

# The CFO Perspective | Transforming the Finance Organization

## Top Priorities for Finance Organizations

Finance organizations are at an inflection point. Increasingly, CFOs must add value by helping their companies set and achieve strategic business goals. As business volatility and complexity rise, CFOs must be able to simulate, plan, and budget for potential outcomes and collaborate with many different stakeholders. This requires additional skills and technology. To justify such investments, CFOs must deliver rapid and ongoing finance transformation and business value while continuing to ensure business stewardship.

To manage this transition effectively, finance departments are expected to enhance collaboration with business leaders and other stakeholders in their organizations. They are expected to provide the real-time insight their business partners need to make sound and agile business decisions, serve their customers more effectively, and stay ahead of the competition. In addition, CFOs should offer flexible self-service decision support so that business stakeholders across the company and its network of customers, suppliers, and government agencies can get the immediate answers they need. Such self-service capabilities will also give finance personnel more time to understand the facts, investigate the underlying root cause of any anomalies, suggest possible business strategies, and predict business outcomes.

By using technology to redesign financial processes and make them more efficient, CFOs can free up resources to focus on activities with greater business value and more effectively collaborate both inside the organization and with an increasing range of external partners. (See Figure 1.) Open, collaborative business processes help firms of all sizes tap into knowledge inside and outside of their organizations to solve problems and improve efficiency.

How can finance organizations successfully navigate this transformation? Consider these top strategies and the technologies that support them.

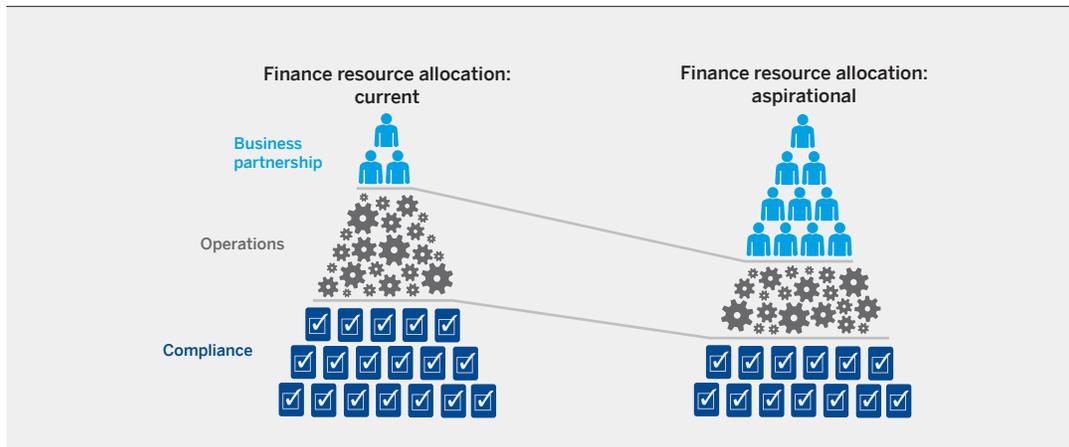
- Strategy 1:** Provide the Insight Decision Makers Need
- Strategy 2:** Simplify Operations for Greater Efficiency and Effectiveness
- Strategy 3:** Optimize Working Capital
- Strategy 4:** Proactively Address Compliance and Regulatory Needs
- Strategy 5:** Develop Skills to Support the New Role for Finance

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SAP is transforming finance functions to add value and provide real-time insight to support strategic growth goals. This also requires a comprehensive people strategy while managing costs by improving process efficiency.”

Matthias Heiden,  
Regional Chief Financial Officer  
Middle and Eastern Europe, SAP

Figure 1: Current and Aspirational Finance Resource Allocation Across Key Categories



76% 

Of CFOs believe that at least half their time should be spent on high-value planning and analytic activities, versus 55% who actually achieve this

Source: CFO Research, “The Next Stage in Creating the Value-Added Finance Function,” 2014



The Best-Run Businesses Run SAP®

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### Strategy 1: Provide the Insight Decision Makers Need

As CFOs partner with more stakeholders in their organizations, the demand for immediate answers to business questions has grown. Answering these questions requires a single source of truth that facilitates real-time business processes and decision making. Increasingly, business managers and other decision makers want self-service tools for retrieving and analyzing data. However, they may still require help with questions related to more complex topics such as mergers, acquisitions, and divestitures.

#### Integrate business planning in real time

Organizations need integrated business plans based on a single model and direct access to master and transactional data. The model should also support real-time calculations and simulations directly in the enterprise resource planning system. This fosters real-time collaboration and helps ensure appropriate resource allocation across the enterprise.

#### Support group reporting and business outcome simulations

The finance department must simplify consolidated financial and managerial reporting. A single, centralized solution with unprecedented flexibility to analyze real-time data can help decision makers simulate and compare multiple scenarios and make informed decisions that speed up organizational change.

#### Extend insight across departments and enterprises

People and business processes must connect across the enterprise – both internally and externally. Business networks can reduce barriers between organizations by increasing automation, simplifying business processes, and providing additional insight.



**48%**

Fewer days to create new reports with plan-to-actual comparisons using integrated business planning and a single source of the truth

Source: SAP Performance Benchmarking



**<12%**

Of senior finance executives can respond in real time to information requests

Source: CFO Research, "The Next Stage in Creating the Value-Added Finance Function," 2014



### Strategy 2: Simplify Operations for Greater Efficiency and Effectiveness

CFOs must promote real-time and collaborative business processes as well as automation to reduce complexity, speed reconciliation, reduce errors, and improve margins. Achieving these goals can help ensure compliance, capture savings, and free up resources for analysis, simulations, and other higher-value activities.

#### Drive a shorter, softer financial close

Organizations can move from a monthly close toward a soft close by automating and accelerating the closing process and instituting intraperiod reconciliations. This allows more time for analysis and makes key business metrics available as needed to business leaders.

#### Enhance efficiencies with shared services and collaboration

Companies need ready access to consolidated information – even when there are multiple general ledgers due to mergers and acquisitions. Centralizing global business services, facilitating collaboration across departments, improving economies of scale, and harmonizing and reengineering processes can further enhance efficiency.

#### Streamline invoice management and cash disbursement

Automating invoice processes through business networks fosters closer collaboration with suppliers. It can also improve invoice visibility, eliminate exceptions, and improve compliance. Moving toward the "touchless invoice" can help ensure payment scheduling, optimize cash discounts, resolve cash flow issues, and reduce costs.



**44%**

Fewer full-time employees in transactional processes when core finance processes are streamlined, automated, and integrated

Source: SAP Performance Benchmarking



**98%**

Less processing when invoicing is automated, along with more than 60% lower processing costs

Source: SAP Performance Benchmarking

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### Strategy 3: Optimize Working Capital

Today's CFOs must maximize their working capital by accelerating cash collection, automating accounts payable processes, and optimally scheduling payments to take advantage of discounts. Improved insight and collaboration across and outside the enterprise that involves its business network can both optimize working capital and reduce financial risk.

#### Manage Cash More Effectively

Cash information has to be consolidated from many different sources to analyze global bank balances and cash positions across multiple dimensions. Doing so makes it possible to plan liquidity needs more accurately, manage and reduce currency-rate risks, and achieve higher returns on excess working capital.

#### Enable Dynamic Discounting

Finance departments must have visibility into all financial obligations to identify potential cash discounts readily and process requests and approvals for potential discounts effectively. These capabilities can improve efficiency, enhance supplier satisfaction, and increase the potential return on cash.

50%

Improvement in discount capture with suppliers on business networks

Source: Ariba Performance Benchmarking



### Strategy 4: Proactively Address Compliance and Regulatory Needs

In addition to helping decision makers, CFOs must continue to make sure that financial and regulatory reporting is accurate and timely. They must also proactively manage risk and prevent fraud – while handling governance and compliance efficiently at a reduced cost.

This requires continuous insight into the risks that may affect a business, provided in the appropriate context to assess the specific business impact. Such context-aware insight can enable better risk-related decisions and timely risk mitigation, thereby strengthening the business for the long term.

At the same time, CFOs must make sure the enterprise complies with a wide range of complex, country-specific regulations as well as with the pricing terms and other conditions for invoices. Increased automation across all financial processes can reduce risk and errors and improve efficiency.

#### Manage Fraud and Risk More Proactively

By using simulation, prediction, and calibration techniques across large amounts of enterprise data, companies can detect fraud more quickly and protect themselves from it more effectively.

5%

Of revenue is lost to fraud each year by the typical organization

Source: ACFE, "Report to the Nations on Occupational Fraud and Abuse," 2014



### Strategy 5: Develop Skills to Support the New Role for Finance

Finance departments will need additional skills as they move beyond reporting and accounting tasks to provide the insight and analytics for meeting their organizations' business objectives. Highly structured, personalized guidance in professional growth has been found to be effective – along with narrative-based advice using stories, analogies, and tangible examples.

Finance must also help staff expand their professional networks, identify key work challenges, and learn new value-based skills. Personal coaching can effectively complement classroom training, mentoring, or leadership-development programs.

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“SAP transformed corporate functions to drive additional efficiencies and be able to instantly respond to actual and future challenges, such as volatile markets, financial and exposure risks, and new regulations.”

Marcell Vollmer, Chief Procurement Officer, SAP SE

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### New Technologies Support the Evolving Role of Finance

Advanced technologies are helping CFOs provide real-time information and become strategic partners to their business stakeholders by connecting information from financial systems with other business data more quickly and in new ways.



**In-memory platforms** can aggregate and analyze large volumes of transactional and analytical data in real time, allowing the redesign of processes and increased responsiveness.



**Predictive analytics and visualization tools** can help finance departments provide the story behind the numbers and integrate financial impacts with operational metrics for better business decisions.



**Business networks** drive automation, collaboration, efficiency, and insight to allow more effective interaction with partners, suppliers, and customers in core business processes – from procurement to contingent-labor management to travel, and everything in between.



**Mobile apps and usability** can increase standardization and efficiency by allowing business managers to consume information wherever they are. Better integration of this information into day-to-day activities will make it more meaningful in the future.



**Cloud-based computing** can simplify the initial deployment and ongoing consumption of innovation.

### How SAP Can Help

SAP® software can help finance organizations evolve from scorekeepers to leaders of enterprise change and reallocate resources from operational to strategic initiatives across the enterprise.

The **SAP Simple Finance solution** powered by SAP HANA® covers the entire scope of finance processes: financial planning analysis, accounting and financial close, treasury and financial risk management, collaborative finance operations, and enterprise risk and compliance. It helps finance professionals deliver instant insights with simultaneous, on-the-fly analysis across all dimensions of financial data. The solution can help optimize business processes and offers built-in tools for predicting, simulating, and analyzing the financial implications of strategic business options. It can be implemented in the cloud, on premise, or as a hybrid model for flexibility. SAP Simple Finance includes the SAP ERP application; the SAP EPM solution; SAP solutions for governance, risk, and compliance; SAP BusinessObjects™ business intelligence solutions; Ariba® solutions; and travel and expense management solutions from Concur, now part of SAP. Together, these deliver comprehensive support for finance departments.

In addition, the **Ariba Network** and other Ariba solutions connect people, systems, and processes to drive automation and efficiency, improve the buyer and supplier experience, manage cash more efficiently and effectively, and make business commerce simpler and more profitable. SAP Fieldglass applications, along with solutions from Ariba, an SAP company, and Concur, help ensure coverage of all spend categories within a company. Solutions from SuccessFactors, also an SAP company, can help CFOs develop and retain resources with the skills to support the new role of finance in their enterprises.

### Are You Ready for the Finance Transformation?

Finance transformation is not a distant concept for future consideration. It is happening now. Learn more about how SAP can help at [www.sap.com/simple-finance](http://www.sap.com/simple-finance), [www.sap.com/aribanetwork](http://www.sap.com/aribanetwork), [www.sap.com/successfactors](http://www.sap.com/successfactors), and [www.fieldglass.com](http://www.fieldglass.com).



The Best-Run Businesses Run SAP®

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