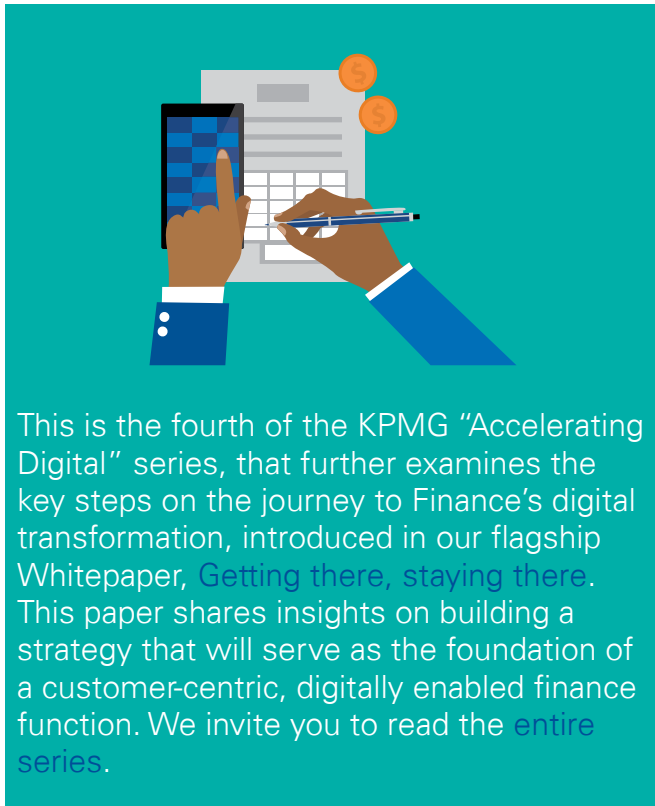


Accelerating Digital

Finance can spearhead organizational innovation by leading the way to through digital transformation

August 2021



This is the fourth of the KPMG “Accelerating Digital” series, that further examines the key steps on the journey to Finance’s digital transformation, introduced in our flagship Whitepaper, [Getting there, staying there](#). This paper shares insights on building a strategy that will serve as the foundation of a customer-centric, digitally enabled finance function. We invite you to read the [entire series](#).

Companies in virtually every industry have long acknowledged the value of deploying new tools and technologies across all assets and operations. That’s nothing new. Today, these organizations recognize the real imperative is to break down old structures and work toward becoming fully digital enterprises. Identifying and unlocking greater value is the clear strategic objective. Achieving this goal requires a new mindset, skills and capabilities around innovation, and a focus on governance to sustain long-term success across digital solutions.

Design thinking unlocks innovation

With the increased need for organizational adaptability and the ever-growing democratization of data and analytics across the value chain, the march toward digitalization is fully underway—from infrastructure upgrades and operational management to employee upskilling and customer experience.

While finance professionals are learning and refining their craft, they’re still focused on traditional mandates—reporting, compliance, tax, accounting, planning and forecasting. These remain critical tasks, but don’t necessarily foster innovative thought. Design thinking, a holistic customer-oriented approach to creative problem-solving, positions the finance organization to approach traditional challenges—such as expense processing, credit management and reconciliations, for example—differently, via an automated digital environment. It’s a means of uncovering solutions by gathering insights into the priorities, beliefs, biases, and needs of internal and external clients.

Ultimately, it requires a mindset shift

We believe that facilitating this shift should be the responsibility of the CFO and other Finance leaders and requires them to be Forward-looking as they drive their organization toward innovation, exploiting digital opportunities. If you understand your internal clients’ challenges and priorities, which also align with the needs and expectations of external customers, you’ll be better able to develop actionable solutions. Design thinking is about getting away from the mentality that clings to inefficient, manual processes because “we’ve always done it that way.” This approach empowers you to devise and recommend more creative and actionable solutions to improve your transactional processes—such as record-to-report, order-to-cash, and procure-to-pay—freeing up time to develop and execute more strategic solutions.

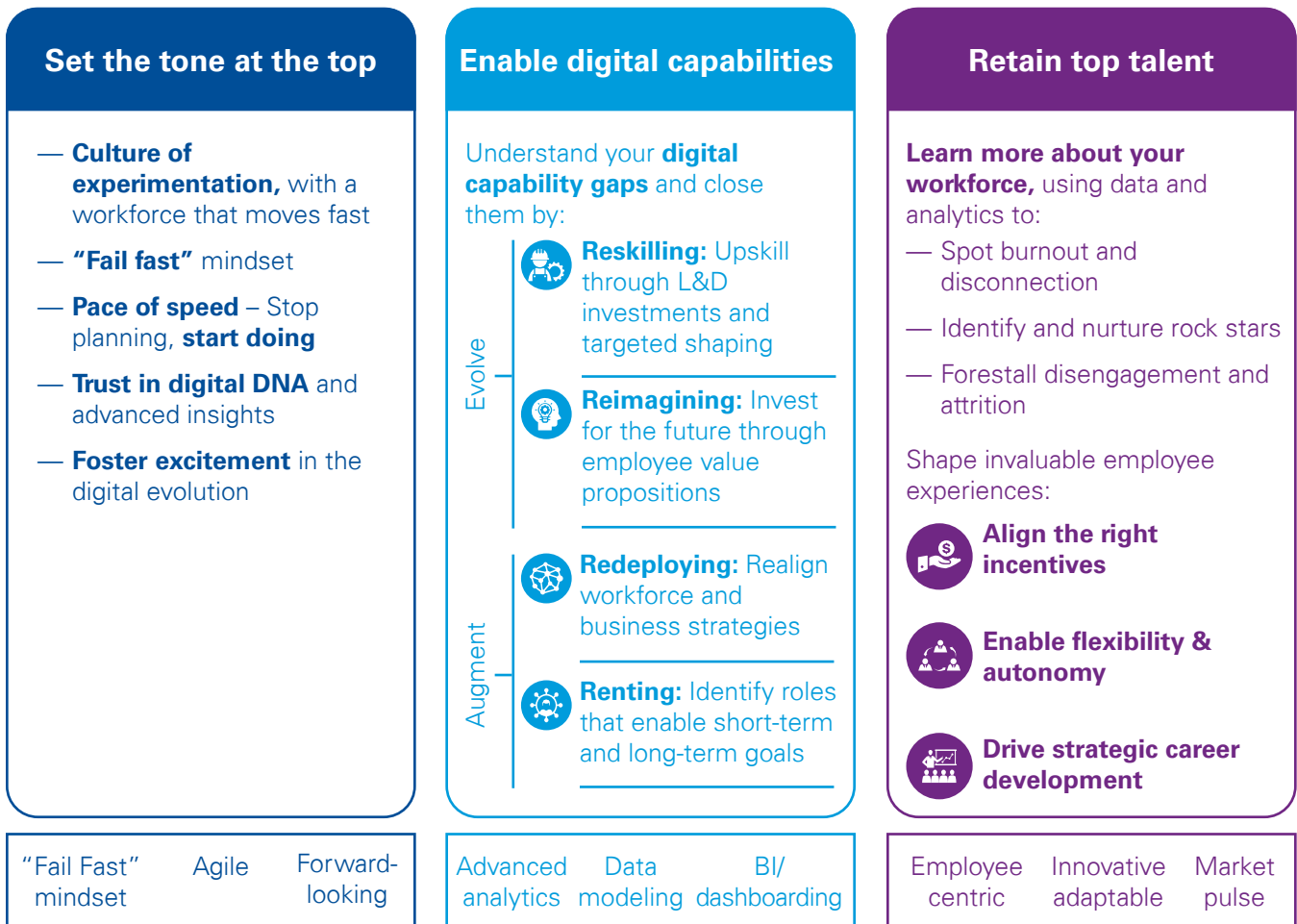
Set the tone, build skills, retain talent

To encourage new thinking and experimentation, you can't have a workforce that is afraid of failure or trying new methodologies. Culturally, employees shouldn't look at digital solutions as a threat; rather, they should be inspired to feel the excitement and recognize the benefits of adopting these tools and methodologies. For finance professionals, this is a mindset that must be established and nurtured from the top down. Once the organization is aligned and prepared for digital

advancement overall, the conversation about the necessary skills can begin. Strategically, from a people perspective, leadership should strive to determine the capabilities necessary to pursue the overall digital strategy, and then assess the preparedness of the existing workforce. Where there are gaps, decisions will need to be made about helping existing personnel evolve by re- or upskilling; reorganizing to better align staff with the new strategy; or "renting" the missing skills from a managed services provider until you've built up those capabilities or hiring new talent.

Design-think culture and workforce

Establishing a digital culture and mindset is essential to attracting, developing and retaining top talent.



What else? You've established your culture of experimentation from the top. You've identified the skills and capabilities on which you need to execute to operationalize your digital strategy and determined how you're going to invest in your workforce by addressing any gaps. A critical, albeit often-overlooked component of this equation is ensuring you retain

key talent and attract new talent. If people are the primary foundational investment within your digital transformation—and we believe they are—it is imperative they remain with the organization. Otherwise, you've lost that investment from both financial and productivity perspectives.

Guided by a visionary CFO, design thinking will enhance the ability of every major organizational function to respond to new developments swiftly and confidently, with an eye toward:

- Increasing collaboration between business units
- Improving business processes
- Promoting autonomy and enabling data-driven decision making
- Supporting ongoing growth initiatives

Digital to the core

You can establish your digital strategy and implement the relevant digital solutions, but if you don't have a governance framework you risk losing sight of your objectives: creating value, achieving competitive advantage, and growing the business.

Solidifying your digital core drives ownership and accountability of your overarching digital strategy through three interconnected, concurrently operating functions:

Digital pipeline

The first step to establishing your digital core is building the foundation of a centralized view of your digital pipeline. This enables the organization to look end-to-end across their digital footprint. While establishing a pipeline of ideas and opportunities and a governance structure around these various digital pursuits is vital, the gap we see at many companies is a means of continuously monitoring the value that these digital investments are delivering back to the organization.

Benefits

- Single, centralized view of digital ideas across Finance
- Centralized funnel to manage intake, status, implementation, approval, and overall investment
- Governance controls and agility to adjust and capitalize on opportunities

Dynamic funding

Once you have this centralized view, you'll have the ability to quickly pivot as needed. If a digital solution fails to deliver value over a period of time, the nature of the funding mechanism we propose allows for the finance team to quickly alter the investment and transition to a different tool that better aligns with your strategy. It's about funding the value rather than funding a project. And by taking this hypothesis-based approach—that is, testing and challenging the ideas that flow through the pipeline—you'll be able to solidify a culture of experimentation and learning, as well as build scale and share success across the value chain.

Benefits

- Continuous, hypothesis-based funding process
- Digitally enabled data models to make fact-based decisions and "fail fast"
- Clear prioritization framework to pilot "digital bets" prior to scaling broadly

Center of Excellence

The last piece—a digital center of excellence to oversee it all—is more of an option than a requirement. However, many leading companies are finding that formally designating a cross-functional group to be accountable for all of these rapidly moving pieces facilitates faster, more efficient, and confident decision-making that progresses the organization's strategic goals.

Benefits

- Lead organization alignment on overall digital transformation strategy
- Manage the digital pipeline through which digital opportunities flow
- Drive quality and confidence through continuous performance evaluation



As digital governance expert Lisa Welchman writes, “For many, the word ‘governance’ conjures up an image of an organizational straitjacket.... Governing doesn’t have to make business processes bureaucratic and ineffective.... Governance is an enabler. It allows organizations to minimize some of the churn and uncertainty in development by clearly establishing accountability and decision-making authority for all matters digital.”¹

In the end, the key is getting the most out of your digital investment—and that comes by setting the tone at the top, understanding your existing digital capabilities and augmenting where needed, and working to retain key talent as well as attract new talent. By changing the way your organization thinks and establishing a centralized framework—a digital core—you’ll end the cycle of putting funds into investments that aren’t delivering value. You’ll be able to look across your digital portfolio to determine where you can scale versus always developing new solutions from the ground up.

¹ Lisa Welchman, *Managing Chaos: Digital Governance by Design* (New York: Rosenfeld Media; 1st edition, 2015)

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Contact us

Together, let’s explore how the KPMG Finance Transformation team can help your finance organization initiate or accelerate a digital transformation and create lasting value.

Authors

Ronald Walker
Service Network Lead
Finance Transformation
T: 858-750-7057
E: rwalker@kpmg.com

Michael Kokotajlo
Managing Director, Advisory
Finance Transformation
T: 609-462-7107
E: mkokotajlo@kpmg.com

Shehtaz Zaman
Director, Advisory
Finance Transformation
T: 212-954-6295
E: sszaman@kpmg.com

Colleen Mohnkern
Manager, Advisory
Finance Transformation
T: 713-319-2247
E: cmohnkern@kpmg.com

Contributors

David Brown
Principal, Advisory
KPMG On Demand Services
T: 314-803-5369
E: djbrown@kpmg.com

Anand Sekhar
Managing Director, Advisory
Digital Enablement
T: 312-203-5493
E: anandsekhar@kpmg.com