

Finance Disrupted

The Changing Role of the CFO
in Large Enterprises



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Executive Summary

Today's business environment is rapidly changing. Driven by an imminent need to embrace technology, organisations must face up to and seize the opportunities that digitalised business processes and partnerships bring.

This is especially true for Asia Pacific, the fastest growing and most dynamic region for business anywhere in the world. While there have been varying paces of digital adoption across Asia Pacific, many companies from the region are now setting the pace globally in technology-led business transformation.

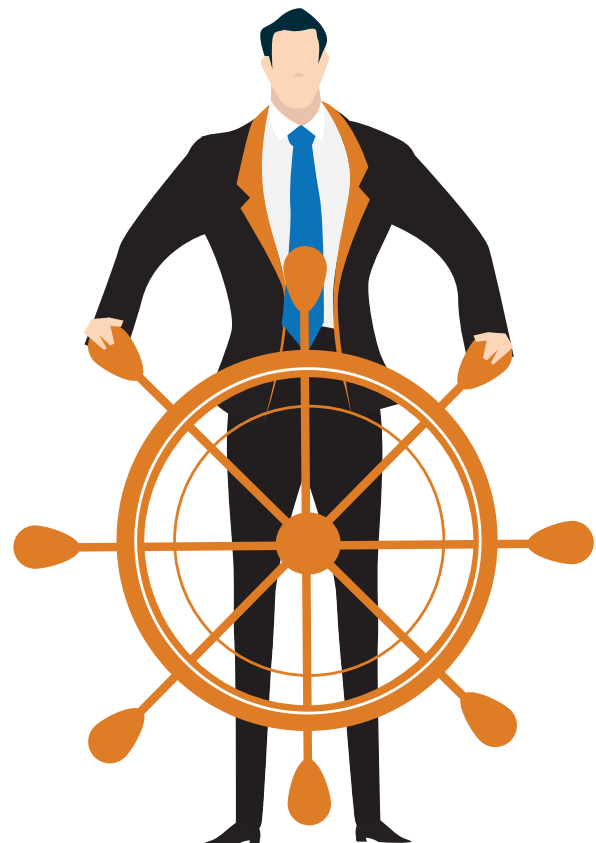
This in turn has also impacted the role of CFOs and finance leaders, who through technology, have expanded the possibilities of their roles – particularly inside large, more complex companies.

Technology disruption is revolutionising business functions, including finance. Innovations in technology and business management processes are creating greater opportunities for finance practitioners to add value to their organisations, but are also demanding more attention, technical prowess and strategic understanding from them. As we have seen with countless examples in the past decade, disruption can be ruthless and relentless for businesses. For the future of finance, it can be quite a bleak affair – evolve or risk being left behind.

Finance teams are thus facing an unenviable task of predicting the future, while managing their conventional workloads and obligations in achieving business growth.

To better understand the changes taking place in the CFO office in Asia Pacific, Workday commissioned a three-part survey of CFOs and financial leaders from large enterprises in Australia, Hong Kong and Singapore.

This paper is the first iteration of that study and aims to examine the real impact felt by finance leaders or large companies in the region and what it takes for them to continue to drive performance in today's ever-changing business world.



Moving Beyond Finance

The finance function is itself a broad business term that comprises of various disparate yet similar roles, each with their own unique set of characteristics and jurisdictions. This is especially true for larger organisations, who have sizeable teams covering tasks from compliance and payroll, to audit, taxation, and accounts. They are often interconnected and expected to work seamlessly with other business functions. Traditionally focusing on analysing the past, finance is now also increasingly called upon to forecast the future. This can include budgeting for investment, managing working capital, risk management, and corporate development.

Thanks to the proliferation of digitalisation and technological enhancements in the workplace, this portfolio of work has been evolving, and in the future, we can expect it to encompass more strategic, technical and operational elements. Integrated robotics, automation, real-time analytics, AI, machine learning, blockchain, and virtual clouds are just some examples of the new and digitally disruptive concepts being implemented all over the world.

53.9% of Hong Kong respondents said that their finance teams had been subjected to digital transformation initiatives in the past 12 months

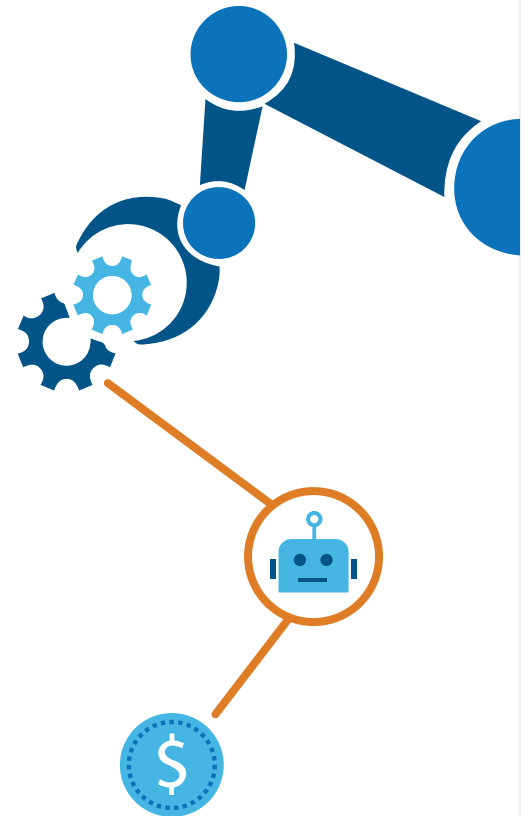
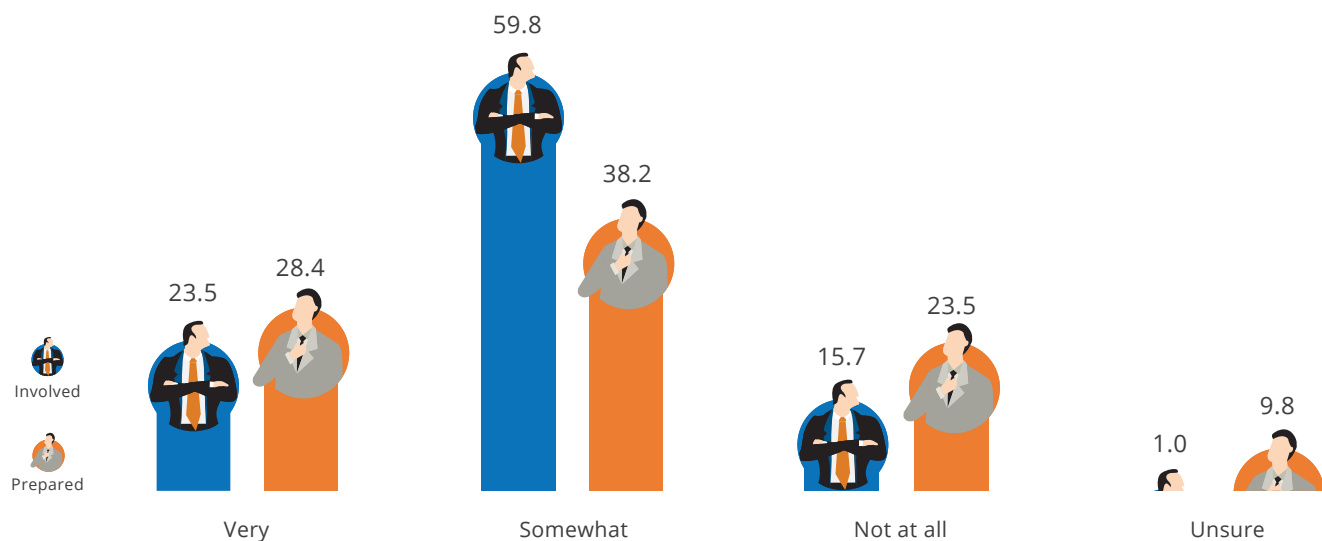


Chart 01 | **How involved and prepared are your finance teams to embrace digital transformation?**

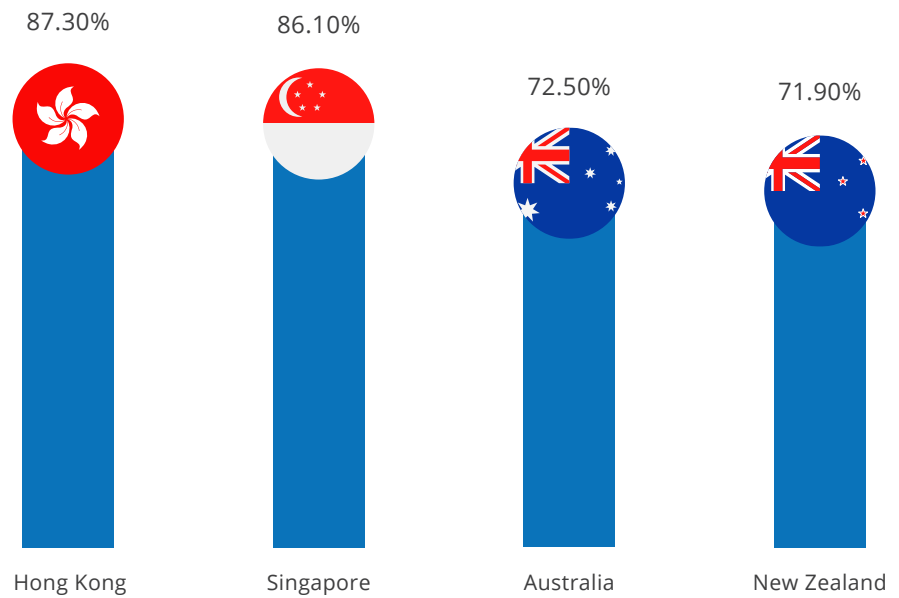


It is perhaps unsurprising then that across all markets surveyed, an overwhelming number believe that their company *Chief Financial Officer (CFO) should be responsible for more than just finance*.

This belief is markedly higher in Hong Kong (87.3%) and Singapore (86.1%), perhaps owing to their status as Asian-based major financial centres of the global economy.

Chart 02

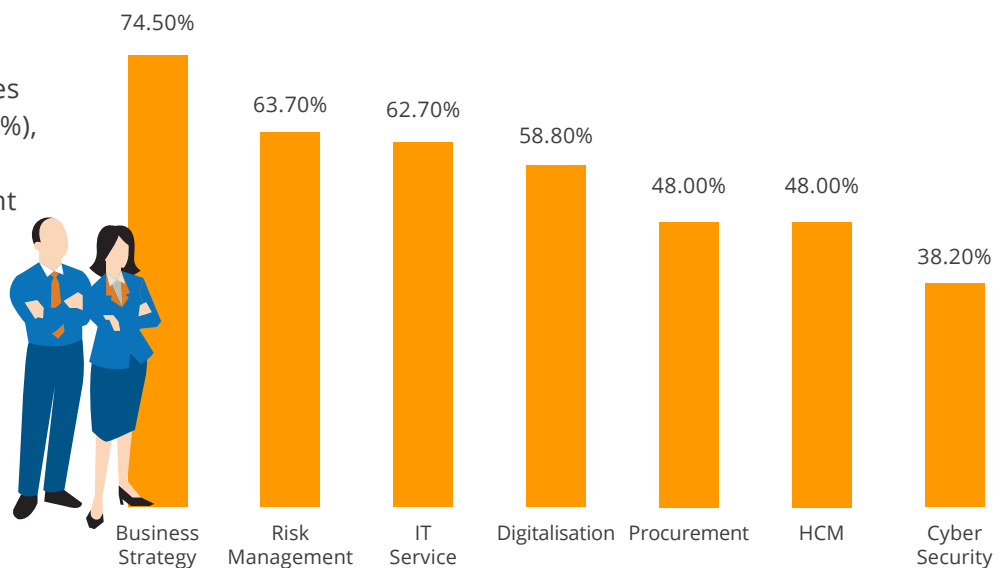
Do you feel that the CFO should be responsible for more than just the finance function?



However, in practice, only around half of CFOs in Hong Kong currently provide advice within their organisations to other connected and overlapping business functions such as IT services (62.7%), digitalisation (58.8%), procurement (48.0%), human capital management (48.0%), and cyber security (38.2%).

Chart 03

Outside of finance, what areas are your finance team expected to provide advice on?



Pockets of Discontent

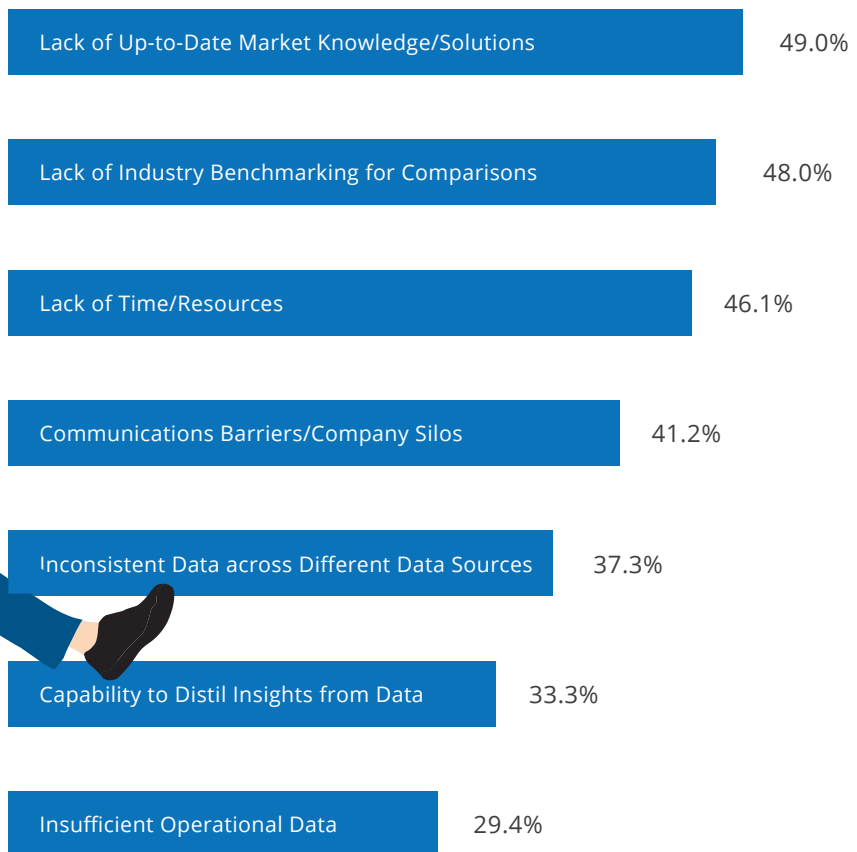
It is imperative that existing systems and tools are enhanced to stimulate and accommodate expansion of the finance role. Finance teams will need to stay atop of innovation or risk being left behind in archaic processes and infrastructure. Some proposed measures include moving finance systems to the cloud, forging better collaboration with IT teams and expanding of real-time reporting capabilities.

Although most finance professionals are generally satisfied with their existing systems, software and technology, respondents acknowledge pockets of discontent and opportunities for improvement.

Key Barriers

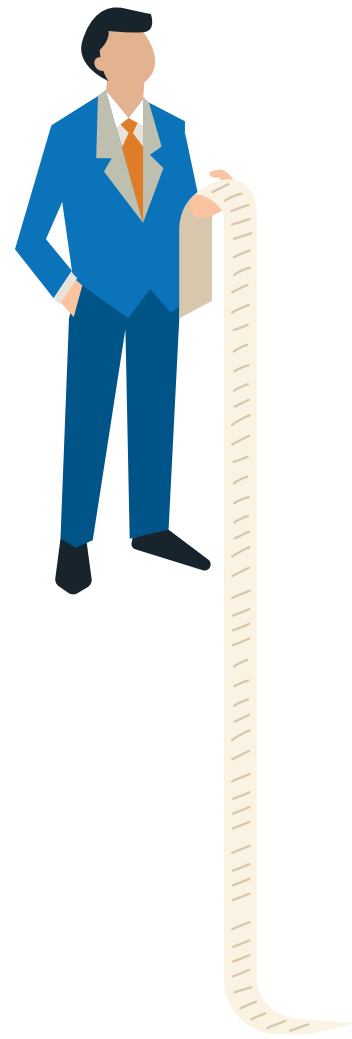
A lack of data and insights was seen to be one of the core barriers for finance teams to be more strategic, with almost half of respondents in Hong Kong citing a lack of up-to-date market knowledge (49%) and lack of market and solutions as the biggest barrier.

Chart 04 | **What are the most significant barriers to your finance teams being able to provide more strategic advice currently?**



Dissatisfied with Current Systems

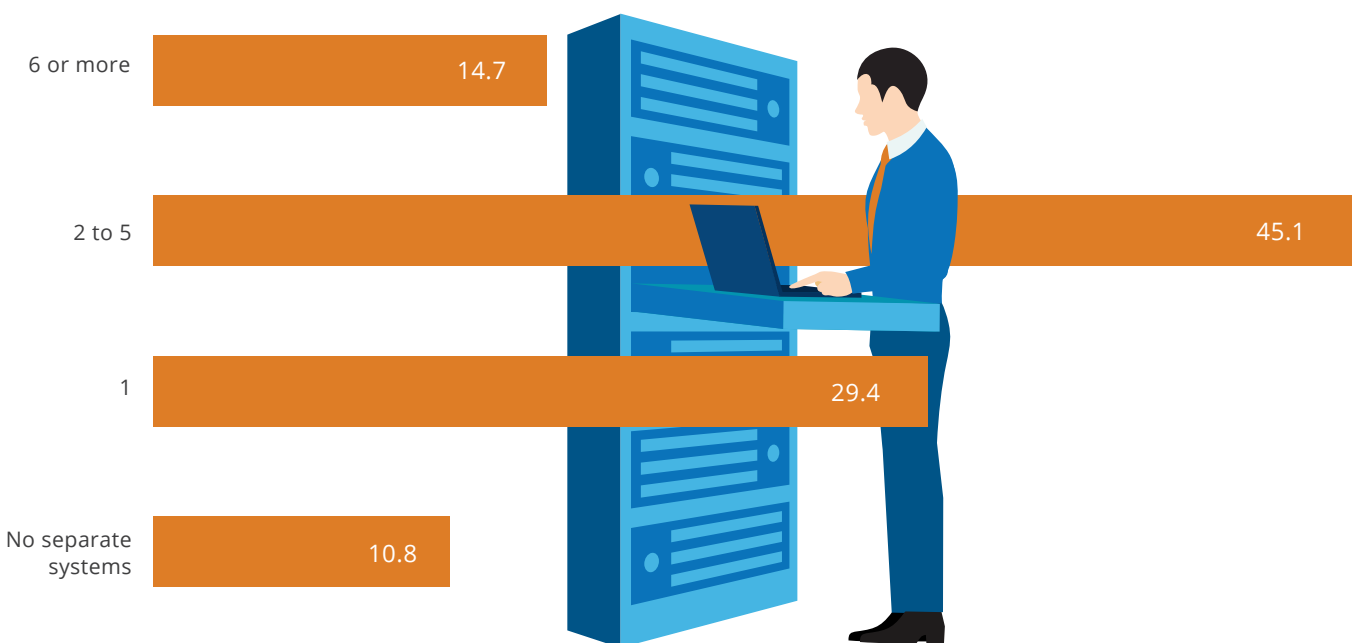
Less than half of survey respondents in Hong Kong were very satisfied with their current tools used to perform core accounting (41.2%), real-time reporting (44.1%), budgeting and forecasting (41.2%), treasury management (49%), internal control deployment (38.2%), external audit (42.2%).



Lack of Single Source of Truth

Most finance professionals also lack a single source of truth for data. The majority of finance professionals in Hong Kong (59.8%) say they use more than two different systems to collate their data, with 14.7% using more than six sources for data collation. This is highest in New Zealand and Singapore where almost one in five of respondents (18.8%) rely on more than six data sources.

Chart 05 | **How many different systems or data sources do you use to consolidate financial data?**



Time is not of the Essence

Our survey reveals that real-time reporting is not currently perceived by finance professionals to be business critical. The vast majority of respondents say that they are sufficiently equipped to be true business partners to their CEOs, yet almost 30% across all markets do not have the necessary tools to provide real-time reporting and analytics.

Today's business environment heavily incentivises speed and agility, and companies will place increasing emphasis on real-time data and agile reporting capabilities. A system that can bring about advanced reporting, based on real-time data will be extremely valuable to the end-user and organisation. Finance professionals can employ the latest, most consistent and accurate data and implement meaningful business changes without delay.



Solution In The Clouds?

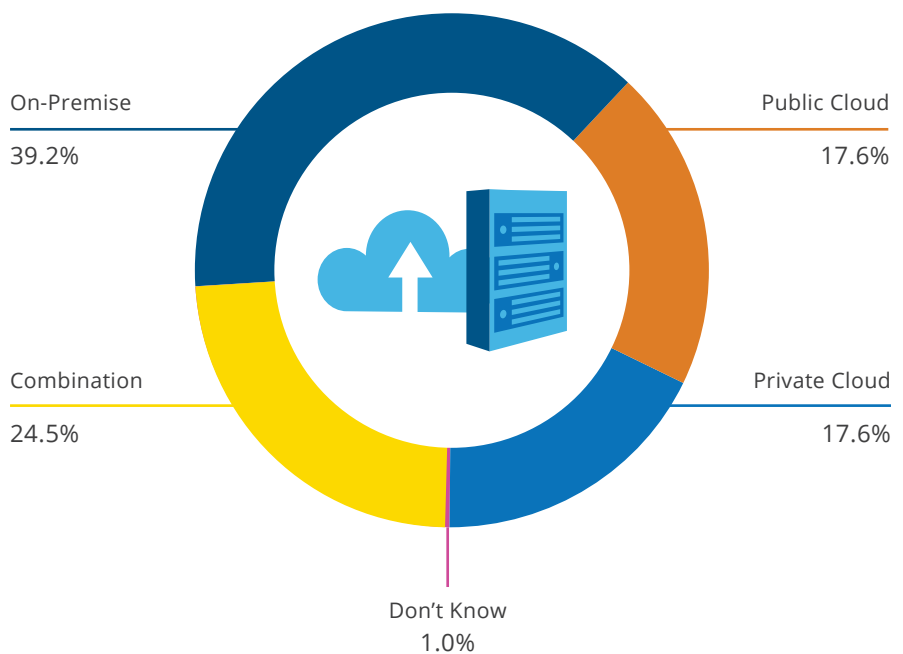
When asked, 63.7% of Hong Kong respondents say their companies use on-premise or combination systems, with only 17.6% on public cloud systems and 17.6% on private cloud systems.

The majority of finance professionals said that they do not operate on fully cloud-based systems, but that moving to the cloud is a priority. A substantial 57.8% of companies in Hong Kong intend to move their finance systems to the cloud, and of these 39.2% see this as an immediate priority.

Benefits of cloud-based operating systems include:

- **Flexibility to scaling** - Finance professionals can consolidate disparate systems and processes and retire legacy hardware systems. Organisations on the whole also gain extensive competitive advantages through moving much more nimbly than competitors who must devote IT resources to managing infrastructure.
- **Unparalleled speed** - Developing and working in the cloud also means

Chart 06 | **Are your current finance systems cloud-based, on-premise or a combination?**



that finance professionals are able to get the latest updates and solutions with unparalleled speed.

- **Streamlined experience** - Workflows can be streamlined to meet the tailored needs of finance teams. Internal teams may have to split their resources among too many things. Operators will have different experiences from one another, which hinders communication and collaboration.

- **Efficiency in cost and use** - The cloud has also driven down the cost of data management and analytics, making sophisticated financial analysis faster, cheaper and more broadly available.



Conclusion

The stage is set for the finance function to further transform, and finance professionals will face the inevitability of their responsibilities changing along with this.

Having the right mindset is the first step, and finance professionals must be cognisant of the barriers and hurdles standing in their way. This includes having to implement new innovative workforce strategies that can enable them to collaborate and communicate better with their peers.

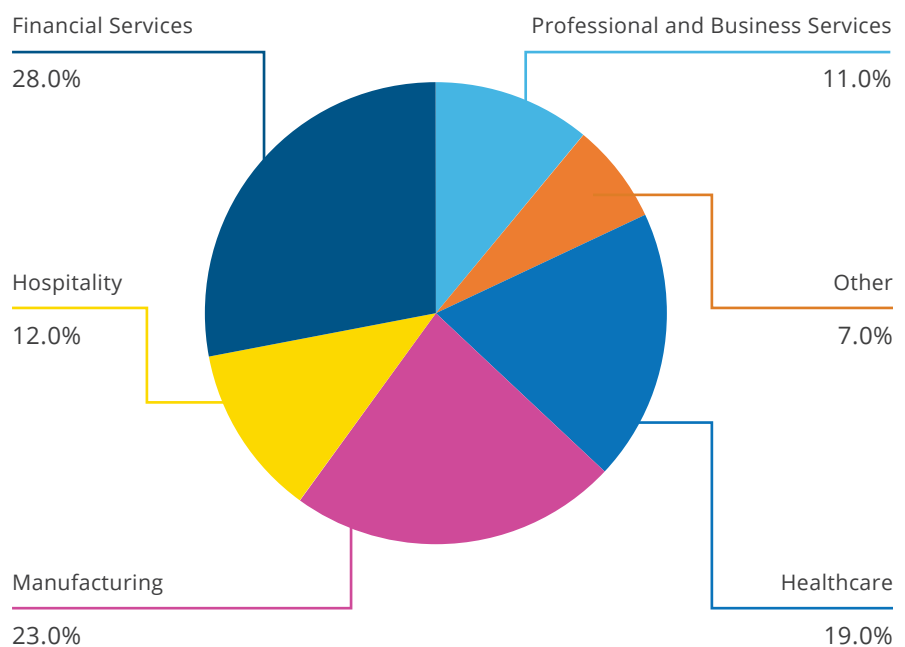
Ultimately, finance professionals will have to be at the forefront of technology and innovation, harnessing real-time reporting and cloud capabilities, in order to drive companies forward and become true business partners to their CEOs.

Methodology

Finance Disrupted: The Changing Role of the CFO in Large Enterprises is the first instalment of Workday's survey on finance professionals across the Asia-Pacific region. A total of 337 interviews were conducted either online or face-to-face in February and March 2019 in Australia, New Zealand, Singapore and Hong Kong.

Only Vice-Presidents in Audit and/or Compliance, C-Suite Executives in Accounting, and Directors in Financial Planning & Analysis and/or Finance were selected for this survey. All respondents are from companies that comprise of 1,500 or more employees.

Chart 07 | **Methodology and consolidated methodology**





About Workday

Workday is a leading provider of enterprise cloud applications for finance and human resources. Founded in 2005, Workday delivers financial management, human capital management, planning, and analytics applications designed for the world's largest companies, educational institutions, and government agencies. Organizations ranging from medium-sized businesses to Fortune 50 enterprises have selected Workday. Visit us at www.workday.com



