

# Finance at a crossroads

A failure to evolve could see the influence of Finance diminished, but there is a huge opportunity: to become the Enterprise 'Data Navigator'



# Tech enablement is at the heart of the future finance function, but Finance is expected to leverage all the tools at their disposal. Finance needs to stay ahead of demand and disruption

Amid all the recent disruption and the unrelenting march of megatrends, technology continues to transform the world of business. Perhaps most significantly, it has driven a marked change in expectations. Consumers, society, and shareholders - everyone expects more.

Business leaders are no exception. Our clients consistently tell us they want a business that is quicker to adapt, more future oriented, and while we're on the subject, more efficient. And they all expect more from Finance. A lot more. They want a partner, who can leverage technology and marshal data to help understand the business and the customer, to the core. They want Finance to develop insight and use the insight to bring challenge. They expect you to be considering the future, predicting what may happen, understanding the impact and advising on how to respond when it does!

The expectations of wider society and investors are changing too and it's broadening the scope of Environmental, Social, and Governance (ESG) and sustainability reporting. There is a loudening clamour for transparency in business and if it cannot be demonstrated, in addition to commercial performance of course, it will lead to a destruction of financial value.

So, the finance community, far from being immune to all the disruption, needs to play its role at the centre of it. A failure to evolve the culture and capabilities of Finance, will render the effectiveness of the accountant's role diminished. Technology is disrupting whole industries and businesses for sure, but it's disrupting the professions as well. An evolution of the role is required, a different way of thinking, and a new way of operating. To deliver positive outcomes will also require a change of culture and core capabilities.



This requires a shift

- from operational processing to complete automation
- from backward looking metrics, towards forward looking insight and analytics
- away from finance only data to mixed data (operational and statistical data), from structured to unstructured data, from internal to external data sources
- to more collaboration with the business – in a hybrid workplace
- to a greater use of more sophisticated xP&A (financial planning and analytical) tools to provide more sophisticated analysis and to ensure financial and operational plans remain aligned and deliver positive outcomes
- requiring a change of skills - more commercial, more collaborative, more analytical.

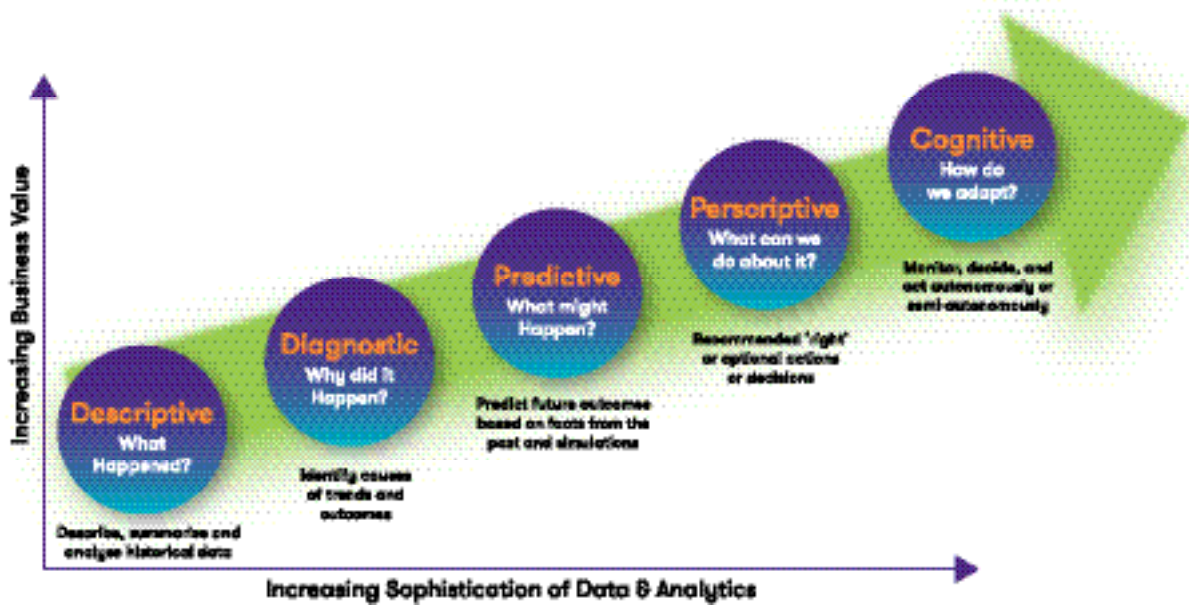
There is widespread consensus that organisations who will thrive and win will be those who exploit their data to derive insights and discover opportunities. For a business to be successful today, all the business leads need to be technology evangelists, but Finance also have to become data evangelists. The Enterprise ‘Data Navigator’ is a true business partner!

In every sense, this is a real opportunity: analytics and insight are domains that accountants, rightly occupy. Every operational planning decision has a financial impact, Finance is positioned at a crossroads intersecting every major business function in the organization. It is well-suited to help drive collaborative enterprise-wide planning efforts.

## Leading businesses are showing how it’s done

Fortunately, we can see from our CFO surveys the accounting industry is already on pace to make the transition. Many Finance leaders say that cloud ERP and automation helped them significantly during the pandemic and many say they increased their company’s pace of ML adoption. Companies are using automation and AI – either inbuilt to the ERP for those who have recently re-implemented - or sitting outside it, along with Robotics to remove manual labour.

We see operational processes becoming increasingly automated and the evidence is that we will see more over the coming years. We are seeing companies use technologies to get at least significant parts of their operations reach the “lights out processing” goal. Increased automation frees Finance up to focus on the loftier goals.



The best Finance functions we see are stepping forward to champion an ever-growing list of multi-source, rich, data sets to generate forward-looking analysis to support decision-making. Not just financial data – but also finance supported data sources (e.g. sales, supply chain, tax) and wider operational data, statistical data, ultimately from within and outside the boundary of the business.

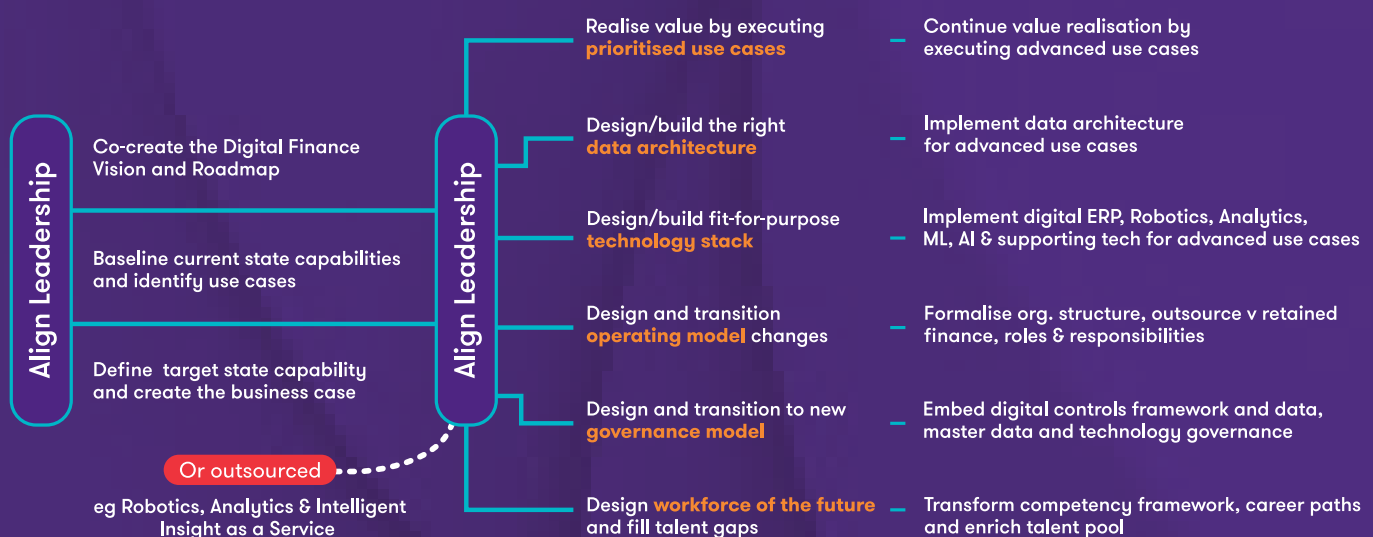
These Finance teams also adopt a combination of data governance and processes, data integration and technologies to dramatically reduce time spent sourcing and manipulating the data. Underpinning this enhanced role for Finance are evolving technologies that extend modern cloud FP&A type solutions to include operational planning and that help keep Finance and operational plans continuously aligned. So called, xP&A. For example, recently we have seen an increase in organisations looking to align their supply chain to FP&A. The COVID-19 pandemic and the war in Ukraine dramatically altered operations at many businesses, but also has businesses rethinking their supply chains and the impact of disruption. The need to keep plans integrated and aligned across Operations, Sales and Finance is now being seen by some as critically important.

Unfortunately, all too often we see a greater appreciation for this outside of the Finance function. For many, the fact that Finance teams have a substantial role to play in that may be a given, but it’s a fact that sometimes seems to get lost, to Finance, in the trenches. Even where the ‘what’ and ‘why’ are accepted, the ‘how’ is not always clear.

# Quick wins are important but take time to align the business on your role and then define your blueprint

There are a number of steps you can take that maximise your chances of reaching this goal:

1. If you haven't done so, take time to co-create the vision and role for Finance. Work to align the business leads!
2. Think about your target state operating model (governance, delivery model, capabilities and tech). Develop some use cases. What data will support your vision?
3. Baseline your current state and define your high-level roadmap to close the gap. Mix ambition and realism. It may be a multi-phase journey but there's value in the journey. Involve IT. Consider the following:
  - Be honest – if you need to, make sure you sort out your digital core – your core finance system. Take the time to do a proper system selection. This will be the most important decision the Finance team makes in the next 6 to 12 months, don't choose based on rumour, preconceptions, gut-feel or what someone you know just did!
  - Consider the use cases of automation – eg Applications, RPA, AI, the close process – automate the boring stuff! Seek transactional efficiency, error reduction, customer satisfaction. Free your team up to focus on the good stuff!
  - Get your finance data into one high-performing place and how you will analyse and present it.
  - Once basic modernisation is in place, look to advance the maturity and build in more value – scenario modelling, driver based forecasts, finance supported domains such as sales, tax, treasury and risk context – all areas that enable Finance to be more effective, catalysts for change and strategists in the business.
  - Look to integrate a variety of finance supported data sources (sales, supply chain, tax) into your core finance analytics systems. This will improve line of sight to key business issues, bring additional fact based context to business decisions and reduce the business risks associated with lagging or inaccurate information.
4. Create the business case and re-align business leadership.



Businesses are starting to think differently about performance. The bar has been raised and Finance must put itself at the heart of this change.

It's time to stop judging success by the financials alone. But the message is clear - Finance professionals have a robust skill set that can play an ever-important role in driving business performance. With this shift must come an evolution of Finance into a proactive, trusted adviser that provide strategic advice and recommendations to stakeholders based on a range of data sources and expert knowledge. In this new business reality, CFOs must capture, measure, report and predict future performance in a much more agile manner to support better decision making and growth.

Having the right tech is crucial. Data quality is critical but so too is ensuring Finance teams have the right skills and business understanding to challenge the organisations directions, analyse decision making and help identify future opportunities.

For the accountancy and finance community, there's never been a better chance to demonstrate value and deliver more, whether that's helping an organisation measure and mitigate risk in new and innovative ways, or using data to identify and grasp growth opportunities.



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