BY
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Crunch Time: Finance in a Digital World

This article gives a first look at the impact of our digital world on finance organisations and how they must evolve to keep up.

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What Digital Means for You

For many people, the word 'digital' conjures up thoughts of cloud computing, smart assistants, mobile access, user focused design and other customer centric innovations that have revolutionised consumer experiences. As these technologies evolved, organisations quickly deployed them in front office functions such as marketing and sales.

In the back office, the digital revolution is also underway with HR out in the lead. For finance, the pressure for shorter business cycles, cost reduction and better insights from exploding data volumes is greater than ever. However, the disruptive potential of blockchain, artificial intelligence and next generation automation might have the largest impact here.

Digital Finance will transform ways of working as automation, real-time analysis, insightful reporting and interconnection are baked into systems and processes, redefining Finance's role and value in the wider organisation.

The Digital Mindset

In the past, many companies invested in large ERP implementations, customised systems and other technology transformations. Processes were standardised, controls increased and transactions centralised. However, has total workload decreased? Is data accessible? Which way are costs trending? Are systems responsive to changing business and user needs?

The good news is that most organisations have a solid foundation, and digital technologies can deliver on these expectations without having to start over. The 'digital mindset' is about embracing agility, improving user productivity, bridging organisation and technology gaps and continuously optimising everything you do.

Vision Meets Technology

While the technologies available have changed, the vision for strategic and operational finance remains the same. For each long-term goal, there is a digital enabler available today.

Faster, cheaper, better meets **Robotic process automation**
Automation reduces cost, time and risk. **Robotic process automation** (RPA) uses software programs to perform repetitive tasks, just like a human would, but without the potential for errors and fatigue. These processes, operating across multiple technology systems, often involve numerous manual activities, including data entry and reports.

Information accessibility meets **Visualisation**
With more data, analytics and reporting cycles than ever before, traditional reporting techniques can't keep up. **Visualisation** technologies not only present the information held in finance systems in near real-time, but allows users from across the entire organisation to explore and self-discover insights, enabling seamless oversight, planning, and decision-making.

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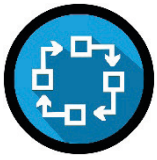
Automated analysis meets **Cognitive**
The term **cognitive** computing describes an array of technologies including machine learning, natural language processing, speech recognition, computer vision, and artificial intelligence. Taken together, these tools simulate human cognitive skills, grinding through mountains of data to automate insights and reporting in real time.

Detailed insights and forecasts meets **Advanced analytics**
Analytics has long been part of the finance arsenal, but new techniques are helping finance people provide more insightful answers. **Advanced analytics** tools illuminate connections and trends buried within data, making forecasting more detailed, more accurate, and more efficient.

High performance and low latency data meets **In-memory computing**
To manage digital information effectively, finance organisations need to handle massive data sets without sacrificing availability, timelines, or detail. **In-memory computing** stores data in main memory for faster response times, and because the data is compressed, storage requirements are reduced. This results in speedy access to quantities of data previously unimaginable.



Digital trust and direct transactions meets **Blockchain**
In the digital economy, financial and legal transactions that involve third-party intermediaries can be replaced by person-to-person transactions that do not require traditional trust mechanisms (e.g. banks or law firms). Instead, parties to a transaction will create digital identities that verify their trustworthiness and store these identities in a **blockchain** where others can access but not alter them. Similarly, blockchain-based 'smart contracts' can self-monitor conditions and execute transactions, without human effort or potential interference.

Agile and efficient meets **Cloud computing**
In a digital world, new product integrations and upgrades can be fast and economical. Public, private, or hybrid **cloud** computing solutions offer a full stack of flexible, scalable 'as-a-service' functionality without the large start up and upgrade costs of in-house IT architecture and code maintenance.

The People Puzzle

As digital technologies play an increased role in delivering finance strategy, many people believe that robots will replace jobs. However, this is a simplified view. While certain tasks are suited to automation and redesign, the skills that are critical to executing strategy and managing change are uniquely human, including skills such as listening, customer service, analytical thinking and innovation.

Now is the time to think about the skills and competencies your organisation will require remembering that every hire you make is an opportunity to prepare for a digital future.

Research shows that millennials will make up 75% of the workforce by 2025. As digital natives, they expect consumer grade technologies to be part of their everyday work lives and don't want to work for organisations that fail to provide opportunities to learn, grow and innovate using digital technologies.

What To Do Now?

For finance leaders, preparing for the digital future is neither a marathon nor a sprint. Rather, it is a series of sprints that can begin with the following steps:

- **Learn from others** by creating / working with a small cross-functional team to help you understand the possibilities. The chances are that some of your peers are already leading digital initiatives.
- **Make a plan** by mapping out a transformation agenda. Remember to take one step at a time. Things change fast in the digital world so avoid big bets until you know you are ready and fully understand the impacts.
- **Hire for the digital future** by identifying individuals with both the traditional finance and business skills, as well as the analytical, technology and change skills needed in an agile digital environment.
- **Start cleaning up your data** as it is the lifeblood of digital technologies and a potential source of challenge in any new finance led initiative. In many companies, data is siloed and rife with inaccuracies. Consider appointing a data steward to govern data quality, examine problematic data and resolve issues.

Where To Next?

Before committing to bold visions of digital grandeur, consider the hardest part of the equation: Where do your people, organisational structure, processes and technology fit in this brave new world? Many established assets can serve as building blocks for a digital future. But make sure any modernisation needs are well understood before provisioning budget and locking down milestones. Build confidence in the when to invest, not just the where and the what. And remember that the world in which you start, won't be the world in which you'll finish.