study:



### Digital CFO Certifications and driving innovation via peer pressure

Dell's leadership holds a firm belief that a company is only ready for transformation if its current processes are managed effectively and that automation can be performed easily. The firm developed a lucid five to ten-year plan for transformation with a core focus on significant communication across all touchpoints across the organisation to ensure bottom up employee buy-in synchronises with strong top-down leadership support.

Dell developed a core competency scoring matrix based on business partnership, accounting and financial acumen. The firm also hired a digital transformation officer that directly reports to the CEO and encourage digital training, offering 10 training modules in total, and a requirement to complete at least 5 to pass. Each individual's pass and engagement rates are tracked and reported internally on a monthly and quarterly basis, spurring peer pressure on employees to upskill themselves and learn continuously. The training involved upskilling specific digitalisation skillset such as

design thinking, visual storytelling and how to adopt a more agile framework. The use of healthy competition extended to Dell's leadership, whereby every director and above are mandated to propose internal enhancement projects annually to enable better efficiency and productivity within internal functions across the globe, once again, their participation and ideas proposed are tracked and reported internally to all employees regularly.

Similarly, Tencent's work group employees are encouraged to bring up new ideas to help improve the current way of working, the company incentivizes the employees for raising up suggestions for better ways of working.



## Case Study:



### Conscious effort to create an open and agile culture

“ In nowadays a highly dynamic world with disruptive ideas originating everyday, we embrace to changes; it is naturally within our DNA. We have a reasonably high tolerance for mistake that we perceive it as an integral part of the learning, just make sure that the same mistake is not made twice. But if you are too cautious and you will miss the right opportunity, that the opportunity cost may be even higher.”

**Matthew Cheng,**  
Corporate Vice President,  
Tencent

Tencent's ideology of cultivating an open and agile mindset due to its nature of an internet business emanates holistically from both leadership directives and across the organization on an operational level. The finance department consists of a diverse range of staff, besides traditionally accounting trained employees, they also include investment professionals, valuation analysts, engineers and a dedicated IT team that only supports the Finance function; all of which reports to the CFO, those that have proficiency in both accounting processes as well as coding functions take up leadership position such as managers.

Because the nature of internet business is so dynamic, Tencent's people are used to working with different requirements with continuous changes. Change is accepted as a norm throughout the organization, and the firm champions a mentality to innovate as mistakes are not penalized, whereas missing opportunities are.

To cement this culture, Tencent makes a dedicated effort to hire fresh graduates who are very flexible with working and eager to learn. To engine change and keep an open and flexible mindset is a strategy intentionally driven by the top management, there are no visible inertia nor gap between the leadership's decision to implement changes with emerging technologies versus the ground level's ability and support to catch and operate.

The significant contributors to this are not only the diverse talents comprising its workforce but also that the bulk of Tencent's staff are relatively young. The company numbers over 40,000 and has an average age of 28 years old, Tencent's finance function itself averages at 32 years old.

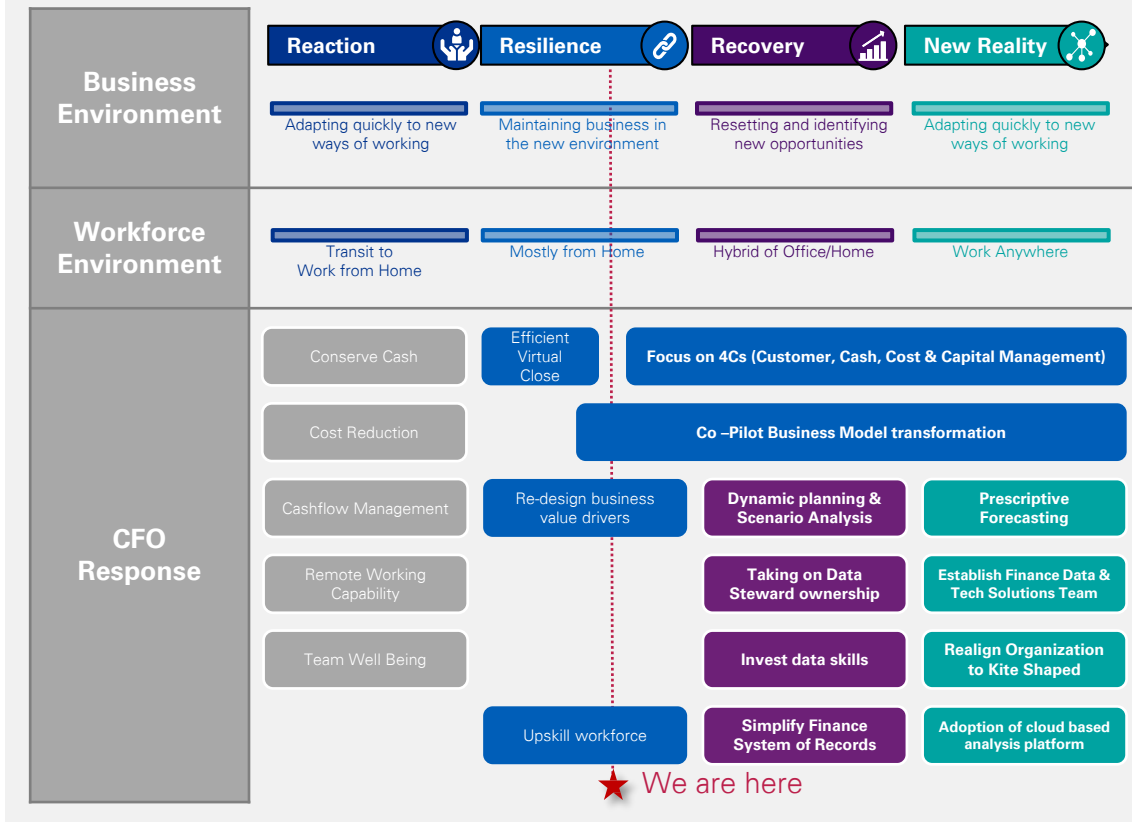


# Key Next Steps:



# 5. A 4 stage response to the pandemic impact is expected, the need to plan for CFO's and the finance function's value is key

Figure 5.0 – 4Rs: Roadmap to the next normal



**In response to COVID-19, during the Resilience phase, CFOs must be able to:**

1. Performing efficient virtual close (today lots of manual excel flying everywhere)
2. Manage the 4Cs
3. Co-Pilot the business

**During the recovery phase, CFOs must be able to:**

4. Redefine value drivers and dynamic planning
5. Take on data stewardship role
6. Invest in data talent

**Finally in the new reality, CFOs must be able to:**

7. Simplify system of records and adopt cloud based finance analysis platform
8. Perform forecasting and decision-making with predictive capability
9. Reshape the traditional tear-drop shaped organisation to a new kite-shaped organisation with finance data solution as an area of investment



## 5. What's required to be done?

The effect of COVID-19 is expected to be with us for the next 24 to 36 months. In this next normal it is critical for businesses to be agile in their ways of working. Furthermore, remote working will be here to stay.

CFOs and their functions must redefine their business value offering in the post COVID era, this includes being open and adaptable to new ways of working as well as becoming a Co-pilot to the CEO to transform business model and align cost structure according.

Key success factors for a resilient CFO includes having timely and relevant data at the fingertip to make decisions and support dynamic planning. Doubling on the hat as a Chief Data Steward would empower CFOs of the future to be digitally ready at the forefront of data-centric scenario planning for the next steps.

**Figure 5.1 – Granular next steps: Understand, identify and formulate change in an agile manner**





# 5. What's required to be done?

## 1. Co-pilot the new business model

To redefine the business value post COVID era CFO and its function must learn new innovation skills to support the Business to transform.

This transformation can be done either on the way they service the current customers, developing new business initiatives or ensuring internal operation can be as efficient as possible.

In order to do this CFO must learn and apply new innovation skills to ideate new opportunities and explore the art of possible for the solution. Some of the innovation skills include being able to facilitate a design thinking or customer journey analysis workshop to understand current business issues and ideate solution for the workshop participants.

The broad activities for design thinking and customer journey analysis is illustrated in appendix 6.3 and 6.4.

## 2. Realign data analytics requirements

Given the new environment and business model change, it is important for CFOs to have data on their finger tips in order to provide analysis as operating environment changes. CFO needs to determine data required which enable them to do dynamic planning and for business partnering purposes.

By realigning the data analytic requirements, the relevant data insights can be derived which leads to the right value proposition to focus on.

## 3. Strengthen data governance

Having trusted data is key, With the stronger focus on data capabilities, this necessitates an equally solid emphasis on managing data governance across the organisation.

This is primarily driven by the need to ensure data compatibility throughout the organisation which leads to consistency in diagnostics end-to-end. The old adage of "rubbish in, rubbish out" rings especially true in a data-driven organisation. A single source of truth is a need, not a want.

## 4. Pilot and Agile Implementation

With data at the CFO's fingertips, a swarm of choices is available, prioritising the right project is key.

Data project can be complex and takes a long time to complete especially if ingesting data from multiple source systems. Hence once the prioritized projects are shortlisted, CFOs need to adopt an agile approach to drive transformative change in the new environment.



# Appendix



# 6.1 Key strategies for better cashflow management

## Levers to manage cash needs during COVID-19



### Boost visibility

CFO's must quickly determine whether their organizations have adequate visibility into their cash positions, determine their cash needs, and address any shortfalls.



### Put cash at the heart of decision-making

Designate "cash champions" to infuse cash thinking into every spending decision or create a cash desk through which all cash expenditures must be vetted.



### Free cash from working capital

Take advantage of vendors who offer longer payment terms and stay close to customers about anticipated revisions to their payment schedules.

## 6 key questions on Cashflow Management for CFOs:

**1** Are our cash KPIs capable of providing the information we need?

**2** Is our cash reporting capable of providing the insight we need at the right level of detail and speed?

**3** What are our short-, medium-, and long-term cash needs (and opportunities)?

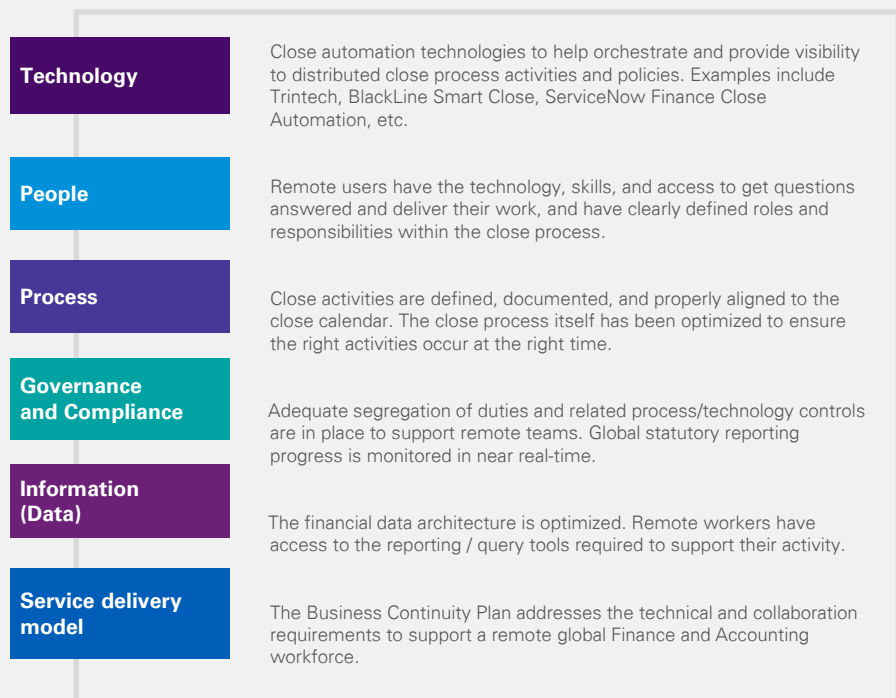
**4** Have we designated cash champions to infuse the cash thinking into every spending decision?

**5** What projects, purchases, or activities should be shut down to preserve cash?

**6** How quickly can we begin to employ robotic process automation and cloud-based analytics to improve and accelerate our cash management capabilities?

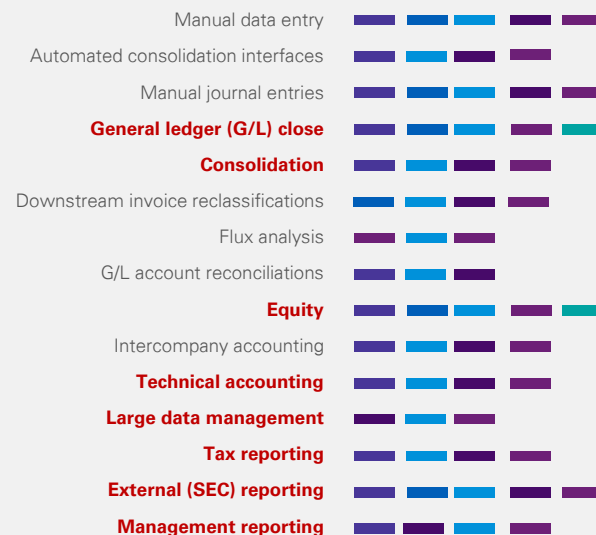
# 6.2 To address the challenge of the remote close, Finance and Accounting must quickly diagnose process activities across all FCR dimension

## Optimizing for the Virtual (Remote) Close



### Key process activities

### Dimensions impacted

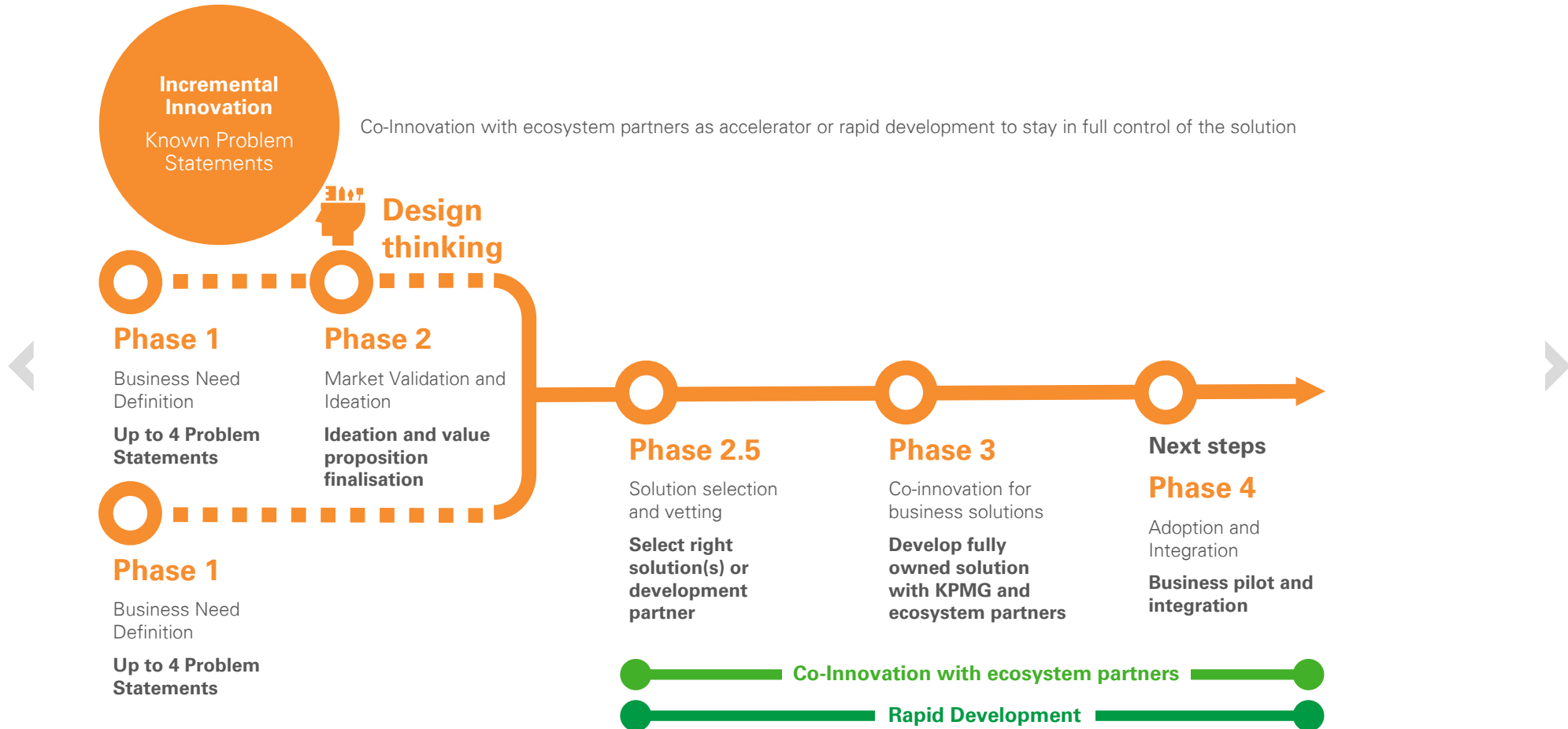


#### Activity/Dimension Key:

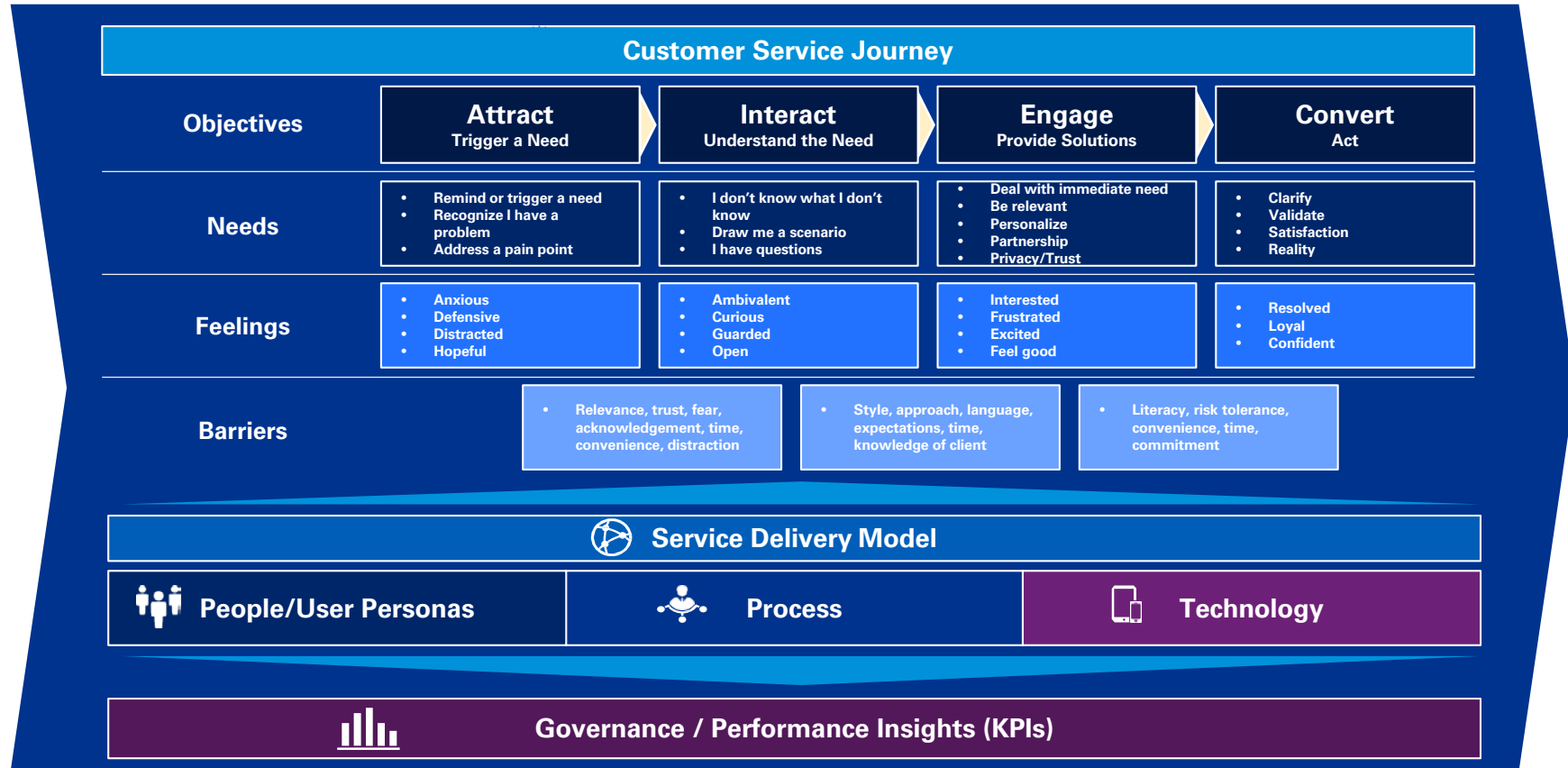
Red = Critical process activity

Technology	Governance and Compliance
People	Information (Data)
Process	Service delivery model

# 6.3 Broad activities for design thinking



# 6.4 Customer journey analysis



## Outcomes

- Human-centric service journey process maps
- User Stories
- Technical, Network and Information Architecture
- Design Prototypes
- Recommendation Report



**Jvanus Tjandra**

Partner

Advisory

KPMG in Singapore

**T:** + 65 6411 8415

**E:** jvanustjandra@kpmg.com.sg

**Ashok Swaminathan**

Director

Advisory

KPMG in Singapore

**T:** +65 65071990

**E:** ashokswaminathan@kpmg.com.sg

**Phuang Jing Yi**

Associate

Advisory

KPMG in Singapore

**T:** +65 9756 4691

**E:** jphuang@kpmg.com.sg

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