

The role of CFO is rapidly shifting from covering rear-facing details to providing forward-looking insights. Having the right technology tools will be imperative to supporting this shift.

The Evolving Office of the Modern CFO

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Questions posed by: Emburse

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Q. The world in which CFOs operate is becoming more uncertain every day. What are some of the challenges you see as critical for the CFO?

A. CFOs are routinely being asked to answer broad, sweeping questions in real time. For example, accurately determining how much cash/liquidity a company has in real time can be exceedingly difficult for companies with multiple business units, as well as multiple systems of record, across multiple countries. Even simple questions can be difficult when data is distributed across a wide and disconnected network of systems and processes. Here are a few of the key challenges:

- » Financial leaders, inundated with data sources, often find it hard to gather and analyze data at a speed that matches the pace of business. Further, financial leaders may also find it difficult to create a compelling and comprehensive story based on the mountains of financial and operational data quickly. As such, communicating financial and business metrics to stakeholders and effectively including the return on business investments can be challenging.
- » With an eye toward cost containment, financial leaders are under tremendous pressure to manage both fraud detection and fraud prevention in key financial areas including expense, procurement, and accounts payable.
- » The capital appropriation process is not well coordinated with long-term planning. The way an organization acquires and uses capital must be aligned with its long-term strategic goals including M&A activity, research and development, hiring, and supplier management.
- » The process for closing the books at the end of the period is cumbersome and time consuming. This slows down the process of decision making and opens up the business to risk-related inaccuracies and errors.
- » Staying on top of regulations and financial compliance can be difficult, especially as the regulatory landscape continues to become more complex.

Q. How has the role of the CFO's office changed in recent years?

A. There are some new evolutionary pathways for today's CFO:

- » **Chief data officer.** The CFO, in addition to added strategic duties, is becoming the chief conduit for many aspects of business data.
- » **Chief fortune teller.** Today's CFO is expected to see upcoming risk and challenges and to create accurate forecasts. In addition, the CFO now is expected to create more detailed forecasts much more frequently.
- » **Chief storyteller.** As key metrics and other business performance data become more widely available, the task of the CFO is to understand and communicate the why behind the metrics; compiling accurate numbers is not enough. CFOs must become storytellers.
- » **Chief growth warrior.** Today's CFO is expected to uncover strategies to drive revenue growth through efficient planning, accurate forecasting, and tight collaboration with other management staff.
- » **Head of finance employee experience.** Talent management and talent retention are at the core of what today's CFOs focus on. As the war for talent heats up, remote work/hybrid work continues to be a challenge.

Q. It is tough for the CFO to balance new/expanded roles amid unprecedented uncertainty. What tools/strategies is the CFO using to fight current economic uncertainty?

A. Inflation, supply chain disruption, and shifting geopolitical sands have come together to form storms of disruption for today's businesses. Unfortunately, the uncertainty won't die down anytime soon. Here are five considerations to help CFOs guide their businesses through the storms:

1. Focus on cash and liquidity by dedicating resources, time, and people to a unified cash management/liquidity management strategy that touches all aspects of the business.
2. Modernize accounts receivable to shorten days sale outstanding (DSO), including automating lower-level tasks such as personalized emails for larger accounts or automating payment reminders while also investing in digital payment functionality.
3. Modernize accounts payable to shorten days payable outstanding (DPO), including automating invoice management functions such as invoice ingestion, invoice coding, and approval management. Digital payments and e-invoicing will also serve to modernize the accounts payable department.
4. Use analytics to shorten time to insight by leveraging the power of artificial intelligence to gather and analyze data from across the entire business.
5. Digitize payments for greater control. Digital payments allow organizations to have more control over exactly when and how they pay their suppliers, which can benefit the business cash flow greatly.

Q. You mentioned the employee experience. How will this impact the office of the CFO?

A. Finance leaders have always been strategic, data-driven business stewards, reporting the results for an organization monthly, quarterly, and annually. CFOs and financial leaders are now routinely being asked to move beyond the numbers and financial expertise to tackle talent management, employee experience, hybrid work models, sustainability, and diversity.

As a result, CFOs must find a way to blend financial acumen, analytical skill, and human connection. CFOs must be able to effectively communicate not only the business' financial position but also the business' mission, purpose, and commitment to corporate responsibility mandates. Environmental, social, and governance (ESG) is one area that will dramatically impact the way finance organizations report on a company's overall metrics in the future.

Q. As you look forward, what are some major events or trends that will shape the future of the office of the CFO?

A. The following trends will significantly impact the office of CFO:

- » Demand for a more strategic/analytical skill set for finance teams. The necessary skill set among financial team members will evolve to include more strategic/analytical skills.
- » Convergence of adjacent workflows. The traditionally siloed nature of financial functions such as accounts receivable, treasury, expense management, and accounts payable is rapidly changing.
- » Shifting roles from rear-facing details to forward-looking insights.
- » The spread of e-invoicing in the European Union (EU) and beyond. e-Invoicing mandates are quickly taking root in the EU and other global regions.

About the Analyst



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As a research director, Kevin M. Permenter provides insights and analysis across multiple fintech market segments including accounting, revenue management, corporate tax, accounts payable, accounts receivable, treasury, and enterprise payment management. Kevin leads qualitative research efforts, which drive a series of technology buyer-focused documents including MarketScapes, Buyer Perspectives, PeerScapes, and end-user surveys.

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