Corporate Controller & CAO Hot Topics

Driving finance transformation

Finance leaders face strategic challenges and opportunities defining the modernization of the finance function.

There is a need for disciplined process transformation ahead of system implementation; the strategic use of internal teams to drive rapid adoption of Artificial Intelligence (AI) and automation; the necessity of robust governance in managing complex global service delivery models; and effective strategies for upskilling and engaging the existing workforce amid structural change.

Given how closely KPMG works with many of the world's leading organizations, we have unique insights into how finance leaders are approaching these topics. Below are several top-of-mind themes that Corporate Controllers and CAOs are addressing as they manage finance transformation at their organizations.

Strategic system implementation and process discipline

Major enterprise resource planning (ERP) upgrades, such as transitions to cloud-based systems, are vital but often carry immense risk if not underpinned by rigorous foundational process work. The true business case for these massive technological undertakings often relies on improved qualitative factors rather than quantifiable hard savings.

- Most organizations are finding that fixing broken internal processes should precede system implementation, as trying to implement new technology and fix existing design flaws simultaneously drastically increases costs and the risk of failure.
- Leaders have found success implementing new systems by segmenting the transformation by function or geography, where testing the new technology and garnering adoption can be achieved in manageable bites. Organizations that used "Big Bang" implementations warned of less favorable outcomes, including longer month-end close timelines.
- When justifying system upgrades, executives find it difficult to build a strong return on investment (ROI) based on hard savings; instead, the value is often derived from intangible benefits like improved data visibility, organizational credibility, and reduced risk.

Accelerating AI and automation adoption

To ensure finance remains competitive, many leaders actively dedicate resources to automation and AI projects to overcome the challenge of competing with higher ROI business-facing use cases for central IT bandwidth. Sustained success requires enforcing adoption and managing cultural resistance.

- Many finance departments have established their own internal "transformation teams" or named an "AI Champion" to focus solely on accounting- and finance-specific use cases, successfully bypassing bottlenecks within the central IT queue.
- Successful low-investment initiatives—like enabling staff to build workflows using platforms like Alteryx—can result in significant time savings (e.g., thousands of hours of work) and foster internal excitement, creating the momentum needed for larger generative AI projects.
- Executives are seeking ways to drive adoption by actively sunsetting old reporting tools and implementing performance metrics tied to AI to proactively encourage teams to engage with and master new technologies.
- Addressing resistance from long-tenured employees requires deliberate action, such as engaging the most resistant individual in the design or implementation phase to build trust and accountability or leveraging Subject Matter Experts to disseminate information.
- While AI is a top priority, unlocking its full potential to meet Finance's cost-reduction mandates requires a strategic shift. The key is to evolve from individual AI applications to an integrated, enterprise-level approach that aggregates small wins into significant, impactful results.

Optimizing global service models and governance

The globalization of the finance function demands sophisticated, purposeful operating models, often blending captive centers with third-party outsourcing. The sustainability and effectiveness of these models depend entirely on establishing robust governance and joint accountability across all internal functions, captive centers and third-party outsourcing vendors.

- Many organizations are adopting "ecosystem-based" models that leverage captive, in-house centers for complex, high-judgment work (such as regulatory reporting or complex accounting) and utilizing third-party BPO vendors for high-volume transactional activities.
- Leaders have learned that governance is paramount, noting that models fail when oversight is underinvested; a key best practice is the use of "joint accountability agreements" that formalize end-to-end performance metrics across upstream and downstream processes.
- Leaders should consider revisiting the overarching delivery eco-system to evaluate what work should be automated / eliminated, stay onshore, should be offshored and what should be moved to a third-party outsourcing vendor. A holistic revisitation can result in investment dollars going farther.
- Leaders should consider including contractual agreements regarding built-in productivity targets with outsourcing partners, incentivizing the vendor to invest in automation and technology, and thereby continually reducing the client's cost over the contract lifecycle.
- Maintaining cultural alignment is crucial, requiring specific training for managers regarding regional communication styles and the use of US-based associates (expats) to ensure compliance with business ethics in offshore captive centers.

Workforce transformation and engagement

As automation absorbs transactional activities, the focus shifts to reskilling the existing workforce and strategically aligning organizational design to support higher-value business partnering. This requires clear paths for growth and managing internal anxieties related to structural change.

- To prepare staff for the future, companies are often providing specialized training on new tools, including prompting techniques for AI, with the understanding that while AI may replace outsourced jobs, onshore roles will fundamentally change, requiring analytical and strategic skills.
- Finance leaders frequently find it necessary to create opportunities for career progression within global shared services or captive centers, acknowledging that these staff members require clear growth trajectories to reduce attrition and build necessary specialized knowledge.
- The placement of core functions, such as FP&A, is evolving, with some maintaining a decentralized model across lines of business, while others are centralizing FP&A reporting and analytics into global service centers to enforce standardized reporting.
- Organizational redesign needs to prioritize transparency; some executives note that the tension between corporate demands for in-office work and the operational need to centralize accounting activities in lower-cost cities creates difficulties in talent retention.

Conclusion

The successful transformation of the finance function is fundamentally a challenge of sequencing and organizational change, not merely technological investment. Executives must enforce process discipline and global locational strategy before system implementation and proactively tackle the cultural and structural challenges associated with integrating AI and managing complex global teams. Maintaining momentum through quick wins and clear communication is essential to ensure the workforce remains engaged and capable of delivering the higher-value analytical insights required by modern business demands.

Resources

Five reasons to embark on finance transformation

Modern Finance Operating Models

The next evolution: How AI will transform global business services by 2026

Reimagining finance transitioning to an AI enabled enterprise

Rethinking outsourcing for strategic value and innovation

The new era of outsourcing

Contact us

Elizabeth Miller
National Head of Markets Audit
+1 212 954 3708
ecmiller@kpmg.com

Megh Desai
Advisory, Managing Director
+1 630 596 3325
mdesai@kpmg.com

Learn about us: | **kpmg.com**