



# As CFOs safeguard now, how can they reframe beyond?

Safeguarding now  
Adapting next  
Reframing beyond

EY MENA Financial Accounting Advisory Services  
(FAAS) survey

October 2020



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# About the survey

More than 130 chief financial officers (CFOs), C-level executives and finance professionals of Middle East organizations were surveyed between 6 May and 21 June 2020 to understand their top priorities during the COVID-19 crisis and their perspectives on technology, data, processes, controls and people in the next phase of the crisis.

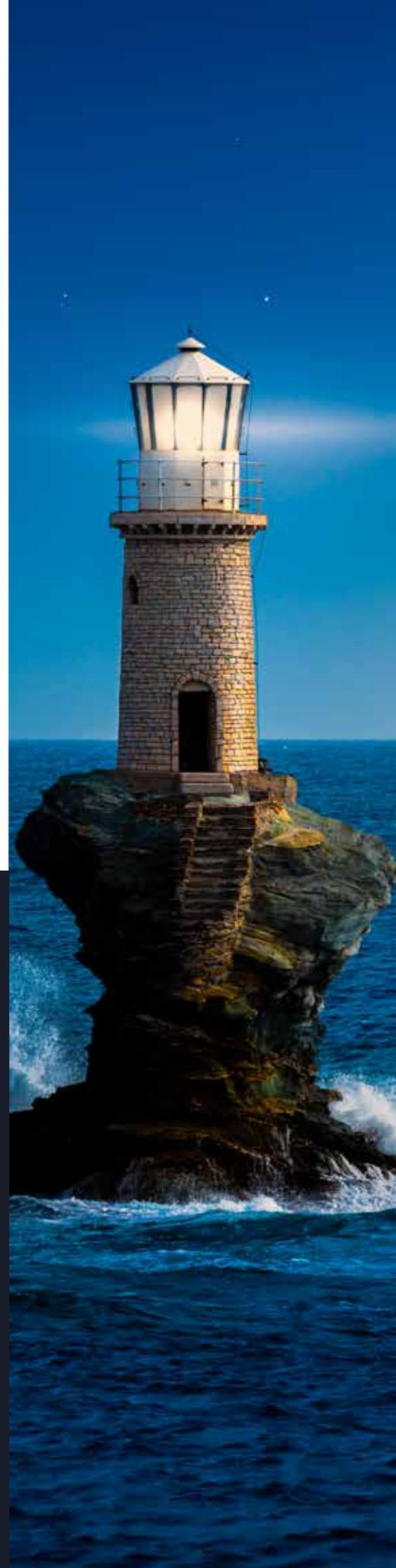
Fifty-seven percent of the respondents were CFOs, 10% were other C-level executives, including CEOs, and 12% were senior professionals at levels equivalent to finance director. More than 95% of organizations are headquartered in the Middle East (the Kingdom of Saudi Arabia (KSA), the United Arab Emirates (UAE), Kuwait, Qatar, Oman, Bahrain, Jordan and Palestine) and 40% have more than 1,000 employees. Twenty-two sectors were represented, with 40% publicly traded, 51% privately owned and the rest state-owned, not-for profit or public sector organizations. More than half of respondents' organizations have revenues above US\$100m a year and more than 10% have above US\$1b a year.

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The EY MENA FAAS Team would like to thank all respondents who contributed to this report through their responses and insights.

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# Foreword



Safeguarding **now**  
Adapting **next**  
Reframing **beyond**

Lockdowns, ghost cities and deserted offices. Disruption of production and supply chains. Uncertainty in revenues and profitability. Finance and liquidity challenges. Volatile capital markets. COVID-19 has brought disorder to which humankind is not immune. Most tragic of all, many human lives have been lost, and others are still at risk.

For finance leaders, protecting workforce and people, securing financial stability and safeguarding business continuity are top priorities as they focus on responding to the outbreak **now**. Running day-to-day operations has become a vital challenge. Finance leaders are learning and adapting in real time as new events unfold day by day. There is no manual for this situation. At the same time, finance leaders are grappling to secure financial stability amid dwindling interest rates, volatile currency and commodity markets, stressed cash flows and imminent liquidity crunches. They need to enhance their financial risk management strategies by maintaining adequate headroom, recalibrating cash flow forecasts, optimizing liquid resources and implementing robust controls frameworks.

While focused on their immediate response, finance leaders are also planning for what's **next**. COVID-19 outbreak has exposed much vulnerability in the finance operating model across multiple levers and highlighted the urgency to accelerate the adoption of trends that were already underway: digitalization and automation, collaborative technologies, remote connectivity and digital upskilling of finance teams. Step-change transformations – at the pace imposed by this pandemic – will entail an evolution to agile operating models that allow finance functions to better optimize use of resources.

COVID-19 has also challenged organizations on fundamental themes: purpose, environment and social impact, work culture, people health, safety and well-being, trust and reputation, and sustainable growth. Organizations will need to reframe their future **beyond** this crisis and along these themes. Finance teams will have an important role to play, but need to transform themselves by adopting a more forward-looking culture focused on both financial and nonfinancial insights necessary for long-term value creation.

Amid these sweeping changes, finance leaders are more than ever at the intersection of **now, next and beyond**. The coming 12-to-18 months will require them to balance skillfully with one foot firmly planted in responding **now** and the other firmly planted in adapting and strengthening resilience for **next**, while concurrently reframing their future for the long-term value that lies **beyond**.

A handwritten signature in black ink, appearing to read 'K. Mian'.

Khurram Mian  
EY MENA Assurance Leader

A handwritten signature in black ink, appearing to read 'Omar Odeh'.

Omar Odeh  
EY MENA Financial Accounting Advisory Services (FAAS) Leader

# Executive summary



## Now

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71%

of finance leader respondents say that preserving continuity of business operations is a high priority.

Finance leaders have been preoccupied in preserving continuity of business operations ...

69%

say that overcoming finance and liquidity challenges is a high priority.

... and overcoming finance and liquidity challenges.

## Next

---

56%

say that advancing their digital and automation capabilities is a high priority.

In the next phase of the pandemic, digitalization and automation will be the top priority ...

69%

are considering the use of automation in multiple processes within finance, or are already automating multiple processes and will increase them in the near future.

43%

say that ensuring remote access to their systems is a high priority.

... as well as the ability to access financial data remotely and securely.



37%

say that strengthening the control environment for remote working scenarios is a high priority.

33%

say that optimizing their policies and processes for a remote working environment is a high priority.

38%

of respondents say that there will be a need to make substantial changes or overhaul the finance operating model completely.

These changes will require finance leaders to optimize their policies and processes in ways that skillfully balance process efficiency, quality of services and the need to maintain a robust control environment.

To drive these changes fast, while under capital and liquidity constraints, finance leaders will need to elevate their operating models to more agile and flexible platforms that allow them to innovate quickly and efficiently while optimizing resource utilization.

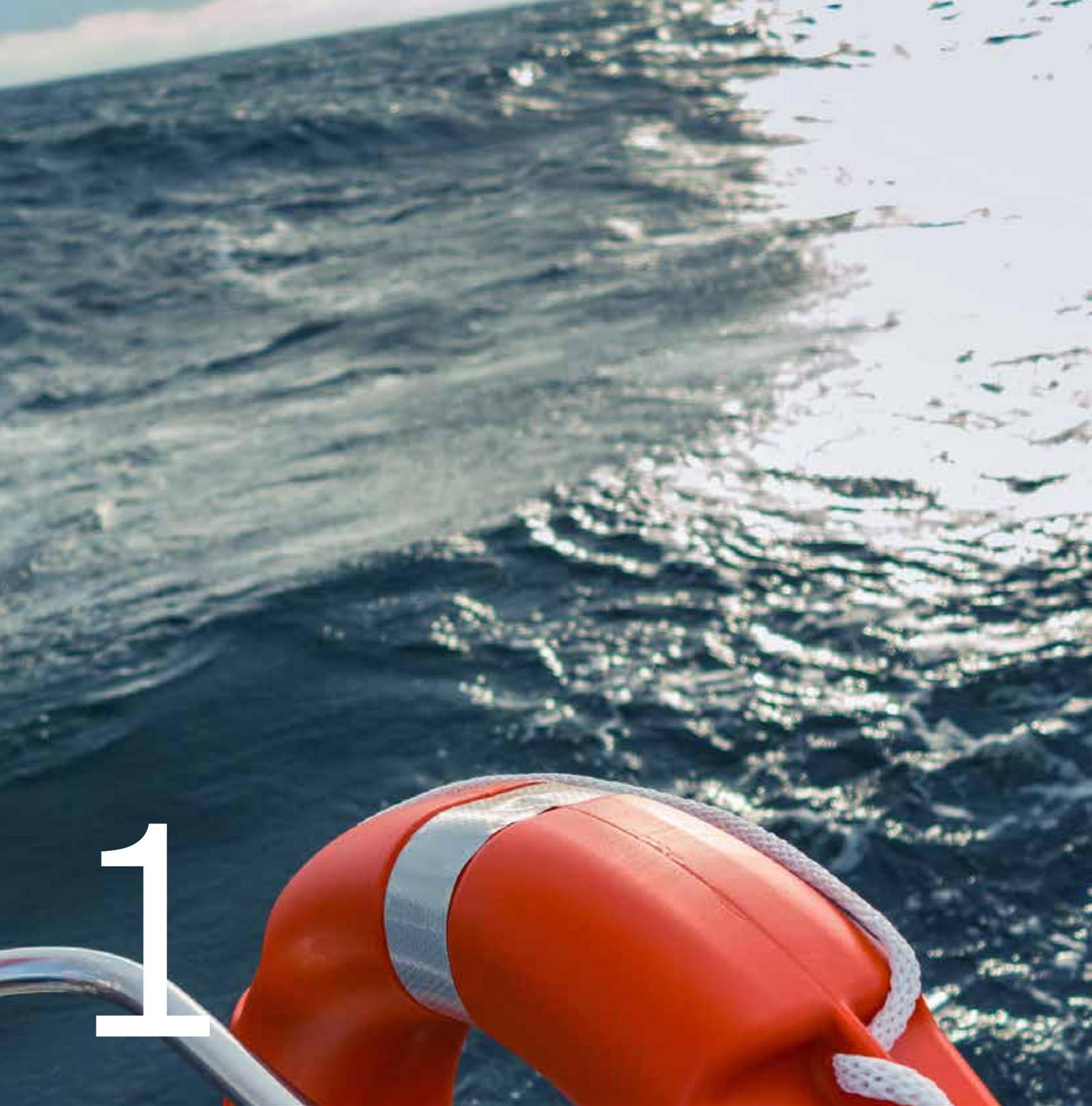
## Beyond

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### How we see the future

Beyond this crisis, advanced technologies, optimized policies and processes, and flexible operating models will pave the way for finance leaders to play an increasingly pivotal role in nonfinancial value creation and reporting.

Finance leaders will need to reframe the future of their functions and instill a culture that drives financial and nonfinancial reporting, provides both historical and forward-looking data, and creates short-term as well as long-term value for people, consumers, investors and society.



1

Now: safeguard and continue

The COVID-19 pandemic took the world by surprise, and businesses were not immune. Our survey was launched on 6 May 2020 – almost two months into the crisis – and the results reveal that finance leaders, not unexpectedly, were still struggling to cope with the challenges posed by the pandemic. Besides the health and safety of employees (which is of utmost importance), two themes took top priority on the agenda of finance leaders: preserving continuity of business operations, and overcoming finance and liquidity challenges.

## 1. Preserving continuity of business operations

In our survey, 95% of respondents say that preserving continuity of business operations is a high or medium priority, including 71% who believe it is a high priority. Mandatory remote working was established to preserve the safety and well-being of employees, and many organizations faced unprecedented shutdowns of customer-facing operations. Such changes were implemented almost overnight, and finance functions were not equipped to operate in an entirely remote fashion.

# 71%

of respondents say that preserving continuity of business operations is a high priority.

One of the immediate responses for organizations was to reorganize teams, reallocate resources and increase the frequency of communications to keep employees engaged through virtual channels. For finance functions, while these steps are vital to manage teams effectively while protecting their safety and well-being, they are not enough. Particularly, remote working may jeopardize the control environment when governance, processes and technologies are not fully calibrated toward such scenarios. In our survey, 20% of respondents say that maintaining a robust control environment is a high priority during the COVID-19 crisis, and 61% consider it to be a medium priority.

### Action area

Finance leaders will need to reshape the business-as-usual environment to strike the right balance between the urgency for flexible working and the need to achieve process efficiency while preserving a strong control environment. This requires them to envision innovative ways of working that overcome physical bottlenecks and re-engineer their processes for flexible and remote working scenarios while maintaining efficiency, compliance and quality.

## 2. Overcoming finance and liquidity challenges

In this era of unprecedented uncertainty, finance leaders are having to make vital decisions to secure financial stability. In our survey, overcoming finance and liquidity challenges is ranked as a high priority by 69% of respondents. This comes as no surprise. The COVID-19 outbreak has disrupted supply chains, revenues and business operations, causing stressed cash flows, liquidity crunches and uncertainty in liquidity forecasts.

# 69%

of respondents say that overcoming finance and liquidity challenges is a high priority.

### Action area

To secure liquidity and working capital in the short term, finance leaders need to enhance their organization's cash flow forecasting capabilities and adopt robust working capital solutions, which would free up much-needed internally generated liquid resources and reduce the business operational dependency on external forces.

Moreover, it will be important to update the risk management strategies in light of the prevailing interest and foreign currency rates and volatile commodity prices.





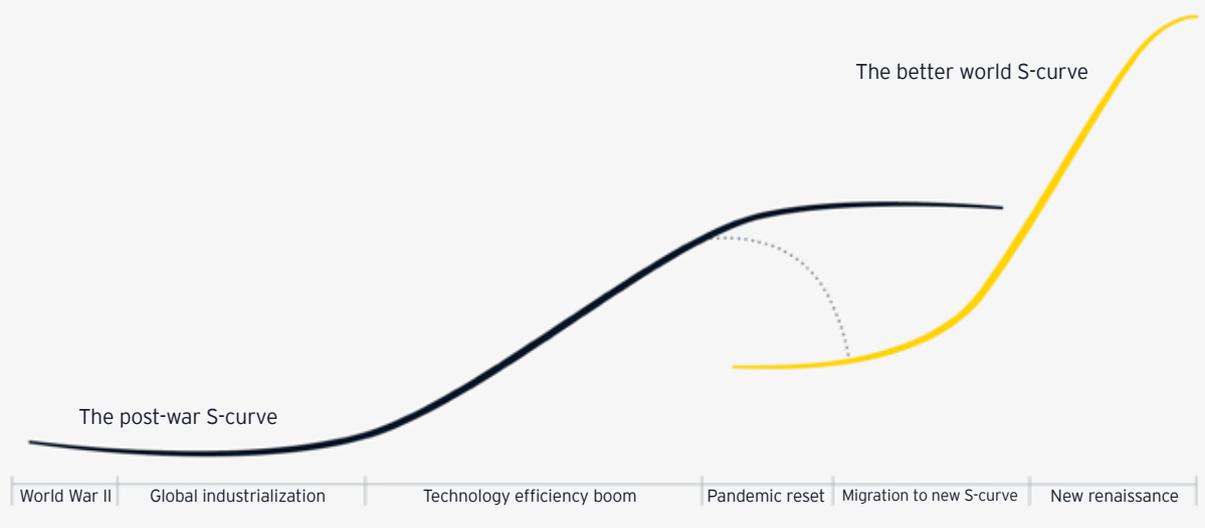
2

Next: adapt and increase resilience

While under severe constraints during the initial crisis phase, finance leaders are also planning their journey to what comes **next** – a new normal that ignites recovery through a careful balance between operational adaptation and the need to increase resilience.

Globally, the pandemic has triggered a global reset, creating changes that seemed unthinkable a few months ago, accelerating adoption of trends already underway and unlocking a sharp transition to a new innovation curve.

### COVID-19 and the migration to a new S-curve



Source: EY Megatrends 2020 report: *Are you reframing your future or is your future reframing you?*

In MENA, the finance function is following a similar pattern. The shock and reset phases have exposed many vulnerabilities in the finance operating model and strengthened the business case for trends already on the agenda: digitalization and automation, optimization of policies and processes, and evolving finance operating models.

“

The world as we know has changed, and the current pandemic will accelerate trends and technologies that were on the drawing board. Remote working, digital transformation and e-documents. These will all become the new normal.

CFO of a large investment holding organization in the KSA

## 1. Digitalization and automation

Prior to the pandemic, finance functions in MENA were on differing levels of digital maturity, with some early adopters of new technologies such as intelligent automation and data analytics, others still heavily reliant on paper-based documents and offline processes, and the vast majority in-between.

Our MENA survey suggests that the pandemic will accelerate adoption of digital technologies: 56% of respondents say that advancing their digital and automation capabilities is a high priority, and 69% are considering the use of automation in multiple processes within finance, or are already automating multiple processes and will increase them in the near future.

# 69%

of finance leader respondents are considering the use of automation in multiple processes within finance, or are already automating multiple processes and will increase them in the near future.

“

Automation will allow us to adapt operations continuously across multiple areas in finance while driving process efficiency and providing a robust control environment. I see it as an enabler for the future of the finance workforce; it will prepare us for similar shocks in the future — should they occur — and help minimize disruption to business-as-usual.

CFO of an airlines company in the Gulf Cooperating Council (GCC)

## How we see it

Increasing convergence and commoditization of digital technologies such as robotic process automation (RPA), artificial intelligence (AI) and machine learning will accelerate the digital transformation journey by increasing efficiency – and reducing costs and error rates – while allowing tasks to be scaled up and down in unpredictable conditions.

While RPA allows for more efficient completion of onerous and time-consuming tasks, AI can provide finance teams with a new perspective by reading and processing documents, integrating and analyzing large amounts of data, and providing predictive analytics to drive insight generation and decision-making.

Recent developments in working capital optimization and driver-based intelligent budgeting domains are good examples. AI can effectively be deployed to mine structured and unstructured data across the organization and predict with significantly higher accuracy the cash requirements and funds availability for an organization.

Given the need to access financial data remotely and perform transactions in a secure manner, many GCC-based organizations are now exploring cloud-based private or hybrid business solutions that allow them to access data in a fast and secure manner remotely. Yet cybersecurity and effective financial controls are key considerations to be kept in mind while extending remote access to sensitive financial data.

“

I believe that some substantial innovative outbreaks in the digital arena will materialize as a learning from this experience. I also believe that digitalization is a journey, one step at a time. It is very important that control gaps — if any — are fully addressed and appropriate solutions are in place. Data and cybersecurity remain a priority at all times.

CFO of a telecommunications operator in Bahrain

## 2. Optimization of policies and processes for remote working scenarios

# 83%

of respondents say that optimizing policies and processes for a remote working environment is a medium or high priority.

The pressing need to adapt finance operations to remote working scenarios and accelerate the adoption of digital tools is also placing pressure on finance functions to optimize their policies and processes. Finance leaders will need to identify bottlenecks in their processes, such as those that entail physical presence or offline processing of documents, and re-engineer them for an increasingly digital, automated, intelligent yet remote environment. The key to success will be new digital and automated delivery channels that skillfully balance process efficiency and quality of services.

Alternative payment methods and invoice processing are good examples of how finance leaders can continue providing service quality to internal and external customers in a remote working environment.

This trend will also accelerate the need to optimize the current finance processes that must now deal with digital workers and human workforce handoff. Process boundaries need to be reimagined to ensure that a faster digital process does not result in significant bottlenecks in downstream processes performed by a human workforce.

### 3. Flexible operating models

# 38%

of respondents say that there will be a need to make substantial changes or overhaul the finance operating model completely.

Reaching the new normal will be a challenging journey. Finance leaders will need to double down on the pace and scale of adaptation in order to stay relevant. They must drive these changes fast, while under severe constraints – unstable revenues, shortage of capital and a disrupted workforce.

These conditions sow the seeds for finance leaders to rethink their operating models. In our survey, 38% of respondents say that there will be a need to make substantial changes or overhaul the finance operating model completely.

Moreover, 25% of respondents who are planning to change the finance headcount will do so by increasing their reliance on offshoring, outsourcing or managed services.

#### Action area

While efficient prior to the pandemic, many functions struggled to safeguard operational continuity amid the abrupt changes. Moving forward, agility and flexibility will be critical to cope with fluctuating business needs and to enable ongoing innovation through optimal utilization of resources – investments, skillsets, technologies and time. Finance functions need to elevate to a more agile and adaptable model where digital is part of the DNA. For example, some of the key financial controls constructs that were previously essential, such as maker-checker, may not be required anymore, as these activities will be increasingly performed by digital workers.

Next operating models should provide flexible platforms and new structures that allow finance leaders to adopt fast changes and to innovate while safeguarding continuity of business operations: hiring vs. contracting, onshoring vs. offshoring, outsourcing vs. co-sourcing, developing vs. acquiring, buying vs. subscribing, and so on.

Finance functions should be able to flex in the wind while keeping their roots secure.

Given fluctuations in demand and business volumes, businesses can also consider nearshoring outsourced business operations, and supporting them with digital workers that can be scaled up and down in tandem with business outlook and demand.



Beyond: reframe the future

## What comes after next?

Years before the pandemic, we asked the finance world, “**Is everything that counts being counted?**”<sup>1</sup> Business leaders were being called upon to think beyond the bottom line: purpose and vision, environmental footprint, social impact, health and safety, human rights, culture, trust and long-term value. Organizations are already under pressure not only to deliver wider nonfinancial value but also to demonstrate it through credible and trusted reporting.

Last year, in a **survey of CFOs and financial controllers in the KSA and the UAE**, the majority of responders said that stakeholders, such as investors, increasingly consider nonfinancial information in their decision-making.<sup>2</sup> Fast-forward one year, and the COVID-19 pandemic provides a burning platform to accelerate the nonfinancial agenda.

What lies beyond, therefore, is a reframed future where finance teams play an increasingly pivotal role in providing insights and data to support nonfinancial reporting and long-term value creation. The pandemic – however challenging it may be – provides a strong business case for finance leaders to transition their functions to this role.

Finance leaders who, in the next phase of the pandemic, would have equipped their functions with advanced technologies, more optimized policies and processes, and flexible operating models will be better prepared than others to reinvent solutions that support reliable and trusted nonfinancial reporting.

Reframing this future will require finance leaders to redefine the purpose of the finance function and reimagine its relationship with other parts of the business.

Mindset and cultural transformation will be critical, and finance leaders are already aware of this need. Last year, our global corporate reporting survey revealed that around 68% of CFOs and financial controllers in the KSA and the UAE believed that the culture of their finance team must transform if they are to support increasing transparency.<sup>2</sup>

The reimagined culture of finance should be one that drives financial as well as nonfinancial reporting, provides historical as well as forward-looking data, and creates short-term as well as long-term value for its people, customers, investors and society.

1. Is everything that counts being counted? EY, 2018.

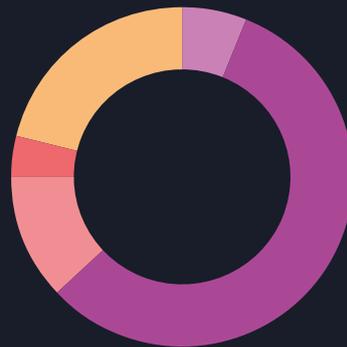
2. Does corporate reporting need a culture shock? EY, 2019.



About the survey

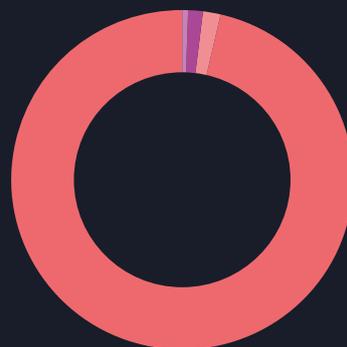
We surveyed 135 organizations in MENA from 6 May to 21 June 2020 to understand their priorities during and following the COVID-19 crisis, as well as their perspectives on people, technology, data, controls and processes.

### Respondent profile



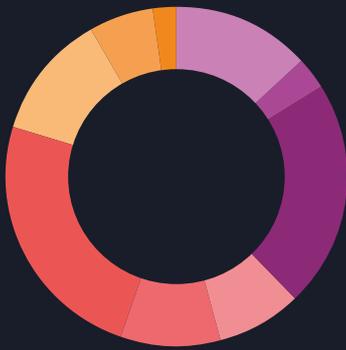
- 6% CEO
- 57% CFO
- 12% Senior vice president/vice president/director of finance department
- 4% Other C-Suite
- 21% Other finance professionals

### Organization headquarters



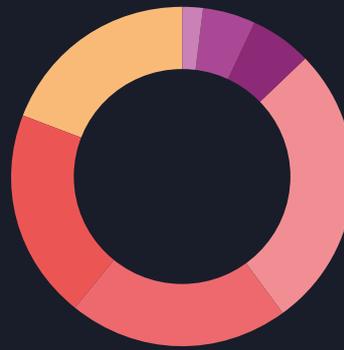
- 0.7% Africa
- 1.5% Europe
- 1.5% Asia-Pacific
- 96.3% Middle East

### Finance function location



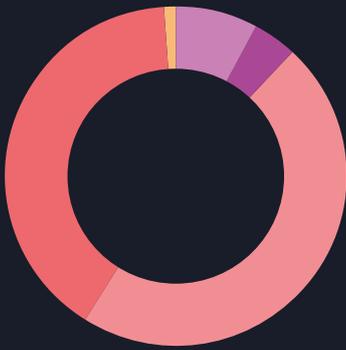
- 13.3% Bahrain
- 8.1% Oman
- 11.9% KSA
- 3% Jordan
- 9.6% Palestine
- 5.9% UAE
- 21.5% Kuwait
- 24.5% Qatar
- 2.2% Other

### Organization size



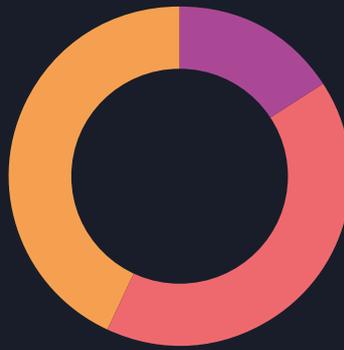
- 2% More than 50,000 employees
- 27% 1,001-5,000 employees
- 5% 10,001-50,000 employees
- 21% 501-1,000 employees
- 6% 5,001-10,000 employees
- 20% 101-500 employees
- 19% Up to 100 employees

### Ownership structure



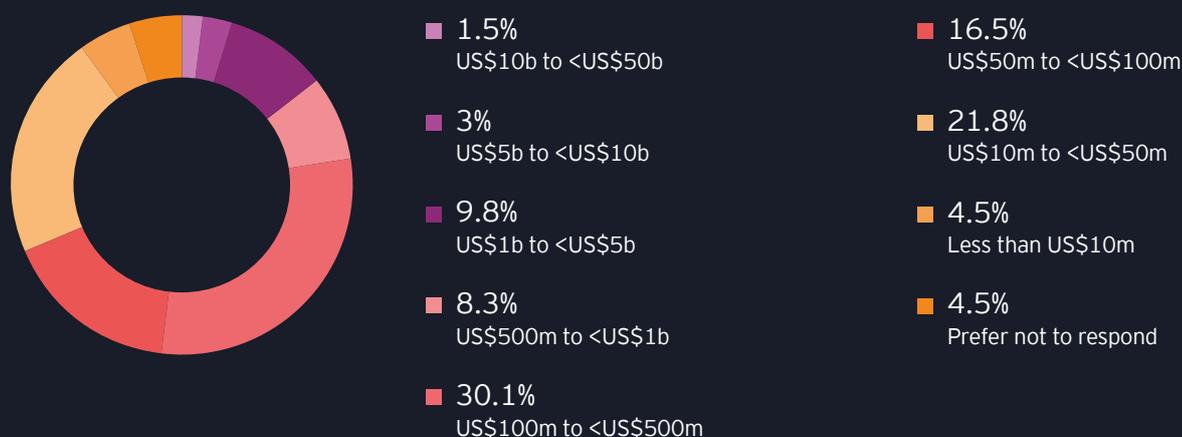
- 8% Government/state-owned enterprise
- 40% Publicly traded company
- 4% Partnership or sole trader
- 1% Not-for-profit
- 47% Privately owned company

### Finance function size

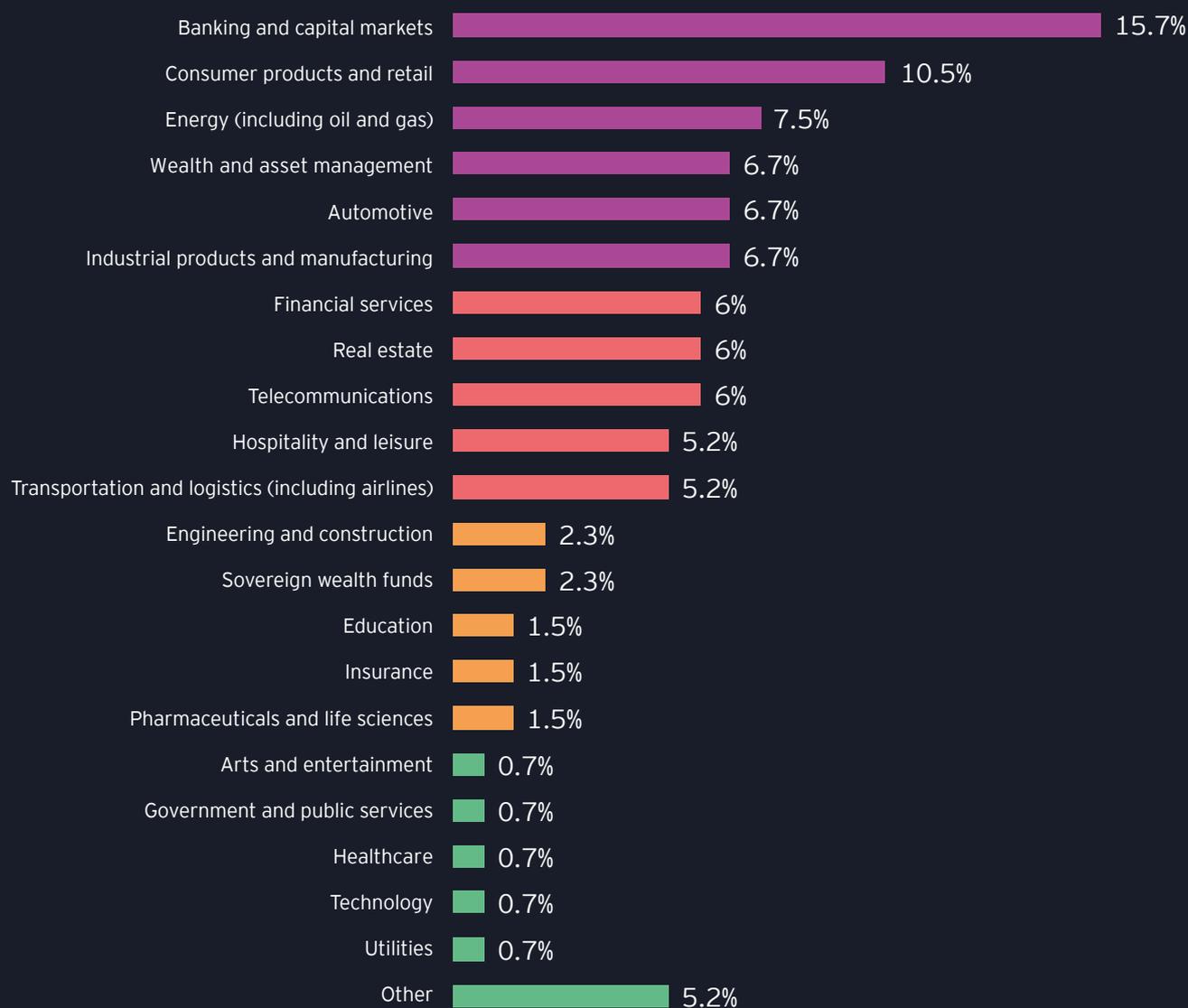


- 16% More than 50 employees
- 41% 10-50 employees
- 43% Less than 10 employees

## Revenues during the last fiscal year



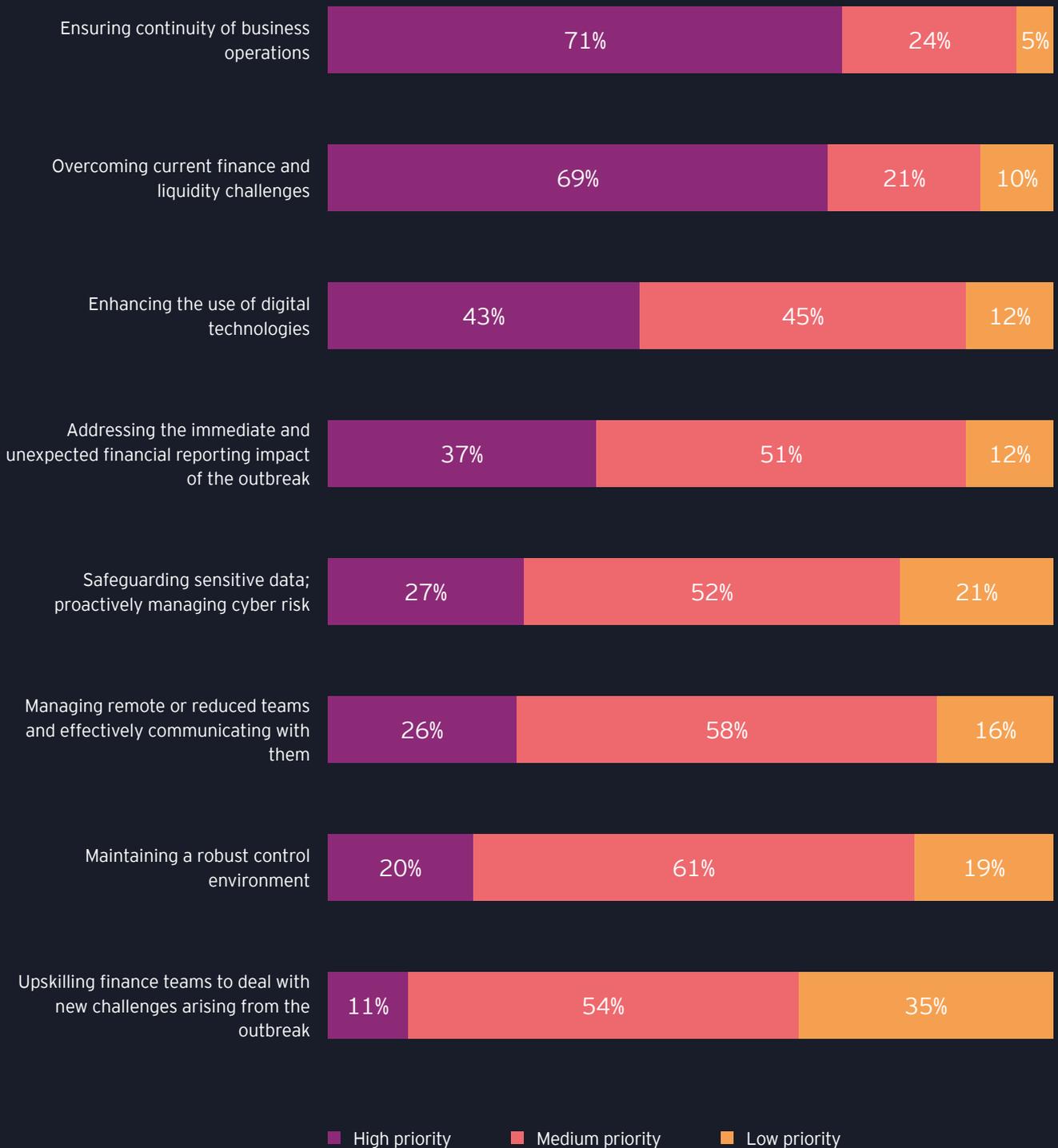
## Organization sector



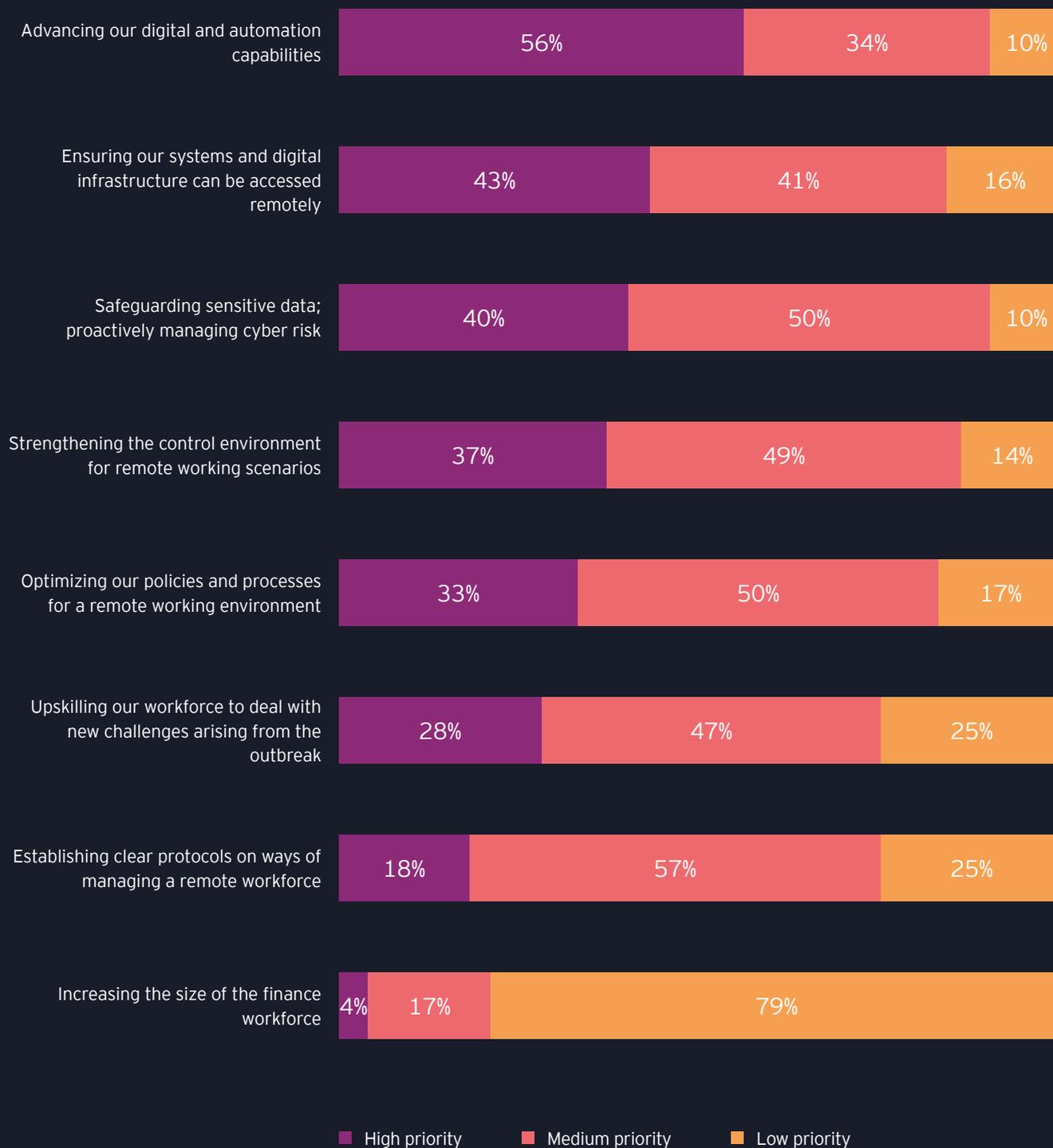
# Key findings



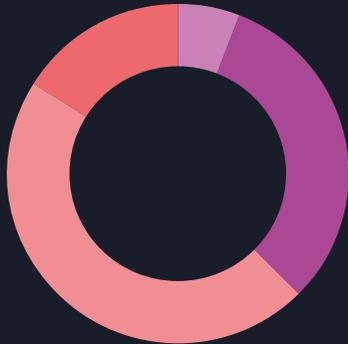
## How do you rate the immediate priorities for your finance function during the current COVID-19 outbreak?



## Looking beyond the current environment, how would you rate your main priorities once the crisis subsides?

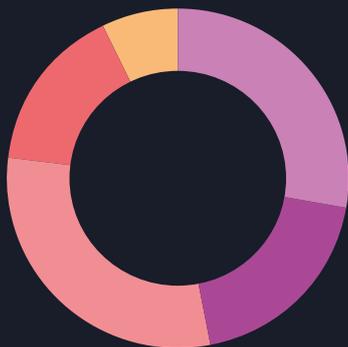


## In your opinion, will the finance operating model need to change once the crisis subsides?



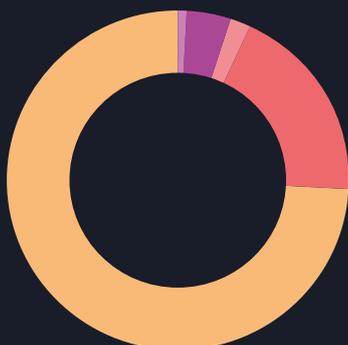
- 6%  
 To a significant extent: there will be a need to overhaul the finance operating model almost entirely.
- 32%  
 To a moderate extent: there will be a need to make substantial changes to our operating model.
- 47%  
 To a limited extent: there will be a need to make minor changes to our operating model.
- 16%  
 Not at all: our operating model will not need to change.

## Are you planning to establish protocols on ways of working and communicating remotely, and for managing remote finance teams?



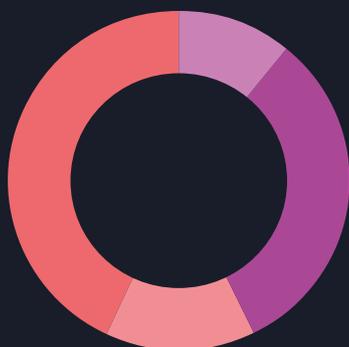
- 28%  
 We will not set specific protocols for our people to work remotely.
- 19%  
 We will tailor protocols for our finance teams.
- 30%  
 We will implement generic protocols from external sources, or from our organization, which are not particularly tailored to the finance function.
- 16%  
 We will establish role-specific protocols for our finance teams with different guidelines for team leaders and individual contributors.
- 7%  
 Other.

## In your opinion, will the finance headcount need to change following the COVID-19 disruption?



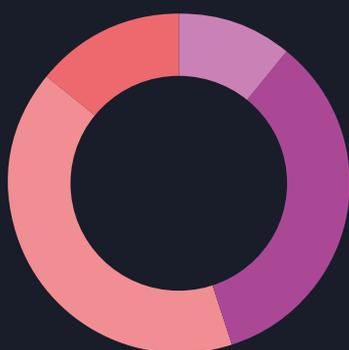
- 1%  
 Yes, the finance headcount will need to increase to a significant extent.
- 4%  
 Yes, the finance headcount will need to increase to a limited or moderate extent.
- 2%  
 Yes, the finance headcount will need to decrease to a significant extent.
- 19%  
 Yes, the finance headcount will need to decrease to a limited or moderate extent.
- 74%  
 No, the finance headcount will not need to change.

## If your answer to the previous question is "yes", how do you plan to change the finance headcount?



- 14%  
We plan to rely more on offshore teams.
- 43%  
We plan to change our headcount in our core or onshore team.
- 11%  
We plan to seek support from professional services organizations through staff secondment or equivalent services.
- 32%  
Other.

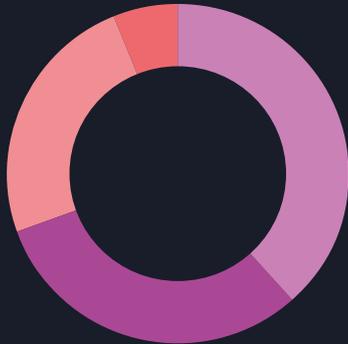
## In your opinion, to what extent will your finance teams need to upskill their knowledge to deal with the implications of COVID-19?



- 11%  
To a significant extent: our finance teams are not equipped with the necessary knowledge and experience to deal with the implications of COVID-19. There is a substantial need for new training and development.
- 34%  
To a moderate extent: our finance teams have some knowledge and experience on the implications of COVID-19 on relevant areas of finance, but there are still significant knowledge gaps to be addressed.
- 41%  
To a limited extent: our finance teams have moderate knowledge and experience to deal with the implications of COVID-19 on relevant areas of finance. There are only a few knowledge gaps to be addressed.
- 14%  
Not at all: our finance teams have significant knowledge and experience to deal with the implications of COVID-19 on relevant areas of finance. There are no knowledge gaps to be addressed.

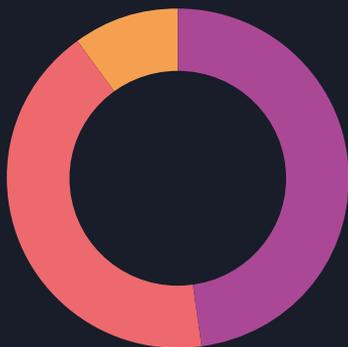


## Are you considering the use of automation in your finance processes?



- 38%  
We are already automating or in the process of automating multiple processes within finance and will increase them in the near future.
- 31%  
We are considering the use of automation in multiple processes within finance.
- 24%  
We are considering the limited use of automation in very few processes within finance.
- 6%  
We are not considering the use of automation in our finance processes.

## Do you have plans to manage cybersecurity threats related to the current remote working environment?



- 48%  
Yes. We are planning to assess whether our systems and data have been compromised.
- 42%  
No. We have a strong control environment despite remote working.
- 10%  
Other.



Contact us for a conversation about your function’s resilience



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