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Leap on new F&A priorities and expectations

Cardinal Health shows how finance is becoming more customer-focused, predictive, and strategic

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Defining Future Business Operations

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HFS analysts recently conducted a webinar with senior executives from Genpact and Cardinal Health to explore how finance organizations are reinventing their functions. As leadership teams expect finance to drive transformation across the wider business, CFOs must rethink the talent, skillsets, partnerships, culture, methodologies, and technologies at play.

CX and analytics are top among finance’s new priorities

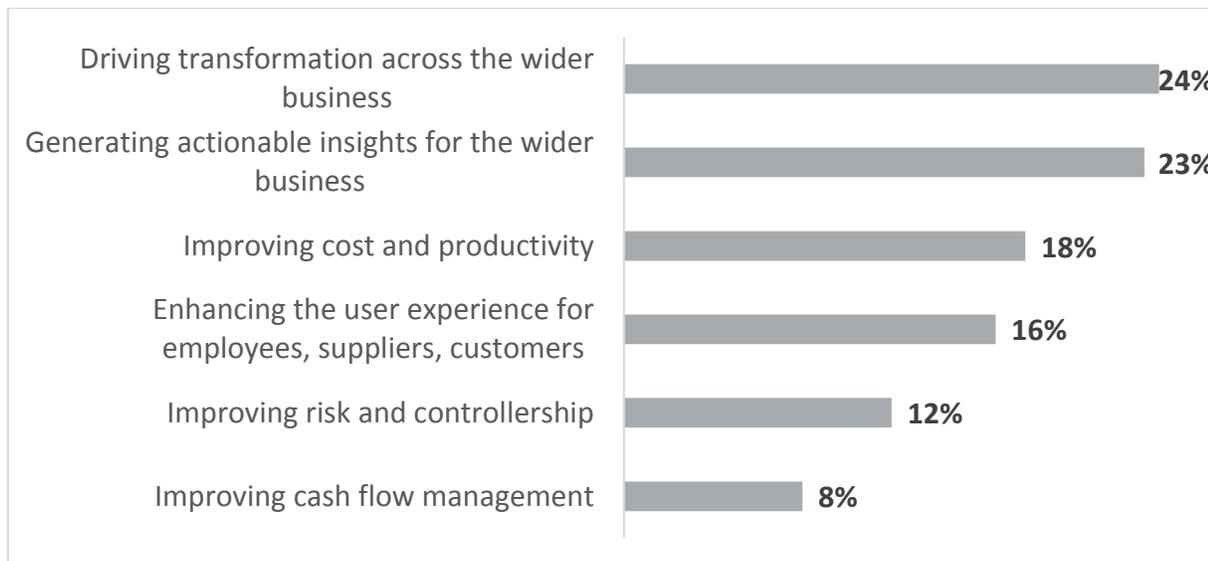
With advances in technology and changing competitive environments, many businesses have new, higher expectations from their finance functions. Chief among them is the need to enhance the user and customer experience and generate actionable insight.

Becoming a strategic partner means CFOs must enable their teams with data-driven approaches that deliver more accurate, predictive insight and support enterprise-wide decision making. The finance function also needs to make better connections across the organization, including supply chain and customer operations, and externally across the larger ecosystem of partners.

At HFS, we refer to these capabilities as the critical success factors that will get us to the promised land of “invisible finance,” where accounting transactions run like water and finance professionals focus on driving strategic objectives. Invisible finance will deliver continuous accounting, effortless payables and receivables with near-zero cycle time, and real-time analytics that enable predictive decisions.

Exhibit 1: HFS webinar poll shows business leaders expect finance to drive wide transformation

Q: What is the key expectation for finance from your business leaders in the coming two years? [Pick 1]



Source: HFS Research, 2020, n= Participating executives in the HFS webinar

To get to invisible finance, CFOs will require tremendous coordination across the organization and will need to build a wide-ranging set of new capabilities and methodologies. Our poll uncovered the biggest expectations for finance among attendees in the next two years. The results echoed our observations: enterprises expect finance to drive transformation across the wider business (see Exhibit 1).

Exhibit 2: Four emerging roles for finance



F&A as a connector

- Reshaping operating models
- Connecting functions from front office to back
- Enabling seamless experiences for users and customers



F&A leading digital transformation

- Reducing friction
- Increasing access to data
- Empowering people to create greater value and intelligence



F&A as an insights generator

- Not just reporting on the past but also providing predictive insights to the business



F&A nurturing new talent

- Advanced skills in digital technologies and data science are in high demand
- Negotiation, collaboration, and communication skills are important too

Source: Genpact, 2020

Amaresh Tripathy, Analytics Business Leader at Genpact, concurred with the poll finding, stating, “We see four themes coming out of our discussions with finance leaders, and F&A leading the digital transformation agenda is a big theme.” He also outlined the role of finance as a connector, insight generator, digital transformation leader, and new talent nurturer (see Exhibit 2).

With the help of Genpact, Cardinal Health is focusing on finance’s role as an insight generator

Eric Johnson, VP Channel Finance at Cardinal Health, shared his organization’s journey to evolve the role of finance. Cardinal Health’s analysis identified that it had an unsustainable cost structure due to complexities in its processes and systems. It had also not fully integrated many of its acquisitions into Cardinal Health’s financial processes or invested substantially in tools and capabilities within the finance function.

The healthcare market was changing quickly, and the business had increasing demands for new insights from the finance team. But the percentage of manual rework and data manipulation Cardinal Health’s finance organization had to perform impacted its ability to deliver. Eric’s group wanted to free up the team’s time to perform more forward-looking analytics, but they were overburdened by complex nonstandard processes and didn’t have the tools to execute this effectively.

As Eric said, “We identified our guidelines as transform, optimize, and innovate, allowing us to leapfrog from our current state. This put an emphasis on speed, end-to-end ownership, and a partnership that we believed would keep us on the cutting edge of capabilities now and into the future.” It was critical that Cardinal Health created a forum for senior finance leadership to stay fully engaged. The company used Genpact and other outside experts to help drive this alignment, focusing on change management and honest communication.

Cardinal Health’s day-one focus was on removing internal complexities by taking a fresh view of its operations and how partnerships could challenge its thinking and provide digital capabilities. Commenting on new approaches to talent, Eric said, “One of the more complex situations we had is ‘co-mingled’ finance roles. This would include finance employees that are executing financial planning and analysis, order-to-cash, and record-to-report activities. By standardizing these core processes across the segments and businesses, we could centralize and then automate this activity while freeing up our employees’ time for more business partnering.”

Following these priorities, Cardinal Health has established an automation, analytics, and artificial intelligence (AAA) hub in Columbus, Ohio, for its FPA work and certain analytics capabilities. By transferring many of its FP&A employees to Genpact, Cardinal Health’s former employees were partnered with data scientists and analytic experts to better utilize AAA capabilities and drive process improvements.

This partnership creates a powerful, mutually beneficial finance and analytics center while minimizing business disruption. As Eric said, “We are early in the journey, but we are very pleased with the initial results... our former employees have embraced the vision and their new employer. They are also energized by the ‘art of the possible’ and the commitment from both companies to our future success.”

The Bottom Line: Finance has a larger role to play with digital transformation.

One of the key takeaways was that finance needs to take a leadership role in the organization for certain transformation efforts, such as becoming the custodian of data. Amaresh pointed out the gap between business and IT today: “I see large data programs becoming tech-led efforts in many organizations, and they don’t always end well. It is finance’s responsibility to become the enterprise’s data custodians.

“The reason why this is not happening as fast as it should is because of the talent gap. I recently saw a large industrial conglomerate client, where the CDO [Chief Data Officer] actually became its new FP&A lead. This is a sign of the times to come.”

As expectations change for what the finance organization must deliver to its business partners, so must the talent, skillsets, and culture around co-owning technology programs with IT to drive success.

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Reetika Fleming is Research Director, Insurance & Smart Analytics at HFS Research. Her research extends into defining future business operations for property and casualty, life and annuities and reinsurance companies. She studies the broad use of data and analytics within enterprises, with a new research focus on machine learning and AI techniques to improve business decision making.



2020 DEFINING BUSINESS OPERATIONS IN THE NEXT DECADE

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HFS defines and visualizes the future of business operations across key industries with our Digital OneOffice™ Framework.

HFS influences the strategies of enterprise customers to help them develop OneOffice backbones to be competitive and to partner with capable services providers, technology suppliers, and third-party advisors.

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