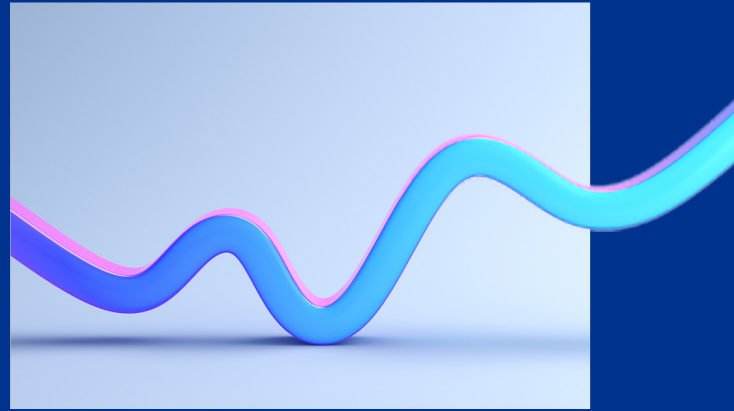




# The new DNA of FP&A

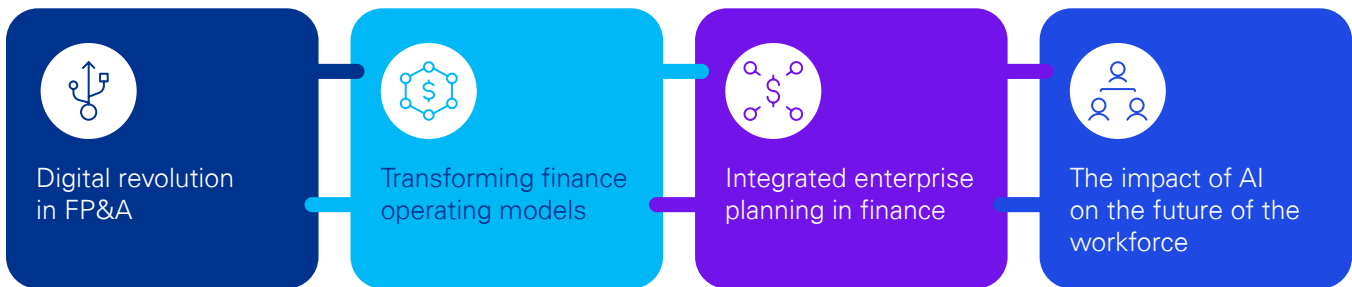
May 29, 2024



Corporate financial planning is critical in assessing a company's progress and strategizing future goals through quantitative and qualitative analysis. This expertise allows businesses to adapt quickly and efficiently, maintaining competitiveness in today's rapidly changing landscape. As the business world moves at warp speed, with new risks and opportunities emerging constantly, it is vital to ensure that your financial planning and analysis (FP&A) team can keep pace.

The webcast discussed how a digital revolution is shaping the future of finance functions and emphasized the impact of artificial intelligence (AI) on FP&A.

Panelists discussed the following topics:



## Digital revolution in FP&A

The digital revolution transforms traditional FP&A operations through the adoption of advanced technologies such as AI, machine learning (ML), and cloud-based solutions. These tools facilitate agile and informed decision-making. Key components include:

- **Master data and data governance:** Ensuring data quality and accuracy is essential for reliable analytics and decision-making. Robust data governance practices maintain data integrity and prevent inconsistencies.
- **Integrated business planning:** Connecting sales, marketing, demand planning, and financial planning creates a holistic approach to enterprise-wide planning. This collaboration leads to a comprehensive business strategy.
- **Predictive and prescriptive analytics:** AI and ML enhance forecasting and insights, enabling businesses to predict future outcomes based on historical data and trends, and to optimize business performance through suggested actions.
- **Intelligent performance and AI adoption framework:** A holistic approach using AI, ML, and digital technologies drives business outcomes and shareholder value by enhancing decision-making and efficiency. By addressing challenges like data availability and organizational misalignment, AI applications in FP&A—such as intelligent monitoring, document processing, and forecasting—enable teams to manage large data volumes, extract insights, and boost performance and outcomes.



## Transforming finance operating models

The finance landscape faces major transformations with generative AI and a shift to digital, data, and people-focused approaches. To effectively leverage AI benefits, organizations must update skills, adopt cloud technologies, and streamline planning processes in fast-changing financial environments:

- **AI-enabled efficiency:** Integrating AI into process automation, anomaly detection, and report reduction streamlines tasks and increases productivity, allowing finance professionals to focus on value-added activities.
- **New technologies and infrastructure:** Adopting cloud technologies enhances scalability and flexibility in finance operations, allowing organizations to adjust resources as needed for cost savings and improved performance.
- **Shift in workforce skills:** As AI and digital technologies impact finance operations, finance professionals must emphasize data analysis, communication, strategic thinking, and collaboration over traditional skills.



## Integrated enterprise planning in finance

Integrated enterprise planning in finance connects processes, aligns shared assumptions, and utilizes robust data sets across the organization. Adopting cloud technologies and leveraging AI and ML can optimize various business functions, streamline planning and reporting processes, and enhance financial management:

- **Low-touch, high-impact digital transformation:** Advanced technologies streamline planning and reporting processes, refine forecasting accuracy, and improve decision-making capabilities.
- **Optimizing processes and building a robust workforce:** Streamlining planning processes involves a business-centric approach, strategic target setting, and cross-departmental integration. With the evolving roles of FP&A professionals, organizations must equip them with digital fluency, data analysis, and AI skills.

- **Intelligent monitoring and forecasting:** Leveraging AI and ML technologies enables continuous performance monitoring and forecasting, promoting faster and more accurate decision-making.
- **Enhancing communication and collaboration:** With the growth of AI technologies, organizations need to prioritize collaboration, communication, and strategic thinking skills among their FP&A professionals.



## The impact of AI on the future of the workforce

As AI transforms the future workforce, organizations must develop effective strategies for seamless AI integration into finance processes. This requires reskilling the workforce in collaboration, communication, strategy, and technology, and establishing clear roadmaps for AI implementation:

- **Reshaping the workforce:** AI integration influences FP&A professionals, demanding enhanced digital fluency and AI knowledge. Reassessing service catalogs and considering centers of excellence, global business services, and business partnering roles can boost FP&A effectiveness.
- **Emphasis on soft skills and continuous learning:** As AI automates routine tasks, workforce development focuses on strategic thinking, analytical and storytelling skills, as well as effective communication and collaboration among stakeholders. Adapting to new tools and technologies through continuous learning is critical.
- **Evolving roles, privacy, and inclusivity:** Professionals must embrace new ways of working as AI impacts roles in strategic modeling, scenario planning, and data analysis. Organizations must address data privacy concerns, ensure robust governance, and promote inclusive strategies for AI adoption.

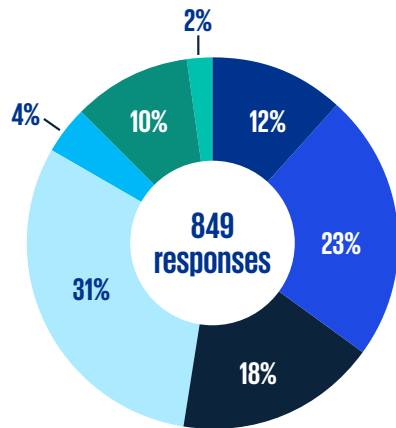


## Closing comments

Investing in advanced FP&A technologies improves efficiency, data reliability, and adaptability in a fast-paced business landscape. Using innovative tools like AI and ML provides a competitive edge for forward-thinking finance organizations. Implementing next-generation, cloud-based FP&A solutions enables finance teams to drive insightful strategies, enhancing performance and resilience.



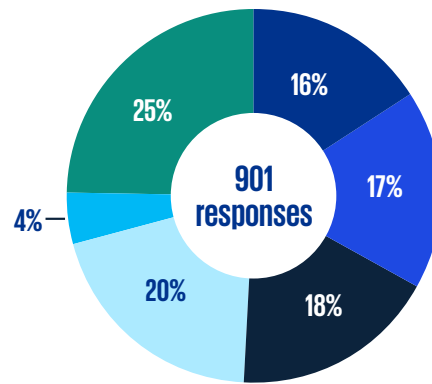
### What are the most significant challenges your FP&A organization faces?



- Difficulty in integrating planning across teams or departments
- High dependence on manual processes
- Inadequate technology infrastructure or outdated systems
- Lack of data availability or data quality
- Lack of defined roles and responsibilities within the FP&A team
- Organizational misalignment
- Poor functional cost efficiency or ineffective resource allocation

Note: Percentages may not total 100 percent due to rounding.

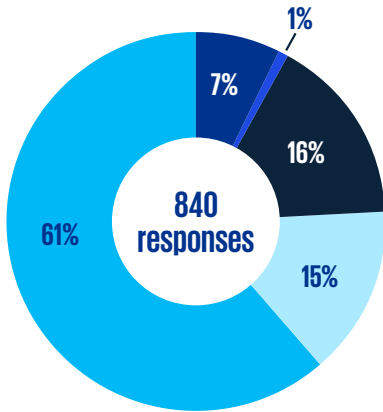
### What is the biggest challenge faced by FP&A teams in embracing digital transformation?



- Insufficient technical skills among employees
- Integration challenges with legacy systems and existing information technology infrastructure
- Lack of leadership support and buy-in
- Resistance to change and uncertainty around the return on investment of a digital transformation
- Security and privacy concerns around data handling
- The high cost of implementing digital solutions

Note: Percentages may not total 100 percent due to rounding.

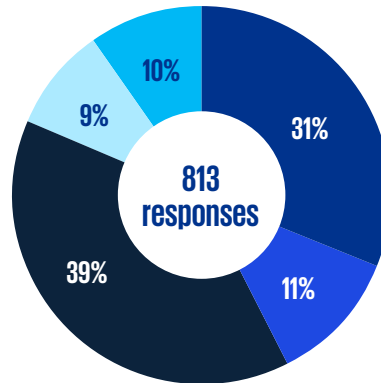
**In terms of your organization’s adoption of AI in FP&A, where would you place your current position on the journey?**



- AI integration is well underway in some areas
- AI is fully integrated across the organization
- AI is not integrated in the business, with no plans to explore
- In the process of pilot testing AI solutions
- Just starting to explore AI possibilities

Note: Percentages may not total 100 percent due to rounding.

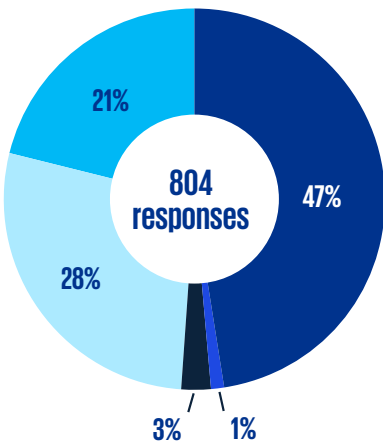
**In which of the following FP&A areas are you seeing the most significant changes driven by AI integration?**



- All of the above equally
- Budgeting and forecasting
- Data analytics and scenario modeling
- Financial reporting and compliance
- None of the above

Note: Percentages may not total 100 percent due to rounding.

**What is your primary objective when considering AI integration in FP&A?**



- All of the above
- Compliance with industry standards and regulations
- Gaining a competitive advantage in the market
- Improving decision-making and insights
- Reducing operational costs and increasing efficiency

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