Digital acceleration

The future of finance

CFO agenda for elevating finance

KPMG believes that CFOs and their teams are natural leaders in today's digitally enabled, dynamic environment. Leading finance organisations are investing in new capabilities that can allow them to elevate from their traditional roles to strategic advisers across the enterprise. KPMG's strategy for future-ready finance includes five distinct, but complementary pillars focused on unlocking business value. Download this report to learn more.

> " Digital acceleration requires a cultural shift in the way the finance organisation thinks and operates. We strive to be constantly innovative, thinking like our customers, as well as helping them solve their biggest challenges, find fit-for-purpose digital solutions, and harness the power of data to transform processes."
>
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In our recent report, CFO agenda for elevating finance, KPMG professionals discussed how digital acceleration involves the ability to think digital and act human. This approach requires two basic elements: a digital core (what finance needs to obtain value) and digital enablers (how finance can unlock value).

From this point of view, we'll consider how both these elements can help finance benefit from digital acceleration.

Your digital core

The digital core is the underlying component that allows you to leverage the value of digital technologies in your finance function. Three main characteristics are critical to success with the digital core:

- **Business-led, technology-enabled:** The convergence of processes and innovation allows you to unlock the value of the digital environment. It is imperative to have a business or process lens to drive the appropriate supporting technology to achieve this value. The speed of new technology advances, generative AI as an example, offers game-changing efficiencies, however, guardrails and robust frameworks are needed to embrace and adopt new tools safely.

- **Think like the customer:** Customer centricity has been top of mind for some time. Embedding this way of thinking into your digital core can enable finance teams to better provide improved decision support for both internal and external customers. The underlying data availability will be paramount to unlocking business value in this area.

- **Culture and experiences:** Driving culture first and aligning to the strategy second will enable innovation, adaptability, and agility. Many teams are introducing a 'fail-fast' mindset to accelerate learning and support the rapid adoption of new technology. The introduction of new skill sets can support the progress of your digital agenda.

How can CFOs drive a digital culture?

Set the tone at the top

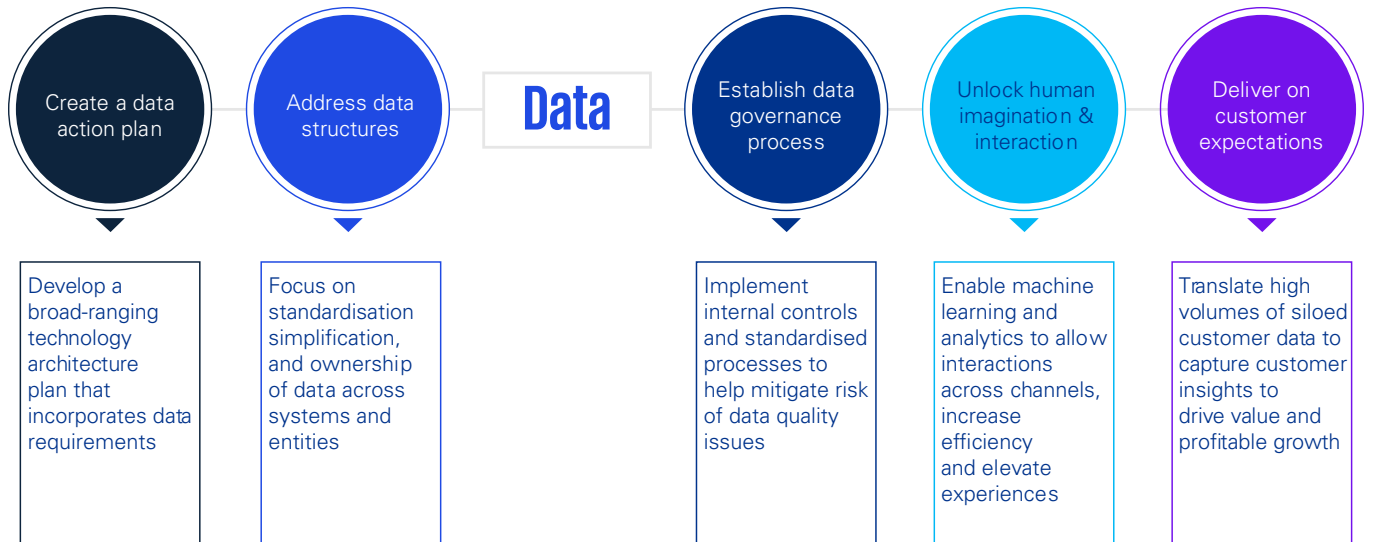Enable digital capabilities

Attract and retain top talent

Your digital enablers

Rapidly evolving systems of record, systems of engagement, and systems of intelligence are continuously changing the digital ecosystem. These changes require digital enablers that include solutions purposefully built to support the following process areas:

- **Data ingestion and management:** Finance should make sense of new information sources and continue to refine existing data. This approach requires master data management applications and data warehouse technology.

- **Cloud-based enterprise resource planning (ERP) and enterprise performance management (EPM):** Agile foundational solutions can help enable standardisation of global finance processes, scalability, and improved cost efficiencies.

- **Digital process enablement:** Transformative advancements in robotic process automation can mechanise human labour and build the foundation for 'digital labour' in the back office.

- **Artificial intelligence (AI) and machine learning (ML):** Cloud-based, adaptive technologies use logic from computational learning to make real-time, fact-based decisions for advanced finance tasks. Generative AI can generate content rather than simply analyse or act on existing data with a broad set of finance use cases, from risk assessments to new product forecasting and investment decisions.

- **Visualisation and advanced insights:** Dynamic insights in real time can help finance transcend its role as the historical scorekeeper to become a real-time, strategic interpreter.

Data paves the way:

For effective digital acceleration, data drives valuable insights and key metrics for success. The first step in leveraging data is to establish a strategy based on the following steps:

Create a data action plan	Address data structures	**Data**	Establish data governance process	Unlock human imagination & interaction	Deliver on customer expectations
Develop a broad-ranging technology architecture plan that incorporates data requirements	Focus on standardisation simplification, and ownership of data across systems and entities		Implement internal controls and standardised processes to help mitigate risk of data quality issues	Enable machine learning and analytics to allow interactions across channels, increase efficiency and elevate experiences	Translate high volumes of siloed customer data to capture customer insights to drive value and profitable growth

Future-ready processes:

Digital acceleration starts with your strategy and considers not just where you want to be, but where you need to be as an organisation. Then your organisation can effectively integrate finance and accounting processes such as the following to drive successful digital transformation:

- **Source to pay:** Use digital technology to facilitate supply chain traceability and transparency. Leverage generative AI for smart contracts to provide a publicly verifiable method of embedding governance.

- **Project to result:** Use automation to help with project efficiencies while reducing manual efforts. Bring non-standard data to the forefront, helping to support project success.

- **Acquire to retire:** Use digital technology to reduce manual efforts through the asset lifecycle – from simplifying the vendor-creation process to tracking assets from purchase to retirement.

- **Quote to cash:** Introduce intelligent collections to bring efficiency to accounts receivable operations and decrease bad-debt write-offs. Leverage bank, vendor, and merchant service APIs to automate transaction matching and GL or bank reconciliations.

- **Record to report:** Use predictive analytics to identify problem areas in period-end close before you even know the problem exists, while also reducing manual journal entries. Streamline data integration from multiple sources to increase completeness and accuracy.

- **Plan to perform:** Leverage predictive analytics, intelligent forecasting, and generative AI to achieve effective and insightful financial planning at reduced cost. Generate predictive insights via business-specific drivers and data sources.

Case in point

KPMG in the US helped a client create accurate forecasts automatically through an innovative solution involving machine learning and the analysis of external signals.

Challenge: The client's forecasting approaches were labour-intensive, requiring several manual interventions to ensure consistency in data and accuracy in results.

How we helped: KPMG professionals developed a technology solution for automated forecasting that uses ML techniques. By analysing thousands of external signals, users can spot patterns and perform sensitivity analyses to understand key drivers for revenue, margin, and earnings.

Benefits to the client: KPMG professionals delivered a technology solution that improved speed, reduced labour costs, and increased transparency. Driver-based, dynamic forecasts have led to quicker scenario planning and decision-making. The solution now updates data streams in real time to create rolling forecasts.

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