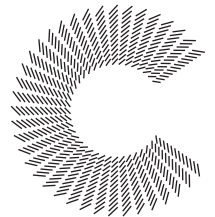


Elevate your enterprise

Chief
Financial
Officer

Global C-suite Study
19th edition

IBM Institute for
Business Value



The IBM Institute for Business Value, in cooperation with Oxford Economics, interviewed 2,102 Chief Financial Officers. In 184 face-to-face and 1,918 phone interviews, both quantitative and qualitative responses were collected. The analytical basis for this CFO report uses 1,996 valid responses from the total data sample collected.

More than 12,800 CxOs, representing six C-suite roles, 20 industries and 112 countries, contributed to our latest research. We used the IBM Watson Natural Language Classifier to analyze their contextual responses and ascertain overarching themes. We also used various statistical methods, including cluster analysis and discriminant analysis, to scrutinize the millions of data points we collected.

Essential finance

Companies in virtually every industry are undergoing a secular change to new, platform-based businesses. To thrive, organizations need to digitally reinvent their enterprise business and operating models. CFOs continue to be instrumental in providing the analytical insights to help the enterprise invest capital into new opportunities. Essential to this process is a highly collaborative, in-synch C-suite. The CFO's newest mandate – to help steer the strategic direction of the enterprise and do so iteratively – requires changes to their finance organizations. Startlingly, nearly half of CFOs report their own finance organizations fall short of what's required.

A broader context

Perspective from the
Global C-suite Study

Two decades after the Internet became a platform for transformation, we're still wondering how it all might turn out. The signals aren't always clear. Today, winner-take-all organizations are on the rise, but collaborative ecosystems are flourishing as well. Even in industries where competitive concentration is increasing, innovation hasn't – as would be expected – flatlined. Which way to the future?

The organizations that are prospering aren't lying in wait to time the next inflection point – the moment when a new technology, business model or means of production really takes off. Remaking the enterprise, they recognize, isn't a matter of timing but of continuity. What's required, now more than ever, is the fortitude for perpetual reinvention. It's a matter of seeking and championing change even when the status quo happens to be working quite well.

Drawing from the responses to a survey of executives across the C-suite, IBM client engagements and our work with academics, the 19th edition of the IBM Global C-suite Study, “Incumbents Strike Back,” covers four topics that describe the changing business landscape.¹

Dancing with disruption: Incumbents hit their stride

Is disruption dead? Certainly, there's less of it than most C-suite executives anticipated. Just under three in ten say they're experiencing significant disruption; hardly the deluge expected. What happened? As industries consolidated, startups deprived of venture capital funding stalled at the gate – or were snapped up by incumbents. Confounding the situation, C-suite executives report that it's not the fearsome digital giants they're concerned about most, but the once lumbering, now innovative, industry incumbents that have gained the capacity to strike first and strike back.

Disruption hasn't gone underground; instead it's emerging as a capability incumbents are ready to embrace. They orchestrate advantage by continuously reallocating resources to invest in promising new areas. They have learned to move fast, experiment and iterate. They're reinventing themselves before they are forced by competitors to reconsider their options.

Trust in the journey: The path to personalization

Personalization is a huge opportunity to grow revenues and loyalty, but absent true customer insight, too many organizations are in danger not just of falling short of their targets, but disappointing their customers. Leading organizations are modeling a new path to insight; they are design thinkers. They use data to interrogate their environments, create context and reveal what's deeply human about their customers. To achieve the elegant and irresistible design of the customer experience, they don't start with solutions; instead, they seek to ask the next best question.

They excel at two activities – customer co-creation and detailed journey mapping. These activities generate insights in abundance, feed on-target personalization and have equally important second-order effects: they propagate trust. Trust between peers in co-creation communities is transferred to the enterprise and extended outside the community by a cadre of influencers. Likewise, journey maps cement trust by instilling a culture of accountability to customers inside the organization. Leading organizations dedicated to discovering their customers' unmet needs don't just ask for loyalty on the basis of personalization. They earn and provide reasons to trust.

Orchestrating the future: The pull of platforms

Who wouldn't want to be an Amazon or Alibaba? An intrepid few in every industry are venturing onto business platforms, creating dazzling network effects by orchestrating direct interactions between consumers and producers, and pulling others fast in the same direction. Organizations will need to consider whether they reinvent themselves to own or participate in a business model platform, or to do both. Regardless, the "rules" for success are shifting.

Platforms break down conventions. Prime among those conventions is the value derived from proprietary advantage. Platform operators create value from reciprocity – they cultivate win-win propositions for the network of organizations on their platforms. Above all else, platform owners are ready to reallocate resources from defending markets to innovating in new ones. Attracted by the potential for outsized returns, 28 percent of the C-suite executives surveyed report their enterprises are reallocating some portion of capital to build out platforms. Past and future reallocation could approach an estimated USD 1.2 trillion in the next few years.

Innovation in motion: Agility for the enterprise

Asked to rank the capabilities most instrumental to their success, CEOs cited willingness to experiment and empowering employees among the most critical ones. Leading organizations are rethinking the employee construct at its most elemental level: they're cultivating autonomy and learning on the fly by implementing a more fluid work structure made up of cross-functional teams. For many, the initial inspiration to do so is to get closer – and become more responsive – to their customers.

Leaders in these organizations look to employees to actively challenge and reshape their own views on the course the company should take next. They make it clear that they value smart experimentation and rapid response to market changes. Their employees aren't lined up neatly behind them; they're encouraged to explore as scouts on the front lines.

CFOs share a similar view, and the most forward-thinking agile CFOs report that their enterprises and their finance functions are well prepared to tackle future opportunities. We interviewed over 2,100 CFOs to better understand how the CFO function is evolving. In this report, we explore the evolution of the CFO's role in response to the changing landscape outlined in the Global C-suite Study.

CFO perspectives

An open agenda

Many in the C-suite report that disruption – the sudden incursion of a previously unknown competitor in an industry – may be dissipating as innovative industry incumbents take the lead and more organizations shift from occasional transformations to continuous and iterative reinvention. While C-suite executives may be enjoying this respite from disruption, they are keenly aware that threats remain.

This is especially true for CFOs. Three-quarters of CFOs cite existential threats of some kind to their enterprises' current business models. Six in ten CFOs point to more innovative competitors delivering more compelling value propositions. Three in ten indicate new entrants are taking market share, and approximately one in six point to some combination of product commoditization eroding margins, or online and mobile channel threats. Most concerning, one-sixth cite their own enterprise's struggle to scale for growth as a leading issue.

At the same time, the mandate in the C-suite has shifted. Instead of simply playing defense against threats, more organizations expect to continuously experiment and capitalize on new opportunities – and often in tandem with other entities. The CFO's perspective on new strategic plays pursued in collaboration with others takes center stage.

For some time now, the CFO agenda has ranged far beyond compliance and reporting. In most instances, CEOs rely on their CFO partners for analytically derived insights to fine-tune their organizations' performance and to set the enterprise strategy.² Today, as organizations continue their secular evolution to digitization, the CFO's counsel on evaluating new opportunities and recalibrating investments to capture them have become a bigger part of the organizational portfolio.

Ready or not, the CFO's agenda is full – comprising five key areas of focus. For years, we've surveyed finance executives to better understand what they consider their most important remit. What we've learned is that their priorities haven't changed much. They do, however, keep setting the bar higher. Traditionally, the CFO must help the enterprise execute on strategic opportunities: driving growth, reducing costs and managing risk. To do so, they leverage data to provide analytical insights, which inform strategy execution (see Figure 1).

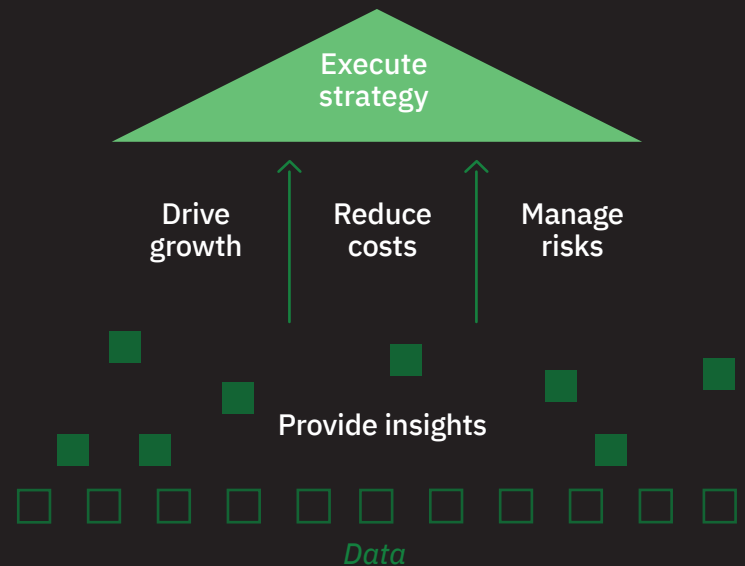
Almost two-thirds of CFOs report that each of the five items on their agenda is a mission-critical endeavor. Yet, according to CFOs' own assessments of their finance organizations, they are falling short in all these areas. While the gaps are not insurmountable, they are existential. Approximately half of CFOs report their finance organizations aren't as effective as they need to be.

CFOs reported that their organizations are pursuing both organic and acquisition-based growth strategies. They actively manage the allocation of enterprise capital to growth initiatives and commit finance resources to due diligence for mergers and acquisitions (M&A).

Figure 1

Full scope

The CFO's agenda includes 5 mission-critical activities



CFOs cite analytics as a key source for the discovery of new growth opportunities, supported by the integration of enterprise data with external market and competitor data. Further, CFOs can leverage robust analytics with powerful scenario and what-if analysis to evaluate acquisition opportunities.

Operational efficiency is equally important to the CFO agenda. To that end, CFOs cite streamlining and digitizing operations as the principal means to achieve it. An integral part of M&A due diligence is development of a clear picture of scale economies associated with acquired intellectual property and business models. Similarly, capital investment in new digital technologies to enable operational efficiency is a priority, with 66 percent citing streamlining and digitizing finance operations as mission critical to their enterprises. This side of the margin equation is focused on cost reduction that, combined with revenue growth, leads to improved margins, hence widening the financial moat.

As could be expected, risk management remains a top agenda item, with 62 percent of CFOs focused on risks of all kinds, from cyber to operational. Analytics to identify, assess and attempt to anticipate risks, particularly those associated with competitive disruption in the marketplace, are key to managing those risks.

Finally, as the expectations for analytics to deliver deep insights ratchets up, what CFOs can deliver has moved beyond cutting costs and managing risk to driving growth and setting strategy. Sixty-one percent of CFOs cite enterprise data integration as a key initiative to enable the delivery of analytics that enhance all aspects of performance.

CFOs produce and leverage analytical insights that help them assess the value of strategic opportunities, including any potential risks. In turn, CFOs can provide and help interpret the analysis of the performance of newly commercialized opportunities from a risk-and-return perspective. Analytics yield the insights necessary to evaluate the risk/return profile of capital allocated to growth opportunities, whether organic or acquisitive, and set the bar for expected returns.

As each investment returns a yield, the CFO, along with C-suite peers, evaluates if and how the expected returns are being achieved, interprets the nuances and adjusts appropriately. In today's fast-paced digital business environment, this ability to adjust quickly – to be agile in response to change – is paramount. It requires something else as well: open and ongoing collaboration with C-suite peers.

“Success for us means continuous profitable growth with least risk. We can only do this with consistently great insights.”

CFO, Consumer Products, United States

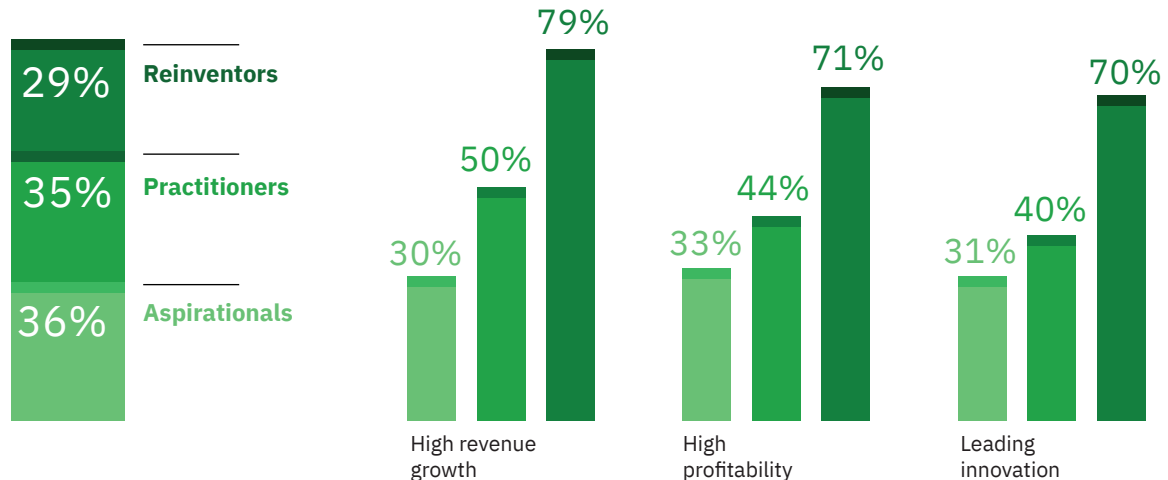
To better understand how some organizations succeed, we applied cluster analysis to identify distinct segments of organizations among more than 12,500 participants in the Global C-suite Study. Three archetypes emerged, which we've named the Reinventors, the Practitioners and the Aspirational (see Figure 2). The organizations clustered in these archetypes are at different stages of Digital Reinvention™ and are eyeing the opportunities ahead from that vantage point.

The Reinventors are the standouts. They report that they outperformed their peers in both revenue growth and profitability, and lead in innovation as well. Their organizations are exceptionally well aligned. They report their C-suite teams collaborate to a far greater degree and business processes are more optimized to support their strategic intentions. Their organizations aren't locked in place. Having managed change successfully in the past, they're confident in their capacity to transform their organizations. Moreover, they have a well-defined strategy to manage disruption.

Figure 2

Three archetypes

Reinventor CFOs lead their industries



The Reinventors have redirected their resources to achieve new sources of scale – broad networks of partners – and extract new value from ecosystems. They're ahead of all others in co-creation and close collaboration with customers and partners. They've restructured their organizations and seeded a new culture to encourage experimentation and bring new ideas to the fore.

Practitioners haven't yet developed the capabilities to match their ambitions. And they are ambitious. Almost one-half of the Practitioners plan to launch new business models in the next few years. Some are ready to leap ahead by taking on more risk to "up their game" and disrupt their industry and others. More Practitioners than Reinventors are considering one of the most radical of the new business models – the platform business model.

The Aspirational, as their name implies, have a ways to go in both their digital transformation and their ability to move quickly to seize new opportunities.

Of the 1,996 CFOs responses analyzed, over a quarter (29 percent) came from Reinventor organizations, 35 percent from Practitioner organizations and 36 percent from Aspirational organizations. The Reinventor CFOs are more effective across all dimensions of the finance agenda, especially in performance analytics, M&A and organic growth opportunities. Sixty-five percent of Reinventor CFOs report they are effective at the full CFO agenda. Just 48 percent of Practitioner CFOs and 38 percent of Aspirational CFOs say they are effective. Moreover, 70 percent of Reinventors CFOs say they're effective at growing revenue from their existing businesses and also identifying new organic growth opportunities.

“An effective finance organization is not enough – we have to help enable the rest of the enterprise to be agile. That requires reliability, support and understanding the business through insights.”

CFO, Industrial Products, Brazil

Steering a new direction

CFOs align with the rest of the C-suite on their views of the competitive landscape. Just one-quarter of CFOs cite a high level of disruption in their industry, and three-quarters report that the disruption that does exist is being led by innovative industry incumbents rather than startups or even the digital giants. For many, the sudden shock of unanticipated disruptions may be waning, but the requirement to change remains strong.

The born-on-the-net digital giants, for example, have already demonstrated the primacy of compelling customer experiences. Across all organizations, seven in ten organizations now expect to emphasize experiences over products. In recent years, incumbents partnering with startups, especially tech-based organizations, have established the value to be gained from expanded partner networks. Now, 63 percent of all surveyed organizations expect to expand their partner networks in the next few years.

For Reinventor CFOs, setting strategic direction with their C-suite peers isn't a one-and-done exercise but an ongoing activity – a continuous recalibration of what opportunities to pursue and how to get there. This iterative approach to strategy seems especially well suited to collaboration.

Substantially more Reinventor CFOs than Practitioners or Aspirationals report they are very effective at partnering with the CEO to help set strategic direction and optimize capital allocation to further strategy and growth (see Figure 3). Moreover, 86 percent of Reinventor CFOs say they have a sure sense of the direction their industry is heading, compared with 69 percent of Practitioner CFOs and 47 percent of Aspirational CFOs. What's behind the Reinventor CFOs' confidence?

To be sure, they have considerable data and sophisticated analytics to inform their vision. Eight in ten Reinventor CFOs turn to data and analytics to inform strategy – more than twice as many as Practitioners. Moreover, 70 percent of Reinventor CFOs have developed the analytical talent in their finance organizations to partner with the business, compared to just 47 percent of Practitioner CFOs and 37 percent of Aspirational CFOs. Reinventor CFOs have something else as well – they lead organizations that are comfortable with experimentation, capable of making fast forays into innovation.

Figure 3

Onboard

Reinventor CFOs
lead with strategy

Reinventors
Practitioners
Aspirationals

Take an active role in the strategic direction of the enterprise



Figure 4

Ready, set, grow

Reinventor CFOs
excel at growth

Reinventors
Practitioners
Aspirationalists

Grow revenue from existing business



Identify and evaluate organic growth opportunities



Identify and evaluate merger and acquisition opportunities



Q: How effective is your finance organization in supporting the enterprise in each of the following areas? (Very effective)

The majority of CFOs report that their enterprise growth strategy is enabled by innovation in the existing business, new organic growth opportunities and expansion through M&A or with partner networks. Ultimately, CFOs are responsible for helping drive healthy growth, both organic and inorganic, and capital allocation for their enterprises. Reinventor CFOs excel on each of these fronts (see Figure 4).

CFOs can help set a new direction and substantiate growth opportunities by furnishing insights that support an agile capital allocation decision process to:

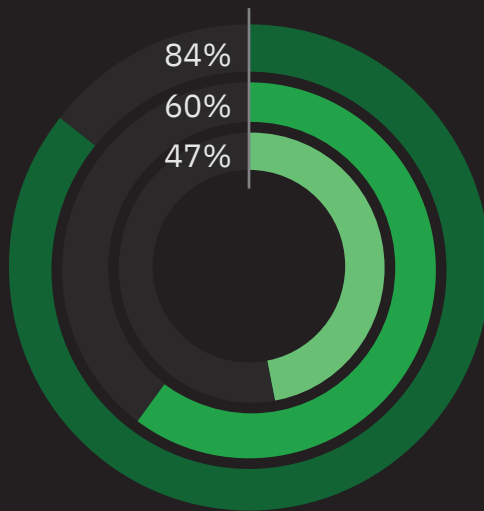
- Acquire for growth or absorb a competitive threat
- Innovate or obtain needed intellectual property faster via acquisition
- Invest in new business models, such as digital platforms.

Figure 5

In synch

Reinventor CFOs thrive among a collaborative C-suite

Reinventors
Practitioners
Aspirationals



Q: To what extent do you agree that C-suite leadership in your enterprise collaborates in a collegial and collaborative fashion? (To a large extent)

To be agile, enterprises must be quicker to innovate or respond to disruption. Constantly interrogating the business landscape and applying rigorous analysis to drive out actionable insights are certainly prerequisites for agility.

Reinventor CFOs are more astute at helping the organization find and place the right bets. They can do so in part by establishing a culture that encourages experimentation and speed. Three-quarters of Reinventor CFOs, compared to 42 percent of Practitioners and 39 percent of Aspirational, report they have a culture that rewards both fast failure and successful innovation, acknowledging the value they place on experimentation.

Agility is also enabled by real collaboration across the C-suite to execute on strategic course changes and swiftly evaluate the merits of new opportunities uncovered through experimentation. Reinventor CFOs are better than their CFO counterparts at collaborating with their C-suite peers on strategy execution. This collaboration crosses multiple domains including risk management (CRO), technology investments (CIO), new markets and customers (CMO), new operational capabilities (COO) and talent (CHRO). In fact, 84 percent of Reinventor CFOs say that their leadership works together effectively in a collaborative, collegial and productive way versus just 60 percent of Practitioner CFOs and 47 percent of Aspirational CFOs (see Figure 5).

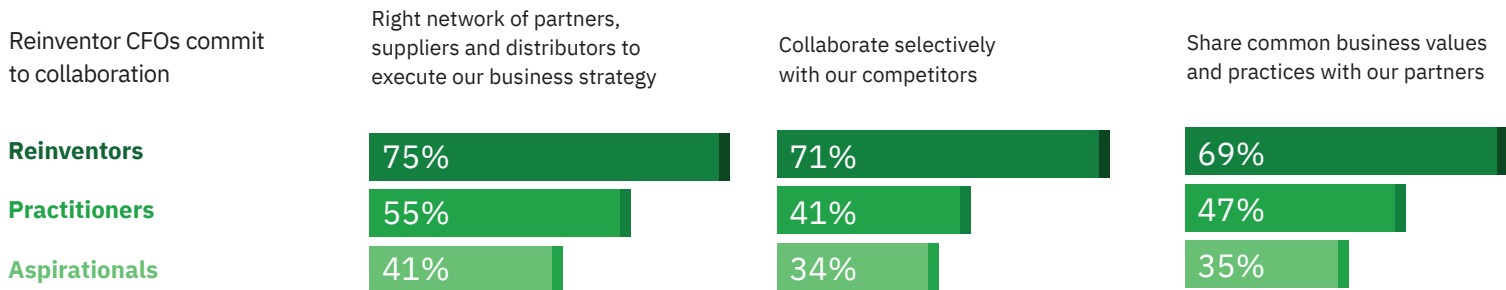
Orchestrating advantage

A growing number of organizations seek to derive significant strategic advantage from intense collaboration with other organizations. For CFOs, this propensity to collaborate with others is a boon in that it opens up access to new data and new lines of sight across the value chain.

Reinventor CFOs, for example, have become particularly adept at ecosystem advantage, partnering with organizations in their value chain and even collaborating selectively with competitors (see Figure 6). Reinventor CFOs, working with CMOs, also excel at leveraging partner data to improve customer engagement, whether by exceeding customer expectations or delighting customers with new value derived from seamlessly orchestrated experiences.

Figure 6

Dancing with partners



Q: To what extent do you agree with the following statements related to how your enterprise collaborates with customers and partners? (To a large extent)

For some, the natural evolution of the ecosystem approach is taking form in the platform business model, which connects producers directly with consumers, enabling organizations to grow faster and generate higher profits. Just 6 percent of CFO respondents say their enterprises have a platform model established in the market. Yet 36 percent state their enterprises are building or considering a platform business model.

What are the characteristics of a platform that generates growth? It helps drive new customer experiences, cultivate and orchestrate data as an asset to hone performance, and reallocate capital and resources from the role of defending markets to innovating in new ones.

Already, organizations are reallocating a vast amount of capital – expected to reach USD 1.2 trillion in just a few years – to the platform business model. CFOs will need to wield new tools and insights to orchestrate and execute on this important opportunity.

To operate in an ecosystem or platform environment, CFOs need to consider a number of factors. They need to examine new ways to assess and reduce risks in concert with other organizations. They should share performance analytics across the full value chain – including at times competitors – to help enterprises stay in synch.

As more organizations extend their value-creation activities to collaboration with ecosystems on platforms, understanding and experimenting with emerging technologies becomes more important than ever. For most, emerging technologies, such as artificial intelligence (AI), automation and blockchain, offer new opportunities when built on a foundation of mobile, cloud, data and analytics capabilities.

“We use digital and cognitive capability for better decision making and collaboration.”

CFO, Automotive, India

In collaboration with CIOs, CFOs need to help their organizations prioritize investment in emerging technologies based on new value, business capabilities or competitive advantage. Reinventor CFOs are more willing to invest in mature technologies such as

mobile, cloud and IoT than their Practitioner and Aspirational peers. But they are even more likely to invest in emerging technologies (see Figure 7).

Figure 7

Full stack

Reinventor CFOs invest in a wide set of technologies, old and new

Reinventors

All others

Mature technologies

Mobile



Cloud



Internet of Things (IoT)



Emerging technologies

AI/cognitive computing



Virtual reality



Robotic process automation



Augmented reality



3D printing



Robots



Blockchain



Likely to invest in the following technologies to enable strategic goals

Q: How likely is your enterprise to invest in the following technologies to enable your strategic goals? (Very likely)

To evaluate new investments in digital technologies, many CFOs may need to reconsider the outcomes they can deliver. Within finance and operations, the top three drivers CFOs told us they looked for are: reducing cost (60 percent), improving working capital (52 percent) and increasing the speed and agility of the enterprise (49 percent). Just 20 percent consider whether the technology will enhance collaboration with customers and partners, a troubling gap in an environment where collaboration is the new advantage.

More broadly, a primary mechanism for CFOs to help drive growth is the ability to extract insights on opportunities. Reinventor CFOs do so by being better than their peers at integrating data across the enterprise and producing analytics that enhance enterprise performance. CFOs need to produce deep insights that help identify profitable growth areas and forecast opportunities. Across the board, Reinventor CFOs excel in these areas, from profitability reporting to forecasting demand and product pricing (see Figure 8).

Figure 8

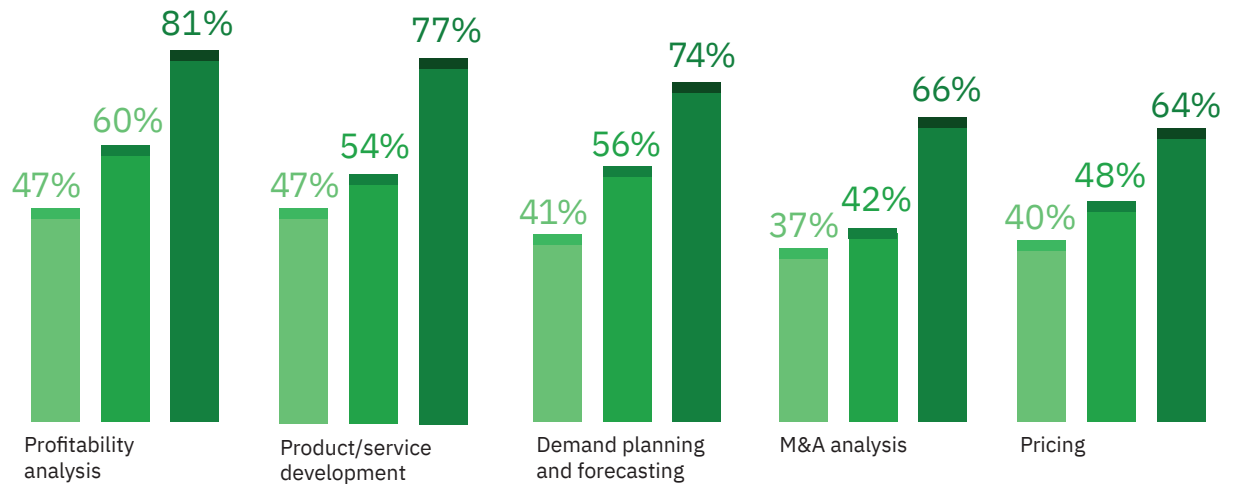
The long view

Reinventor CFOs are better at all forms of analysis and prediction

Reinventors

Practitioners

Aspirationals



Q: How effective is your organization in the following areas? (Very effective)

And all of these must be measured and evaluated with their CMO and COO peers. The biggest gap between Reinventor CFOs and their CFO peers lies in the area of M&A analysis to fuel acquisitive growth.

Aligned with enterprise direction and growth, CFOs need to help identify opportunities to enhance operational efficiency and reduce costs. This requires looking at traditional levers such as changing the enterprise's operating model, optimizing business processes, evaluating spend and rationalizing infrastructure. But it also requires technology investments to drive optimization and support scalable growth and market share.

“We have implemented and established more digital platforms to expand our business partner networks, which has led to the transformation of our business models.”

CFO, Telecommunications, Mexico

Reinventor CFOs are more effective than others at reducing costs across the enterprise. However, almost half of them still fall short of their own expectations (see Figure 9). What's holding even leading organizations like the Reinventors back? Clearly, from a strategic perspective, growth takes precedence over cost reduction. As more enterprises pursue platform business models, which are inherently scalable, they're achieving outsized growth, with margin improvement. CFOs with a mission to support the broader enterprise reinvention strategy must make sure they have their own house in order first.

Figure 9

Coin toss

Reinventor CFOs improve the cost side of margins

Reduce costs across the enterprise



Q: How effective is your finance organization in supporting the enterprise in each of the following areas? (Very effective)

Finance first

Figure 10

Optimize this

Reinventor CFOs streamline their operations

Streamline and digitize Finance operations



Q: How effective is your finance organization in supporting the enterprise in each of the following areas? (Very effective)

As collaboration in the pursuit of digitization, new value chains and shared platforms grows in importance, CFOs must ensure that their own departments are fine-tuned for agility. This requires new ways of working within the finance function beyond simply digitizing services and processes to automating and augmenting them with AI and cognitive technologies.

Beyond utilizing digital technologies to create fully integrated, flexible and agile operating environments, CFOs must elevate their teams to be full partners with other functions. For many, that means empowering their teams to lead from the front lines, scope new opportunities and act on their insights.

Reinventor CFO organizations stand out from others in the dynamic interplay between their vision, culture and operations. Their leaders have a strong vision for their enterprises but are eager to hone it and even change course. Reinventor CFOs develop this more dynamic sense of vision by actively promoting transparency and continual dialogue with employees.

Reinventor CFOs lead from a position of trust: 77 percent actively solicit ideas from employees to develop new approaches, compared to 52 percent of Practitioner CFOs and 42 percent of Aspirational CFOs. Three-quarters of Reinventor CFOs empower their teams to decide the best course of action. These leaders aren't afraid to let their teams see their views evolve. Doing so models a new way forward.

Reinventor CFOs' organizations have more efficient and more effective finance operations than their peers (see Figure 10). They achieve this by rethinking the employee construct at its most elemental level:

they cultivate continuous learning by implementing a more fluid work structure made up of cross-functional teams. And they continuously invest in employee skills to remain competitive.

Establishing commonality across the function and the enterprise has long been a necessity to achieve greater finance operations efficiency and more trusted insights, and yet still too many fall short. It's no surprise that Reinventor CFOs have mastered the adoption of common processes, common planning platforms and enterprise-wide information standards.

Unfortunately, they far outpace their peers at this basic capability. In fact, 78 percent of Reinventor CFOs have effectively implemented enterprise-wide information standards, versus fewer than half of their peers – 48 percent of Practitioners and 43 percent of Aspirational.

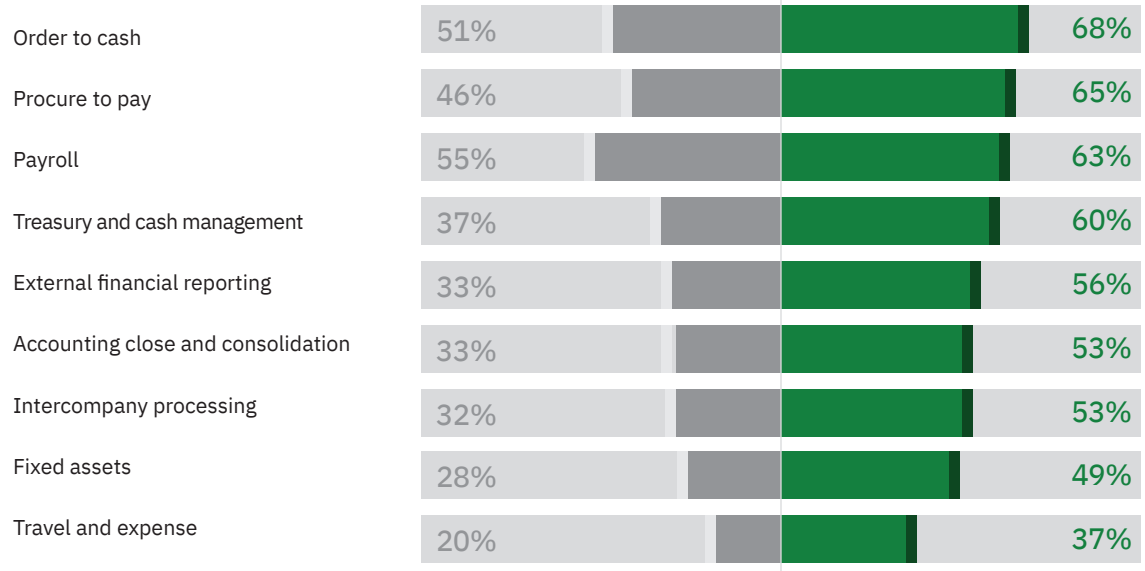
Significantly more Reinventor CFOs than Practitioners or Aspirational have optimized their transactional processes with digital technology (see Figure 11). Moreover, they've extended their capabilities to full digital collaboration with external entities.

Figure 11

Honing processes

Reinventor CFOs implement digital technologies to enhance finance processes

Reinventors
All others



Q: To what extent has your finance organization optimized the following finance and accounting processes by implementing digital technology? (To a large extent)

These entities include the areas of treasury management (such as banks and financial institutions), external financial reporting (such as statutory and regulatory agencies) and fixed assets (such as vendors). In addition, Reinventor CFOs are far more likely to excel at applying technologies to uncover new insights, a critical endeavor when the goal is to be a full partner in setting a new enterprise direction (see Figure 12).

“We are digitizing accounting flows – for purchasing goods and making payments – with customers and suppliers.”

CFO, Media and Entertainment, Italy

Figure 12

Honing insight

Reinventor CFOs implement digital technologies to enhance insights

Reinventors

All others

Financial planning and analysis



Management reporting



Getting to cognitive finance

The Reinventor CFOs plot a good path to the future. They are using Digital Reinvention as a catalyst not just for the enterprise but for the transformation of the CFO role. They actively help set enterprise direction, orchestrate investment and growth for new advantage, and nurture talent while building an agile culture. What actions can all CFOs take to follow the lead of Reinventor CFOs?

Keep sight of finance fundamentals

Digitize finance processes. Exploit new technologies (such as robotic process automation, AI and advanced analytics) to enhance processes. Leverage opportunities to take advantage of specialists with advanced technical capabilities.

Create a single version of the financial truth. Implement finance process commonality with process owners. Establish data standards, rationalize financial platforms and reframe analytics to measure the current reality.

Enhance business insight capabilities. Put the proper analytics technologies in place. Set operational data standards. Implement common decision-support processes. Increase analytic transparency and ubiquity.

Clarify strategic direction

Enable complex performance analysis. Actively scan competitive threats. Identify acquisition candidates for growth or needed intellectual property. Evaluate new business models, industry-shaping platforms and ecosystem strategies.

Implement strategy across the C-suite. Collaborate extensively with C-suite peers on strategy execution in such areas as risk management, technology investments, new markets, operational capabilities and skills.

Get closer to the business. Accelerate analytics skills development to support meaningful interactions with the business. Augment the skills of current staff with AI, and acquire talent with needed skills.

Commit with frequency

Set the standard. Establish a formal way for deciding what emerging technologies will provide new value and capabilities or enable new products and services. Adopt a fluid capital reallocation mindset.

Focus on profitable growth. Create market-shaping and capability-building investments that inject innovation into the enterprise. Find a balance between cost takeout and innovation.

Find the right partners. Look for opportunities to co-create with partners and competitors. Determine which platform options are right for your enterprise – building and owning one with partners and competitors or joining existing established platforms as a participant.

Related IBM IBV C-suite and CFO-specific reports

Fuessler, William, Martin Harmer, Spencer Lin and Carl Nordman. “Unlocking the potential of digital: Digital Reinvention in finance.” IBM Institute for Business Value. January 2018. <http://www-935.ibm.com/services/us/gbs/thoughtleadership/drfinance/>

Fuessler, William, Spencer Lin and Carl Nordman. “The cognitive CFO: How ‘leaders’ are increasing finance IQ.” IBM Institute for Business Value. May 2017. <https://www-935.ibm.com/services/us/gbs/thoughtleadership/cognitivecfo/>

Lin, Spencer and Carl Nordman. “The CFO mission to uncover the unknown: Applying analytics and cognitive computing for efficiency and insight.” IBM Institute for Business Value. November 2016. <https://www-935.ibm.com/services/us/gbs/thoughtleadership/cfomission/>

Notes and sources

- 1 “Incumbents Strike Back: Insights from the Global C-suite Study.” IBM Institute for Business Value. February 2018. <http://www.ibm.com/globalcsuitestudy>
- 2 “Pushing the frontiers: CFO insights from the Global C-suite Study.” IBM Institute for Business Value. February 2014. <https://www-01.ibm.com/common/ssi/cgi-bin/ssialias?htmlfid=GBE03590USEN>

Related IBM IBV C-suite Program executive reports

To read the full report, “Incumbents Strike Back,” please go to ibm.com/globalcsuitestudy.

For more information

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

Access IBM Institute for Business Value executive reports on your mobile device by downloading the free “IBM IBV” apps for phone or tablet from your app store.

The right partner for a changing world

At IBM, we collaborate with our clients, bringing together business insight, advanced research and technology to give them a distinct advantage in today’s rapidly changing environment.

IBM Institute for Business Value

The IBM Institute for Business Value, part of IBM Services, develops fact-based strategic insights for senior business executives around critical public and private sector issues.

© Copyright IBM Corporation 2018

IBM Corporation
New Orchard Road
Armonk, NY 10504

Produced in the United States of America
June 2018

IBM, the IBM logo, ibm.com and Watson are trademarks of International Business Machines Corp., registered in many jurisdictions worldwide. Other product and service names might be trademarks of IBM or other companies. A current list of IBM trademarks is available on the web at “Copyright and trademark information” at: ibm.com/legal/copytrade.shtml.

This document is current as of the initial date of publication and may be changed by IBM at any time. Not all offerings are available in every country in which IBM operates.

THE INFORMATION IN THIS DOCUMENT IS PROVIDED “AS IS” WITHOUT ANY WARRANTY, EXPRESS OR IMPLIED, INCLUDING WITHOUT ANY WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND ANY WARRANTY OR CONDITION OF NON-INFRINGEMENT. IBM products are warranted according to the terms and conditions of the agreements under which they are provided.

This report is intended for general guidance only. It is not intended to be a substitute for detailed research or the exercise of professional judgment. IBM shall not be responsible for any loss whatsoever sustained by any organization or person who relies on this publication.

The data used in this report may be derived from third-party sources and IBM does not independently verify, validate or audit such data. The results from the use of such data are provided on an “as is” basis and IBM makes no representations or warranties, express or implied.



IBM