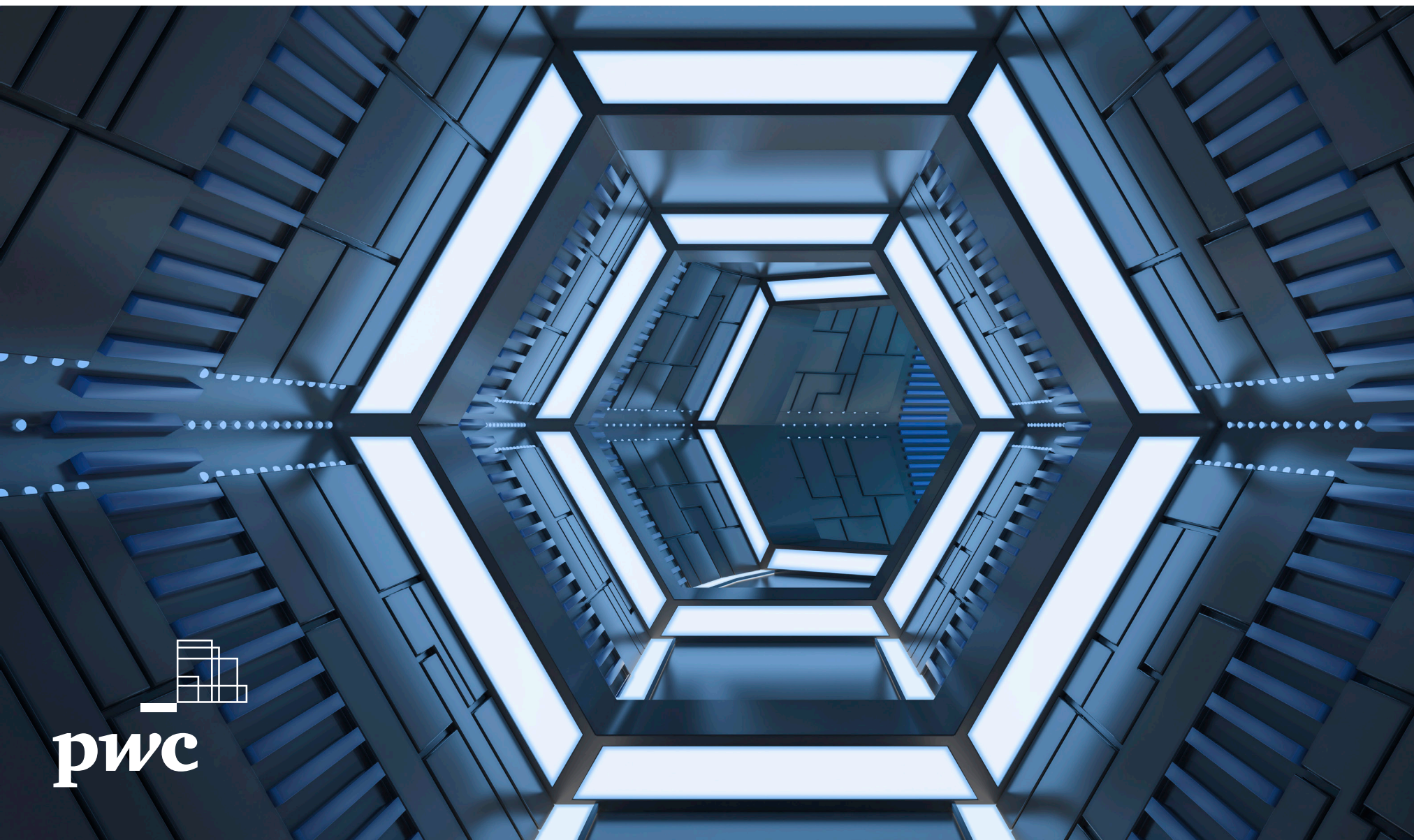


Future of Finance



Changing goals and challenges

What are the biggest challenges?

What are current and future success indicators?

What changes seem inevitable?

How far has the finance function progressed in the process of transformation?

What is the role of CFOs today, and how will it change?

What can help or hinder change?

These were some of the questions that we were looking to answer in our online survey, which was completed by more than 100 CFOs from nine industry sectors in the spring of 2019.

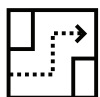
CFOs' goals are focused on three main areas:



Risk management and compliance



Leadership and retention

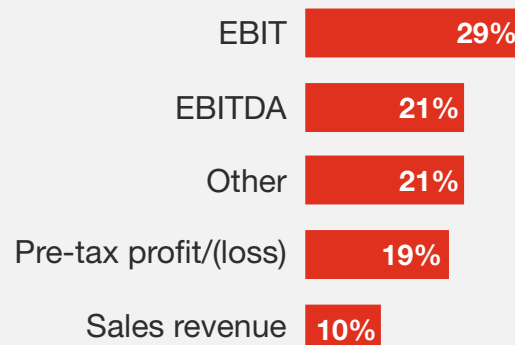


Efficiency

forecast
skilled workforce
owner interest
transparency
planned budget
risk management
stable cash flow
transparency
competitiveness
stability
digitisation
leadership
added value
retention
profitable
process automation
data reporting
compliance
lowest tax risk
data analytics
supporter
task-oriented approach

What do you consider to be the most important performance indicator?

(only one response could be selected)



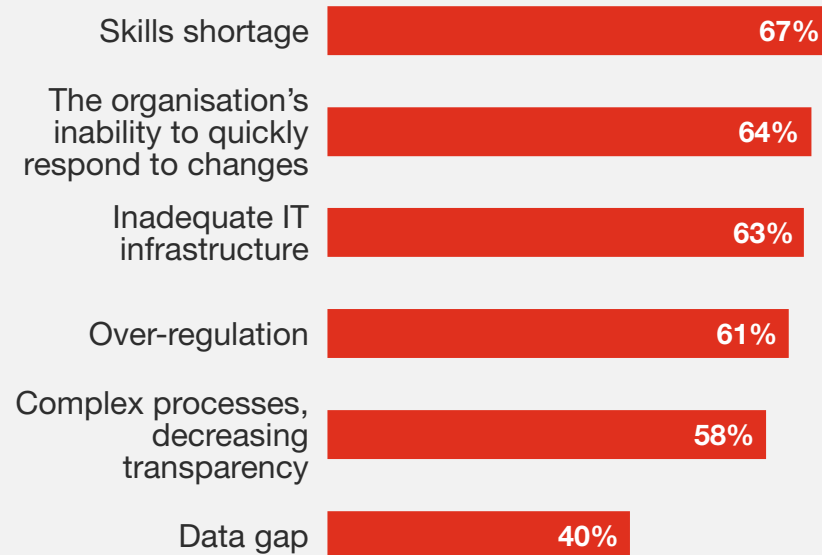


What are the risks that could prevent CFOs from achieving their goals?

The availability of appropriate resources (including in particular a skilled workforce and adequate IT systems) and the organisation's ability to quickly respond to changes play a crucial role in managing risks.

How concerned are you that the following risks and difficulties will prevent you from achieving your goals?

(percentage of respondents who are concerned about the risk in question)

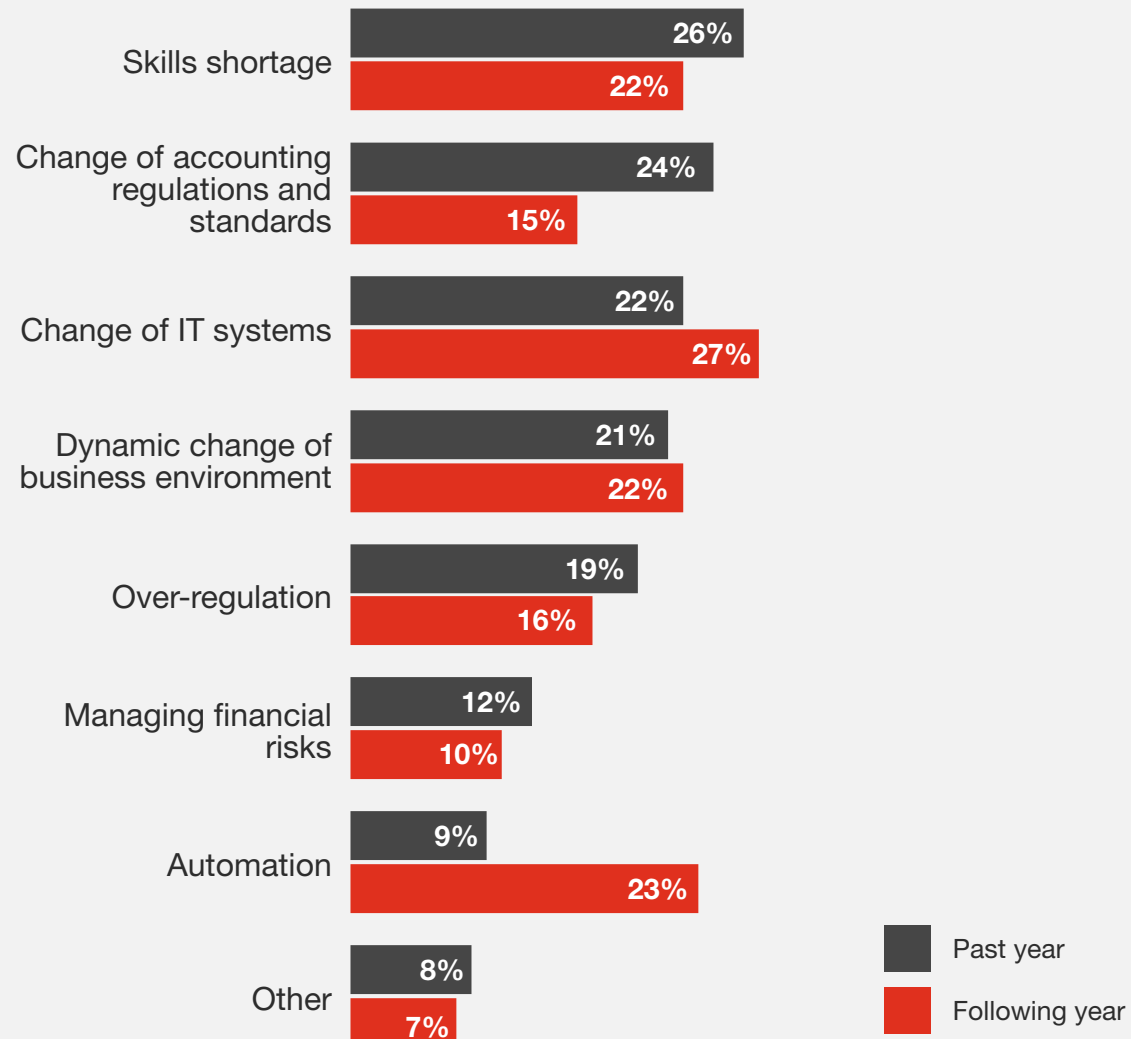




While in the past year a skills shortage and a change of accounting regulations and standards were seen as the biggest challenges, for the following year the focus is shifting to automation and a change of IT systems.

What posed the two greatest challenges in your work over the past year and what do you think will pose the greatest challenge in the following year?

(percentage of respondents who are concerned about the risk in question)

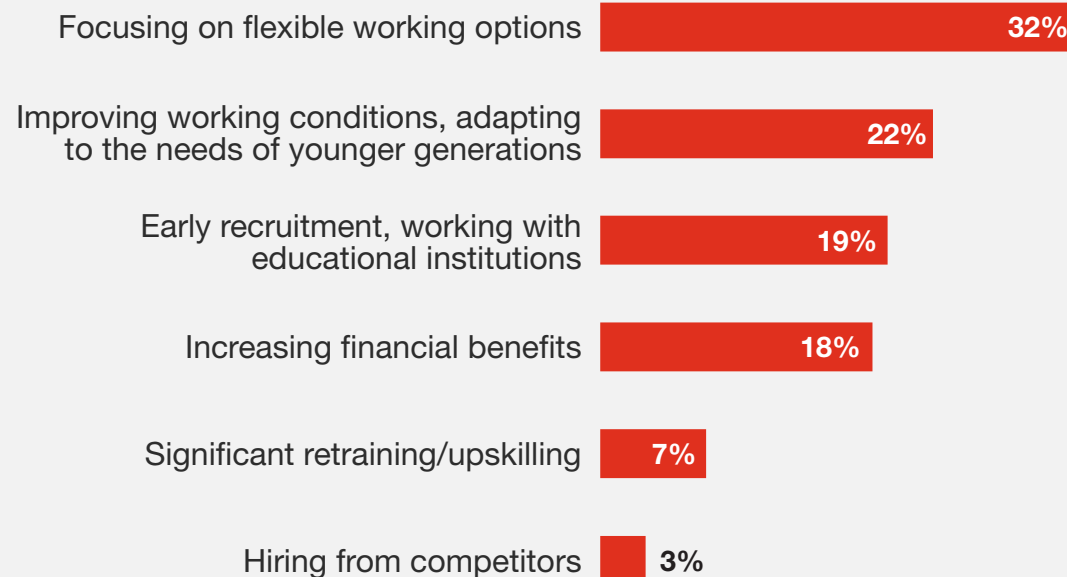




Most respondents selected focusing on flexible working options, adapting to the needs of younger generations, and early recruitment as preferred methods to address the skills shortage, which was regarded as the biggest risk.

Which of these methods is the most important for addressing the skills shortage affecting your team?

(only one response could be selected)



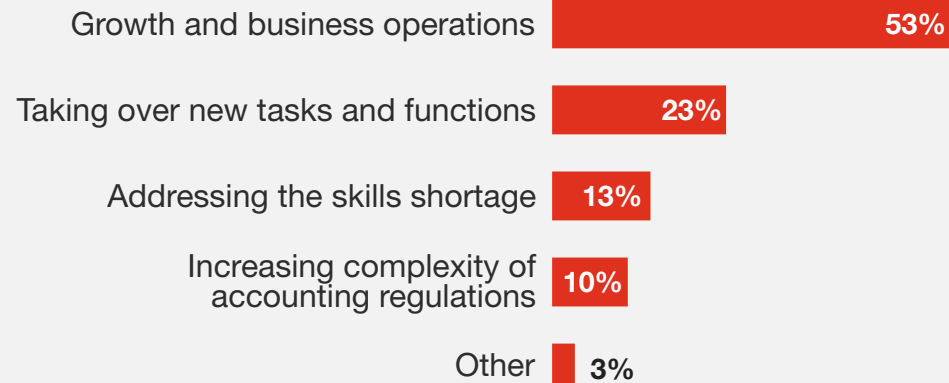


The percentage of respondents who said their organisation's headcount would increase next year and those who reported expecting staff cuts was very close; the main reason being that the workload is not likely to decrease, while efficiency has to be improved.



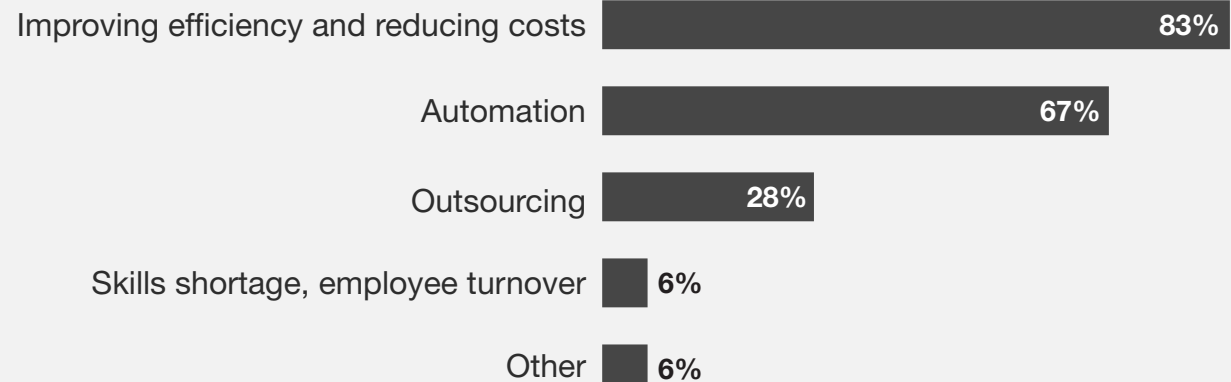
24%

said that they expected their department's headcount to increase over the next 24 months, for the following reasons:



17%

said that they expected their department's headcount to decrease over the next 24 months, for the following reasons:



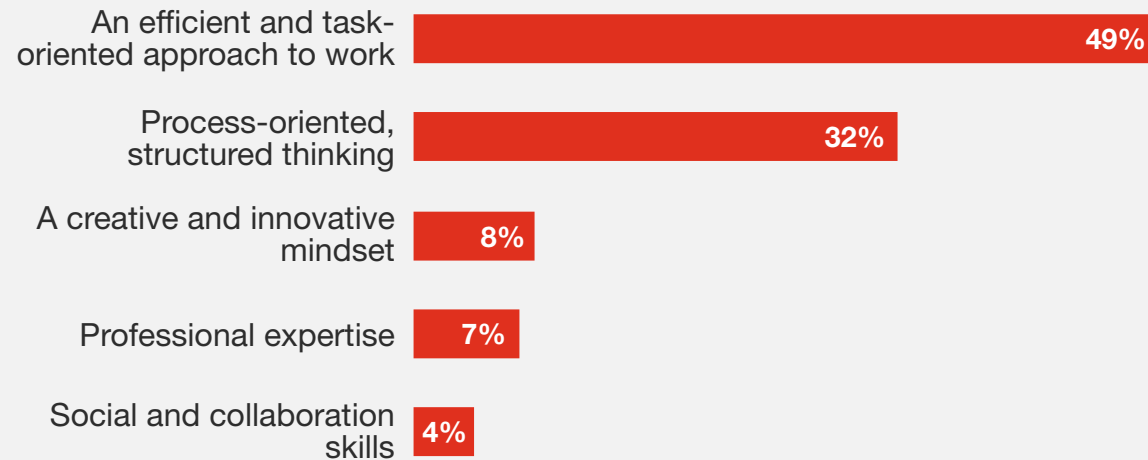
The ideal workforce: a task- and process-oriented approach over professional expertise



One of the most significant risks is whether the organisation is able to find and retain the right workforce. Our survey shows that only a very small percentage of CFOs think that deep professional expertise is the most important capability to look for in a candidate. Most CFOs said, in fact, that an efficient and task-oriented approach to work was the most important consideration, followed by structured thinking. These capabilities require task automation and the development of appropriate processes and IT systems.

What is the most important capability for your colleagues to have for success?

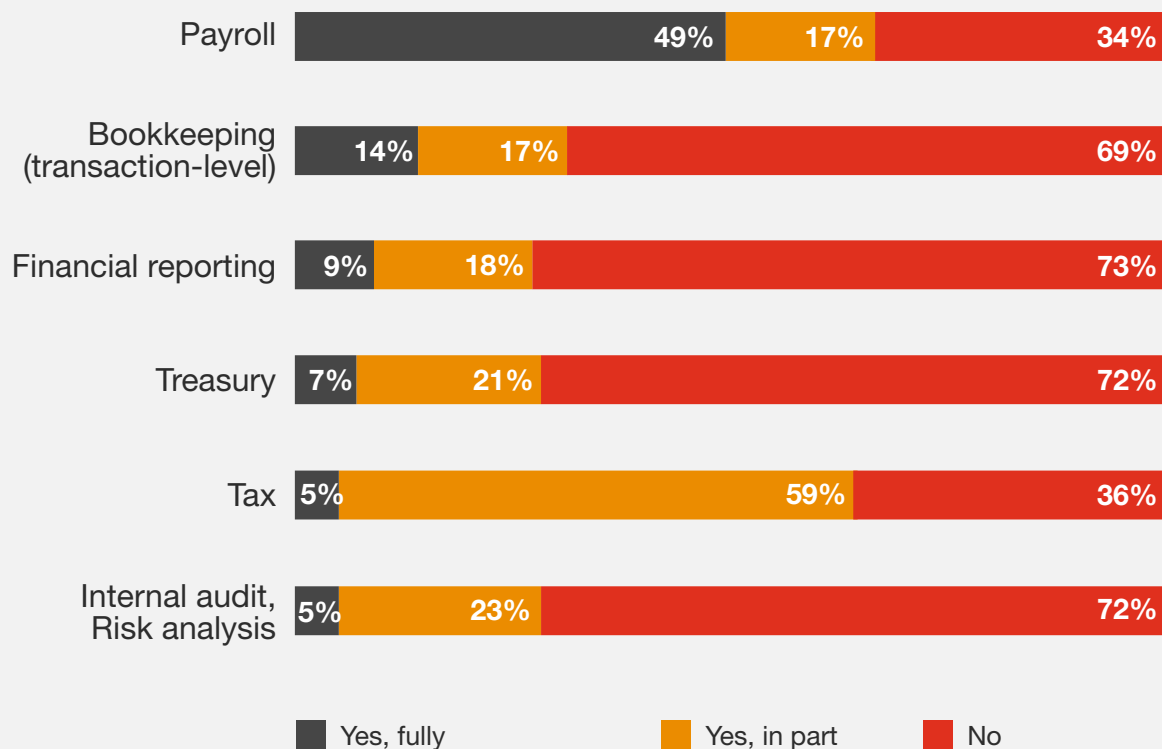
(only one response could be selected)

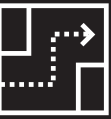




Seven out of ten respondents indicated that their company had already outsourced part or all of its payroll or tax function. In contrast, treasury, internal audit, and bookkeeping and financial reporting are mostly done in-house at present. If such arrangements are to be maintained, CFOs will have to decide whether to increase efficiency by improving processes or automating tasks.

Do you use external service providers (including affiliated companies) for the following finance/accounting processes?





Often, the biggest task is to accurately assess the current situation and develop an appropriate change strategy. Nearly all of the CFOs surveyed emphasised the importance of having in place properly documented tasks and processes.

All respondents said that information technology played an important role in the operation of the finance function. Nevertheless, on average less than three out of ten respondents said that they had a map of finance and accounting processes, taking into account all changes in underlying IT systems, that was not older than two years. Dynamic changes in technology and the business environment quickly make existing documentation and CFOs' understanding of current operations obsolete, meaning that these need to be continuously updated.

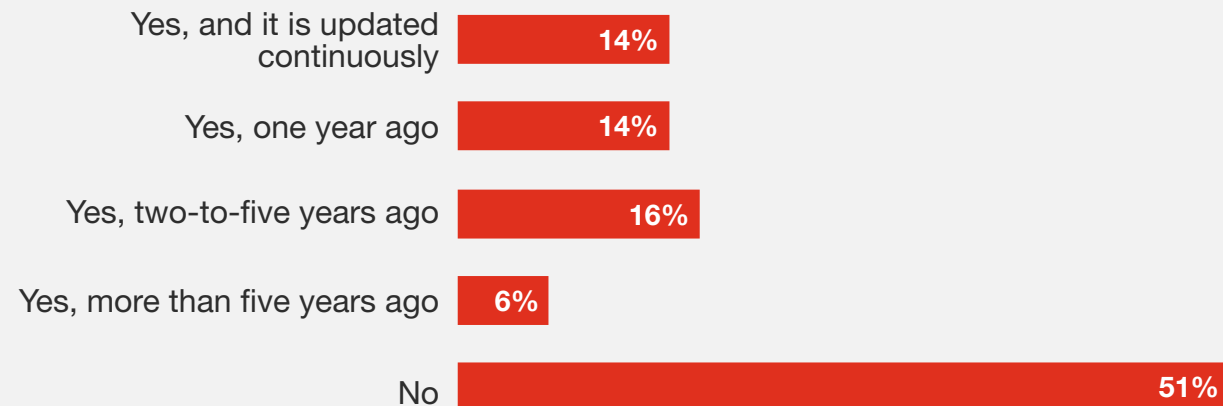
97%

said it was important to have in place properly documented tasks and processes.

100%

said information technology was important with respect to their organisation's finance and accounting processes.

Has your organisation mapped the IT systems underlying finance and accounting processes and reporting?

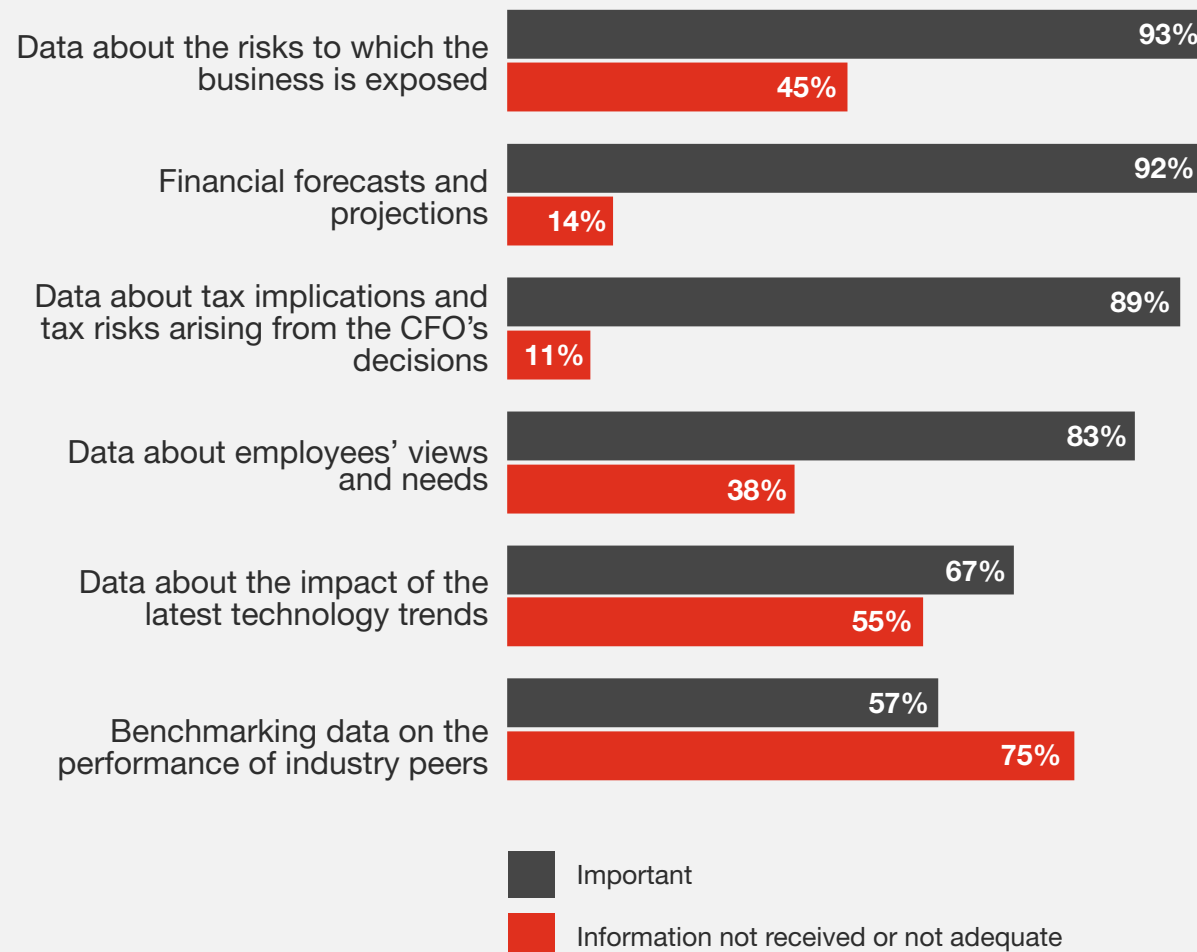




The availability of appropriate data is crucial for planning, risk management, and forecasting the future impact of decisions. There are, however, areas where CFOs feel they do not have the information they need. Only about half of CFOs said that the data they receive about the risks to which their business is exposed was adequate. Only one-quarter of respondents reported having access to benchmarking data on the performance of their industry peers.

How important are the following types of data in your decision-making processes?

(percentage of those who consider the data important, and those who do not receive this information or think that the information they receive is not adequate)



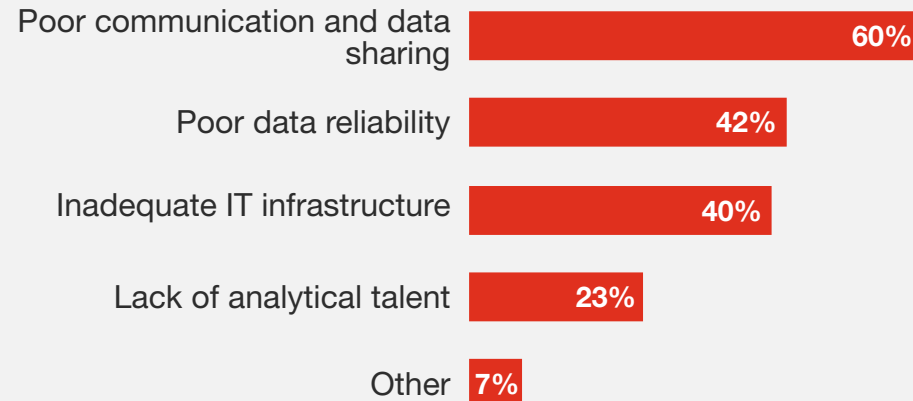
Roads to efficiency: data-driven operation



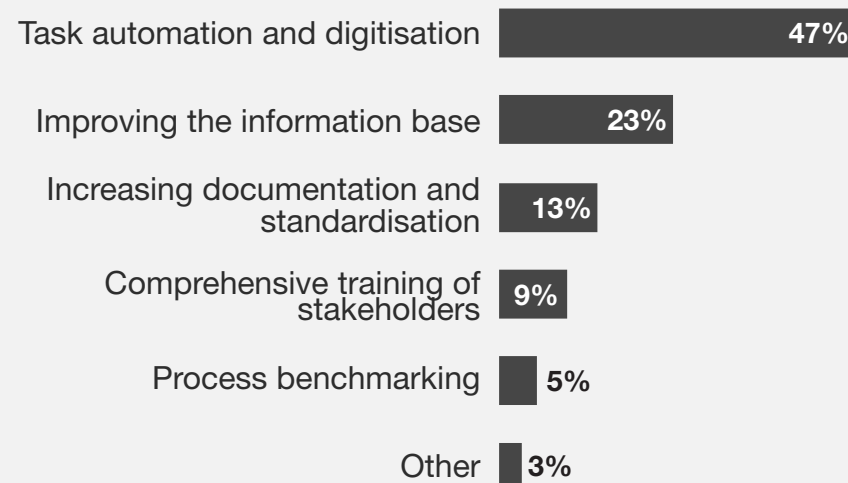
Most respondents selected inadequate IT infrastructure, poor data reliability, and poor communication as the main reasons for the data gap.



In general, what are the main reasons that the data you receive is 'not adequate' or that you 'do not receive such information'?



In your opinion, how could finance/accounting processes be best improved in your organisation?





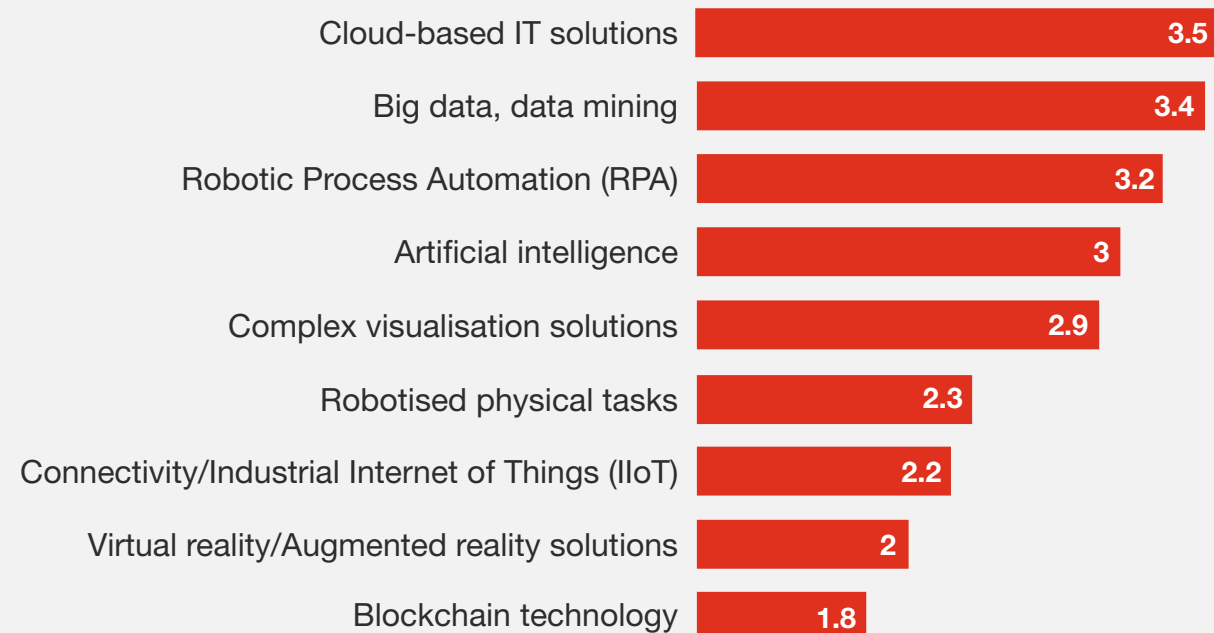
The responses show that CFOs think that achieving the goal of digitisation depends on a number of complementary factors. Of these, they clearly predict the growing importance of cloud-based computing, robotic process development, and big data. On the other hand, respondents found it difficult to assess the importance of certain technologies, such as e.g. blockchain, IoT, or virtual reality.

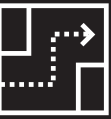
To what extent has your organisation been able to use IT solutions to automate and support compliance with additional administrative requirements arising due to changes in the domestic regulatory environment?



What impact will the following new technologies have on financial and accounting processes in the next five years?

(rated on a scale of one to five)

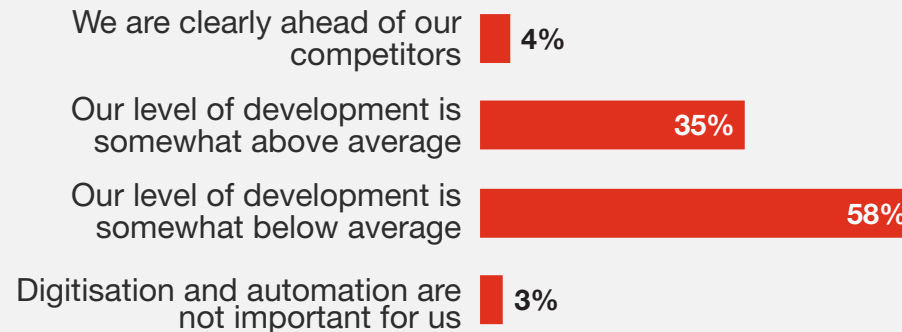




Automation is at the top of the list of challenges and process development opportunities. In total, less than 3% of respondents think that digitalisation or automation is not important for them. In contrast, only 4% of CFOs regard themselves to be pioneers in this area.

How pioneering do you think you are in the field of automation and digital solutions in finance and accounting with respect to your competitors?

(percentage of those who use automated processes)



To what extent do you agree or disagree that artificial intelligence will significantly change your work?

In the next five years



In the next ten years



■ Don't agree at all ■ Agree only somewhat ■ Mostly agree ■ Fully agree



In addition to improving efficiency, automation also plays a key role in ensuring compliance. Most companies used various IT solutions to comply with additional administrative requirements (e.g. online invoicing, EKÁER) arising due to changes in the domestic regulatory environment. The obvious reason for this is the expectation of increased efficiency and the risk of not being able to recruit the right staff.

65%

said that implementing compliance with additional domestic administrative requirements (e.g. changes in EKÁER rules, online invoice data reporting, KSH Elektra system) put a strain on their organisation's daily operations.

In which areas does your organisation use automated processes?

(percentage of those who use automated processes in the area concerned)



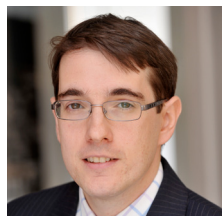


Change...

...from a retrospective to a predictive approach;
...from a static to a dynamic posture;
...from a financial expert to the CFOs right hand.

The finance function will offer more in the future.

- Efficient and effective within the organisation
- Learning and agile
- Data-driven and digital



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