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How CFOs can use tools to achieve goals and overcome challenges?

CFOs are facing changes in the business environment at an ever-increasing rate. Today, the exceptional situation created by COVID 19 is speeding this process further. The use of enterprise technology is crucial to support CFOs efforts to keep the pace and to make the best of use of their resources in a changing world.

A landscape where connectivity, automation, digitalisation, big data and cloud are now common lexicon is a landscape where CFOs can no longer survive relying on the traditional practices only. The fast increase of technologic capabilities is driving change in companies worldwide and it is shaping the role of CFO into more diversified responsibilities.

These challenges must be addressed not just as risks but especially as opportunities to better serve stakeholders and shareholders, to make the best, most effective use of data and potentiate analytical capabilities.

#1 – Leverage the use of existing data

Data is essential for the decision-making process, whether to identify the drivers of revenue, the trend of sales, the effectiveness of a marketing campaign or the usage of machinery.

There are two features of data that stand out from others nowadays: the accuracy and quality of the data being used, and the ability to process and analyse data as effective and smartly as possible, to fully take advantage of it.

New technology enabled the use of real-time data and advance analytics to support CFOs in the smart use of this information, to make faster, more accurate and intelligent decisions that improves the effectiveness of these decisions in the accomplishment of corporate goals and risk mitigation. Therefore, embracing these new solutions is an opportunity that cannot be missed for CFOs.

About the author

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André is a Manager at Stampa Partners and Chartered Fellow of the Chartered Institute for Securities & Investment MCSI.

He has over 10 years of international experience advising and auditing clients in Africa, Europe and Middle East. As a consultant, André developed expertise in finance transformation, process optimization and regulatory and internal reporting.

While previous, commonly used applications required finance users to import data from the ERP systems to be used for planning and analytics, SAP Analytics Cloud (SAC) offers live data connection to SAP and data import connectivity, to both cloud and on-premise applications (SAP and third party). The query is executed directly in the back-end system and changes are immediately updated. This ensures CFOs they are using the latest available data, improving the quality and accuracy of analysis.

Furthermore, the ability to filter what is relevant and what is not; to access pertinent, updated information in only a few steps, and; the use of smart capabilities to establish correlations between sets of data automatically are key features offered by SAC.

SAC is a cloud SaaS solution, built on the SAP HANA that unifies BI, planning and predictive analytics. CFOs and finance managers can discover, analyse, predict, plan and visualise data in one and the same application. AI-driven insights are delivered out of the box and allow users to make confident business decisions faster. With SAC users no longer need to switch between applications to perform planning and analysis which reduces administrative and training cost.

2 – Influence the effectiveness and monitoring of strategic goal

a. Influence

CFOs are key elements in an organisation that have the power to influence the direction of their companies and likewise to support the success of their strategic goals. One of many ways to do this is through the costing allocation process or by using this process to determine the distribution of bonus.

Costing allocation, even if for internal purposes can be used to penalise and / or incentivise managers to pursue established strategic goals. Imagine a corporation that intends to reduce salary gaps between specific, groups or sets of employees (e.g. based on gender, nationality, hierarchical level, office based); it can set allocation rules that will encourage managers to reduce those gaps in the organisation.

While this exercise could have been done previously, it was mostly an either manual effort or with the use of traditional VBA based worksheets that often proved to be slow or not flexible enough. Recently new tools emerge that can be easily incorporated, with capacity to process big sets of data in a very short time.

One of these tools is SAP Profitability and Performance Management (PAPM). This is a solution built on SAP HANA that empowers teams and decision-makers with clear insights on how their business runs and is being feed. By using existing SAP and/or non-SAP data, it allows to understand, control and manage costs drivers and how value is generated and can be optimized. SAP PAPM's models can be quickly built, personalised, tested and simulated by end users. Data from multiple sources can be used to calculate results swiftly without data replication. It is also capable of performing complex calculations in just seconds, it is fully transparent, traceable and auditable.

b. Monitoring

For CFOs a sound and well executed strategic planning process is a crucial instrument for the successful accomplishment of set corporate goals. Thus, to have more effective monitoring processes and procedures for strategic planning is important and can result in significant improvements in efficiency and focus.

A sound and well executed strategic planning process is a crucial instrument for CFOs

SAP Analytics Cloud (SAC) offers a wide variety of planning, budgeting and forecasting capabilities, it is flexible and easy to use. CFOs and controllers can set goals, design a strategic planning based on a set of expectations and use the same tool to monitor the attainment of those goals based on the most updated information. The analytical capabilities of SAC finally allow users to identify, calculate and visualise delta, sources of discrepancies and readapt future expectations, hence supporting executives in the decision-making process.

#3 – Improve reporting process, auditability and traceability

One of the most time-consuming, routine tasks for finance teams is the regular periodic reporting (i.e. monthly, quarterly and yearly close). This is a time when accountants face a significant increase in the workload to collect and process basic data. A better use of their time would be to dedicate it to analyse this data and by doing it support CFOs in the decision-making process.

In the past several solutions supported Finance teams in the consolidation and reporting process (i.e. SAP FC, SAP BPC, SAP SEM-BCS). SAP S/4 HANA for Group Reporting (Group Reporting) is replacing those tools, combining the best of its features and capabilities into a single solution. The tool supports the computation, creation and disclosure of consolidated reports. This is SAP's strategic consolidation solution, moving forward.

Group Reporting is used by:

- Customers using SAP S/4 HANA → added value for these customers is the out of the box integration feature of this tool (i.e. there is no not need to build reports from ERP);
- Customers looking for a public cloud stand-alone offering.

A better use of accountant's time would be to dedicate it to analyse data

Among other features, this solution can be used independently from operational accounting or other ERP functions in SAP S/4 HANA, is leveraged and well-integrated with SAP Analytics Cloud. The integration between the two tools can be done by using live data connections which enables CFOs, Finance Managers and other finance professionals to produce an extensive set of reports and analysis. This feature empowers them to quickly connect its reporting and consolidation tools with planning capabilities. This means, a user can create its financial planning and budget analysis within SAC and then consolidate this data within Group Reporting.

#4 – Reduce burden to adapt to a new regulation

The adoption of a new accounting standard or regulation usually represent a significant investment, it is time-consuming and expensive. Compliance with new rules generally translates into an increasing effort to raise awareness and therefore, more training for relevant people. It also often results in a heavy restructuring or replacement of existing systems. As for CFOs, especially in a time when they can be made accountable for compliance violations, it is important to take it as an opportunity to improve the existent infrastructure and to reduce the burden it represents.

Several solutions emerge in the market to cover the gaps, especially for the adoption of a new accounting standard. Some of them are regulatory compliant, which means its implementation represented for CFOs a reduction on the effort, workload and general worries. It also represents an opportunity for companies to allocate more of their resources time to other added value tasks.

Stampa & Partners have a long history and success in supporting corporations adapt to new regulations. Our people within our different lines of services have a strong record in projects such as evaluation and implementation of IFRS16, Solvency II, FINREP or COREP.

The adoption of a new regulation is an opportunity to improve the existent infrastructure

Whether CFOs and organisations are initiating the evaluation of the accounting and financial impacts of a new directive; require a diagnostic of readiness and compliance of existent system infrastructure and software; intend to evaluate the best software solution for their specific needs; look for an implementation partner we are happy to discuss.

We at Stampa & Partners have an extensive track record working with CFOs and supporting organisations in Europe successfully digitalise finance functions, leverage analytics and ensure compliance with new accounting standards. Therefore, we can advise your business with the best solutions to fulfil your goals.

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