From value protection to long-term value creation, how can CFOs reframe finance?

EY MENA Financial Accounting Advisory Services (FAAS) CFO survey

July 2022

The better the question. The better the answer.
The better the world works.

EY
Building a better working world

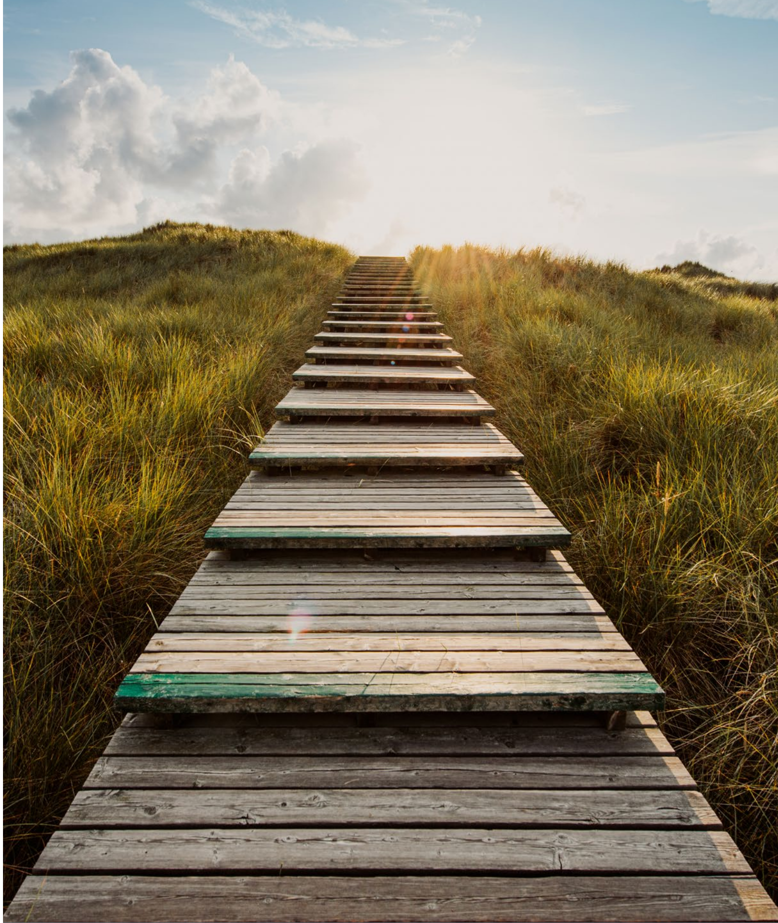
About the survey

More than 120 chief financial officers (CFOs), C-level executives and finance professionals of Middle East organizations were surveyed to understand how they are balancing the different aspects of their roles, and their perspectives on technology, external reporting and environmental, social and governance (ESG) matters.

Forty-seven percent of the respondents were CFOs, 30% were senior finance professionals at levels equivalent to financial controller or finance director, and 16% were senior professionals in finance.

More than 97% of organizations are headquartered in the Middle East: the Kingdom of Saudi Arabia (KSA), the United Arab Emirates (UAE), Kuwait, Qatar, Oman, Bahrain, Jordan, Lebanon and Palestine. More than 22 sectors were represented, with 35% publicly traded, 46% privately owned and the rest state-owned, not-for-profit or public sector organizations. Forty-four percent of organizations have more than 1,000 employees, more than half have revenues above US$100m a year and 13% have above US$1b a year.

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



Contents

Foreword


Gone are the days when finance was solely focused on protecting value.

Today, finance leaders need to skillfully balance value protection, value optimization and long-term value creation.

Rebound in economic growth in the GCC. Renewed momentum for transactions and IPOs. Increasing investments in tech and digital. Vigor and drive in GCC national transformation programs … **Opportunities abound for organizations to seize the pandemic recovery and focus on growth and value creation.** But with optimism, caution remains, as important challenges are also converging: shortage in global supply, inflationary pressures, volatile capital markets and unstable interest rates. Moreover, geopolitical uncertainty and climate-related risks are increasing. **Value protection, therefore, continues to be vital for organizations.**

In response to this cautious optimism, the finance function is balancing value protection, value optimization and value creation:

- **Value protection** by driving compliance with regulatory and financial reporting requirements, and safeguarding against market risk, credit risk and interest rate risks, as well as other interdependencies
- **Value optimization** by driving cost and spending efficiencies, streamlining spending and managing working capital
- **Value creation** by contributing to strategy through financial planning and analysis, budgeting in line with strategy, optimizing treasury to fund growth, driving financial sustainability and measuring business performance

To further advance value protection, optimization and creation, there are three priorities for finance leaders:

- **Take a leading role in the ESG agenda**
- **Transform finance with a focus on technology, data and analytics**
- **Redefine what long-term value means for your organization and the role that finance can play**

The new bottom line goes beyond financial value. It is one that also encompasses people, society and customers. Therefore, leading finance teams will be those who establish themselves as custodians of financial and nonfinancial data. With technology at their fingertips, sustainability as their purpose, and society, people and customers as their priority, finance leaders will be able to reframe the role of finance from one that focuses mainly on delivering financial value to the shareholder to one that creates long-term value to all stakeholders.

Khurram Mian
EY MENA Assurance Leader

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

Executive summary

Organizations are navigating a mixed landscape: optimism and recovery driving strategy and growth plans on one hand, and risk and uncertainty on the other hand.

In response, finance leaders are required to skillfully balance value protection, value optimization and value creation.

As they balance the different requirements of their role, there are three emerging priorities to increase focus on:

Priority 1: Take a leading role in the ESG agenda

74%
of finance leaders say that the finance function is involved to a medium, high or significantly high extent in ESG.

ESG is gaining an increasing importance in the agenda of finance leaders …

57%
say that regulatory and reporting requirements …

52%
say that investors' and shareholders' expectations …

… will have a high impact on their organization's move toward nonfinancial reporting, such as ESG.

… largely driven by regulators', investors' and other stakeholders' expectations.

While a majority are involved to some extent in ESG, only
38%
say their involvement is to a high or significantly high extent.

Yet finance leaders should take a more proactive approach to the ESG agenda and lead from the front line.

The way forward:

- Engage with key stakeholders to proactively understand their expectations of ESG performance
- Focus on the ESG topics that are material to the organization
- Identify and report on relevant KPIs; align disclosures to external sustainability reporting framework
- Establish effective governance over nonfinancial reporting to build trust in ESG performance

Priority 2: Transform finance with a focus on technology, data and analytics

80%
say that implementing or optimizing enterprise resource planning (ERP) systems is a high priority:

- 44% still need to unlock the full functionality of ERP.
- 24% still need to fully align systems.
- 12% still need to optimize its use in line with business requirements.

Most organizations are using ERP but need to overcome multiple challenges to fully unlock its potential.

59%
of respondents say that advancing data and analytics capabilities is a high priority.

Finance leaders will benefit by advancing data and analytics capabilities to provide forward-looking predictive insights.

50%
of finance leaders say that a hybrid or fully remote working model will be the dominant working practice in the future.

Moreover, as the dominant working practices become increasingly hybrid or remote, leaders should look to evolve the finance delivery model to drive more flexibility and scalability while seizing the opportunities that technology can provide.

The way forward:

- **Maximize the potential of ERP** systems by implementing unified finance systems, enhancing ERP functionalities and aligning them with business requirements, and by leveraging robotics and AI to drive automation
- **Advance data and analytics** by leveraging AI to reconcile data and create a single coherent representation of the truth, establishing robust data governance and control framework, deploying advanced analytics and visualization techniques, and driving forward-looking, predictive analytics
- **Evolve the finance delivery model** to comprise a mix of local and in-house capabilities, centers of excellence and shared services, as well as outsourcing and managed services that can seize the opportunities of an increasingly hybrid and tech-enabled working model

Priority 3: Redefine what long-term value means and the role that finance can play

When asked about long-term value:

While 94%
of respondents consider that financial value is a high priority ...

... 64%, 53% and 32%
consider the same for human, customer and societal value respectively.

Long-term value is important for finance leaders, but financial value is taking strong precedence over societal, human and customer value. These results suggest that finance teams should have more clarity about the definition of long-term value, what contributes to it, and how its different dimensions can impact enterprise value.

The way forward:

Finance leaders should collaborate with other leaders of the business to:

- Have a common understanding of the organization's value creation approach, as well as its key stakeholders and how each dimension of value – financial, customer, people and societal – contributes to long-term value
- Define a common way to drive, measure and evaluate value across each dimension
- Set and measure KPIs across each dimension and toward different stakeholders, and use them to guide business and investment decisions
- Connect the dots with ESG reporting to communicate the value creation process through reliable and trusted external reporting

CFOs are balancing value protection, value optimization and value creation

In recent years, the finance function has gradually evolved from its traditional control and reporting roles – value protection – to a role that balances value protection, value optimization and value creation. The pandemic and its recovery phase have accelerated this shift.

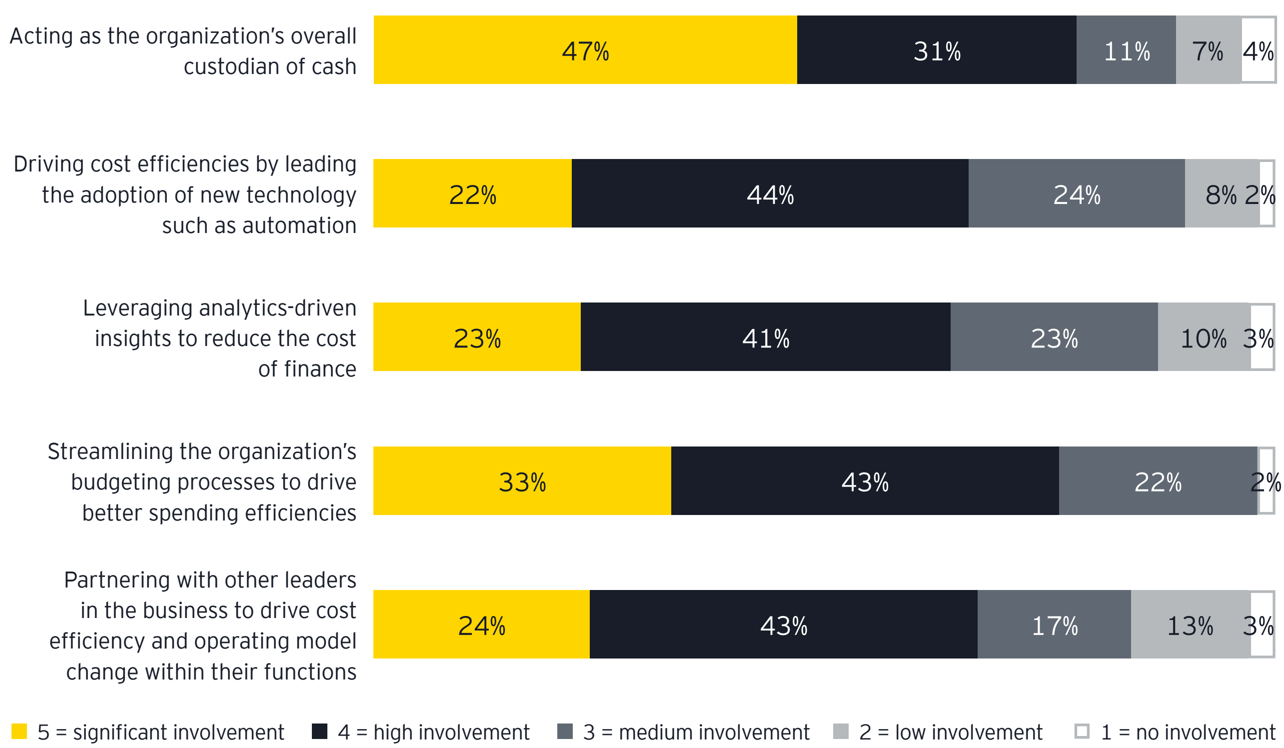
At the time of the COVID-19 outbreak, finance leaders were focused on “safeguarding now”:[1] protecting people's well-being, securing financial stability and driving business continuity. Value protection was critical.

Fast-forward two years. The pandemic recovery has created a mixed landscape, with optimism and growth opportunities on one side, and continuing risks and uncertainty on the other.

Value protection continues to be vital. In our survey, 71% of finance leaders say that the finance function is involved to a high – or significantly high – extent in enabling internal controls to safeguard against interdependent risks such as market risk, credit risk and interest rate risks. Moreover, financial reporting compliance continues to be an area of high or significantly high involvement for finance, as reported by 81% of finance leaders.

Value optimization is also a high priority. Finance functions are optimizing value by driving cost efficiency through technology and operating model changes, by streamlining budgeting to drive spending efficiencies, and by managing working capital.

Q In your organization, how is the finance function involved in cost management activities?

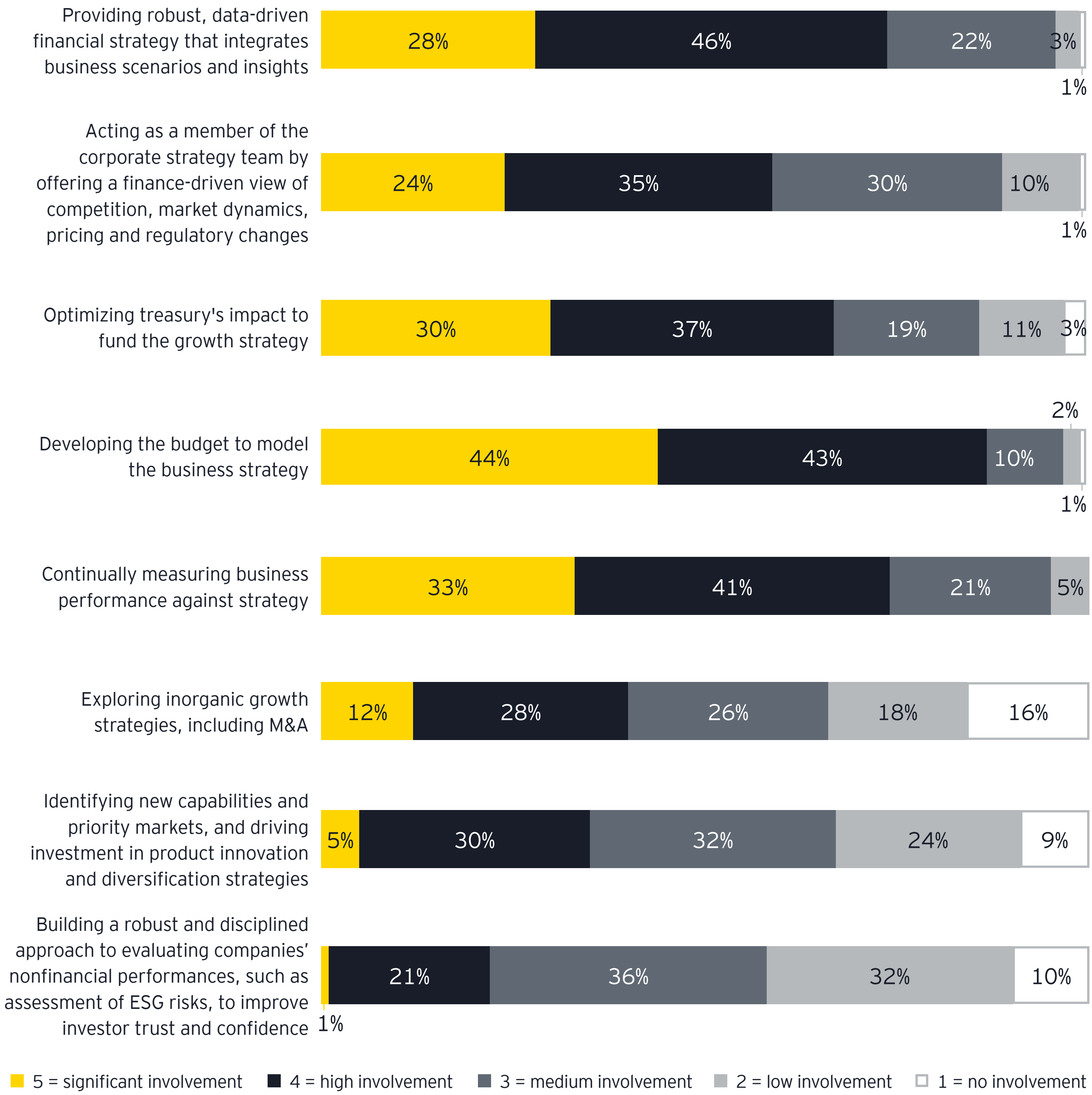


Finance and value optimization

1. “As CFOs safeguard now, how can they reframe beyond?” *EY MENA Financial Accounting Advisory Services (FAAS) CFO survey*, EY, October 2020.

Finance functions are also playing critical roles in value creation, actively participating in their organizations' strategic activities by developing the budget in line with business strategy, contributing to inorganic growth and M&A, continually measuring business performance, and providing data and insights for strategic planning.

Q **In your organization, how is the finance function involved in the overall strategy?**
Please answer by rating the following based on your involvement in each of them:



Finance and value creation

As finance leaders balance the requirements of their role, there are three emerging priorities to increase focus on:

Take a leading role in the ESG agenda

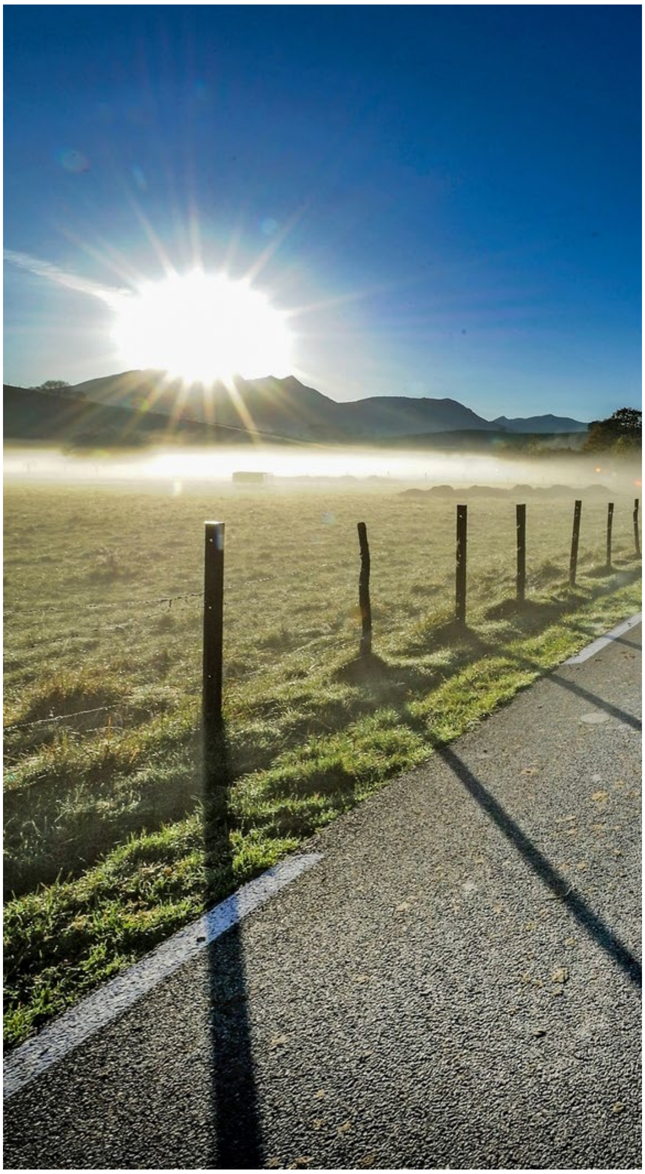
Momentum over ESG performance is increasing as investors, regulators and other stakeholders are increasingly expecting organizations to have a solid ESG strategy that creates value and manages risks. Finance leaders will have critical roles to play throughout the ESG road map, from partnering with other parts of the business in setting ambition and ESG strategy, contributing to the execution across the value chain, through to leading ESG reporting and building trust with key stakeholders. Strong ESG performance **creates value for organizations** by attracting investors, unlocking access to capital markets and tapping into new markets or customer segments. It also **optimizes value** by driving resource efficiency across the value chain, and **protects value** by managing ESG-related risks and complying with regulatory reporting requirements.

Transform finance with a focus on technology, data and analytics

Technology, data and analytics are critical enablers for value protection, optimization and creation. To protect value, finance leaders can use scenario planning and what-if analysis to advance risk management, and deploy artificial intelligence (AI) to identify suspicious transactions and help combat fraud. Moreover, new technology, such as automation, can drive process efficiency and reduce dependence on manual, repetitive and error-prone activities, therefore enabling finance teams to focus on **value creation** activities. Moreover, finance leaders can leverage data and analytics to provide strategic and forward-looking insights necessary for strategic decision-making.

Redefine what long-term value means and the role that finance can play

To further unlock their role in long-term value creation, CFOs should shift the mindset of finance teams from one that perceives value mainly from a financial dimension to one that also considers societal, people and customer value as critical dimensions for long-term value.



Taking a leading role in the ESG agenda

Finance leaders are playing an increasingly central role in the ESG agenda.

Regulators, investors and capital markets are increasingly expecting organizations to measure and report their ESG performance and demonstrate how they are managing their ESG and climate-related risks, as well as their impact on performance. Therefore, organizations should establish effective ESG programs, from setting ambition and strategy, to implementing ESG initiatives, through to collecting, analyzing and reporting on ESG performance.

74%

of finance leaders say that ESG is an area of medium, high or significantly high involvement for finance.

57%

of finance leaders say that regulatory and reporting requirements ...

52%

say that investors' and shareholders' expectations ...

... will have a high impact on their organizations' move toward nonfinancial reporting, such as ESG.

Momentum over ESG is expected to continue increasing as a result of multiple trends:

- Investors' move to a more disciplined and rigorous approach to evaluating companies' nonfinancial performance as part of the investment decision-making process
- Significant progress globally toward establishing global sustainability reporting standards, such as the creation of the International Sustainability Standards Boards (ISSB) by the International Financial Reporting Standards (IFRS) Foundation, which is tasked with creating a single set of standards "to meet investors' information needs"[2]
- Regulatory requirements, as ESG reporting is gradually evolving to become mandatory
- Launch of sustainability-themed indexes by stock exchanges as a requirement for companies to be listed

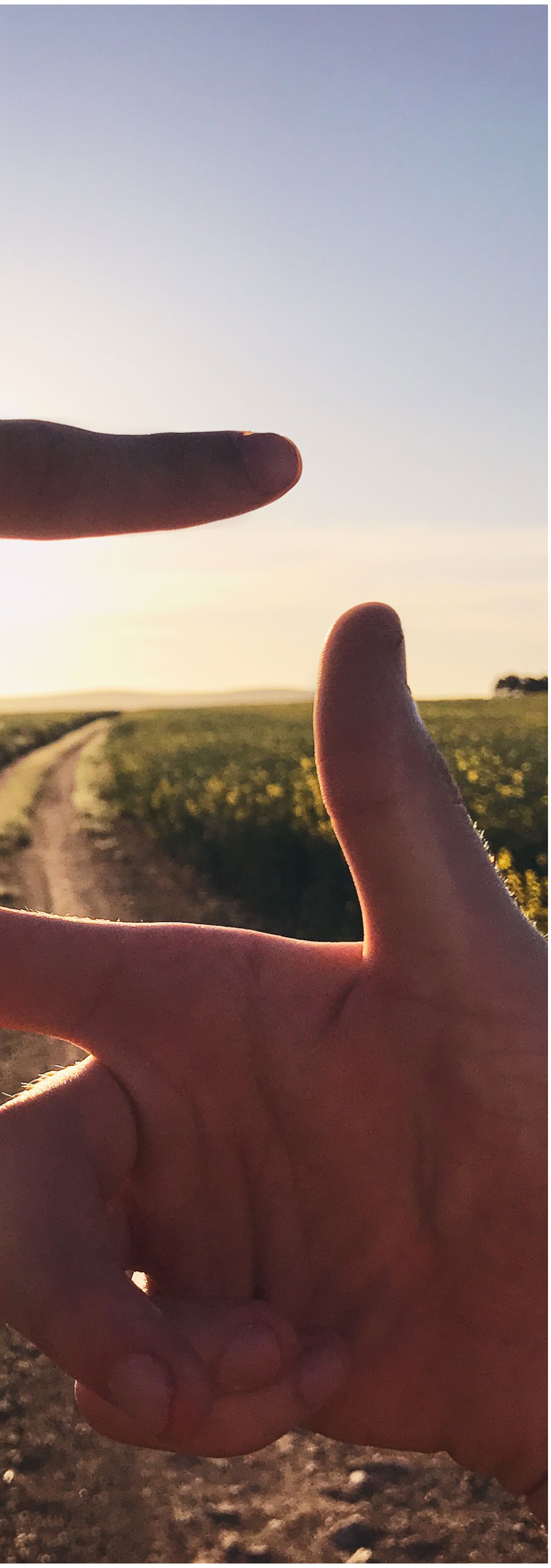
2. "What to watch as global ESG reporting standards take shape," *IFRS Foundation establishes the International Sustainability Standards Board*, EY, 11 November 2021.

When asked about external reporting, **73%** of finance leaders **say that external reporting will begin to provide forward-looking information in areas such as strategy, sustainability and how risks are being managed.**

However, while a majority of survey respondents are involved in ESG, only 38% say it is an area of high or significantly high involvement for them. These results suggest that finance leaders should take a more proactive approach to ESG reporting and lead from the front line.

In another survey, **71%** of finance leaders in the Middle East said that they backed mandating reporting of ESG performance against globally consistent standards.[3]

3. "How do you transform data into insight? Reframing finance talent and data analytics to enhance corporate and ESG reporting," *EY Eighth Global Corporate Reporting survey*, December 2021.



Action area

There are four main steps that finance leaders can take to advance the ESG journey:

- **Engage with key stakeholders to proactively understand their expectations of ESG performance.** Finance leaders should look at ESG strategy and reporting not only as a regulatory requirement but also as an opportunity to create value, manage ESG-related risks, and communicate ESG performance through reliable and trusted reporting. This will create more investor and stakeholder trust at a time where there is greater understanding that organizations with good ESG performance tend to perform better in the long term. Therefore, finance leaders should look to understand what their key stakeholders – such as investors, employees and customers – expect from their organization, and what ESG information is important to them.
- **Focus on the ESG topics that are material to the organization.** Finance leaders should work across the organization to understand what ESG topics should be prioritized, keeping in mind those that are relevant to strategy as well as the ESG-related risks that are most material to the organization. They should also consider including information about the ESG materiality assessment in external reports in order to demonstrate how ESG topics were prioritized.
- **Identify and report on relevant KPIs.** For the material topics, finance leaders should identify and seek to quantify KPIs to be reported, and establish effective processes to collect reliable ESG data and report on those KPIs. This will provide clarity to stakeholders on the organization's progress against ESG goals and over time. Aligning disclosures to an external sustainability reporting framework will further support relevance, objectivity and comparability.
- **Establish effective governance over nonfinancial reporting to build trust in ESG performance.** By drawing on the wealth of experience that finance teams already have in financial reporting processes and controls, finance teams can lead the governance and controls of nonfinancial reporting. Moreover, they can instill trust in nonfinancial reporting by seeking independent assurance over nonfinancial processes, controls and ESG reports.

3

Transforming finance with a focus on technology, data and analytics

Technology is a common enabler for value protection, optimization and creation.

Through improved data and analytics capabilities, finance leaders can transform forecasting and risk management, which are critical for **value protection**. New technology, such as automation, can also **optimize value** by improving process efficiencies across the organization while reducing operating costs.

Moreover, analytics-driven insights, such as those offered by new ERP generations, can help identify potential areas for cost reduction and **spending efficiencies** across the organization. Predictive analytics can provide the forward-looking insights that are necessary for strategy and **value creation**.

Percentage of finance leaders who say the following technology initiatives are a high priority for them:

80%	59%	43%
Implementing or optimizing the use of ERP	Advancing data and analytics capabilities	Advancing automation

Our experience working with MENA CFOs, as well as our survey results, suggest:

1. Finance systems are a priority, but there are challenges to overcome

In our survey, 80% of finance leaders are using ERP but need to overcome several challenges to fully unlock its potential, mainly:

- Optimizing use of ERP, such as by unlocking its full functionality – a challenge for 44% of finance leaders
- Fully aligning finance systems, as interfaces between systems continue to exist and require either manual or automated interventions – a challenge for 24% of finance leaders
- Using ERP in line with business requirements – a challenge for 12% of finance leaders

Action area

For finance leaders to maximize the potential of finance systems, there are four priorities to focus on:

- Aim to implement a unified finance system covering all divisions and business units across the organization
- Seek to automate end-to-end accounting and reporting cycles to enable straight-through processing
- Identify routine, repetitive manual activities not covered by ERP, and automate them through robotics for processing-related tasks, and AI for judgment-related tasks
- Where ERP has been implemented, perform a quality review of the ERP functionalities for alignment with business requirements

2. Data, analytics and AI are a priority, but should move from historical to forward-looking

Finance leaders recognize the need to advance data and analytics capabilities, with 59% of respondents saying that doing so is a high priority. However, they should look to evolve from reporting on historical data to providing forward-looking insights that can be available in real time.

Finance leaders are also aware of the ways that AI will contribute to value: by helping to drive compliance and identifying suspicious activities to combat fraud, by enabling process automation to reduce cost of finance, and by providing insights and analytics for strategic decision-making.

Percentage of finance leaders who say the following goals are high priorities that will drive use of AI in their function, now or in the future:

AI and value protection		AI and value optimization	AI and value creation
37% Driving compliance	48% Combating fraud	66% Driving cost effectiveness (for instance, through process automation)	63% Providing financial analyses and forecasts to drive strategy and growth

Yet, to unlock the potential of AI and advanced data and analytics, finance leaders should first address important roadblocks, mainly:

- Overcoming capacity and capability issues, such as large volumes of unstructured data or significant time spent on accessing data – a challenge for 62% of finance leaders
- Suboptimal data governance and management due to:
  - Informal, ad hoc approach to data – a challenge for 30% of finance leaders
  - Lack of data standardization, and use of multiple sources of data due to discrete applications – a challenge for 37% of finance leaders

Action area

We propose four priorities for finance leaders to capture the potential of AI, data and analytics:

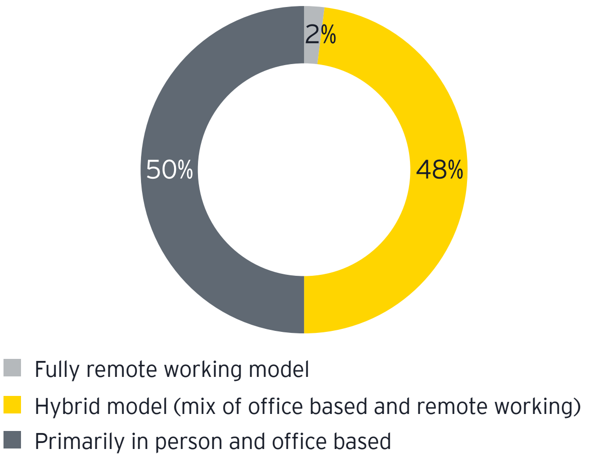
- Utilize advanced analytics and visualization techniques to convert large volumes of unstructured data into structured data that can be analyzed in real time
- Where multiple sources of data exist – and with different semantics and formats – leverage AI to reconcile data and create a single, coherent representation of the truth
- Establish a formal enterprise-wide, robust data governance and control framework
- Build algorithms that can gradually move data from historical views to predictive analytics and machine learning

3. New finance delivery models are required

Digital transformation was already underway prior to the pandemic, with automation, AI, new generation ERPs, the cloud and other technologies transforming finance. The COVID-19 outbreak has accelerated this adoption, as many finance teams were forced to move overnight to remote working.[4] Our survey results suggest that remote working will continue in the post-pandemic phase, with

50% of finance leaders who see that a hybrid or fully remote working model will be the dominant working practice in the future.

Q Thinking about your core finance team, what will be the dominant model for post-COVID-19 working practices in the future?



Action area

Hybrid working and technology create the business case for finance leaders to evolve the finance delivery model. Instead of delivering almost all activities locally or in house, finance functions will benefit by evolving to a more effective and efficient model that combines local and in-house capabilities with offshore and external capabilities.

Centers of excellence, shared services, managed services and outsourcing capabilities can provide flexible platforms that can be scaled and continuously structured in line with business requirements. They also unlock access to innovative technologies and methodologies that are difficult to acquire or develop in house.

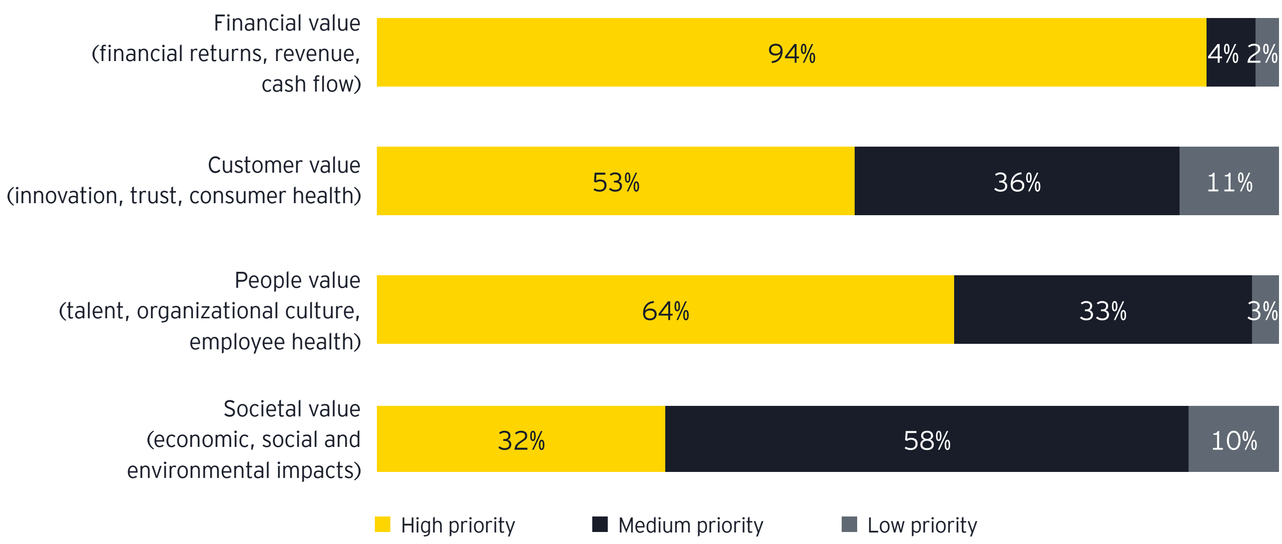
4. "As CFOs safeguard now, how can they reframe beyond?" *EY MENA Financial Accounting Advisory Services (FAAS) CFO survey*, EY, October 2020.

4

Redefining what long-term value means

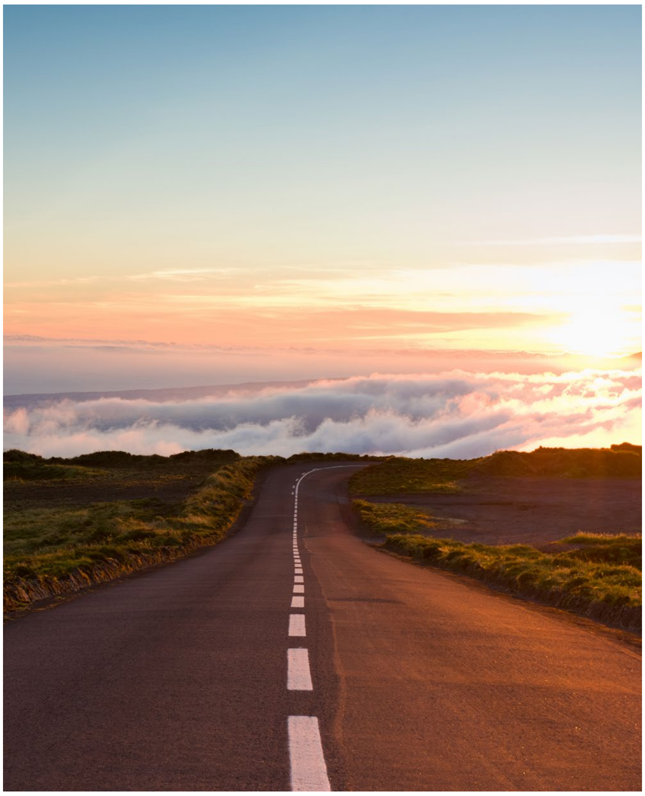
It comes as no surprise that for finance leaders, the financial dimension of value is the highest priority.

Q Thinking about the four pillars of long-term value, how much of a priority are the following in your opinion?



However, there is a pronounced imbalance between the priority that finance leaders assign to financial value compared with customer, people and societal value. For instance, while 94% of respondents consider financial value to be a high priority, only 32% feel the same about societal value. **These results suggest that finance teams should have more clarity about the definition of long-term value and what contributes to it.**

> Long-term value goes beyond financials, and investors recognize this. It is about sustainable and inclusive growth that benefits all stakeholders. That's the real bottom line, and finance functions will need to deliver it.



Finance leaders, therefore, will need to drive a mindset change within finance so value can be seen through the eyes of the stakeholders, rather than only the shareholders. To close this gap, organizations will need to have a more solid understanding of the different areas that contribute to their unique value in the long term, and define the nonfinancial KPIs to measure and report. Already, finance leaders recognize this need, with 60% of respondents saying that, in the coming three years, it will be a high priority to **identify the KPIs or metrics that are the greatest contributors to long-term value – including intangible value – and to put in place robust processes to report on them.**

Survey respondents also recognize the gap in value reporting:

60% of finance leaders say that there is significant value for their organization that is not communicated in external reporting, such as innovation, brand value and human capital.

72% say that, in the coming three years, external reporting will increasingly extend beyond financial and focus on the needs of a broader range of stakeholders, such as impact on the environment and measures of organizational health.

Action area

To drive a mindset change in the definition of long-term value, finance leaders should partner with other leaders of the business – chief commercial officers, chief HR officers, chief sustainability officers, corporate social responsibility leaders and other leaders in charge of customer, people and societal value – in order to:

- Establish a common understanding of the organization's value creation approach, as well as its key stakeholders and how each dimension of value – financial, customer, people and societal – contributes to long-term value
- Define a common way to drive, measure and evaluate enterprise value across each dimension
- Set and measure KPIs across each dimension and toward different stakeholders, and use them to guide business and investment decisions
- Connect the dots with ESG reporting to communicate the value creation process through reliable and trusted external reporting

Key takeaways

There are multiple takeaways for finance leaders to further protect, optimize and create value

Take a leading role in the ESG agenda

- Engage with key stakeholders to proactively understand their expectations of ESG performance
- Focus on the ESG topics that are material to the organization
- Identify and report on relevant KPIs; align disclosures to external sustainability reporting framework
- Establish effective governance over nonfinancial reporting to build trust in ESG performance

Transform finance with a focus on technology, data and analytics

Maximize the potential of ERP systems by:

- Aiming to implement a unified finance system covering all divisions and business units across the organization
- Seeking to automate end-to-end accounting and reporting cycles to enable straight-through processing
- Identify routine, repetitive manual activities not covered by ERP, and automate them through robotics for processing-related tasks, and AI for judgment-related tasks
- Performing a quality review of ERP functionalities to enhance and align them with business requirements

Advance data and analytics by:

- Deploying advanced analytics and visualization techniques to convert large volumes of unstructured data into structured data that can be analyzed
- Where multiple sources of data exist – and with different semantics and formats – leverage AI to reconcile data and create a single, coherent representation of the truth
- Establishing a formal enterprise-wide, robust data governance and control framework
- Developing algorithms to gradually move from historical views of data to predictive analytics and machine learning

Evolve the finance delivery model to comprise a mix of local and in-house capabilities, centers of excellence and shared services, as well as outsourcing and managed services

Redefine what long-term value means and the role that finance can play

Partner with other leaders of the business to:

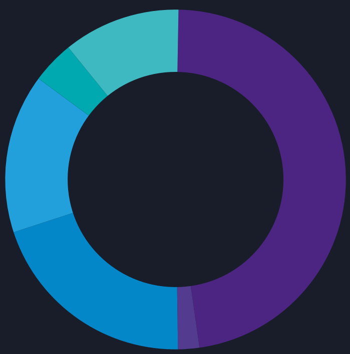
- Establish a common understanding of the organization's value creation approach, as well as its key stakeholders and how each dimension of value – financial, customer, people and societal – contributes to long-term value
- Define a common way to drive, measure and evaluate value across each dimension
- Set and measure KPIs across each dimension and toward different stakeholders, and use them to guide business and investment decisions
- Connect the dots with ESG reporting to communicate the value creation process through reliable and trusted external reporting

About the survey

> We surveyed more than 120 CFOs, C-level executives and finance professionals of Middle East organizations to understand how they are balancing the different aspects of their roles, and their perspectives on technology, external reporting and ESG matters.

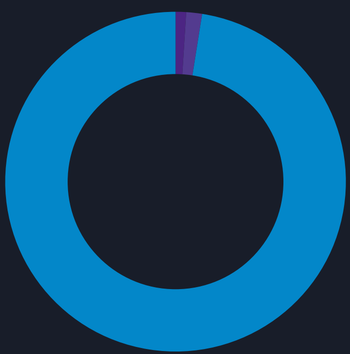
Profiling questions

Respondent profile



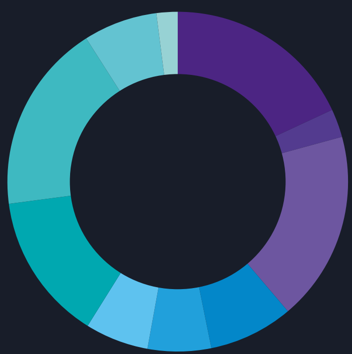
- 47% CFO
- 2% Chief executive officer
- 20% Finance director or vice president of finance department
- 15% Financial controller
- 4% Other C-level executives
- 11% Other finance professionals

Organization headquarters



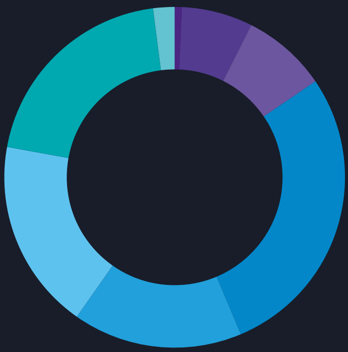
- 1% Asia-Pacific
- 1.5% Europe
- 97.5% Middle East

Finance function location



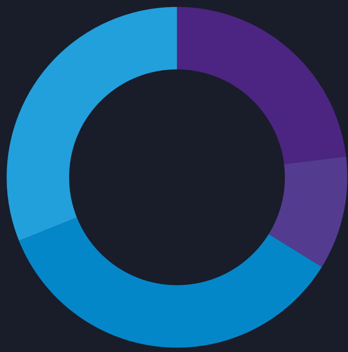
- 18% Bahrain
- 3% Jordan
- 18% KSA
- 8% Kuwait
- 6% Lebanon
- 6% Oman
- 15% Palestine
- 18% Qatar
- 7% UAE
- 2% Others

Organization size



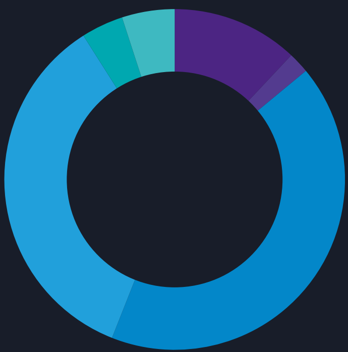
- 1%
  More than 50,000 employees
- 7%
  10,001-50,000 employees
- 8%
  5,001-10,000 employees
- 28%
  1,001-5,000 employees
- 16%
  501-1,000 employees
- 18%
  101-500 employees
- 20%
  Up to 100 employees
- 2%
  Don't know/prefer not to answer

Finance function size



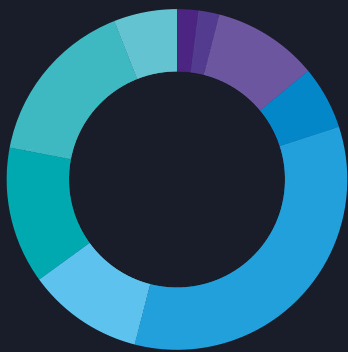
- 23%
  >50 employees
- 11%
  30-50 employees
- 35%
  10-30 employees
- 31%
  <10 employees

Ownership structure



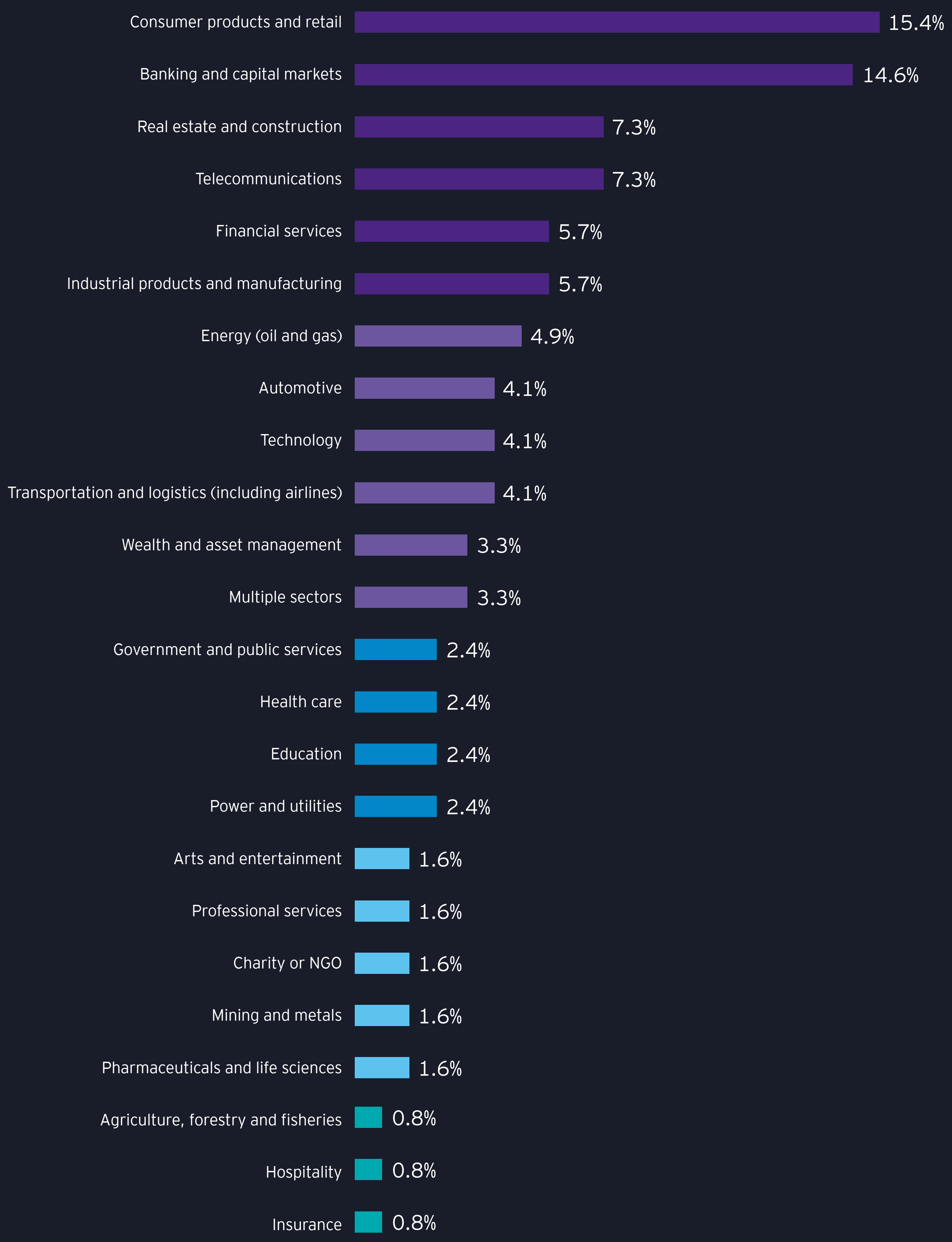
- 15%
  Government/state-owned enterprise
- 2%
  Partnership or sole trade
- 45%
  Privately owned company
- 35%
  Publicly traded company
- 4%
  Not-for-profit

Revenues during the last fiscal year



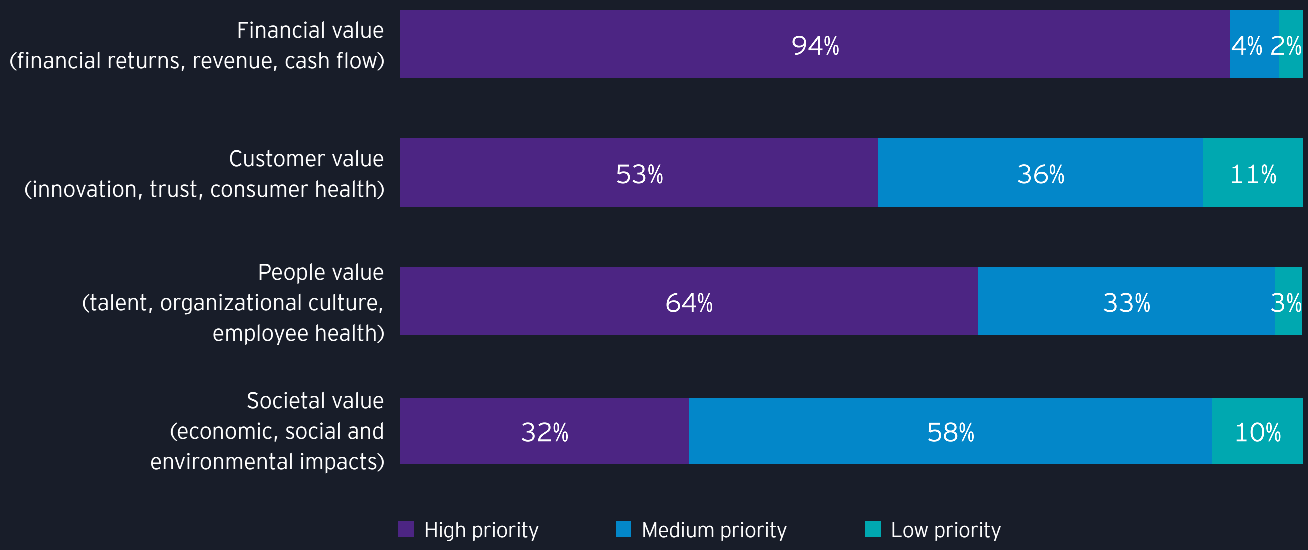
- 2%
  US$10b to < US$50b
- 2%
  US$5b to < US$10b
- 10%
  US$1b to < US$5b
- 6%
  US$500m to < US$1b
- 34%
  US$100m to < US$500m
- 11%
  US$50m to < US$100m
- 13%
  US$10m to < US$50m
- 16%
  < US$10m
- 6%
  Don't know/prefer not to respond

Organization sector



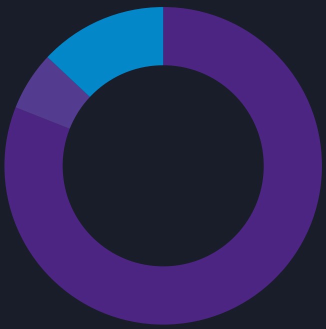
Your priorities

Thinking about the four pillars of long-term value, how much of a priority are the following on your agenda?



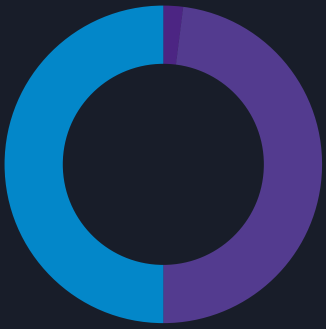
Your finance organization

Which of the following best describes your finance organization?



- 81%
  All, or almost all, finance activities are delivered locally or in-house
- 6%
  Certain transactional activities are centralized, outsourced or offshored to manage costs (accounts payable, accounts receivable, order to cash, etc.)
- 13%
  The finance organization is a combination of group functions, centers of excellence, and outsourcing and local capabilities

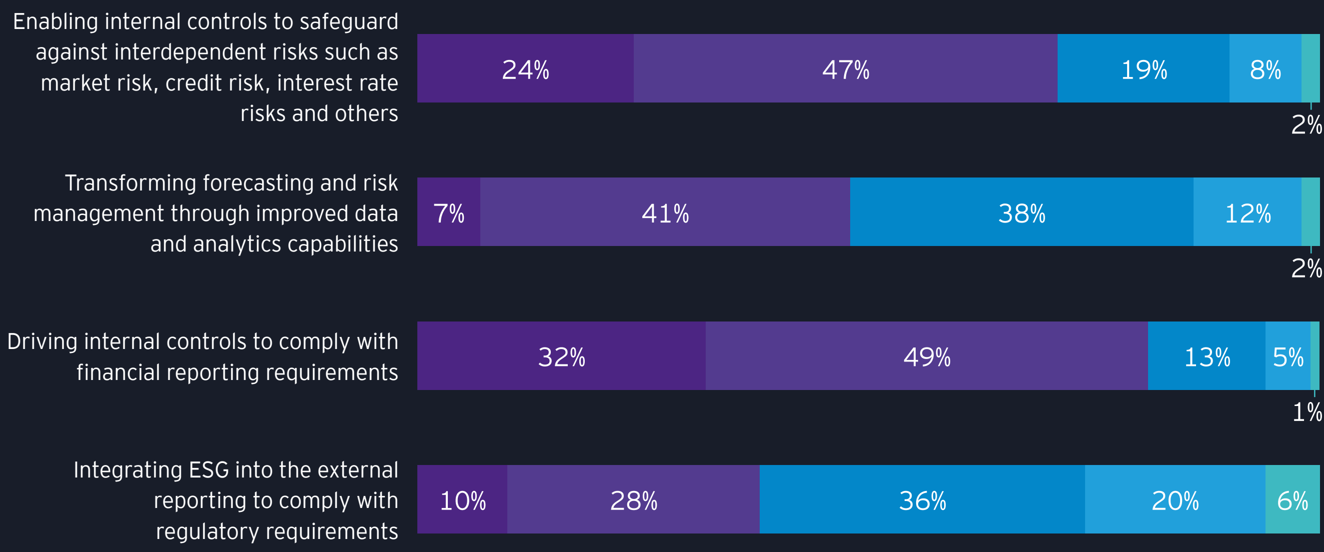
Thinking about your core finance team, what will be the dominant model for post-COVID-19 working practices in the future?



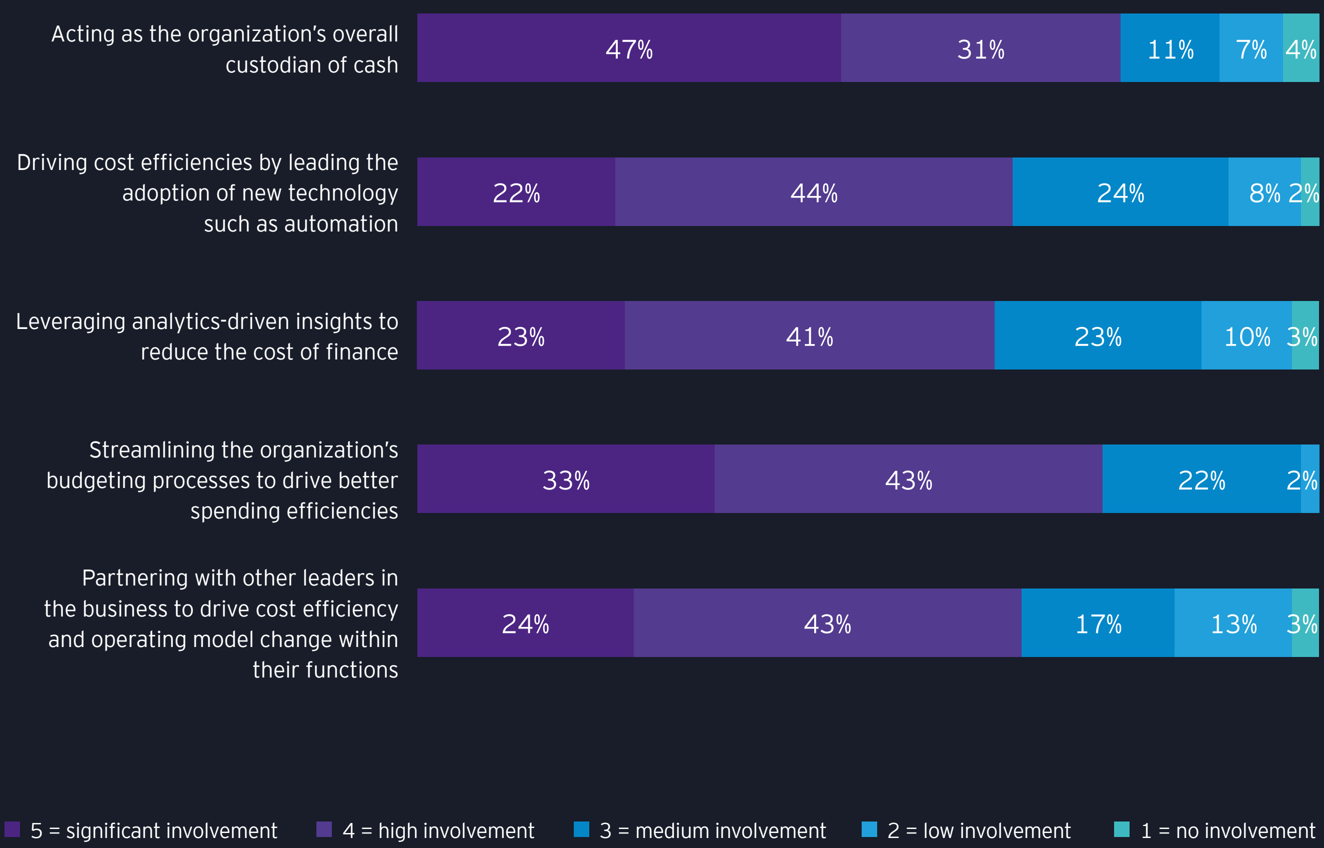
- 2%
  Fully remote working model
- 48%
  Hybrid model (mix of office-based and remote working)
- 50%
  Primarily in-person and office-based

The role of finance

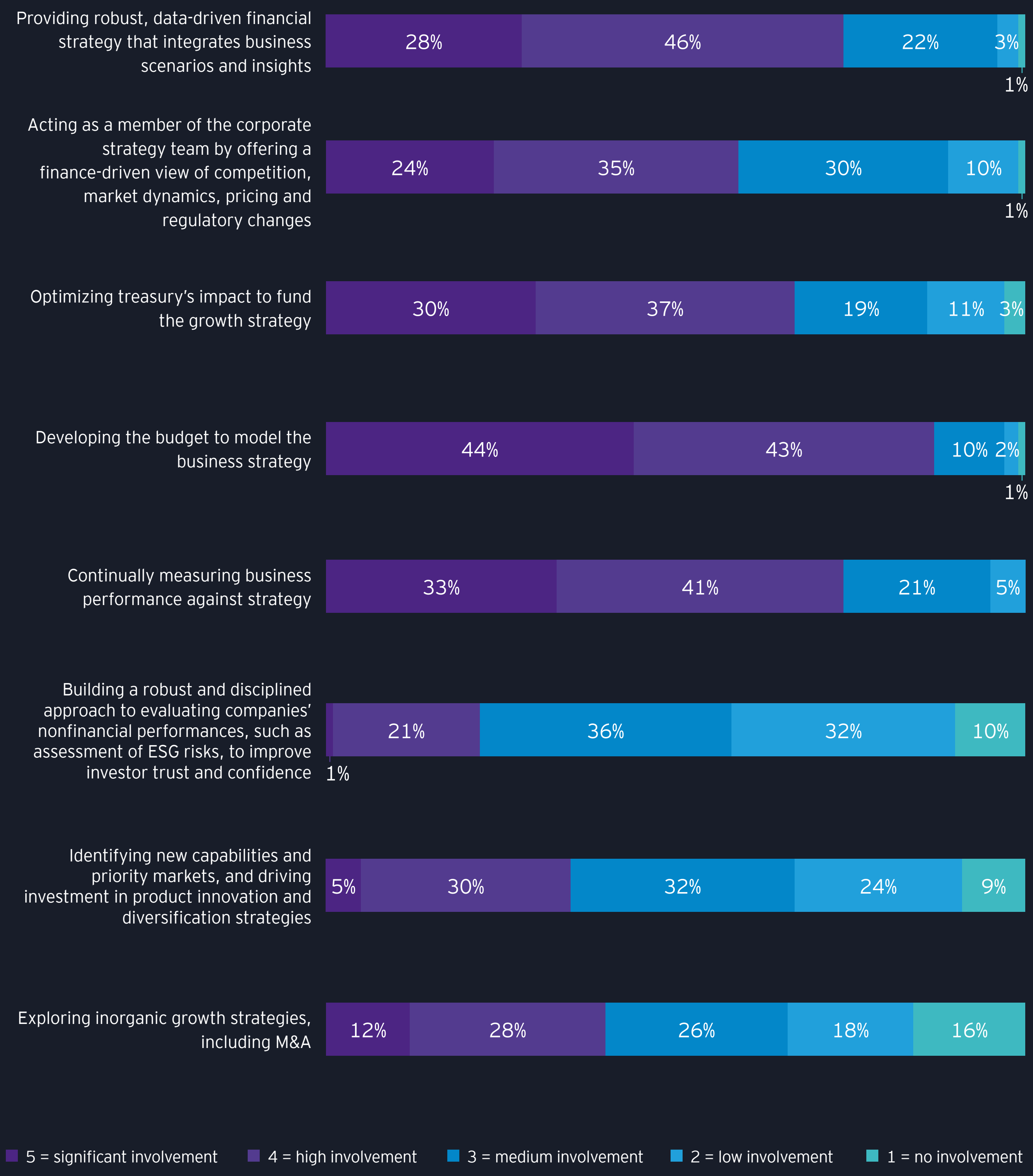
In your organization, how is the finance function involved in compliance and risk management activities?



In your organization, how is the finance function involved in cost management activities?

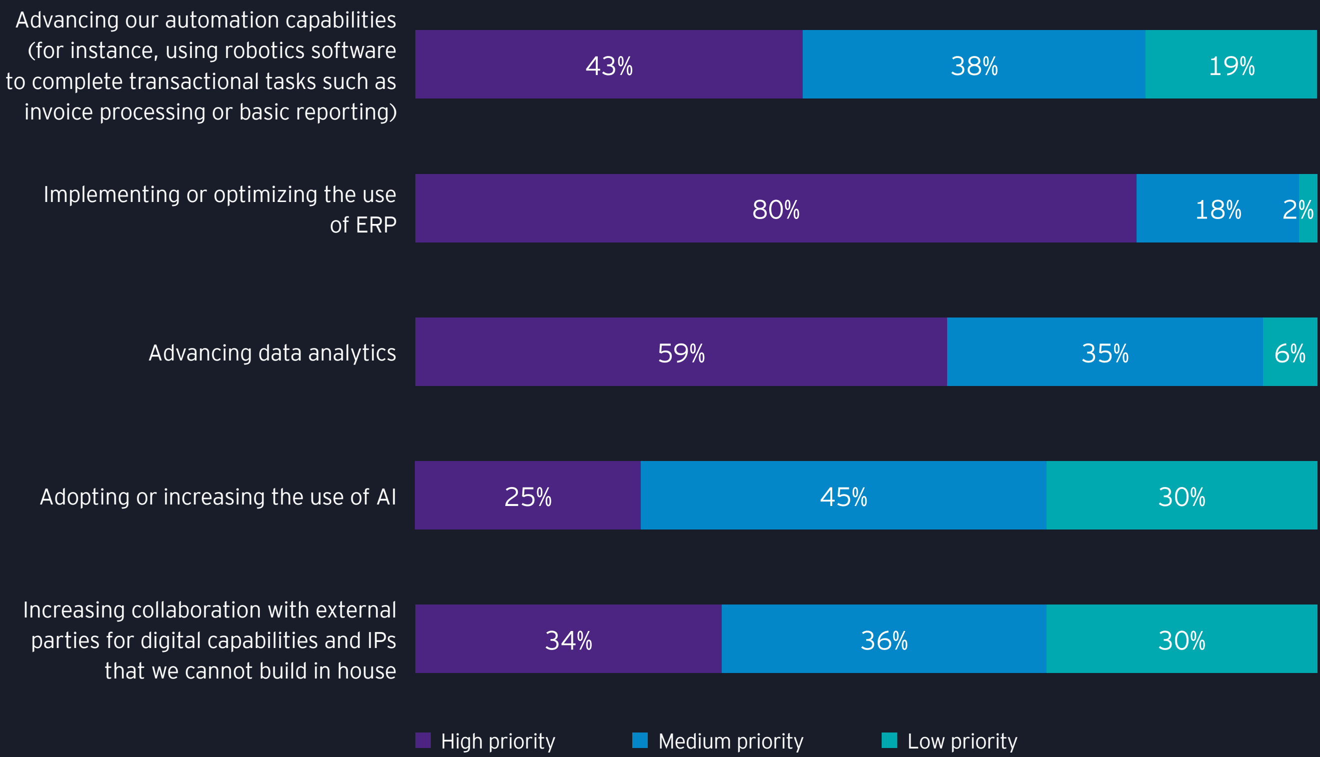


In your organization, how is the finance function involved in the overall strategy? Please answer by rating the following based on your involvement in each of them:

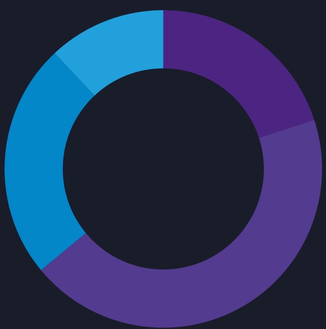


Your digitalization agenda

Thinking about your approach to digitalization in finance, please indicate how much the following will be a priority over the next two years:



Thinking about your finance systems, which of the following best describes your adoption of ERP?



20%
We are using legacy technology platforms

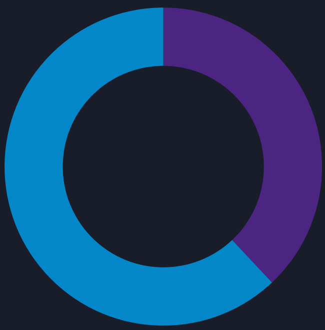
44%
We have deployed ERP and are on a journey to optimize its use

24%
We have deployed ERP; however, our finance systems have yet to be fully aligned – interfaces between systems require either manual or automated interventions

12%
We have deployed ERP, but are facing challenges in using it in line with business requirements

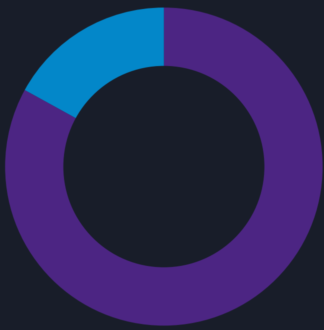
Which of the following best describes your use of data?

Data analytics capabilities



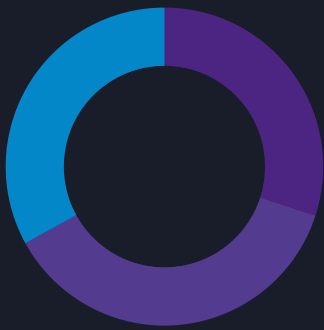
- 38%
  Finance uses advanced techniques for data gathering and visualization, and is able to use big data
- 62%
  The use of data analytics in finance is limited because of capacity and capability issues (such as large volumes of unstructured data or significant time spent on accessing data)

Historical vs. forward looking



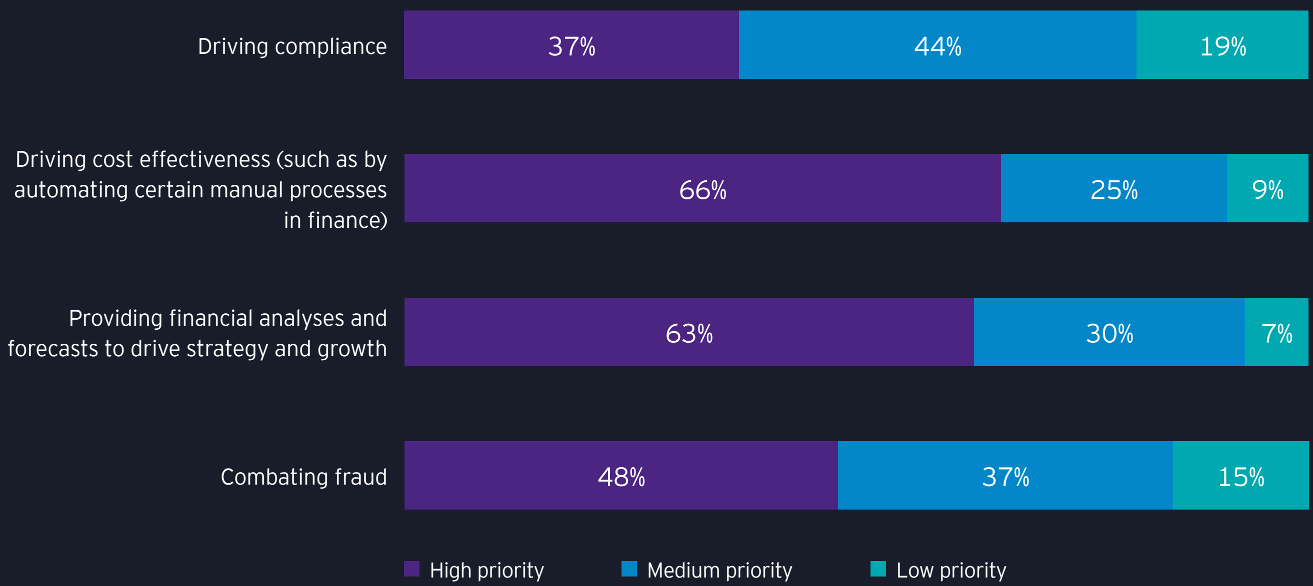
- 17%
  Analytics are being used mainly to report historical views of data, with some use in "what if" scenario
- 83%
  Finance uses predictive analytics and machine learning

Data governance and management



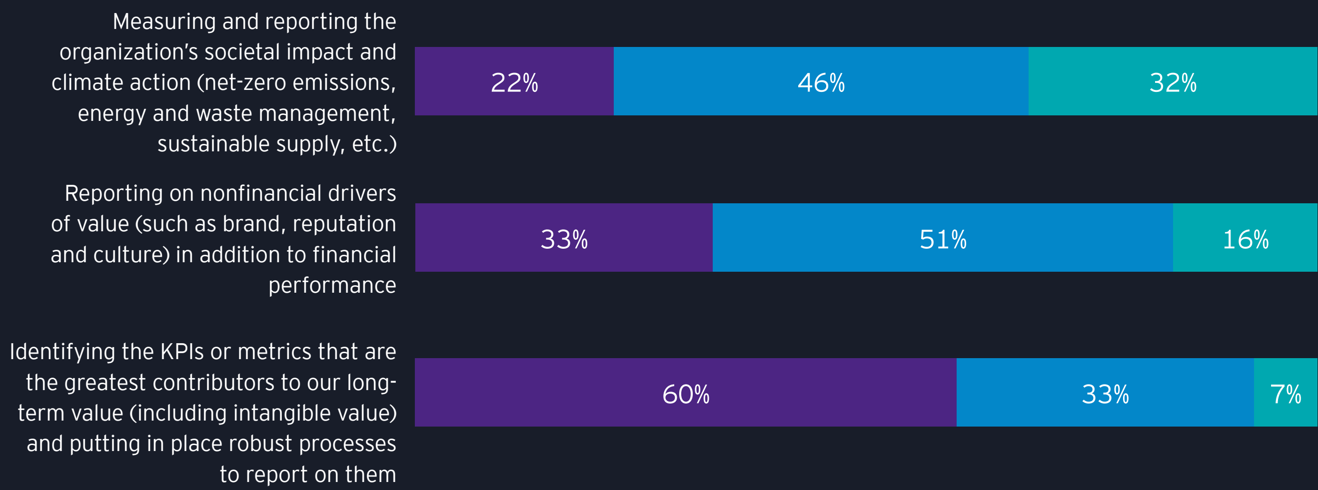
- 30%
  The approach to data governance and management is informal; data requirements are designed on an ad hoc basis
- 37%
  There is a formal approach to data governance and management; data requirements are designed for discrete applications
- 33%
  There is a formal approach to data governance and management; data requirements are designed formally, either at divisional level, or as part of an enterprise-wide or group-wide framework

Thinking about AI, please rank the following as priorities driving its use in your finance function — now or in the future:

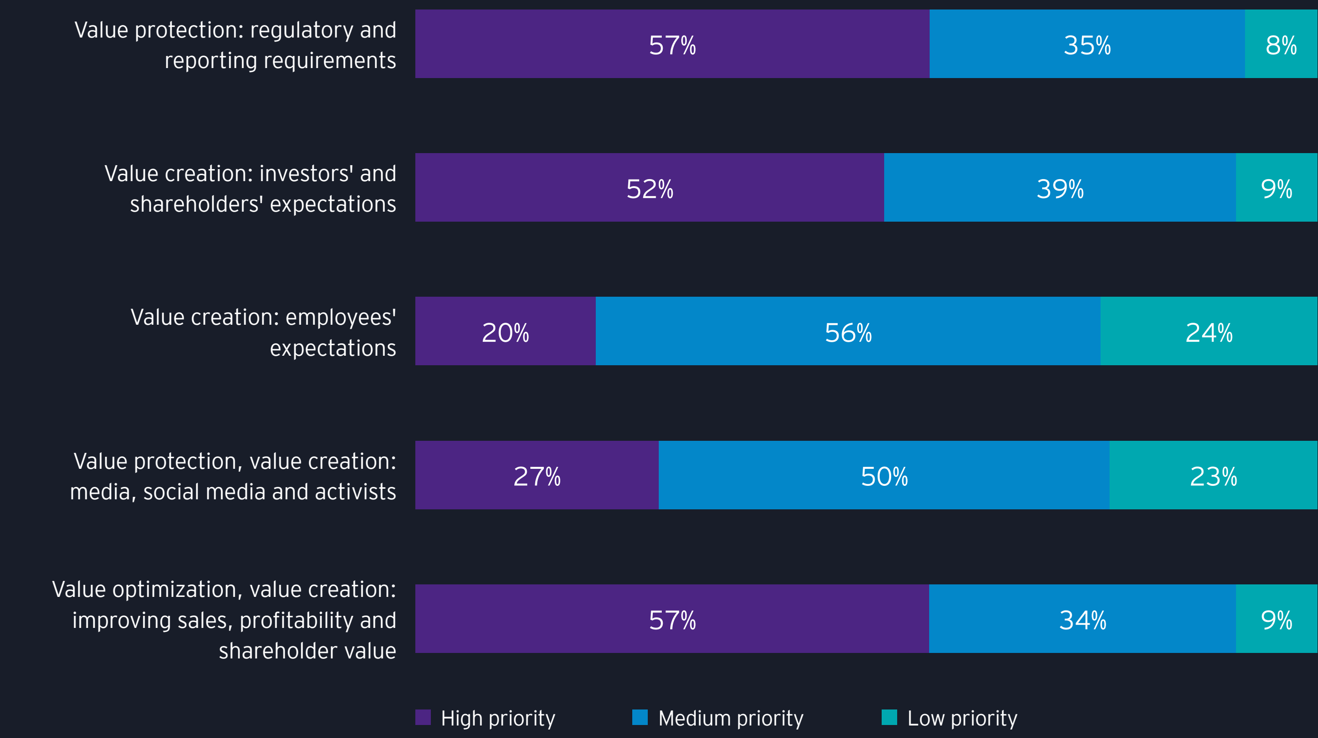


Your ESG agenda

Please rate the following as priorities over the next three years:



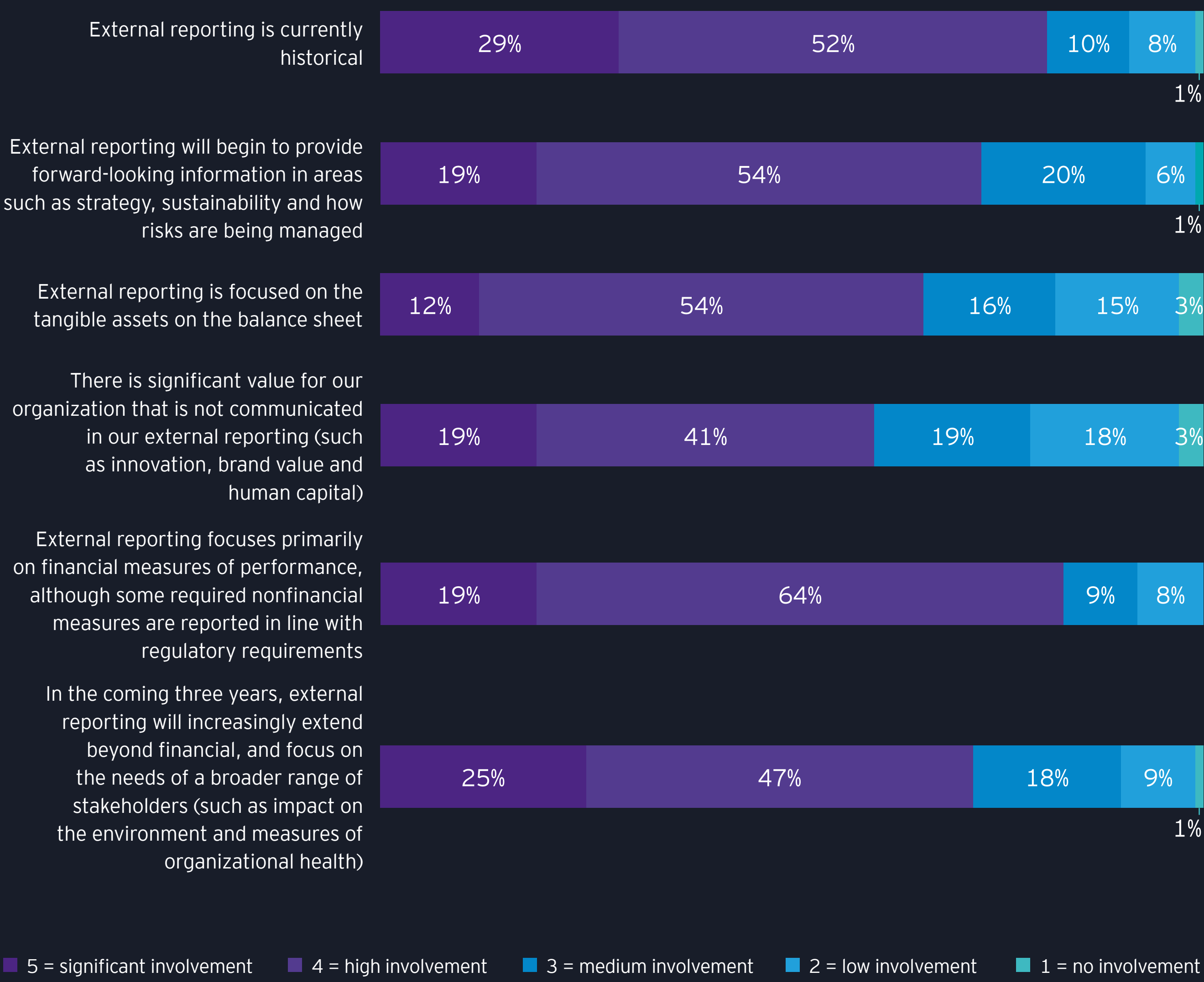
In your opinion, how much will the following trends impact your organization's move toward nonfinancial reporting (such as ESG)?



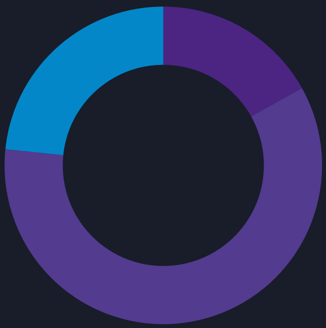
Which of the following best describes your organization's maturity on the ESG agenda?

External reporting

Thinking about your external reporting, to what extent do you agree with the following?

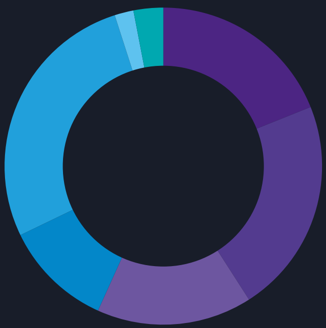


In your organization, how would you rate the level of awareness about the national and regional regulations related to ESG disclosures?



- 17%
Well-established awareness of the regulations
- 60%
Developing awareness of the regulations
- 23%
No awareness

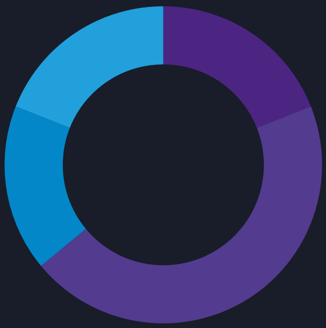
How do you report externally on your nonfinancial performance?



- 19%
We do not report on nonfinancial performance to our external stakeholders
- 16%
Social media channels
- 27%
Annual report
- 3%
Integrated report
- 22%
Corporate website
- 11%
Corporate social responsibility (CSR) report or ESG/sustainability report
- 2%
Sustainability Accounting Standards Board indicators

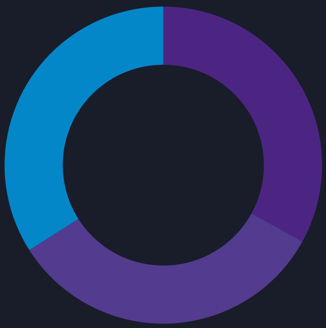
Internal reporting

Which of the following best describes your internal reporting? (Metrics reported)



- 19%
Our internal reports are based on a few important metrics that are formally considered as relevant to decision-making/strategy
- 17%
Our internal reports are based on metrics that are informally considered as relevant to decision-making/strategy
- 45%
Our internal reports are based on a high number of metrics that are formally considered as relevant to decision-making/strategy
- 19%
Our internal reports are primarily based on the available metrics

Which of the following best describes your internal reporting? (Accuracy)



- 33%
Internal reporting will need to evolve significantly to provide an accurate reflection of our organization
- 33%
Internal reporting will need to evolve to a moderate extent to provide an accurate reflection of our organization
- 34%
Internal reporting will need to evolve to a minor extent to provide an accurate reflection of our organization

Contacts

Contact us for a conversation about your priorities

Khurram Mian
EY MENA Assurance Leader
khurram.mian@ae.ey.com

Omar Odeh
EY MENA Financial Accounting Advisory Services (FAAS) Leader
omar.odeh@sa.ey.com

EY MENA FAAS sector leaders

Marco Abouzahr
Government & Public Sector
marco.abouzahr@sa.ey.com

Zahid Ali
Energy
zahid.ali@ae.ey.com

Pradip Surana
Financial Services
pradip.surana@ae.ey.com

Aftab Baddi
Telecommunications, Media & Technology
aftab.baddi@ae.ey.com

Ramsy Qaqish
Real Estate, Hospitality & Constructions
ramsyfarah.qaqish@sa.ey.com

Kashif Choudhry
Consumer Products & Retail
kashif.choudhry@sa.ey.com

EY MENA FAAS solution leaders

Ramsy Qaqish
Finance Transformation
ramsyfarah.qaqish@sa.ey.com

Yasir Ahmad
Climate Change and Sustainability Services
yasir.ahmad@ae.ey.com

Gopal Sharma
Financial Applications, Processes & Analytics (FAPA)
gopal.sharma@sa.ey.com

For more information about this survey, please contact:

Diane Harfouche
EY MENA Assurance Market Activation Leader
diane.harfouche@sa.ey.com

EY | Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

The MENA practice of EY has been operating in the region since 1923. For over 98 years, we have grown to over 7,500 people united across 26 offices and 15 countries, sharing the same values and an unwavering commitment to quality. As an organization, we continue to develop outstanding leaders who deliver exceptional services to our clients and who contribute to our communities. We are proud of our accomplishments over the years, reaffirming our position as the largest and most established professional services organization in the region.

EYG no. EYG no. 004112-22Gbl
ED None

ey.com