

A woman with long dark hair, wearing glasses and a light-colored blazer, is looking down at a tablet she is holding. She is in a server room or data center, with several computer monitors visible in the background. One monitor shows a network diagram. The lighting is dim and blue-toned.

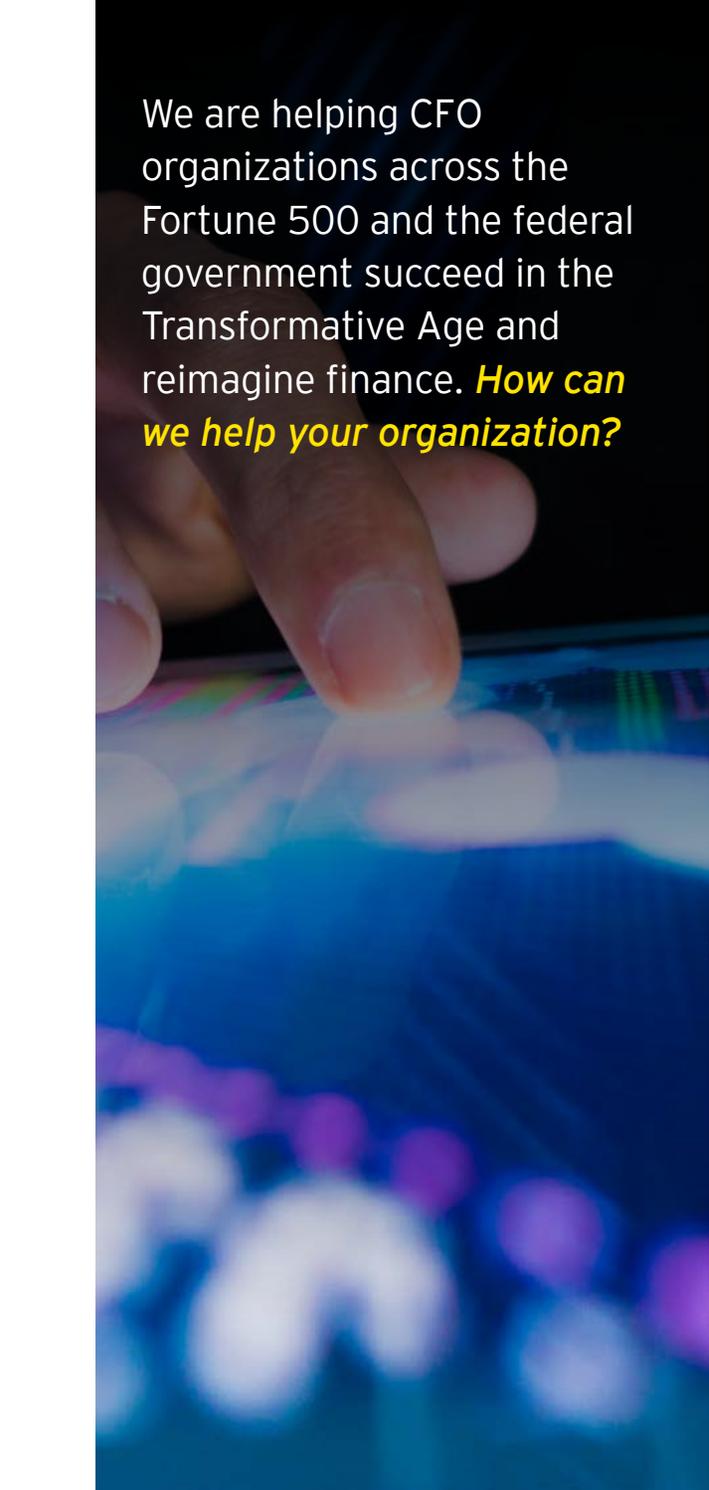
# The Future of Finance

The evolving role of the CFO

The EY logo, consisting of the letters 'EY' in a bold, white, sans-serif font. A yellow diagonal line is positioned above the 'Y' and extends to the right.

**EY**

Building a better  
working world



We are helping CFO organizations across the Fortune 500 and the federal government succeed in the Transformative Age and reimagine finance. **How can we help your organization?**

For years, CFOs have been seeking a bigger seat at the table in strategic conversations for their organizations. While there is good intent with this, CFOs have had mixed results in shifting away from transactional or compliance-focused finance. The global COVID-19 pandemic requires CFOs to now guide their organizations through difficult financial waters, deal with the impact of remote work arrangements and effectively manage increased risk. The time is now for CFOs to enact a shift – with significantly enhanced automation capabilities, evolving digital data capabilities and the CFO role as a major owner of organizational data, CFOs have an opportunity to shift focus toward their goal of transformational leadership.

Leading CFO organizations have implemented automation technologies (e.g., intelligent automation such as robotic process automation or RPA) in most of their business processes, freeing up 20% to 60% of productive time. These freed-up resources now focus on delivering organizational insights such as measuring outcome to funding ratios, identifying reform opportunities, proactively mitigating risk, and monitoring organizational efficiency and effectiveness. Leading organizations are using data and digital technologies to accomplish the following:

**1** Get the organization to derive value from financial information – one in every four decision-makers doesn't consider the financial implications of their decision-making.<sup>1</sup> Leading CFOs are making it easier for the organization to engage with and act on financial data using design thinking and visualization techniques and tools. A focus on financial cost transparency is a key starting point for CFOs to increase organizational acumen around the financial implications of decision-making. In addition, CFOs should take the lead in tracking reform and modernization efforts to measure the return and/or mission impact from investments. In the near term, CFOs should be actively measuring the financial implications of the COVID-19 pandemic on revenues, fund flows and the value delivered from increased funding from the government's response to COVID-19 (e.g., CARES Act).

*The Department of Defense (DoD) CFO, with our support, is developing visualizations for DoD executives that improve cost transparency, provide insights for reform projects and monitor progress against the national defense strategy. The DoD CFO, in collaboration with the DoD CIO, is an active lead in the DoD's data strategy and defining a path to maximize organizational value from financial information.*

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<sup>1</sup>Gartner: *Financial Analytics Study*



**2** **Manage and detect financial risk** – algorithms can explore data to identify fraudulent transactions and support requirements associated to tracking improper payments. The use of algorithms can accelerate prioritization of risk areas and enable 100% risk coverage of the transaction population. The use of intelligent automation not only reduces manual processing but improves auditability, consistency and control over error-prone activities. CFOs leveraging these advances in technology can more rapidly identify and communicate risk to the organization and work to define effective mitigation strategies. In addition, they can use prediction engines to proactively identify areas of potential risk exposure. The impact of COVID-19 heightens the need for alternative channels to manage and detect risk as remote work arrangements challenge existing processes and introduce compliance flexibilities in support of expedited funding to impacted populations.

*The EY Helix GL Anomaly Detector applies machine learning to accounting data to detect anomalous entries in large databases that can be used to detect fraud and accelerate audit activities. EY Helix is our global analytics platform, which includes a suite of data capture and analytics tools that dramatically increase not only the depth and breadth of captured data, but also the value of insight derived from it. The EY Helix library of analyzers supports internal audit from risk assessment to execution, addressing a business's entire operating cycle.*

**3** **Use predictive analytics to improve performance** – with the proliferation of available data (internal and external) predictive analytics is being used to improve demand management (e.g., IT consumption), predict risk, predict future costs and funding patterns, as well as a variety of other customized use cases. COVID-19 is accelerating the pace of digital transformation and introducing an ability to capture a larger set of useable data for delivering insights. In addition, CFOs have the incredible challenge of forecasting future financial positions as a result of the pandemic. Using historical trend information in developing these financial forecasts is insufficient requiring CFOs to look to external data sets or focus on new data capture processes to develop scenarios and associated planned responses to financial shortfalls.

*Modern finance organizations combine finance and system skills, have robust business intelligence capabilities, spend more time analyzing data for insights and are better at forecasting financial results. Modernizing finance supports efficiency, flexibility, and engagement. A large technology company achieved employee engagement scores of 90% and reduced turnover to 3% after modernizing their finance organization.*

**4** **Partner on cybersecurity** – the increased threat of cyber attacks requires CFOs to partner in threat monitoring (e.g., deploying AI algorithms to detect unusual traffic patterns in IoT devices, understanding third-party risk management or conducting proactive threat testing). It is estimated that the number of connected devices will exceed 50b in 2020 and that attacks and breaches will cost organizations \$2.1t each year.<sup>2,3</sup> The harmful reputational and financial impact of a potential data breach requires CFOs to have cybersecurity as a top priority. Protecting the enterprise is no longer just the acquisition of cybersecurity software (i.e., install and forget it), but requires active cybersecurity services to provide threat detection and response, vulnerability management, data protection, identity access management, and application security.

*The EY Americas Cybersecurity Center is a multimillion-dollar cybersecurity innovation and operations center. The EY center is part of EY wavespace™, a global network of growth and innovation centers that bring together multidisciplinary teams, unique capabilities and intellectual property in collaborative working environments, focusing on disruptive growth, optimization strategies and technologies.*

<sup>2</sup>Vala Afshar, "Enterprises Are Leading The Internet of Things Innovation," *HuffPost*, August 28, 2017, [https://www.huffpost.com/entry/cisco-enterprises-are-leading-the-internet-of-things\\_b\\_59a41fcee4b0a62d0987b0c6](https://www.huffpost.com/entry/cisco-enterprises-are-leading-the-internet-of-things_b_59a41fcee4b0a62d0987b0c6), accessed July 27, 2020.

<sup>3</sup>Steve Morgan, "Cyber Crime Costs Projected to Reach \$2 Trillion by 2019," *Forbes*, January 17, 2016, [forbes.com/sites/stevemorgan/2016/01/17/cyber-crime-costs-projected-to-reach-2-trillion-by-2019/#114dbaeb3a91](https://forbes.com/sites/stevemorgan/2016/01/17/cyber-crime-costs-projected-to-reach-2-trillion-by-2019/#114dbaeb3a91), accessed July 27, 2020.

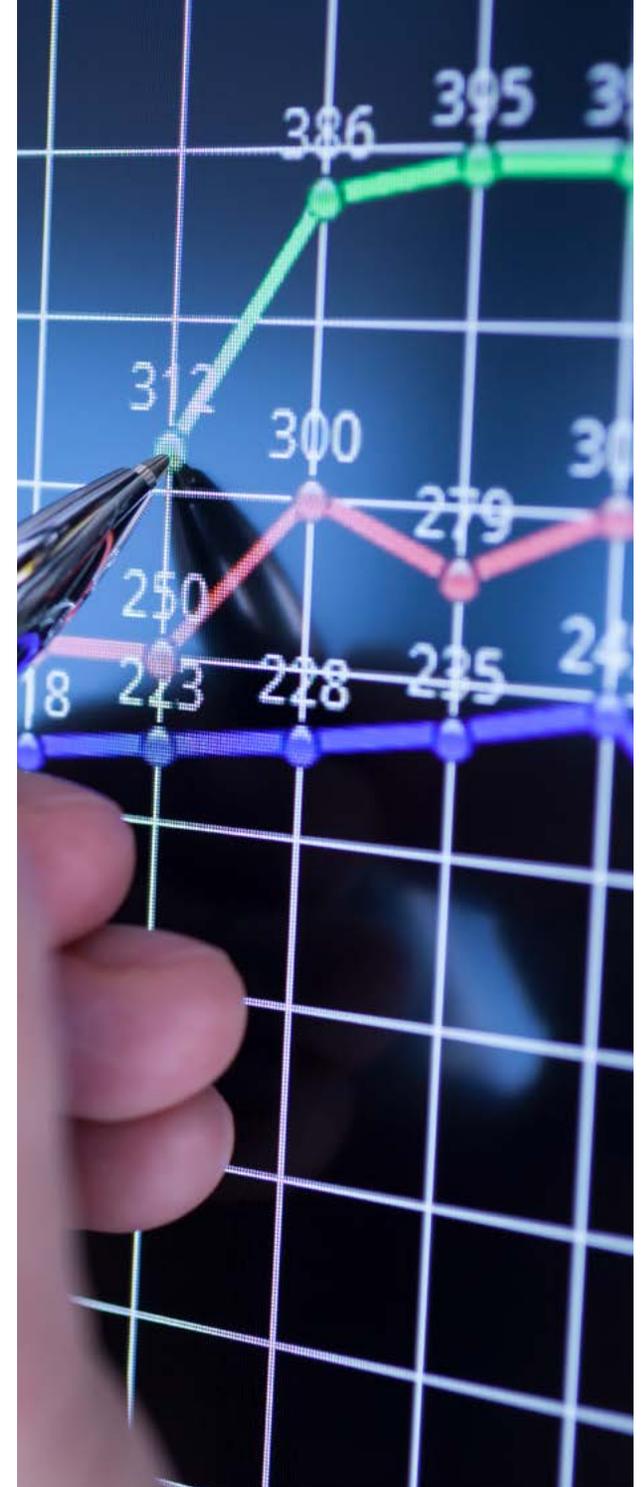
*The Cybersecurity Center in downtown Dallas is one of our global cybersecurity operations centers. The EY Center serves as the operating hub for the EY Cybersecurity Managed Services (CMS) operations, and to facilitate collaboration between clients, EY professionals, analysts and technology alliances.*

**5** Deploy enterprise data strategies with a bias toward action – data is being democratized, which requires CFOs to partner around how data will be organized, deployed and used with a bias toward speed and flexibility in solving business problems. Leading practice CFOs focus on answering business questions through use cases and then allow the use cases to inform and evolve the data strategy vs. a data-first approach.

*One of the largest automotive companies used our agile approach to develop an integrated budgeting, forecasting, long-range planning and reporting system that delivered an enterprise wide financial reporting standard, replaced more than 30 corporate databases, reduced cycle time to produce information by 85%, eliminated process variabilities that had grown over 100 years at the organization and dramatically improved the organization's analytical capabilities.*

**6** Understand future technology trends, value and shortfalls – as technology continues to be a disruptive force, CFOs, with their business partners, need to assess and understand the value of deploying these technologies on mission outcomes and organizational efficiency. For example, within transportation, the increasing use of AI will require understanding AI shortfalls (e.g., ways AI-driven autonomous vehicles can be tricked) and require AI transparency for adoption and effective risk management. It is also important to understand how new technologies work and avoid a black box scenario where organizational decisions are being made by an algorithm without knowledge of how they are being derived. New approaches to auditing algorithms are being introduced to understand when an algorithm may drift or where it contains certain biases.

*We are at the forefront of innovation, working closely with industry leaders, academic institutions and government in facilitating conversations about the impacts of current and future innovations. We recently launched a 12-month cohort program designed to bring together C-level or equivalent stakeholders across the food and agriculture ecosystem to collaborate in reimagining the future food system and potential roles within it.*





Taking advantage of these new automation and data capabilities requires CFOs to understand how their organizations need to change and adapt to the new possibilities. This will involve an organizational evolution toward the more strategic roles of finance or what we term “the catalyst” (strategy and change execution), “the oracle” (decision support), “the guardian” (risk and compliance) “the steward” (funding), “the concierge” (customer service) and “the curator” (finance process).

Future roles of finance	Characteristics of success
<p><b>The catalyst</b> <i>Execute strategy and change</i></p>	<ul style="list-style-type: none"> <li>▶ Active transformational leadership</li> <li>▶ Support the organization through execution of strategic programs</li> <li>▶ Accelerate speed-to-value realization</li> <li>▶ Realize organizational synergies</li> </ul>
<p><b>The oracle</b> <i>Deliver insights for decision support</i></p>	<ul style="list-style-type: none"> <li>▶ Improve the accuracy of financial forecasts and budgets</li> <li>▶ Improve access to timely data</li> <li>▶ Enhance the analysis of organizational data and deliver insights</li> <li>▶ Foster legislator confidence</li> </ul>
<p><b>The guardian</b> <i>Mitigate risk and attain compliance</i></p>	<ul style="list-style-type: none"> <li>▶ Proactive identification of risk and organizational threats</li> <li>▶ Decrease human bias by integration machine learning and predictive analytics</li> <li>▶ Reduce time spent gathering information and more time on risk-based insights</li> </ul>
<p><b>The steward</b> <i>Maximize outcomes from funding</i></p>	<ul style="list-style-type: none"> <li>▶ Measure the value provided from large investments (e.g., large IT projects)</li> <li>▶ Build a cost-focused culture</li> <li>▶ Lead in identifying reform opportunities</li> <li>▶ Monitor reform successes and failures</li> </ul>
<p><b>The concierge</b> <i>Delight the customers of finance</i></p>	<ul style="list-style-type: none"> <li>▶ Assess and understand the needs of finance customers through proactive engagement</li> <li>▶ Focus on improving the user experience</li> <li>▶ Simplify the process to consume and analyze organizational information</li> </ul>
<p><b>The curator</b> <i>Enable finance process efficiency and effectiveness</i></p>	<ul style="list-style-type: none"> <li>▶ Deliver against automation potential</li> <li>▶ Digitize financial processes</li> <li>▶ Leverage secure cloud-based solutions</li> <li>▶ Avoid overly customized approach</li> </ul>

#### About EY

EY is a global leader in assurance, tax, strategy, transaction and consulting services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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