BearingPoint®

CFO 4.0 Study 2021

Part 2 – Data-driven finance and technology

BearingPoint®

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Foreword

Welcome back to the BearingPoint CFO 4.0 Study 2021 (Part 2) with a special focus on data-driven finance. In recent years, we have watched finance shed its image of being "just another necessary overhead function" and transform into a true business partner and co-pilot, a function that sets and delivers strategic objectives.

These are challenging and exciting times for finance teams. There has been a sea change in organizational, steering, and operating models, and the developments in analytics, machine learning, artificial intelligence, planning, reporting, and enterprise resource planning (ERP) technologies are staggering. On the one hand, technological innovation and managing big data have opened new opportunities for organizations. On the other hand, new challenges have arisen, such as bringing internal and external capabilities together, working with other functions to leverage the benefits of automation, and increasing the wealth of business insights generated by a more data-driven CFO function.

In parallel, the COVID-19 crisis continues to create enormous stress on financial departments that, for the first time, have had to operate entirely remotely while managing uncertainty and risks on a wider scale. Part 1 of our 2021 CFO 4.0 Study revealed that this stress was also an opportunity and supported the acceleration of the finance function transformation. Momentum is picking up and will last for the next few years.

BearingPoint annually assesses the "state of digitalization" of the CFO function along with relevant organizational, people, and technology topics. We serve CFOs and finance teams to get the most from innovation, supporting their journey from creating strategies and roadmaps to designing and implementing a broad range of innovative solutions, which we refer to as CFO 4.0 (where CFO stands for Chief Future Officer!).

What emerges from the CFO 4.0 Study 2021 is that transformations in finance are underway and have gained momentum, especially during the COVID-19 pandemic, and that data-driven finance is an expanding field. We hope you are inspired by the opportunities to transform in the following pages.

Antti Hämäläinen
Partner – Global Head of Finance & Risk

1 Introduction

Digitalization has increased the available data for companies exponentially. What separates forerunners from laggers is the ability to tap into data sources that generate business insight, support compliance, and enable efficient planning. This whitepaper presents the results of the CFO 4.0 Study 2021 (Part 2), which focuses on the topic of "data-driven" companies, the technologies they use, and the reasons for selecting them.

The annual CFO 4.0 Study explores the digital transformation in the CFO function in European-based companies and, for the first time, in Asian-based companies. We show how organizations currently utilize data-driven technologies and processes and optimally leverage the opportunities in digitalization.

The study will discuss use cases driving the adoption of data-driven finance in different finance functions. Automated intercompany planning inside the controlling function, invoice matching and predictive cash flow inside treasury continuous accounting, and predictive accounting inside the accounting function are just some of the specific use cases to be examined in the study. By applying technologies such as these, companies have gained significant benefits. A data-driven approach has enabled companies to respond faster to internal and external changes, which has been especially crucial during the pandemic. Despite the difficult situation, our study indicates that there is a growing eagerness to invest in the digitalization of the finance function. The study also highlights that finance transformation is not a journey without challenges, as companies find it especially difficult to find appropriate skills and experience to support data-driven approaches.

Coping with the challenges of transforming the CFO function to be more data-driven is beneficial and considers innovation in the following areas:

- **Data qualification** becomes increasingly important while tackling potential information overload
- **Investments** in data architecture support data-driven processes and technologies
- **Possibilities** outside of traditional technologies can be explored while ensuring CFO strategy alignment

Our previous publication, The CFO 4.0 Study 2021 Part 1, which was published in October 2021, shows the results of our CFO 4.0 Study 2021 regarding the current status of digital maturity and future digital transformation. If you are curious about our first publication, please join **CFO 4.0 Client Community** aand stay in touch. Members of the community will be informed about the release of all CFO 4.0-related publications.

We would like to thank all the respondents for participating in our study, and we hope you enjoy reading it. As an eco-friendly incentive for participants, we have pledged to plant one tree for every completed questionnaire we receive per company. We are now proud to announce that we have fulfilled our promise and planted over 200 trees in our **BearingPoint company forest**.

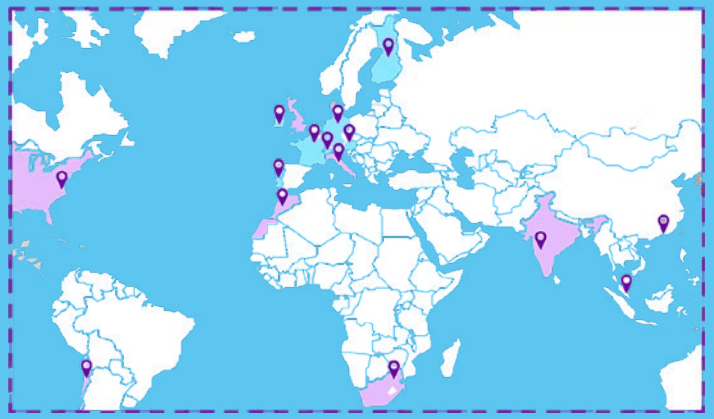
CFO 4.0 in 30 seconds

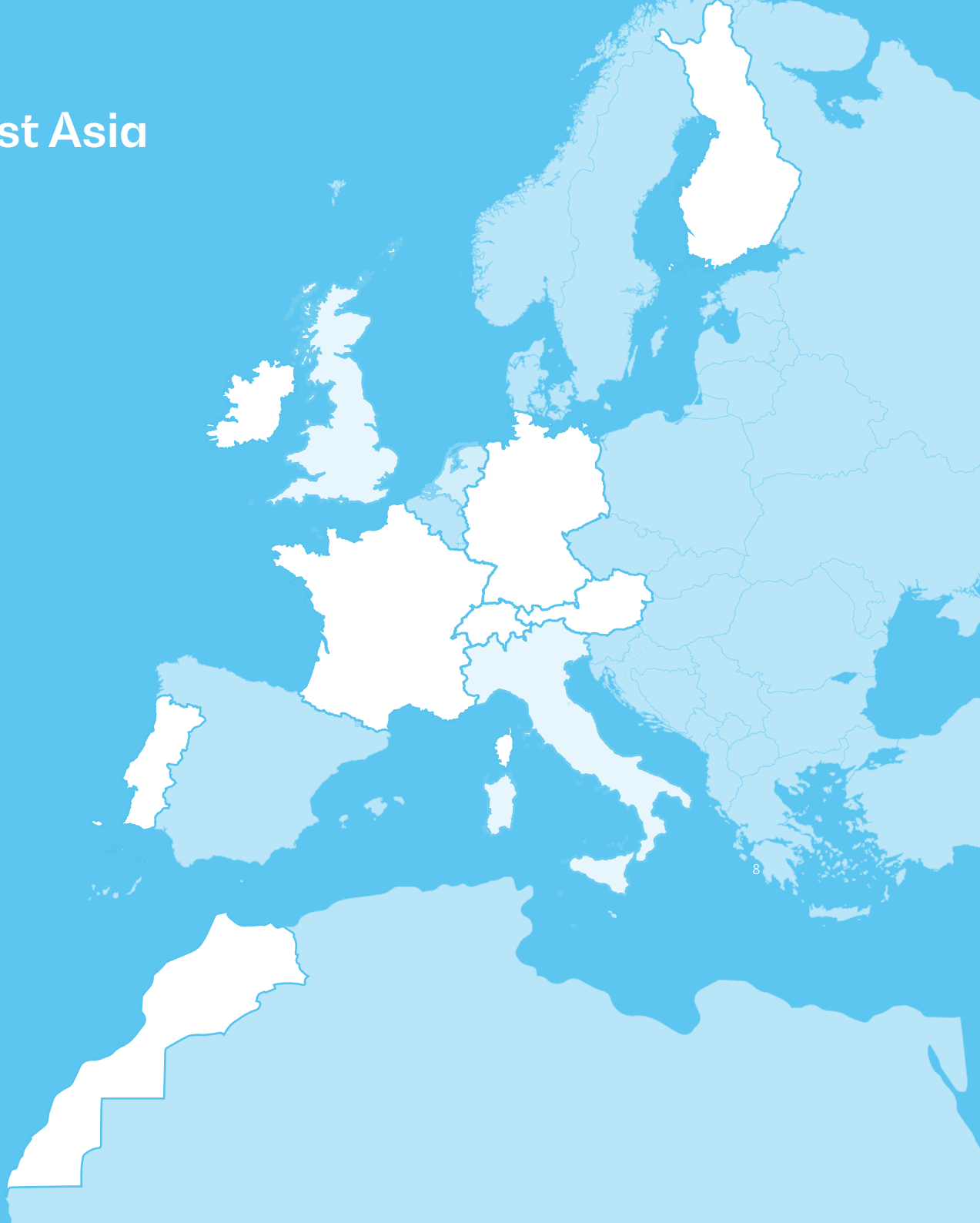
- BearingPoint has expanded Part 1 of our CFO 4.0 Study 2021 about the maturity of digital transformation in the CFO function of Europe-rooted organizations (which can be found here) with Part 2 about the **status quo of data-driven finance**. Our purpose is to provide additional insights on the types of data and technologies used in controlling, accounting, treasury, and other functions in the CFO's scope.
- In spring 2021, we gathered data from **256 private companies and public organizations** in Austria, Finland, France, Ireland, Germany, Portugal, Switzerland, Morocco, and Southeast Asia.
- 28% of survey participants rated themselves as data-driven, with enhanced business decision support ranked as the top benefit for this attribute.
- Advanced analysis, process mining, and automation were ranked as the most popular and already implemented technologies, while blockchain and chatbots had yet to prove their value. Data-driven companies tend to implement more of these advanced technologies.
- The dominant data types used in financial processes were still data from spreadsheets like Excel (68%) or finance systems (72%). Big data finished second-last on the ratings for implementations (21%).

2. Study design

Europe | Morocco | Southeast Asia

Responses by country





The CFO 4.0 Study 2021 is based on an annual survey. Data for the 2021 study was gathered between April and June 2021 from 256 respondents across Europe, South-East Asia, and Morocco.

The participant scope included mainly CFOs and heads of different finance departments. The distribution of these can be seen in Figure 1. Most participating organizations operate in the industrial sector, including automotive, manufacturing, and logistics companies, and form one-quarter (25%) of the total answers received. The second-biggest participation group came from the financial sector (20%), consisting of banking, capital markets, and industry companies. The remaining industries are displayed in Figure 2.

Survey participants were asked to provide meta-data about their organizations (Figure 3). Nine percent of the participating organizations consisted of large enterprises with annual revenues of greater than 30 billion Euros; 40% of participating organizations had annual revenues of 1 to 30 billion Euros; 20% had annual revenues under one billion but above 250 million Euros; and almost one-third (31%) comprised smaller organizations with annual revenues of under 250 million Euros.

The 2021 survey consisted of three sections: (I) Current digital maturity; (II) data-driven companies and technology; (III) future digital transformation. Part 1 of our study (which can be found here) focused on sections (I) and (III). This publication will cover questions that gather information on the effects of a more data-driven approach on CFO functions, what types of data and technologies are used, and the criteria for selecting them.

Figure 1

Respondent job positions

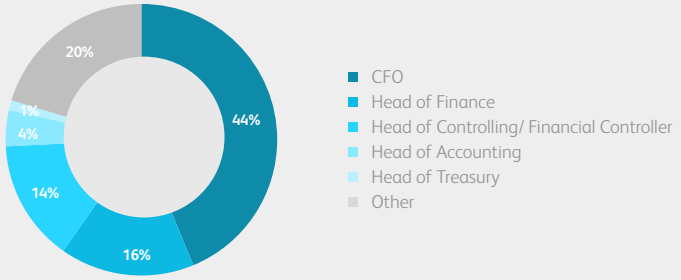


Figure 2

Respondent industries

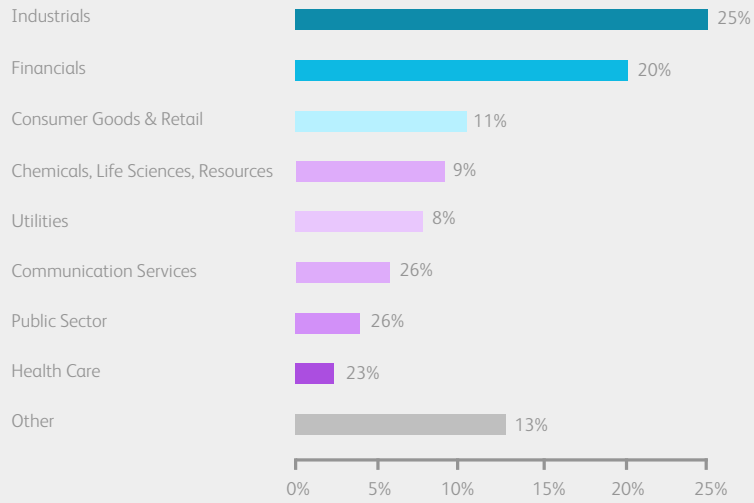
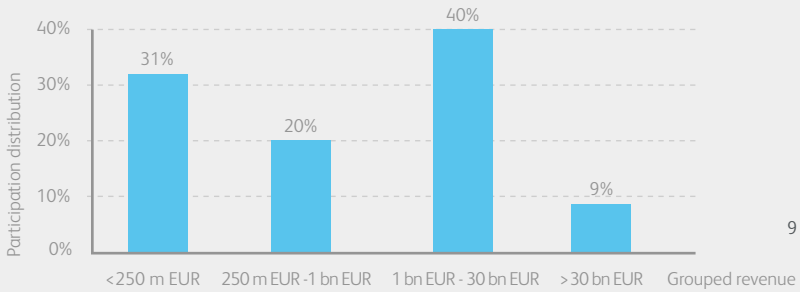


Figure 3

Company sizes (by revenue)



3. Results

How data-driven finance is today

The Figure 4 shows that just less than one-third of the survey participants (28%) would currently commit to saying their finance function is data-driven. They have implemented data architecture to support data-driven tools and approaches. It is clear that the topic of data-driven finance is receiving significant focus within CFO functions as well as the wider business, including board and senior management, as stakeholders understand the benefits it brings to the organization.

Several reasons can explain the move toward a more data-driven finance function for organizations. First, as the globalized market becomes more volatile, uncertain, complex, and ambiguous (VUCA), more financial analytical "horsepower" and the ability to support faster and better decision-making are required. This has proved to be a challenge for many organizations during times of disruption, including the recent COVID-19 pandemic. Many organizations continue to use spreadsheets or other highly manual end-user computing tools to manage core finance processes.

This leads to inhibitions in leveraging existing or emerging technologies that support automation, where otherwise, robust data architecture is needed.

Other drivers include the recognition of delivering competitive advantage to organizations in supporting growth opportunities, whether through tailored pricing or cost management opportunities that were previously left untapped due to the lack of appropriate tools and capabilities.

An organization's intent to adjust is further evidenced in its budgeting. Seventy-eight percent of participants stated they would spend more, or significantly more, on digital technologies and capabilities in the next three years compared to today, which continues to increase from the last survey (75%) that was undertaken just before the COVID-19 pandemic (Figure 5).

Figure 4

Would you consider your company to be a "data-driven" company?

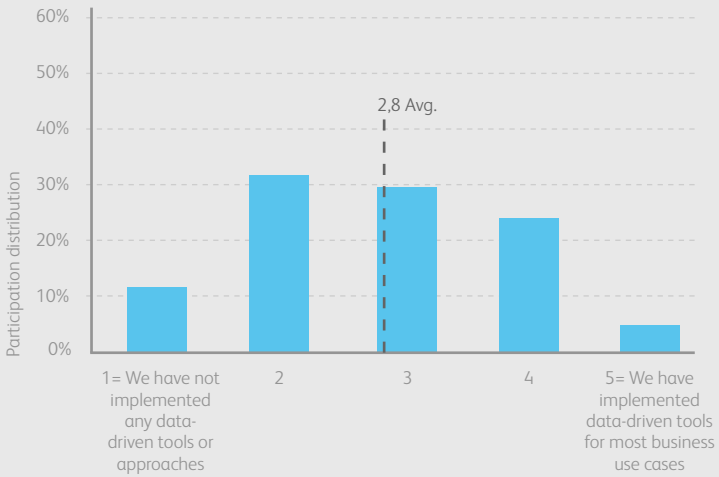
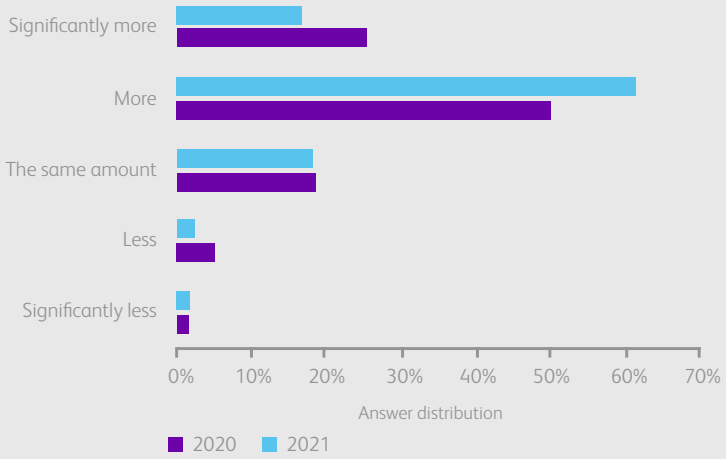


Figure 5

How much will your organization spend on digital technologies and capabilities in the next three years compared to today?



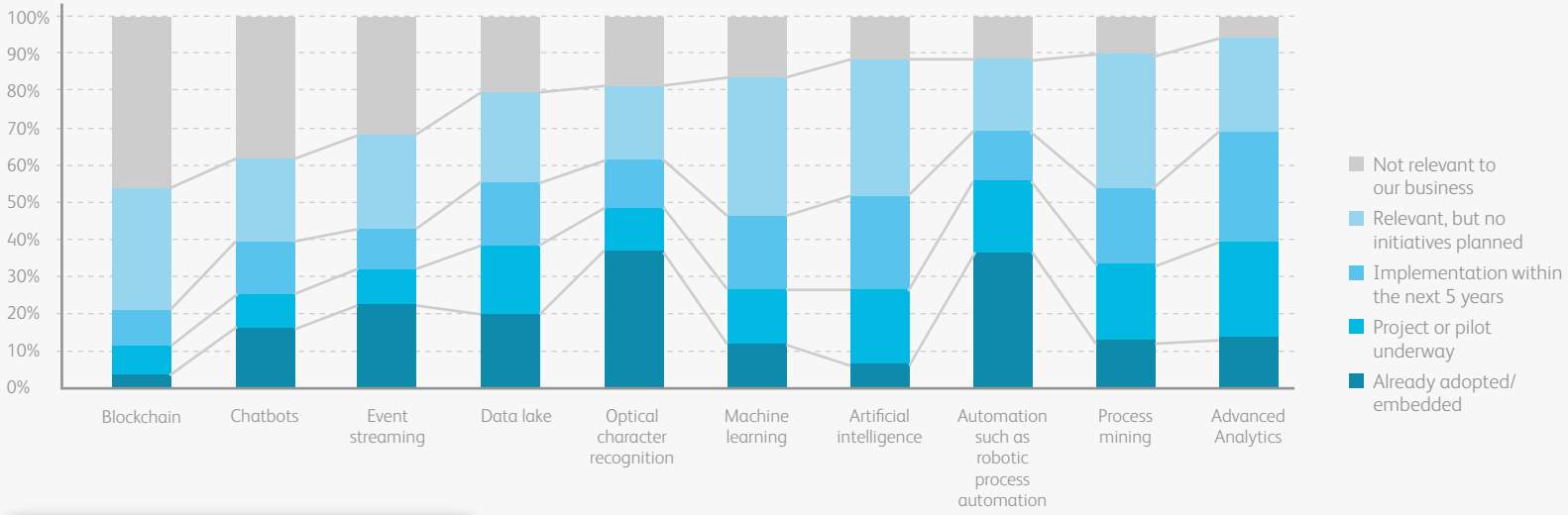
Basic technologies and pacemakers for data-driven finance

Participants from the CFO 4.0 Study 2021 were asked what technologies were relevant to their organization and what the status of their implementation was (Figure 6). Advanced analytics was the most favored technology and applied to 95% of respondents. This was closely followed by other analytics technologies, such as process mining, artificial intelligence, and machine learning. One should add that machine learning is a subfield of artificial intelligence, and both were relevant to more than one-third (38%) of respondents but only already implemented in 7–12% of organizations. The most already implemented technology was optical character recognition at 37%. Transcribing handwritten or printed documents to text was especially relevant in the accounting branch along with archiving and digitizing physical documents.

There is a clear gap between the listed technologies and modern emerging technologies that require more complex know-how and sophisticated technology infrastructure. Data lakes (often needed for big data analysis), event streaming, chatbots, and blockchain fall under this category. It can be assumed that the value of these technologies has not been fully grasped yet by many CFOs and will presumably need more time and exposure to become popular. Cryptocurrencies, smart contracts, and virtual assistants are examples of such technologies.

Figure 6

Has your organization's finance function adopted or developed a pilot with the following technologies?

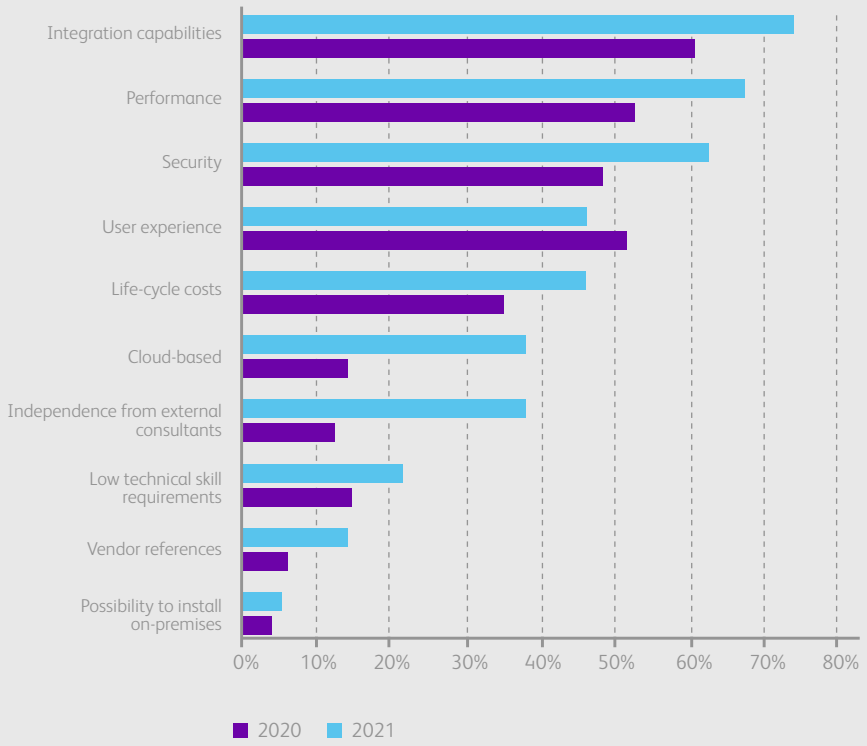


Slight adjustments in the prioritized criteria for technology implementation for organizations over the last two years are noticeable. The 2021 bars are, on average, longer than those from 2020 (Figure 7). This is due to a slight change in the question format. In 2021, participants were allowed to select as many criteria as desired; however, the 2020 questionnaire limited the number of choices for this question to three. Nevertheless, the 2020 data has still been included because the priority change can provide valuable insights. The biggest change is that "cloud-based technologies," as an important factor, have increased by 170%. For many organizations, it has become more cost-efficient to outsource server capacities and computing processes. Server infrastructure acquisition, maintenance, and license fees often surpass the cost of hiring an external provider's services.

Big tech firms, such as SAP (with SAP S/4HANA and SAC), AWS, IBM, Microsoft Azure, and Google Cloud are continuously expanding key players in this market. These technologies need to be customizable for the organization's purpose and previous processes. Hence, "integration capabilities" continue to lead the ranking, with 73% of respondents choosing this as a vital criterion in 2021. Further increases are visible in "performance" (67%) and "security" (62%). Cyberattacks cause an estimated USD 20 billion per year, and news headlines about corporate victims of these attacks are becoming increasingly common.

Figure 7

Select the most important criteria when choosing a technology.



Areas of data-driven finance

Accounting

The accounting function is facing several innovative concepts fueled by new functionalities driven by next-generation ERP systems. Among several new ideas, two topics are currently gaining the attention of the finance community:

- **Continuous accounting**
- **Predictive accounting**

The concept of **continuous accounting** is based on the idea of providing closing relevant data at any point in time. Therefore, closing activities are processed whenever the business transaction takes place. Instead of posting accruals at the end of the month, the accruals are processed directly after the business transaction has taken place (**event-driven processing**). Another example is the reconciliation of intercompany transactions. Instead of processing the intercompany reconciliation during the month-end closing, continuous accounting aims to reconcile directly when the transaction has occurred. This leads to a distribution of closing activities from the closing period into day-to-day tasks.

The distribution alone would lead to inefficiency; therefore, a pre-condition is the possibility to automate the closing tasks. Either advanced functionalities in the context of SAP S/4, event-driven triggers instead of batch-processed interfaces, or bots and artificial intelligence are technical possibilities to enhance the degree of automation in the finance function.

Increased automation often triggers a re-design of tasks, roles, and responsibilities as well as organizational set-ups. Department-oriented models will evolve into more process-oriented models.

The processing of processes will be replaced by the management of processes. The responsibilities of the accounting department will move to ensure/increase automation and adopt new or changed business models into finance processes.

Where continuous accounting moves the finance department from a backward-oriented view of the business toward a real-time view of accounting data, predictive accounting provides a forecast view based on accounting postings. The idea behind predictive accounting is the processing of forecasted accounting data triggered by relevant business transactions.

For example, a sales order can trigger revenue and cost of sales postings in an extension ledger that collects the forecasted accounting postings. The combination of the leading ledger and the extension ledger gives a very accurate picture of the upcoming results (Figure 8).

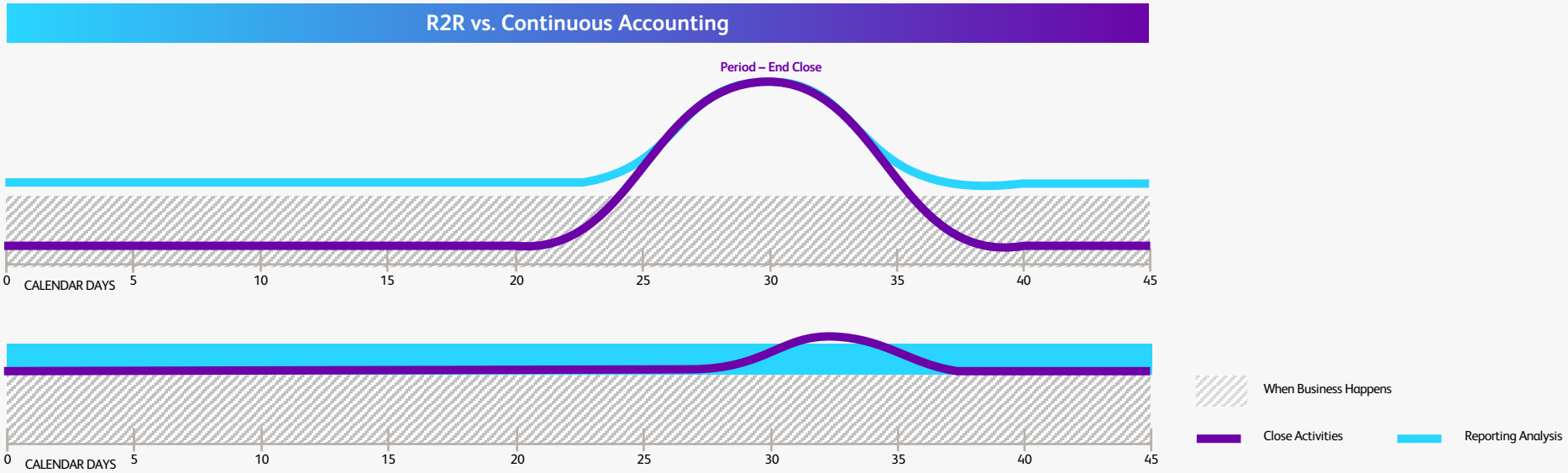
At the point in time when the sales order is fulfilled, the postings in the extension ledger are automatically reversed, and the actual posting in the leading ledger is processed.

In comparison to other forecasting methods based on analytics, artificial intelligence, or extrapolation, predictive accounting is more accurate. However, it is limited to the backlog provided by sales orders. The reach of the sales order determines the forecastability of predictive accounting, and as predictive accounting is highly automated, it can significantly add accuracy to a company's forecasting.

Continuous Accounting...

- is real-time R2R
- is a concept to evolve from batch-oriented processing to an event driven task management
- is based on automation and continuous improvement
- distributes period-end tasks to day-to-day activities
- transforms the way business processes work by emphasizing real-time processing
- is based on process oriented agile finance organizations

Figure 8



Predictive Accounting...

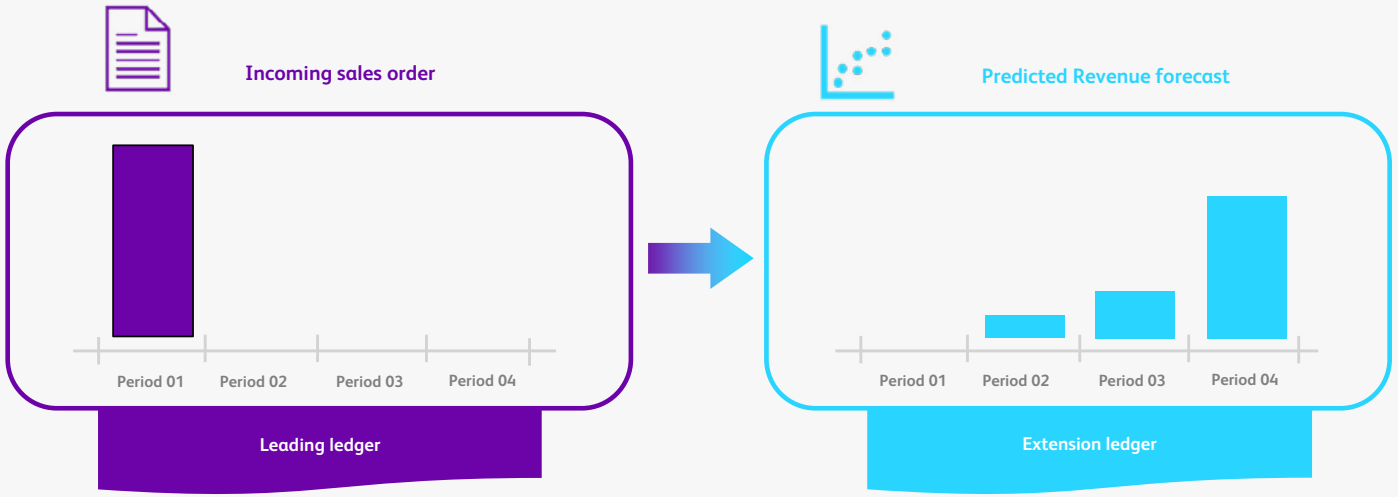
In comparison to other forecasting methods based on analytics, artificial intelligence, or extrapolation, predictive accounting is more accurate than these methods. Still, it is limited to the backlog provided through the sales orders. The reach of the sales order determines the forecast ability of predictive accounting. Since predictive accounting is highly automated, this process can significantly add accuracy to a company's forecasting.

- Takes existing sales data and uses it to anticipate when financial transactions will occur, providing an improved financial close
- Takes place in a separate extension ledger: predictive values are isolated from the GAAP reporting
- Provides a smart & trusted baseline to planning activities

Figure 9

Predictive Accounting based on SAP S/4 HANA Standard

Example of predictive incoming sales order functionality (bottom-up) based on the sale-from-stock scenario:



1. Processing of a confirmed sales order
2. Predictive accounting values will be credited
3. Processing of the actual invoicing followed by a GAAP-relevant entries in the leading ledger
4. Cancellation of predictive entries to avoid a doubled predictive posting

- Reduced manual forecasting effort for sales planning
- More accurate sales planning
- Better decision making in sales management

Controlling

Figure 10

What data is used for the respective financial processes?

Data type	Analytics	Reporting	Forecasting
Spreadsheet data (e.g. Microsoft Excel)	74%	72%	59%
Data from finance systems	67%	89%	59%
Operations data from operational ERP systems	64%	72%	46%
Sales data from operatinal ERP systems or CRM/marketing tools	50%	54%	36%
External data	45%	29%	36%
Big data	29%	17%	17%
Data from common ERP system integrations with customers	21%	17%	14%

Advanced analytics offer a broad field of applications for controlling and business partner functions, specifically when considering reporting, planning, and decision support. Nowadays, organizations still heavily rely on spreadsheet data for analytics, reporting, and forecasting, as shown in Figure 10. In the future, however, it is expected that more data from finance or operational systems will be in the scope of these controlling areas. Gartner, for instance, has established the term Extended Planning & Analysis (xP&A) to describe an approach that aims to combine continuous planning (e.g., rolling forecasts) with business intelligence, including data or process mining, data visualizations that go beyond classical reporting, and further analytics.

In the past, analytics, reporting, and forecasting were considered distinct areas of responsibility in the controlling department; nowadays, it becomes important to consider data across departments. xP&A combines all three areas and includes data from departments other than the finance department. Thus, "x" does not only describe a variable that stands for any single department, like sales, supply chain, or HR but instead, denotes the use of advanced analytics across these departments. To conclude, the "x" expresses the ability of controllers to generate synchronized plan values or other business intelligence items, such as analytics and reporting in a transversal way by using data across the entire organization.

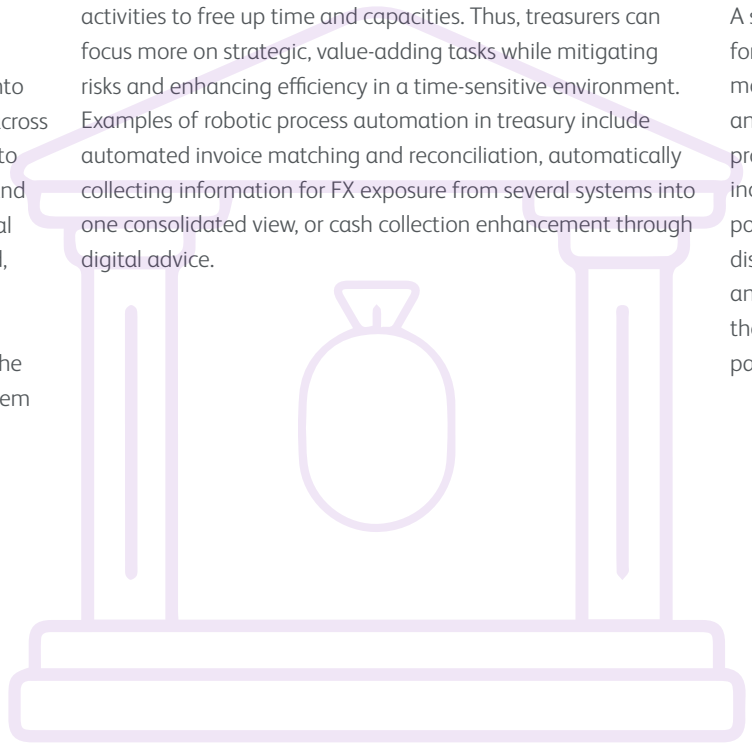
One example of using xP&A is predictions for planning with associated technologies, such as advanced analytics and, ultimately, artificial intelligence, specifically machine learning. Taking the example of intercompany planning, smart insight functionalities allow controllers to find relationships between entities of a group that exchange a considerable number of resources (e.g., man-hours). Manual planning of such intercompany relationships is time-consuming, with a lot of effort spent on reconciling internal revenues and costs between all of the entities in one group. Based on the smart insights that automatically generate reports and affect analyses, controllers can focus or prioritize their planning efforts on those extensive intercompany relationships. In the subsequent planning phase, predictive scenarios based on historical data can be applied to automatically estimate a trend and seasonality for intercompany revenues and costs to generate plan values. These plan values are objective and can be used to start discussions between one group's selling and purchasing entity for intercompany reconciliations.

Similar to intercompany relationships where new technologies help build a foundation for discussions between selling and purchasing entities, data-combining technologies from different parties can also be used to advance sustainability. With new regulatory requirements, European organizations are more strongly encouraged to shed light on their environmental and social impact. This requires reporting that combines financial and non-financial data from different departments. New technologies can help organizations efficiently combine this data and derive cross-functional measures to fulfill the information demand of stakeholders.

Treasury

Treasury departments are at the core of corporate operations, with strong internal connections to accounting, taxes, and executive management but also with external links to regulators, banks, and other financial intermediaries. Constantly changing regulations, growing competition, and an increasing focus on real-time information make the treasury environment more complex. Today's treasurers are tasked with being the drivers of innovation for companies' financial processes to fulfill their core responsibilities, such as cash and liquidity management, financial risk management, and payment processing at the state-of-the-art level. Real-time insights into global cash positions, the management of credit facilities across all bank accounts, and the ability to move money intraday to where and when it is needed is more important than ever and is increasingly required. It is not enough to evolve traditional treasury processes, but new technologies must also be used, such as robotic process automation, artificial intelligence-inclusive machine learning, and advanced analytics. These have been developed to a scale and speed not possible in the past and we assume that treasurers will inevitably adopt them sooner or later.

Process automation has been a primary goal for treasurers. Yet, we recognize that many treasury departments are still beginning their transformation process, and end-to-end automation of all treasury functions – from cash management to risk management – is still far away. Today, only the innovative teams look to embrace technologies, such as robotic process automation and artificial intelligence, to reduce manual, low-value tasks and automate routine- and time-consuming activities to free up time and capacities. Thus, treasurers can focus more on strategic, value-adding tasks while mitigating risks and enhancing efficiency in a time-sensitive environment. Examples of robotic process automation in treasury include automated invoice matching and reconciliation, automatically collecting information for FX exposure from several systems into one consolidated view, or cash collection enhancement through digital advice.



Furthermore, robotic process automation plays an essential role in fraud prevention. Through the automatic and permanent screening of transactions, unjustified and redirected payments can be avoided by implementing specific robotic process automation techniques. For example: "If several transactions are made in a different state within a short period, then send the account for manual verification."

A second major trend is predictive cash flow and liquidity forecasting using big data. When the COVID-19 pandemic hit, many companies faced inaccuracies in their cash disposition and liquidity forecasts, which led to untransparent decision processes due to incomplete and unreliable data. There is an increasing need for early and more precise identification of potential shortfalls in liquidity and improving the quality of cash disposition decisions. As an example, integrating a time series analysis of historical data for accounts receivable can increase the accuracy of cash flow predictions and consider historical patterns in payments to predict future payments.

Use case:
SONEPAR

What are the benefits of data-driven finance?

Figure 11

How would you rate the experience of becoming a data-driven company?

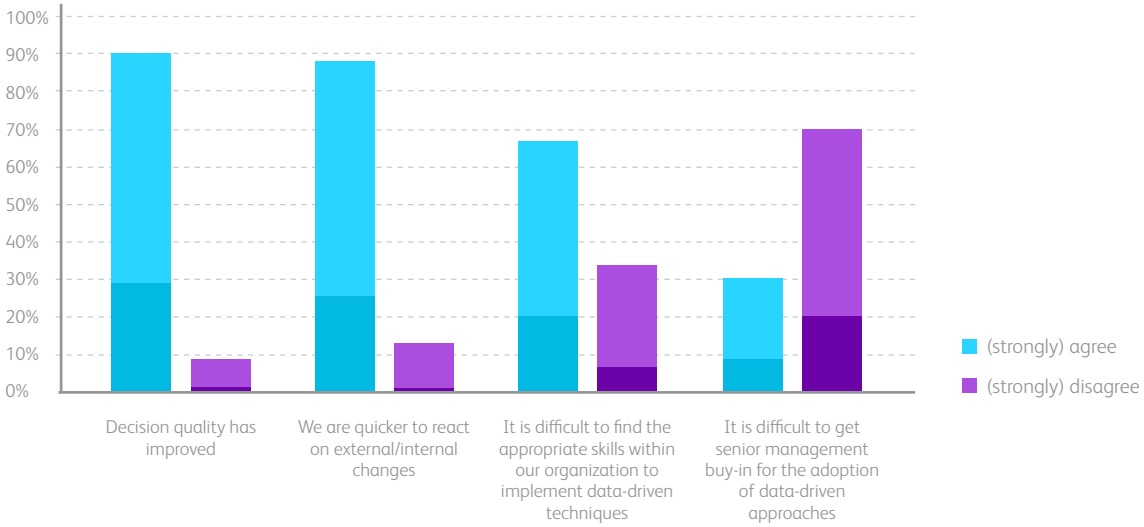


Figure 11 shows that organizations that have invested in their finance data architecture and regard their CFO function as data-driven are achieving significant benefits. 92% of these participants stated that they had seen an improvement in the quality of decision-making, with 88% saying that being data-driven had enabled them to respond faster to internal and external changes. This ability to react with pace and agility to internal and external challenges has been critical for organizations lately, given the disruptions of BREXIT and COVID-19. Going forward, it is likely that constant change and disruption will be the norm, and organizations that can respond rapidly and make informed decisions are likely to be the most successful.

Being a data-driven organization can bring challenges, particularly around resourcing. 67% of data-driven participants cite difficulties around sufficient internal resources with the appropriate skills and experience to support data-driven approaches.

This reflects a trend seen in recent years around greater demand within finance for resources that are "digitally savvy," with the ability to conceptualize and innovate as opposed to technical accounting skills and capabilities.

There is also a direct link between data-driven organizations, i.e., those that have invested in their core data architecture, and those that have made greater progress in leveraging the benefits of emerging technologies to deliver automation and efficiencies and reduce risk within the CFO function.

This is further set out in Figure 13, which highlights that apart from optical character recognition technologies, respondents who considered themselves data-driven have made the greatest progress in implementing available or emerging technologies that are dependent on a robust data governance framework and supporting architecture.

Figure 12

Select and rank the three (3) most important benefits of digital technology for your financial function.

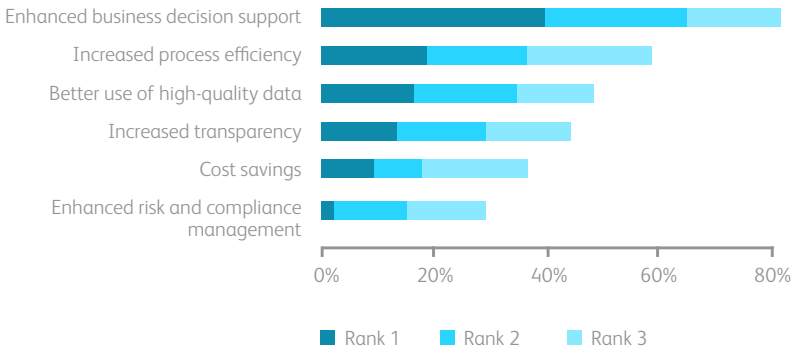
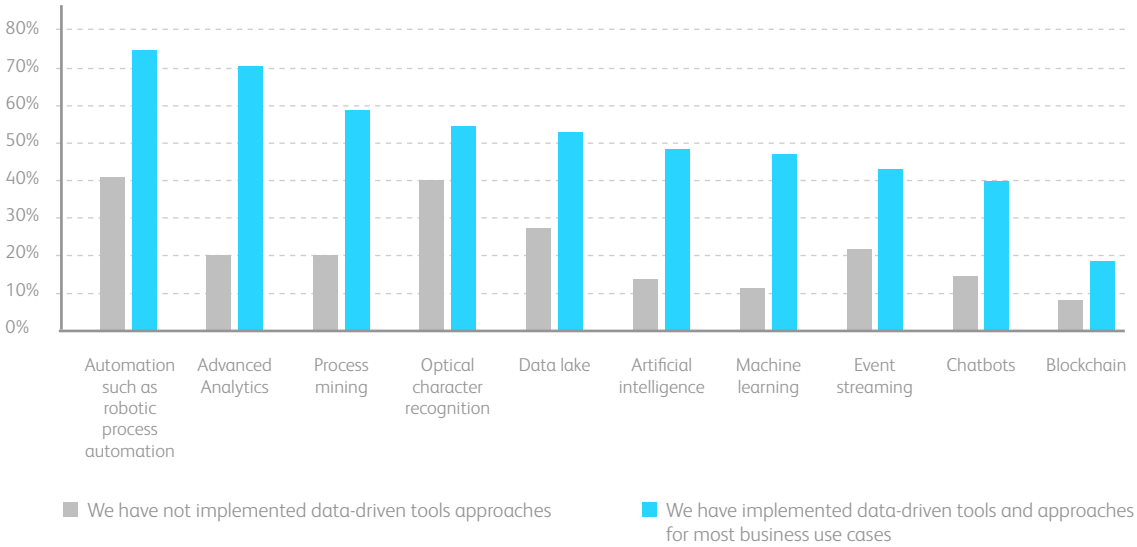


Figure 13

Emerging technologies amongst data-driven companies

Implementation status of self-ranked strongly data-driven companies



4. Use cases

Finance Transfo Game – Moët Hennessy Diageo (MHD)

Challenges

Moët Hennessy Diageo (MHD) is a fast-growing company that controls a portfolio of wine and spirits brands, and regularly makes new acquisitions. The finance team and more specifically the controlling department is part of the company's growth. The controlling team is composed of seven people and has to face frequent analysis requests but at this stage many data manipulations are necessary before realizing the ad hoc reports.

The controlling management would like to offer to its team time to brainstorm about the future of the function and to encourage the controllers to move on to concrete innovation projects. The digitization of certain tedious and boring tasks seems to be a subject that can be quickly addressed and used to start this change.

BearingPoint's Contribution

BearingPoint assisted MHD France to acculturate the controlling team to innovation trends and build its roadmap in line with expectations through the organization of a seminar, including a finance transfo game session.

The session was an opportunity to address the different dimensions of innovation and answer common questions: What are the mature technologies for the finance function? Can we provide the right definition of technological concepts and illustrate them with concrete cases? What new service offers can be defined with these tools?

To do this, BearingPoint has:

- Co-designed a customized session to be as close as possible to the team's issues and goals
- Provided examples of how to use new technologies to help them imagine the jobs of tomorrow
- Taken the time to define the problem with the participants

Client Business Outcomes

The controlling team has successfully built its digital roadmap to reinforce its position as a business partner and become the "architect of company value."

Phase 1 of the game highlighted the key operational expectations of MHD France's controlling team:

- Co-built operational KPIs for company's business services
- Dynamic forecasts
- Trade-offs and levers to increase revenues

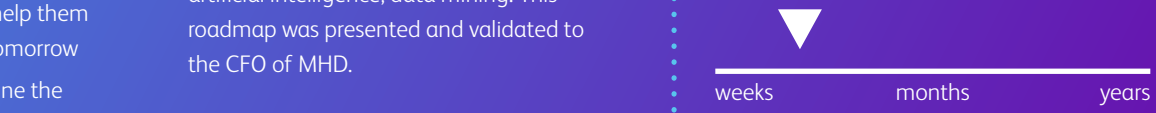
In phase 2, the controlling team became familiar with innovative technologies that could be applied to their needs.

Phase 3 was dedicated to roadmap design, to tackling expectations (phase 1) using digital solutions (phase 2), such as machine learning, data visualization, artificial intelligence, data mining. This roadmap was presented and validated to the CFO of MHD.

Key Benefits

- An easy way to discover and learn more about new technologies' benefits and use cases that can be applied to finance
- Overcome fears regarding transformation and get to know innovative technologies
- A convivial time to discuss expectations
- Group dynamic for building the roadmap by using new technologies
- CFO roadmap presentation to confirm the transformation expectations

Implementation timeline



Improve credit decision with artificial intelligence – SONEPAR

Challenges

SONEPAR, world leader as electrical equipment distributor has already a very efficient credit management team. They are currently supported by a dedicated tool which is distributed by a company that ends December 2021. Migration to the new tool must be completed within approximatively 6 months for credit managers and commercials to continue securing their activities without any disruption. SONEPAR's CFO wants to seize this opportunity to also improve efficiency of credit decisions thanks to new technologies to develop their business such as machine learning and artificial intelligence.

To optimize credit decisions and through that business development, the main challenges are to predict not only the appropriate level of credit for healthy entities but also to predict highly risked companies that might end up bankrupt.

BearingPoint's Contribution

BearingPoint build for SONEPAR a new model of prediction that none of current credit tool providers and related third parties have established. Thanks to a high amount of past data that BearingPoint is able to access, the data can be used to identify behaviors of SONEPAR customers and to observe, learn, and define trends.

This model is enriched with financial data obtained from providers that allow us to pretend we beat existing model. This has been built with a view to provide credit limits to optimize business decisions.

A dedicated application has been constructed and is able to be connected to the credit management tool, allowing SONEPAR to work on without any disruption and support the customer experience.

Client Business Outcomes

Risk of bankruptcy is an extremely complex event to predict due to the low probability of occurring (around 3% in France). Nonetheless, BearingPoint has been able to establish a model where 75% of bankruptcy predictions are actually correct and can be anticipated 20 months before the bankruptcy occurs. Additionally, it has been demonstrated that 45% of actual bankruptcies are captured.

The improved credit decisions with the help of new technologies allows credit managers to spend less time on analysis of customer credit situations and results in more time for value adding activities.

Thanks to artificial intelligence, model will continue to improve and give more accurate results

Key Benefits

- A strong technical expertise from BearingPoint to challenge algorithms results and dismiss bias to improve the model.
- An expert team of data engineers with real skills about machine learning and artificial intelligence.
- A new asset that can easily be used for other customer situations interested in improving their cash collection.
- An expert team able to work with agile method to deliver a fitted application that can be integrated in existing systems.

Implementation timeline

5. Conclusion

The CFO 4.0 Study 2021 shows that only around one-quarter of the surveyed organizations would commit to saying their finance function is data-driven. However, roughly one-quarter also stated they would spend more, or significantly more, on digital technologies and capabilities in the next three years compared to today. Thus, the organizations recognize the potential of data to leverage their business insights. Our study results show that companies not only use basic technologies, such as optical character recognition or robotic process automation, but also start to foster the adaption of emerging pacemaker technologies, such as advanced analytics or artificial intelligence.

More and more data are coming into the CFO's remit. CFOs are, therefore, advised to consider the above-mentioned emerging technologies to fulfill their role as business partners by providing helpful insights and measures for a way forward. In the future, a significant challenge will not be the availability of information but rather the increasing amount of data, which may be recognized as information overload. This means that accounting, controlling, and treasury are all required to identify and leverage qualified information in big data environments. The study results show that organizations that have invested in their financial data architecture and regard their CFO function as data-driven are improving the quality of their decision-making. Furthermore, these organizations claim that being data-driven has enabled them to respond faster to internal and external changes.

A positive indication for ongoing digitalization in the CFO function is the unchanged willingness to invest more in this area over the next few years. On the one hand, this reflects that company leaders have widely recognized the importance of digitalization in the CFO function. On the other hand, they are now starting to harvest the fruits of digitalization considering data-driven finance.

Use case:
MHD

How does your organization's CFO 4.0 performance compare?

The data collection phase for the CFO 4.0 Study lasted from April to June 2021. All of the survey participants had the chance to receive a personalized report of their answers. The report visualizes the answer distribution or averages of all survey participants and, for each question, highlights the selected response of that particular participant. Therefore, a quick insight into the survey results is possible in a five-page PDF document, and you can get direct feedback on where your company stands on the path of digitalization compared to others.

To receive a report, simply spend 15 minutes completing the survey from the link below, select the option to receive a personalized report, and one of our team members from your country will get in touch with you.

If you are interested in the results for your country, industry, or both, feel free to explore the interactive dashboard on our website, where a selection of questions, including results from our previous survey, have been visualized.

Join our CFO 4.0 Client Network to stay updated on further studies and publications, new finance transformation, digital maturity checks, and other exciting topics.

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About BearingPoint

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