



AI enabled finance service delivery

Rapid changes amid mounting challenges are leaving many finance teams behind. Here's how leading organizations are catching up.

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Introduction

Innovations and opportunities seem to be everywhere for finance teams these days: Cloud-based systems to optimize enterprise data, process automations that eliminate loads of inefficient tasks, and breakthrough capabilities like generative artificial intelligence (GenAI) and predictive analytics that improve the speed and value of financial insights.

And that's just a brief sampling of the ever-expanding list of potential-laden new ideas and technologies that promise to "Transform Finance."

But for too many organizations, all that promise remains largely unfulfilled. The idea that new technologies and innovations can improve operations, increase productivity, and reduce costs is not a debate for most finance leaders.

Their question is much more fundamental: "How do we make it happen?"

After all, transformation doesn't occur in a vacuum. In the real world, technology feels like it's changing at light speed, disruptions are accelerating on multiple fronts, compliance requirements are piling up, costs and funding are more unpredictable than ever - hey, the finance team already has its hands full just trying to help the organization keep pace.

Still, the "innovate faster" mandate remains. But here, too, the CFO and team face another

challenge that is unique to their role in the organization: They need to partner with the C-suite and teams from across the agency to prioritize investments - from a dwindling pool of funds - that will best enable the whole organization to operate with more agility and mission-focused precision. At the same time, though, they must also figure out how to elevate and transform their own people, processes, and technologies.

Against that backdrop, senior finance leaders are seeking new and often radically different strategies to help them break the logjam on stubborn challenges that continue to be a drag on innovation—for both their teams and the organization overall. Many are considering outsourcing key finance functions to leading-practice managed services providers. This can help them accelerate progress, close critical gaps in skills, leverage promising new technologies sooner, and create more cost certainty overall.

It's an approach that KPMG LLP (KPMG) calls Finance as a Service (FaaS) and it empowers organizations with rapid expertise, robust new technology-enabled capabilities, and expanded flexibility across their core finance functions.

Here's a closer look at five of finance's most intractable problems today—and how the FaaS model can help finance leaders solve them.



Challenge #1 Unsustainable costs

Cost pressures are a thorny Catch-22 for finance operations. On one hand, many of their committed investments in current technology systems, staff, and infrastructure are increasingly misaligned with how things are evolving—and what the organization now requires from the finance team to keep pace. To fix this, finance leaders need significant new capital investments to rapidly scale up new solutions—updated tech, upskilled staff, and a more agile infrastructure.

But the gap between those two realities is stark: sunk costs to support outdated operations that can't be easily unwound—and which directly limit capital investments due to the legacy costs burden. Beyond just tying up innovation capital, this costs conundrum continues to tie the hands of senior finance leaders in general.

The strategy: The FaaS model can quickly generate several cost-positive benefits:

- Rapid access to new technologies via subscription-based as a Service solutions that provide near-term cost certainty and accelerate the wind-down of legacy tech debt.

- Filling critical gaps in skills and capabilities that allow finance operations to scale more quickly and more efficiently align staff.
- Streamlined finance operations that focus more on value creation and accelerating growth opportunities for the entire organization.

FaaS facts:



15% to 45%
reduction
in finance
operating costs



30% to 40%
lower costs
to serve
for specific
functions

¹ Based on KPMG research and observed results from work with clients

Challenge #2 Disparate data and systems

Beyond the legacy cost challenges, legacy data and tech issues are another serious drag on an agency's ability to move faster and pursue growth opportunities.

Many organizations continue to battle persistent data bottlenecks that can feel like they are impossible to resolve: inconsistent data across multiple systems, low quality data, time-consuming reconciliation processes, inefficient data management and governance, and a general lack of accuracy that erodes the organization's confidence in the finance team. Further stirring the pot: expanding compliance requirements and accounting rules that further stress data and controls systems that already feel overwhelmed.

The net effect is an ongoing enterprise data challenge that saps productivity and embeds stubborn inefficiencies across the finance team's operations.

The strategy: FaaS solutions can help streamline and enhance data in a number of ways:

- New data models and protocols that identify essential data, map it into tightly integrated cloud-based systems, and eliminate many of the downstream legacy issues.
- Data validation and cleansing tools that continuously scan for anomalies, clean up discrepancies, and optimize ongoing data availability and management.
- New capabilities like GenAI that can even obviate the need for cleanly mapped data by extracting and formatting the data they need directly from applications.

FaaS facts:



15% reduction in data quality issues, streamlined workflows, and faster data retrieval and reporting²

Challenge #3 Outdated insights

A lack of credible, timely, value-generating insights continues to be among the top problems cited in our research and work with clients. Here again, legacy data and tech issues create enormous challenges for the financial planning and analysis (FP&A) team. The inefficient processes elongate reporting timelines and contribute to forecasts and insights that frequently lack accuracy, value, or enough time to act on them.

But this issue is not limited to legacy data and tech challenges. Increasingly, we hear from organizations that

have cleaned up their data, moved to the cloud, and invested in new tech—and yet their insights are still falling short due to gaps in internal skills and the required expertise to truly leverage all that new tech.

In either case, this persistent lack of leading-edge insights is another ding on the finance team's credibility. The organization is consistently late to execute on new opportunities to enhance mission effectiveness.

² Based on KPMG research and observed results from work with clients

The strategy: FaaS experts are helping deliver more intelligent performance for clients with:

- Intelligent forecasting solution suites that produce more accurate, timely insights and enable the organization to move faster on execution.
- Cash flow and capital investment trackers that optimize both areas via advanced scenario analyses, recommendations, and real-time visibility.
- Enhanced reporting capabilities to support the expanding complexities of risk and compliance management.



Challenge #4 Falling behind on AI and advanced tech

So many of the game-changing technologies from the last few years almost seem as if they were designed with finance-specific challenges in mind—an expanding suite of AI capabilities and cloud solutions to enhance data, streamline transactions, crush the close, and elevate FP&A.

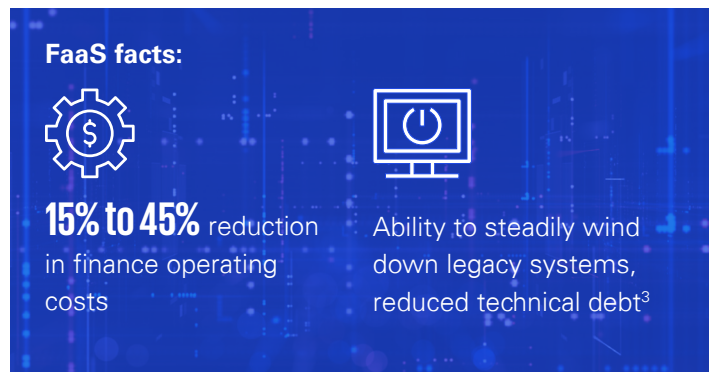
And yet finance continues to be late to the game on harnessing impactful new tech across all sectors. As two recent KPMG reports detail, a large majority of commercial companies are now driving improved productivity and value from tech-driven transformations (88 percent) and GenAI (74 percent), but those gains are primarily coming in areas like information technology, product development, and sales and marketing.^{4,5}

To be fair, asking the finance team to become technology pioneers overnight is just not realistic. But the reality is that technology continues to move faster, while finance operations that rely solely on in-house tech and skills continue to fall further behind.

The strategy: Accelerating the deployment of advanced technology solutions is the FaaS model's sweet spot.

Providers can ensure:

- Rapid implementation of new systems, continuing access to the latest updates, and clear cost predictability at every step.
- The technical expertise required to operate and optimize the technologies at full throttle.
- Training and user adoption programs that can steadily upskill and enable in-house teams, with an option to transition services back to the organization over time.



³Based on KPMG research and observed results from work with clients

⁴[2024 KPMG US Technology Survey Report](#)

⁵[GenAI 2024 Survey](#)

Challenge #5 Growing talent gaps

Gaps in skills and capabilities are consistent themes across finance's challenges. And in many cases, it's not simply a "gap"—the necessary talent is increasingly hard to find or not staffed in the first place.

Now add in the growing demands on existing staff to cover expanding complexity and move faster, and it's no wonder that many finance teams face sagging morale, increased attrition, and limited opportunities to free up staff to focus at least some time on new skills that enhance their growth and the organization's. Upskilling and training are great ideas, in theory. But who's got the time? And who's delivering the expert guidance and mentoring?

Left unchecked, this growing talent dilemma perpetuates all of the issues above: unsustainable costs, forever chasing data, still working from yesterday's insights, and permanently left behind on leading technologies.

The strategy: Expert people are the very core of FaaS solutions. They allow organizations to quickly close their talent gaps with expertise—at scale—across all critical

finance functions. This also gives organizations significant flexibility in their overall planning: full-service coverage that rapidly elevates finance operations in the short term, with the option to maintain that model or transition some services back into the organization over the long term.

In addition, KPMG often works with clients to develop leading-practice centers of excellence that bring together cross-functional teams to share ideas, support upskilling, and facilitate user adoption of the enhanced new processes and technology capabilities.

FaaS facts:



40% to 70%
productivity
gains



5-6X more
time spent on
collaboration
and innovation



15% to 25%
decrease in
voluntary employee
attrition⁶

Getting some help

FaaS is next-generation managed services. It delivers extra bandwidth and transactional capacity, for sure, but as part of a higher level, wide-ranging solution that takes on entire finance functions and transforms them into leading-edge operations. Its knowledge-based approach can rapidly deploy the right people, processes, and technologies that best match each organization's unique requirements, based on their existing staff, capabilities, and data and technology footprints.

And it's an approach that is gaining more and more traction with each passing day: In one recent KPMG survey, 88 percent of organizations reported improvements in performance by increasing their utilization of as a Service providers. And increasing this "let's get some experts to help" approach ranked as the top go-forward priority in the survey.⁷

⁶ Based on KPMG research and observed results from work with clients

⁷ 2024 KPMG US Technology Survey Report

How KPMG can help

KPMG excels at helping organizations elevate their finance operations. Our knowledgeable, industry-centric teams have extensive experience in the finance domain, backed by leading technology capabilities in areas like AI, GenAI, machine learning, process automations, cloud-based solutions, enterprise data management, and more. We also bring industry experience from across our firm to help our clients identify strategic opportunities and stay up to date on changes within their sector. Our wide-ranging services help our clients thrive in today's fast-paced, increasingly complex environment.

The KPMG FaaS model is empowering finance at the speed of AI. This wide-ranging solution is operated

for clients at scale. FaaS enhances their transactional, closing, and FP&A processes and can help them establish a dynamic new data foundation. We do this in close collaboration with our clients' leads: finance, accounting, comptroller, risk and compliance, and the C-suite.

Our FaaS solutions provide clients with flexibility to meet their strategic and operational needs. Please reach out to us if you'd like to learn more about how we can help your organization transform its finance operations and generate new value for the entire organization.

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