

CIO Insights on Accelerating Finance Transformation

Becoming a Trusted Partner



Table of Contents

Macro Forces Pushing Toward Digital Acceleration	04
Tackling Uncertainty and Persistent Change	05
The Steps for Achieving Finance Agility	06
The Insights Guiding the Path to Business Recovery	07
How Intelligent Automation Will Transform the Finance Function	08
Rethinking Skills	09
Inspire a Culture of Trust and Integrity	10

Finance leaders have some of the strongest incentives to accelerate their digital transformation initiatives, and IT leaders have the business-wide perspective and technical expertise to make digital dreams come true. Read on for a better understanding of where CFOs are going and how you, as a CIO, can get them to their destination in a way that moves everyone—customers, employees, other lines of business—forward.



Chapter 1

Macro Forces Pushing Toward Digital Acceleration

As our global CTO Jim Stratton noted recently, we'll look back on 2020 and likely say that it was the year that digital acceleration reached escape velocity. As he so eloquently made the case in a [blog](#), "Technology took center stage as businesses scrambled to serve customers, ensure business continuity, and support employees during the throes of a global pandemic. As a result, technology evaluations and implementations that previously took months or years to complete were compressed down to weeks, if not days, in many cases. This pandemic taught us just how important technology is to businesses today and for their future success."

And, as Workday writer Steve Dunne noted [here](#), even before the coronavirus (COVID-19) pandemic, a variety of political, economic, social, environmental, and technological factors were percolating, creating a perfect storm for disruption.

But he also points out that the very nature of business was being rethought before the pandemic and that stakeholder capitalism—being a good corporate citizen, not just a profitable one—is already becoming baseline. As many have pointed out, the pandemic only accelerated what was already happening. This means that "conscious capitalism" will become even more important as we transition into the next normal.

So, how are CFOs reacting to events, and more importantly, what do they want? From a technological perspective, according to our study "[Organizational Agility: Roadmap to Digital Acceleration](#)" finance leaders (described in the report as "future technologists") are now exceptionally focused on technology to both enable the move to agility—for example, continuous planning—as well as to free up workforce capacity to learn new skills.

What do these macro forces mean for the CIO-CFO partnership? During a *CXOTalk* with Workday CIO Sheri Rhodes, Workday President and CFO Robynne Sisco said, "It's about the finance and IT organizations coming together to support the strategic objectives of the company, and a strong relationship between the CFO and the CIO will build the foundation for companies to innovate and to grow. That becomes critically important, particularly in a world that's changing as fast as it is today."

For more insight on the macro forces buffeting the CFO, read the blog [A Perfect Storm: The Macro Forces Impacting Global Companies](#).



Chapter 2

Tackling Uncertainty and Persistent Change

“Change and uncertainty—while sometimes painful—can create new opportunities, as long as people and organizations have the agility to leverage change for the better. This is particularly true for the finance function,” writes Dunne in his blog addressed to CFOs on [navigating change](#).

As Workday blogger Josh Krist noted in his [podcast](#) with a healthcare industry expert, “You know that thing about the Chinese word for change and opportunity being one and the same? Linguistically, that’s not true, but that story sticks around because the underlying idea is true. With change comes disruption for some, and off-the-chart success for others.”

This begs the question: How do we emulate the people that thrive during crises? Our latest installment of the study “Organizational Agility: The Roadmap to Digital Acceleration,” conducted in the summer of 2020 during the doldrums of the pandemic, shows that what we call “fast responders” all have a few things in common. And there’s significant overlap with the five tips for finance professionals in Dunne’s article on [tackling uncertainty and persistent change](#).



First, Dunne advises:

- Planning, liquidity, and risk management are key to finance agility
- Keep stakeholders informed and aligned with key insights
- CFO efficacy: report from any location
- Understand skills and opportunity for the future of finance
- Collaborate and communicate to build trust and integrity

And, some of the behaviors we found in the fast responders include:

- Slightly more focus on digital growth during this time, with 35% of fast responders ranking accelerated digital growth as the most important change to ensure resilience in a future crisis, versus 32% of all firms. However, although there wasn’t much of a difference on the importance of digital growth, fast responders reported much higher levels of digital revenue growth during the pandemic than slow responders.
- More than one-third (36%) of fast responders make timely, accurate data accessible to those who need it, while data is completely or somewhat siloed among 50% of slow-responder firms.
- Fast responders report higher levels of alignment between the CEO and the rest of the C-suite, and a greater propensity for employees to self-organize in collaborative teams.
- Among fast responders, 50% take a continuous approach to planning compared to 43% of respondents overall.

Focusing on these things will be absolutely [key for finance leaders](#) as the world starts to spin again, and CIOs will be instrumental in making sure the right technology, processes, and experiences are in place.

Chapter 3

The Steps for Achieving Finance Agility

Agility is a big, broad word to begin with, so what does it mean in the context of finance transformation? According to the Workday blog article [Deep-Dive: 4 Steps to Achieving Finance Agility](#), two drivers of finance agility are scenario modeling and continuous planning. In fact, for any function, agility is really the art of looking ahead, intelligently—and using the past to inform the present without getting fixated on it.

According to one respondent in our latest “Organizational Agility” study, “Finance used to have a huge focus on variance reporting and variance to budget, on looking at previous trends and explaining what had happened the month before. We’re missing the boat when we do that. It doesn’t always add value to the organization.”

This vice president of finance for a North American healthcare organization continued, “A rolling forecast keeps you constantly looking forward. Your input may be based on previous performance, but the real focus becomes the future—predicting where you’re going to be and what you need to do to improve the financial situation and operations.”

Most of what drives finance agility depends on always-current, trustworthy data, as well as the technology that can extract insights from that data. On both counts, the CIO has a big role to play. In a world where global teams are geographically dispersed and working remotely is business critical, organizational design must incorporate access to timely and reliable data at a self-service level.

We know that access to relevant data drives decision-making at all levels: 79% of business leaders in our survey say that this is the case. In addition to real-time, data-driven decisions, firms that report high levels of data accessibility also benefit from increased productivity (51%), improved visibility and communication at director level (43%), and cost savings (41%).

Our research also finds a correlation between data accessibility and responsiveness to the COVID-19 pandemic: more than one-third (36%) of the fast responders say that there is complete data accessibility within their firm, compared with just 13% of the slow responders.

However, 73% of firms say that their team is heavily reliant on IT for access to data and reports. Creating a single point of self-service access to information can help to overcome this, but that is not easy when every application stores its data in a different way, says Chris Mawer, CTO, Asia Pacific at Huawei. “We’re now at a point in digital transformation where organizations need to retool their applications, to speak the same language, or at least have a translation layer in the middle that allows them to share data.”

Getting data out of silos and available via self-service—with the right governance mechanisms and always-on auditability in place—is the big to-do for CIOs that want to help their finance counterparts [become more agile](#).



Chapter 4

The Insights Guiding the Path to Business Recovery

In his article “Three Finance Insights Guiding the Way to Business Recovery” Dunne writes, “Leaders need good-quality data to make real-time decisions and steer their businesses on a path to normality. This article looks at three key insights finance leaders should be delivering to the business, and why they are so important today.”

We addressed the need for and challenges of data earlier, so let’s look at exactly the type of insights CFOs and their managers need.

Working Capital

As Dunne writes, “Managing cash pressures will remain a top priority for CFOs as we head into 2021. Many organizations have seen revenues plunge during the COVID-19 pandemic, which has had a negative impact on cash flow due to delayed supplier payments. According to *Fortune*, 94 percent of the *Fortune* 1000 are seeing coronavirus supply chain disruptions and facing the reality that they will need to become more agile in managing inventory. Fragility across the entire procure-to-pay cycle can have a negative impact on working capital and how organizations manage it.”

Empower the Business to Make Data-Driven Decisions

Barbara Larson, general manager, Workday Financial Management, points to the importance of breaking down technology and culture silos if finance is to empower businesses to make data-driven decisions. “What finance must be able to do is to quickly understand the impact of changes on the business through real-time access to data, at varying levels of detail and dimensionality directly from their accounting and planning system,” she says. “Performance, variance, and risk are three of the key insights finance must be able to provide to the business, and the need for self-service access to plans, actuals, workforce details, and operational analytics is much more powerful when it lives in a single system.”

Manage Investor Expectations with Periodic Guidance

Again, Larson sums up the need for periodic guidance nicely. “It’s important that investors understand a number of potential outcomes, so using what-if scenario modeling to help guide the business is really key,” she says. “Finance should also be looking to highlight the stability of the business by emphasizing long-term objectives and being able to demonstrate those metrics clearly. Last, but certainly not least, risk mitigation planning is a pivotal part of restoring investor confidence, as preparedness in such uncertain times demonstrates a degree of control.”



Chapter 5

How Intelligent Automation Will Transform the Finance Function

In his article “[How Intelligent Automation Will Transform the Finance Function](#)” Dunne explores how automation doesn’t just replace manual, repetitive finance tasks, but can also be used to surface insights or flag discrepancies.

In fact, finance leaders are taking a more strategic look at intelligent automation to solve bigger-picture issues such as skills shortages. Analysis from our “Organizational Agility” study shows that more than one-third (35%) of finance heads point to a lack of capacity to add new skills to existing teams as the top barrier to upskilling—the highest across all functions. To overcome this, finance leads say that implementing smart technologies to increase team capacity (42%) is their number one weapon on this front.



When it comes to intelligent automation, understanding finance business needs is the best thing an IT leader can do to make sure finance has the right technology for the job. As Colin Forth, vice president, IT Workday on Workday, [explains](#), “If IT doesn’t proactively move to understand business challenges and deliver, the business will simply work around it. When that happens all sorts of problems can result, including fractured organizational data structures and inefficient IT costs and processes. One of IT’s core value propositions is keeping a business unified in digital process, and avoiding departmental silos.”

He continues to explain that CIOs are doing their organization—and the overall goals of the company—a disservice if they neglect to explain the true value IT has to offer. “There must also be this understanding from the other parts of the business that IT’s biggest ‘service’ isn’t that it provides technology—though of course it does—it’s that it has the insight and expertise across the entire company to be a strong unifying partner, if not the leader, in driving innovation.”

Successful automation efforts are especially challenging because rather than understanding one type of user, IT must understand the complete business process from beginning to end. Depending on what processes are being automated, there can be ramifications both outside the company—for the customer, for suppliers—as well as inside the company, but far afield from the finance function—customer support, shipping and receiving, and so on.

Chapter 6

Rethinking Skills

As previously noted, gaining new skills to meet the future is top of mind for CFOs. In “[How Finance Must Rethink Skills to Thrive in the Digital Era](#)” Dunne notes that as the world is becoming more complex and a strategic view of the world more vital, CEOs are often looking to CFOs to shape business strategy. A study from organizational consulting firm [Korn Ferry](#) found that almost half (45%) of the CFOs surveyed from the 1,000 largest public companies in the U.S. said the two capabilities most critical to the future of the finance function are operational information, such as reporting and analytics, and strategy enablement—both beating out more specialized finance skills. What’s more, CFOs who are certified public accountants fell to about 36% last year, down from nearly 50% in 2014.

Workday’s Robynne Sisco says, “If I think about tomorrow’s finance leaders and their functions, they will need to think about how they are going to leverage technology to change the way they operate. We want to see finance spending less time on recording and verifying the numbers, and more time making the data connections and explaining the implications to the business—applying the finance lens on decision-making.”

Because the future of finance is decidedly digital, this will require a shift in the finance function toward both more technical skills *and* more strategic thinking. As Dunne writes, “That requires a shift to more technical skills and better links with IT leaders to bring together the two functions more effectively.”



Chapter 7

Inspire a Culture of Trust and Integrity

In “[How Finance Leaders Can Inspire a Culture of Trust and Integrity](#),” Dunne notes that technology and skills development are the two main pillars of creating trust.

He explains, “The evolution of technology and pace of change brought about by cloud, mobile, and digital technologies are transforming the way finance operates. COVID-19 and the rise of stakeholder capitalism—mixed with an uncertain political and economic landscape—have intensified the issue of [technical] trust on two levels.”

Having trusted technology and data is the first facet, and making technology purchasing decisions based on a company’s values is the second facet. In other words, just because a cloud or software vendor makes good products doesn’t mean they use their corporate citizenship for good. Or, as Dunne writes, “It is no longer simply a case of speeds and feeds.”

And then, with skills development, the authors of an EY study “[How Can the CFO Evolve Today to Reframe Finance for Tomorrow?](#)” cut to the heart of the matter by saying, “Developing a future talent strategy for the function—based on continuous and dynamic learning—will likely be important to earning the long-term loyalty and commitment of creative and talented finance professionals while meeting the challenges of constant change and disruption ahead.”

In regards to how [CFOs and CIOs](#) can build trust, Dunne writes, “An IT leader’s top priority is keeping their organization’s data safe and private. While they look to increase technology investments and embrace innovation, they must also secure and protect the intellectual property of their customers, employees, and organization.

“These multiple responsibilities make it difficult to pursue new innovations without disrupting the business,” he continues. “A CFO’s responsibilities have historically been financial, with a focus on setting budgets and maintaining profitability while keeping the organization compliant with data protection rules. Balancing this mindset along with more strategic ambitions of providing insights back into the business and helping set the stage for change within the enterprise can be a daunting challenge—not to mention a significant change for them.

“CFOs and CIOs need to work together to take full advantage of the benefits of cloud computing. Although their responsibilities differ, their priorities converge. They want the success, growth, and profit that come with a data-driven enterprise,” he concludes.

For an ever deeper understanding on how to work better together with the CFO, read the “[The Changing World of Finance](#).”





+1-925-951-9000 +1-877-WORKDAY (+1-877-967-5329) Fax: +1-925-951-9001 [workday.com](https://www.workday.com)

©2021. Workday, Inc. All rights reserved. Workday and the Workday logo are registered trademarks of Workday, Inc. All other brand and product names are trademarks or registered trademarks of their respective holders.
[eb-it-perspective-on-fin-transformation-ebook-enus.pdf](#)