

Staying *in control*

Having joined Cisco in 2000, Prat Bhatt has been part of the leadership team that has been driving the transformation of the finance function. The tech giant's Chief Accounting Officer tells *Roshan McArthur* how those changes have affected his team.

Prat Bhatt was invited to join Cisco at the height of the dotcom boom. At that point, the Silicon Valley-based technology company was the most valuable in the world, with a market capitalization of \$US500b. It was an irresistible offer to join an industry-leading finance function. He thought he would try it for a few years, learn about Cisco's innovative financial practices and then move on to the next challenge.

Seventeen years later, Bhatt is the Senior Vice President of Finance, Corporate Controller and Chief Accounting Officer, with global responsibility for accounting, external financial reporting and controls. And he can't imagine doing anything else.

We spoke to Bhatt and asked him to share his experiences and insights on emerging trends in the finance function.

Q: WHAT HAS BEEN THE HIGHLIGHT OF YOUR CAREER SO FAR?

A: Becoming Corporate Controller of Cisco. It was the culmination of many, many years of preparation in public accounting, private industry and many other professional activities. It's a job I'm really proud of.

I've also been extremely fortunate that I've always worked for outstanding bosses who are great leaders, not just great accountants. Each of them imparted skills, approaches, capabilities and ways of thinking that have expanded my own toolbox.

Q: WHAT ARE YOUR KEY ROLES AT CISCO?

A: In a company of this scale and complexity, there's a clear expectation that it's not enough just to be a good accountant. You have to work to solve business problems, and our CFO, Kelly Kramer, expects all of us in the finance organization to do exactly that.

I've got two aspects to my role: one, the core accounting and the foundational requirements, and two, solving business issues. The latter requires you to sit side by side with sales, engineering and operations, and to collaborate much more closely on broader issues. It's not just about getting the numbers right – that's the basic price of admission. It's about working to address business needs.



Q: WHERE IS THE FINANCE FUNCTION NOW PLAYING A GREATER ROLE?

A: The accounting team is typically one of the larger organizations in the finance function, so we have the people power. In addition, we have access to actionable data. So, if we can get our teams to think more broadly and take advantage of that data to drive business results, then we can be a big lever to bring about change.

Finance's foundational responsibility is to bring the core data to the table, so you can have the conversations – often difficult ones – around challenging business strategy, and then help to drive successful business outcomes.

Q: WHAT DOES THAT MEAN FOR TALENT AND SKILLSETS?

A: I want extremely strong accounting and controls people, without question. Years ago, that was enough. And then it became: I want good accounting people who understand the business. Today, it's more than that. It's having extremely

good accounting people who not only understand the business, but can also drive business dialogue and bring about change.

That's tough. Financial people, especially accountants, are often reticent to step into that leadership role. We work hard to encourage and equip the team to develop leadership capabilities so that they can step up to that challenge.

Q: WHAT EFFECT IS TECHNOLOGY HAVING ON THE FINANCE FUNCTION?

A: We've been investing heavily in technology and automation over many years to get our financial systems to where they need to be. They now give us more sophisticated, detailed analysis of our financial results, as well as data to inform our planning and outlooks.

Increasing the amount of automation improves productivity and, hopefully, creates more fulfilling experiences, with people doing less compilation work and more value-added analysis to drive more intelligent decision-making.

You also have to be very thoughtful about where you have people around the world – your organizational design, and the leveraging of centers of excellence and shared services – and carry out activity-based analysis of workloads.

Q: ARE THERE SPECIFIC CHALLENGES TO WORKING IN THE TECHNOLOGY SECTOR?

A: As a tech company, you have to support innovation. It's happening faster than ever, so you've got to keep pace, and that's a constant challenge. It's not just getting the work in front of you done; it's about thinking six months, one year, several years ahead so that you can keep pace with innovation and take advantage of it.

Q: HOW DO YOU VIEW THE CONCEPT OF REPORTING LONG-TERM VALUE TO YOUR SHAREHOLDERS?

A: Long-term shareholder return is ultimately what we're here for. In the past, the CEO and the CFO were the ones who truly understood shareholder value. Today, we deliver lots of training with the concept of long-term shareholder value embedded so that the entire organization gets it. That's absolutely critical.

Q: HOW MUCH OF A CHALLENGE DO THE ONGOING CHANGES IN ACCOUNTING AND DISCLOSURE STANDARDS POSE FOR YOU AND YOUR TEAM?

A: I've been in this profession for nearly 30 years, and I've never experienced a period of time where there was as much accounting and auditing change

PROFILE

Prat Bhatt is Cisco's Senior Vice President of Finance, Corporate Controller and Chief Accounting Officer. In the latter role, he is responsible for all Cisco's accounting, external financial reporting and financial controls, covering all the countries in which Cisco conducts business. Before joining Cisco, he worked for Kaiser Permanente as Director of Financial Operational Services and for EY in the audit service. He holds a master's degree in accounting from the University of Southern California and a bachelor's degree in economics from the University of California, Santa Cruz. He is currently a member of the Standing Advisory Group of the Public Company Accounting Oversight Board. He is a former member of the Financial Accounting Standards Advisory Council, a former chair of Financial Executives International and a member of its Committee on Corporate Reporting.

as we have today. The revenue standard, the leasing standard, financial instruments – I could go on.

In a large, complex organization, it's not just about an accounting change. First and foremost, what are the impacts on the business? We have to spend time discussing the changes with business leaders, educating them, thinking through the business implications and, of course, the systems, the processes and the people impacts.

Q: WHAT ARE YOUR IMMEDIATE GOALS?

A: We're going through a major company transformation – introducing a lot more software, different business models, and subscription-based offers. That's a substantial shift for a company of our size, and I want to make sure each member of my team is there to do their part. We need to think very broadly, outside of our silos. We need to be giving business insights relative to the areas that the company wants to expand in. We also need to be good risk managers and lead change.

Q: WHAT KEEPS YOU AWAKE AT NIGHT?

A: Juggling all these priorities – constantly prioritizing and reprioritizing. There are lots of situations when I'm really busy and put in a long day, but if I don't think I've made a single business improvement, then I haven't fully done my job. It's about making sure that I'm focused on the right things and driving business value. I don't sleep that much, actually. ■

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