Today’s CFOs are taking on much broader roles as their companies adapt to an increasingly digital world. That was the keynote message at the recent dinner briefing in London, hosted by Finance Director Europe (FDE), in association with Genpact. Steve Dunkerley, Associate Editor at FDE, speaks to leading European CFOs to discuss this idea in more detail and see how these challenges can be addressed.
The changing role of the CFO

The scope and impact of digital transformation on the finance function can be seen in a recent study\(^1\) by HfS Research with 160 F&A service buyers. Eighty-four percent of respondents agree that enterprises that embrace digital transformation across business units will outperform their competitors within two years. Moreover, three-quarters say that the new wave of digital technologies is fundamentally changing the way that finance functions operate. And yet half of buyers are not satisfied with the current impact of digital technologies on their F&A processes. This highlights important challenges for CFOs as their roles change.

There is consensus among the interviewees that there are three fundamental challenges to successfully implement digital transformation in the finance function. They must establish talented teams; understand, select and implement the most appropriate technologies; while also re-defining their traditional roles.

“The biggest challenges I face today are all around the journey from local to global,” says David Long, global director of operational finance and finance transformation, Dentsu Aegis Network. “We’ve got every possible permutation of processes in the world and one of my personal challenges is to form a team that can move from the old world to the new world with the best combination of people, process and systems.”

Other CFOs agree that technology choices and team building are ongoing challenges. As Mark Evans, CFO for Telefónica UK (O2) puts it: “Digital technology is fundamentally changing customers’ behavior and business models, which is both a threat and an opportunity if we can foresee the next evolution.” He adds that talent management is a key part of this challenge: “Every high-performance business needs to be able to attract, retain, develop and motivate high-performance individuals while also establishing a connection with the brand.”

Bill Castell, CFO of corporate banking for Barclays, points out that CFOs must also reshape their functions to reflect the role of digital technology in empowering their customers. “I think the expectations and behaviors of our end customers are changing in terms of more instant demand and an expectation of real-time data analytics.” As a result, Castell says, CFO challenges now include getting the balance right between pure finance and managing the customer, establishing leadership in a changing environment and moving from being a technical expert to a leader.

Interdependent relationships

Digital trends manifest themselves differently across business lines. “Keeping and attracting talent is an important part of the identity of the finance function within the organization and the role it plays in becoming a strong part of the business,” says Bruce Marson, director of financial

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control, EMEA, Dentsu Aegis Network. “We’re looking for people from outside the media industry who have big industry experience that will help us to develop processes and systems and also people from bigger media agencies who can bring commercial knowledge.”

To combine these competencies effectively, Marson says, finance teams need access to external data from sources like Google and Facebook and a strategy for putting it all together to create powerful information for clients.

Doug Alexander, EVP finance operations at Shell, also stresses the interdependency of people, technology and data in his industry. “We have been on a journey starting with globalization and consolidation of our systems and processes to drive transformation. We’re reducing costs and increasing efficiency in the context of the interdependence of people, process, data, and technology to drive the outcome. We are focusing on getting the right people in the right place with the right skills to transform the organization.”

The need for digital transformation is accelerating as the demand for real-time analytics and customer services intensifies, enhancing the role of the finance function as a strategic partner in the business. “The impact that digital is having on the finance function is accelerating,” says Castell. “Cloud technologies and big data in particular are moving us away from the traditional role of data mining, reporting and simple planning towards delivering insights based on advanced analytics.

This is transforming us into a partner rather than a pure finance function, giving us much greater impact and bearing on the overall business strategy of the organization.”

**An end-to-end approach**

Making the right choices is complicated by the fact that digital technologies are evolving rapidly. As Alexander explains: “In the future, cognitive and artificial intelligence will have a big impact, but it’s still emerging. Today we are focusing more on the basic end of the spectrum such as automation, ERP systems and robotics.” Other CFOs see a similar array of choices, but with technology advancing so quickly they are challenged to avoid a piecemeal approach.

Based on its research, Genpact has found that companies are wasting nearly $400 billion per year on digital initiatives that do not generate the expected return on investment. This is largely because digital technologies are adopted sporadically and at different interfaces of the business rather than holistically and end to end.

Barend van Doorn, VP, Genpact’s head of financial services and capital markets in Europe, says that failure to align strategy across different parts of the organization is at the heart of the poor ROI that many companies are experiencing. “What I see customers doing in the first phase is implementing digital in the front end of their organizations, like the internet, social media, and mobile,” he says. “But if you want to have a perfect customer journey then you need to integrate the middle and the back offices and apply technology end to end—not in bits and pieces.”

Offering advice to companies looking to transform their finance functions with technology, van Doorn advocates the adoption of a Lean
Digital approach, which combines design thinking methods that focus interventions on the end user, with leading technologies and Lean practices that embrace end-to-end process design. “Approach automation from an end-to-end perspective and apply Lean management principles to automate the processes that really matter. Because if you automate broken processes you still have an overall broken process. So the best approach is to apply Lean principles to digital.”

Today’s CFOs lead the finance function by adopting a broader role as strategic advisor to the business. Each CFO needs to address challenges that are unique to the organization, but will be rewarded for their abilities to recognize the interdependencies among people, processes and technology, and the foresight to approach digital transformation end to end: across the front, middle and back office. By doing this, CFOs will have greater impact and outperform the competition.

**Video links**


*This article has also been published by Finance Director Europe.*

**About Genpact**

Genpact (NYSE: G) stands for “generating business impact.” We are a global leader in digitally-powered business process management and services. Our Lean DigitalSM approach and patented Smart Enterprise ProcessesSM framework reimagine our clients’ operating models end-to-end, including the middle and back offices – to deliver growth, efficiency, and business agility. First as a part of GE and later as an independent company, we have been passionately serving strategic client relationships including approximately one-fifth of the Fortune Global 500, and have grown to over 70,000 people. The resulting domain expertise and experience running complex operations are unique and help us drive choices across technology, analytics, and organizational design.

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