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Is digital culture
the key to
unlocking finance
transformation?



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About the research

More than 160 finance leaders of large organizations were surveyed from June to August 2020 for their views on building a digital culture as the key to unlock innovation and transformation within the organization, including the challenges and key initiatives taken to achieve this.

Foreword

In the *EY sixth global corporate reporting survey*, culture is an issue that has been brought up and discussed extensively. This reflects how finance leaders are increasingly recognizing the importance of culture within their finance function and how having the right culture not only protects the organization but brings greater value to it.

Resistance to change and cultural barriers entrenched in the organization are major impediments to innovation. With emerging digital technologies affording organizations the ability to innovate with speed and scale, organizations that do not have a strong digital culture risk losing the agility to capitalize on opportunities to transform and grow. The business truism “culture trumps strategy” gains renewed relevance in today’s disrupted business environment. While the corporate strategy may address the immediate disruptions and the actions needed to drive growth, a strong digital culture must be present to enable finance leaders to materialize the value of digital transformation.

For any organization to be resilient and successful, it is important that the finance function is agile, intelligent and future-ready. Finance teams sit at the intersection of different functions across the organization. With the benefit of an end-to-end view of the business, they play a strategic and unique role in serving as a business partner. As such, having the right digital culture to drive the effective leverage of technology to enable the business becomes an important imperative.

As highlighted in the ACCA-EY report, *Meaningful work for the digital professional: roadmap beyond the pandemic*, for digital transformation to be successful, it is important for finance teams to not only understand the technology development environment, but also culture and work behaviors. We believe that culture is a priority for business leaders and hence it will be valuable to conduct an in-depth study on how organizations can build a digital culture in the finance function to unlock innovation and drive transformation.

Ronald Wong
Singapore Financial Accounting Advisory
Services Leader and Partner,
Ernst & Young LLP

James Lee
Chairman
ACCA Smart Finance Sub-Committee

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Executive summary

Digital transformation dominates business discussions from headlines to boardrooms. Finance leaders are constantly rethinking the role that technology plays and how each solution and tool interrelate to support the entire organization. Recognizing that digital transformation matters is an important first step but understanding how to successfully plan and execute it is critical.

Impactful digital transformation is never simply about adopting the latest and best in technology. A critical component is people. More than 90% of survey respondents view people as a crucial element in driving and transforming finance teams in terms of adopting digital technologies. This is where culture plays a part. Culture is how people, individually or as a group, work – how flexible and agile they are and how much autonomy they have. These are the elements of culture that define the ways in which employees go about their daily routine.

In a finance function, finance leaders are the curators of culture. They are responsible for nurturing a space where different elements can coexist and thrive together. In the digital age, this also means fostering conducive conditions that facilitate the use of technology at work. Modern workers have an abundance of technology at their fingertips, but availability of technology alone does not necessarily translate into benefits for the organization.

More than

90%

of survey respondents view people as a crucial element in driving and transforming finance teams in terms of adopting digital technologies.

To ensure that technology truly empowers people to find new and better ways of doing things to deliver greater value, every finance function needs a strong digital culture. A vast majority of the survey respondents agree that having a strong digital culture can greatly accelerate innovation and ensure a successful transformation.

Digital culture can be understood as the collective mindsets, attitudes and behavior of a group towards embracing digital technology advancement and how they respond to or influence one another when facing digital disruption.

Digital culture has four main elements, namely organizational structure; people; strategy, processes and policies; and technology. When all these elements are in place and working successfully in tandem, it actuates a strong digital culture.

Employees in finance functions with a strong digital culture feel productive because conducive conditions are in place to help them understand technologies and acquire the relevant skills to use solutions that enhance work effectiveness and efficiency. The right digital culture can also nurture employee engagement, leading to higher-quality work, more satisfied employees and generally better business outcomes.

Despite the importance of a digital culture in finance functions, more than half of the finance leaders surveyed recognize that there is still a considerable gap between the current and desired digital culture to drive digital innovation. As such, there is an opportunity for finance leaders to take a structured and balanced approach to bridge this gap and improve digital culture in their finance organization.

Finance leaders can enhance their digital culture by taking the following actions to drive the four elements of digital culture.

Digital culture

Four main elements

Call to action ▾

1

Organizational structure

Anchor the influence of the finance function

- ▶ Expand the role of the function such that it goes beyond pure compliance and reporting of finance-related data
- ▶ Act as a catalyst to drive the application of digital technologies in business processes outside of core finance
- ▶ Position finance as an invaluable business partner

Simplify structure for agility

- ▶ Consider flattening the hierarchy within the finance function to facilitate more direct and faster feedback and suggestions

2

People

Design a future-fit operating model

- ▶ Focus less on generating reports and information, and more on using the available data to help support decision-making
- ▶ Establish the right appropriate management approach and possibly rethink talent management strategy

Challenge the current skill sets of the finance talent

- ▶ Develop a finance-talent strategy (considering the required talent and skill sets) that complements digital transformation efforts

“

The right digital culture can also nurture employee engagement, leading to higher-quality work, more satisfied employees and generally better business outcomes.

Ronald Wong

Singapore Financial Accounting Advisory Services Leader and Partner
Ernst & Young LLP

3

Strategy, processes and policies

Reengineer finance processes

- ▶ Consider various levers such as process standardization and centralization to establish lean, effective and efficient finance processes

4

Technology

Develop greater understanding

- ▶ Assess the organization's current digital maturity as well as its key priorities and enterprise-wide digital budget and investments
- ▶ Understand key emerging and disruptive technologies

Challenge the norm

- ▶ Challenge assumptions and encourage experimentation while also managing the risks inherent in each technological innovation

Harness better data and analytics

- ▶ Have a clear data strategy
- ▶ Enhance capacity to extract insights from data
- ▶ Establish a data governance framework

Digital culture: a key driver of transformation

The pace of disruption in the business environment has accelerated over the last few years. Rapid technology advancement, among other factors, is driving disruption and digital transformation has become essential for businesses to grow and succeed.

The COVID-19 pandemic has further accelerated the need for digital transformation. Within a short period, the pandemic has changed the way finance functions operate, from leveraging technology to facilitate remote working to changing work habits to significantly automate manual processes.

New technologies bring new opportunities, yet not all finance digital transformations succeed. Many organizations do not fully recognize that digital success is not just about technology and that technology is merely an enabler. When it comes to adopting digital transformation, the organization's digital culture, which encompasses organizational structure; people; strategy, processes and policies; and technology, is the critical precursor to a successful digital transformation. About 78% of respondents agree that successful digital innovation should not focus solely on the technology deployed.

Why a strong digital culture is important

Culture is often viewed as the underlying beliefs, assumptions, values, norms, habits, symbols, and language that define and characterize a group (Kamath, 2019)¹. Digital culture can be understood as the collective mindsets, attitudes and behaviors of a group towards embracing digital technology and disruption.

Research conducted by Gartner found that over 70% of finance transformation initiatives fail to deliver the expected benefits (Gartner, 2019)². A key factor is the leadership's inability to foster a culture that supports the organization's digital strategy and to align the digital strategy with the organization's strategy. Building and sustaining a culture is an enduring and continuous endeavor. It takes time to shift an existing value system in favor of a new or improved one, especially with an existing and long-serving workforce.

1 "What is digital culture and why it should matter to you," Kamath, S., May 2019, *Knolskape*, <https://www.knolskape.com/blog-what-is-digital-culture/>, accessed 18 November 2020

2 *Hallmarks of winning finance transformations*, Gartner, 2019



Based on the survey that we have conducted, almost all finance leaders (94%) agree that having a strong digital culture with clear strategies is what sets successful digital transformations apart. This indicates that finance leaders are clear that a strong digital culture is instrumental to:

Unlocking the value of innovation and transformation

83%

say "a corporate culture that fears or is averse to risk-taking will lower the degree of innovation undertaken"

Protecting the value of innovation and transformation

93%

say "a digital transformation strategy without a strong culture to support it is a significant threat to the value of the transformation strategy"

A leader's perspective

It is not digital transformation without a digital culture

Digital transformation requires instilling a culture that supports change while enabling the company's overarching strategy. Companies can buy and deploy any technology, but without a corresponding innovative and digital culture to support effective adoption, the value of the technology will not be actualized.

Gabriel Low, FCCA
CFO and CIO (APAC)
Theben Asia Pte. Ltd.

Current state of digital culture

Finance leaders acknowledge that culture plays an imperative role in encouraging innovation and driving digital transformation. However, having a strong digital culture within finance teams is currently not the norm.

Many feel that more can be done to improve the current culture. More than three-quarters of the respondents (78%) agree that the culture of their finance teams needs to change if they are to continually engage in digital innovation and consistently seek process improvements through technology. More than half of the finance leaders see a digital culture gap between their finance teams and those of other organizations with very mature digital technologies and capabilities.

The lack of a strong digital culture can be attributed to various reasons:

- ▶ Resistance to change within finance teams, which prefer the predictability of the status quo – 58% of the respondents agree that finance personnel tend to focus on current ways of execution rather than identify areas of improvement for digital transformation.
- ▶ Low risk appetite and fear of failure: less than half of the respondents (38%) agree that they have a culture in finance that promotes risk-taking and accepts a certain degree of failure associated with risk-taking.

The above barriers may create the risk of the finance function being marginalized if it does not respond to new ways of working. Building a strong digital culture requires a considered and balanced approach. After all, culture, being intangible and manifested in the behavior of every individual, is often hard to define and measure, let alone having to change it.

To fully shift a culture, it will require not just changes to the existing organizational frameworks, policies and practices but also changes to mindsets, attitudes, values, and behaviors. Finance leaders will need to consider the elements of culture – organizational structure; people; strategy, processes and policies; and technology.

The survey affirms this with more than 90% of the respondents agreeing that all the elements need to be considered when embarking on new digital initiatives. For each of the elements, more than 60% of respondents agree that they are crucial in driving digital transformation. In particular, some elements stand out: people, and strategy, processes and policies are viewed to be more important in enabling successful digital transformation. See Figure 1.



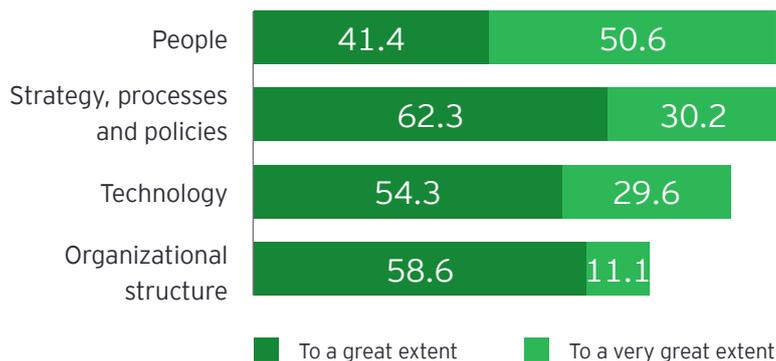
More than

78%

agree that the culture of their finance teams needs to change if they are to continually engage in digital innovation and consistently seek process improvements through technology.

Imagine an ideal finance function fully transformed by digital technologies and capabilities. To what extent do you think each of the following elements of digital culture is crucial in driving your finance team closer to the ideal state?

Figure 1: To a great extent and to a very great extent (%):



A leader's perspective

Resistance to change is a risk

Corporations that are accustomed to their operational norms can sometimes show resistance to adopting new technology and will eventually only change when their current operating procedures are being disrupted, for example during the COVID-19 pandemic.

Chin Wee Chew, FCCA
Financial Controller, ResMed



A leader's perspective

Empowering the team

A key initiative to drive digital innovation and transformation would be to broaden the role of finance and its involvement in business transformation. Finance leaders also need to instill a wider sense of purpose in their teams. This will motivate them to step up in exploring digital solutions and new ways of doing things.

Anselm Tan, FCCA
Head of Corporate Venturing
Philips ASEAN Pacific

People

Respondents view people as the most crucial element in driving digital initiatives and closing the gap between the current and desired digital culture in their finance teams: 92% of finance leaders think that the people element is crucial to a great or very great extent.

This is not surprising. An organization's most important asset and change agent is its people. It is through people that the culture is lived, experienced, nurtured and demonstrated. Without the commitment of the right mindsets, attitudes and behaviors, true changes to achieve the desired business outcomes cannot happen.

Strategy, processes and policies

Respondents view strategy, processes and policies as an equally important element. On par with the people element, 92% of finance leaders think that this is crucial to a great or very great extent.

Having a clear organizational strategy followed by digital and data strategies, underpinned by enhanced processes and policies that enable and encourage the right behaviors, is imperative in ensuring that from the vision to execution, finance teams understand the transformation road map and are well-guided to adopt new ways of working using digital.

Technology

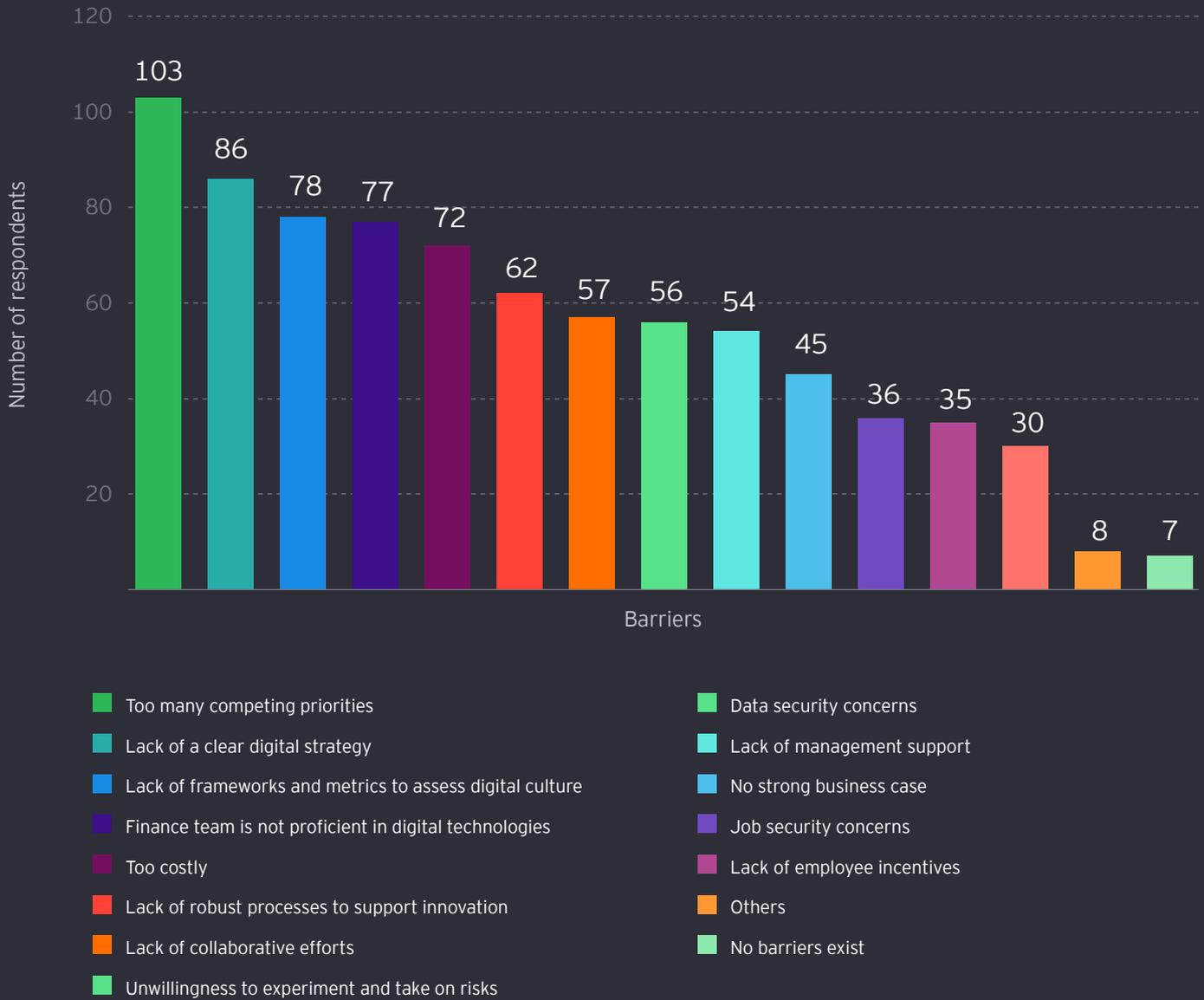
The link between technology and successful digital transformation is strong, with 84% of respondents agreeing that technology is the third most important driver of digital transformation. While technology alone does not define success, it is the means to an improved outcome. The ability to understand emerging technologies that are fit for purpose, and harnessing and maximizing their value, is therefore vital.

Organizational structure

About 70% of the respondents view organizational structure as a key element of digital culture. Legacy organizational structures may hamper the speed of decision-making and agility in collaboration among employees, which is particularly pertinent in responding to disruptions in the fast-evolving business landscape. This means that organizations may need to simplify hierarchies, decentralize decision-making where it makes sense, and empower teams to be more nimble in the way they work.

Barriers and challenges

Barriers to fostering a conducive digital culture within the finance team



In a time of rapid developments, effective allocation of roles and responsibilities within the finance function that is aligned with the organization's digital strategy is essential. However, survey respondents cited "too many competing priorities" as the top barrier. This impacts all elements of the culture as finance leaders struggle to divert the necessary resources, efforts and time to holistically nurture the right culture.

With competing priorities, technology investments tend to be focused on other functions that have a direct impact on growth and revenue. Finance leaders should not be averse to revenue-enhancing or frontline digital initiatives taking precedence in terms of investment in the middle and back-end technology. They should instead articulate how middle and back-end digitalization initiatives, including those in the finance function, are needed in order to execute a coherent strategy. This also offers finance leaders an opportunity to position themselves as strategic advisors. The perception of the finance team as a primarily compliance function could be one of the reasons why the function is not prioritized for technology investment.

This perception is likely to change in the near future as the role of finance leaders evolves. With businesses increasingly being disrupted by digital innovation, combined with data proliferation, a volatile risk environment, increasing regulations, and a growing circle of demanding stakeholders, organizations will look to finance leaders – who have a unique vantage point over the whole business – to provide strategic advice and innovative solutions.

Apart from competing priorities coming from other functions of the organization, there may also be competing priorities within finance itself. Finance teams across organizations may face significant time pressures in performing their daily tasks and meeting reporting requirements. Being already occupied with their day-to-day work, finance personnel may not have the additional time, capacity and impetus to explore innovative digital solutions and take the necessary risks.

The survey respondents also highlighted other barriers to enhancing each element of digital culture. Finance leaders should consider the barriers listed below, and take steps to overcome them in order to drive improvements in each element of digital culture.

A leader's perspective

Competing priorities draw resources away

Finance functions may not get the resources required for transformation as the priority for expansion and growth is always given to functions that are viewed as “revenue-generating”. There are also challenges surrounding integration of the finance function with the other functions, such as IT.

Christine Yong, FCCA

Head of Finance

NN Investment Partners Singapore

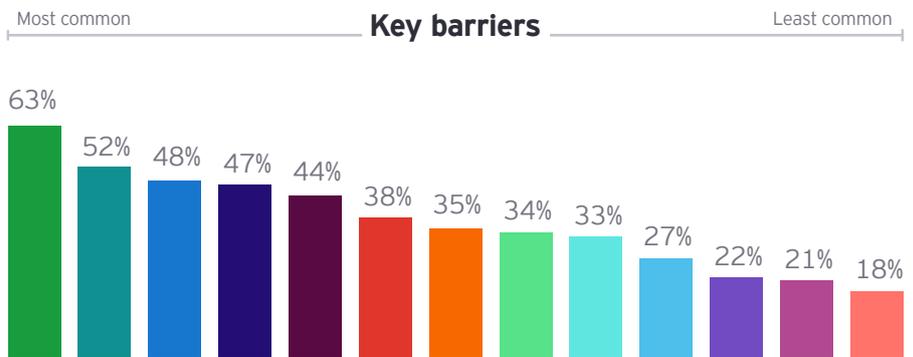
Element	Key barriers (ranked in terms of most to least common)
Organizational structure	Lack of collaborative efforts: organizational structure is not conducive for the sharing of ideas
	Lack of management support: no clear tone from the top on the importance of digital culture
People	Finance team is not proficient in digital technologies
	Unwillingness to experiment and take on risks
	Job security concerns
	Lack of employee incentives
Strategy, processes and policies	Lack of a clear digital strategy
	Lack of frameworks and metrics to assess digital culture
	Lack of robust processes to support innovation
Technology	Too costly
	Data security concerns
	No strong business case

Initiatives taken

Overcoming the challenges requires multipronged, consistent and concerted efforts. The finance leaders surveyed have introduced several initiatives to enhance the different elements of the digital culture within their teams, as set out in Figure 2 below.

- Too many competing priorities
- Too costly
- Data security concerns
- Lack of a clear digital strategy
- Lack of robust processes to support innovation
- Lack of management support
- Lack of frameworks and metrics to assess digital culture
- Lack of collaborative efforts
- No strong business case
- Finance team is not proficient in digital technologies
- Unwillingness to experiment and take on risks
- Job security concerns
- Lack of employee incentives

Figure 2: Initiatives that are potential quick wins, characterized by ease of implementation, are identified in yellow in the table below. Finance leaders can draw reference from initiatives highlighted by respondents in this study to overcome similar barriers.



The most common initiative (55%) that respondents have undertaken is to develop clear communication from top management on the importance of innovation. This top-down approach is imperative in driving changes in attitudes and behaviors.

Finance leaders must define a digital vision. A clear digital vision for the future finance function, aligned with the organization's overall purpose and business strategy, gives finance teams a common ambition, and provides focus for efforts and investment decisions. This vision should include how smart technology and people can work together to create value.

When communicating the digital transformation strategy to the team and the rest of the organization, finance leaders should help employees understand the significance and impact. Articulating the value proposition, i.e., what is in it for them is key to securing the team's buy-in and commitment.

New technology in a healthy working environment can pay huge dividends, with finance employees feeling more vested and involved in a company's overall strategic direction. The ability to solve problems in new ways, spot emerging opportunities, and break down barriers while increasing collaboration will not only benefit the finance function as a business partner, it can also enhance the development and performance of individual team members as well as the organization as a whole.

About 45% of respondents have taken steps to conduct workshops and training sessions to raise the awareness of and technical skills of finance staff in digital technologies as well as to allow finance teams to take on more proactive roles in the organization and contribute to key business decisions. These actions give finance staff the confidence to take on and lead digital projects. It can also bring significant improvement to the people element, which has been identified as the most crucial element in successfully driving digital transformation.

While 48% of the respondents agreed that the lack of frameworks and metrics to assess the digital culture is one of the key barriers, only 17% of the respondents have taken initiatives to resolve this. This is likely due to the various challenges that stand in the way of producing relevant, credible and trusted culture reporting.

The [EY Financial Accounting Advisory Services \(FAAS\) sixth global corporate reporting survey](#) showed that senior finance leaders have significant concerns over controls and data quality used to produce relevant and trusted culture reporting. Nineteen percent of the respondents agreed that there is a lack of rigorous controls and quality management for culture-related data.

In addition to the above, there were several initiatives undertaken by respondents to either strengthen specific elements or across all elements of digital culture. These serve as actionable next steps for finance leaders, who should consider their organization's unique characteristics to determine what would fit with their needs.

A leader's perspective

Leadership, communication and empowerment is vital

Helping the business to understand the potential of technology and creating an inclusive environment to facilitate that change can create greater buy-ins to drive a digital culture. It is also crucial for leaders to share the latest technologies and the pain points within that can benefit from technology.

Cindie Tong

Global Operations Planning and Analysis Director
Pfizer Investment Co. Ltd.

Building a strong digital finance function

The four elements of a digital culture: organizational structure; people; strategy, processes and policies; and technology are not only individually important but also interdependent. Finance leaders seeking to build a strong digital culture need to understand each element and assess the current gaps related to each one in the organization. They can consider the following ways to strengthen each element.

1. Organizational structure

The way the organization is structured can enable or hinder collaboration, agility and innovation. To be adaptable and agile, people across different functions of a company need to be empowered to make decisions to quickly execute change in any situation.

This starts with inclusive leadership from the top, which delegates rather than controls, and actively invites inputs from all levels and takes appropriate actions to address needs and challenges. The traditional hierarchical organizational structure is likely to be too slow in the decision-making process in today's environment. It is also important that business units are sharing and connecting data to ensure decision-makers are able to act based on a timely and complete set of information.

Anchor the influence of the finance function

Finance leaders are ideally positioned to define a role for themselves and a finance function that goes beyond pure compliance and reporting of finance-related data.

In [ACCA's report on the CFO of the Future](#), it was observed by interviewees that the CFO's role of providing strategic advice across the business is especially important to the organization. In many cases, the CFO acts as a superconnector, drawing together the strands of activities across the entity.

Finance leaders must seize the opportunity to champion and drive the use of digital technology in all current core financial processes under their remit. Financial data, as well as other data, are key inputs to many other business decision processes, be it procurement, supply chain, operations or risk management.

Finance leaders can act as a catalyst to drive the application of digital technologies in business processes outside of core finance. They should therefore take a holistic view of transformation beyond finance by demonstrating an understanding of where technology can be used to gain competitive advantage for the business. By positioning finance as a valuable business partner, they are better placed to secure the resources and buy-in to drive a stronger digital finance function.



A leader's perspective

Change mindsets, upskill and empower the team

Upskill employees and change attitudes by imparting design thinking and an agile mindset, and creating a safe and positive learning environment. Empower employees to take part in decision-making and be willing to shoulder shared responsibility. This encourages them to identify issues, ideate and solve them.

Kim Fong Ngiam, FCCA
Systems Chief Financial Officer
IBM Asia-Pacific

Simplify structure for agility

The fast pace of change in the business environment demands agility in response and a different approach to managing teams. Yet many finance functions continue to struggle with cumbersome processes, disparate systems and traditional hierarchical structures. To promote agility, finance leaders can consider flattening the hierarchy within the finance function to facilitate more direct and faster feedback and suggestions from employees on ways to innovate and enhance finance processes. A flatter structure, coupled with an emphasis on collaborative mindsets and merits of sharing ideas, will help to foster a stronger digital culture.

2. People

Finance leaders need to combine smart technologies with the brains, emotional intelligence and interpersonal skills of talented people. As finance leaders build tomorrow's finance function, they will need to recruit, harness and retain talent with the skills and motivation to complement technological innovations as well as the agility to embrace rapid change, evolving roles and new approaches.

Design a future-fit operating model

The next evolution for the finance function is to become a data-driven decision center. Finance professionals should focus less on generating reports and information, and more on using the available data to help support decision-making. The finance function's operating model must evolve to support this shift.

The ideal future operating model should be:

▶ **Smarter**

Transactional finance processes should mostly be automated in outsourced or captive finance factories. The headcount in these areas will be reduced, with finance teams focused largely on managing exceptions. Consequently, the finance back office will shrink, as a virtual workforce begins to replace large numbers of full-time employees in shared services or outsourced arrangements. The finance headcount should be reinvested into centers of excellence and business partnering.

▶ **More forward-looking**

Finance functions should combine finance data with external information to help model and predict business outcomes and identify valuable insights for key stakeholders.

▶ **Better aligned to the business**

Finance teams should be spending more time working alongside key internal stakeholders, challenging their strategic plans and forecasts, and analyzing different business and financial scenarios.

▶ **More resilient**

Finance should be more focused on navigating uncertainty through strategic risk management. It is important to leverage predictive analytics to understand implications of strategic decisions, plan for possible shocks and manage risks, especially the growing threat of cyber risk.

For this operating model to work effectively, finance leaders will need to put the right people management approach in place. For example, finance leaders will need to have skills and experience in driving process excellence through lean techniques and state-of-the-art technologies. Importantly, they should ensure that team members are equipped with the relevant technical and industry domain knowledge to effectively support the business. To realize the promise of the future operating model, finance leaders will need to rethink their talent management strategy, i.e., how they recruit, develop, measure, and reward the right talent.

Challenge the current skill sets of the finance talent

As finance leaders transform their function's operating model, they will need to rethink current notions of the skill sets, which generally focus on compliance.

The following shows some observed shifts in skill sets within finance organizations that complement digital transformation efforts and hence are key considerations in developing a sustainable finance-talent strategy.

▶ **Beyond traditional financial analytical skills**

Being able to leverage data as a strategic asset is key to driving better insights for the organization. Data gurus such as statisticians, data scientists and even behavioral scientists are invaluable in helping the finance function of the future turn data into fresh perspectives and strategic insights.

▶ **Digital finance talent**

With the evolution of digital technologies that are agile and the ability to integrate well between key systems within the organization, having an understanding of these solutions and how they can fit in the ecosystem is critical. Finding talent who are both steeped in finance knowledge and literate in technologies such as blockchain, artificial intelligence (AI) and predictive analytics with prior experience of either using or implementing them is extremely invaluable.

▶ **Better finance business partners**

To be effective business partners, finance talent must continue to actively build relationships and be encouraged to collaborate with business stakeholders to co-develop required outputs that will help in curating more focused and valuable insights to address the strategic challenges faced by the business.

Finding the right talent for the future finance function is becoming an ever more critical challenge, complicated by demographic trends, intense competition and changes in the ambitions and expectations of young finance professionals.

Finance leaders need to focus on strategic workforce planning for their finance function. By drawing on market workforce trends and the forward-looking business plans of the organization, finance leaders can then more accurately forecast the finance talent and digital skill sets that will be required, major gaps and how these can be addressed.

3. Strategy, processes and policies

To foster a strong digital culture, it is important for finance functions to be agile and finance processes to be modernized. Lean, effective and efficient finance processes are crucial to ensure that finance teams can continually extract value from new technologies adopted.

There are various levers that finance leaders can consider to reengineer finance processes so that technological benefits can be fully capitalized on.

Lever	Description	Value	Key considerations
Standardization	Establishing a common way of working in order to drive consistent execution and common understanding within the business.	<p>Standardization aims to unify processes through a common standard. It helps to enhance quality and control by providing increased clarity and ensuring processes are carried out in a predefined, optimized way.</p> <p>Performance management will also improve as it is easier to define metrics for standardized processes.</p> <p>Standardization promotes productivity by eliminating inefficiency, as a result of removing ambiguity and providing quality control.</p>	<p>Finance leaders should assess the appropriate level of standardization as not all processes are similar. Trying to force standardization of non-identical processes will lead to inefficiencies and compromises in quality.</p> <p>To reap the full benefits of standardization, upstream activities outside of finance may need to be standardized as well.</p>
Centralization	Consolidating processes into a single location to optimize span of control, enable process rollouts and improve collaboration.	<p>Centralizing repeatable and transactional enterprise-wide activities drives improvement in efficiency and quality, as it:</p> <ul style="list-style-type: none"> ▶ Enables decisions to be made more quickly and easily through a single point of control. ▶ Makes the finance process easier to coordinate and control from a single location. ▶ Avoids the duplication of roles across the organization, thereby saving costs. <p>Centralization of processes may lead to better performance management, given the ability to have a single view of the centralized finance function and complete visibility over processes.</p>	<p>Where the organization has wide geographical reach and operations, having a centralized finance function may impair performance due to a lack of jurisdiction-specific knowledge. Having a small local team or engaging consultants to supplement that knowledge gap could be one potential solution if it makes sense to preserve the broader benefits of centralization.</p>

Lever	Description	Value	Key considerations
Digitization	Automating processes with technology to improve accuracy and efficiency.	<p>Digitization of processes through means of automation, e.g., synchronized enterprise resource planning (ERP) systems or robotics process automation (RPA) can help to:</p> <ul style="list-style-type: none"> ▶ Reduce costs significantly by eliminating manual tasks. ▶ Improve consistency, control and traceability. ▶ Improve quality through reduction in error rates, especially human error. ▶ Overcome systems fragmentation by consolidating data from disparate systems. <p>Performance management will also be enhanced as it is easier to establish metrics for consistent outputs.</p>	<p>Technological solutions often provide the greatest level of potential benefits but also require substantial effort and time to implement. Therefore, opportunities in technology changes and areas for automation have to be weighed against the costs of and complexities in implementation.</p> <p>In addition, the characteristics of the tasks need to be carefully evaluated on whether they are suitable for automation.</p>
Elimination	Removing non-value adding or repetitive activities from finance processes in order to free up capacity.	In the absence of digitization, finance leaders can still look into achieving quick wins in efficiencies by eliminating redundant manual processes, making the overall finance function more efficient.	Job security concerns may arise as existing tasks and responsibilities may be eliminated. Clear and transparent communication from the management and finance leaders on the evolving of roles is key to managing change smoothly.

4. Technology

Technology plays an increasingly significant role in enabling the execution of many traditional finance tasks, while at the same time, generating greater data-driven insights. Finance leaders need to assess their organization's current digital maturity and understand its key priorities and enterprise-wide digital budget and investments. That way, they can ensure that the finance function is aligned to the organization's digital road map and investments made in technology are coordinated and focused, which ultimately creates long-term value.

Understanding disruption is a vital starting point. Advances in new technologies, such as in-memory computing, cloud, analytics, mobility, AI, blockchain, and RPA, offer finance leaders an exciting opportunity to reimagine what the finance function could look like. In addition, many finance leaders are now key players in driving the adoption of these technologies more broadly across the organization, and leading the transformation that follows from technological innovation.

Beyond understanding the key emerging technologies, finance leaders should make pragmatic decisions about the optimum time to invest, run pilots or test new innovations, and determine the people skills and capabilities they will require. To make the most of new technologies, finance leaders must challenge assumptions and encourage experimentation while also managing the risks inherent in each technological innovation.

A leader's perspective

Technology is the foundation for business dynamism

Modern technologies provide vast opportunities for finance functions to better communicate and analyze data that can help to restore dynamism in the current business climate. Advances in new technologies offer finance leaders an exciting opportunity to reimagine what their finance function could look like.

Zheng Ying

Finance Transformation Leader
IBM Asia-Pacific



Technology	Description	Value	Key considerations
Advanced data analytics and forecasting	The predictive capabilities of advanced analytics can be used to forecast trends, events and behaviors. This enables organizations to perform advanced statistical models such as “what-if” scenario analyses, etc.	<ul style="list-style-type: none"> ▶ Improves ability to predict outcomes and manage strategic risks through scenario analyses and forecasting. ▶ Enhances the understanding of financial and other business impacts of key strategic and operational decisions. ▶ Provides better and faster information to key stakeholders, from frontline functions in sales, marketing and customer experience to investors and supervisory boards. ▶ Improves enterprise performance measurement by combining financial and non-financial data. 	<p>Actively investigate how sophisticated, forward-looking analytics can be used to enhance the organization’s performance in a range of areas, for example by:</p> <ul style="list-style-type: none"> ▶ Deploying big data platforms that are designed to be interrogated by computers rather than humans, and using machine learning to analyze massive data sets to make fine-grained predictions, such as how an asset on a balance sheet will behave. ▶ Combining structured and unstructured data (such as social media and web monitoring) to identify rogue activities, patterns and trends, and mitigate risks such as fraud and cyber breaches.
RPA	RPA is a computer software that runs repetitive, rule-based processes. The software is trained based on functional specifications and can be adjusted at any time.	<ul style="list-style-type: none"> ▶ Reduces costs significantly by automating key processes. ▶ Improves consistency, control and traceability. ▶ Improves quality through reduction in error rates. ▶ Overcomes systems fragmentation by consolidating data from disparate systems. 	When seeking automation opportunities, find the right balance between robotics and people, with each doing what they do best.
Cloud and software as a service (SaaS)	Cloud and SaaS constitute a method of software delivery that allows data to be accessed from any device with an internet connection and a web browser.	<ul style="list-style-type: none"> ▶ Reduces costs, as organizations only pay for what they use. ▶ Provides greater flexibility, in terms of adopting new technologies and flexing to changes in demand. ▶ Improves disaster recovery as back-up solutions and capacity can be accessed from anywhere. 	Finance leaders need to proactively manage the associated risks of these tools, particularly in relation to data security and compliance with different regulatory regimes. The finance team should also be trained to make the best use of such technologies.

Technology	Description	Value	Key considerations
AI	AI refers to the simulation of human intelligence in machines that are programmed to mimic human actions. AI in finance encompasses everything from chatbot assistants to fraud detection and task automation.	<ul style="list-style-type: none"> Improves strategic insight by analyzing unstructured data and helping business analysts find signals and patterns in large data sets. Improves risk management by identifying patterns in large data sets that are indicative of fraud or other concerns. 	AI has the potential to transform reporting but as with any innovation, it has inherent risks. These will be unique to each finance organization and individual application, and finance leaders should assess their situation against the spectrum of possible risks.
Blockchain	Blockchain is a system of recording information or a digital ledger of transactions that is distributed across the entire network of computer systems on the blockchain.	<ul style="list-style-type: none"> Streamlines finance processes, such as contract enforcement, by integrating delivery and payment into the contract itself. Increases IT security by utilizing the unprecedented protection that blockchain offers against fraud and hacking. Improves transparency by accessing accurate transaction data from across the company's extended value chain. 	The use of blockchain technology will likely increase in future. Finance leaders should start building relevant competencies and skill sets, as they explore the future of their system of record, given that organizations could move from working with a single, monolithic system of record inside the enterprise to working with many different systems.

Harness better data and analytics

The use of data and analytics can support finance leaders in transforming the finance function from a reporting entity to one that guides strategy through business intelligence. However, many organizations are struggling to turn the promise of data analytics into the reality of improved performance. This is often because while data mining is in place, less effort is spent on drawing actionable insights and convincing people to use them.

Finance leaders should focus on these actions:

1. Have a clear data strategy

To turn data into a long-term competitive advantage, finance leaders will need to assess the potential disruption for the organization and define the role that they and their finance function should play. In some cases, this will mean leading an enterprise-wide analytics capability. In others, it may mean taking responsibility to develop a clear strategy that addresses how information assets should be organized, governed, analyzed, and deployed effectively and efficiently.

2. Enhance capacity to extract insights from data

Finance leaders should provide easy-to-use tools for data users and transform the analytics-based insights into actions, aligning measurement, incentives and rewards with the desired actions accordingly.

3. Establish a data governance framework

As part of their risk agenda, finance leaders must work with the chief information officer to establish a data governance framework for quantifying digital risks, prioritizing and protecting digital assets, and mediating across functional technology silos to create an integrated approach that drives value creation and mitigates cyber risks.

The way forward

How businesses create and protect value is changing. For business transformation to succeed, having the right culture is instrumental. Culture is manifested in how people decide and behave and what they say every day.

As organizations and finance functions position themselves to be future-ready, many are embarking on digitalization. Finance leaders acknowledge that having a strong digital culture with clear strategies is what sets successful digital transformations apart. At the same time, they also acknowledge that a considerable gap exists between the current digital culture within their function and the desired digital culture they envision to continually drive digital innovation.

Building a strong digital culture will require not just changes to strategies, frameworks and processes, but also to mindsets, attitudes, values, and behaviors. Finance leaders will need to take a structured and balanced approach that comprehensively covers all elements of digital culture, namely organizational structure; people; strategy, processes and policies; and technology.

Many finance leaders that we have spoken to have already undertaken various initiatives to strengthen the digital culture in their organization. However, there is no one-size-fits-all formula: given their organization's unique characteristics and the sector they operate in, finance leaders should consider the potential barriers to overcome. Cultural shifts will take time. It is thus important to communicate and celebrate quick wins or near-term successes so as to continually drive the momentum for change and keep stakeholders engaged.

Ultimately, finance leaders should be mindful that the success of any technology depends on, to a large extent, the skills and willingness of the people using it. By placing humans at the center, while leveraging technology at speed and enabling innovation at scale, finance leaders can truly reshape their function to create value not just for themselves but for the whole business.

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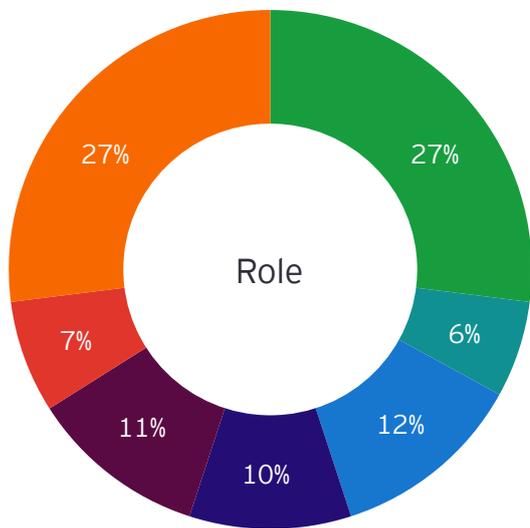
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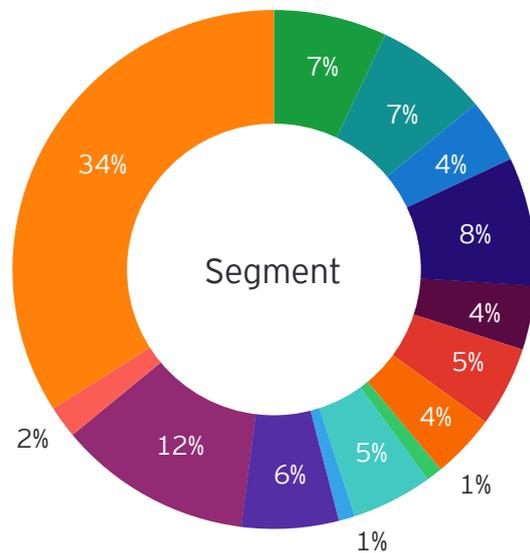
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ACCA-EY survey demographics



- Group CFO
- Regional CFO
- Group Financial Controller
- Regional Financial Controller
- Finance Director
- Vice President (Finance)
- Others



- Automotive and transportation
- Consumer products
- Diversified industrial products
- Financial services
- Government and public sector
- Health and life sciences
- Media and entertainment
- Mining and minerals
- Oil and gas
- Private equity
- Retail
- Technology
- Telecommunications
- Others

The survey was supplemented with in-depth interviews with the following finance leaders:

Gabriel Low, FCCA

CFO and CIO (APAC), Theben Asia Pte. Ltd.

Chin Wee Chew, FCCA

Financial Controller, ResMed

Anselm Tan, FCCA

Head of Corporate Venturing, Philips ASEAN Pacific

Christine Yong, FCCA

Head of Finance, NN Investment Partners Singapore

Cindie Tong

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