



## The Connected CFO – a company’s secret silver bullet?

Imagine if the Chief Financial Officer (CFO) had a real-time dashboard of the business that automatically alerted him or her to specific triggers about the financial performance of the business, that was plugged in to every single department, company wide. Giving the CFO access to real-time data integrated across the board would allow them to do everything from creating accurate, up-to-date forecasts right the way up to spotting weaknesses, trends and threats.

This in turn would support business growth plans or inform the need for cost-cutting activity. No more comparing data sets to ensure they match, instead one analytical view would ensure the CFO was aligned with each head of division and on top of all financial data, at any point in time. Such insight would also unlock the potential of the CFO, freeing them up to work closely with other directors to identify improvements and inefficiencies based on up-to-date business data, in turn leading to a leaner, stronger and more resilient company. Cutting through the complexity of a business, could the connected CFO become a company’s silver bullet?

The impact of the connected CFO could also have a chain reaction on the rest of the board, freeing them up from financially-driven data-gathering tasks and instead using the insight from this data – provided by the CFO – to allow them to make more informed decisions about their area of the business. Could business performance be improved by allowing the Chief Executive Officer (CEO) to focus on being the

public face of the company and developing closer relationships with clients, suppliers and partners, looking ahead at opportunities whilst confident that the day-to-day business was operating as efficiently and effectively as possible?

The Holy Grail of many businesses has been to achieve such a streamlined, efficient company; one where all departments are connected and information is passed seamlessly along, allowing them to develop new products, services and strategies. That said, many have not been confident that this could realistically exist. However, the technology available to organisations today is making this a reality, and it’s the CFO who is ideally positioned at the fore, leading the changes.

### The CFO of the past

Traditionally, the CFO has been regarded as a financial gatekeeper of business, responsible for fiscal planning, forecasting and record keeping, as well as providing a link between the everyday operations of the accounting department and the board of directors.

In many cases, the CFO also provides the Chief Executive Officer (CEO) with a sounding board for ideas regarding business growth and strategy. The keen understanding of finance and business metrics gives them an ability to assess plans and give informed advice, making them a vital ally for the CEO. Despite this role, the CFO has often remained largely independent of other departments, simply controlling budgets and

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signing off spend, operating financial control in isolation, rather than in partnership with the rest of the company.

The role of technology has changed this dynamic. The sophistication of modern computing systems has allowed for a large amount of the traditional workload of a CFO to be automated, freeing them from laborious manual tasks and allowing them to work on the business, rather than in it. While finance departments get used to this new style of working, the next step for the modern CFO is to become a 'digital pioneer', using technology to develop themselves as a business enabler across the whole of the organisation.

The role of the Connected CFO is very different to the traditional position of the past...

## How the digital era is changing the role of the CFO to a 'digital pioneer'

Few would deny that digital transformation has reshaped the way organisations work. Technology no longer simply supports business operations but instead drives them, providing the data-driven analytics and insights required for managing performance and future growth. Digital services make companies leaner and more efficient than ever before, something that finance teams have long since been tasked with. Whilst it may not seem that the finance department is the obvious choice in leading the digital charge, CFOs are increasingly being called upon to be the digital pioneers within their business.

In today's organisation, technology and finance are no longer separate. Finance departments are required to be more than just cost centres with control of a budget. With access to greater business insights, digital transformation is turning the CFO and their team into business enablers, using technologies to make decisions that improve processes, create efficiencies and reduce costs, allowing the business to remain ahead of the competition and be prepared for the future.

As technology becomes the backbone of an organisation, much of the work within the finance department is being automated by sophisticated and intuitive finance management systems. This is freeing up the CFO to provide value add analysis, strengthening the relationship between the CFO and the CEO and reinforcing the role of the CFO as the CEO's 'sounding board'; a position that is becoming more critical as technology gives ever

greater levels of understanding and insight. Via technology, the access to real-time data is making it much easier to efficiently extract accurate – and importantly, relevant – data for the CEO, meaning the needs of the business can be responded to quickly.

## Creating a connected business

In any business today, each department tends to have its own solutions and data in place to make day-to-day tasks more efficient and less labour intensive. However, what's still missing in many cases is an organisation-wide connection. The HR department will have a HR or talent management solution, as well as payroll system; the marketing department will use a marketing based customer relationship management systems (CRM) solution; the finance department will use a finance management system. Although no longer stored in spreadsheets, data is still effectively held in digital silos within each department. Without connected data, it's difficult for anyone to get a high-level understanding of how the businesses is performing.

Technology infrastructure innovations are helping to overcome this for forward-thinking organisations. Systems can now be integrated effectively, and cloud-based solutions are also helping to connect the various solutions required by each department. Business intelligence analytics and dashboards are helping to visualise this data and increase the availability of such information. 'Big data' has become a buzzword over the last few years, stemming from the sheer volume of information that businesses now collect through various digital avenues, be it social media, website analytics, self-service payment solutions or CRM. Management of data has become a significant issue for many organisations, as the information should be invaluable in driving business decisions. This underlies the value of the connected organisation, to ensure there is continuity of data that is held between the various core functional systems.

## Why the CFO needs to become the digital pioneer of a business

The CFO sits in a sweet spot of financial and operational information, in theory understanding perfectly how to bring together these data sets and effectively act upon this information. The CFO is uniquely placed to understand and best position the company to embrace this digital opportunity and take

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control of the data available. CFOs can therefore employ their skills alongside this information to assist other members of the C-Suite and the CEO in understanding how the business is performing, where weaknesses lie, whether more efficiencies can be made and identifying new growth areas.

[A KPMG survey](#) found that 63% of CEOs believe that the CFOs role will increase in significance over the next three years, as compared with other C-suite roles, yet almost one out of three feels their CFO is not up to the challenge.

With the pace of technological change, it is essential for the CFO to understand as much as possible about digital services and the power of a connected IT infrastructure; certainly, if this happens, the better positioned he or she will then be to utilise innovation and new technology to drive business value.

In fact, [a survey by CFO Research](#) recently found that 93% of senior finance executives believe that the CFO of the future will need a much stronger technology skill set than is currently required for the job. As a result, 64% of survey respondents said that they have taken specific actions to upgrade their technology skills during the last year, with 80% of respondents planning to do so this year.

If the CFO effectively embraces the role that the technology can take in elevating their position and becomes a digital pioneer, the opportunities are significant.

## Embracing analytics

Connected data makes it possible to create analytics dashboards that speed up the decision-making process. With a connected infrastructure, relevant information can be pulled together quickly in self-serve reporting, rather than needing to be gathered independently from each department. This in turn allows the CFO a platform to create a more reactive, agile organisation which can predict business trends and act on opportunity or risk at a faster pace than previously.

This information is essential for driving growth with new products and services. Real-time data and user-friendly visualisations help businesses to quickly identify weaknesses or gaps in their product offering. Instead of relying on customer surveys or focus groups, organisations are able to act quickly to improve what they offer their customers.

The overall impact of connected data and accurate analytics on the business is that efficiency improvements can be made, making organisation-wide processes simpler and quicker, thereby improving customer service and removing some of the pressure on employees.

## Adding strategic value from insight

For the CFO, it doesn't stop at simply seeing and interpreting what is happening in the businesses though. The Connected CFO has the opportunity to become a collaborative business partner, adding value to the business by building on past learnings, embracing new technology and innovating for the future based on data-driven analytics. The effectively Connected CFO cannot hide in the background, with the insight and ability to be the driving force behind business growth; instead, they have the opportunity to display strong leadership capabilities moving beyond simply supporting the CEO to supporting the rest of the board.

## The Evolving Board

The Connected CFO can certainly develop the position into a key business partner. The impact of a successful CFO will likely will drive board level to change from working in the business, to operating more strategically on the business.

A CFO operating as a digital pioneer will be the provider and interpreter of information. This means that rather than simply understanding the figures, the CFO needs to understand all aspects of the business placing themselves in a vital position on the board. In fact, [KMPG predicts that we're likely to see more CFOs transitioning to CEO roles in future](#) as they come to play a strategic role in business growth and development.

That's not to say the CFO will replace the CEO though. Rather, as the external face of the company and a figurehead for customers, partners and suppliers at highest level, the CEO will also be better placed to make the final decisions more quickly based on informed and accurate data analysis from the CFO, in conjunction with the head of the appropriate functional or divisional.

We predict that the relationship between the CEO and CFO will only grow stronger as digital transformation continues. A connected CFO should be seen as the CEO's lynchpin, with access to the facts, figures and data necessary for the CEO to make strategic business decisions.

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The Connected CFO will drive a partnership approach with the other C-suite executives, who can provide the context to the finance analysis. This will strengthen the connections between the board roles, as they are together positioned to support issues in each department, providing vital insight to other executives and assisting with resource plans, recruitment, supply chain viability and other business needs beyond that of the finance department.

Andrew Hicks, CFO at Advanced

## How do you define the role of the CFO?

To me, the CFO is about being the strategic business partner to the CEO, the person CEOs turn to and use as a sounding board for all things. It's not necessarily just about the numbers though; the CFO needs to be someone who provides a clear link between reported financials and the key operating metrics of the business. They need to stimulate discussion with peers in the management team and challenge them on an informed basis – if the metrics work, the numbers can take care of themselves.

## How is this changing in the digital era?

As the availability of data increases, both the business itself and its investors are becoming more information hungry. The CFO tends to sit at that intersect point between operations and the numbers so they are the logical person to interpret plans and improve the business based on that data.

In terms of a vision for the future of the connected CFO; technology is enhancing the compliance and basic elements of the role, it is becoming more automated and more routine. That space is being occupied with more operational tasks and being able to bring together data and turn it into information. But while that's the journey we're currently on, we're not there yet. I don't think that having a real end-to-end connected view achievable yet. Currently CFOs are spending their time really championing and creating it.

## Do you think there are any particular areas of the business that aren't connected yet?

Each department tends to have its own systems that manage their processes, so when I say "connected", I mean there's continuity between what the HR data is saying about your resource pool, all the way up to what your productivity measures are saying. And then similarly, because we are a very people orientated business, that HR data is leading into how your sales organisation is structured, how productive it is and how much value it is capturing. That's what I think being connected means, as opposed to

having to adopt entirely new systems.

I think the core systems are there, it's really a case of connecting the data so that there's a single version of the truth – one common link.

## What's your vision of the future?

Presently, we're on the journey of establishing that connectivity of information. Then in the future, when that infrastructure and connectivity is in place, the amount of time spent working with the business on what it's telling you and on initiatives to improve it, is able to increase. Successful CFOs are already spending time on this; the proportion of their time acting as a CEO is only going to increase.

## What do you think of the term 'digital pioneer'?

I see the role of the CFO transforming into more of a digital decision maker. But there's a need for things that maybe traditionally sat in an IT group or a database administrating group to be moved closer to the CFO. The capability to analyse big data and information sets for example, which is needed on a daily basis, would be beneficial to sit closer to the CFO.

## Is the CFO the driving force in the business?

When you think about IT there's functional expertise and then there's technical expertise. Functional expertise is about how it works, what the data is and how it interacts. Technical expertise is about understanding the system and the technology. I think the area of functional expertise is moving more and more into the world of the CFO, and frankly into the finance department, because it enables you to be nimbler. If you want to think about data or analyse your customer base in a different way, it allows you to be more efficient in creating those scenarios so that you can make decisions quicker.

'A single version of the truth' is probably my most overused phrase because I see so much time being wasted on just comparing data sets and numbers and saying "well my number's not your number." That's another type of connected vision – it makes the business much more

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effective at decision making and allows a lot more time for value add activities.

## **If the CFO is operating as a digital pioneer, do you think it will change their role on the board and their value and importance?**

I think it all comes back to my point around being that intersect point for information and not only being the provider and interpreter but the person who really understands things end-to-end in the business. I think the connected CFO can have an overview of all roles and can therefore act as the CEO's proxy when needed.

Perhaps most important is understanding the whys; why do we need the resource plans, why do we need these people then? And being able to work with the board in real-time to adjust those resourcing plans to bend to the business needs.

## **In the future, could you see the role of the CFO and the CEO merge?**

The CEO needs to be the external face of the company, the evangelist for the company's strategic direction. They need to be the key face for customers at the highest level. A CFO doing their job well can enable the CEO to devote more of his or her time to those activities. I think there's always going to be the need for both a CFO and a CEO, the role won't merge into one.

## **Conclusion - making this Connected CFO a reality...**

The reality is that digital transformation is in its infancy and for the majority of businesses, the journey is just beginning. For many organisations, a fully-connected business is yet to be realised, and a lot of time is being spent to establish the basic foundations on which to benefit from modern and connected

IT infrastructures. That said, organisations recognise the need for information connectivity and the benefits it brings and whilst this transition occurs, companies are becoming more efficient and productive with data, recognising it as one of their biggest assets.

The finance department – led by the CFO - has the chance to spearhead this transformation. The ability to oversee all data to make informed business decisions has always been essential, but technology is raising this role to another level. Rather than simply interpreting and reporting data, companies now require someone to understand the wider business impact and utilise this information for forecasting, trend predictions and growth strategies. The CFO is in the perfect position to take this one, with the potential of much of their job automated and holding that sweet spot of knowledge between both financial and operational metrics. The question for the CFO is – are you ready to step up and become the organisation's digital silver bullet?

In future, the Connected CFO will know most about the business, through a combination of improved relationships, an understanding of the businesses technology needs and the information available through a connected IT infrastructure their position will be key in delivering efficiencies and driving business growth. But connected data allows the entire C-suite to have a greater understanding of the business as a whole. Rather than simply having access to information about their own department they can see the wider-impact they are having on the business and use this information to make informed, strategic decisions that are beneficial to the whole of the organisation. So perhaps the future isn't just about the connected CFO, but about the connected board?

## More information

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