

ACCA Member Survey



Journey to Transformation: think big, start small, deliver quickly

Business & Digital Transformation is having a huge impact on the Office of the CFO. However, while enabling significant opportunities to increase Finance's influence throughout an organisation, it also challenges CFOs and their teams to optimise key transactional processes, improve their reporting and build out key analytical processes.

Finance teams recognise that their responsibilities are changing. In addition to traditional functions such as accounting, controlling and closing the books, as well as value added services like insights and decision support, M&A activity and risk & compliance, today's Office of the CFO is increasingly expected to help manage volatility and enterprise complexity. Finance teams also need to help drive the delivery of competitive cost advantages across the business, as well as being instrumental in architecting digital strategies.

What's clear is that the classic finance model is changing quickly. Previously the Finance department could expect to spend around 50% of their time on operational activities, with just 20% apportioned to performance issues. That model has now flipped, with performance analysis, interacting with decision-makers and other strategic initiatives now accounting for around half of Finance's time. How the Office of the CFO adjusts to its evolving role is critical, particularly as it works to build both its understanding of digital technologies and the increased importance of data analytics.

It's against this background that Jedox has worked with ACCA – the global body for professional accountants – on a sponsored survey of Office of Finance members and gain a clearer perspective of where exactly Finance is on its Business and Digital Transformation Journey, and to detail how a pro-active strategy – thinking big, starting small and delivering quickly – can help close the gap towards achieving their transformation goals.

The survey was conducted on ACCA's member e-zine, AB Direct

ACCA is one of the world's largest accounting bodies with more than 200,000 fully qualified members and 486,000 students worldwide.

ACCA members are among the world's best-qualified and most highly sought-after accountants – and they work in every sector you can imagine.

Are Digital Transformation ambitions outpacing today's Office of CFO realities?

While the survey found that Finance professionals listed customer satisfaction, growth and profitability as key strategic objectives, it was perhaps revealing that only 15% cited the 'ability to adapt' as a critical factor given the collective impact of change drivers such as increased competition, new market entrants, M&A activity and Brexit. The survey found that just 35% reported that they already had a business/digital transformation roadmap in place. Interestingly, 42% of those surveyed believed that their own organisation wasn't adaptable enough to adjust to the impact of a significant event.

Similarly, the survey found that although 56% felt that their board was fully equipped to take them forward, just 36% had the kind of overall dashboards and scorecards in place needed to provide CFOs and other board members with full visibility around key KPIs and areas of risk. So there's clearly a disconnect between transformation ambitions and current Finance realities. The Office of Finance acknowledges the need for change, but there's a significant delta between perceived strengths and the actual systems needed to deliver them.

42%

of those surveyed believed that their own organisation wasn't adaptable enough to adjust to the impact of a significant event

The survey found that just

35%

reported that they already had a business/digital transformation roadmap in place



Journey to Transformation

Think Big, Start Small, Deliver Quickly!

Strategic Goal <i>Agile, Future-Ready</i>	<ul style="list-style-type: none"> • Optimisation • Prescriptive • Risk Adjusted
Strategic Alignment <i>(Top Down, Bottom Up)</i>	<ul style="list-style-type: none"> • Strategy Management • Scorecards (Balanced...) • Business Model Innovation
Business Partnering <i>(outside Finance)</i>	<ul style="list-style-type: none"> • Profitability • Predictive Analytics, Big Data • Operations, Marketing, HR,...
Best Practices	<ul style="list-style-type: none"> • Drivers, Scenario-modelling • Rolling Forecasts • Bench-marking, external data, mobile
Automation	<ul style="list-style-type: none"> • Planning, Analysis & Forecasting • Reporting and Analysis • Headcount planning, workflow
Descriptive	<ul style="list-style-type: none"> • Multi-dimensional information • "Consolidation"/adjustment/integration • Standard information definitions

75%

of those organisations surveyed acknowledged that Excel is still the principal technology skillset for their Office of the CFO teams

Closing the gap – think big, start small

In addition to traditional transactional and reporting systems, Finance teams are increasingly focused on building out their analytical capabilities. At the same time, innovations in process automation, data visualisation and machine learning are all helping to drive an automation imperative, while next generation technologies such as Blockchain and Big Data complete a picture of almost unlimited technologies. But where to start?

This can be a daunting challenge, not least because 75% of those organisations surveyed acknowledged that Excel is still the principal technology skillset for their Office of the CFO teams. This perhaps explains why so much of the Finance working week is taken up with basic data collection and maintenance activities.

For many CFOs, the gulf between their current planning, reporting and analysis capabilities and the more integrated planning solutions needed to support digital transformation can be overwhelming. However, it doesn't need to be that way. McKinsey advises that more than half of a transformation's cumulative value arises from smaller initiatives, so CFOs need to investigate how to make the journey from spreadsheets to Enterprise Performance Management much more accessible and achievable. Jedox believes that delivering on this requires a combination of thinking big but starting small will allow them to deliver on their goals more quickly.

Descriptive – Know where you're starting from

It's important to remember that the journey towards transformation isn't always going to be linear, but it does need to have momentum, particularly for the 43% of ACCA respondents that felt their management approach wasn't proactive. To achieve this, Finance teams need to know exactly where they're starting from: can you import your data? can you consolidate it? can you share it beyond the Office of the CFO? Our survey found that around half of respondents were able to manage complex multi-dimensional information effectively, 65% had difficulties with consolidation, while visualisation was less good with just 44% able to slice and dice. 75% also reported that non-integrated systems present a challenge with 2 out of 3 respondents saying that this often led to data disagreements in meetings. On the plus side, systems were becoming more flexible, however 62% still aren't able to accept mobile contributions or participate by supporting direct data input from the field.

75%

also reported that non-integrated systems present a challenge with 2 out of 3 respondents saying that this often led to data disagreements in meetings

Automation – Too much reliance on Excel spreadsheets?

The survey found that 80% of organisations surveyed were still reliant on Excel for budgeting, planning and forecasting. Given the typical Office of the CFO skillset this is hardly surprising, but the fact that there are many websites and pressure groups that exist to share Excel horror stories – the role of spreadsheet forecasting errors in Conviviality's 2018 collapse, for example – would suggest that too much Excel can be a bad thing. Our survey respondents revealed that 75% use Excel for reporting and analysis, but only 24% were getting their plans and forecasts right first time, and only 33% were performing within 5% of actual from an accuracy perspective. 58% of respondents also said that reporting didn't automatically enable timely decisions. Survey respondents also said that Excel was also being used by 71% for headcount planning, especially at forecasting time, but of those users 80% actually had no workflows in place for review and approval. Many organisations also suffered from 'multiple versions of the truth', with 64% experiencing leakage of data offline into local Excels, and 60% were concerned about data security in workforce planning.

The survey found that

80%

of organisations surveyed were still reliant on Excel for budgeting, planning and forecasting

Best Practices – latent demand for planning & performance management capabilities

The survey also investigated how far organisations had progressed in terms of achieving best practice performance around key issues such as drivers, scenario modelling, rolling forecasts and standards adherence. The survey found that even though 51% were active around scenario modelling, 80% used Excel for this – and just 7% worked with a budgeting, planning and forecasting tool. This might explain why just 27% were able to adequately forecast key drivers, with 69% saying they had no way of measuring positive or negative bias.

And while only 42% currently conducted rolling forecasts, 60% said that they would like to. 42% also acknowledged evidence of 'sandbagging', but there was uncertainty about how to address it – and questions about whether the other 58% were just not seeing it. We also found that only 35% can easily incorporate external data – making benchmarking more difficult, while 62% aren't able to accept remote contributions or participation, making it difficult to collect timely information from the field, or wider participation in forecasting.

The survey found that even though

51%

were active around scenario modelling, **80%** used Excel for this – and just **7%** worked with a budgeting, planning and forecasting tool

Partnering to move beyond the Office of the CFO

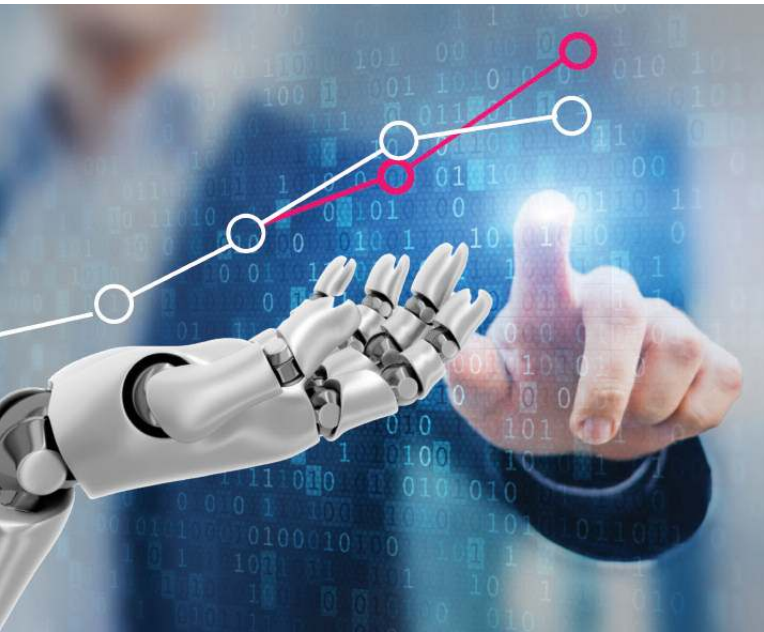
With the role of the Office of the CFO evolving to support decision-making across all of a company's functional and market-facing areas, it appears that many Finance departments still have some way to go if they are to deliver on this goal – and yet 81% of respondents are still seeing Finance as a trusted advisor within the business. 71% perceive Finance as 'owning' the forecast – a status that 67% would like to change – engaging the rest of the business to a greater degree.

However, while 78% do feel their planning process does extend beyond the Office of the CFO, 38% still don't include HR in their planning, 37% miss out Marketing, 34% overlook Sales input, and 29% aren't involving Operations. According to the survey, 56% of Finance teams also don't support the business with the right dashboards, 44% aren't in a position to leverage historical data, 64% don't empower other parts of the business to make decisions using predictive analytics, and only 36% support decision-making utilising Big Data.

However, while

78%

do feel their planning process does extend beyond the Office of the CFO, **38%** still don't include HR in their planning, **37%** miss out Marketing, **34%** overlook Sales input, and **29%** aren't involving Operations



Helping the Office of the CFO to think big, start small and deliver quickly

Jedox's survey – in association with ACCA – demonstrates that there's still considerable work to be done if the Office of the CFO is to succeed in creating a more unified approach to planning, reporting and analysis. The survey found that, while there is considerable expertise and user familiarity with Excel spreadsheets as a management tool, their widespread use has led to a disjointed and generally uncontrolled planning environment. The scale of the challenge is evidenced by the survey's finding that 56% of those wanting to, haven't yet identified and built a business case for a budgeting, planning, forecasting and BI tool.

Jedox believes it makes sense to leverage the undoubted Excel expertise that already sits within the Office of the CFO, and provide a way for organisations to bring all their multiple and disjointed Excel sheets into a more controlled environment. However, it's important to do this in a way that lets Finance teams retain their familiarity and accessibility of their current spreadsheets.

Adopting this approach means that users get to work – whether online, via mobile devices or in their familiar, native Excel environment – with an interface they're comfortable with, that's easy to use, and that provide Finance operations with faster time to value. By connecting Excel and all their data sources to a Jedox multi-dimensional database, Finance teams can begin a staged approach towards transitioning their operations from Excel to a more seamless Corporate Performance Management and BI approach. And, by pursuing a stage-by-stage strategy, the Office of the CFO can systematically work to automate processes, allow best practices to be deployed, and partner with the rest of the business to ensure full strategy alignment – effectively creating the kind of 'Agile Enterprise' they'll need to complete their digital transformation journey.

Work still to be done around Strategic Alignment

Tools such as scorecards and KPIs are key to successful strategic alignment and ensuring that operations stay focused on an organisation's strategic direction, however 67% of the organisations polled in the survey didn't currently use scorecards – and 65% don't offer a global dashboard to give visibility to the C-suite and support them in their decision-making. Given this lack of integration, it shouldn't be a surprise that 62% consider that their final plans often come across as a top-down dictate. This results in only 51% stating that their different budget and forecast contributors feel ownership of the plan.

