



Research Insights

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Finance as the essential trusted business partner

To become indispensable,
Finance needs next-generation
enterprise performance
management

IBM Institute for
Business Value



How IBM can help

IBM helps CFOs and Finance executives with Finance strategy, operations, performance management, analytics, transactions, and reporting. By utilizing intelligent workflows, we orchestrate emerging technologies like automation, blockchain, and AI in the back, middle, and front office and curate data to reimagine Finance processes in your business. IBM's financial performance management helps Finance professionals synthesize information, uncover trends, and deliver insights to transform decision making throughout the enterprise. IBM Finance Services offers a suite of services to transform your Finance organization to operate in an era of cognitive enterprise. We partner with our clients to advise and manage end-to-end processes, including order-to-cash, procure-to-pay, record-to-report, and enterprise performance management. To learn more, please visit ibm.com/finance.

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Key takeaways

The new normal requires organizations to reshape their strategies and address rapidly evolving circumstances.

Yet nearly three quarters of Finance executives say their enterprises are ineffective at developing strategy. And nearly half report their enterprises are ineffective at executing strategy.

Finance is the critical component to help the enterprise improve agile and adaptive decision making.

Trusted decision-support leaders provide answers. Their substantially better performance management capabilities drive innovation in revenue, cost containment, business models, and workforce. This results in leaders being two times better than their peers at both developing and executing strategy.

Trusted decision-support leaders employ four actions to perpetuate success.

Leaders have established an enterprise performance management foundation with a data-driven culture. They have implemented advanced financial planning and analysis processes. They have created trust in data to elevate decision making. And they are adept at partnering across the C-suite to guide strategy execution and develop resiliency.

Elevating Finance as a trusted business partner

More than ever, disruption, uncertainty, shifts in competition, and the impact of digital technologies are fundamentally changing business economics. What's more, these factors complicate crafting a strategy that addresses both new opportunities and future crises. And with the emergence of ecosystem and platform partners and the need for more C-suite collaboration, execution of such a strategy has become even more difficult.

Finance has emerged as the key function to help lead decision making, develop resiliency, and capitalize on transformation in areas such as:

- Products or services
- Workforces and processes
- Enterprise or revenue models
- Industry innovation.

To rapidly unlock new value from enterprise data, chief financial officers (CFOs) need to accelerate the digitization of their enterprise performance management (EPM) capabilities. With input from over 500 CFOs and senior Finance executives worldwide, we distill how successful organizations do just that.

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Over **50%**
of respondents are reporting
business performance using
historical data or by ad hoc
tracking of key metrics



Trusted decision-
support leaders are
2X more effective
than their Finance peers at
developing and executing
on enterprise strategy



Up to **3X**
more leaders than others
concurrently deploy
established technologies
(robotic process
automation), emerging
technologies (predictive
analytics, artificial
intelligence), and ERP for
financial planning and
analysis processes

Next-generation triumvirate: Finance-business-data

In the era of data and AI everywhere, the Finance function plays an essential role in helping enterprises in virtually every industry make better decisions. CFOs are instrumental in providing analytical insights that contribute to a strategic view of their organizations. These insights accelerate cost containment, guide capital investment in new opportunities, unlock new revenue streams, and iteratively steer the enterprise's strategic direction.

But not all CFOs are equal. Responses from CFOs in our 20th Global C-suite Study reveal a cadre of Finance officers who excel at providing their C-suite colleagues with vital financial intelligence and supporting strategy implementation.¹

With this backdrop, the IBM Institute for Business Value (IBV) and Oxford Economics surveyed 500 CFOs and Vice Presidents/Directors of Financial Planning and Analysis in 21 countries who are involved in defining or executing their Finance function's EPM capabilities. Executives were asked about their progress and improvements in their financial planning and analysis (FP&A) processes and the use of data to enhance decision making and guide the enterprise (see "Study approach and methodology" on page 17).

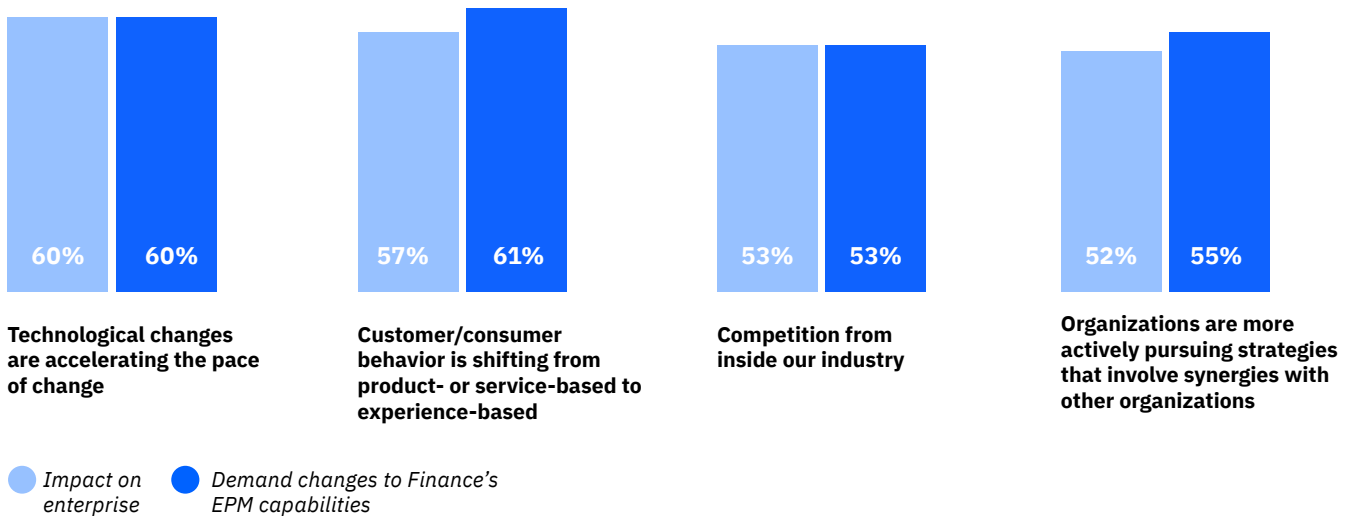
Nearly half of Finance executives surveyed say their organizations are ineffective at executing enterprise strategy.

Optimizing outcomes amid disruptive change requires speed and agility. Finance must support the rapid pace of technology advances, increased customer demands, and the formation of ecosystems and business platforms.

This environment requires organizations to reshape strategies and transform how they compete and operate. Yet nearly 75 percent of Finance executives say their organizations are ineffective at developing a strategy, and nearly half report they are ineffective at executing that strategy. These findings are consistent with an MIT Sloan survey of more than 400 CEOs who said the ability to execute strategy was their number one challenge—ahead of innovation, geopolitical instability, and top-line growth.²

Figure 1

Transitioning Finance’s capabilities to help enterprises address challenges



Questions: To what extent are the following challenges impacting your enterprise? To what extent are the challenges demanding changes to the Finance function's EPM capabilities? Percentages represent the number of respondents who selected 4 or 5 on a 5-point scale.

Lack of a collaborative culture impedes progress.

Collaboration: The weak link

Finance working in partnership with the C-suite to create a competitive advantage and drive adaptability based on data is the key differentiator of leaders. Finance as a business partner has been talked about for 50 years, and the role has dramatically increased in importance since the global recession in 2007.³ In today's environment of big data and digital technologies, Finance should be able to exponentially increase its effectiveness.

Yet CFOs have struggled with this. Only 20 percent of their time is spent on decision support, falling short of enterprise expectations.⁴ The rationale for the shortfall is composed of a laundry-list of issues: ineffective collaboration across the enterprise, sub-optimal processes, struggles with integration of information across the enterprise, and, crucially, limited analytical talent.

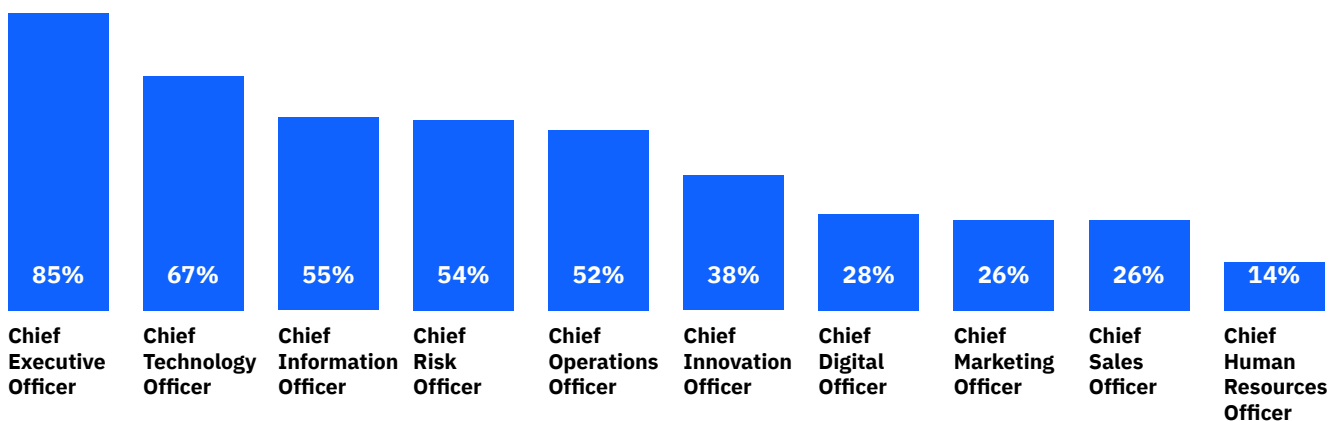
Most respondents say they collaborate well with their CEOs and Chief Transformation Officers (CTOs) in EPM (see Figure 2). Yet, it is surprising to see only half say they work well with Chief Information Officers (CIOs) and Chief Risk Officers (CROs), even though some of them may report to the CFO.

More troubling is only half (52 percent) say they work well with Chief Operating Officers (COOs), who help design, plan, and implement business strategies and operations. Even more worrisome are the low numbers for partnering adeptly with Chief Marketing Officers (CMOs, 26 percent) and Chief Human Resources Officers (CHROs, 14 percent).

How can Finance lead the charge on changing business practices to address challenges such as the COVID-19 pandemic? How can Finance capitalize on the digital reinvention opportunity if it can't collaborate effectively on technology investments (CIO), risk management (CRO), operational capabilities (COO), markets and customers (CMO), and talent (CHRO)?

Figure 2

Missing a culture of collaboration



Question: To what extent does your Finance function collaborate with the following members of the C-suite regarding EPM? Percentages represent the number of respondents who selected 4 or 5 on a 5-point scale.

The FP&A processes for the majority of those surveyed are also not well executed. Less than half use closed-loop reporting or regular scorecards. Instead, they rely on reporting a set of key performance indicators (KPIs) periodically or ad hoc using historical information.

Without foresight, Finance cannot be effective at helping the business make the right decisions. Shifts in demand and supply-chain interruptions expose cash and P&L positions. Less than half of our respondents use data-driven planning. This means a data-driven, decision-making culture is not in place in most of our respondents' enterprises, where planning and budgeting set strategic organizational goals.

Less than a quarter of our Finance executives told us that financial and operational data are truly integrated, that is, enriched business datasets. This makes it challenging to use better insights as the basis for significant decisions. Without a constant assessment of performance, paired with early warning signs, Finance leaders cannot help their enterprises manage quickly changing situations.

Finally, only half of the respondents say they have the required analytical talent to collaborate with the business. Such a role could be fulfilled by embedding data scientist skills into the Finance organization and/or creating a Chief Data Officer role within Finance. Without this talent, the inability to interpret data makes it difficult for Finance to be successful at business partnering, scenario analysis, and making deeply informed conclusions. As a result, enterprises cannot expect to develop robust strategies and be able to adjust nimbly as they execute those strategies or face disruptions.

The common thread to each of these issues is related to data, the new "natural resource," and the inability to use it effectively. Planning and reporting rely on accurate and timely data and a common understanding of the facts. Data integrity and authenticity are even more critical with business partners internally, as well as the ecosystems that share data beyond the enterprise. Deriving value from data will demand that Finance embrace a greater sense of urgency when analyzing new forms of complex information. Finance will need to accelerate data and analytics skills development to support meaningful interactions with the business.

The makings of trusted decision-support leaders

How does Finance improve its EPM capabilities? To answer this question, we identified a group of Finance leaders (18 percent of our respondents) who have the highest effectiveness relative to their peers across eight decision-support activities:

1. Identifying and evaluating organic growth opportunities
2. Identifying and evaluating merger and acquisition opportunities
3. Identifying enterprise cost-reduction opportunities
4. Responding to changes in strategy/business model
5. Analyzing customer profiles/value
6. Optimizing pricing and promotions
7. Managing enterprise risk
8. Managing fraud, waste, and abuse.

Frasers Property Australia: Improving management of development projects through efficient use of capital⁶

Frasers Property Australia is one of Australia's leading diversified property groups. The company's activities cover the development of residential land, housing, apartments, commercial, retail and industrial properties, investment property ownership and management, and property management.

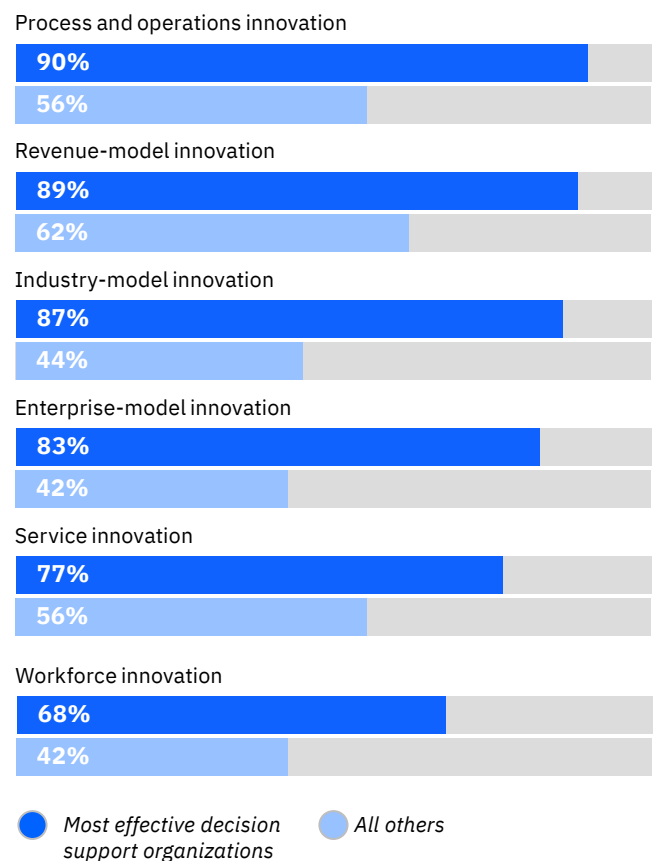
To set its business direction, Frasers Property required insight into forecast costs, revenues, and potential returns. The company replaced and enhanced its existing forecasting platform. Its augmented platform provides a detailed view of long-term revenue, cost, and capital allocation across the business.

The platform enables 20-year forecasts by supporting larger data sets and faster forecast refreshes. It also enhances scenario planning by factoring in market changes for smarter decision making. It also accelerates overnight processing, which improves performance and maintainability.

The substantially better performance management capabilities of leaders drive innovation (see Figure 3). Innovation increases the productivity of staff and working capital and creates sustained cost transformation. This translates to new products and services, improved customer satisfaction, optimized processes, new business models, and more cash flow to funnel toward reinvention.

Figure 3

Leaders' substantially better EPM capabilities drive innovation



Question: Please rate the effectiveness of your Finance function's EPM capabilities in supporting the following types of innovation. Percentages represent the number of respondents who selected 4 or 5 on a 5-point scale.

Leaders help develop and execute strategy through a tactical mindset that embraces ambiguity.

The results? Leaders are two times better than their peers at developing and executing strategy. In fact, 88 percent report their enterprises are effective at executing the enterprise strategy. This significantly outperforms others since organizations collectively tend to lose 40 percent of a strategy's potential value through breakdowns in execution.⁵

Given leaders' better performance, one could presume they spend more on their EPM capabilities. However, that is not the case. A comparison of the investment on EPM shows they are not too far apart—USD 5.8 million per USD 1 billion in revenues for leaders, versus USD 5.4 million per USD 1 billion in revenues for the rest. So what are the leaders doing differently?

Leaders help develop and execute strategy through a tactical mindset that embraces ambiguity. They have established capabilities and practices to support a culture around data, and they deploy exponential technologies. In fact, 88 percent of leaders have built a data-driven culture, compared to 52 percent of their peers.

The leaders employ four actions to perpetuate success:

- Establish an EPM foundation
- Transform financial planning and analysis processes
- Create trust in data to elevate decision making
- Partner to steer the business.

Global education company: Automating financial processes at scale using robotic process automation⁷

This leading global education company—with a strong focus on digital learning—was expanding into emerging markets. As part of a digital transformation, the company wanted to improve its Finance record-to-report processes. Every month, the company performed more than 500 intercompany reconciliations. It sought process improvements to enhance quality control and execution speed.

A robotic process automation solution significantly reduced the cost of Finance operations by redeploying headcount and increasing throughput. The solution, initially implemented through a proof of concept, rolled out across 500 intercompany reconciliations. The result: it delivered better control, a 30 percent increase in productivity, and five-times faster processing of the overall reconciliation process.

Establish an EPM foundation

Leaders recognize that they had to change their EPM capabilities. This required reimagining the way Finance operates and engages with the business. Nine-of-ten leaders have developed a well-defined EPM strategy, compared with just 65 percent of others. Leaders' strategies include investment in digital technologies to support more intelligent processes, plans to extract value from data, and the construction of deep business partner relationships.

Nine-of-ten leaders also have a transformational vision for the use of digital technologies, versus 62 percent of their peers. Eighty-five percent of leaders have identified EPM processes that can be augmented with digital technologies. For example:

- Dynamic budgeting and planning can be integrated with reporting.
- AI can be leveraged to predict revenue or pricing.
- An AI-powered workflow-reconciliation module can aggregate sub-ledger transactions, perform risk-based reconciliations, and generate cognitive foresight for forecasting and scenario analysis.

Over three quarters of leaders have put in place the people, skills, and resources to execute their EPM strategies. This compares with just over half of all others. Leaders understand these three assets help enterprises focus on sustained cost reductions, development of new business models, value chain improvements, and a more holistic approach to risk.

Leaders also overwhelmingly recognize that employee roles and skills need to evolve. To that end, leaders have made more talent improvements to support EPM than their cohorts. Improvements include training employees on using digital technologies (84 percent versus 56 percent) and implementing a formal process to identify needed digital skills (75 percent versus 49 percent).

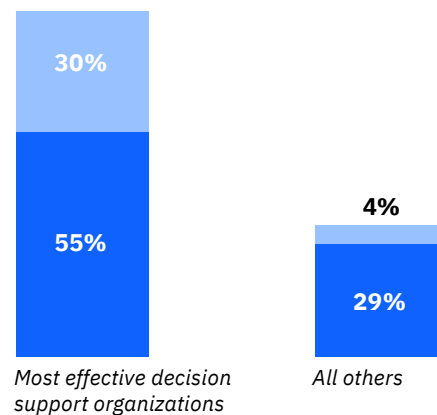
With digital technologies, change management can no longer be an afterthought. Leaders recognize this and have taken steps forward. Nearly nine-of-ten leaders have implemented strategies to help their Finance employees adapt to changes associated with improvements to EPM, and over 80 percent support the EPM strategy with change management.

Transform financial planning and analysis processes

Leaders have implemented next-generation FP&A processes via digital technologies. They have also discovered that the automation and augmentation of common processes with digital technologies not only create transactional savings, but also free up FP&A staff to focus on complex assessments, quality decisions, and course corrections.

Figure 4

Leaders embrace data-driven capabilities and culture by a wide margin



- We have a data-driven planning and decision-making culture, whereby planning and budgeting set strategic organizational goals
- A robust data-driven enterprise planning and reporting capability exists, and we are building toward forecasting exposure management

Question: Which of the following statements best describe how planning/budgeting/forecasting is managed in your business entity?

Nearly half of the leaders use a “closed-loop” real-time reporting and feedback system in day-to-day decision making.

Leaders have also fine-tuned their FP&A processes for agility. Eighty-two percent say they drive consistency in reporting through a single source of the truth that allows conversations to address P&L and balance sheet implications and focus on finding and placing the right bets. This translates to leaders being 27 percent faster at generating the standard executive reporting package than their peers. What’s more, only 32 percent of their cohorts have put this in place.

Nearly half of the leaders use a “closed-loop” real-time reporting and feedback system in day-to-day decision making. The results of which are monitored through real-time tracking of standardized performance metrics. An up-to-date picture of the enterprise’s position shows progress on strategy execution and shifts in supply, demand, materials, and products. Benchmarks showcase gaps in financial and operational performance that can be adjusted quickly.





















Leaders also are more mature with their planning, budgeting, and forecasting processes (see Figure 4). This translates to improved efficiency by reducing actions associated with data processing and better forecast accuracy. More than 90 percent of leaders align planning with key drivers and associated metrics, providing clear visibility for strategy development. Planning decisions can be reviewed, reconsidered, and readjusted as needed.

Leaders layer established and emerging technologies in FP&A processes to supplement their existing enterprise resource planning (ERP) systems (see Figure 5). Robotic process automation can input budgets and capital plans into systems and generate FP&A reports. By combining predictive analytics and artificial intelligence with data, new autonomous processes can perform more routine tasks with very little intervention, elevating the workforce to higher-value activities. Leaders provide better insights into their enterprise’s strategic, operational, and financial performance by leveraging automation, analytics, and AI.

Figure 5

Leaders deploy established and emerging technologies in concert for FP&A

#X = more leaders have implemented the technology # times versus their peers

FP&A process area	Implementation of technology by majority of leaders			
	ERP	Robotic process automation	Predictive analytics	AI
Planning	 95%	 63% 3X		 57% 2X
Cash forecasting	 71%	 65% 3X	 61% 2X	 58% 2X
Revenue forecasting	 83%	 51% 2X	 54% 2X	 52% 2X
Management reporting	 65%	 52% 2X	 52% 3X	
Profitability analysis	 73%	 54% 2X		 53% 2X
Expense forecasting	 75%	 58% 3X	 53% 2X	

Question: Which of the following technologies have you implemented within the FP&A process areas?

Insight: From processes to intelligent workflows⁸

Processes consist of organizational tasks and activities, typically within a function, such as accounts payable. Traditionally, these processes have existed in isolation.

Intelligent workflows, by contrast, encompass related processes, often crossing both process and functional siloes. Intelligent workflows align with external or

internal customer needs. They enable clear, measurable, and improved outcomes from visibility into all related processes. Exponential technologies overlay the processes that sit along a workflow, and data is shared across all processes. Intelligent workflows connect the front of the organization to the back, create more effective end-to-end experiences, and learn from data, then improve themselves based on feedback.

1 →	2 →	3
Technology-enabled process improvements	Multiprocess or single function intelligent workflows	Multifunction or business platform intelligent workflows
Individual process within a single function, not connected throughout organization	Set of interconnected processes spanning one horizontal or industry-specific function	Set of end-to-end processes spanning front to back, across horizontal or industry-specific functions
<i>Examples: FP&A workflows:</i> <ul style="list-style-type: none"> – Budgeting/forecasting 	<i>Examples: FP&A workflows:</i> <ul style="list-style-type: none"> – Financial planning and analysis – Record to analyze 	<i>Examples: FP&A workflows:</i> <ul style="list-style-type: none"> – Integrated business planning – Strategic planning

Effective decision making is predicated on the ability of the Finance organization to create trust from data.

Additionally, leaders create service scalability by aggregating skills (shared services, centers of excellence, outsourcing) for select FP&A processes—planning, management reporting, profitability analysis, and expense forecasting. These economies of skills identify business drivers and key metrics, provide consistent reporting, facilitate new ideas, and support collaboration across the organization.

Create trust from data to elevate decision making

Timely, effective decision making is predicated on the ability of the Finance organization to create trust from data. Reduction of data structural complexity becomes a precondition. This means a common information architecture and enterprise data-governance framework are required. Also needed are a simplification of systems where data resides, data standards, central data repositories, and staff that can manage the data.

Data commonality is essential to gain trust in analytical insights. Our study shows that Finance leaders outpace their peers in data-management initiatives (see Figure 6).

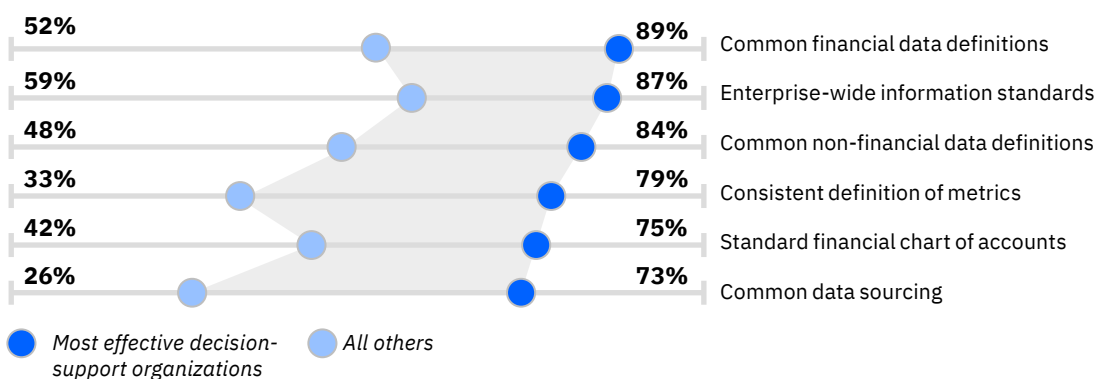
Common definitions are important for both financial and non-financial data. Nearly nine-in-ten leaders have enterprise-wide information standards—with the emphasis on “enterprise-wide.” Implementation of common terminology for metrics is where leaders really stand out—putting it to effect nearly 2.5 times more than their peers. This creates accountability in strategy execution by measuring success effectively.

Leaders have reduced the time needed to prepare, validate, and cleanse data. Nearly 80 percent of leaders have implemented an enterprise data warehouse—almost two times more than their peers. And nearly two thirds of leaders have their datasets housed in a single solution for integration. As a result, they can curate the data they have on hand and apply it to decisions.

A technology foundation that supports performance management is critical. Leaders are ahead of their peers in implementing this infrastructure. Nearly three quarters have rationalized their ERP and financial-applications instances, compared to 45 percent for their counterparts. Fragmented systems show conflicting data and create rework for decision-support teams. Rationalization translates to streamlined processes, lowered cost, and most important, enhanced efficiency and effectiveness.

Figure 6

Leaders build trust in data through standardization and commonality



Question: To what extent have you implemented the following data management initiatives as part of enhancing your EPM capabilities? Percentages represent the number of respondents who selected 4 or 5 on a 5-point scale.

Nearly 90 percent of leaders have created a flexible data architecture, versus less than half their peers. This architecture provides openness and transparency surrounding data. Rather than discussing whether data is correct, leaders are, instead, making decisions using that data.

Finally, nearly three quarters of leaders are leveraging data visualization/exploration tools, compared to 37 percent of peers. Empowered Finance staffs dive into data, process

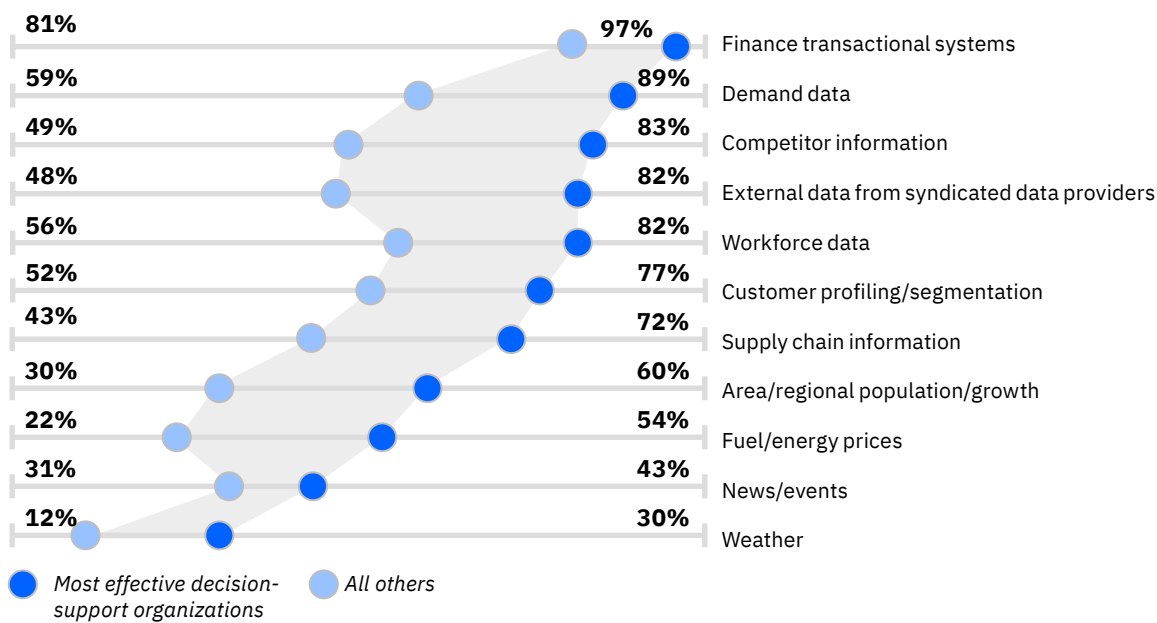
information faster, and take advantage of insights to improve performance. These resources are supported by investment in data-management skills, including big-data-related information and data curation.

Knowledge and insights can be extracted from vast amounts of structured and unstructured data about the business environment and operational conditions (see Figure 7). Leaders take advantage of available data sources to adjust operations, identify workforce needs, adjust competitive responses, and act on emerging trends.

Figure 7

Leaders explore new data sources at a greater clip

Data source used as part of EPM capabilities



Question: To what extent are the following data sources used as part of your EPM capabilities? Percentages represent the number of respondents who selected 4 or 5 on a 5-point scale.

Enterprise decision making is supported by leaders' investments in digital technologies.

Partner to steer the business














To set strategy, CEOs rely on Finance to evaluate opportunities and adjust capital investments to capture them. In collaboration with the C-suite, CFOs help guide execution of those strategic opportunities: driving growth, optimizing profits, and managing risk. To do so, CFOs use data to provide analytical insights, which, in turn, inform strategy execution. Trusted decision-support leaders take these insights to the next level by using AI as the cornerstone to support and track strategy execution. In fact, over three quarters of leaders have adopted AI for this purpose, as opposed to less than one-in-five of their peers.

A company's strategy execution is guided by its KPIs. AI can help determine the outcomes that need to be measured, measurement of the outcomes, and prioritization of the outcomes. These KPIs create accountability for the execution of enterprise strategy. Strategic KPIs optimized through AI provide analytically enhanced oversight.¹⁰ Without AI to track strategy execution, lower-performing teams could spend 83 percent more time firefighting and dealing with tactical issues rather than strategic plays.¹¹

Enterprise decision making is supported by leaders' investments in digital technologies (AI, predictive analytics, robotic process automation) across decision-support areas (see Figure 8). Leaders are tapping these established and emerging technologies to help assess rewards and risks.

Figure 8

Leaders enable decision-support with established and emerging technologies

Decision-support area	Implementation of technology by majority of leaders		
	Robotic process automation	Predictive analytics	AI
Identification/evaluation of organic growth opportunities	 58%		 88%
Identification/evaluation of M&A opportunities	 52%	 54%	
Identification of enterprise cost-reduction opportunities		 54%	 64%
Response to changes in strategy/business model		 64%	 55%
Analysis of customer profiles/value		 67%	
Optimization of pricing and promotions		 50%	 58%
Management of enterprise risk		 54%	
Management of fraud, waste, and abuse			 58%

Question: For each of the following decision-support areas, which of the following technologies have you implemented?

Global pharmaceutical company: Leveraging AI to improve forecasting⁹

A global pharmaceutical company grappled with low forecast accuracy at a drug level using traditional methods. Moreover, slow reaction to competitive shifts resulted in a subpar return on investment and long turnaround times for analyzing data and determining actions.

To address this, the company developed a cognitive-simulator solution that drives end-to-end dynamic, integrated, and streamlined financial planning. The solution includes a machine learning-based forecast; an external perspective for true market potential through a live scenario-planning engine; and an accurate account of the impact of client and competitor actions, policy changes, market dynamics, new regulations, and more.

As a result, drug-level forecast accuracy increased to 97-plus percent from approximately 85 percent. And by optimizing investments and driving significant efficiencies through on-demand planning, the enterprise recorded an estimated USD 115 million in incremental profit over two years.

Karnov Group: Supporting business growth with scalable financial analytics¹²

Karnov Group is a large supplier of information solutions in Scandinavia for legal, tax, and accounting professionals. With the company's rapid growth, Karnov Group's Finance team began to find that its existing financial analytics and reporting processes could not scale to meet the growing demands from internal and external stakeholders.

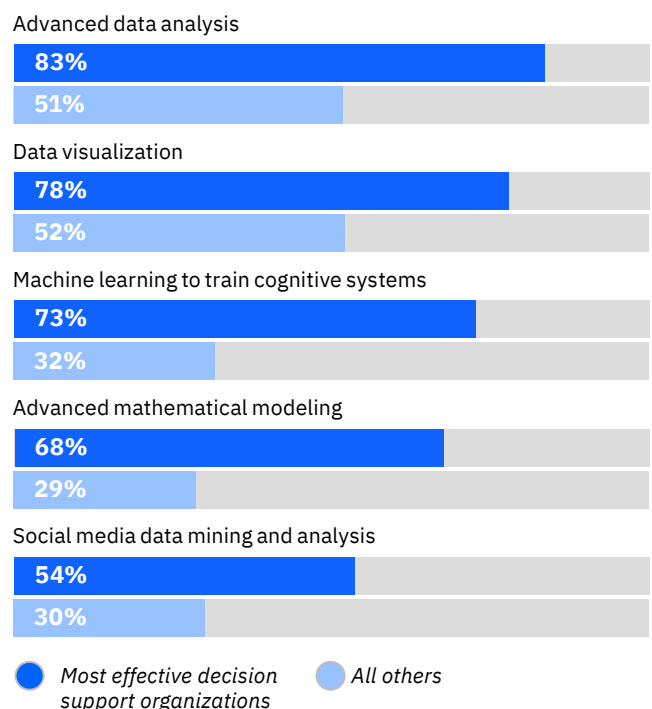
Karnov Group used a planning-analytics-on-cloud solution to re-engineer its financial consolidation, budgeting, and planning processes. The solution also introduced greater automation and transparency and reduced manual spreadsheet work. The solution enables faster month-end closing and shorter budget cycles. Its scalability provided Karnov Group with a system that supports continued growth.

Scenario- and what-if-analysis assist in the evaluation of organic and inorganic opportunities along with the associated risks. Revenue growth and initiatives that reduce costs result in improved margins. The analysis of customer value and pricing allows leaders to better link customer experience to performance and refine their enterprises' pricing and promotional strategies. The technologies also help leaders be more deeply involved in assessing the effect of new trends and technologies on their enterprises' business models.

These decision-support insights cannot be delivered through technology alone. Leaders recognize that proper skills are essential. Over three quarters say that they have invested in developing analytical talent, compared to less than half of their peers. Leaders have also added the data-minded talent who can work side-by-side with their staff (see Figure 9).

Figure 9

Leaders add new skills and talent to increase data usefulness at a much higher rate than others



Question: To what extent has your organization invested in the following skills in support of your EPM capabilities? Percentages represent the number of respondents who selected 4 or 5 on a 5-point scale.

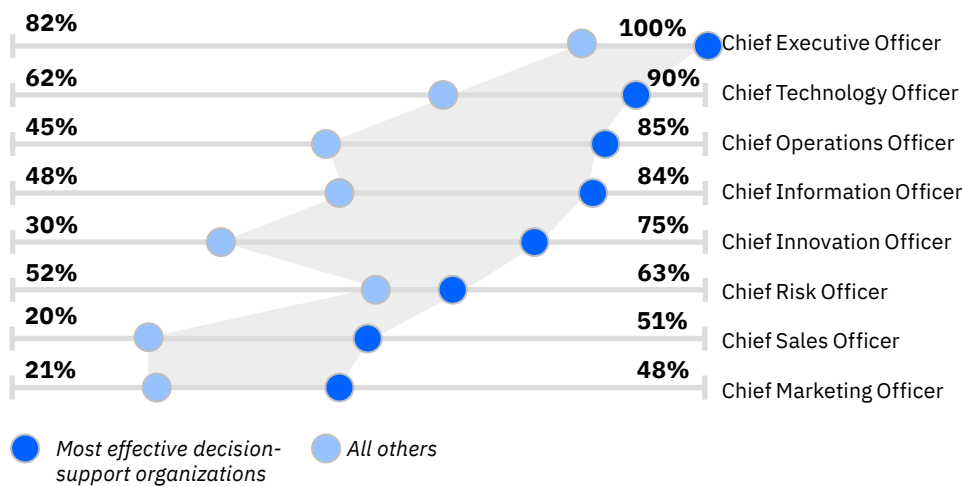
Open and ongoing collaboration with C-suite peers is required to adjust quickly.

Twice as many leaders than other have invested in skills such as machine learning to train cognitive systems, advanced mathematical modeling, and social media data-mining skills. Leaders can leverage the talent with these skills, combined with technology, to enable predictive analytics and prescriptive insights that recommend next best actions. This talent serves as the bedrock for generating insights and building action plans to close performance gaps in strategy execution.

As strategic plays are implemented and investments yield returns, the CFO works with other members of the C-suite to evaluate if and how the expected returns are being achieved, interpret the nuances, and adjust appropriately. In today's fast-paced environment, open and ongoing collaboration with C-suite peers is required to adjust quickly. CFO collaboration must straddle both IT and the business. Leaders embrace this wholeheartedly (see Figure 10).

Figure 10

Finance leaders orchestrate strategy execution across the C-suite



Question: To what extent does your Finance function collaborate with the following members of the C-suite regarding EPM? Percentages represent the number of respondents who selected 4 or 5 on a 5-point scale.

Action guide

Finance as the essential trusted business partner

1. Drive a unifying vision

Help your employees internalize an EPM vision that is clear, simple, memorable, and inspiring with key decision support areas, technology improvements, skills enhancements, and operating models. Effectively manage change by providing transparency into expectations for EPM and its capabilities to drive strategy development and execution. Provide training and support to staff that will be executing the EPM vision and capabilities.

2. Reduce structural complexity around data

Modernize your ERP. Assess whether existing financial applications provide the functionality needed to meet future business requirements and simplify. Standardize financial and non-financial data definitions and set an enterprise-data governance framework. Appoint a Chief Data Officer within Finance. Map your data assets—your data, its sources, and platforms—to each of your business goals and strategic initiatives. Implement central repositories to aggregate financial, operational, and external curated data.

3. Modernize your FP&A processes

Tap best-of-breed technologies to accelerate the reconciliations and close processes. Automate manual spreadsheet-based planning, budgeting, forecasting, reporting, and analysis. Implement AI and predictive analytics to further improve the FP&A processes. For example, cognitive analytics can optimize close processes and staff utilization on reconciliations, while AI can reduce human bias in the planning process. Aggregate select activities (planning, management reporting, profitability analysis, expense forecasting) to take advantage of economies of scale.

4. Create the business partnering team

Augment analytics skills to deliver effective business partnering. Upskill staff on mathematical modeling and data visualization to unearth correlations and data relationships. Hire data scientists within Finance. Enhance machine learning skills to train AI systems. Collaborate across the C-suite, especially with new relationships. For instance, collaborate with the Chief Technology Officer to facilitate enterprise digital transformation, the Chief Innovation Officer to drive innovation with ecosystems and platforms, and the Chief Marketing Officer to support the shift to customer centricity.

5. Integrate data and insights for better performance

Apply AI to track enterprise strategy execution. Collaborate with IT to create a flexible data architecture to support accessibility to multiple data sources. Synthesize financial, operational, unstructured, and external data; leverage cognitive analytics to unlock new insights and model big bets and next-best actions. Create a cognitive FP&A platform to improve forecasting accuracy and enable ability to obtain insights based on business scenarios, allowing strategy to become operational.

Ready to reinvent your organization's decision-support capabilities?

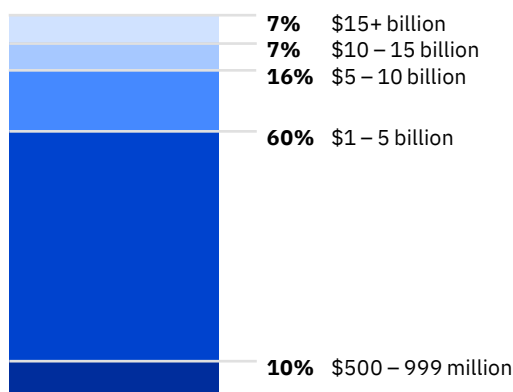
- How can your Finance organization strengthen data integration and enterprise insight to deliver enhanced enterprise performance?
- How does your Finance organization break down silos to collaborate across the C-suite?
- How will your Finance organization's analytics support decision making across the business?
- Has your Finance organization holistically implemented a combination of digital technologies to enhance the efficiency and effectiveness of your financial planning and analysis processes?
- What skills do employees have and need to solve unexpected challenges in real time when or before they occur?

Study approach and methodology

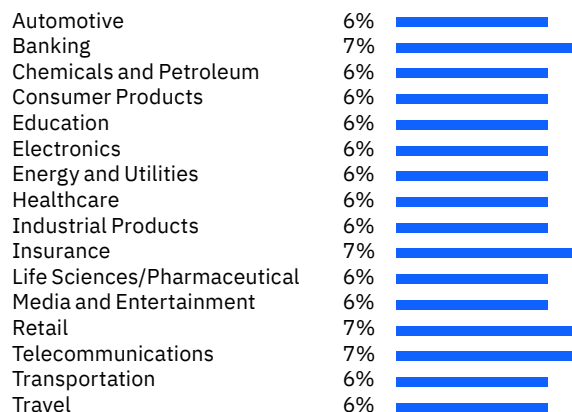
In cooperation with Oxford Economics, the IBM Institute for Business Value surveyed Chief Finance Officers and Vice Presidents/Directors of Financial Planning and Analysis in 21 countries between July and August 2019. In total, 500 respondents participated in the study: 16 percent from North America, 12 percent from South America, 31 percent from Europe, 12 percent from the Middle East and Africa, and 29 percent from Asia Pacific.

Our analysis identified a small group of leaders (18 percent of our sample). This group is more effective than its peers, on average, across eight decision-support activities: identification and evaluation of organic growth opportunities; identification and evaluation of merger and acquisition opportunities; identification of enterprise cost-reduction opportunities; response to changes in strategy/business model; analysis of customer profiles/value; optimization of pricing and promotions; management of enterprise risk; and management of fraud, waste, and abuse. All data is self-reported.

Respondents by enterprise size



Respondents by industry



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For more information

To learn more about this study or the IBM Institute for Business Value, please contact us at iibv@us.ibm.com. Follow @IBMI BV on Twitter, and, for a full catalog of our research or to subscribe to our monthly newsletter, visit: ibm.com/ibv.

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New Orchard Road
Armonk, NY 10504
Produced in the United States of America
June 2020

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